



BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

FILED

01/26/26

03:21 PM

R2409012

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning.

Rulemaking 24-09-012

(Filed September 26, 2024)

INDICATED SHIPPERS RESPONSE TO SOUTHERN CALIFORNIA GAS COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY JOINT MOTION TO AMEND SB 1221 MEMORANDUM ACCOUNT

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January 26, 2026

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Pursuant to Rule 11.1(e) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure (Rules), the Indicated Shippers¹ submit this response to Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company's (SDG&E) (together, the Joint Utilities) January 9, 2026 joint Motion to amend their respective Senate Bill (SB) 1221 Memorandum Accounts.²

I. INTRODUCTION

The Motion is procedurally improper, substantively deficient, and must be denied. The Joint Utilities seek to expand the scope of their respective SB 1221 Memorandum Accounts approved in Decision (D.) 25-07-016³ to include costs of complying with D.25-12-042.⁴ In both

¹ The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: California Resources Corp., Chevron U.S.A. Inc., Marathon Petroleum Company LP, PBF Holding Company, and Phillips 66 Company.

² *Joint Motion Of Southern California Gas Company (U 904 G) And San Diego Gas & Electric Company (U 902 G) To Amend SB 1221 Memorandum Account To Record Incremental, Verifiable Costs Of Complying With Decision No. 25-12-042*, Rulemaking (R.) 24-09-012, Jan. 9, 2026 (Motion).

³ D.25-07-016, *Decision Authorizing Gas Utilities To Establish Memorandum Accounts Related To SB 1221 Mapping*, R.24-09-012, Aug. 1, 2025.

⁴ D.25-12-042, *Decision Designating Initial Priority Neighborhood Decarbonization Zones*, R.24-09-012, Dec. 23, 2025.

decisions, the Commission expressly prohibited Gas Corporations from using those accounts to track costs other than those associated with Pub. Util. Code Section 661 Mapping requirements.⁵ The Joint Utilities' request thus effectively seeks to modify those final decisions, yet the Motion fails to satisfy the requirements for such relief. Beyond that fatal procedural flaw, the Motion fails to make an affirmative showing that memorandum account treatment for community outreach and engagement costs would be consistent with Standard Practice U-27-W. For these reasons, the Commission should deny the Motion as filed.

II. RESPONSE

D.25-07-016 resolved the single issue of "whether to allow the gas utilities to establish memorandum accounts for Pub. Util. Code Section 661 mapping activities,"⁶ finding that authorizing the accounts was consistent with Standard Practice U-27-W criteria.⁷ However, the Commission also clarified that the accounts "shall not be used to track costs beyond the implementation of SB 1221 mapping activities consistent with Pub. Util. Code 661."⁸ Further, in D.25-12-042, the Commission considered and rejected requests to use those existing accounts to track the costs of complying with that decision.⁹ Despite these clear limitations, the Motion seeks to amend the Joint Utilities' respective SB 1221 Memorandum Accounts to allow for tracking of costs of complying with D.25-12-042,¹⁰ issued pursuant to Pub. Util. Code. Section

⁵ D.25-07-016 at 6; D.25-12-042 at 50.

⁶ D.25-07-016 at 6.

⁷ Id. at Conclusion of Law (CoL) 2.

⁸ Id. at 6 and Finding of Fact (FoF) 18.

⁹ D.25-12-042 at 49-50 ("PG&E and Southwest Gas support the use of the memorandum account authorized in Decision (D.) 25-07-016, and PG&E states that it will file a Tier 1 advice letter within 30 days of the decision's issuance date to update the memorandum account and record these costs").

¹⁰ Motion at 1.

662(a).¹¹ Thus, the Joint Utilities' request amounts to a petition for modification of D.25-07-016, because it would alter the scope of those fully litigated and finalized decisions.

Yet, the Motion fails to comply with the requirements applicable to such requests. Specifically, Rule 16.4 requires that a petition for modification provide a clear justification, propose specific modification language, and support factual allegations with citations to the record or matters officially noticed.¹² The Motion wholly fails to satisfy any of these requirements. Instead, the Joint Utilities offer a two-page filing that merely incorporates prior decisions by reference,¹³ without concisely stating their justification for the requested relief, proposing specific language to carry out the request, or providing evidentiary support. This procedural flaw alone warrants denial.

The Joint Utilities misleadingly suggest that their request is supported by Section 5.4 of D.25-12-042. However, nothing in D.25-12-042 suggests the Commission intended to grant the Gas Corporations blanket authority to track the costs of compliance with that decision. Rather, the Commission expressly rejected the parties' cost recovery proposals,¹⁴ and stated: "To pursue cost recovery, Gas Corporations may file a motion requesting authority to track costs associated with complying with this decision."¹⁵ This language reflects the Commission's intent that the Gas Corporations file adequately supported motions justifying memorandum account

¹¹ D.25-12-042 at 2.

¹² Commission Rules of Practice and Procedure, Rule 16.4

¹³ Motion at 1 ("In support of this Motion, the Joint Utilities incorporate by reference Section 5.4 of D.25-12-042 which provides, *inter alia*, that 'To pursue cost recovery, Gas Corporations may file a motion requesting authority to track costs associated with complying with this decision' and D.25-07-016 approving the Joint Utilities' respective Neighborhood Decarbonization Pilot Program Memorandum Accounts").

¹⁴ D.25-12-042 at 50 ("We decline to adopt the recommendations of PG&E, SCE, SoCalGas/SDG&E, and Southwest Gas without prejudice").

¹⁵ *Id.*

treatment for these specific costs. The Joint Utilities failed to do so. Thus, the Joint Utilities' attempt to rely on Section 5.4 to justify their request is entirely misguided.

Even if the Commission were to overlook these procedural and interpretive flaws, the Motion fails to make the substantive showing required for memorandum account treatment. In D.25-07-016, the Commission underscored that requests for memorandum account treatment must be evaluated against the criteria in Standard Practice U-27-W.¹⁶ These criteria require a demonstration that the costs:

- Are not under the utility's control;
- Could not have been reasonably foreseen in the utility's last general rate case that will occur before the utility's next scheduled rate case;
- Are of a substantial nature in that the amount of money involved is worth the effort of processing a memorandum account; and
- Have ratepayer benefits that are not under the utility's control, could not have been reasonably foreseen in the last general rate case, and are substantial enough to justify the effort of processing a memorandum account; and
- Provide ratepayer benefits.

The Joint Utilities make no attempt to address those criteria in the Motion. Instead, they rely on a cursory "incorporation" of prior decisions,¹⁷ which, as demonstrated above, do not support the requested relief.

¹⁶ D.25-07-016 at 6-7.

¹⁷ Motion at 1.

Accordingly, the Motion must be denied. If the Joint Utilities and the other Gas Corporations wish to record the incremental, verifiable costs of complying with D.25-12-042 in a memorandum account, they must be required to file an adequately supported Motion demonstrating that the costs satisfy the criteria in Standard Practice U-27-W. This requirement is consistent with D.25-07-016 and D.25-12-042, and is necessary to ensure adequate ratepayer safeguards.

III. CONCLUSION

The Indicated Shippers appreciate the opportunity to submit this response.

Respectfully submitted,

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January 26, 2026