

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Southern California Gas  
Company (U904G) for Authorization to  
Implement Revenue Requirement for  
Advanced Meter Infrastructure  
Replacement Project

A.25-12-019  
(Filed December 30, 2025)

**SOUTHERN CALIFORNIA GAS COMPANY  
REPLY TO PROTESTS AND RESPONSE**

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## Table of Contents

I.	INTRODUCTION .....	1
II.	CAL ADVOCATES' PROTEST PROVIDES NO BASIS TO DENY THE APPLICATION .....	1
III.	SCOPE OF ISSUES.....	4
	A.    Issues Within the Scope of This Proceeding.....	4
	B.    Issues Outside the Scope of This Proceeding .....	5
	C.    Clarifications Regarding AMIR Project Scope and Customer Impacts.....	8
IV.	CATEGORIZATION, HEARINGS, AND SCHEDULE.....	9
	A.    Categorization and Hearings.....	9
	B.    Schedule.....	9
V.	CONCLUSION.....	10

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**I. INTRODUCTION**

On December 30, 2025, Southern California Gas Company (SoCalGas) filed at the California Public Utilities Commission (Commission or CPUC) Application (A.) 25-12-019 for Authorization to Implement Revenue Requirement For Advanced Meter Infrastructure Replacement Project (Application). On February 2, 2026, in accordance with Rule 2.6 of the Commission’s Rules of Practice and Procedure (Rules), protests were filed by the Public Advocates Office of the Commission (Cal Advocates) and the Utility Reform Network (TURN) and a response was filed by the Small Business Utility Advocates (SBUA). Pursuant to Rule 2.6(e), SoCalGas hereby replies to the protests and response filed in this proceeding.

**II. CAL ADVOCATES’ PROTEST PROVIDES NO BASIS TO DENY THE APPLICATION**

Cal Advocates’ protest does not identify any legal or factual grounds that would warrant denial of the Application.<sup>1</sup> Cal Advocates contends that the AMIR Project should be deferred to a future general rate case (GRC).<sup>2</sup> Cal Advocates’ assertions rest on a series of incorrect factual premises and procedural preferences rather than any defect in the Application. First, Cal Advocates claims that SoCalGas “inexplicably omitted” discussion of its existing Advanced Meter Infrastructure (AMI) system in its Test Year (TY) 2024 GRC.<sup>3</sup> That assertion is incorrect.

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<sup>1</sup> Rule 2.6(b) provides that a protest objecting to the granting, in whole or in part, of the authority sought in an application must state the facts or law constituting the grounds for the protest, the effect of the application on the protestant, and the reasons the protestant believes the application, or a part of it, is not justified.

<sup>2</sup> Protest of the Public Advocates Office, February 2, 2026 (Cal Advocates Protest), at 3-5.

<sup>3</sup> *Id.* at 3.

SoCalGas expressly addressed the anticipated need for systemwide replacement and advised the Commission that a future, dedicated filing would address the replacement program. SoCalGas explained:

Operational and safety considerations require a similar planned replacement effort to begin no later than the 18th year for any given Installation Class.<sup>4</sup>

SoCalGas plans to replace MTUs after Year 18, beginning in 2030. Details of the replacement program will be addressed in future regulatory filings.<sup>5</sup>

Thus, Cal Advocates' suggestion that SoCalGas failed to preview or disclose the need for AMI replacement is simply false.

Second, Cal Advocates argues that SoCalGas is attempting to “evade” review in its forthcoming GRC.<sup>6</sup> This characterization is similarly misplaced. The Commission’s review is not avoided—it is simply occurring in the appropriate forum. Nothing in Commission rules require that large utility projects be embedded within a GRC. To the contrary, large projects are frequently reviewed through stand-alone applications precisely because they benefit from focused, project-specific consideration rather than being included in an expansive GRC proceeding. As the Commission has previously recognized, “separate applications [for large projects] can ensure that parties that do not typically participate in the GRC process nonetheless have the opportunity to weigh in on a subject that is important to them, without the added work of addressing the wide array of GRC issues.”<sup>7</sup>

Third, Cal Advocates’ reliance on other utilities’ experiences does not support deferral. While Cal Advocates notes that San Diego Gas and Electric Company (SDG&E) and Pacific Gas and Electric Company (PG&E) discussed aspects of their similar projects in a prior GRC, both utilities ultimately pursued separate, project-specific applications to obtain authorization.<sup>8</sup>

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<sup>4</sup> A.22-05-015, SCG-14-WP-R (Revised Workpapers to Prepared Direct Testimony of Daniel J. Rendler), at 147.

<sup>5</sup> A.22-05-015, SCG-14-R (Revised Prepared Direct Testimony of Daniel J. Rendler), at DJR-35.

<sup>6</sup> Cal Advocates Protest at 3-5.

<sup>7</sup> D.20-08-046 at 47. *See also* D.91-04-070 (TURN arguing that the inclusion of certain projects in GRC would deprive parties and the Commission of any real opportunity to review the prudence of the project costs).

<sup>8</sup> *See* A.25-12-012, Application of San Diego Gas & Electric Company (U902M) for Approval of Smart Meter 2.0 Proposal, December 18, 2025; A.24-03-011, Application of Pacific Gas and Electric Company for Comprehensive Gas Advanced Metering Infrastructure Replacement Program (U39M), March 14, 2024.

Indeed, in SDG&E's GRC, the Commission directed the utility to file an application for cost recovery of its Smart Meter 2.0 replacement project and Smart Meter system upgrade.<sup>9</sup> In PG&E's GRC, the Commission provided that PG&E may file a separate application seeking recovery of cost for replacement of AMI modules.<sup>10</sup> Cal Advocates' examples confirm that SoCalGas's AMIR Project is appropriately requested in a dedicated proceeding. Requiring SoCalGas to first include the AMIR Project in a GRC to then file a separate application, as Cal Advocates effectively proposes, would waste Commission and party resources and delay needed action unnecessarily. Deferral of this Application would only be contrary to ratepayer interests, as it would increase the risk of widespread system failures, reactive replacement efforts, and higher costs for ratepayers.

Cal Advocates also asserts that the Application omits a cost comparison of the alternatives.<sup>11</sup> SoCalGas's Application and accompanying testimony describe its evaluation of alternatives and explain why a planned, systemwide replacement is the most prudent and cost-effective approach for ratepayers. To the extent Cal Advocates seeks additional information regarding the alternatives presented in SoCalGas's Application and testimony, those requests are properly addressed through discovery. If Cal Advocates believes different alternatives are more cost-effective, it may present its assertions in intervenor testimony.

Cal Advocates further contends that SoCalGas provides "no source" for the values of new equipment and software.<sup>12</sup> This is incorrect. SoCalGas's testimony and workpapers describe the cost methodology and identify the underlying sources supporting those estimates, including request for information (RFI) and request for proposal (RFP) processes. The Application therefore provides both the methodology and the basis for the forecasted costs. To the extent Cal Advocates seeks additional information regarding the values of new equipment and software, those requests are properly addressed through discovery. Cal Advocates further argues that the Direct Testimony of Linden S. Olah (Chapter IV - Deployment) presents direct costs that are unloaded and unescalated without further explanation of how costs represented as "loaded and escalated" are calculated in the Application. Cal Advocates fails to recognize that

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<sup>9</sup> D.24-12-074, OP 51, at 1100.

<sup>10</sup> D.23-11-069 at 545.

<sup>11</sup> Cal Advocates Protest at 5.

<sup>12</sup> *Id.*

the Direct Testimony of Payal A. Gadani, Sakif Wasif, and Julia L. Cortez (Chapter V – Regulatory Accounting, Cost Recovery, Revenue Requirement, and Rates) presents the fully loaded and escalated costs and explains the methodology by which overheads, labor loaders, and escalation factors are applied to direct costs.<sup>13</sup>

Lastly, Cal Advocates suggests that SoCalGas fails to explain how expenditures tracked in the Advanced Meter Infrastructure Replacement Memorandum Account (AMIRMA) would be transferred to the Advanced Meter Infrastructure Replacement Balancing Account (AMIRBA).<sup>14</sup> As described in SoCalGas’s Motion to Establish the Advanced Meter Infrastructure Replacement Memorandum Account (AMIRMA) (Motion),<sup>15</sup> if the AMIR Project is authorized, the balance recorded in the AMIRMA would be transferred to the AMIRBA where those costs would be tracked against authorized expenditures. This is a straightforward and routine accounting treatment that does not involve further elaboration. Accordingly, Cal Advocates’ Protest identifies no basis to deny the Application and the Commission should proceed to evaluate the Application.

### **III. SCOPE OF ISSUES**

Cal Advocates and TURN propose various issues to be included within the scope of this proceeding, including ratemaking mechanisms and accounting treatment; the reasonableness, prudence, and cost-effectiveness of the project and its forecast costs; cost allocation; the treatment of potential stranded AMI 1.0 assets; procedural venue; and alignment with state climate goals and Rulemaking (R.) 24-09-012.<sup>16</sup> SoCalGas does not oppose consideration of issues necessary to evaluate the relief requested in the Application. However, certain proposals are either outside the scope of this proceeding or are being addressed in separate filings.

#### **A. Issues Within the Scope of This Proceeding**

SoCalGas does not oppose consideration of the following issues in a manner consistent

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<sup>13</sup> For more information, refer to the Direct Testimony of Payal A. Gadani, Sakif Wasif, and Julia L. Cortez (Chapter V) at 2-3.

<sup>14</sup> Cal Advocates Protest at 5.

<sup>15</sup> See Motion of Southern California Gas Company (U904G) to Establish Advanced Meter Infrastructure Replacement Memorandum Account, January 9, 2026 (SoCalGas Motion).

<sup>16</sup> Cal Advocates Protest at 6-7; Protest of the Utility Reform Network, February 2, 2026 (TURN Protest), at 1-4.

with Commission practice and limited to matters necessary to evaluate the requested authorization:

- Should SoCalGas be authorized to establish a two-way balancing account (AMIRBA) to track, record, and recover the actual costs of SoCalGas's proposed Advanced Meter Infrastructure Replacement (AMIR) Project?
- Is SoCalGas's assessment that its existing Advanced Meter Infrastructure (AMI) system is reaching its expected end of life and becoming obsolete reasonable?
- Is SoCalGas's proposed AMIR Project the most prudent and cost-effective approach?
- Are SoCalGas's forecasted O&M and capital costs for the AMIR Project reasonable?
- Whether SoCalGas's AMIR Project results in stranded investments relative to the existing legacy AMI system (AMI 1.0) and, if so, how should such stranded costs be addressed?
- Whether SoCalGas's proposed cost allocation methodology for the AMIR project is reasonable.
- Whether SoCalGas's Application is consistent with California's climate goals and R.24-09-012.

**B. Issues Outside the Scope of This Proceeding**

*1. The Proposed Memorandum Account Should Be Resolved Through SoCalGas's Currently Pending Motion*

The Commission should reject Cal Advocates' proposal to include the establishment of the AMIRMA within the scope of issues.<sup>17</sup> That proposal concerns only interim cost tracking and is not necessary to evaluate or grant the relief requested in the Application and is more appropriately addressed through the separate motion already filed by SoCalGas rather than litigated as part of the merits of this proceeding.

On January 9, 2026, SoCalGas filed its Motion to Establish the AMIRMA. As explained in the Motion, the AMIRMA is intended to solely track the revenue requirements associated with near-term vendor selection and pre-planning activities that must occur during the pendency of this proceeding and prior to a Commission decision. These activities cannot reasonably be deferred without jeopardizing project timelines and increasing the risk of reactive replacements, higher costs, and operational disruption. The AMIRMA does not authorize recovery, does not set rates, and does not prejudge the reasonableness of any costs; rather, it serves only as an

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<sup>17</sup> Cal Advocates Protest at 6.

interim accounting mechanism to avoid retroactive ratemaking and preserve costs for later Commission review.

Consistent with Commission practice, requests to establish memorandum accounts are routinely considered and resolved through motions rather than incorporated into the merits of an application.<sup>18</sup> Because the AMIRMA concerns only interim tracking treatment and is being addressed through a separate procedural vehicle, including it within the scope of issues would be duplicative and unnecessary. The Commission should consider SoCalGas's request to establish the AMIRMA in the context of the Motion and not in the context of the broader proceeding.

By contrast, the proposed two-way Advanced Meter Infrastructure Replacement Balance Account (AMIRBA), which is the mechanism through which authorized costs would ultimately be recorded and recovered in rates, is directly tied to relief requested in the Application and therefore properly within scope. Accordingly, SoCalGas agrees with Cal Advocates that the establishment of the AMIRBA should be considered within the scope of this proceeding. However, the issues related to the AMIRMA should be resolved through the separate motion and excluded from the scope of issues in this Application.

*2. Cal Advocates' Proposal to Include Whether the AMIR Project Should Be Reviewed in the GRC Should Be Rejected*

As discussed above, Cal Advocates' suggestion that the AMIR Project should instead be reviewed in the GRC should be disregarded. Large projects are routinely evaluated through standalone applications because they benefit from focused review rather than being embedded within an already expansive GRC. The experiences of SDG&E and PG&E illustrate this approach—both utilities ultimately sought authorization outside the GRC through separate applications. Requiring SoCalGas to first present the AMIR Project in the GRC only to then pursue a standalone application is nonsensical and would waste Commission and party resources. Given the need to commence the project promptly to avoid reactive replacements and higher costs, deferral would also be contrary to ratepayer interests. For these reasons, whether the AMIR Project should be reviewed in the GRC is not a proper issue for inclusion in the scope in this proceeding.

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<sup>18</sup> See e.g., D.24-11-010 (Decision authorizing establishment of PG&E's Gas Advanced Metering Infrastructure Memorandum Account); D.25-08-008 (Decision authorizing establishment of PG&E's Billing Modernization Memorandum Accounts); D.23-05-012 (Decision granting SDG&E and SoCalGas request to establish GRC memorandum accounts).

3. *Cal Advocates' Proposal to Include Allocation of Project Costs to Shareholders Is Improper and Should be Rejected*

The Commission should reject the proposal by Cal Advocates to include “allocation of costs between ratepayers and shareholders” as an issue in this proceeding.<sup>19</sup> The AMIR Project involves necessary operating and maintenance (O&M) and capital costs to replace SoCalGas’s AMI System, which is the backbone of SoCalGas’s meter-to-cash process<sup>20</sup> and foundational to providing safe, reliable, and affordable service to utility customers.<sup>21</sup> The regulatory compact is comprised of interdependent elements including the utility’s obligation to serve at just and reasonable rates, the public’s right to be served at regulated rates, and the opportunity for the regulated utility to recover prudently incurred expenses and associated reasonable return on investment to provide safe and reliable service.<sup>22</sup> Considering allocation of project costs to shareholders for investments and activities that are necessary to provide safe and reliable service would thus be improper, confiscatory to the utility, and inconsistent with the regulatory compact framework. SoCalGas agrees, however, with both Cal Advocates and TURN that the issue of cost allocation *among customer classes* is properly within the scope of this proceeding,<sup>23</sup> and SoCalGas has already proposed a cost allocation methodology among customer classes within its Application.<sup>24</sup>

4. *TURN's Proposal to Review Prior AMI 1.0 Cost-Effectiveness Should Be Rejected*

TURN proposes the Commission conduct a retrospective review of whether SoCalGas’s original AMI 1.0 deployment achieved its intended benefits before authorizing the AMIR Project.<sup>25</sup> TURN attempts to justify this by citing cost-effectiveness issues identified in PG&E’s

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<sup>19</sup> Cal Advocates Protest at 6.

<sup>20</sup> The meter-to-cash process refers to the utility functions necessary to measure customer gas usage and convert that information into a customer bill. This process includes meter data collection and validation; transfer of usage data to billing; bill generation and delivery; customer payments; and customer account management.

<sup>21</sup> Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Advanced Meter Infrastructure Replacement Project, December 30, 2025 (Application), at 2-3.

<sup>22</sup> See *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944); *Bluefield Water Works & Improvement Co., v. Pub. Serv. Comm’n*, 262 U.S. 679 (1923).

<sup>23</sup> Cal Advocates Protest at 7; TURN Protest at 3.

<sup>24</sup> Application at 8-9.

<sup>25</sup> TURN Protest at 1-2.

GRC regarding its specific smart meter deployment. TURN's proposal is improper and baseless for several reasons. First, the performance of AMI 1.0 has already been reviewed by the Commission and exceeded its projected benefits. While TURN asserts that "SoCalGas has not provided something similar" to PG&E's cost-effectiveness update, SoCalGas provided this information in its Test Year (TY) 2019 GRC. Specifically, SoCalGas presented a detailed comparison of the costs and benefits anticipated in the original AMI Application versus the actuals realized.<sup>26</sup> SoCalGas demonstrated to the Commission that AMI 1.0 *outperformed* the original business case. Additionally, pursuant to D.10-04-027, SoCalGas submitted semi-annual reports to the Commission's Energy Division throughout the deployment, tracking gas conservation impacts and project costs. The Commission has been fully informed of AMI 1.0's performance. Re-reviewing a successfully deployed system is unnecessary and outside the scope of this Application.

Second, TURN's comparison to PG&E is irrelevant. TURN attempts to impute PG&E's experience on SoCalGas, arguing that because PG&E's project was "woefully ineffective," the Commission should assume SoCalGas's project requires similar scrutiny. As noted above, SoCalGas has demonstrated to the Commission that its AMI 1.0 delivered benefits exceeding the original projections. The purported challenges faced by a different utility and system have no bearing on the scope of this proceeding.

### **C. Clarifications Regarding AMIR Project Scope and Customer Impacts**

TURN and SBUA appear to misunderstand the scope of the proposed AMIR Project. Both SBUA and TURN characterize the project as a replacement of gas meters.<sup>27</sup> That is incorrect. The AMIR Project primarily involves replacement of the meter communication module (module) installed on each meter, not replacement of the meter itself. As explained in SoCalGas's Application and testimony, the vast majority of work consists of replacing modules while the existing meter remains in service. Only a limited percentage of meters may require replacement due to breakage during field work, which represents a small fraction of the overall population.

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<sup>26</sup> See A.17-10-008, Ex. SCG-17-R (Revised Direct Testimony of Rene F. Garcia).

<sup>27</sup> TURN Protest at 3; Response of Small Business Utility Advocates to the Application of Southern California Gas Company for Authorization to Implement Revenue Requirement for Advanced Meter Infrastructure Replacement Project, February 2, 2026 (SBUA Response), at 2.

In addition, SBUA expresses concern that customers may experience service impacts during meter replacement activities.<sup>28</sup> However, service shutoffs are not expected or required to facilitate module replacements. In the limited instances where a meter replacement is necessary, SoCalGas employs established field procedures to maintain continuous gas service, including the use of bypass techniques that allow the existing meter to be safely replaced without interrupting service to the customer.

#### **IV. CATEGORIZATION, HEARINGS, AND SCHEDULE**

##### **A. Categorization and Hearings**

Cal Advocates and TURN agree that the categorization for this proceeding is ratesetting.<sup>29</sup> Cal Advocates believes that evidentiary hearings may be necessary and includes the opportunity to file a motion requesting evidentiary hearings in its proposed schedule.<sup>30</sup> TURN believes that evidentiary hearings will be necessary as “[t]here will very likely be disputed material issues of fact.”<sup>31</sup> SBUA provides that it would participate in hearings if necessary.<sup>32</sup> SoCalGas agrees with Cal Advocates’ suggestion to include in the schedule an opportunity to file a motion requesting evidentiary hearings at a later date where parties identify material issues of fact in dispute that warrant an evidentiary hearing.

##### **B. Schedule**

SBUA expresses concern that SoCalGas’s proposed schedule may be overly ambitious.<sup>33</sup> Cal Advocates and TURN propose alternative schedules that would unnecessarily delay the proceeding.<sup>34</sup> Both Cal Advocates’ and TURN’s proposals would defer intervenor testimony until approximately eight months or more after the filing of the Application. Such a timeline is excessive for an application supported by detailed testimony and workpapers. SoCalGas agrees with SBUA’s suggestion that a meet-and-confer prior to the Prehearing Conference would be beneficial to discuss schedule.<sup>35</sup>

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<sup>28</sup> SBUA Response at 2.

<sup>29</sup> Cal Advocates Protest at 7; TURN Protest at 5. SBUA’s Response did not address categorization.

<sup>30</sup> Cal Advocates Protest at 7-8.

<sup>31</sup> TURN Response at 5.

<sup>32</sup> SBUA Response at 3.

<sup>33</sup> *Id.* at 3.

<sup>34</sup> Cal Advocates Protest at 7-8; TURN Protest at 5-6.

<sup>35</sup> SBUA Response at 3-4.

