

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Investigation 23-03-008 12303008

Order Instituting Investigation on the
Commission's Own Motion into Natural Gas
Prices During Winter 2022-2023 and
Resulting Impacts to Energy Markets.

PUBLIC ADVOCATES OFFICE COMMENTS ON PROPOSED DECISION

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits comments on the proposed *Decision Regarding the Causes and Contributors to the 2022-2023 Gas Price Spike and Adopting Directions to Reduce the Likelihood or Mitigate the Impact of Future Gas Price Spikes* (PD) issued on January 23, 2026.

Cal Advocates routinely reviews the utilities' incentive mechanism performance reports and shareholder award requests, to protect ratepayers. Consistent with its mission to represent utility customer interests, Cal Advocates will participate in Pacific Gas and Electric Company (PG&E) Core Procurement Incentive Mechanism (CPIM) and Southern California Gas Company (SoCalGas) Gas Cost Incentive Mechanism (GCIM) proceedings and issue its CPIM and GCIM Monitoring and Evaluation Reports as it has done for decades. However, as discussed below, certain statements in the PD should be clarified to accurately reflect Cal Advocates' role as an independent participant in Commission proceedings, and to reflect a reasonable timeline for completion of Cal Advocates' CPIM Monitoring and Evaluation Report.

II. DISCUSSION

The PD states that Cal Advocates "shall" issue its Monitoring and Evaluation Reports within four months of receiving PG&E's annual CPIM report and SoCalGas's annual GCIM report.¹ The PD further requires that in the Monitoring and Evaluation Report, Cal Advocates:

- (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.²

The language above directly contradicts statutory provisions that establish Cal Advocates' role as an independent entity at the Commission.³ This language should be revised

¹ PD at 87, Ordering Paragraph 9(a) at 166.

² PD at 87, Ordering Paragraph 9(b) at 166.

³ See Cal. Public Util. Code §309.5. ("There is within the commission an independent Public Advocate's Office to represent and advocate on behalf of the interests of public utility customers...." (§309.5(a)); "The commission shall develop appropriate procedures to ensure that the existence of the office does not create a conflict of roles for any employee. The procedures shall include procedures for ensuring that

in the manner shown in the attachment to these comments so that it is consistent with Public Utilities Code section 309.5. In particular, the requirement to identify and present the above information in the manner prescribed can and should apply to PG&E and SoCalGas, rather than to Cal Advocates. The Commission should require PG&E and SoCalGas to include this information in their respective annual incentive mechanism reports in support of any request for approval of shareholder awards.

Cal Advocates supports retention of the existing advice letter process for review of PG&E's CPIM report and any requested shareholder award.⁴ However, regardless of whether PG&E is required to file an application or submit an advice letter for approval of its CPIM shareholder award, the PD's current proposed timeline for completion of Cal Advocates' CPIM Monitoring and Evaluation Report is unrealistic. Cal Advocates anticipates it could complete its CPIM Monitoring and Evaluation Report approximately six to 12 months after receipt of PG&E's full CPIM annual report.

III. CONCLUSION

For the reasons discussed above, Cal Advocates requests that its proposed modifications to the PD be adopted.

Respectfully submitted,

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advocates and their representatives on a particular case or proceeding are not advising decisionmakers on the same case or proceeding.” (§309.5(d).)

⁴ See PD at 85-86.

ATTACHMENT

Recommended Changes To Proposed Decision

Deletions are ~~struck through~~ and additions are underlined.

PD page 87:

~~3. Cal Advocates shall:~~

~~a. Issue its Monitoring and Evaluation Report within four months of receiving gas utilities' full incentive mechanisms report.~~

~~b. In the Monitoring and Evaluation Report (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.~~

3. In its annual CPIM report, PG&E shall: (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.

4. In its annual GCIM report, SoCalGas shall: (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.

Conclusion of Law 10:

~~(e) Within four months of receiving PG&E and SoCalGas's full incentive mechanisms reports, require Cal Advocates to (i) issue its Monitoring and Evaluation Report; and (ii) in the Monitoring and Evaluation Report (A) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (B) identify border and Citygate purchase and sale information separately, rather than combined; and (C) identify benchmark costs and volumes by basin and monthly indices.~~

(c) In its annual CPIM report, PG&E shall: (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.

(d) In its annual GCIM report, SoCalGas shall: (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.

Ordering Paragraph 8:

By April 30 of each year, Pacific Gas and Electric Company (PG&E) shall submit an application to request Commission approval of any shareholder award under the Core Procurement Incentive Mechanism (CPIM) and the CPIM Report to the Commission. In its annual CPIM report, PG&E shall: (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.

Ordering Paragraph 9:

~~Within four months of receiving the full incentive mechanisms report from Pacific Gas and Electric Company and Southern California Gas Company, the Public Advocates Office at the California Public Utilities Commission shall: (a) Issue its Monitoring and Evaluation Report. (b) In the Monitoring and Evaluation Report (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.~~

In its annual Gas Cost Incentive Mechanism (GCIM) Report, Southern California Gas Company shall: (i) identify gains and excess costs from physical gas hedges and how the physical hedges are incorporated in benchmark costs and actual costs; (ii) identify border and citygate purchase and sale information separately, rather than combined; and (iii) identify benchmark costs and volumes by basin and monthly indices.