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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U-904G) and Lakeside Pipeline, LLC, to Initiate Reasonableness Review and Recovery of Lakeside Maas Energy Works Dairy Biomethane Pilot Project Costs.

Application 25-08-009

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On August 15, 2025, Southern California Gas Company (SoCalGas) and Lakeside Pipeline LLC (Lakeside) (jointly, the Applicants) filed Application (A.) 25-08-009 (the Application) requesting reasonableness review and recovery of costs related to the Lakeside Maas Energy Works Dairy Biomethane project (the Maas pilot).

The Maas pilot is one of six pilot projects being implemented in the state pursuant to D.17-12-004, which directed the implementation of pilot projects to demonstrate the interconnection of dairy biomethane with the common carrier gas pipeline system. Under D.17-12-004, any cost overruns beyond the original bid amount for the project would be subject to additional reasonableness review

by the Commission.¹ The instant application seeks review of these cost overruns for the Maas pilot, which total approximately \$7,831,000.

On September 27, 2025, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a protest to the Application, and the Southern California Generation Coalition (SCGC) filed a response.² On October 6, 2025, the Applicants filed a joint response to the protest and response.

A prehearing conference (PHC) was held on November 24, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. At the PHC, the ALJ noted several areas, including the foundation redesign for compressors, the power distribution center size and scope increase, and instrumentation additions, where project changes were not accompanied with engineering analyses in the Application.³ These and other issues were discussed, including the timeline for review of the Application and discovery subsequent to the issuance of the scoping memo.

On January 27, 2026, SoCalGas served supplemental testimony with additional information and engineering documentation in the three areas noted by the ALJ at the PHC.

After considering the application and other filings, as well as the discussion at the PHC, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

¹ D.17-12-004 Conclusions of Law 11 and 12 at 22, and Appendix A at 10-11.

² The Application appeared on the Commission's Daily Calendar on August 27, 2025; therefore the protest and response were timely pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure (Rules).

³ Reporter's Transcript (RT) at pages 9-10.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether the application demonstrates the project management was reasonable;
2. Whether Lakeside demonstrated the reasonableness of its costs incurred above the bid amount;
3. Whether SoCalGas demonstrated the reasonableness of its costs incurred above the bid amount;
4. Whether SoCalGas's proposed recovery in rates is reasonable; and
5. Impacts on environmental and social justice communities, including the extent to which the application impacts the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan.

In its protest, Cal Advocates stated that reasonableness review should include review of all costs incurred: "Without an in-depth look and analysis of the Applicants' expenditures and how the Project was constructed, the Commission cannot make a determination on whether the claimed cost increases were reasonably incurred."⁴ At the PHC, Cal Advocates stated that, in its view, the proposed scope was broad enough to allow for the necessary review.⁵

While the scope of this proceeding does not include recovery of costs below the bid amount because the authorization of those costs has already occurred, I agree with Cal Advocates that reviewing the management of the full project may be relevant to determining the reasonableness of the costs incurred above the bid amount.

⁴ Cal Advocates Protest at 3.

⁵ RT at page 8: lines 7-15.

3. Need for Evidentiary Hearing

As of the PHC, parties had not identified any material facts in dispute but noted that such issues may arise. The Application suggested, and parties did not disagree, that the procedural schedule should include a deadline by which parties must request hearings. Accordingly, I conclude hearings are not necessary but will allow parties to request them by the deadline should they desire to do so. The need for evidentiary hearing will be determined by the assigned ALJ and further instructions provided at the status conference.

4. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the application. While Cal Advocates requested 60 days between the issuance of the Scoping Memo and the due date for intervenors’ testimony, the schedule provides for approximately 75 days’ time to account for additional review of the January 26 supplemental testimony.

Event	Date
Intervenors’ prepared direct testimony served	April 24, 2026
Prepared rebuttal testimony served	June 19, 2026
Deadline for parties to request hearings	July 15, 2026
The following dates apply if hearings are not necessary. If hearings are necessary, the following dates will be adjusted.	
Opening briefs	August 12, 2026
Reply briefs [matter submitted]	September 11, 2026
Proposed decision	December 2026
Commission decision	January 2027

The proceeding will stand submitted upon the filing of reply briefs unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁶

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

Parties are strongly encouraged to reach settlement on the issues. Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law, and in the public interest. The proposing parties bear

⁶ <https://www.cpuc.ca.gov/PUC/adr/>

the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination⁷ that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar.

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must have filed and served a notice of intent to claim compensation by December 24, 30 days after the prehearing conference.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

⁷ Resolution ALJ-176 at 1.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.⁸

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. However, parties to this proceeding are specifically directed not to serve paper copies of filings on the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide

⁸ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

Commissioner John Reynolds is the assigned Commissioner and ALJ Maria Sotero is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.

3. Evidentiary hearing is not needed.
4. The category of the proceeding is ratesetting.

Dated February 20, 2026, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner