



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

FILED

03/04/26

03:28 PM

A2205015

Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.

Application 22-05-015
(Filed May 16, 2022)

CONSOLIDATED

And Related Matter

Application 22-05-016
(Filed May 16, 2022)

**SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO GAS &
ELECTRIC COMPANY'S (U 902 E)
NOTICE OF EX PARTE COMMUNICATION**

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Southern California Gas Company and
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Dated: March 4, 2026

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

Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024.	Application 22-05-015 (Filed May 16, 2022)
CONSOLIDATED	
And Related Matter	Application 22-05-016 (Filed May 16, 2022)

**SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND SAN DIEGO GAS
& ELECTRIC COMPANY’S (U 902 E)
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4 of the California Public Utilities Commission’s Rules of Practice and Procedure, **SOUTHERN CALIFORNIA GAS COMPANY (“SoCalGas”) (U 904 G) AND SAN DIEGO GAS & ELECTRIC COMPANY (“SDG&E”) (U 902 E)** hereby gives notice of the ex parte communication in the above captioned proceeding.

DATE AND TIME OF THE ORAL COMMUNICATION:

Meeting lasted approximately 30 minutes.

- Friday, February 27, 2026, at 11:30 a.m.

LOCATION:

- Virtual – Webex

WHO INITIATED COMMUNICATION:

- SDG&E, SoCalGas

NAMES AND TITLES OF SCHEDULED NON-CPUC ATTENDEES:

- Dan Skopec, SVP and Chief Regulatory Officer, SDG&E/SoCalGas
- Shivani Sidhar, Vice President of Regulatory Affairs, SDG&E/SoCalGas
- Jamie York, Director of GRC and Revenue Requirements, SDG&E/SoCalGas

NAMES AND TITLES OF SCHEDULED CPUC ATTENDEES:

From President Reynolds's Office

- o Khalil Johnson, Energy and Water Advisor

From Commissioner Douglas's Office

- o Julian Buchwalter, Advisor

BRIEF SUMMARY OF ORAL COMMUNICATION:

SoCalGas and SDG&E (collectively, the “Companies”) provided an overview of the Petition for Modification (“PFM”) of Decision (“D.”) 24-12-074 filed on December 17, 2025. Ms. York provided an overview of the shortfalls of the attrition mechanism approved in D.24-12-074 – the approved 3% flat escalation percentage based on test year revenue requirement for capital does not and will not allow the Companies to fully collect the return of their capital investments (*i.e.*, depreciation), nor a return on their capital investments (*i.e.*, rate of return), during the post-test years.

The solution, as discussed in the PFM, is to adopt a capital attrition mechanism using capital additions. A capital additions attrition mechanism is supported by the record and other parties in Track 1 of this proceeding. Parties such as The Utility Reform Network/Southern California Generation Coalition (“TURN/SCGC”) and the Federal Executive Agencies (“FEA”) recommended a capital additions attrition mechanism based on a 7-year average in their

respective Track 1 testimony.¹ And the capital additions calculation proposed in the PFM is consistent with the Settlement Agreement in Track 1 between the Commission’s Public Advocates Office (“Cal Advocates”) and the Companies, which utilized a seven-year average based on four years of history (2018-2021) and three years of forecast (2022-2024).²

WRITTEN DOCUMENTS PROVIDED:

Attachment A

Respectfully submitted,

By: /s/ Shivani Sidhar

Shivani Sidhar

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Southern California Gas Company and
San Diego Gas & Electric Company
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Dated: March 4, 2026

cc: President Reynolds at presidentreynoldsexparte@cpuc.ca.gov
Commissioner Darcie Houck at Houck.ExParte@cpuc.ca.gov
Commissioner Douglas at douglas_exparte@cpuc.ca.gov
John Larsen, ALJ at john.larsen@cpuc.ca.gov
All Parties on Service List A.22-05-015

¹ See PFM at 40 and 46 (citing Ex. TURN-SCGC-07 at 8-11 and Ex. FEA-01 at 42-43). Available here: docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M590/K986/590986352.PDF

² See PFM at 45-46.

Attachment A



TY 2024 GENERAL RATE CASE (GRC) PETITION FOR MODIFICATION OF D.24-12-074

February 27, 2026



The Current Attrition Problem

» 2024 GRC Decision authorized an attrition mechanism for 2025-2027 that escalates the test year (2024) revenue requirement by 3%

(\$ millions)	2024 Test Year	2025	2026	2027
Capital Expenditures	\$100	\$103	\$106	\$109
Revenue Requirement with 3% Attrition	\$9.0	\$9.3	\$9.6	\$9.8
Revenue Requirement (Actual)	\$9.0	\$34.4	\$60.7	\$88.2

Assumes 3% attrition growth; illustrative only

Approved Capital Costs are Underfunded

Over 70% of SoCalGas's and SDG&E's capital is recurring, routine work. For both Companies, there is approximately **\$5 billion** of inadequately funded recurring capital projects over 2025-2027 in total.

Line No.	2024	2025	2026	2027	Total	Notes
Recurring Capital Program Investment						
1	\$50	\$50	\$50	\$50	\$200	
Needed Depreciation Expense Component of Capital Revenue Requirement						
2	\$1.00	\$1.00	\$1.00	\$1.00	\$4.00	In-service Jan. 1, 2024
3		\$1.00	\$1.00	\$1.00	\$3.00	In-service Jan. 1, 2025
4			\$1.00	\$1.00	\$2.00	In-service Jan. 1, 2026
5				\$1.00	\$1.00	In-service Jan. 1, 2027
6 (2+3+4+5)	\$1.00	\$2.00	\$3.00	\$4.00	\$10.00	
Authorized Depreciation Expense Component of Capital Revenue Requirement						
7	\$1.00	\$1.03	\$1.06	\$1.09	\$4.18	
Shortfall of Authorized Depreciation Expense Component of Capital Revenue Requirement						
8 (7-6)	-	(\$0.97)	(\$1.94)	(\$2.91)	(\$5.82)	



Approved Capital with Test Year In-Service Dates are Inadequately Funded

Estimated in-service dates drive the authorized capital-related revenue requirement

Example Project with Different In-Service Dates

(\$ millions)	2024 Test Year	2025	2026	2027
Capital Expenditures	\$100			
Revenue Requirement for January in-service date	\$9.0	\$9.3	\$9.6	\$9.8
Revenue Requirement for June in-service date	\$4.5	\$4.6	\$4.8	\$4.9
Revenue Requirement for December in-service date	\$0.0	\$0.0	\$0.0	\$0.0

Assumes 3% attrition growth; illustrative only

Attrition Mechanisms Using an Example Project with a June In-Service Date

(\$ millions)	2024 Test Year	2025	2026	2027	Total
Capital Expenditures	\$100				\$100
Revenue Requirement Based on Capital Additions Attrition Mechanism (June in-service date)	\$4.5	\$9.0	\$9.0	\$9.0	\$31.5
Revenue Requirement Based on 3% Attrition	\$4.5	\$4.6	\$4.8	\$4.9	\$18.8
Shortfall	\$0.0	(\$4.4)	(\$4.2)	(\$4.1)	(\$12.7)

