

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



Application of Southern California Gas
Company (U 904 G), on Behalf of its Customers,
for Approval of Gas Line Extension Allowances

A.25-07-001
(Filed July 1, 2025)

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SIERRA CLUB OPENING BRIEF

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On Behalf of Sierra Club

Dated: February 27, 2026

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Pursuant to Rule 13.12 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Sierra Club respectfully submits this Opening Brief on the Application of Southern California Gas Company (“SoCalGas”), on Behalf of its Customers, for Approval of Gas Line Extension Allowances (“Application”).¹ This Opening Brief is timely filed pursuant to the Assigned Commissioner’s Scoping Memo and Ruling (“Scoping Memo”).²

I. INTRODUCTION

SoCalGas’ Application seeks Commission approval to charge ratepayers \$4.187 million in gas line extension allowances (“LEAs”) for methane-burning vehicle refueling stations.³ Notably absent from SoCalGas’ Application is an acknowledgment that D.22-09-026 specifically rejected a categorical exemption from the Commission’s elimination of LEAs for projects that enable renewable natural gas (“RNG”), compressed natural gas (“CNG”) or hydrogen.⁴ As the Commission explained, while CNG and other alternative fuels are “a

¹ Application of Southern California Gas Company (U 904 G), on Behalf of its Customers, for Approval of Gas Line Extension Allowances (July 1, 2025) (“SoCalGas Application”), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M571/K244/571244390.PDF>.

² Assigned Commissioner’s Scoping Memo and Ruling, at 4 (Oct. 14, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M583/K447/583447083.PDF>.

³ SoCalGas Application at 3; SoCalGas initially sought to charge ratepayers over \$6.6 million for nine CNG projects’ LEAs, but one developer has since withdrawn its LEA application. Exh. SCG-04, Prepared Rebuttal Testimony of Jennifer Morris (Chapter 1 – Policy), at JM-1:8–12 (Dec. 17, 2025) (“Morris Rebuttal”), <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2507001/8808/590649178.pdf>.

⁴ RNG and CNG are both methane, the difference being RNG is methane derived from the anaerobic decomposition of organic matter and CNG is compressed methane derived from fossil sources. See Cal. Pub. Utils. Comm’n, *Renewable Gas*, <https://www.cpuc.ca.gov/industries-and-topics/natural-gas/renewable-gas> (last accessed Feb. 25, 2026) (defining “[b]iomethane—also referred to as renewable

preferred option over diesel and other ‘dirtier’ fuels during a transition to full electrification,” they are “still not the preferred option in the long term over full electrification.”⁵ As the Commission also recognized, “[i]nfrastructure for methane trucks is expensive and would become a stranded asset if use of those [electric-fueled] trucks continued to expand; EV infrastructure, in contrast, will be needed indefinitely.”⁶ These stranded asset concerns are particularly acute here as gas ratepayers would be responsible for paying off the costs of the gas lines connecting to the proposed refueling stations until 2096.⁷

The Commission has repeatedly determined that continued use of ratepayer funds to subsidize methane-burning vehicle refueling stations is contrary to California’s commitment to full electrification of the transportation sector as part of achieving carbon neutrality. Accordingly, the Commission should flatly reject SoCalGas’ Application because it does not meet D.22-09-026’s requirement that the projects must be consistent with California climate policy to be entitled to LEAs. As the Commission explained in D.22-09-026, “the elimination of these subsidies does not remove the builder or developer’s choice to build the CNG/RNG facility, it only requires that the costs caused by new customers be paid by those customers.”⁸

Even if the Commission found continued use of ratepayer funds to facilitate new methane-burning vehicle refueling stations was somehow consistent with California climate policy, SoCalGas’ Application still fails. SoCalGas’ Application does not meet other criteria for ratepayer LEA subsidies adopted in D.22-09-026, such as demonstrating that the projects have no feasible alternative to natural gas. In addition, six of the eight projects SoCalGas has put before the Commission will increase pollution burdens in Disadvantaged Communities (“DACs”) in contravention of the Commission’s Environmental and Social Justice (“ESJ”)

natural gas or ‘RNG’” as “combustible gas produced from the anaerobic decomposition of organic materials.”); *see also* Cal. Air Res. Bd. (“CARB”), *Alternative Fuels: Compressed Natural Gas (CNG)*, <https://ww2.arb.ca.gov/our-work/programs/alternative-fuels/alternative-fuels-compressed-natural-gas-cng> (last accessed Feb. 25, 2026) (defining CNG).

⁵ D.22-09-026, *Phase III Decision Eliminating Gas Line Extension Allowances, Ten-Year Refundable Payment Option, and Fifty Percent Discount Payment Option Under Gas Line Extension Rules*, at 55 (Sept. 20, 2022) (“D.22-09-026”), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K987/496987290.PDF>.

⁶ *Id.* (citing CARB Technical Analysis of End of Useful Life Scenarios at 2, <https://ww2.arb.ca.gov/resources/documents/technical-analysis-end-useful-life-scenarios-statewide>).

⁷ Exh. SC-01, Opening Testimony of Matthew Vespa and Kjellen Belcher on behalf of Sierra Club (Nov. 14, 2025) (“Vespa and Belcher Direct”), Attach. 2, SCG Response to Data Request Sierra Club-SCG-01, Q. 1, <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2507001/8732/587205688.pdf>.

⁸ D.22-09-026 at 56.

Action Plan.⁹ To the extent the Commission finds certain refueling projects in SoCalGas' Application could be eligible for ratepayer subsidies under the minimum criteria set forth in D.22-09-026, LEAs should only be allowed for projects located outside of DACs.

II. PROCEDURAL BACKGROUND

SoCalGas filed this Application on behalf of gas customers seeking LEAs pursuant to the process set forth in Ordering Paragraph #2 of D.22-09-026.¹⁰ This Application is SoCalGas' first since the Commission adopted D.22-09-026.¹¹ While Pacific Gas and Electric Company ("PG&E") has initiated applications, no other utilities have, and the Commission has not authorized any gas LEAs pursuant to this application process to date.¹² Both Sierra Club and the Public Advocates Office ("Cal Advocates") timely protested SoCalGas' Application.¹³ In the Scoping Memo, the Commission set the formal scope and schedule for the proceeding, including a finding that "whether the proposed gas line extension projects are inconsistent with the zero emissions vehicle goals set forth in Executive Orders N-79-20 and N-27-25 falls within the scope" of the proceeding, as part of the Commission's consideration of the

⁹ Exh. SCG-02-WP, Workpapers Supporting the Prepared Direct Testimony of Jason Legner (Selected Projects) Public Version, at SCG-02-WP-30 (Project B), SCG-02-WP-37 (Project C), SCG-02-WP-43 (Project D1), SCG-02-WP-56 (Project E), SCG-02-WP-68 (Project G), and SCG-02-WP-77 (Project H) (July 1, 2025) ("Legner Workpapers"),

<https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2507001/8830/593230912.pdf>.

¹⁰ D.22-09-026 at 81–82, Ordering Paragraph #2.

¹¹ D.22-09-026 requires utilities to file such applications by July 1 of each year. *Id.* SoCalGas did not file applications on behalf of customers for line extension subsidies in 2023 or 2024. *See* SoCalGas, *Proceedings Before the California Public Utilities Commission (CPUC)*, <https://www.socalgas.com/regulatory/cpuc> (last accessed Feb. 26, 2026) (listing SoCalGas' regulatory proceedings at the Commission going back to 2004 and listing only A.25-07-001 as an application for gas LEAs).

¹² *See* D.25-06-068, *Order of Dismissal* (June 30, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M571/K402/571402218.PDF> (dismissing PG&E's 2024 application for LEAs "[u]pon the written and unopposed request of Pacific Gas and Electric Company."). *See also* A.25-07-002, Pacific Gas and Electric Company (U 39 M) Response to Administrative Law Judge's Ruling Requesting Additional Information, at 2 (Feb. 6, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M598/K101/598101796.PDF> (explaining that PG&E is seeking to withdraw its 2025 LEA application because it was unable to provide sufficient information to comply with the requirements of D.22-09-026, and noting that "there has never been a successful application by any party to use as a template.").

¹³ Sierra Club Protest to Application of Southern California Gas Company, On Behalf of Its Customers, For Approval of Gas Line Extension Allowances, (Aug. 4, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M574/K907/574907655.PDF>; Protest of the Public Advocates Office, (Aug. 4, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M575/K458/575458234.PDF>.

minimum eligibility criterion of projects’ consistency with California’s climate goals.¹⁴ The Scoping Memo also found in scope “[w]hether the application aligns with the goals of the Commission’s Environmental and Social Justice Action Plan.”¹⁵

On December 17, 2025, through its rebuttal testimony, SoCalGas noted that the developer of Project F “withdrew their line allowance application due to cost and feasibility limitations.”¹⁶ This withdrawal results in eight remaining projects.¹⁷

On January 30, 2026, the parties each filed motions to admit their proposed exhibits into the evidentiary record pursuant to the Administrative Law Judge’s Ruling Regarding Motions for the Admission of Evidence.¹⁸ SoCalGas filed unsuccessful objections to portions of Sierra Club’s testimony, claiming that Sierra Club’s testimony pertaining to California policy regarding CNG refueling station investments and its testimony regarding project siting in DACs were out of scope.¹⁹ Administrative Law Judge Clark overruled SoCalGas’ objections and admitted all parties’ exhibits.²⁰

III. LEGAL STANDARD AND BURDEN OF PROOF

A. Line Extension Allowance Exception Criteria

In D.22-09-026, the Commission eliminated gas LEAs “for all customers in all customer classes” to “move the state closer to meeting its goals of reducing greenhouse gas (GHG) emissions and combating climate change.”²¹ The Commission found that eliminating

¹⁴ Assigned Commissioner’s Scoping Memo and Ruling, at 2, n. 1 (Oct. 14, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M583/K447/583447083.PDF>.

¹⁵ *Id.* at 3.

¹⁶ Exh. SCG-04, Morris Rebuttal at JM-1:8–12.

¹⁷ *Id.* at JM-1:11–13, Table 1.

¹⁸ Administrative Law Judge’s Ruling Regarding Motions for the Admission of Evidence (Jan. 21, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M595/K495/595495659.PDF>; Motion of Southern California Gas Company to Admit Testimony and Other Documents Into Evidence (Jan. 30, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M597/K705/597705008.PDF>; Motion of the Public Advocates Office to Admit Testimony and Documents Into the Evidentiary Record (Jan. 30, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M596/K907/596907857.PDF>; Sierra Club Motion for Admission of Prepared Testimony Into the Evidentiary Record (Jan. 30, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M596/K902/596902583.PDF>.

¹⁹ Objection of Southern California Gas Company to the Admission of Certain Testimony Into Evidence by Sierra Club (Feb. 9, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M598/K100/598100998.PDF>.

²⁰ Administrative Law Judge’s Ruling Entering Exhibits Into the Evidentiary Record and Granting Motion for Leave to File Confidential Exhibits Under Seal, at 2–4 (Feb. 11, 2026), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M598/K101/598101560.PDF>.

²¹ D.22-09-026 at 2.

subsidies for new gas connections would result in “significant reductions in GHG emissions,” as well as “improved quality of life and health for customers, hundreds of millions of dollars in ratepayer savings annually, greater equity for low-income customers, and greater certainty for builders, developers, and individual customers.”²² To ensure that those benefits were not undermined by excessive exceptions to the rule, the Commission set forth the following minimum criteria for “specific, unique non-residential projects” seeking LEAs through the utilities’ July 1 Applications:²³

- (a) The project shows a demonstrable reduction in greenhouse gas emissions;
- (b) The project’s gas line extension is consistent with California’s climate goals, including those articulated in Senate Bill 32 (Pavley, 2016); and
- (c) The project demonstrates that it has no feasible alternatives to the use of natural gas, including electrification.

A project must meet all three criteria to be considered by the Commission for an LEA.²⁴

In adopting its LEA policy, the Commission specifically rejected a proposal to categorically preserve gas line extension subsidies for facilities “that enable hydrogen, RNG and CNG use,” such as methane-burning vehicle refueling stations, reiterating that “full electrification” is California’s priority pathway for decarbonizing the transportation sector, rather than “supporting less harmful fossil fuels.”²⁵ Moreover, as the Commission recognized:

‘Infrastructure for methane trucks is expensive and would become a stranded asset if use of those [electric-fueled] trucks continued to expand; EV infrastructure, in contrast, will be needed indefinitely.’ In light of these state policies, long term gas line subsidies to expand CNG infrastructure does not merit a categorical exemption from our overall policy adopted here.²⁶

B. Burden of Proof

Public Utilities Code Section 451 requires all utility charges demanded or received to be “just and reasonable.”²⁷ In an application proceeding, the applicant “bears the burden of affirmatively establishing the reasonableness of all aspects of its application” by “a

²² *Id.*

²³ *Id.* at 81–82, Ordering Paragraph #2–3.

²⁴ *Id.* at 82, Ordering Paragraph #2.

²⁵ *Id.* at 52, 55.

²⁶ *Id.* at 55 (citing D.22-03-006, D.19-09-051, D.22-02-025, Rejection of SoCalGas’s AL 5590, and CARB Technical Analysis on End of Useful Life Scenarios).

²⁷ Cal. Pub. Util. Code § 451.

[p]reponderance of the evidence.”²⁸ The Commission has defined preponderance of the evidence ““in terms of probability of truth, *e.g.*, ‘such evidence as, when weighed with that opposed to it, has more convincing force and the greater probability of truth.’”²⁹ In other words, “[a]n applicant utility must present more evidence that supports the result requested than would support an alternative outcome.”³⁰ Specifically with regard to an application for approval of LEAs, the gas utility, “on behalf of project applicants(s), must demonstrate the factual basis for the project applicants’ assertions, and confirm that the minimum requirements have been met based on the information provided by applicants.”³¹

When other parties propose a different result from the applicant utility, they carry the “‘burden of going forward’ to produce evidence to support their position and raise a reasonable doubt as to the utility’s request.”³² As the Commission has found, “[w]hen this counterpoint causes the Commission to entertain a reasonable doubt regarding the applicant’s position, and applicant does not overcome this doubt, the applicant has not met its burden of proof.”³³

IV. DISCUSSION

SoCalGas seeks authorization for LEAs for methane-burning vehicle refueling stations with paltry support beyond the reasoning the Commission already rejected when it denied a blanket exemption for these facilities. SoCalGas has not met its burden of proof to demonstrate that any of the proposed projects meet all three of the minimum exemption criteria to be considered for an LEA. Accordingly, the Commission should reject all the LEA requests in the Application. To the extent the Commission finds SoCalGas has demonstrated methane-burning vehicle refueling stations could qualify for LEAs notwithstanding repeated Commission decisions finding refueling stations should not be subsidized by ratepayers, it should reject LEAs for the projects located in DACs. Ratepayer subsidies for these projects are not aligned with the ESJ Action Plan because they exacerbate the disproportionate air

²⁸ D.24-01-004, *Decision on Southern California Edison Company Proposed Building Electrification Programs*, at 17 (Jan. 22, 2024) (“D.24-01-004”), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M523/K916/523916507.PDF>.

²⁹ *Id.* (citation omitted).

³⁰ D.24-12-074, *Decision Addressing the 2024 Test Year General Rate Cases of Southern California Gas Company and San Diego Gas & Electric Company*, at 17 (Dec. 23, 2024) (“D.24-12-074”), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M550/K485/550485071.pdf>.

³¹ D.22-09-026 at 57–58.

³² D.24-01-004 at 17.

³³ *Id.*

quality impacts already experienced in DACs.

A. SoCalGas’ Application is an Improper Effort to Apply a Blanket Exemption to CNG Refueling Station Projects that the Commission has Already Rejected.

As a threshold matter, the Commission should dismiss SoCalGas’ Application as an improper attempt to relitigate D.22-09-026. As SoCalGas admitted in response to discovery, it is seeking LEAs for all methane-burning vehicle refueling stations that applied for an exemption.³⁴ While D.22-09-026 left open consideration of LEAs for CNG/RNG projects in “limited cases,” SoCalGas’ Application fails to provide meaningful project-specific justifications that would not be equally true of all methane-burning vehicle refueling stations.³⁵ Through its Application, SoCalGas is seeking to collaterally attack the findings in the overarching LEA decision and its rejection of a categorical exemption for CNG/RNG projects.³⁶

For example, rather than present “specific unique” circumstances that might serve to differentiate among CNG/RNG projects and serve as a basis for LEA subsidies in limited cases, SoCalGas presents one unified explanation of the alleged climate benefits of RNG in a “General CNG/RNG Project Qualifications” section at the outset of its testimony.³⁷ When it comes to each project-specific section, SoCalGas repeats the same generalized claims in bullet point form with little variation for each project.³⁸ Contrary to SoCalGas’ boilerplate assertions, inherent in the Commission’s rejection of a categorical exemption for methane-burning vehicle refueling stations is the conclusion that these projects do not meet the minimum requirements for an LEA simply by dispensing RNG.³⁹ In rejecting a categorical

³⁴ Exh. SC-01, Vespa and Belcher Direct, Attach. 2, SCG Response to Data Request Sierra Club-SCG-01, Q. 2.

³⁵ D.22-09-026 at 56.

³⁶ See, e.g., D.14-02-016, *Decision Granting San Diego Gas & Electric Company Authority to Enter Into a Purchase Power Tolling Agreement with Pio Pico Energy Center, LLC*, at 3, 6, 7 (Feb. 12, 2014), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M087/K979/87979430.PDF> (rejecting arguments made in utility application proceeding that sought to revisit findings in authorizing decision as collateral attack on Commission’s previous determination).

³⁷ Exh. SCG-02, Prepared Direct Testimony of Jason Legner on Behalf of SoCalGas (Chapter 2 – Selected Projects) Public Version, at JL-1:16, JL-5:5–JL-6:8 (July 1, 2025) (“Legner Direct”), <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2507001/8313/572574483.pdf>.

³⁸ *Id.* at JL-7:21–JL-8:10, JL-9:8–22, JL-11:1–18, JL-13:3–20, JL-14:14–JL-15:1, JL-16:3–14, JL-17:3–17, JL-18:9–28.

³⁹ *Id.* at JL-4:13–JL-6:8 (arguing that all of the projects are consistent with California’s climate goals by dispensing “100% RNG” because RNG “can reduce [greenhouse gas] emissions by up to 80% when

exemption for these facilities, the Commission identified stranded asset concerns with new refueling stations and further noted that these fuels are “already heavily subsidized, and eliminating the gas line subsidies would not undermine their development in any significant way.”⁴⁰ SoCalGas’ claim that all methane-burning vehicle refueling stations that apply for LEA subsidies should receive them because they would dispense RNG ignores D.22-09-026’s findings on the continued use of ratepayer funds for line extensions to these facilities and would render the Commission’s rejection of a categorical exemption meaningless.

SoCalGas’ general “No Feasible Alternative” section is similarly universal in its Application, stating that if a customer already has CNG vehicles, “there is no alternative solution to fueling their existing vehicles,” and that if they do not already have CNG vehicles, then they have “considered” other options “but have determined that an alternate vehicle fleet is not a viable solution.”⁴¹ The merit of these claims is discussed further below, but the overall breadth and vagueness of the assertions underscore SoCalGas’ efforts to secure subsidies for any and all methane-burning vehicle refueling station projects, rather than “limited,” “specific,” or “unique” ones. If the Commission were to approve this set of projects for LEAs on the generalized justification provided by SoCalGas, it would be difficult to conceive of any proposed methane-burning vehicle refueling station that would not also qualify for ratepayer subsidies. Because the Commission has already rejected a categorical exemption for methane-burning vehicle refueling stations from the LEA policy, it should reject SoCalGas’ attempt to create one now.

B. The Application’s Proposed Methane-Burning Vehicle Refueling Stations Do Not Meet the Minimum Criteria to Merit Line Extension Allowances.

The methane-burning vehicle refueling stations in SoCalGas’ LEA Application do not meet the required minimum criteria to qualify for an LEA under D.22-09-026. Accordingly, the Commission should deny LEAs for all of the requested projects.

compared to diesel”); Exh. SCG-05, Prepared Rebuttal Testimony of Jason Legner (Chapter 2 – Selected Projects), at JL-4:18–21 (Dec. 17, 2025) (“Legner Rebuttal”), <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2507001/8808/590871284.pdf>.

⁴⁰ D.22-09-026 at 56.

⁴¹ Exh. SCG-02, Legner Direct at JL-6:9–17.

1. New Long-Term Investments in Methane-Burning Vehicle Refueling Stations are Inconsistent with California’s Climate Goals.

a) California has Repeatedly Reaffirmed Achieving a Zero-Emission Transportation Sector is a Critical Component of Achieving its Climate Goals.

To qualify for an LEA, a project’s gas line extension must be “consistent with California’s climate goals, including those articulated in SB 32 (Pavley, 2016).”⁴² California policymakers—including the Commission—have repeatedly determined that achieving California’s climate goals requires transitioning the transportation sector to zero-emission vehicles. Continued long-term investments in polluting technologies like refueling stations for methane-burning vehicles are inconsistent with this objective.

Achievement of California’s climate objectives depends on the transition to a zero-emission transportation sector. Accordingly, when it rejected Clean Energy’s request for a blanket exemption for facilities enabling the use of methane-burning vehicles, the Commission provided a clear summary of California’s policy for these facilities:

Our priority in the long term is to move away from fossil fuels altogether, including in the transportation sector, as opposed to supporting less harmful fossil fuels. This has been consistent and reiterated in several Commission proceedings. It is also the policy of our sister agencies, which have also encouraged the move away from fossil fuel investment. For example, the CEC’s California Clean Transportation Program has shifted focus significantly since 2019 to heavily prioritize zero emission vehicles (ZEVs) over near zero emission vehicles. CARB has adopted rules requiring 100 percent medium duty and heavy duty ZEVs by 2045 (to the fullest extent feasible).⁴³

Indeed, California’s commitment to a zero-emission transportation sector has been repeatedly made clear. In its 2022 Scoping Plan, the California Air Resources Board (“CARB”) found that “[v]ehicles must transition to zero emission technology to decarbonize the transportation sector,” and noted that “Executive Order N-79-20 reflects the urgency of transitioning to zero emission vehicles (ZEVs) by establishing target dates for reaching 100 percent ZEV sales or

⁴² D.22-09-026 at 81–82, Ordering Paragraph #2.

⁴³ *Id.* at 55 (citing D.22-03-006, D.19-09-051, D.22-02-025, and Rejection of SoCalGas’s AL 5590).

fleet transitions to ZEV technology.”⁴⁴ In June 2025, Governor Newsom reaffirmed California’s commitment to widespread transportation electrification in Executive Order N-27-25, which finds that “[t]he State of California reaffirms its commitment to accelerate the deployment of zero-emission technologies, including passenger, medium- and heavy-duty vehicles, consistent with the deployment targets and other actions directed in Executive Order N-79-20.”⁴⁵

In rebuttal testimony, SoCalGas claims that methane-burning vehicle refueling stations are consistent with California’s climate goals because the Trump administration’s efforts to undermine California’s transportation sector emissions standards have created “uncertainty.”⁴⁶ *California’s* climate policies, which are the operative consideration in evaluating this exemption criterion, remain firm in the face of federal attacks. Indeed, Executive Order N-27-25 describes the federal efforts referenced by SoCalGas as “illegal actions” that would keep California “bound to a fossil fuel industry and manufacturers that benefit from thwarting progress and polluting our communities.”⁴⁷ As Governor Newsom set forth in the Executive Order, in light of these federal attacks, “the role of California is more important than ever to promote the currently available zero-emission technologies that our future, our health, our economy, and our pocketbook demand.”⁴⁸ Contrary to SoCalGas’ suggestion, federal attacks on California’s policies have only strengthened the State’s resolve to achieving its climate goals through widespread adoption of zero-emission vehicles. SoCalGas’ effort to leverage attacks by the Trump regime on California climate policy are not a legitimate basis to compel California ratepayers to subsidize these polluting projects.

b) As the Commission Has Repeatedly Recognized, the Decline in Polluting Transportation Fuels Necessary to Achieve California’s Climate Goals Creates Significant Stranded Asset Risk for New Investments in Methane-Burning Vehicle Refueling Stations.

With California’s transition from polluting fuels to achieve its climate objectives comes

⁴⁴ CARB, *2022 Scoping Plan for Achieving Carbon Neutrality*, at 185 (Nov. 16, 2022) https://ww2.arb.ca.gov/sites/default/files/2022-12/2022-sp_1.pdf (citation omitted).

⁴⁵ Governor’s Exec. Order No. N-27-25, at 2 (June 12, 2025) (“EO N-27-25”), https://www.gov.ca.gov/wp-content/uploads/2025/06/CRA-Response-EO-N-27-25_-ATTESTED.pdf.

⁴⁶ Exh. SCG-05, Legner Rebuttal at JL-4:9–17.

⁴⁷ EO N-27-25 at 2.

⁴⁸ *Id.*

an obligation for the Commission to limit new long-term investments in gas infrastructure and its corresponding stranded asset risk. The stranded asset risks from new methane-burning vehicle refueling stations were a basis for the Commission’s rejection of a categorical exemption from its LEA policy and have informed repeated rejections of continued ratepayer investment in these facilities. For example, in 2019, the Commission denied SoCalGas’ request to procure methane-burning vehicles, stating that “California’s express policy” to meet the goal of reducing greenhouse gas emissions was “through widespread transportation electrification,” and that “[e]ven if natural gas vehicles offer any reduction in GHG emissions vis-à-vis petroleum and diesel-fuel vehicles, whatever benefit they offer do not justify the cost presented here.”⁴⁹ And in 2024, the Commission rejected SoCalGas’ request to charge ratepayers for new methane-burning vehicle refueling stations, finding “merit” in the argument “that new long-term investments in refueling stations for polluting vehicles go squarely against California policies to spur growth in ZEVs and the rapid expansion of ZEV models to meet vehicle fleet needs.”⁵⁰ Similarly, as the Commission recognized together with the California Energy Commission (“CEC”) and CARB in their 2024 Joint Agency Staff Paper: *Progress Towards a Gas Transition*, “[t]he role of biomethane as a primary fuel in the transportation sector is going to decline as the State transitions to ZEVs.”⁵¹

In rebuttal testimony, SoCalGas wrongly claims the policy findings from the General Rate Case (“GRC”) decisions “do not apply to customer projects evaluated under D.22-09-026,” and characterizes Sierra Club’s argument as a “misplaced” “attempt to apply determinations regarding utility activity to customers.”⁵² As an initial matter, the stranded asset concerns that informed the basis for Commission rejection of ratepayer funding of methane-burning vehicle refueling stations are even more acute here. The refueling stations the Commission rejected in SoCalGas’ 2024 GRC Application would depreciate over 20

⁴⁹ D.19-09-051, *Decision Addressing the Test Year 2019 General Rate Cases of San Diego Gas & Electric Company and Southern California Gas Company*, at 397–98 (Oct. 1, 2019), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M316/K704/316704666.PDF>.

⁵⁰ D.24-12-074 at 620.

⁵¹ R.20-01-007, 2024 Joint Agency Staff Paper: *Progress Towards a Gas Transition*, A White Paper Supporting the CPUC’s Long-Term Gas Planning Rulemaking R.20-01-007, at 24 (Feb. 22, 2024) (“2024 Joint Agency Staff Paper”), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M525/K660/525660391.PDF>.

⁵² Exh. SCG-04, Morris Rebuttal at JM-4:3–19.

years.⁵³ In contrast, SoCalGas depreciates the gas lines connecting to methane-burning vehicle refueling stations over close to 70 years.⁵⁴ As the Commission recognized in eliminating LEAs in D.22-09-026:

Any project that adds new customer load to the gas system could, all else being equal, provide a contribution to margin for at least some amount of time. However, any system buildout today could become a stranded asset well before the end of the asset's life because of electrification — whether mandated by state or local building codes or inspired by ratepayer-funded incentive programs and market transformation. This serious risk cuts against any near-term financial benefits from increased sales associated with new customer load.⁵⁵

Accordingly, SoCalGas' attempt to distinguish the Commission's concerns with ratepayer funding of utility owned methane-burning vehicle refueling stations with ratepayer funding of gas lines to privately owned stations is without merit as both investments create stranded asset risks for ratepayers.

Second, in D.24-12-074, the Commission specifically rejected ratepayer funding for San Diego Gas & Electric Company's ("SDG&E") CNG refueling station upgrades to "disincentivize use of natural gas by requiring users to pay a greater cost of maintaining CNG supply."⁵⁶ The refueling stations SDG&E sought to maintain using ratepayer dollars are "public access CNG stations" that "serve the existing customer base of CNG vehicles throughout Southern California in the private, business, and industrial sectors," including "private vehicle owners, the City of San Diego refuse trucks, military base vehicles, University of California San Diego buses, and companies such as Red Bull, Republic Services, and several taxi companies."⁵⁷ Thus, by rejecting ratepayer funding to maintain the infrastructure, the Commission essentially told SDG&E to pass these costs through to the "users" of the station "to pay a greater cost of maintaining CNG supply" and thus "disincentivize use of natural gas."⁵⁸ The same logic applies when the developer seeking a ratepayer subsidy is not a regulated utility. As the Commission has made clear, utility ratepayers should not bear these

⁵³ Exh. SC-01, Vespa and Belcher Direct at 5:28–6:1.

⁵⁴ Exh. SC-01, Vespa and Belcher Direct, Attach. 2, SCG Response to Data Request Sierra Club-SCG-01, Q. 1 (depreciation from 2028 until 2096).

⁵⁵ D.22-09-026 at 51.

⁵⁶ D.24-12-074 at 159.

⁵⁷ *Id.* at 158.

⁵⁸ *Id.* at 159.

costs regardless of whether the refueling station is for public or private benefit.

2. SoCalGas Has Not Met Its Burden to Demonstrate that the Projects Have No Feasible Alternative to the Use of Gas.

SoCalGas has not met its burden to demonstrate that all of the projects in its Application have no feasible alternative to the use of methane gas. SoCalGas relies upon the developers' attestations, which as the Public Advocates Office explains, "do not provide adequate evidence to substantiate their claims."⁵⁹ For example, application materials for Projects C, D2, and E, as well as SoCalGas' testimony, cite the purported limited range of electric vehicles as evidence of infeasibility of alternatives to gas.⁶⁰ Without more information regarding the vehicle types contemplated by the developers, the route distances of the vehicles, and the operational range of electric alternatives, the Commission does not have sufficient information to verify whether or not the customer's assessment is factually sound. In testimony, Sierra Club provided unchallenged facts regarding, for example, the availability of electric refuse trucks on the market now with daily ranges from 80–120 miles per charge and charging times of three hours or less and the CEC's findings that refuse trucks represent "a segment ideally fit for battery-electric power."⁶¹ Similarly, Project E cites high upfront costs for vehicles, limited infrastructure, and extended recharging times compared to fueling as reasons why electric alternatives would not be feasible.⁶² But the applicant does not provide information regarding the vehicle types and relevant routes that stakeholders and the Commission would need to determine the merit of these claims. As Sierra Club witness Kjellen Belcher pointed out in unrebutted testimony, "the total cost of ownership for zero-emission trucks is lower overall due to the fuel and maintenance cost savings."⁶³

SoCalGas also highlights that some project applicants have existing CNG vehicles as purported evidence that the projects have no alternative to gas.⁶⁴ While reliance on off-site refueling may be inconvenient, that does not make it infeasible and justify ratepayer subsidy.

⁵⁹ Exh. CalAdv-01, Cal Advocates Opening Testimony, at 1-7:11–12 (Nov. 14, 2025), <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2507001/8736/587205699.pdf>. See also *id.* at 1-7–1-9 (identifying missing evidence to support customer explanations).

⁶⁰ Exh. SCG-02-WP, Legner Workpapers at SCG-02-WP-036, SCG-02-WP-048, and SCG-02-WP-055; Exh. SCG-02, Legner Direct at JL-13:24–25, JL-15:5–9.

⁶¹ Exh. SC-01, Vespa and Belcher Direct at 6:25–7:9.

⁶² Exh. SCG-02-WP, Legner Workpapers at SCG-02-WP-055.

⁶³ Exh. SC-01, Vespa and Belcher Direct at 7:19–21.

⁶⁴ Exh. SCG-02, Legner Direct at JL-6:13–14; Exh. SCG-05, Legner Rebuttal at JL-5:14–16.

For example, while the Project A applicant claims it “would have to shut down or relocate [their] operation” if natural gas equipment was unavailable, it already has natural gas available through external sources.⁶⁵ Further, the applicant does not state whether relocation or shutdown is dependent on LEA subsidies. As the Commission has made clear, “the elimination of these subsidies does not remove the builder or developer’s choice to build the CNG/RNG facility, it only requires that the costs caused by new customers be paid by those customers.”⁶⁶ Similarly, Project B’s application states that the applicant is “building a CNG station as a bridge Transportation fuel solution” while it transitions its fleet “to either electric or hydrogen by 2040 to meet state mandates.”⁶⁷ Project B’s application also does not indicate the number of methane-burning vehicles in its fleet and their remaining useful life. As discussed above, the Commission has made clear that the costs of methane-burning vehicle refueling stations carry stranded asset risk that should not be borne by ratepayers. Yet here, SoCalGas is requesting ratepayer funding for a pipeline to a new refueling station the applicant states it will not use after 2040, more than 50 years prior to the investment being paid off by gas ratepayers.⁶⁸ Indeed, if the developer wants to use CNG vehicles as a “bridge,” it should incur the costs of doing so by either (a) continuing to fuel at existing locations while its fleet transitions off of methane-burning vehicles, or (b) investing its own funds in the buildout of long-lived gas infrastructure it is placing into use for admittedly non-long-term purposes.

C. Allowing Ratepayer Subsidies for Methane-Burning Vehicle Refueling Stations in DACs is Inconsistent with the ESJ Action Plan.

Six of the eight projects in SoCalGas’ Application would increase air pollution in DACs in contravention of the Commission’s ESJ Action Plan. ESJ Action Plan Goal 2 calls for increased “investment in clean energy resources to benefit ESJ Communities, especially to improve local air quality and public health.”⁶⁹ The Commission has made recent findings that

⁶⁵ Exh. SCG-02-WP, Legner Workpapers at SCG-02-WP-023; Exh. SCG-02, Legner Direct at JL-8:14–16.

⁶⁶ D.22-09-026 at 56.

⁶⁷ Exh. SCG-02-WP, Legner Workpapers at SCG-02-WP-030; Exh. SCG-02, Legner Direct at JL-9:25.

⁶⁸ Exh. SC-01, Vespa and Belcher Direct, Attach. 2, SCG Response to Data Request Sierra Club-SCG-01, Q. 1 (pipeline created revenue requirement until 2096).

⁶⁹ Cal. Pub. Utils. Comm’n, *Environmental and Social Justice Action Plan Version 2.0*, at 23 (Apr. 7, 2022) (“ESJ Action Plan”), <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>. ESJ Communities include DACs, among other communities. *Id.* at 2.

the air quality impacts of methane-burning vehicle refueling stations make them “inconsistent with the ESJ Action Plan.”⁷⁰ Further, Sierra Club offered evidence in this record regarding the air quality hazards of these projects and the harms they could inflict on DACs.⁷¹ This evidence, which affirms the Commission’s findings in D.24-12-057, is more than sufficient to cast reasonable doubt on SoCalGas’ meritless claims that the proposed CNG refueling stations are consistent with the ESJ Action Plan at all, let alone that they advance it.⁷² Even if the Commission were to find the projects in SoCalGas’ Application met the enumerated criteria in D.22-09-026, Projects B, C, D1, E, G, and H are all located in DACs and should not receive ratepayer subsidies due to their inconsistency with the ESJ Action Plan.⁷³

While the Commission chose not to include criteria prohibiting gas LEAs to facilities located in ESJ Communities “at this time” in D.22-09-026, it has since made findings that locating methane-burning vehicle refueling stations in DACs is not consistent with the ESJ Action Plan.⁷⁴ Specifically, in rejecting SoCalGas’ request to recover from ratepayers the costs of two new methane-burning vehicle refueling stations that would be located in DACs, the Commission found:

Transitioning to RNG vehicles will reduce diesel and gasoline emissions, but this does not justify the construction in high-pollution areas, as RNG vehicles still burn methane. While the carbon intensity can differ, the air quality impacts of burning methane are similar regardless of where the methane was sourced. Similarly, while the stations themselves will not add to pollution in ESJ communities, SoCalGas ignored the impact of methane leakage at refueling stations. We agree with [California Environmental Justice Alliance] and [The Utility Reform Network] and find that SoCalGas’s proposal is inconsistent with the ESJ Action Plan.⁷⁵

This finding is consistent with the evidence provided by Sierra Club that methane-

⁷⁰ D.24-12-074 at 621.

⁷¹ Exh. SC-01, Vespa and Belcher Direct at 9:4–10:9.

⁷² Exh. SCG-04, Morris Rebuttal at JM-5:5–7.

⁷³ Exh. SCG-02-WP, Legner Workpapers at SCG-02-WP-30 (Project B), SCG-02-WP-37 (Project C), SCG-02-WP-43 (Project D1), SCG-02-WP-56, (Project E), SCG-02-WP-68 (Project G), and SCG-02-WP-77 (Project H).

⁷⁴ D.24-12-074 at 621.

⁷⁵ *Id.*

burning vehicles contribute to nitrogen oxide (“NO_x”) and particulate emissions.⁷⁶ SoCalGas did not challenge Sierra Club’s proffered evidence that methane-burning vehicles “can produce five to fifty times more ultrafine particles (‘PM_{0.1}’) than diesel-fueled vehicles certified to the same emissions standard.”⁷⁷ Nor did it rebut Sierra Club’s testimony that “PM_{0.1} is particularly dangerous for human health, causing more pulmonary inflammation and remaining in the lungs longer than finer particles (‘PM_{2.5}’),” that PM_{0.1}’s toxicity is increased due to its smaller size, which allows it to move into “other organs after entering the human body through the lung system,” and that “[a]nalysis has found a significant, positive correlation between exposure to PM_{0.1} and ischemic heart disease mortality.”⁷⁸ As the Commission recognized in its 2024 Joint Agency Staff Paper: *Progress Towards a Gas Transition*, “the use of renewable CNG remains a combustion-based technology that entails harmful tailpipe emissions with negative environmental consequences.”⁷⁹

With regard to in-use emissions of CNG trucks, SoCalGas’ rebuttal testimony only underscores the concerns raised by Sierra Club in testimony based on a CEC study that found “most” heavy duty vehicles “exhibited elevated in-use emissions under operational conditions” compared to their certification cycles.⁸⁰ SoCalGas seeks to cast doubt on Sierra Club’s concerns by stating that variable NO_x emissions were “expected since the [emissions] results were average over an entire test day,” but concedes that “real-world emissions were generally higher than the certification standards” for all combustion technologies, including CNG trucks.⁸¹ Whether these results were “expected” or not is immaterial to their impacts. The daily averages reflected in the study reflect real duty cycles and show that combinations of vocation, operation, and engine technology are yielding air pollution higher than certification levels for most of the heavy-duty vehicles assessed, including CNG vehicles like those that would fuel at the projects in SoCalGas’ Application. The health of neighboring communities

⁷⁶ Exh. SC-01, Vespa and Belcher Direct at 9:7–10:9.

⁷⁷ *Id.* at 9:15–18.

⁷⁸ *Id.* at 9:18–23.

⁷⁹ 2024 Joint Agency Staff Paper at 24.

⁸⁰ Exh. SC-01, Vespa and Belcher Direct at 9:25–10:9; Exh. SCG-05, Legner Rebuttal at JL-6:18–JL-7:10 (citing Jonathan Leonard et al., *In-Use Emissions Testing and Activity Profiles for On-Road Heavy-Duty Vehicles: Summary of 200 Heavy Duty Vehicle Emissions Testing Program from the University of California, Riverside and West Virginia University*, Cal. Energy Comm’n, at iii (Mar. 2023), <https://www.energy.ca.gov/sites/default/files/2023-03/CEC-500-2023-002.pdf>).

⁸¹ Exh. SCG-05, Legner Rebuttal at JL-6:18–JL-7:8.

depends upon the real-world emissions of these vehicles, not their certification levels.

SoCalGas has failed to rebut the evidence provided by Sierra Club regarding the inconsistency of these projects with the ESJ Action Plan due to their air quality impacts. Ratepayers should not be on the hook for utility infrastructure investments that will create air pollution in ESJ Communities. These projects' inconsistency with the ESJ Action Plan further merits their rejection for line extension subsidies.

V. CONCLUSION

For the reasons set forth above, Sierra Club respectfully requests that the Commission reject the Application in full.

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