

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



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In The Matter of the Application of Southern  
California Gas Company (U 904 G) for  
Authorization to Implement Revenue  
Requirement for Costs to Enable  
Commencement of Phase 2 Activities for  
Angeles Link

A.24-12-011

**SOUTHERN CALIFORNIA GENERATION COALITION  
COMMENT ON PROPOSED DECISION  
DENYING SOUTHERN CALIFORNIA GAS COMPANY'S  
REQUEST FOR COST RECOVERY FROM RATEPAYERS  
FOR PHASE 2 ACTIVITIES FOR ANGELES LINK PROJECT**

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Dated: April 9, 2026

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**I. INTRODUCTION**

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Southern California Generation Coalition (“SCGC”) respectfully submits these comments on the *Proposed Decision Denying Southern California Gas Company’s Request for Cost Recovery from Ratepayers for Phase 2A Activities for Angeles Link Project* (“Proposed Decision”) released March 20, 2026.

SCGC recommends, consistent with the text of the Proposed Decision, that the Findings of Fact and Conclusions of Law in the Proposed Decision be modified to provide that the denial of SoCalGas’s Application (“A.”) 24-12-011 is without prejudice to SoCalGas submitting an application that is consistent with Commission expectations for tracking costs for Angeles Link Phase 2 in the Angeles Link Memorandum Account (“ALMA”) that was approved by the Commission for Phase 1 in Decision (“D.”) 22-12-055.

## II. BACKGROUND

On December 20, 2022, the Commission issued D.22-12-055 authorizing SoCalGas to establish the ALMA to record the cost of Phase 1 Activities up to a cap of \$26 million.<sup>1</sup> After completing its Phase 1 activities but before seeking recovery of Phase 1 costs recorded in the ALMA, SoCalGas filed A.24-12-011 (“Phase 2 Application”) on December 20, 2024.

The Phase 2 Application was dramatically different from SoCalGas’s Phase 1 Application. This time, instead of requesting the creation of a memorandum account to track costs subject to a future application, if any, for cost recovery, SoCalGas requested permission to implement a revenue requirement to recover forecasted costs of approximately \$266 million to conduct the Phase 2 activities for Angeles Link.<sup>2</sup>

The Proposed Decision concludes “that it is not reasonable for SoCalGas to recover the cost of Phase 2 Activities from its natural gas ratepayers.”<sup>3</sup> The Proposed Decision says there are two broad areas of concern about SoCalGas’s request to recover the forecasted \$266 million revenue requirement. First, the Proposed Decision finds “that the Project remains in the planning stage, and may not be constructed nor dedicated to public use.”<sup>4</sup> Consequently, “Given these uncertainties, we find that it is not reasonable to approve cost recovery from ratepayers for the Phase 2 Activities before the Project is constructed, dedicated to public use, and demonstrated to be used and useful to ratepayers.”<sup>5</sup>

In addition to the concern about authorizing cost recovery for a project that might never become used and useful, the Proposed Decision shares the concern of intervenors about

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<sup>1</sup> D.22-12-055, p. 70 (Conclusion of Law 12) (December 15, 2022).

<sup>2</sup> A.24-12-011, p. 1 (December 20, 2024).

<sup>3</sup> Proposed Decision, p. 11.

<sup>4</sup> *Ibid*, pp. 11-12.

<sup>5</sup> *Ibid*, p. 12.

SoCalGas’s projected \$266 million cost of the Phase 2 activities, stating, “We also observe that projected cost for Phase 2 Activities increased significantly from \$92 million to \$266 million between the filing of the Phase 1 Application and the Phase 2 Application.”<sup>6</sup> The Proposed Decision also notes that the initially projected costs for Phase 2 activity, \$92 million, were “significant enough... that the Commission directed SoCalGas to apply for IIJA funding with the intention of offsetting the financial impact of the project on ratepayers.”<sup>7</sup> However, “SoCalGas ultimately declined federal funding, [which] means that there are no federal funds to offset the proposed project.”<sup>8</sup>

Second, the Proposed Decision finds that “SoCalGas has not clearly identified ratepayers that would directly benefit from the Project to justify approval of cost recovery in the Phase 2 Application.”<sup>9</sup> The Proposed Decision says that requiring ratepayers who would not directly benefit from the Project “to bear costs for the Project would be inconsistent with the cost causation principles articulated in D.22-12-055 and other precedent recognizing that in general ‘ratepayers are required to bear only the reasonable costs of those projects which provide direct and ongoing benefits.’”<sup>10</sup>

However, the Proposed Decision observes that in the Phase 1 Decision the Commission approved tracking of Phase 1 costs in a memorandum account, enabling SoCalGas to file an application at some future time for cost recovery. The Proposed Decision says explicitly, “The

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<sup>6</sup> *Ibid.*

<sup>7</sup> Proposed Decision, p. 12 *citing* D.22-12-055, p. 63 (Finding of Fact 11).

<sup>8</sup> *Ibid.* p. 12.

<sup>9</sup> *Ibid.*

<sup>10</sup> *Ibid.*, pp. 12-13 *citing* D.22-12-055, p. 52.

Commission indicated similar expectations for tracking costs in the same memorandum account for Phase 2 Activities.”<sup>11</sup>

**III. A.12-24-011 SHOULD BE DENIED WITHOUT PREJUDICE TO SOCALGAS APPLYING TO UTILIZE THE ANGELES LINK PROJECT MEMORANDUM ACCOUNT TO TRACK COSTS FOR PHASE 2 ACTIVITIES.**

As succinctly observed in the Proposed Decision, SoCalGas’s Phase 2 Application did not meet the Commission’s expectations for tracking costs in the same memorandum account for Phase 2 Activities as was used for Phase 1 activities. If the Phase 2 Application had met the Commission’s expectations, the application would not have been denied as it was A.24-12-011. Accordingly, the denial of A.24-12-011 should be without prejudice to SoCalGas submitting a Phase 2 application that meets the Commission’s expectations.

Events affecting the Southern California market for clean hydrogen may make submission of a Phase 2 application that would be consistent with Commission’s expectations desirable for SoCalGas. First, the Southern California hydrogen market continues to develop both at the production end and at the consumption end. Element Resources LLC (“Element Resources”) is constructing a \$1.85 billion green hydrogen plant, the Lancaster Clean Energy Center, which is scheduled to open in 2027 in time to receive the Inflation Reduction Act Section 45V tax credits.<sup>12</sup> Upon completion, the Lancaster Clean Energy Center will be North America’s largest green hydrogen plant, producing twenty thousand tons of hydrogen annually.

Downstream, the Los Angeles Department of Water and Power (“LADWP”) is proceeding with its \$800 million conversion of its Scattergood Power Plant with a capability to burn clean hydrogen. The advent of clean hydrogen production together with points of clean

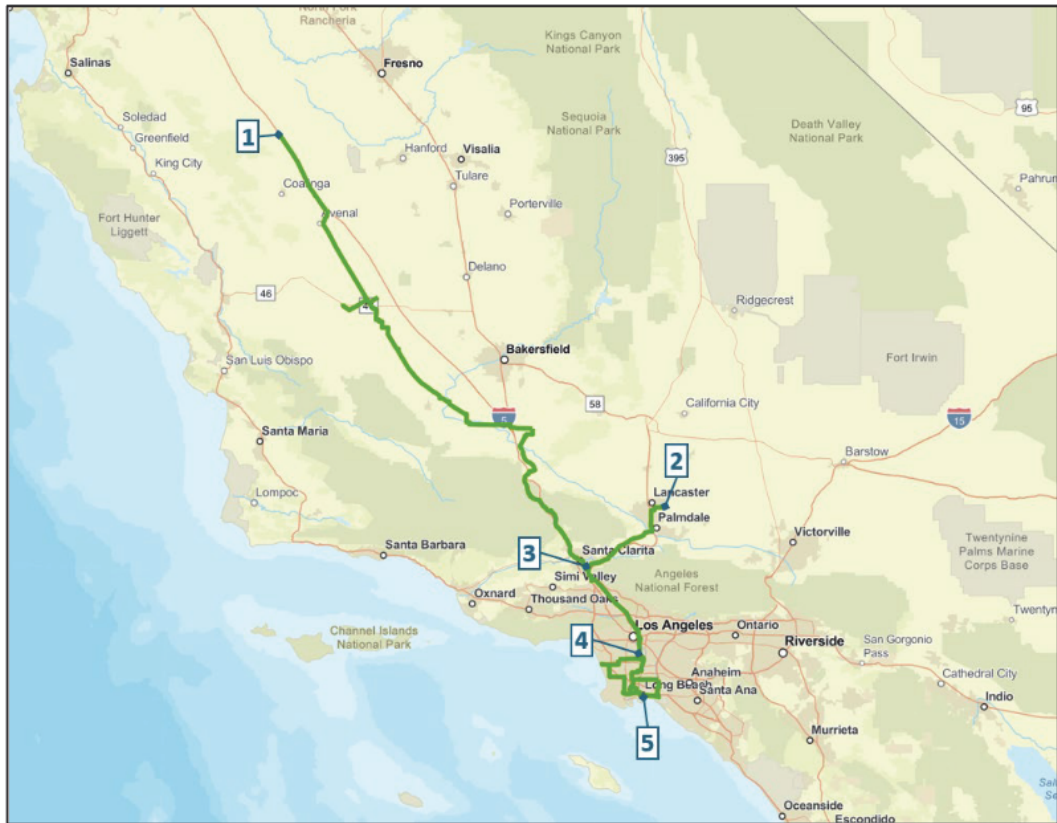
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<sup>11</sup> Proposed Decision, p. 13 *citing* D.22-12-055, p. 52.

<sup>12</sup> The Energy Source that Could Survive Trump’s Attack on California’s Green Ambitions, Los Angeles Times (August 1, 2025).

hydrogen consumption may make it attractive for SoCalGas to consider a new Angeles Link Phase 2 application that meets the Commission’s expectations.

Second, a subsequent application could be for a project that would be substantially less costly than what SoCalGas envisioned when it prepared A.24-12-011. A project extending from Lancaster into the Los Angeles Basin would be much smaller than the project envisioned at the end of SoCalGas’s Phase 1 in 2024:



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Third, federal funding for portions of the project may become available again, further reducing costs. On October 13, 2023, the Alliance for Renewable Clean Hydrogen Energy Systems (“ARCHES”) was awarded up to \$1.2 billion in funding from the United States Department of Energy (“DOE”) to establish a hydrogen hub in California under the Infrastructure Investment and Jobs Act (“IIJA”). The DOE terminated the award on October 1,

2025, for California and other “blue” states that failed to vote for Trump in the 2020 federal elections. However, on February 18, 2026, California Attorney General Rob Bonta, on behalf of California, twelve other “blue” states, and the California Governor’s Office of Business and Economic Development filed a complaint in Federal District Court seeking to have the awards to California and the other “blue” states reinstated.

There is reason for optimism that the California complaint will be successful. The City of Saint Paul, Minnesota, *et al.*, filed a complaint against Secretary of Energy Christopher Wright seeking reinstatement of grants that had been granted to Saint Paul and the other “blue” state plaintiffs in the case. The court vacated the Department of Energy’s terminations of IJJA grants to Saint Paul and the other plaintiffs because terminating the grants to entities in “blue” states while continuing the grants to entities in “red” states violated the equal protection clause of the Fifth Amendment of the United States Constitution.<sup>14</sup>

#### **IV. CONCLUSION**

For the reasons discussed above, SCGC recommends that the Commission add a Finding of Fact and a Conclusion of Law as set forth in the attached Appendix providing that A.24-12-

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<sup>13</sup> SoCalGas, Angeles Link Phase 1 Pipeline Sizing & Design Criteria Final Report, p. 36 (December 2024).

<sup>14</sup> City of Saint Paul Minnesota, et al., v Christopher Wright, U.S. District Court for the District of Columbia, Case No. 25-ev-03899 (“A.P.M.”) (February 18, 2026).

011 is denied without prejudice to SoCalGas filing an application for tracking of Phase 2 costs in the same memorandum account as SoCalGas used for tracking Phase 1 costs.

Respectfully submitted,

*/s/ Norman A. Pedersen*

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Dated: April 9, 2026

## APPENDIX

SCGC respectfully recommends that the following Finding of Fact and Conclusion of Law be added to the Proposed Decision.

Finding of Fact 6. Denial of SoCalGas's Application for cost recovery from ratepayers for Phase 2 Activities should be without prejudice to SoCalGas filing an application to track Angeles Link Phase 2 costs in the same memorandum account that SoCalGas used to track Phase 1 costs.

Conclusion of Law 2. It is reasonable to deny SoCalGas's request to implement a revenue requirement for the cost of Phase 2 Activities without prejudice to SoCalGas's filing an application to track Angeles Link Phase 2 costs in the same memorandum account that SoCalGas used to track Phase 1 costs.