

**BEFORE THE PUBLIC UTILITIES COMMISSION**

**OF THE**

**STATE OF CALIFORNIA**



**FILED**

04/09/26

03:31 PM

A2412011

**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.**

**Application 24-12-011**

**(Filed December 20, 2024)**

**JOINT OPENING COMMENTS OF AIR PRODUCTS AND CHEMICALS, INC.  
AND INDICATED SHIPPERS ON THE MARCH 20, 2026 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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April 9, 2026

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- The Proposed Decision's denial of cost recovery for Phase 2 activities relies on a robust record that includes substantial participation from parties, including Opening and Reply Briefs. While the Joint Parties agree with the overall outcome, the Proposed Decision's determinations should be strengthened by further reference to Air Products and Indicated Shippers' extensive pleadings.
- The Proposed Decision states "we agree with Cal Advocates, CEJA/Sierra Club, and TURN that the Project remains in the planning stage, and may not be constructed nor dedicated to public use."<sup>1</sup> The Proposed Decision should be modified to add Air Products and Indicated Shippers as parties asserting that the project remains in the planning stage and may not be constructed, nor dedicated to public use.<sup>2</sup>
- The Proposed Decision states "we share the concerns of Cal Advocates, CEJA/Sierra Club, EDF and TURN about the Project's costs and impact on affordable rates."<sup>3</sup> The Proposed Decision should be modified to add Air Products and Indicated Shippers as parties raising concerns about the Project's impact on affordable rates.<sup>4</sup>
- The Proposed Decision states "we also agree with parties including Cal Advocates, CEJA/Sierra Club, and TURN 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>5</sup> The Proposed Decision should be modified to add Air Products and Indicated Shippers as parties contending that the Project has no identifiable ratepayers who would directly benefit from the Project to warrant cost recovery from natural gas ratepayers.<sup>6</sup>
- The Proposed Decision states "[w]e agree with Cal Advocates, CEJA/Sierra Club, and TURN that the Project is in the planning stages and may not become operational, used and useful, and dedicated to public use."<sup>7</sup> The Proposed Decision should be modified to add Air Products and Indicated Shippers as parties asserting that the project remains in

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<sup>1</sup> Proposed Decision at p. 11-12.

<sup>2</sup> Opening Brief of Air Products at 20; Reply Brief of Air Products at p. 20; Opening Brief of Indicated Shippers at pp. 31-35; Reply Brief of Indicated Shippers at pp. 34-37.

<sup>3</sup> *Id.* at 12.

<sup>4</sup> Protest of Air Products at p. 5-6; Opening Brief of Air Products at pp. 7-9; Amended Protest of Indicated Shippers at pp. 3-4; Opening Brief of Indicated Shippers at pp. 27-28; Reply Brief of Indicated Shippers at pp. 25-28.

<sup>5</sup> Proposed Decision at 12.

<sup>6</sup> Protest of Air Products at p. 3-5; Opening Brief of Air Products at pp. 18-21; Reply Brief of Air Products at pp. 18-21; Amended Protest of Indicated Shippers at pp. 2, 5; Opening Brief of Indicated Shippers at pp. 21-26; Reply Brief of Indicated Shippers at pp. 28-32.

<sup>7</sup> Proposed Decision at 16.

the planning stage and may not be operational,<sup>8</sup> used and useful,<sup>9</sup> and dedicated to public use.<sup>10</sup>

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<sup>8</sup> Opening Brief of Air Products at 20; Reply Brief of Air Products at p. 20; Opening Brief of Indicated Shippers at pp. 31-35; Reply Brief of Indicated Shippers at pp. 34-37.

<sup>9</sup> Opening Brief of Indicated Shippers at pp. 19-20; Reply Brief of Air Products at pp. 20-21; Opening Brief of Indicated Shippers at pp. 25-27; Reply Brief of Indicated Shippers at pp. 31-33.

<sup>10</sup> Opening Brief of Indicated Shippers at p. 33 (“In this planning phase, there are simply too many unknowns for the Commission to make a factual determination that the Project has been dedicated to public use.”).

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Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Air Products and Chemicals, Inc. (“Air Products”) and Indicated Shippers<sup>11</sup> (together, “Joint Parties”) respectfully submit the following opening comments on Administrative Law Judge Joanna Perez-Green’s March 20, 2026 Proposed Decision Denying Southern California Gas Company’s Request for Cost Recovery from Ratepayers for Phase 2 Activities for Angeles Link Project (“Proposed Decision”).<sup>12</sup>

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<sup>11</sup> The Indicated Shippers represent the natural gas non-core customer interests of the following companies in this proceeding: BP Energy Company, California Resources Corp., Chevron U.S.A. Inc., Marathon Petroleum Company LP, and PBF Holding Company.

<sup>12</sup> Under Rule 14.3, subdivision (a), parties may file comments on a proposed decision within 20 days of the date of service. The Proposed Decision was served on the parties on March 20, 2026. Accordingly, the deadline to file comments is April 9, 2026. These opening comments are timely filed.

## **I. INTRODUCTION**

The Joint Parties support the Proposed Decision’s denial of SoCalGas’s request to collect \$266 million from natural gas ratepayers for Phase 2 activities related to the hydrogen Angeles Link Project. The Commission’s analysis relies on a robust record and reflects a well-reasoned application of the principles the Joint Parties urged throughout this proceeding: namely, that the Commission should resolve the threshold issues in Phase 2A before considering the merits of Application (A.) 25-06-011 (“Phase 1 Compliance Application”), and that cost recovery from ratepayers must be grounded in cost causation. Throughout the proceeding, the Joint Parties consistently maintained that the Commission lacks jurisdiction over the Angeles Link Project (“Project”) because it is neither a pipeline under Section 227,<sup>13</sup> nor a gas plant under Section 221. However, the Joint Parties support the Proposed Decision’s determination that it is unnecessary to make any jurisdictional determination at this time, in light of the denial of cost recovery for Phase 2.<sup>14</sup> The Proposed Decision’s denial of cost recovery for Phase 2 activities should be expeditiously approved by the Commission.

## **II. DISCUSSION**

### **A. The Proposed Decision Correctly Determines that Phase 2A Should Proceed Before the Phase 1 Compliance Application.**

The Proposed Decision appropriately resolves the Phase 2A threshold issues before consideration of cost recovery in the Phase 1 Compliance Application. In briefs, the Joint Parties urged the Commission to follow the deliberate, phased framework it established in Decision

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<sup>13</sup> All statutory references herein are to the California Public Utilities Code, unless specifically stated otherwise.

<sup>14</sup> Proposed Decision at p. 16.

(D.) 22-12-055 (“Phase 1 Decision”).<sup>15</sup> The Joint Parties therefore agree with the Commission’s determination that it is reasonable to address the Phase 2A threshold issues before resolving the Phase 1 Compliance Application.<sup>16</sup>

**B. The Proposed Decision Correctly Concludes that Phase 2 Cost Recovery from All SoCalGas Ratepayers Is Unreasonable**

The Joint Parties support the Proposed Decision’s conclusion that it is not reasonable for SoCalGas to recover the cost of Phase 2 activities from its natural gas ratepayers. The Proposed Decision correctly finds that requiring ratepayers to bear costs for the Project would be inconsistent with Commission precedent on cost causation principles and the directives in the Phase 1 Decision.<sup>17</sup> As the Proposed Decision recognizes, SoCalGas failed to identify any natural gas ratepayers who would directly benefit from the Project, or from Phase 2 activities specifically.<sup>18</sup> The Project, as proposed, would not serve the vast majority of SoCalGas’s customers, would not interconnect with the existing natural gas distribution system, and remains speculative in both scope and execution.<sup>19</sup>

The Joint Parties consistently advanced this position throughout Phase 2A.<sup>20</sup> Air Products explained that speculative planning costs for a project whose beneficiaries have not been identified—and may never exist—cannot be imposed on ratepayers who will never take

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<sup>15</sup> Opening Brief of Air Products at pp. 7-9; Reply Brief of Air Products at pp. 3-7; Opening Brief of Indicated Shippers at pp. 5-8; Reply Brief of Indicated Shippers at pp. 3-11.

<sup>16</sup> Proposed Decision at p. 7.

<sup>17</sup> Proposed Decision at pp. 12–13.

<sup>18</sup> Proposed Decision at p. 12.

<sup>19</sup> Proposed Decision at p. 12.

<sup>20</sup> Protest of Air Products at pp. 3–5; Opening Brief of Air Products at pp. 17–22; Reply Brief of Air Products at pp. 18–21; Amended Protest of Indicated Shippers at pp. 2, 5; Opening Brief of Indicated Shippers at pp. 21-24; Reply Brief of Indicated Shippers at pp. 28-31.

service from the Project.<sup>21</sup> Similarly, Indicated Shippers highlighted that the “broad societal benefits that SoCalGas claims are detached, and are not directly linked to natural gas service.”<sup>22</sup> The Proposed Decision adopts this reasoning, finding that indirect or aspirational societal benefits are insufficient, standing alone, to justify cost recovery absent a showing of direct, ongoing ratepayer benefits.

The Proposed Decision also appropriately underscores the Project’s substantial and escalating cost uncertainty.<sup>23</sup> The Joint Parties joined Cal Advocates, CEJA, Sierra Club, and TURN in expressing concern over the costs of the project and the impact on rate affordability.<sup>24</sup> The more than tripling of projected Phase 2 costs since Phase 1 reinforces the Commission’s conclusion that ratepayers should not be asked to bear financial risk for a project that is not used and useful, and may never be constructed.<sup>25</sup> Indicated Shippers emphasized that:

SoCalGas’s proposal to spread Phase 2 Costs associated with a hydrogen project among today’s natural gas ratepayers for the benefit of unidentified, future hydrogen customers, well before construction has commenced, violates the used and useful doctrine.<sup>26</sup>

Air Products agreed, stating that the Commission “has long required that utility facilities be “used and useful” before costs can be recovered from ratepayers.”<sup>27</sup> Denying cost recovery

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<sup>21</sup> Opening Brief of Air Products at pp. 19–21.

<sup>22</sup> Opening Brief of Indicated Shippers at pp. 26.

<sup>23</sup> Proposed Decision at p. 12.

<sup>24</sup> Indicated Shippers Opening Brief at 27 (“SoCalGas’s refusal to minimize the costs and force its natural gas ratepayers to pay the full costs of the Project, including preliminary feasibility and Phase 2 engineering and design activities, is not just and reasonable.”); Opening Brief of Air Products at p. 9.

<sup>25</sup> Proposed Decision at p. 12.

<sup>26</sup> Reply Brief of Indicated Shippers at p. 32.

<sup>27</sup> Reply Brief of Air Products at pp. 20-21.

at this stage is necessary to protect ratepayers, and to ensure adherence to foundational ratemaking principles.

**C. The Proposed Decision Appropriately Declines to Resolve the Jurisdictional Question at this Stage.**

While the Commission lacks jurisdiction over the Project because it is neither a pipeline under Section 227 nor a gas plant under Section 221,<sup>28</sup> the Joint Parties support the Commission's determination that it is unnecessary to resolve the jurisdictional question at this stage, if the Commission declines to approve cost recovery for Phase 2 activities.<sup>29</sup>

The Proposed Decision correctly observes that the Project remains in the planning stage and has not been constructed, placed in service, or dedicated to public use.<sup>30</sup> "[T]here are simply too many unknowns for the Commission to make a factual determination that the Project has been dedicated to public use."<sup>31</sup> Under these circumstances, the Proposed Decision prudently declines to issue a definitive jurisdictional ruling that is not required to resolve the Application before it. Because the Commission denies cost recovery for Phase 2 activities, it need not decide whether the Project falls within its jurisdiction.

The Joint Parties therefore support the Commission's conclusion that jurisdiction under Sections 221, 222, 227, and 228 need not be resolved at this time. However, the Joint Parties preserve their long-standing position regarding the limits of the Commission's statutory authority over standalone hydrogen transportation. The determination whether standalone

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<sup>28</sup> Protest of Air Products at pp. 1–3; Opening Brief of Air Products at pp. 9–17; Reply Brief of Air Products at pp. 8–17.

<sup>29</sup> Proposed Decision at p. 14.

<sup>30</sup> Proposed Decision at p. 16.

<sup>31</sup> Opening Brief of Indicated Shippers at p. 33.

hydrogen transportation should fall within the Commission’s jurisdiction is a matter for the Legislature, as the existing statutes do not confer such authority.<sup>32</sup>

**III. CONCLUSION**

For the reasons set forth above, the Commission should expeditiously adopt the Proposed Decision with the proposed modifications in Appendix A.

Respectfully submitted,

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By:

/s/ Seth D. Hilton

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April 9, 2026

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<sup>32</sup> Reply Brief of Air Products at p. 9 (“...the Commission should not assume Section 221 confers jurisdiction over standalone hydrogen transportation, and should instead defer to the legislature to make that determination, should it choose to do so.”); Opening Brief of Indicated Shippers at p. 29 (“Absent explicit direction from the Legislature, the Commission is prevented from asserting new jurisdiction over hydrogen pipelines.”).

## APPENDIX A

### **Proposed Modifications to the Proposed Decision**

Proposed deletions are shown in strikeout, and proposed additions are shown in bolded underline.

Page 8: In briefs, Air Products, Cal Advocates, CEJA/Sierra Club, First Public H2, **Indicated Shippers**, TURN, and UCAN reject that the Project will directly benefit SoCalGas natural gas ratepayers.

Footnote 10: Opening briefs of Air Products at 20-21, Cal Advocates at 9, CEJA/Sierra Club at 2, First Public H2 at 13, **Indicated Shippers at 23**, TURN at 23, and UCAN at 10.

Page 9: Air Products, Cal Advocates, CEJA/Sierra Club, **Indicated Shippers**, TURN, and UCAN disagree that the potential indirect benefits are sufficient for cost recovery.

Footnote 16: Air Products Opening Brief at 21, Cal Advocates Reply Brief at 7, CEJA/Sierra Club Opening Brief at 21, EDF Opening Brief at 10-11, **Indicated Shippers Opening Brief at 26-27**, TURN Opening Brief at 12-15, and UCAN at Reply Brief at 7.

Page 10: **Air Products**, Cal Advocates, CEJA/Sierra Club, EDF, **Indicated Shippers**, and TURN express concern over the Project's impacts on affordable rates.

Footnote 23: Opening briefs of **Air Products at 9**, Cal Advocates at 2-3, CEJA/Sierra Club at 13, EDF at 10, **Indicated Shippers at 27-28**, and TURN at 6.

Page 11: **Air Products**, Cal Advocates, ~~and~~ CEJA/Sierra Club, **and Indicated Shippers** are concerned that the Project, which is in the planning stage, may not be constructed nor dedicated to public use.

Footnote 27: Opening briefs of **Air Products at 19-20**, Cal Advocates at 11, ~~and~~ CEJA/Sierra Club at 18, **and Indicated Shippers at 32-35**.

Page 11-12: First, we agree with **Air Products**, Cal Advocates, CEJA/Sierra Club, **Indicated Shippers**, and TURN that the Project remains in the planning stage, and may not be constructed nor dedicated to public use.

Page 12: With large increases in the projected costs of the studies alone, we share the concerns of **Air Products**, Cal Advocates, CEJA/Sierra Club, EDF, **Indicated Shippers**, and TURN about the Project's costs and impact on affordable rates.

Page 12: Second, we also agree with parties including **Air Products**, Cal Advocates, CEJA/Sierra Club, **Indicated Shippers**, and TURN 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.

Page 16: We agree with Air Products, Cal Advocates, CEJA/Sierra Club, Indicated Shippers, and TURN that the Project is in the planning stages and may not become operational, used and useful, and dedicated to public use.

Page 18: Cal Advocates, ~~and~~ CEJA/Sierra Club, and Indicated Shippers state that intention to dedicate to public use does not comply with the dedication principle.

Footnote 61: Cal Advocates Opening Brief at 13, ~~and~~ CEJA/Sierra Club Reply Brief at 21, and Indicated Shippers Opening Brief at 33.