

**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 Recover Costs  
Recorded in Its Angeles Link  
Memorandum Account.

Application 25-06-011  
(Filed June 12, 2025)

**REPLY OF SOUTHERN CALIFORNIA GAS COMPANY TO RESPONSES TO  
ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING  
PARTY RESPONSES TO QUESTIONS**

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**I. INTRODUCTION**

Southern California Gas Company (SoCalGas) hereby submits reply comments in response to the opening comments filed by parties on June 30, 2026,<sup>1</sup> addressing the Administrative Law Judge’s (ALJ) Ruling Requesting Party Responses to Questions dated May 29, 2026.

EDF supports cost recovery from non-core customers, finding that the Phase 1 studies were "used and useful for the overall development of hydrogen as a GHG emissions reduction strategy."<sup>2</sup> UWUA 483 similarly supports full recovery from all ratepayers, emphasizing the workforce transition, economic development, and broader public interest benefits these studies provide.<sup>3</sup>

Opposing parties generally argue: (1) that the used-and-useful doctrine precludes recovery; and (2) that cost causation principles are not satisfied.<sup>4</sup> Neither argument withstands

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<sup>1</sup> Air Products and Chemicals, Inc. (Air Products); the California Environmental Justice Alliance and Sierra Club (jointly Sierra Club/CEJA); Environmental Defense Fund (EDF); Indicated Shippers; the Public Advocates Office (Cal Advocates); The Utility Reform Network (TURN); Utility Consumers' Action Network (UCAN); and Utility Workers Union of America, AFL-CIO, Local 483 (UWUA 483).

<sup>2</sup> EDF Opening Comments at 2-3.

<sup>3</sup> UWUA 483 Opening Comments at 3-5.

<sup>4</sup> See Air Products Opening Comments at 2-5; TURN Opening Comments at 1-7; Sierra Club/CEJA Opening Comments at 2-8; Indicated Shippers Opening Comments at 4-9; UCAN Opening Comments at 4-6; Cal Advocates Opening Comments at 1-3.

scrutiny. As discussed below, the used-and-useful arguments are inconsistent with the cost recovery framework the Commission established in Decision (D.) 22-12-055, which expressly contemplated a later proceeding to determine recovery of Phase 1 costs. Likewise, while intervenor cost causation arguments disregard the record in this proceeding, which identifies customers that the Commission recognized as beneficiaries of the Phase 1 activities, even under the narrower beneficiary identification required by D.22-12-055, SoCalGas has identified the direct beneficiaries from whom Phase 1 costs may appropriately be recovered.

D.22-12-055 authorized the Phase 1 feasibility studies based on their public-interest value and established a clear process for cost recovery: SoCalGas would conduct the studies, record costs in the Angeles Link Memorandum Account (ALMA), and seek recovery through a separate application demonstrating compliance with the decision's requirements. SoCalGas has followed that process. The Commission should therefore reject arguments that seek to impose requirements not found in D.22-12-055, evaluate SoCalGas's compliance with the decision, and allow any remaining factual disputes concerning reasonableness and recovery to be resolved through the evidentiary process.

## **II. COST CAUSATION SUPPORTS RECOVERY OF PHASE 1 COSTS**

### **A. The Direct Beneficiaries of Phase 1 Activities Have Been Identified in This Proceeding, as D.22-12-055 Contemplated**

In D.22-12-055, the Commission expressly reserved the question of which ratepayers should bear Phase 1 costs to the cost recovery proceeding, stating: “[t]he set of benefiting ratepayers will be determined when SoCalGas files for cost recovery.”<sup>5</sup> SoCalGas has now filed for cost recovery, and this proceeding has identified the beneficiaries D.22-12-055 contemplated.

D.22-12-055 found that the Phase 1 studies themselves, separate and apart from whether the Angeles Link pipeline is ultimately constructed, serve the public interest. D.22-12-055 states that “data and analyses that SoCalGas plans to share with stakeholders resulting from its Phase One studies should be beneficial to the development of the clean renewable hydrogen industry and thus serve the public interest.”<sup>6</sup> The Commission further found that “SoCalGas’

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<sup>5</sup> D.22-12-055 at 22.

<sup>6</sup> *Id.* at 62 (Finding of Fact (FOF) 7).

commitment to actively engage and consult with stakeholders on the Phase One feasibility studies and to share its Phase One results serve the public interest.”<sup>7</sup>

These benefits are not speculative—they have already been realized. The Phase 1 studies have been made publicly available and have been actively utilized by other entities in California's clean energy planning. Energy & Environmental Economics (E3) cited Angeles Link as a case study in analyses supporting the California Air Resources Board’s (CARB) Senate Bill (SB) 1075 implementation. The University of California, Los Angeles (UCLA) Luskin Center's water footprint study referenced Angeles Link data. Commission-directed activities, including the Planning Advisory Group (PAG), the Community-Based Organization Stakeholder Group (CBOSG), and SoCalGas’s quarterly reporting during the development of the Phase One studies, served the public interest by design, providing a forum for rigorous stakeholder engagement on hydrogen infrastructure planning.<sup>8</sup>

As SoCalGas has explained, the breadth of these public interest benefits supports cost allocation across all ratepayers. However, even under a narrower lens of the direct beneficiaries identified in D.22-12-055, recovery of Phase 1 costs is just and reasonable. The Commission identified the direct beneficiaries of Phase 1 activities as “1) the existing ratepayers who could potentially take service of the hydrogen gas from Angeles Link Project as a source of carbon-free energy and 2) future customers taking service from the Angeles Link Project.”<sup>9</sup> The Commission’s identification of direct beneficiaries can be viewed as establishing a minimum set of customers from whom Phase 1 costs may reasonably be recovered; it did not foreclose broader recovery where supported by the record.

SoCalGas’s Phase 1 Demand Study identified these customers with specificity. Existing ratepayers who could potentially take hydrogen service include power generation facilities, industrial customers such as metal fabrication shops, food and beverage manufacturing and processing facilities, stone, glass, and cement facilities, pulp and paper manufacturers, chemical producers, mobility customers such as bus fleet operators and other heavy-duty vehicle operators

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<sup>7</sup> *Id.* at 30-31.

<sup>8</sup> SoCalGas Opening Comments at 6-8; Application of SoCalGas for Authorization to Recover Costs Recorded in its Angeles Link Memorandum Account (Application) (June 12, 2025) at 10-13.

<sup>9</sup> D.22-12-055 at 68 (FOF 47).

that take service from SoCalGas compressed natural gas (CNG) stations and refineries.<sup>10</sup> Future potential ratepayers include non-utility-served heavy-duty vehicle operators, commercial harbor craft operators, ocean-going vessel operators, and locomotive operators.<sup>11</sup> These customers fall within SoCalGas’s non-core retail and core natural gas vehicle (NGV) rate classes.

EDF supports recovery “from non-core customers” over a two-year period.<sup>12</sup> Certain other parties contend that SoCalGas has “failed” to identify ratepayers that benefit from the Phase 1 studies.<sup>13</sup> The Commission defined direct beneficiaries, and SoCalGas has identified the specific customer categories that fall within it. Indeed, TURN’s own comments undercut this position: while TURN argues that no direct beneficiaries have been identified, it simultaneously maintains that if any costs are recovered, recovery should be limited to non-core customers—an implicit acknowledgment that non-core customers are in fact the identifiable beneficiary class.<sup>14</sup> Parties that argue beneficiaries cannot be identified until the pipeline is constructed and operational are effectively reading the beneficiary identification requirement out of D.22-12-055, which directed that this determination be made in the cost recovery proceeding, not after project construction.

**B. The Phase 2A Decision’s Cost Causation Findings Do Not Bar Phase 1 Recovery**

Certain parties contend that D.26-04-034’s (Phase 2A Decision) cost causation findings control here.<sup>15</sup> TURN and Air Products go further, arguing that Phase 1 and Phase 2 are “indistinguishable” because they were “initially presented in the same application.”<sup>16</sup> These arguments fail by overlooking critical distinctions between the two proceedings.

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<sup>10</sup> Angeles Link Phase 1 Demand Study Final Report – December 2024 at 18.

<sup>11</sup> *Id.*

<sup>12</sup> EDF Comments at 3-4.

<sup>13</sup> Air Products Opening Comments at 1-2; TURN Opening Comments at 2; Cal Advocates Opening Comments at 2-3, 7; Sierra Club/CEJA Opening Comments at 5-7; Indicated Shippers Opening Comments at 7-8; UCAN Opening Comments at 5-6.

<sup>14</sup> TURN Opening Comments at 8.

<sup>15</sup> TURN Opening Comments at 2-5; Air Products Opening Comments at 2-4; Indicated Shippers Opening Comments at 7-9; Sierra Club/CEJA Opening Comments at 2-5; Cal Advocates Opening Comments at 2-5; UCAN Opening Comments at 5-6.

<sup>16</sup> TURN Opening Comments at 6; Air Products Opening Comments at 6-7.

First, the Phase 2A Decision addressed a fundamentally different request. Phase 2 asked whether ratepayers should prospectively fund a \$266 million revenue requirement for new Front-End Engineering Design (FEED) activities. Phase 1 asks whether SoCalGas should be reimbursed \$24.7 million for completed O&M expenditures on feasibility studies that the Commission itself authorized. TURN's characterization of Phase 1 as merely “pre-FEED” work preparatory to Phase 2 misrepresents the Commission's own framing.<sup>17</sup> D.22-12-055 authorized feasibility studies, not pre-FEED activities, and found that those studies independently served the public interest.

The cost causation analysis for these two requests is fundamentally different. Prospective funding for future engineering work requires the Commission to evaluate whether future ratepayers will benefit from activities not yet performed. Reimbursement for completed feasibility studies that produced publicly available information and were conducted pursuant to Commission directive requires the Commission to evaluate whether the studies as performed benefited identifiable ratepayers.

Moreover, Phase 1 cost recovery was not within the scope of the Phase 2 proceeding. The proceedings were not consolidated. D.22-12-055 established a separate recovery framework for Phase 1 costs through Ordering Paragraphs 3 and 5, directing SoCalGas to file a separate application, which is this proceeding. The Phase 2A Decision's finding that SoCalGas “did not identify a sufficient core base” of beneficiaries was rendered in the context of Phase 2's specific request and record.<sup>18</sup>

Several parties also cite SoCalGas's decision to decline Infrastructure Investments and Jobs Act (IIJA) funding as evidence against cost recovery.<sup>19</sup> This argument mischaracterizes relevant facts. SoCalGas joined the Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) as D.22-12-055 directed, and Angeles Link was included in ARCHES' successful application to the Department of Energy (DOE). SoCalGas declined to accept federal funding because the costs associated with complying with the conditions attached to the federal funding would have exceeded the amount offered and thus would not have been in ratepayers' best

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<sup>17</sup> TURN Opening Comments at 2-3.

<sup>18</sup> D.26-04-034 at 25 (FOF 4).

<sup>19</sup> Indicated Shippers Opening Comments at 6; Sierra Club/CEJA Opening Comments at 8; UCAN Opening Comments at 15-16.

interests. Moreover, the federal funding offered was for a later phase of the project, not Phase 1, and therefore would not have offset the costs at issue in this Application.

### **III. THE USED AND USEFUL DOCTRINE DOES NOT APPLY TO PHASE 1 O&M COSTS**

#### **A. The Doctrine Governs Utility Plant in Rate Base, Not O&M Reimbursement**

The used-and-useful doctrine<sup>20</sup> generally governs whether utility plants may be included in rate base and earn a return from customers.<sup>21</sup> Phase 1 costs are \$24.3 million of O&M expenditures for completed feasibility studies. SoCalGas does not seek to place an asset into rate base or earn a return on capital investment. SoCalGas seeks reimbursement of completed study work recorded in the ALMA that the Commission authorized.

The Commission has long recognized that feasibility study costs may be recovered regardless of whether the underlying project advances to construction. In D.09-12-014, the Commission authorized Southern California Edison to recover approximately \$17 million in Phase 1 and \$13 million in Phase 2 FEED costs for the Hydrogen Energy California project.<sup>22</sup> In D.07-03-013, the Commission authorized PG&E's recovery of renewable energy feasibility study costs.<sup>23</sup> In D.06-12-040, the Commission authorized recovery of California American Water's preconstruction costs.<sup>24</sup> In none of these cases did the Commission condition recovery of feasibility study costs on the project ultimately being constructed, operated, or "dedicated to public use."

#### **B. D.22-12-055 Created Its Own Recovery Framework and Did Not Impose a Used-and-Useful Requirement**

The Commission established a specific recovery pathway for Phase 1 costs in D.22-12-055: comply with the conditions in OP 3, demonstrate the project-specific standards in OP 5, and file an application for cost recovery.<sup>25</sup> Had the Commission intended to condition Phase 1

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<sup>20</sup> Pub. Util. Code § 1005.5(d).

<sup>21</sup> D.11-05-018.

<sup>22</sup> *See generally*, D.09-12-014 (Decision on Test Year 2009 General Rate Case for Southern California Edison Company)

<sup>23</sup> *See generally*, D.07-03-013 (Decision Approving Settlement Agreement for Pacific Gas and Electric Company).

<sup>24</sup> *See generally*, D.06-12-040 (Decision on California-American Water Company Revenue Requirement).

<sup>25</sup> D.22-12-055 at 52 (OP 3, 5).



recovery on the pipeline being built, operated, and dedicated to public use, it would have said so. It did not.

Instead, the Commission authorized studies "immediately" based on public interest, imposed a \$26 million cost cap, required quarterly reporting, directed stakeholder engagement, and contemplated a later reasonableness review at the cost recovery stage.<sup>26</sup> D.22-12-055 thus established a complete recovery framework. Importing a used-and-useful requirement would effectively rewrite D.22-12-055 by adding a condition the Commission deliberately chose not to impose.

**C. The Phase 2A Decision Does Not Establish a Categorical Used-and-Useful Rule for Phase 1**

Certain parties argue that the Phase 2A Decision established a categorical rule that all Angeles Link costs, including Phase 1, may only be recovered once the project is constructed, dedicated to public use, and used and useful.<sup>27</sup> However, the Phase 2A Decision addressed a fundamentally different request. SoCalGas sought a prospective revenue requirement of approximately \$266 million for new Phase 2 activities through a two-way balancing account—a forward-looking funding mechanism for work that had not yet been performed.<sup>28</sup> The Commission denied that request based on the specific record before it, including projected costs, the absence of federal funding offsets, affordability concerns, and uncertainty about whether the project would be constructed.<sup>29</sup> The Commission's conclusions were expressly tied to that record: "Based on the record of this Phase 2 Application, we cannot make a finding that such cost recovery is in the public interest."<sup>30</sup> That language was expressly tied to the record in the Phase 2 proceeding and does not establish a categorical rule applicable to Phase 1.

Indeed, the Phase 2A Decision itself acknowledged that exceptions to the used-and-useful rule exist: "We recognize that the Commission in certain circumstances could make an exception to the general rule that a project must be used and useful, as well as dedicated to public use

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<sup>26</sup> D.22-12-055 at 16, 26-28, 31-33, 44-45.

<sup>27</sup> See Air Products Opening Comments at 4-5; TURN Opening Comments at 5-7; Sierra Club/CEJA Opening Comments at 5-7; Indicated Shippers Opening Comments at 4-6; UCAN Opening Comments at 4-6.

<sup>28</sup> D.26-04-034 at 2, 4.

<sup>29</sup> *Id.* at 13.

<sup>30</sup> *Id.* at 24.

before allowing recovery of costs in rates and that in doing so we must consider and find that such cost recovery is in the public interest of ratepayers.”<sup>31</sup> This proceeding presents precisely the type of circumstances the Commission recognized could warrant an exception. The Phase 1 costs were incurred pursuant to Commission authorization, completed under the approved cost cap, and produced publicly available studies and public interest benefits that the Commission specifically sought when it authorized the Phase 1 activities.

TURN argues that SoCalGas raised the O&M characterization in Phase 2 to argue that the used-and-useful requirement should not apply to Phase 2 costs, and that “the Commission was not swayed by this.”<sup>32</sup> But the Phase 2 request was structured as a prospective revenue requirement through a two-way balancing account for recovering costs of ongoing activities that had not yet commenced.<sup>33</sup> This proceeding involves a materially different request: reimbursement of completed O&M expenses from a memorandum account that the Commission created for precisely this purpose. The Commission's treatment of the O&M characterization in the context of a \$266 million prospective funding request does not dictate the outcome for a \$24.7 million after-the-fact reimbursement of completed study work.

Air Products’ argument under Public Utilities Code Section 1709 likewise fails.<sup>34</sup> Section 1709 provides that Commission decisions are final as to the matters determined therein. Phase 2 asked whether a prospective \$266 million revenue requirement for new activities was reasonable as a matter of law and policy. Phase 1 asks whether \$24.7 million of completed feasibility study costs authorized by a prior decision should be reimbursed pursuant to the recovery framework that decision established. The requests differ in amount, purpose (prospective versus after-the-fact), recovery mechanism (balancing account versus memorandum account), and regulatory posture (new authorization versus compliance with existing authorization). Moreover, Phase 1 cost recovery was not within the scope of the Phase 2 proceeding, the two proceedings were not consolidated, and D.22-12-055 established the

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<sup>31</sup> *Id.*

<sup>32</sup> TURN Opening Comments at 5-7.

<sup>33</sup> See A.24-12-011, SoCalGas Application for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link (Phase 2 Application) (December 20, 2024) at 1.

<sup>34</sup> Air Products Opening Comments at 6-7.

requirements governing Phase 1 cost recovery before SoCalGas commenced any Phase 1 activities.<sup>35</sup>

Sierra Club/CEJA argue that compliance with the conditions in OP 3 itself cannot be assessed until the pipeline is operational; for example, that OP 3(a)'s restriction to clean renewable hydrogen cannot be verified until the pipeline actually carries hydrogen.<sup>36</sup> This argument conflates the study restriction with an operational requirement. OP 3(a) restricts what the studies examine, not what a future pipeline carries. The studies demonstrably focused exclusively on clean renewable hydrogen as defined in D.22-12-055. Accepting Sierra Club/CEJA's reading would make D.22-12-055's entire phased framework incoherent. The Commission designed a sequential process: authorize and conduct studies, review compliance, decide cost recovery.

#### **D. Even If Applied, Recovery is Supported**

Even assuming *arguendo* that the used-and-useful doctrine applied to these O&M costs, the studies satisfy it. The studies and Phase 1 work have been used—by E3 for CARB's SB 1075 analysis, by the UCLA Luskin Center for its water footprint research, by ARCHES for the California Hydrogen Hub, and by the Commission itself in evaluating hydrogen policy. The studies are useful—they have produced the information necessary to inform state and stakeholder decision-making on clean renewable hydrogen infrastructure. The deliverables are complete, publicly available, and actively informing policy. By any reasonable measure, the Phase 1 studies satisfy even the "used and useful" standard.

Further, the Commission's abandoned plant doctrine would also support recovery. The Commission has recognized that utilities may recover costs of projects prudently pursued but ultimately not constructed, where abandonment occurs during a period of genuine regulatory or market uncertainty.<sup>37</sup>

Here, the Phase 1 activities were expressly authorized by the Commission, were completed under the authorized cost cap, produced publicly available feasibility analyses, and

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<sup>35</sup> SoCalGas Opening Comments at 9-10.

<sup>36</sup> Sierra Club/CEJA Opening Comments at 7-8.

<sup>37</sup> See *Pacific Gas and Electric Company* (D.83-12-068), 14 CPUC 2d 15 (1983) (PG&E abandoned plant recovery); *Re Southern California Gas Company* (D.84-09-089), 16 CPUC 2d 205 (1984); *Re Southern California Edison Company* (D.96-09-039), 68 CPUC 2d 25 (1996).

were pursued through the sequential regulatory process the Commission itself designed. The decision not to advance the project following the Phase 2A Decision reflects precisely the kind of staged reevaluation the abandoned project doctrine contemplates—prudent response to a changed regulatory environment.<sup>38</sup>

#### **IV. THE COMMISSION SHOULD PROCEED TO EVALUATE COMPLIANCE AND REASONABLENESS**

D.22-12-055 established that SoCalGas “shall file for recovery of these costs in a separate application, demonstrating that the costs and activities recorded in the account meet, at a minimum, the additional project-specific standards set forth above in this decision.”<sup>39</sup> EDF provides that compliance can be evaluated without the need for evidentiary hearings, and has expressed support for potential settlement discussions.<sup>40</sup> UWUA 483 similarly supports proceeding to a compliance review now.<sup>41</sup> Deferring compliance review until pipeline construction, as Sierra Club/CEJA propose, directly contradicts D.22-12-055's express framework, which contemplated review at the cost recovery stage, not the construction stage. Parties opposing compliance review are effectively asking the Commission to deny recovery without evaluating the merits of SoCalGas's compliance showing. This approach denies SoCalGas the process the Commission determined when it authorized the ALMA.

Sierra Club/CEJA and UCAN raise substantive challenges to SoCalGas's compliance with the conditions in OP 3 and 5.<sup>42</sup> These are factual issues appropriate for resolution through the evidentiary process.

#### **V. THE COMMISSION NEED NOT REACH JURISDICTION TO AUTHORIZE RECOVERY**

SoCalGas agrees with EDF that the Commission need not reach the broader question of whether it has jurisdiction over the Angeles Link project in order to authorize cost recovery in this proceeding.<sup>43</sup> As EDF correctly observes, the Phase 1 activities were preliminary in nature,

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<sup>38</sup> SoCalGas Opening Comments at 12-13.

<sup>39</sup> D.22-12-055 at 52.

<sup>40</sup> EDF Opening Comments at 4-5.

<sup>41</sup> UWUA 483 Opening Comments at 7-8.

<sup>42</sup> Sierra Club/CEJA Opening Comments at 8-12; UCAN Opening Comments at 8-12.

<sup>43</sup> EDF Opening Comments at 4-5.

were not dependent on the ultimate outcome of Phase 2, and the Commission can make a determination on cost recovery without reaching broader jurisdictional questions.<sup>44</sup>

Certain parties argue that the Commission need not address jurisdiction because cost recovery should be denied on other grounds.<sup>45</sup> Sierra Club/CEJA argue that the Commission must affirmatively determine it lacks jurisdiction over the Angeles Link project and that this lack of jurisdiction independently bars cost recovery.<sup>46</sup> As set forth in Sections II and III above, and SoCalGas's Opening Comments, cost recovery is just and reasonable. Because cost recovery is warranted, the Commission will need to confirm its authority to approve the requested revenue requirement. The relevant inquiry, however, is considerably narrower: whether, under Public Utilities Code Section 701, the Commission has authority to review and authorize the revenue requirement associated with costs recorded in the ALMA. Section 701 authorizes the Commission to "supervise and regulate every public utility in the State" and to "do all things" necessary and convenient in the exercise of that power and jurisdiction.<sup>47</sup> SoCalGas is a Commission-regulated public utility, and the relief requested, authorization to recover costs recorded in a Commission-authorized memorandum account, is plainly within the Commission's regulatory authority. The Commission need not resolve the broader question of project jurisdiction to exercise that authority.

Cal Advocates recognizes this distinction, noting that if the Commission finds cost causation exists, "the Commission must determine that jurisdiction exists before it authorizes SoCalGas' request for cost recovery."<sup>48</sup> SoCalGas agrees that jurisdiction is a necessary predicate to authorizing recovery, but the relevant jurisdictional question is the narrower one: whether the Commission has authority under Section 701 to approve the revenue requirement. Moreover, as noted in SoCalGas's Opening Comments, a majority of the Joint Parties in the Joint Prehearing Conference Statement agreed that the jurisdictional question in this proceeding could appropriately be framed as whether the Commission has jurisdiction to authorize the revenue

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<sup>44</sup> *Id.*

<sup>45</sup> See Air Products Opening Comments at 5-6; TURN Opening Comments at 8; Indicated Shippers Opening Comments at 9-10; UCAN Opening Comments at 14.

<sup>46</sup> Sierra Club/CEJA Opening Comments at 12-17.

<sup>47</sup> Pub. Util. Code § 701.

<sup>48</sup> Cal Advocates Opening Comments at 5.

requirement sought in this Application.<sup>49</sup> The Commission can and should resolve that narrower question without deciding project jurisdiction.

## **VI. PROCEDURAL MATTERS**

Certain parties request the Commission to deny or dismiss the Application.<sup>50</sup> There is no basis for such relief. D.22-12-055 established a detailed framework for Phase 1 cost recovery, including conditions, project-specific standards, and an after-the-fact reasonableness review, and directed SoCalGas to file an application demonstrating compliance with that framework.<sup>51</sup> SoCalGas has done so. To deny recovery would render meaningless the recovery pathway the Commission itself created in D.22-12-055. The Commission should not dispose of this Application on the basis of arguments that, as demonstrated in Sections II and III above, misapply the Phase 2A Decision and are inconsistent with D.22-12-055.

SoCalGas continues to support the schedule proposed in its opening comments: intervenors' prepared direct testimony served 60 days from the ruling resolving the questions presently before the Commission, with the remainder of the proceeding following the intervals adopted in the September 29, 2025 Scoping Memo.<sup>52</sup> This Application was filed over one year ago, and parties have conducted discovery during the intervening period. No further delay is warranted.

In addition, as noted in SoCalGas's Opening Comments, a settlement conference could help narrow or resolve one or more of the issues in this proceeding.<sup>53</sup> Accordingly, SoCalGas included a milestone for a settlement conference in the proposed schedule above. EDF also expressed openness to settlement discussions.<sup>54</sup> A settlement conference was held on July 9, 2026, and parties have scheduled further discussions.

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<sup>49</sup> Joint Prehearing Conference Statement (August 28, 2025) at 2-3; SoCalGas Opening Comments at 17-18.

<sup>50</sup> See Air Products Opening Comments at 6; Sierra Club/CEJA Opening Comments at 17-18.

<sup>51</sup> D.22-12-055 at 52.

<sup>52</sup> SoCalGas Opening Comments at 18-19.

<sup>53</sup> *Id.* at 19.

<sup>54</sup> EDF Opening Comments at 5.

## VII. CONCLUSION

For the foregoing reasons, the Commission should reject parties' threshold objections, proceed to evaluate SoCalGas's compliance with D.22-12-055, and allow this proceeding to move forward on the merits. SoCalGas appreciates the opportunity to provide this reply to responses to the ALJ's Ruling.

Respectfully submitted,

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