



FILED

07/20/26

04:59 PM

A2606014

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

Application of Southern California Gas Company
(U 904 G) for Authority, Among Other Things, to
Update its Gas Revenue Requirement and Base
Rates Effective on January 1, 2028

And Related Matter

Application 26-06-014
(Filed June 15, 2026)

Application 26-06-015

**PROTEST OF CLIMATE ACTION CAMPAIGN TO 2028
GENERAL RATE CASE APPLICATION OF SOUTHERN
CALIFORNIA GAS COMPANY**

Setareh Homayoni

Attorney

ClientEarth USA

501 Santa Monica Blvd. Suite 510

Santa Monica CA 90401

Email: shomayoni@clientearth.org

Telephone: (310) 361-7007

Representing Climate Action Campaign

July 17, 2026

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	GROUND FOR PROTEST.....	2
	A. SoCalGas Does Not Reasonably Consider Decarbonization and Electrification When Estimating Future Demand for Gas	2
	B. SoCalGas’s Discussion of Decommissioning Costs is Opaque and Based on Unreasonable Assumptions	6
	C. Additional Deficiencies in SoCalGas’s Application	8
III.	EFFECT OF THE APPLICATION ON THE PROTESTANT	10
IV.	PROCEDURAL MATTERS PURSUANT TO RULE 2.6 OF THE COMMISSION RULES OF PRACTICE AND PROCEDURE.....	11
V.	CONCLUSION	12

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

Application of Southern California Gas Company
(U 904 G) for Authority, Among Other Things, to
Update its Gas Revenue Requirement and Base
Rates Effective on January 1, 2028

Application 26-06-014
(Filed June 15, 2026)

And Related Matter

Application 26-06-015

**PROTEST OF CLIMATE ACTION CAMPAIGN TO 2028
GENERAL RATE CASE APPLICATION OF SOUTHERN
CALIFORNIA GAS COMPANY**

I. INTRODUCTION

In accordance with Rule 2.6 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Climate Action Campaign (“CAC”) hereby timely submits this Protest to the 2028 General Rate Case Application of Southern California Gas Company (the “Application”).

In its Application, Southern California Gas Company (“SoCalGas” or the “Company”) proposes a rate hike in part to support “Targeted Infrastructure Investment,” including the “replacement, and modernization of pipelines”¹ and other major investments into fossil fuel infrastructure² that are at odds with California’s clean energy transition goals, that rely on fundamentally unsound assumptions about future gas demand, and that are justified on the basis of opaque, questionable analyses regarding decommissioning costs and timelines.

¹ SoCalGas Application at 3.

² See, e.g., SoCalGas Application, Ex. SCG-06 at 58.

CAC files this Protest to address the following issues: whether decarbonization and electrification adequately factor into SoCalGas’s estimated future demand for natural gas; whether SoCalGas’ depreciation assumptions and approach are reasonable (particularly with regards to negative net salvage and asset retirement obligations); and whether certain expenditures proposed in the Application are just and reasonable in light of these issues.

In compliance with Rule 2.6, this Protest also sets forth the facts constituting the grounds for the Protest, the effect of the application on CAC, and the reasons CAC believes the application is not justified.³ In addition, this Protest sets forth CAC’s position on the need for hearing and proposed schedule.⁴

II. GROUNDS FOR PROTEST

A. SoCalGas Does Not Reasonably Consider Decarbonization and Electrification When Estimating Future Demand for Gas

California has set and repeatedly reaffirmed a goal to achieve carbon-neutrality by 2045 by shifting away from fossil fuels toward renewable sources of energy.⁵ Administrative regulations,⁶ pilot electrification projects,⁷ and elimination of subsidies for gas expansion projects⁸ are a few examples that demonstrate the State’s commitment to this goal. The Commission has previously

³ Cal. Pub. Utils. Comm’n R. Prac. & Proc. 2.6(b).

⁴ *See id.*

⁵ *See* S.B. 100, 2018 Leg., Reg. Sess. (Cal. 2018) (enacted); A.B. 1279, 2021–2022 Leg., Reg. Sess. (Cal. 2022) (enacted); Cal. Exec. Order No. B-55-18 (Sept. 10, 2018).

⁶ *See, e.g.,* California Energy Commission, *2025 Building Energy Efficiency Standards for Residential and Nonresidential Buildings* (July 7, 2025), https://www.energy.ca.gov/sites/default/files/2025-07/CEC-400-2025-010-F_0.pdf.

⁷ *See, e.g.,* S.B. 1221, 2023–2024 Reg. Sess. (Cal. 2024) (enacted).

⁸ *See, e.g.,* R.19-01-011, Order Instituting Rulemaking Regarding Building Decarbonization (Issued Sep. 20, 2022).

acknowledged that compliance with local and statewide targets for greenhouse gas emissions “will cause demand for natural gas to decline over the next 25 years.”⁹ In its Application, SoCalGas does not reasonably consider how this decarbonization process will affect future demand for natural gas. Instead, it assumes that demand for natural gas will stay constant. This assumption is unreasonable in light of both State policy and natural gas consumption trends.¹⁰

Shrinking gas demand and downsizing the gas distribution system in line with State policy present novel problems for a utility that has historically only had to manage growth. The retirement of fossil fuel systems must be carefully planned to avoid unintended consequences. Failure to actively address decreasing demand for natural gas will inevitably lead to unneeded capital investments and cause fewer ratepayers to shoulder the costs of those investments and the entire system, risking a death spiral as increasing costs and an outsized and inefficient system cause more and more users to exit the system.¹¹ The Commission has previously acknowledged this risk, pointing out that low-income customers “face the greatest barriers to electrification”¹² and so risk being the last ratepayers in an increasingly expensive and unreliable gas system. It is thus crucial for SoCalGas to plan around decreased demand when proposing infrastructure projects.

SoCalGas is aware of decarbonization’s likely impact on gas demand. It is likewise aware of trends like the rise of home electrification and regulations restricting natural gas, and how such

⁹ R.20-01-007, Proposed Decision of Administrative Law Judge Cathleen A. Fogel (Oct. 26, 2022) at 3.

¹⁰ See, e.g., California Energy Commission, *Natural Gas Consumption*, <https://www.energy.ca.gov/data-reports/energy-almanac/california-electricity-data/california-energy-consumption-dashboards-1> (last visited July 15, 2026).

¹¹ Joshua Lappen & Emily Grubert, *Fossil Energy Minimum Viable Scale*, 391 Science 449 (2026), <https://emilygrubert.org/wp-content/uploads/2026/02/science.aea0972.pdf>.

¹² R.19-01-011, Order Instituting Rulemaking Regarding Building Decarbonization (Issued Sep. 20, 2022) at 16.

trends threaten future demand for natural gas.¹³ However, this awareness is not reflected in the Application.

Indeed, SoCalGas's supporting testimony on depreciation contains several underlying assumptions about the lifespans of various infrastructure investments that are not commensurate with either the State's 2045 decarbonization target or reasonable assumptions about gas demand even absent that target. For example, SoCalGas's assumption that pipes laid in the next few years will remain in service for an average of 70 years¹⁴ unreasonably assumes that such infrastructure will be useful more than 50 years after California has fully phased out natural gas. This unfounded assumption distorts both the short and long-term economic modeling on which the Company's spending is justified, and it risks forcing ratepayers to assume the cost for expensive new infrastructure today that will have to be decommissioned at significant additional expense in the near future.

The metrics and timeframes SoCalGas uses to justify its rosy gas demand forecast are likewise unreasonable. When forecasting demand, the Application only considers a three-year forecast of the number of active meters (ending in 2028), and predicts a modest increase.¹⁵ Looking only at a three-year forecast to make 70+ year infrastructure decisions is unreasonable because it fails to consider the reality that long-term assets will be made obsolete far before the end of their

¹³ See, e.g., Caitlin McCoy, *The Legal Dynamics of Local Limits on Natural Gas Use in Buildings* 8-16 (2020), <https://eelp.law.harvard.edu/wp-content/uploads/2024/10/The-Legal-Dynamics-of-Local-Limits-on-Natural-Gas-Use-in-Buildings.pdf>; Blanca Begert, *They Lost Their Homes to Fire. Now They're Rebuilding with All-Electric.*, L.A. Times (Apr. 18, 2026), <https://www.latimes.com/environment/story/2026-04-18/rebuilding-los-angeles-wildfire-zones-electric>.

¹⁴ See, e.g., SoCalGas Application, Ex. SCG-24 at 28–29.

¹⁵ SoCalGas Application, Ex. SCG-20 at 11.

lifecycles. Looking only at the total number of meters is also misleading because it can mask decreasing gas usage on a per-meter basis (as might happen where price-pressured ratepayers opt for higher-efficiency appliances or where homeowners electrify in a piecemeal fashion, such as moving to a heat pump when a boiler breaks but choosing not to retire a gas stove that is still working well).

The speed and reality of the energy transition—and the need to manage it proactively given the decline of the gas system—is exemplified by the fact that data on which SoCalGas builds its assumptions about gas demand are already badly out of date. For example, in testimony supporting its Application, SoCalGas cites a 2024 study stating that “natural gas accounts for over 40% of in-state electric generation” to show that natural gas is an “integral and indispensable component of Southern California’s energy ecosystem.”¹⁶ Today, however, natural gas accounts for only roughly half of that—supplying 23.2% of generation from April 2025 to March 2026 and continuing to lose market share.¹⁷ This means that SoCalGas is both ignoring the speed at which decarbonization is already occurring and relying on out of date information to justify increased investment in fossil fuel infrastructure.

Ironically, while SoCalGas blinds itself to the risks climate change poses to its business model, it is more than happy to consider climate change when doing so provides a justification for rate increases. The Company assesses the physical risks climate change poses to its individual assets,¹⁸ and seeks to spend ratepayer money to mitigate such risks, but refuses to grapple with the ways in which climate change poses risks to gas demand. This kind of selective vision is

¹⁶ SoCalGas Application, Ex. SCG-01 at 9.

¹⁷ LowCarbonPower, *Electricity in California in 2025/2026*, <https://lowcarbonpower.org/region/California> (last visited July 15, 2026).

¹⁸ See SoCalGas Application, Ex. SCG-01 at 11.

unreasonable.

CAC requests that SoCalGas provide greater detail regarding how it expects decarbonization may affect future demand for natural gas as well as how that change in demand aligns with its proposed investments compared to options such as pipeline repair or non-pipeline alternatives. If the Commission deems that SoCalGas has insufficiently considered reasonable decarbonization scenarios in line with State goals, the impact to the gas system of such decarbonization, or whether planned infrastructure spending is justified in light of such scenarios, CAC also requests that the Commission order SoCalGas to pay for third party experts to perform such analysis. To the extent SoCalGas proposes to invest in new and replacement infrastructure that is not cost-justified in light of likely future decarbonization, CAC requests that the Commission disallow recovery of those costs. Additionally, for future rate applications, CAC requests that the Commission disallow SoCalGas from recovering spending when it does not reasonably account for the effects of decarbonization.

B. SoCalGas's Discussion of Decommissioning Costs is Opaque and Based on Unreasonable Assumptions

Decommissioning is important to consider because it can be financially material and because, if not timely and properly decommissioned, fossil fuel infrastructure like that operated by SoCalGas poses environmental and health hazards. Accordingly, it is necessary to consider the ultimate process and timeline for decommissioning whenever new infrastructural investment is proposed. However, SoCalGas proposes new infrastructure without providing any analysis on the future costs of decommissioning that infrastructure. Some information about decommissioning costs is tucked away in supporting testimony about depreciation,¹⁹ but it does not appear to be integrated into decision

¹⁹ SoCalGas Application, Ex. SCG-024, at C-122.

making about new infrastructure investment, nor does there appear to be any consideration of risks associated with delayed decommissioning or abandonment-in-place of disused assets. SoCalGas must be more transparent by providing substantially more information about decommissioning costs, timeline, and risks, as well as how decommissioning costs factor into its decision making.

CAC seeks SoCalGas's analysis of what decommissioning its existing assets and proposed new infrastructure would entail, as well as analysis of the risks associated with both delayed decommissioning and abandoning infrastructure in place. CAC seeks meaningful transparency and a clear understanding of the physical processes involved in clean-up and decommissioning, as well as the costs, risks, and accounting and modeling practices SoCalGas uses with respect to decommissioning. CAC also requests that future decommissioning costs for new and replacement infrastructure and equipment (as would accrue on a reasonable timeline) be appropriately considered in cost-benefit analyses justifying spending.

Given the inevitable future decreased demand for natural gas due to electrification, it is especially important to carefully consider decommissioning costs before investing further in gas infrastructure. Infrastructure investment such as pipeline modernization might seem reasonable if you discount decommissioning costs by pushing them decades into the future, but if pipes are decommissioned less than halfway into their expected lifespan (as anticipated by the State's climate goals and policy), such investment may not be justified. Additionally, decommissioning costs coming due when there are fewer ratepayers due to decreased demand will certainly cause rate spirals. Considering these risks, SoCalGas's investment in new infrastructure it expects to last until the end of the century²⁰ is especially troubling.

²⁰ See, e.g., SoCalGas Application, Ex. SCG-24, at 28–29.

CAC is concerned that SoCalGas is acting shortsightedly and not adequately considering decommissioning costs when proposing new infrastructure projects. By only considering the short-term, the Application misrepresents the cost effectiveness of proposed infrastructure projects and risks locking in environmental and fiscal problems for decades to come. This may even threaten the capacity of the Company to manage the decline of the gas system, ultimately forcing substantial risks onto the State and its taxpayers.

CAC requests that SoCalGas detail the full costs, risks, and expected timeline associated with decommissioning its assets, as well as the assumptions it relied upon to do so. CAC also requests that SoCalGas provide a detailed explanation of how decommissioning costs factor into its decision making, especially regarding its proposed investments. That explanation should involve cost calculations including decommissioning on a reasonable timeline consistent with State policy and ongoing decarbonization efforts. CAC additionally requests that the Commission require SoCalGas to develop segregated accounts (sinking funds) to pay for decommissioning and other clean-up activities, similar to the funds that nuclear plant owners are required by the Commission to maintain.²¹ Finally, CAC requests that the Commission disallow SoCalGas from recovering spending that does not reasonably account for decommissioning and clean-up costs.

C. Additional Deficiencies in SoCalGas’s Application

The following are additional issues in SoCalGas’s Application that CAC has identified in this preliminary stage of its investigation:

Line 108 of SoCalGas’s Balance Sheet provides liability amounts for “Accumulated

²¹ See California Public Utilities Commission, *Decommissioning*, <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/decommissioning> (last visited July 15, 2026).

Provision for Depreciation of Utility Plant.”²² While SoCalGas’s “Statement Regarding Tax Depreciation” is somewhat helpful in understanding the methodology used, CAC requests that SoCalGas provide more information about its calculations and underlying assumptions with regards to depreciation.

Additionally, line 228.2 and line 230 of SoCalGas’s Balance Sheet provide liability amounts for “Accumulated Provision for Injuries and Damages” and “Asset Retirement Obligations,” respectively.²³ As stated before, SoCalGas’s decommissioning costs are opaque in the Application. Likewise, it is unclear what kinds of injuries and damages the Company anticipates it might cause, including what damages may be caused by failure to properly and timely decommission disused facilities and pipes, damages caused by practices of abandoning pipelines in place, or damages related to remediation of sites like gas storage facilities once such sites are no longer needed. Relatedly, SoCalGas states that a “significant” reason for increased operating expenses is additional insurance needed to cover litigation exposure and mentions increased need for wildfire coverage, but does not otherwise explain the anticipated exposure or discuss why insurance or liability for such potential damages should be borne by ratepayers.²⁴ Thus, in the interest of transparency, CAC requests that SoCalGas provide more information about what composes these liabilities.

It is also unclear how the Company calculates and accounts for Asset Retirement Obligations (“ARO”), and whether and how reported ARO liabilities differ from anticipated negative net salvage amounts reported in testimony supporting the Application. Understanding the assumptions and accounting practices underlying reported ARO liability is crucial to understanding the Company’s

²² SoCalGas Application, App. A (PDF p. 25).

²³ SoCalGas Application, App A (PDF p. 27).

²⁴ See SoCalGas Application, at 4.

financial position, which bears on both the reasonableness of planned capital expenditure and the level of risk the Company is transferring onto the State by delaying the orderly winddown of the gas delivery system.

III. EFFECT OF THE APPLICATION ON THE PROTESTANT

CAC is a 501(c)(3) non-profit organization dedicated to creating a zero-carbon future rooted in equity and justice. CAC organizes and advocates for energy equity and energy democracy in Orange, San Diego, and Los Angeles counties. By cutting carbon pollution and accelerating the transition to clean energy, CAC endeavors to improve public health and create a more resilient economy and a more sustainable future for all.

The organization has nearly 10 years of experience advocating energy justice issues in Southern California and regularly engages in Commission proceedings to center Southern California's traditionally marginalized voices in decision-making. CAC strives to ensure Commission policies and programs address the needs and aspirations of those underserved communities as we transition to a clean energy future.

CAC has a longstanding interest in utility issues and how they intersect with concerns about decarbonization, environmental justice, and affordability. CAC has concerns about SoCalGas's failure to properly account for electrification and its lack of transparency with regard to decommissioning costs. These issues identified in this protest signal that accepting the current Application will disproportionately affect vulnerable communities that have the most difficulty electrifying, lock in fossil fuel infrastructure at an enormous environmental and financial cost, and make energy less affordable for ratepayers.

IV. PROCEDURAL MATTERS PURSUANT TO RULE 2.6 OF THE COMMISSION RULES OF PRACTICE AND PROCEDURE

CAC believes that evidentiary hearings may be necessary but is open to resolving any issues raised without hearings via discovery, settlement or stipulation, and other procedures. The issues identified in this Protest are preliminary and CAC's review of the Application is ongoing. CAC reserves the right to raise additional issues, conduct discovery, present testimony, and otherwise participate fully in all phases of this proceeding. In anticipation of the prehearing conference, CAC will work with other parties to develop a reasonable schedule if the need arises.

CAC suggests that the proposed schedule is reasonable but reserves the right to offer additional comments at the pre-hearing conference.

For receipt of all correspondence, pleadings, orders, and notices in this proceeding, the following representative for CAC should be placed on the service list as a "party":

Setareh Homayoni
ClientEarth USA
501 Santa Monica Blvd., Suite 510
Santa Monica, CA 90401
Email: shomayoni@clientearth.org
Telephone: (310) 361-7007
On behalf of Climate Action Campaign

In addition, the following representatives should be placed on the *Information Only* list:

Nicole Capretz
Nicole@climateactioncampaign.org

Kathleen Konopka
KKonopka@clientearth.org

Benjamin Segal
BSegal@clientearth.org

Sarah Rawlings
SRawlings@clientearth.org

V. CONCLUSION

For the reasons set forth herein, CAC protests SoCalGas's 2028 General Rate Case Application. CAC respectfully requests that the Commission consider the issues raised in this Protest in the scope of this proceeding.

Dated: July 17, 2026

Respectfully submitted,

/s/ Setareh Homayoni

Setareh Homayoni

ClientEarth USA

501 Santa Monica Blvd., Suite 510

Santa Monica, CA 90401

Email: shomayoni@clientearth.org

Telephone: (310) 361-7007

Representing Climate Action Campaign