

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



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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.

A.26-06-014
(Filed June 15, 2026)

Application of San Diego Gas & Electric Company
(U 902 M) for Authority, Among Other Things, to
Update its Electric and Gas Revenue Requirement
and Base Rates Effective on January 1, 2028.

A.26-06-015
(Filed June 15, 2026)

PROTEST OF CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Sara Gersen
Anirudh Krishna
Earthjustice
707 Wilshire Blvd., Suite 4300
Los Angeles, CA 90017
Tel: (213) 766-1073
Email: sgersen@earthjustice.org
Email: akrishna@earthjustice.org

Matthew Vespa
Rebecca Barker
Earthjustice
50 California St., Suite 500
San Francisco, CA 94111
Tel: (415) 217-2056
Email: mvespa@earthjustice.org
Email: rbarker@earthjustice.org

*Attorneys for California
Environmental Justice Alliance*

Dated: July 20, 2026

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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.

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PROTEST OF CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE

Pursuant to Rule 2.6 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, California Environmental Justice Alliance (“CEJA”) respectfully submits this timely protest to the 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 (“SoCalGas GRC Application”)¹ and the Application of San Diego Gas & Electric Company (U 902 M) for Authority, Among Other Things, to Update its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2028 (“SDG&E GRC Application”) (both applications collectively referred to as the “Applications”),² which first appeared in the Commission Daily Calendar on June 18, 2026.

I. INTRODUCTION

Southern California Gas Company (“SoCalGas”) and San Diego Gas & Electric Company (“SDG&E”) (collectively, the “Applicants”) seek Commission authorization to recover substantial revenue requirement increases over the 2028–2031 General Rate Case (“GRC”) cycle.³ SDG&E proposes a TY 2028 revenue requirement of approximately \$3.8 billion,⁴ while

¹ A.26-06-014, Test Year 2028 General Rate Case Application of Southern California Gas Company (June 15, 2026) (“SoCalGas Application”), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M608/K969/608969645.PDF>.

² A.26-06-015, Test Year 2028 General Rate Case Application of San Diego Gas & Electric Company (U 902 M) (June 15, 2026) (“SDG&E Application”), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M608/K969/608969142.PDF>.

³ SDG&E Application at 1; SoCalGas Application at 1.

⁴ SDG&E Application at 1.

SoCalGas proposes a TY 2028 revenue requirement of approximately \$5.1 billion.⁵ This represents a roughly \$2.4 billion dollar (or 36%) increase compared to the approved 2024 GRC for the Applicants.⁶

At a time when California families are struggling to meet their household energy burdens, the Commission must keenly scrutinize utilities' spending proposals to ensure they are prudent, just, and reasonable. California's strong climate, public health, and utility accountability policies also necessitate comprehensive and judicious review of the Applicants' requests. While still in the preliminary stages of its investigation, CEJA intends to develop the record in this proceeding through the perspective of the environmental justice communities that its member organizations represent. Residents in these communities, aptly described by the Commission as Environmental and Social Justice ("ESJ") communities, occupy the intersection of the heaviest impacts of the utilities' spending: rising energy costs, air pollution, and everyday impacts of climate change disproportionately affect them. Accordingly, CEJA intends to develop the record regarding the lawfulness and reasonableness of the Applicants' proposed spending through the lens of the communities most heavily affected by the GRC's outcome. Given the breadth of a GRC proceeding, to effectively achieve its statutory obligations, the Commission must consider a robust record to ensure that any authorized expenditures have been demonstrated to be prudent, reasonable, and just.

II. GROUNDS OF THE PROTEST

CEJA is still conducting its preliminary investigation of the Applications. From early review, CEJA has identified the following areas that merit further scrutiny.

A. Applicants' Requested Recovery for Major Capital Investment Programs Raise Substantial Questions Regarding Long-Term Need, Stranded Asset Risk, and Consistency with California's Decarbonization Policies.

CEJA has significant concerns regarding Applicants' requests to recover hundreds of millions of dollars in gas system capital investments that risk becoming stranded assets if California is to achieve its climate objectives.⁷ The Commission and other California agencies

⁵ SoCalGas Application at 1.

⁶ 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 2–3 (Dec. 23, 2024) ("D.24-12-074"), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M550/K485/550485071.pdf>.

⁷ See, e.g., Exh. SCG-04, Prepared Direct Testimony of Jennifer L. Walker, at 1–2, Table JW-1 (June 2026); Exh. SDGE-04, Prepared Direct Testimony of Tashonda Taylor, at 1–2, Table TT-1 (June 2026).

have repeatedly recognized that achievement of the State’s decarbonization goals will require a managed transition away from widespread reliance on the natural gas system.⁸ As gas throughput declines over time, continued investment in long-lived gas infrastructure raises increasing concerns regarding stranded asset risk, declining customer bases, and the resulting concentration of infrastructure costs on the customers who remain connected to the gas system. Those concerns are particularly acute for low-income households, renters, and ESJ communities that often face the highest barriers to electrification while bearing disproportionately high energy burdens. Given this context, CEJA intends to investigate whether Applicants’ proposed investments appropriately account for California’s ongoing transition away from fossil gas, and the risk that customers may ultimately bear the costs of investments whose useful lives extend well beyond anticipated demand for fossil gas service.

CEJA also intends to investigate SDG&E’s proposed capital investments in its electric system to ensure the Commission approves just and reasonable electric rates, which are essential for customers to affordably transition from fossil-fueled combustion equipment to zero-emission technologies. CEJA is particularly concerned with the potential for the Commission to approve investments in fossil-fueled generation that could extend the life of polluting infrastructure. SDG&E is proposing to spend \$12 million each year on enhancements to its fossil-fueled

⁸ See, e.g., California Air Resources Board, *2022 Scoping Plan for Achieving Carbon Neutrality*, at 212 (Nov. 16, 2022), <https://ww2.arb.ca.gov/sites/default/files/2023-04/2022-sp.pdf> (“Achieving carbon neutrality must include transitioning away from fossil gas in residential and commercial buildings, and will rely primarily on advancing energy efficiency while replacing gas appliances with non-combustion alternatives. This transition must include the goal of trimming back the existing gas infrastructure so pockets of gas-fueled residential and commercial buildings do not require ongoing maintenance of the entire limb for gas delivery.”); R.20-01-007, *2024 Joint Agency Staff Paper: Progress Towards a Gas Transition*, at 6, 17, 30 (Feb. 2024), <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M525/K660/525660391.PDF> (noting that “[a]chieving California’s ambitious climate targets requires a monumental shift away” from gas, that “[r]esearch indicates that electrification is generally the most economical approach to reducing fossil gas demand for homes and small commercial buildings,” and describing stranded asset risks from continued investment in gas infrastructure as demand for gas declines); 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 2, 16 (Sept. 20, 2022) (“D.22-09-026”), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M496/K987/496987290.PDF> (noting Commission staff’s conclusion that “[a]ny new gas infrastructure is likely to become a stranded asset” burdening “low-income customers [who] face the greatest barriers to electrification,” and eliminating gas line extension subsidies for “all customers in all customer classes” to align with California’s climate and equity goals).

generators.⁹ Long-lived capital investments like these may not be consistent with least-cost achievement of California’s climate goals, which demand net-zero carbon emissions as soon as possible and no later than 2045.¹⁰

B. Continued Investments in Biomethane and Hydrogen Merit Significant Scrutiny.

CEJA has concerns regarding GRC expenditures that would support or facilitate continued reliance on fossil gas through illusory “decarbonization” pathways—including hydrogen blending and biomethane—to the extent Applicants seek improper recovery for such activities in this proceeding. For example, SoCalGas forecasts \$3.36 million in TY 2028 for the Market Strategy and Market Development groups that make up its Gas Decarbonization organization.¹¹ SoCalGas has identified “key focus areas” of this department as biomethane market development and a program focused on promoting “the increased development and utilization of organic waste and biogas transportation fuels.”¹² CEJA intends to probe the extent to which such costs are appropriately charged to ratepayers given the Commission’s longer-term goals of building and transportation electrification.¹³ Additionally, investments that enable polluting combustion technologies, such as methane vehicle refueling stations, can worsen localized air pollution.¹⁴ SoCalGas proposes to spend about \$5 million each year on upgrades to the compressed natural gas fueling stations that serve its vehicle fleet,¹⁵ and to spend more money purchasing new methane-burning vehicles.¹⁶ CEJA intends to probe whether a swifter transition from methane-burning vehicles to electric vehicles could allow SoCalGas to reduce the financial costs of its operations, while reducing health-harming emissions. CEJA intends to

⁹ Exh. SDG&E-10, Prepared Direct Testimony of Darren A. Weim, at 23, Table DAW-7 (June 2026).

¹⁰ Cal. Health & Safety Code § 38562.2(c)(1).

¹¹ Exh. SCG-03, Prepared Direct Testimony of Amy Kitson, at 11 (June 2026).

¹² *Id.* at 11–13.

¹³ *See, e.g.*, D.22-09-026 at 55 (“Although we agree with Clean Energy that the use of CNG/RNG/hydrogen is a preferred option over diesel and other ‘dirtier’ fuels during a transition to full electrification, it is still not the preferred option in the long term over full electrification. 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.”) (footnote omitted).

¹⁴ D.24-12-074 at 621–622 (finding investment in methane refueling stations in ESJ communities would be inconsistent with the ESJ Action Plan and denying SoCalGas’ request for ratepayer funding).

¹⁵ Exh. SCG-12, Prepared Direct Testimony of Paul M. Goldstein, at 70, Table PG-23 (June 2026).

¹⁶ *Id.* at 62, Table PG-19 (proposing nearly \$30 million in capital spending on on-road vehicles in 2028); *id.* at Appx. B (proposing combustion vehicles as the replacement type for most vehicle categories).

investigate the prudence of these investments, their consistency with the ESJ Action Plan, and their associated stranded asset risks.

C. CEJA Intends to Investigate Whether the Applicants' Requests Comply Fully with Assembly Bill 1167.

In 2025, the Legislature enacted Assembly Bill ("A.B.") 1167, which enshrined in statute a variety of requirements governing recovery of utilities' advocacy costs.¹⁷ CEJA intends to investigate whether all requested expenditures comply with A.B. 1167, as well as the Commission's own policies regarding recoverable and non-recoverable expenses. For example, A.B. 1167 limits the recovery of certain outside legal costs to payments that reflect the hourly rates the Commission would permit in its intervenor compensation program.¹⁸ SoCalGas and SDG&E have requested significant outside legal costs in this proceeding: for test year 2028, SoCalGas seeks nearly \$19 million and SDG&E seeks nearly \$7 million.¹⁹ Pending further investigation, it is unclear whether these requests comply with A.B. 1167.

CEJA also intends to challenge the Applicants' requested expenditures associated with external affairs, customer and public relations, and related activities to the extent those expenditures may include advocacy whose costs should not be funded by ratepayers pursuant to A.B. 1167. CEJA intends to examine, among other things, spending associated with SoCalGas's Regional Public Affairs ("RPA") and Energy and Environmental Policy ("EEP") functions, as well as any analogous activities undertaken by SDG&E, to ensure that ratepayers are not charged for activities that fall outside the scope of recoverable utility operations.

III. EFFECT OF THE APPLICATION ON THE PROTESTANT

CEJA is a statewide coalition of grassroots environmental justice organizations. CEJA's mission is to build the power of communities across California to create policies that will alleviate poverty and pollution through a statewide movement and advocacy for environmental health and social justice. CEJA's member organizations work with low-income communities and communities of color throughout California, who are all residential ratepayers living in disadvantaged communities. CEJA's member organizations include residents and communities

¹⁷ A.B. 1167 (2025) (adding § 748.3 to the California Public Utilities Code), https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202520260AB1167.

¹⁸ *Id.* § 3 (adding Pub. Utils. Code § 748.3(b)(5)).

¹⁹ Exh. SCG-19, Prepared Direct Testimony of Sara P. Mijares, at 28, Table SM-11 (June 2026); Exh. SDG&E-23, Prepared Direct Testimony of Maritza Mekitarian, at 28, Table MM-12 (June 2026).

located within the service territories of both SDG&E and SoCalGas that receive electric and natural gas service subject to the rates established in these proceedings.

The Applications directly affect CEJA and its member organizations because approval of the Application's requested revenue requirements would directly affect the rates paid by members of CEJA organizations and the communities they serve. The Applications also propose substantial investments in utility infrastructure and programs that will shape the provision of electric and gas service throughout the Applicants' service territories for years to come. As an organization that regularly participates in Commission proceedings concerning utility affordability, environmental justice, energy infrastructure, and equitable utility investment, CEJA has a substantial interest in ensuring that these expenditures, and the resulting customer rates, satisfy the standards established by the Public Utilities Code and applicable Commission decisions.

Many of CEJA's member organizations represent communities that experience disproportionately high energy burdens and that are particularly affected by increases in utility rates and bills. These communities also have a significant interest in ensuring that utility investments are prudently incurred, appropriately prioritized, and implemented in a manner that advances safe, reliable, affordable, and equitable utility service. Consequently, CEJA and its members have a direct and substantial interest in the outcome of these proceedings.

Moreover, CEJA members organize in communities that will directly bear the pollution burdens from investments that the Sempra utilities may fund through this rate case. The applications seek to recover capital costs for a range of polluting equipment, from combustion vehicles to gas-fired power plants. CEJA and its members have an interest in the Commission approving utility spending on infrastructure that will hasten California's transition to a zero-emission energy system and address the disproportionate emissions in the state's ESJ communities.

IV. CATEGORIZATION OF PROCEEDING

CEJA recommends that this proceeding be categorized as ratesetting.

V. NEED FOR HEARINGS

CEJA anticipates evidentiary hearings will be necessary in these consolidated proceedings.

VI. SCHEDULE

CEJA does not have comments on the proposed schedule at this time.

VII. COMMUNICATION OF SERVICE

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

Matthew Vespa
Earthjustice
180 Steuart Street #194330
San Francisco, CA 94105
Telephone: (415) 217-2056
Email: mvespa@earthjustice.org

The following representatives should be listed as “information only”:

Sara Gersen
Earthjustice
707 Wilshire Blvd., Suite 4300
Los Angeles, CA 90017
Email: sgersen@earthjustice.org

Anirudh Krishna
Earthjustice
707 Wilshire Blvd., Suite 4300
Los Angeles, CA 90017
Email: akrishna@earthjustice.org

Rebecca Barker
Earthjustice
311 S. Wacker Drive, Suite 1400
Chicago, IL 60606
Email: rbarker@earthjustice.org

Maya DeGasperi
Earthjustice
810 3rd Ave, Suite 610
Seattle, WA 98104
Email: mdegasperi@earthjustice.org

Shana Lazerow
Communities for a Better Environment
340 Marina Way
Richmond, CA 94801
Email: slazerow@cbeval.org

VIII. CONCLUSION

CEJA appreciates the opportunity to submit this Protest.

Dated: July 20, 2026

Respectfully submitted,

/s/ Matthew Vespa

Matthew Vespa
Rebecca Barker
Earthjustice
180 Steuart Street #194330
San Francisco, CA 94105
Tel: (415) 217-2056
Email: mvespa@earthjustice.org
Email: rbarker@earthjustice.org

Sara Gersen
Anirudh Krishna
Earthjustice
707 Wilshire Blvd., Suite 4300
Los Angeles, CA 90017
Tel: (213) 766-1073
Email: sgersen@earthjustice.org
Email: akrishna@earthjustice.org

*Attorneys for California Environmental
Justice Alliance*