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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) for Authorization to Recover Costs Recorded in Its Angeles Link Memorandum Account.	**Application 25-06-011** **(Filed June 12, 2025)**

**NOTICE OF EX PARTE COMMUNICATION
OF THE INDICATED SHIPPERS**

Nora Sheriff
Antonio P. Carrejo
Buchalter LLP
425 Market Street, 29th Floor
San Francisco, CA 94105-2491
415.227.3551 office
nsheriff@buchalter.com
acarrejo@buchalter.com

Counsel for the Indicated Shippers and on behalf of Utility Consumers' Action Network, The Utility Reform Network, Air Products and Chemicals, Inc., Sierra Club, and California Environmental Justice Alliance

July 31, 2026

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The Indicated Shippers,[1] Utility Consumers' Action Network (UCAN), The Utility Reform Network (TURN), Air Products and Chemicals, Inc. (Air Products), Sierra Club, and California Environmental Justice Alliance (CEJA) hereby give notice pursuant to Rule 8.4(a) of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) of the following communication.[2]

DATE, TIME, AND LOCATION OF COMMUNICATION: July 28, 2026, from 2:00 p.m. to 2:30 p.m., via Webex meeting with Justin Galle, Energy Advisor to President John Reynolds.

WHO INITIATED COMMUNICATION: Nora Sheriff, counsel for Indicated Shippers.

NAMES AND TITLES OF NON-CPUC PERSONS PRESENT:

- Nora Sheriff and Antonio Carrejo, counsel for Indicated Shippers;

[1] 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.
[2] Pursuant to Rule 1.8(d), Indicated Shippers confirms that UCAN, TURN, Air Products, Sierra Club, and CEJA have authorized Indicated Shippers to file this Notice of Ex Parte Communication on their behalf.

- Edward Lopez, Executive Director, UCAN;
- Ruthie Lazenby, Staff Attorney, TURN;
- Breana Inoshita, Attorney for Air Products;
- Sara Gersen, Attorney for Sierra Club; and
- Theo Caretto, Attorney for CEJA.

NAMES AND TITLES OF CPUC PERSON(S) PRESENT: Justin Galle, Energy Advisor to President John Reynolds.

DESCRIPTION OF COMMUNICATION: Ms. Sheriff thanked Mr. Galle for his time and focus on this proceeding. She stated that a diverse group of intervenors representing various interests, including Indicated Shippers, TURN, CEJA, Sierra Club, Air Products, and UCAN, all agree that it is not just and reasonable to collect the Angeles Link Phase 1 costs from SoCalGas's natural gas ratepayers. Ms. Sheriff explained that in D.26-04-034, the decision that denied SoCalGas's request to recover Phase 2 costs, the Commission created a reasonable and efficient path to similarly deny Phase 1 cost recovery, as requested in A.25-06-011.

Ms. Lazenby explained that it is not just and reasonable for SoCalGas's natural gas ratepayers to bear the costs of Phase 1. She pointed out that SoCalGas's assertion that the Prudent Manager Standard governs the Commission's consideration of Phase 1 costs is too narrow to ensure that those costs are just and reasonable; Public Utilities Code Section 451 requires a broader inquiry. The Commission has already conducted that analysis and ruled on this issue, finding in the Phase 2 Decision that, under cost causation principles, it is not just and reasonable to collect Angeles Link Project costs from ratepayers.

Ms. Lazenby further noted that SoCalGas pursued the Project of its own accord, stepping outside its traditional natural gas utility function. Ratepayers had no voice in SoCalGas's decision to pursue a hydrogen Project, and the Commission explicitly put SoCalGas on notice that authorization to record these costs was no guarantee of recovery. It is therefore appropriate for SoCalGas to bear the risk of that choice. Non-recovery is an outcome that SoCalGas invited when it proceeded with this Project without clear jurisdiction and without identified beneficiaries.

Mr. Caretto emphasized that the Commission does not need to reach the issue of compliance with the Phase 1 Decision because there are legal grounds, as identified in the Phase 2 Decision, upon which the Application should be dismissed. Additionally, the Phase 1 Decision set out project-specific standards that SoCalGas must satisfy before receiving any cost recovery from the Angeles Link Memorandum Account (ALMA). The Commission would have to make specific findings and conduct a full reasonableness review of all costs before granting any recovery. Mr. Caretto highlighted that a number of the groups present have detailed serious concerns about SoCalGas's compliance with those project-specific standards. Given the breadth of the factual showing that such compliance would require, the Commission should address these legal issues first, before undertaking that fact-finding, and dismiss the proceeding before reaching the issue of compliance.

Ms. Gersen clarified that it is not necessary for the Commission to reach the issue of jurisdiction to resolve this Application. The Commission can take the exact same approach as the Phase 2 Decision and deny the Application. Yet, the Commission's lack of jurisdiction over the Project is a separate and additional reason that bars any cost recovery for the Phase 1 costs.

D.26-02-003 illustrates how clear and straightforward the application of the law is with regard to methane pipelines. The Commission found that the pipeline does not meet the statutory definition of a gas plant because the statutory definition is written in unambiguous, present-tense language, and it is not ripe for the Commission to consider a hypothetical pipeline operation, which is exactly what is presented here. It is striking that in its filings in response to the ALJ Questions, SoCalGas did not even attempt to argue that the Commission has jurisdiction over a hypothetical pipeline operation. Instead, SoCalGas argues that there is jurisdiction simply because these costs are in a Commission-authorized account. But the Commission already knows this is not true. In the Decision authorizing ALMA, the Commission explicitly put SoCalGas on notice that it was assuming the risk that the Commission would find a lack of jurisdiction that would preclude cost recovery. Ms. Inoshita added that the issue of jurisdiction should be left to the Legislature, and that it is not an appropriate determination for the Commission to make in this proceeding.

Mr. Lopez expressed the group's position that, following multiple rounds of party comments that sufficiently addressed the ALJ's questions, the Commission has a substantial record on the relevant scoped issues. The record is exceptionally clear and does not require additional testimony, evidentiary hearings, or briefing. The comments and replies provide a more than sufficient record for the Commission to issue a decision denying SoCalGas's request. Further review and litigation would unnecessarily consume ratepayer and Commission resources.

Mr. Carrejo stated that the next steps in the proceeding do not need to be overly complicated. The Commission can and should rely on the Findings of Fact and Conclusions of

Law in the Phase 2 Decision to deny this Application. Similar to the Phase 2 Decision's findings, here, SoCalGas did not accept the Infrastructure Investment and Jobs Act funding to offset the costs of the Project as ordered by the Commission. The Project that was the subject of the Phase 2 studies would not serve hydrogen to the vast majority of SoCalGas's ratepayers and would not connect to SoCalGas's existing natural gas distribution system. There is no nexus between SoCalGas as a natural gas utility and the hydrogen Project. Further, SoCalGas did not identify a sufficient core base of its natural gas ratepayers that might receive direct benefits from the Phase 1 studies or serve as end users for the Project, as required in the Phase 1 Decision. The citation or reference to the Phase 1 studies in subsequent studies does not provide a direct benefit to SoCalGas's ratepayers.

Ms. Inoshita discussed that the Commission's Findings of Fact and Conclusions of Law in the Phase 2 Decision are final and should directly apply in this proceeding. Specifically, the Commission found that the Project is not constructed, used and useful, or dedicated to public use. The Commission also found that it is not reasonable to consider cost recovery from ratepayers until the Project is used and useful. Given the substantial uncertainties around the Project and the lack of direct benefits to ratepayers, the Phase 2 Decision's findings remain accurate today and should equally apply to this proceeding. Thus, it is not just, reasonable, or consistent with cost causation principles to award cost recovery for Phase 1 costs.

The parties thanked Mr. Galle for his time and urged the Commission to expeditiously adopt a Decision denying SoCalGas's request to recover Phase 1 costs.

WRITTEN MATERIALS PROVIDED: None.

Respectfully submitted,

BUCHALTER LLP

By:

Nora Sheriff

Nora Sheriff

Counsel for the Indicated Shippers and on behalf of Utility Consumers' Action Network, The Utility Reform Network, Air Products and Chemicals, Inc., Sierra Club, and California Environmental Justice Alliance

July 31, 2026