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03:25 PM
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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 (U 904 G) for Authorization to Recover Costs Recorded in its Angeles Link Memorandum Account.	Application 25-06-011 (Filed June 12, 2025)

SOUTHERN CALIFORNIA GAS COMPANY'S (U 904 G) NOTICE OF EX PARTE COMMUNICATION

Lily Backer
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Dated: August 5, 2026

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**SOUTHERN CALIFORNIA GAS COMPANY'S (U 904 G)
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Southern California Gas Company ("SoCalGas") hereby gives notice of ex parte communication in the above captioned proceedings.

DATE AND TIME OF THE ORAL COMMUNICATION:

- July 31st, 2026 from 11:30 a.m. – 12:00 p.m.

WHO INITIATED COMMUNICATION:

- SoCalGas

LOCATION:

- Virtual (Via Webex)

NAMES AND TITLES OF NON-CPUC PARTICIPANTS:

- Lily Backer, Regulatory Affairs Strategy Manager, SoCalGas
- Shirley Arazi, Senior Director of Strategic Planning, SoCalGas

NAMES AND TITLES OF CPUC PARTICIPANTS:

- Justin Galle, Energy Advisor to President John Reynolds
- Erica Petrofsky, Advisor to Commissioner Darcie Houck

BRIEF SUMMARY OF ORAL COMMUNICATION:

SoCalGas provided an overview of Angeles Link Phase 1 activities, including 16 feasibility studies and stakeholder engagement efforts that the Commission authorized in Decision (D.) 22-12-055 and encouraged SoCalGas to undertake "immediately" to serve the public interest, recognizing the importance of clean renewable hydrogen to support decarbonization of hard-to-electrify sectors in California. SoCalGas noted that D.22-12-055 authorized SoCalGas to perform Phase 1 activities, record costs in the Angeles Link Memorandum Account (ALMA), and seek recovery through a subsequent application subject to a reasonableness review. SoCalGas emphasized that it acted in good faith, aligned with state policy priorities at the time, and followed explicit Commission direction—consistent with the reasonable manager standard, which evaluates conduct based on what was known at the time decisions were made and activities were undertaken. SoCalGas urged the Commission to consider the Application on its merits, including adhering to the evidentiary review process established in D.22-12-055 to assess the reasonableness of the Phase 1 costs, which remained below the authorized cost cap. SoCalGas also shared that Commission precedent supports recovery of reasonable feasibility-related costs, regardless of whether any project ultimately advances.[1]

SoCalGas further explained that the "used and useful" doctrine, which generally governs whether utility plant may be included in rate base and earn a return from customers,[2] does not apply to these operating and maintenance (O&M) costs. SoCalGas stated that, even if the Commission were to examine the Phase 1 costs under the abandoned project doctrine, the relevant inquiry remains the same: whether the actions of the utility were reasonable based on what it knew at the time.

SoCalGas shared how Phase 1 work has been used across California to inform clean hydrogen policy and market development, including by the Alliance for Renewable Clean

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1 For example, *see* D.09-12-014, which authorized Southern California Edison (SCE) to recover up to $17 million in Phase 1 feasibility study costs and up to $13 million in Phase 2 FEED costs associated with the Hydrogen Energy California (HECA) project.

2 *See* Pub. Util. Code § 1005.5(d) ("In any decision establishing rates for an electrical or gas corporation reflecting the reasonable and prudent costs of the new construction of any addition to or extension of the corporation's plant, when the commission has found and determined that the addition or extension is used and useful the commission shall consider whether or not the actual costs of construction are within the maximum cost specified by the commission.").

Hydrogen Energy Systems (ARCHES) in support of the California Hydrogen Hub[3] and by Energy + Environmental Economics (E3) in its analysis prepared for the California Air Resources Board pursuant to Senate Bill (SB) 1075. Importantly, SoCalGas emphasized that the value of these studies is not limited to immediate development of Angeles Link, something D.22-12-055 considered by requiring the studies to be publicly available. SoCalGas reminded the Commission that the engineering, market, environmental, and stakeholder insights developed through Phase 1 can continue to inform future state, regional, and private-sector hydrogen planning efforts and remain available to support California's decarbonized future.

While SoCalGas proposed allocating Phase 1 costs across all ratepayers based on the broad public-interest benefits of the work performed, it also presented an alternative cost allocation proposal that would limit recovery to end users who could potentially consume hydrogen to decarbonize their operations (*e.g.*, electric generators, manufacturing and industrial processes, and medium and heavy-duty transportation). SoCalGas noted that potential end user categories were identified in SoCalGas's Phase 1 Demand Study and fall within SoCalGas's non-core retail and core natural gas vehicle (NGV) rate classes.

Finally, SoCalGas reminded the Commission that it may simply determine whether it has authority to review and authorize the requested revenue requirement associated with the Phase 1 activities and costs recorded in the ALMA, as described in the Joint Prehearing Conference Statement. The Commission need not resolve questions regarding jurisdiction over future infrastructure at this time.

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3 SoCalGas's Angeles Link segments comprised over 76% of the pipeline infrastructure detailed by ARCHES for the hub in its application, which was selected by the Department of Energy to receive up to $1.2 billion in federal funding.

WRITTEN DOCUMENTS PROVIDED:

See Attachment A.

Respectfully submitted,

/s/ Lily Backer

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Dated: August 5, 2026

cc: President John Reynolds at PresidentJohnReynoldsExparte@cpuc.ca.gov
Commissioner Darcie Houck at Houck.Exparte@cpuc.ca.gov
Administrative Law Judge Joanna Perez-Green at joanna.perez-green@cpuc.ca.gov
All Parties on Service List A.25-06-011

Attachment A

Discussion on A.25-06-011

Discussion on A.25-06-011: SoCalGas’s Application to Recover Costs in the Angeles Link Memorandum Account

July 2026

SoCalGas

Costs in the Angeles Link Memorandum Account (ALMA) are Reasonable and Full Cost Recovery is Appropriate

Phase 1 Costs were Incurred **Pursuant to CPUC Authorization**

All Phase 1 Activities Outlined in D.22-12-055, O.P. 3 & 5 Were Completed **Under the Approved Authorized Cost Cap**

The Phase 1 Produced **Publicly Available Studies and Public Interest Benefits** as Envisioned by the CPUC when Phase 1 was Authorized

2022 Policy Context

August 2022

2022 Legislative Cycle Called for Progress on Hydrogen

SB 1075 mandated a multi-agency study of the potential role for hydrogen to support decarbonization the economy, with a focus on power and transportation. Assembly Bill 209 established the CEC's Clean Hydrogen Program to support hydrogen demonstration projects.

November 2022

CARB Scoping Plan Identified a Need for Hydrogen

"[A] key component of the [CARB] 2022 Scoping Plan is rapidly scaling up clean energy resources, including the production, conveyance, storage, and strategic consumption of clean, renewable hydrogen; we need to scale up the market 1,700 times by 2045 to meet our carbon neutrality goal." – Letter from Governor Newsom to GoBiz

December 2022

ARCHES Was Established to Secure Federal Funding

"California is all in on clean, renewable hydrogen—an essential aspect of how we'll power our future and cut pollution" – Governor Newsom in Press Release

December 2022

CPUC Issues D.22-12-055, Authorizing the Angeles Link Memorandum Account

"Because of these potential public interest benefits, the confluence of current events, including recent federal legislation, regional initiatives, and local interests, it serves the public interest for SoCalGas to perform feasibility studies of the Project immediately"

(P. 11, D.22-12-055)

Phase 1 Activities Were Completed Within Budget

SINCE CPUC APPROVED ANGELES LINK MEMORANDUM ACCOUNT APPLICATION (DECEMBER 2022):

Received
100+
COMMENT LETTERS
from PAG and CBOSG

Reviewed and responded to
1,000+
PAGES
of comments

FEASIBILITY STUDIES

Conducted
16
STUDIES
includes multiple feasibility studies, an Affordability Framework, and an ESJ plan

which collectively span
2,500+
PAGES
covering a wide range of topics

TOP FIVE STAKEHOLDER PRIORITIES BASED ON FEEDBACK

SAFETY | HEALTH | COST

WORKFORCE DEVELOPMENT | ROUTING / ENVIRONMENTAL

70 PARTICIPATING ORGANIZATIONS

PLANNING ADVISORY GROUP (PAG)
offers technical advice and feedback

42 PAG

+

COMMUNITY BASED ORGANIZATION STAKEHOLDER GROUP (CBOSG)
provides community feedback

28 CBOSG

27 TOTAL MEETINGS

14 Quarterly Meetings

13 Workshops

Angeles Link Phase 1 Studies

VIABILITY

1. Demand Study
2. Production Planning & Assessment
3. Water Resources Evaluation
4. Project Options & Alternatives
5. High-Level Economic Analysis & Cost Effectiveness

TECHNICAL

6. Evaluation of Applicable Safety Requirements
7. Pipeline Sizing & Design Criteria
8. Preliminary Routing/ Configuration Analysis
9. Hydrogen Leakage Assessment
10. High-Level Feasibility Assessment & Permitting Analysis
11. Environmental Analysis

PUBLIC INTEREST

12. Greenhouse Gas (GHG) Emissions Evaluation
13. Nitrogen Oxide (Nox) & Other Air Emissions Assessment
14. Workforce Planning & Training Evaluation
15. Framework for Affordability Considerations
16. Environmental Social Justice Plan & Screening

Key Topics from SoCalGas's Comments & Reply to the ALJ's Ruling

The CPUC Should Proceed to Evaluate Compliance and Reasonableness	• SoCalGas fulfilled the feasibility work as authorized by the CPUC and seeks reimbursement. D.22-12-055 established a clear process for recovery ○ The "Used and Useful Standard" does not apply: *Pub. Util. § 1005.5(d): In any decision establishing rates for an electrical or gas corporation reflecting the reasonable and prudent costs of the new construction of any addition to or extension of the corporation's plant, when the commission has found and determined that the addition or extension is used and useful…* • Precedent supports recovery of feasibility study costs regardless of whether the project advances. D.22-12-055 did **not** condition Phase 1 Cost Recovery on the project being built
SoCalGas Has Identified Direct Beneficiaries of Angeles Link Phase 1	• Recovery from all ratepayers is appropriate due to the public interest benefits • If limited to direct beneficiaries, it would be justified to allocate costs to potential hydrogen end users as identified in the Phase 1 Demand Study: non-core retail and core NGV customers
The CPUC Need Not Determine Jurisdiction over Angeles Link Infrastructure to Proceed with Phase 1 Cost Recovery	• In the Joint PHC Statement, most of the Joint Parties acknowledged that the jurisdictional question could be framed as whether the CPUC has jurisdiction to authorize the revenue requirement sought in the Application • The question should be narrow: does the CPUC have authority to determine whether SoCalGas may recover the revenue requirement associated with the activities and related costs recorded in the Angeles Link Memorandum Account?