COM/CHG/avs/vj4 8/20/2026

FILED
08/20/26
01:03 PM
A2512019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U904G) for Authorization to Implement Revenue Requirement for Advanced Meter Infrastructure Replacement Project.	Application 25-12-019

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code (Pub. Util. Code) § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Background

On December 30, 2025, Southern California Gas Company (SoCalGas/Applicant) filed Application (A.) 25-12-019 (Application) with the California Public Utilities Commission (Commission). The Application requests that the Commission authorize a revenue requirement of approximately $3.76 billion for the Advanced Meter Infrastructure Replacement (AMIR) Project.[1] The AMIR Project is a system-wide replacement and upgrade to SoCalGas' existing Advanced Meter Infrastructure (AMI). In its Application, SoCalGas states the AMIR Project is necessary since the existing AMI system is at the end of its service life.[2]

[1] Application at 2.

[2] Application at 2-3. AMI is Applicant's first basic electronic smart natural gas meter system that services approximately six million of SoCalGas' customers. The AMI remotely measures

Footnote continued on next page.

On January 7, 2026, SoCalGas filed a Motion to Establish the AMIR Project Memorandum Account (MA Motion).[3]

On January 27, 2026, the Public Advocates Office at the Commission (Cal Advocates) filed a Motion for Party Status.

On January 28, 2026, the Utility Workers Union of America, AFL-CIO Local 132 (Union) filed a Motion for Party Status.

On February 2, 2026, Small Business Utility Advocates (SBUA) filed a Response to the Application, while Cal Advocates and The Utility Reform Network (TURN) filed individual Protests to the Application.

On February 9, 2026, Cal Advocates filed a Response to the MA Motion.

On February 12, 2026, SoCalGas filed a Reply to the Responses and Protests to the Application.

On March 9, 2026, Union filed a second Motion for Party Status that was granted. In this proceeding, SoCalGas, Cal Advocates, TURN, SBUA and Union are collectively referred to as the Parties (Parties).

On March 23, 2026, SoCalGas filed a Reply to the Response to MA Motion filed by Cal Advocates.

On March 23, 2026, a Notice of Reassignment was filed that transferred this proceeding from President John Reynolds to Commissioner Christine Harada.

On April 20, 2026, notice was given of the prehearing conference (PHC).

---

customers' natural gas usage and generates bills without sending a person to manually read an analog gas meter for usage and billing.

[3] SoCalGas requests the establishment of the Meter Infrastructure Replacement Memorandum Account to record the costs incurred to initiate several AMIR Project activities during the pendency of this proceeding. (MA Motion at 1-2).

On May 4, 2026, a virtual PHC was held to address issues of law and fact, determine the need for an evidentiary hearing, set the schedule for resolving the matter, and address other matters as necessary.

On May 29, 2026, Cal Advocates filed a Motion to Strike All Testimony Based on SoCalGas' Computer Model and a Motion to Compel Information from SoCalGas.

After consideration of the Application, Protests, Responses and discussion at the PHC, I have determined the issues and initial schedule of the proceeding as set forth in this Scoping Memo. I have further determined that no environmental and social justice issues have been raised at this time.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether SoCalGas' existing AMI system is obsolete, near the end of its life, or otherwise needs to be replaced.
2. Whether SoCalGas' proposed AMIR Project is prudent, reasonable, cost-effective, and in the public interest. This includes, but is not limited to:
    a. How the AMIR Project compares to other project alternatives;
    b. Whether SoCalGas incorporated applicable lessons learned from its current generation of AMI 1.0 meters;
    c. Whether SoCalGas' forecast of AMIR Project capital and Operations and Maintenance (O&M) costs is appropriate, reasonable, and supported;
    d. Whether there is a reasonable allocation of costs between shareholders and ratepayers for the AMIR Project;
    e. Whether SoCalGas' proposed mass field deployment approach is reasonable.

3. Whether approval of the proposed AMIR Project could result in stranded investments related to the existing AMI system, and if so, how the stranded costs should be addressed.
4. Whether SoCalGas should be authorized to establish a two-way or one-way balancing account to track, record, and recover the actual costs of the proposed AMIR Project.
5. Whether SoCalGas should be authorized to establish the Advanced Meter Infrastructure Replacement Memorandum Account to record the revenue requirement incurred during the pendency of this proceeding.
6. Whether SoCalGas' Application is consistent with the Commission's climate goals established in Rulemaking (R.) 24-09-012.

In its Reply and during the PHC, SoCalGas asserts that it is not necessary to conduct a retrospective review of the original AMI 1.0 deployment because it has demonstrated that AMI 1.0 delivered benefits exceeding the original projections in prior showings.[4] To be clear, this proceeding will not relitigate the costs, benefits, or reasonableness of SoCalGas' AMI 1.0 meters. However, to the extent the utilization and performance of AMI 1.0 provide lessons learned that are relevant and applicable to the proposed AMIR Project, such information is expected to be instructive when considering whether the AMIR Project is prudent, reasonable, and in the public interest. Therefore, the cost-effectiveness of AMI 1.0 and whether AMI 1.0 met the expected benefits and any conditions upon Commission approval will be considered within this more limited context.

SoCalGas also asserts it would be improper to include the allocation of costs to shareholders as an issue in the scope of the proceeding, since SoCalGas'

[4] Specifically, SoCalGas asserts the cost-effectiveness of AMI 1.0 was demonstrated through SoCalGas' Test Year 2019 General Rate Case (GRC) and through the submission of semi-annual reports to the Commission's Energy Division. (SoCalGas Reply at 8).

AMI System is foundational to the provision of safe, reliable, and affordable service to utility customers.[5] Cal Advocates, TURN, and SBUA alternatively assert that the inclusion of the AMIR Project allocation of costs between shareholders and ratepayers is proper.[6] The AMIR Project could result in stranded investments relative to the existing AMI legacy system. To ensure that the AMIR Project costs ultimately borne by the ratepayers are just and reasonable, it is appropriate for this proceeding to consider the allocation of costs and any stranded investments between customers and shareholders.

3. Supplemental Testimony

In Protests and Responses, several intervenors criticize SoCalGas' Application for lacking adequate supporting documentation and being inherently deficient. Specifically, in its Protest, Cal Advocates notes the Application is so deficient in necessary supporting testimony that Cal Advocates recommends the Commission deny the Application.[7] Similarly, TURN, SBUA, and the Union recommend that SoCalGas be directed to provide supplemental testimony and/or include additional information on the cost-effectiveness of AMI 1.0.[8]

As the applicant, SoCalGas bears the burden of establishing a foundational record for the Commission to grant the requested relief in its Application.
To further evaluate the specific requests included in SoCalGas' Application, and considering the issues scoped above, SoCalGas is directed to serve supplemental

---

[5] *Id*. at 7.

[6] Cal Advocates Protest at 6; TURN Protest at 2; Reporter's Transcript (RT), Volume 1, at 19:22-20:4.

[7] Cal Advocates Protest at 5.

[8] TURN Protest at 6; RT, Volume 1, at 17:19-20:4.

testimony by October 5, 2026, to address the questions included in Attachment A to this Scoping Memo.

4. Need for Evidentiary Hearings

Many of the identified issues involve contested, material issues of fact. Accordingly, I find that evidentiary hearings are needed, and the dates for evidentiary hearings are included in the schedule below. Further instructions regarding the evidentiary hearings will be provided by the assigned Administrative Law Judge (ALJ) prior to the first day of hearing.

5. Schedule

In its Application, SoCalGas proposes that the Commission issue a final decision resolving all issues in the proceeding by December 2026. SoCalGas asserts that timely Commission approval of its Application is essential since "end-of-life analyses confirm that significant meter communication module (module) battery failures are expected to begin in 2030," while "supporting components will either become obsolete or must be replaced or reintegrated to maintain system compatibility and support evolving cybersecurity needs."[9]

As noted by the intervenors, SoCalGas had full control over the timing of its application. If SoCalGas believed there was an urgent need to begin implementing the next generation of AMI, it had every opportunity to submit an earlier application. Moreover, SoCalGas did not meet the requirements of Rule 2.9 for requesting expedited review, and, given the long-term impacts and magnitude of the proposed AMIR Project revenue requirement, it would not be

---

[9] Application at 3 and 11. SoCalGas' proposed AMIR Project consists of two major workstreams: (1) the technology workstream, which includes all planning, design, procurement, and integration of activities to build and prepare the next-generation AMI platform, and (2) the deployment workstream, which covers all field implementation activities required to replace the legacy AMI system once the technology environment is ready. SoCalGas forecasts the AMIR Project to be implemented over a ten-year period, from 2025-2034. (*Id.* at 5-7).

prudent or in the public interest to expedite review of SoCalGas' Application. Lastly, as indicated above, SoCalGas is directed to serve supplemental testimony to aid the Parties and the Commission in conducting an adequate review of SoCalGas' Application.

Given the above, the following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the Application:

Event	Date
Supplemental testimony served	October 5, 2026
Intervenors' prepared direct testimony served	December 7, 2026
Prepared rebuttal testimony served	January 26, 2027
Parties Meet and Confer (Rule 13.9)	February 5, 2027
Parties Joint Case Management Statement and motion for evidentiary hearings (if necessary)	February 12, 2027
Status Conference	February 17, 2027
Evidentiary hearing (if necessary)	March 9-13, 2027
Opening briefs	April 26, 2027
Reply briefs [matter submitted]	May 20, 2027
Proposed decision	Q3 2027

The purpose of the Parties Joint Case Management Statement and February 17, 2026 status conference are to ascertain whether, pursuant to Rule 13.8(c), Parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the Parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits. The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 24 months.

6. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. The Parties may request that the assigned ALJ refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.[10]

Any settlement between Parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing Parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

7. Category of Proceeding and *Ex Parte* Restrictions

This Scoping Memo confirms the Commission's preliminary determination that this is a ratesetting proceeding.[11] Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

[10] https://www.cpuc.ca.gov/PUC/adr/

[11] Resolution ALJ-176-3575.

8. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

9. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by June 3, 2026, 30 days after the PHC.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such a response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at http://cpuc.ca.gov/pao or contact the Commission's Public Advisor at 866-849-8390 or send an email to public.advisor@cpuc.ca.gov.

12. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.[12]

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All Parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. However, the Rule 1.10 requirement to serve the ALJ paper copies is suspended in this proceeding unless specifically requested by the assigned ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not Parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those seeking information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings accepted by the Commission. Notices sent through the

---

[12] The form to request additions and changes to the Service list may be found at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf

subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

13. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email screening practices, settings, and filters to ensure receipt of email from the Commission.

14. Assignment of Proceeding

Christine Harada is the assigned Commissioner. Patrick Petersen is the assigned ALJ and Presiding Officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearings are necessary.
4. The Presiding Officer is Administrative Law Judge Patrick Petersen.
5. The category of the proceeding is ratesetting.

6. Southern California Gas Company is directed to serve supplemental testimony by October 5, 2026, to address the questions included in Attachment A to this Assigned Commissioner's Scoping Memo and Ruling.

Dated August 20, 2026, at San Francisco, California.

/s/ CHRISTINE HARADA

Christine Harada
Assigned Commissioner

Attachment A

Questions for Supplemental Testimony