COM/KDL/asf/mac 08/24/2026

FILED
08/24/26
12:29 PM
A2606014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U904G) for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2028.	Application 26-06-014
And Other Matter	Application 26-06-015

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On June 15, 2026, Southern California Gas Company (SoCalGas) and San Diego Gas and Electric (SDG&E) (collectively, Sempra) filed general rate case (GRC) Application (A.) 26-06-014 (SoCalGas) and A.26-06-015 (SDG&E) (Application), requesting approval of their Test Year (TY) 2028 forecasts for capital expenditures and operating and maintenance expenses (O&M) and resulting revenue requirement.

Effective January 1, 2028, SoCalGas seeks authorization for a 2028 revenue requirement of $5.1 billion, a $485 million (10.5 percent) increase over the 2027 revenue requirement. For the average non-CARE residential customer (using 35 therms per month) the proposal would result in a bill increase of $5.67 per month (7.7 percent) compared to 2027 rates. For 2029, 2030 and 2031 (the "attrition years"), the increases in revenue requirement would be $315 million (6.19 percent) for 2029, $312 million (5.77 percent) for 2030, and $314 million (5.49 percent) for 2031.[1]

SDG&E proposes a combined $3.8 billion revenue requirement ($900 million gas and $2.9 billion electric) effective January 1, 2028, an increase of $280 million (or 8.1 percent) over the expected 2027 revenue requirement ($208 million gas and $72 million electric). A typical electric residential bundled customer[2] would see an annual average increase of $14.03 per month (or 7.1 percent) over 2027 rates, and a typical residential gas customer[3] would see an annual average increase of $8.45 per month (or 13.0 percent) compared to 2027. On a combined electric and gas bill, a typical residential customer would see an average annual increase of $22.48 per month (or 8.6 percent) compared to 2027.[4] For the attrition years 2029, 2030 and 2031, SDG&E seeks increases of $327.1 million (8.7 percent) for 2029, $225.8 million (5.53 percent) for 2030 and $240.4 million (5.57 percent) for 2031.

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[1] SoCalGas Application at 5.

[2] According to SDG&E, a typical electrical residential customer is based upon an average of Coastal/Inland non-CARE bundled customers on basic service using 400 kWh of electricity per month.

[3] According to SDG&E, a typical gas residential customer is based upon an average of residential non-CARE customers on basic service using 24 therms of gas per month.

[4] SDG&E Application at 7.

SoCalGas seeks to amortize balances in twelve regulatory accounts and close or modify several others, with balances added to 2028 rates. SDG&E states that it is not requesting a reasonableness review or recovery of any incremental wildfire mitigation costs for 2024 to 2027 in this GRC and instead will seek any such costs "in the appropriate venue and proceeding."[5]

Each utility seeks an "earnings sharing mechanism" that shares certain returns above or below authorized rates of return with ratepayers and shareholders during the Post Test Years (PTY) 2029, 2030 and 2031.[6] The mechanism has three "bands": a 200 basis point "inner band" around the utility's authorized rate of return (ROR), and two "outer sharing bands" above and below this range. Within the inner band of 0 to 200 basis points above or below the authorized ROR, shareholders retain 100 percent of returns above the authorized ROR and absorb 100 percent of returns below the authorized ROR. In the 201 to 250 basis point band, returns above or below the authorized ROR are shared 50/50 between ratepayers and shareholders. Above a 250-basis-point earnings threshold, ratepayers receive 100 percent of returns in excess of that level. A reciprocal structure applies on the downside (below 250 basis points).

On July 20, 2026, six parties filed responses to the Application.[7] Eleven parties filed protests.[8] Sempra filed a reply to the responses and protests

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[5] *Id.* at A-2.

[6] *See, e.g.*, SDG&E Application, Prepared Direct Testimony of Anna A. Crevoiserad, June 2026, at 12.

[7] Pacific Gas and Electric Company (PG&E), United Association Local Union 250 California State Pipe Trades Council (Local 250), Coalition of California Utility Employees (CUE), City of Long Beach, Public Utilities Department (Long Beach), Center for Accessible Technology (CforAT), City of Vernon, California (Vernon).

[8] The Utility Reform Network (TURN), Public Advocates Office of the Commission (Cal Advocates), Climate Action Campaign, Small Business Utility Advocates (SBUA), San Diego

Footnote continued on next page.

on July 30, 2026.

A prehearing conference was held on July 24, 2026 to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. At the prehearing conference, Southern California Edison (SCE) and Utility Workers of American AFL-CIO, Local 132 (Local 132) were granted party status. After considering the Applications, the protests of the parties listed herein, and the discussion at the prehearing conference, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The issues to be determined or otherwise considered are:

a. Whether Sempra's proposals are adequate to promote the safety, health, comfort, and convenience of its patrons, employees, and the public as required by Public Utilities Code Section 451 or any other applicable section of the California Public Utilities Code.

b. Whether Sempra's proposed revenue requirements, proposed costs, and proposed recovery mechanisms for TY 2028 are just and reasonable and should be adopted by the Commission.

c. Whether Sempra's proposed post-test year forecast adjustment mechanisms are just and reasonable and should be adopted by the Commission.

d. Whether Sempra's earnings sharing mechanism should be considered in this proceeding, and if so, what action the Commission should take with regard to the proposal.

Community Power and Clean Energy Alliance (SDCP and CEA or SD CCAs), Mussey Grade Road Alliance (MGRA), Southern California Generating Coalition (SCGC), Utility Consumers' Action Network (UCAN), the Protect our Communities Foundation (PoC), Indicated Shippers, California Environmental Justice Alliance (CEJA).

e. Whether Sempra's proposals to establish, recover costs from, eliminate, modify or continue certain balancing and memorandum accounts are reasonable and should be adopted.

f. Whether Sempra's safety and risk management proposals are reasonable and in the public interest.

g. How to mitigate any identified impacts of the Applications on environmental and social justice communities, including the extent to which any of Sempra's proposals impact the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan.

h. Whether Sempra's proposals align with California's climate objectives, decarbonization goals, and forecasts of future natural gas demand.

i. The workforce impacts and operational safety and integrity impacts of Sempra's proposed investments.

j. Whether any alternative proposal submitted by parties that filed protests that is within the scope of this proceeding should be adopted.

k. Whether the Applications comply with applicable statutory requirements and directives from other proceedings, including, but not limited to, the following:

    1) Assembly Bill (AB) 2847's[9] requirement that Applicants identify the revenue requirement

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[9] Stats. 2024, Ch. 578. Public Utilities Code § 739.15 provides:

> (b) An application from an electrical corporation or gas corporation requesting authorization for or recovery of capital expenditures, including an application for conditional approval of the costs of an undergrounding plan pursuant to Section 8388.5, shall include, if the commission pursuant subdivision (a) determines that the estimates are required, the electrical corporation's or gas corporation's best estimate of both of the following:
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> > (1) The application's impact on the electrical corporation's or gas corporation's annual revenue requirement for each year that the capital expenditures described

Footnote continued on next page.

impact for each year that capital expenditures described in the Applications are expected to remain in rate base.

2) Senate Bill (SB) 254's[10] requirements for tracking wildfire mitigation costs.

    i. Whether Sempra may continue to track costs incurred for wildfire risk mitigation to the memorandum accounts that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in Sempra's revenue requirements in this GRC decision.

    ii. Whether the Commission should provide guidance for what costs may be tracked in these or other memorandum accounts the Commission may authorize, as "unforeseen" and/or "incremental" and thus eligible for submission in future cost recovery applications?

3) AB 1167's[11] prohibition on recovery from utility ratepayers of political influence, promotional, and related activities.

> in the application are expected to remain in the application's rate base if the application is approved or conditionally approved.
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> (2) The net present value of the application's impact on the electrical corporation's or gas corporation's annual revenue requirement provided pursuant to paragraph (1).

[10] Stats. 2025, Ch. 119. Public Utilities Code § 8386.4(a)(2) provides:

> In the commission's discretion, each electrical corporation may establish a memorandum account to track costs incurred for wildfire risk mitigation that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in the electrical corporation's revenue requirements. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.

[11] Stats. 2025, Ch. 634. Public Utilities Code § 748.3 contains a list of activity that a utility shall not pass through to ratepayers.

4) AB 2666's[12] requirement of a true up from GRC to GRC of forecasted and actual spending and rate of return.
5) The March 4, 2026 requirement in A.25-05-010 requiring the Risk Assessment and Mitigation Phase (RAMP) report to adequately integrate identified risks into Sempra's GRC, and whether the schedule should be changed to accommodate party responses to such information.[13]
6) The D.25-12-044 adjustments to the Commission's affordability framework designed to improve consideration of affordability for essential utility services.
7) The Commission's D.18-03-023 Grid Modernization Guidance to inform future GRCs.

3. Need for Evidentiary Hearing

Parties state that evidentiary hearings are needed due to various contested issues of material fact. I agree and the dates for evidentiary hearings are included

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[12] Stats. 2024, Ch. 413. Public Utilities Code § 451.8 provides:

> (a) Following the approval of each general rate case, the commission shall review which costs, if any, differed from the general rate case forecasts for each electrical corporation or gas corporation. The commission shall adjust the authorized revenue requirement in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records.
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> (b) (1) The commission shall establish guidelines for electrical corporations and gas corporations to calculate and report their actual rates of return to the commission.
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> (2) The commission shall require electrical corporations and gas corporations to report their actual rates of return to the commission annually.
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> (3) The commission shall adopt processes to adequately track an electrical corporation's or gas corporation's actual rate of return relative to its forecasted rate of return and shall require the corporation to identify the cost categories where projected costs differed from actual costs.

[13] The ruling is available on the Docket Card for A.25-05-010 at the following link 601158225.PDF.

in the schedule herein. Further details regarding the evidentiary hearings will be provided as the date for these hearings approaches.

4. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judges (ALJs) as required to promote the efficient and fair resolution of the Applications. There is a pending motion to consolidate this proceeding with three other proceedings and depending on the outcome of the decision on that motion, the scoped issues and schedule set forth below and above could change.

Event	Date
Errata Testimony Served	September 30, 2026
Public Participation Hearings (PPH)	TBD
Intervenor Testimony Served	February 15, 2027
2026 Recorded Expenditures Served by SDG&E and SoCalGas	March 22, 2027
Rebuttal Testimony Served	March 31, 2027
Rule 13.9 Meet and Confer and Joint Case Management Statement Deadline	April 12, 2027
Evidentiary Hearing	Starting April 26 for up to four weeks
Update Testimony and Hearings (if necessary) on 2026 Recorded Expenditures	May 24, 2027
Opening Briefs	June 21, 2027
Reply Briefs (matter submitted)	July 12, 2027
Proposed Decision	December 1, 2027
Commission Decision	January 2028

The purpose of the or joint case management statement is to ascertain whether, pursuant to Rule 13.8(c), the 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 ALJs require further evidence or argument. Based on this schedule, and given the scope of issues to be addressed, the proceeding will be resolved within 24 months as permitted by Public Utilities Code Section 1701.5.

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJs can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.

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.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination[14] that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 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.

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 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 August 24, 2026, 30 days after the prehearing conference.

9. 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 response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

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[14] Resolution ALJ-176-3583 at 2.

10. 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 e-mail to public.advisor@cpuc.ca.gov.

11. 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 ALJs. Persons may become a party pursuant to Rule 1.4.[15]

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. Parties should serve the ALJs electronic copies of documents and need not serve the ALJs with paper copies of filed and/or served documents pursuant to Rule 1.10. The ALJs will require paper copies of all exhibits as hearings approach and will provide instructions at a later time. When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide

[15] 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

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 who seek 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 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.

12. 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 emails from the Commission.

13. Assignment of Proceeding

Karen Douglas is the Assigned Commissioner and Elizabeth Fox and Sarah R. Thomas are the assigned Administrative Law Judges and presiding officers 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 hearing is needed.

The presiding officers are Administrative Law Judge Elizabeth Fox and Administrative Law Judge Sarah R. Thomas.

4. The category of the proceeding is ratesetting.

Dated August 24, 2026, at San Francisco, California.

/s/ Karen Douglas
KAREN DOUGLAS
Assigned Commissioner