



COM/MBK/abb 8/25/2026

FILED

08/25/26

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

11:05 AM

A2605002

Application of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U 902 M) for Authorization to Implement Revenue Requirement to Enable SAP Migration Program.

Application 26-05-002

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 May 1, 2026, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E), referred to collectively as Sempra Utilities, or Sempra, filed Application (A.) 26-05-002, requesting authorization to implement an approximate \$348 million revenue requirement to enable the SAP Migration Program. Sempra stated that the SAP Migration Program was precipitated by the decision of SAP, one of the world's largest enterprise resource planning (ERP) software platform companies, to discontinue maintenance of certain longstanding applications utilized by Sempra's foundational enterprise platform at the end of 2027. The application requests approval to implement revenue requirements to complete phases 1B and 2 of the SAP Migration Program, which will migrate these applications to supported systems prior to their obsolescence.

On May 4, 2026, Sempra filed a motion to establish the SAP Migration Memorandum Account (SAPMMA). On May 19, 2026, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a response in opposition to Sempra's motion, and on May 29, 2026 Sempra filed a reply to Cal Advocates' response.

On May 15 and June 3, 2026, Cal Advocates and the Utility Workers Union of America, AFL-CIO, Local 483 filed motions for party status in the SAP Migration Program proceeding, which were granted on May 28 and June 8, 2026, respectively. Southern California Generation Coalition, the Utility Consumers Action Network, Cal Advocates, and The Utility Reform Network all filed timely responses or protests to the application on June 4, 2026. On June 15, 2026, Sempra filed a reply to the protests and responses to the application.

On July 17, 2026 the parties filed a joint prehearing conference (PHC) statement pursuant to the assigned Administrative Law Judge's (ALJ) June 24, 2026 ruling.

On July 24, 2026, Small Business Utility Advocates filed a motion for party status which was granted by the ALJ at the PHC.

The PHC was held on July 27, 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. After considering the protests, responses, reply PHC statement and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo. I have also 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 the requested SAP Migration Memorandum Account (SAPMMA) is reasonable and should be authorized, and if so, what the effective date and the scope of costs permitted to be recorded to the account should be;
2. Whether the estimated costs, benefits and requested revenue requirement for the SAP Migration Program are reasonable, adequately supported, and should be implemented in rates;
3. Whether the requested Balancing Account is reasonable and should be authorized, and if so, whether a two-way balancing account or other ratemaking mechanism is appropriate;
4. Whether over-collections should be refunded and under-collections should subsequently be reviewed for reasonableness, and if so, when and by what mechanism;
5. If the SAPMMA is authorized, whether those costs should be transferred to the Balancing Account; and
6. Whether the system average percent change (SAPC) and equal percentage of authorized margin (EPAM) cost allocation methodologies are reasonable and appropriate, and whether any portion of the EPAM-allocated revenue should be recovered through fixed charges rather than volumetric charges.

In the PHC statement and at the PHC, several parties proposed other scoped issues not included above. I have determined that those issues fall within the scope of the issues listed above and therefore decline to list them as separate issues.

3. Need for Evidentiary Hearing

No party identified disputed issues of material fact during the PHC. However, in the PHC statement, the parties expressed a desire to reserve the

right to request hearings, should material factual disputes arise during discovery or after review of testimony and rebuttal testimony. Accordingly, I will set a preliminary schedule for a week of evidentiary hearings and allow a date by which parties must file a statement identifying whether hearings are needed. If hearings are not identified as necessary at that time, the evidentiary hearings will be cancelled.

4. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of issues 2-6 of the application:

Event	Date
Intervenor Testimony	November 20, 2026
Concurrent Rebuttal Testimony	December 20, 2026
Joint Party Statement re Need for Hearings and Rule 13.9 Meet and Confer	January 15, 2027
<i>Remaining Schedule if Evidentiary Hearings are not Needed</i>	
Concurrent Opening Briefs Filed and Served	February 12, 2027
Concurrent Reply Briefs Filed and Served (Matter Submitted)	February 26, 2027
<i>Remaining Schedule if Evidentiary Hearings are Held</i>	
Evidentiary Hearings	February 8-12, 2027
Concurrent Opening Briefs Filed and Served	March 5, 2027
Concurrent Reply Briefs Filed and Served (Matter Submitted)	March 19, 2027

Regarding the record on issue 1 – after reviewing the motion for the memorandum account, Cal Advocates’ response, and Sempra’s reply, as well as the joint PHC statement, and the discussion at the PHC, I find that no further testimony is needed on that issue to resolve issues of law or fact. A decision will

therefore be issued on the motion for the SAPMMA prior to a resolution on the remaining issues and apart from the schedule set forth above.

Following the meet and confer required by Rule 13.9, Sempra shall file a joint party statement by January 15, 2027. The joint party statement shall include, to the extent applicable:

- i. Facts and issues that are uncontested and may be the subject of stipulation;
- i. Facts and issues that are in dispute;
- ii. The status of any settlement discussions;
- iii. Waivers of evidentiary hearings;
- iv. Evidence each party proposes to introduce at hearings; and
- v. The proposed schedule for conducting hearings.

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 18 months as required 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 ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.¹

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

¹ <https://www.cpuc.ca.gov/PUC/adr/>

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 determination² 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 26, 2026, 30 days after the PHC.

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

² Resolution ALJ 176-3582 at 3.

“Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

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 ALJ. Persons may become a party pursuant to Rule 1.4.³

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, with one exception, such that all parties are excused from the Rule 1.10 requirement to serve on the ALJ both an electronic and a paper copy of filed or serviced documents. Therefore, when serving documents on Commissioners, their personal advisors, and the ALJ, parties must only provide electronic service, unless otherwise instructed by the ALJ. 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.

³ The form to request additions and changes to the Service list may be found at <https://www.cpus.ca.gov/-/media/cpus-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

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 e-mails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

13. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Shannon Clark 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 may be needed.
4. The presiding officer is Administrative Law Judge Shannon Clark.

5. The category of the proceeding is ratesetting.

Dated August 25, 2026, at San Francisco, California.

/s/ MATTHEW BAKER

Matthew Baker
Assigned Commissioner