BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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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 Related Matter.	Application 26-06-015

NOT CONSOLIDATED

APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY FOR AUTHORITY TO ESTABLISH A MEMORANDUM ACCOUNT FOR THE OLYMPIC GAMES.	Application 26-07-014

MOTION OF THE PUBLIC ADVOCATES OFFICE TO CONSOLIDATE PROCEEDING

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) moves for consolidation of the Test Year 2028 General Rate Case (TY 2028 GRC)[1] submitted by Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (collectively, Sempra) with SoCalGas' application for authority to establish a memorandum account for the Olympic Games, pursuant to Rules 7.4 and 11.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules).

In July of 2026, SoCalGas filed an application requesting authorization to establish the Los Angeles 2028 Olympics Games Memorandum Account (Memo Account, OGMA) to track the incremental Operations and Maintenance (O&M) and capital-related costs associated with maintaining gas service during the Los Angeles 2028 Olympic and Paralympic Summer Games (Games).[2] This standalone application by SoCalGas is the latest in a line of Sempra company applications electing to piecemeal its operating costs and bypass the General Rate Case (GRC) budgeting process.[3]

The Commission should consolidate the Application with the TY 2028 GRC because the GRC is the appropriate budgeting process in which the Commission evaluates the reasonableness of a utility's proposed revenue requirement. The GRC is an intricate, complex, and comprehensive process established by statute and Commission decision that affords ratepayers ample evidentiary safeguards and holds utilities to a high standard of accountability while the Commission evaluates utilities' revenue requirements.

SoCalGas has not substantiated the need for the Application to proceed outside of the TY 2028 GRC. There is no requirement in the Commission's prior Sempra GRC

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[1] Application (A.) 26-06-014, *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.*

[2] A.26-07-014, *Application of Southern California Gas Company (U904G) for Authority to Establish a Memorandum Account for the Olympic Games,* filed on July 27, 2026 (Application).

[3] *See e.g.* A.25-12-012, A.25-12-019, A.26-05-002.

Decision[4] or elsewhere that supports filing the Application outside of the GRC. SoCalGas does not provide any compelling reason why the expenses associated with the Games should be tracked in a memorandum account rather than in the GRC. Further, consolidation will not prejudice any of the parties, as the Commission has not yet issued scoping memos in any of the proceedings to date.

II. DISCUSSION

Rule 7.4 provides that proceedings involving related questions of law or fact may be consolidated. Here, the Application presents a closely related question of law and fact. The TY 2028 GRC is the proceeding that allows SoCalGas to request its Operation and Maintenance (O&M) revenue requirements for the GRC cycle. The requested expenses fall squarely within the purview of the GRC. The Commission's evaluation of SoCalGas's Games-related expenses as a comprehensive part of a single proceeding (TY 2028 GRC) will promote transparency, consistency, and efficiency in the rate-making process by allowing the Commission and the parties to have a side-by-side comparison of all budgeting expenses that are fundamental to the utility's function. SoCalGas's arguments to the contrary are unconvincing and the Commission should accordingly grant Cal Advocates' request for consolidation.

A. The GRC Budgeting Process Should Include All Activities for Operating and Maintaining the Utility.

1. Statutory, legal, and policy framework that establishes GRCs as the primary budgeting process for utilities.

GRCs are the primary budgeting process for a utility to safely operate and maintain its system and achieve the appropriate service levels.[5] Public Utilities Code

[4] Decision (D.) 24-12-074.

[5] *See* Understanding How the CPUC Processes a General Rate Case, July 29, 2025, which states that the GRCs are among the most important proceedings that the Commission undertakes, while emphasizing the case complexity and commitment to ratepayer protections.

sections 451,[6] 451.8(a),[7] 454,[8] 728,[9] 729,[10] and 959[11] constitute the statutory framework that underpins the role of GRCs in utility budgeting. Decision (D.) 07-07-004 established the Rate Case Plan,[12] which outlines the standardized procedural requirements, timelines, and filing rules for large energy utilities, including SoCalGas, when requesting rate changes for a GRC.[13]

Fundamentally, "a GRC is about evidence and accountability."[14] The Commission reviews detailed cost data across various areas of utility operations and approves a budget for the first year – called a test year – of the GRC cycle; years two, three, and four are post-test years. In a GRC, the Commission oversees an evidentiary process that requires each utility to present evidence supporting forecasts of the costs to operate and maintain its system and to subject this evidence to scrutiny and cross-examination.[15] The Commission assigns dozens of subject-matter experts across multiple technical disciplines to review thousands of pages of testimony, briefing, and evidentiary hearings to evaluate evidence and determine a utility's budget for the first year and post-test years.[16] The GRC serves as a vehicle for accountability because it allows the Commission and parties to review and test the utilities' comprehensive revenue

[6] Pub. Util. Code § 451 requires that rate increases be just and reasonable.

[7] Pub. Util. Code § 451.8 (a) was created by Assembly Bill 2666 (Chapter 413, Statutes of 2024). It mandates that the Commission review utility costs after each GRC and adjust authorized revenue requirements based on actual, rather than forecasted, past costs in a subsequent GRC.

[8] Pub. Util. Code § 454 states "a public utility shall not change any rate or so alter any classification, contract, practice, or rule as to result in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified."

[9] Pub. Util. Code § 728 requires that the Commission " . . . determine and fix, by order, the just, reasonable, or sufficient rates. . . ."

[10] Pub. Util. Code § 729 grants the Commission the power to use hearings to evaluate rate changes.

[11] Pub. Util. Code § 959 requires gas companies to show that requested revenue requirements for safe, reliable service are cost-effective.

[12] *See also*, D.89-01-040, as modified by D.93-07-030.

[13] D.07-07-004, *Opinion Modifying Energy Rate Case Plan*, issued on July 4, 2007.

[14] Understanding How the CPUC Processes a General Rate Case.

[15] Understanding How the CPUC Processes a General Rate Case.

[16] Understanding How the CPUC Processes a General Rate Case.

requirement evidence through competing expert testimony and cross-examination, all in a single proceeding. Further, the GRC process holds utilities accountable because the Commission must adjust rates in a subsequent GRC based on actual past costs the utility records from the prior GRC.[17]

Consolidation promotes efficiency by preventing "piecemeal" rate increases that fail to account for the cumulative impact on a customer's total bill and by avoiding duplicative efforts by parties and overlapping costs to ratepayers. Avoiding such an approach is especially relevant given Sempra's recent submission of several other cost recovery applications that also improperly seek to bypass the GRC process.[18]

2. SoCalGas's requested expenses are all related to its core functions as a utility and belong in a GRC.

The Commission should consolidate the Application with SDG&E's and SoCalGas's TY 2028 GRC to promote efficiency and transparency in developing the utilities' overall budget. As SoCalGas admits, "the Games do not create novel work categories" and only increase the volume and scale of "established, historically performed activities" that SoCalGas already performs.[19] Such activities are central to SoCalGas's functions and, in turn, to its overall budget. If the Commission does not consolidate the Application with the TY 2028 GRC, it will be difficult to evaluate these costs in the context of SoCalGas's overall revenue requirement, which could create inconsistencies in budget-setting.

3. The Commission's approval of Southern California Edison's request to establish a similar memorandum account has no bearing on the Application.

While SoCalGas asserts that the Commission has already recognized the necessity of a memorandum account for Olympics preparation by authorizing Southern California

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[17] Pub. Util. Code § 451.8 (a) states, "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."

[18] *See e.g.* A.25-12-012, A.25-12-019, A.26-05-002.

[19] Application at 15.

Edison (SCE) to establish a memorandum account to record costs associated with its preparation for the Games and the 2026 World Cup[20], the circumstances are distinguishable. First, SCE properly included its initial request for a memorandum account as part of its GRC, unlike SoCalGas.[21] Second, SCE did not provide any cost estimates, making its request "unbounded" and without a cost limitation.[22] As Cal Advocates argued in the SCE proceeding, the lack of any cost estimate meant the Commission should require a separate application to provide a reasonable estimate of costs.[23] Here, SoCalGas provided an estimate for expenses in the amount of $8.2 million, making a separate application unnecessary.[24] This estimate can and should be included as part of Sempra's GRC.

B. The Application Does Not Yet Have a Scoping Memo.

The Commission has not yet issued a scoping memo for the Application. Given the need to thoroughly evaluate SoCalGas's requested expenses, it is likely that consolidating the cases would lead to faster resolution than if the Application remained separate from the TY 2028 GRC. Thus, consolidation would not cause delays or challenges in "unwinding" work already done in the Application.

C. No Commission orders require the Application to be separate.

While SoCalGas made the independent decision to file a separate application, there is no requirement that the Commission adjudicate the Application separately and effectively pull these expenses out of the GRC. SoCalGas chose to file the Application outside the GRC, even though all the matters involve expenses that could be included in the GRC. There is no reason the Commission should allow SoCalGas to dictate how activities are reviewed and considered. Not having a complete view of the Application

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[20] Application at 2-3; *see* D.25-09-030 at 253-54.

[21] D.25-09-030 at 253.

[22] D.25-09-030 at 253.

[23] D.25-09-030 at 254.

[24] To the extent that SoCalGas argues that Cal Advocates' position is inconsistent with the arguments Cal Advocates made in the SCE proceeding, it fails for the same reason.

alongside the rest of the GRC issues hampers the Commission's review by undermining the budget-setting purpose of a GRC.

SoCalGas claims that it cannot include the expenses at issue in the 2028 GRC because the timing of the Olympic expenses does not align with the GRC forecasting process and would require speculative assumptions.[25] Aside from the fact that SoCalGas's argument is conclusory and unsupported by evidence or analysis, the fact that SoCalGas was able to provide an estimate of $8.2 million for its expenses undermines its own argument. As previously discussed, the presence of this estimate establishes that SoCalGas's expenses are sufficiently concrete to be included in its GRC and obviates the need for a memorandum account.

III. CONCLUSION

For the reasons stated above, Cal Advocates requests that the Commission consolidate the TY 2028 GRC (A.26-06-014 et. al.) and the Application (A.26-07-014).

Respectfully submitted,

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[25] Application at 16-17.