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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
(U904G) regarding Year 32 (2025-2026)
of the Gas Cost Incentive Mechanism.

Application 26-06-016

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

The Gas Cost Incentive Mechanism (GCIM) is a ratemaking incentive mechanism program originally approved in Decision (D.) 94-03-076.¹ The purpose of the GCIM is to provide Southern California Gas Company (SoCalGas) with a financial incentive to purchase and transport gas for core ratepayers at a cost that is equal to, or less than, prevailing market prices.

The GCIM operates on a 12-month cycle that ends on March 31 of each calendar year. SoCalGas must file an application by June 15 of each calendar year to obtain its shareholder reward or penalty for the GCIM year ending on the immediately preceding March 31. The application must include a report for the

¹ See also, Decision (D.) 97-06-061, D.98-12-057, and D.02-06-023. The latter decisions modified and extended the GCIM on an annual basis until such time as the Commission modifies or terminates it.

prior GCIM year that: (1) describes SoCalGas Utility Gas Procurement Department's operations; (2) reports the variance between actual gas costs and the market benchmark; (3) reports the GCIM shareholder reward or penalty; and (4) describes any deviation from gas storage inventory targets.

D.26-02-058 updated the requirements for SoCalGas's GCIM applications, requiring SoCalGas to: (1) identify the gains and excess costs from physical gas hedges and describe how the physical hedges are incorporated in benchmark costs and actual costs; (2) identify border and citygate purchase and sale information separately, rather than combined; and (3) identify benchmark costs and volumes by basin and monthly indices.²

The Public Advocates Office at the Commission (Cal Advocates) is required to conduct an annual audit of the GCIM and file a monitoring and evaluation report (Report) by October 15 of each year as part of the annual GCIM application proceeding.³

SoCalGas filed Application (A.) 26-06-016 on June 15, 2026. In its application, SoCalGas requests a shareholder award of \$8,973,166 for its Year 32 (April 2025-March 2026) GCIM program. SoCalGas's Annual Report for GCIM Year 32 was attached to its application as Attachment A.

Cal Advocates filed a protest to the application on July 20, 2026.

On July 2, 2026, the Commission issued Resolution ALJ 176-3583 which preliminarily categorized the proceeding as ratesetting.

SoCalGas filed its Rule 3.2 Compliance Filing on July 30, 2026. Also on July 30, 2026, SoCalGas filed a response to Cal Advocates' protest.

² D.26-02-058 at Ordering Paragraph 11.

³ D.02-06-023, Attachment A at 4.

On July 17, 2026, the assigned Administrative Law Judge (ALJ) issued a ruling setting a prehearing conference (PHC).

A virtual PHC was held on August 14, 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 application, Cal Advocates' protest, and the discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be as set forth in this scoping memo. I have also determined that no safety or environmental and social justice issues have been raised at this time.

2. Issues

The issues to be determined or otherwise considered are:

1. Has SoCalGas calculated its requested shareholder reward of \$8,973,166 in accordance with applicable Commission decisions and SoCalGas's GCIM tariff?
2. Should the Commission approve the requested shareholder reward of \$8,973,166 for GCIM Year 32?

3. Need for Evidentiary Hearing

There are no issues of material disputed fact. Accordingly, no evidentiary hearing is needed. If a party believes that a contested material issue(s) of fact emerges throughout the course of the proceeding, such party must identify disputed issues and other items in the Joint Case Management Statement, described below.

4. Schedule

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

Event	Date
Cal Advocates file and serve Report	October 15, 2026

Comments on Cal Advocates' Report	October 30, 2026
Reply Comments on Cal Advocates' Report	November 6, 2026
Joint Case Management Statement (see below for instructions)	November 20, 2026
Proposed Decision (PD)	First Quarter 2027
Commission Decision	no sooner than 30 days following issuance of PD

Parties' Joint Case Management Statement shall include: a list of the facts and issues in the case that are in dispute; a list of facts and issues in the case that are uncontested and that may be the subject of stipulation; and a statement as to whether one or more parties requests evidentiary hearings. If one or more parties requests evidentiary hearings, each requesting party shall include in the Joint Case Management Statement a list of the specific issues of fact about which that party wants to cross examine witnesses, a list of the relevant witnesses for each issue, and estimates of the time it anticipates it will need to conduct the cross examination of each witness.

The proceeding will stand submitted upon the filing of reply comments on Cal Advocates' Report, unless a party requests evidentiary hearings and the assigned 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.⁴

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 determination⁵ 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.

⁴ <https://www.cpuc.ca.gov/PUC/adr/>

⁵ Resolution ALJ-176-3583 at 2.

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 September 14, 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.

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 1.4.⁶

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

⁶ 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>.

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, for this proceeding, the assigned ALJ has waived the requirement that parties serve paper copies on the 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 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

Christine Harada is the assigned Commissioner and Eileen Odell is the assigned ALJ 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 not needed.
4. The category of the proceeding is ratesetting.

Dated September 10, 2026, at San Francisco, California.

/s/ CHRISTINE HARADA

Christine Harada
Assigned Commissioner