

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure Safe
and Reliable Gas Systems in California and
Perform Long-Term Gas System Planning.

Rulemaking 24-09-012

(Issued October 4, 2024)

**UTILITY WORKERS UNION OF AMERICA, AFL-CIO, LOCAL 132'S
REPLY COMMENTS IN RESPONSE TO STAFF PROPOSAL**

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Date: October 13, 2026

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Pursuant to the Administrative Law Judge’s Ruling Inviting Comment on Staff Proposals and Avoided Gas Replacement Cost Template and the September 16, 2026, ALJ ruling extending the deadline to file comments, Utility Workers Union of America, AFL-CIO, Local 132 (“Local 132”) submits these reply comments on the Staff Proposal and the opening comments of other parties.

**I. THE PROPOSED PERFORMANCE INCENTIVE CONFLICTS WITH
STATUTORY MANDATE AND FAILS TO IMPLEMENT THE
LEGISLATURE’S PREFERENCE FOR HIGH ROAD JOBS**

A. Inclusion of a Financial Incentive Violates SB 1221

Local 132 agrees with the opening comments of the Coalition of California Utility Employees (“CUE”) that creating a financial incentive for shareholders to undertake pilot projects is inconsistent with the statutory prohibition on shareholders earning a rate of return on behind-the-meter costs and undermines the goal of SB 1221 to reduce the costs for remaining gas customers. *See* Pub. Util. Code § 663(b)(8). As Local 132 shared in its ex parte meeting on May 21, 2026, Local 132 has grave concerns about the unintended consequences the move toward decarbonization will have on vulnerable gas customers who are unable to afford to upgrade their homes. As wealthier consumers move away from gas service, this shrinking pool of less affluent community members will be forced to carry a larger proportion of the cost of maintaining gas service throughout the State. In order to stabilize those costs, any funding that could be used for the proposed incentive program should be reserved to defray the cost of gas service for those left behind.

B. The Incentive, as Proposed, Ignores SB 1221's Policy Directive to Promote High Road Jobs and Prevailing Wages

If an incentive is offered, Local 132 agrees with the comments of the California State Association of Electrical Workers, California State Pipe Trades Council, and Western States Council of Sheet Metal, Air, Rail and Transportation Workers (“Labor Coalition”) and the Contra Costa Building and Construction Trade Coalition (“CCBCTC”) that the incentive should further the legislative preference that pilot projects use prevailing wages and high road jobs programs. *See* Pub. Util. Code § 663(b)(6). As pointed out by these parties, the preference for high road jobs and prevailing wages is statutory. There is no basis for excluding them from an incentive program that is meant to encourage applicants to adopt the policy preferences of the Legislature.

Moreover, California’s commitment to creating high quality jobs as a necessary component of its efforts toward carbon neutrality is long-standing, predating SB 1221 itself. *See, e.g.,* Exec. Order No. N-19-19 (Cal. Sept. 20, 2019) (requiring “every aspect of state government” to “increase efforts to build a sustainable, inclusive economy” and directing climate-related investments to “support high road jobs”), <https://www.gov.ca.gov/wp-content/uploads/2019/09/9.20.19-Climate-EO-N-19-19.pdf>; Exec. Order No. N-79-20 (Cal. Sept. 23, 2020) (stating the policy of California to “accelerate the transition to a carbon neutral future that supports the retention and creation of high-road, high quality jobs.”), <https://www.gov.ca.gov/wp-content/uploads/2020/09/9.23.20-EO-N-79-20-Climate.pdf>; Pub. Contract Code § 6983, Unemp. Ins. Code § 14005(e).

Finally, as explained by the Labor Coalition and CCBCTC, the legislative preference for high road jobs and prevailing wages for SB 1221 pilot projects is not only a workforce development measure. The use of well-trained and skilled laborers will ensure greater safety in implementation and greater efficiency, benefitting ratepayers and the general public as well as supporting economic vitality in affected areas. For these reasons, Local 132 supports inclusion of metrics related to job quality, such as whether project work was completed at prevailing wages and whether workers on the project benefitted from training such as apprenticeship programs. Absent the inclusion of job quality factors in any incentive program or other performance standards, the legislative preference for high road jobs will not be realized.

II. RELIEF FROM OBLIGATION TO SERVE MUST BE CAREFULLY REVIEWED THROUGH AN APPLICATION PROCESS

Local 132 agrees with CUE's opening comments that removal of a gas company's obligation to serve must be reviewed through an application process rather than simply an advice letter process. SB 1221 allows the Commission to relieve a gas company of its obligation to serve only if the Commission determines that the substitute for natural gas service is reasonably available and the rates for it are just and reasonable. Pub. Util. Code § 451.9(a). Questions of whether service is adequate and proposed rates are just and reasonable are typically resolved through an application process, which provides an opportunity for parties and stakeholders to weigh in on these critical questions. The elimination of existing gas service will greatly impact consumers who have not voluntarily agreed to cease their gas use. Approving of such elimination without an opportunity for those consumers to weigh in would fall short of the level of review and community input required for the Commission to reasonably determine whether alternatives to natural gas service are reasonably available and rates for them are just and reasonable. In addition, relief of the obligation to service may implicate future RNG and synthetic gas projects that have already begun implementation via SB 1440 and SB 1383, raising questions that should be resolved with the benefit of a full application process. Therefore, Local 132 strongly urges the Commission to require that relief from the obligation to provide gas service only be approved through an application process.

Respectfully submitted on October 13, 2026, by:

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