

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Southern California Gas
Company (U 904 G), on Behalf of its
Customers, for Approval of Gas Line
Extension Allowances.

Application 25-07-001

**OPENING COMMENTS OF THE PUBLIC ADVOCATES OFFICE
ON THE PROPOSED DECISION**

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I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these opening comments on the September 24, 2026 *Proposed Decision Granting Application in Part and Denying Application in Part* (PD).¹ These comments are timely filed pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure.²

The PD approves gas line extension allowances and forecasted revenue requirements for five of the original nine customer projects (Projects A, B, D-1, D-2, and E) in the application of Southern California Gas Company (SoCalGas).³ The PD also approves SoCalGas's request to revise Tariff Rules Nos. 20 and 21, update the non-residential gas line extension allowance multiplier, and establish a two-way balancing account to track costs associated with the approved gas line extension allowances.^{4 5 6} As discussed further below, the PD should be modified to address the following errors:

- The PD commits legal error where it finds that Project A demonstrates no feasible alternative to natural gas.
- The PD commits legal error where it fails to make clear that the D.22-09-026 criteria are minimum criteria.

II. DISCUSSION

A. The PD commits legal error where it finds that Project A demonstrates no feasible alternative to natural gas.

The PD commits legal error where it finds that Project A demonstrates that there is no feasible alternative to natural gas.⁷ Specifically, D.22-09-026 requires SoCalGas to

¹ *Decision Granting Application in Part and Denying Application in Part* (PD), issued September 24, 2026.

² Rule 14.3.

³ PD, Conclusion of Law (COL) 1 at 40.

⁴ PD, COL 5 at 40.

⁵ PD, COL 3 at 40.

⁶ PD, COL 7 at 41.

⁷ PD at 16.

demonstrate that there are no feasible alternatives to the use of natural gas.⁸ The PD’s conclusion that Project A has no feasible alternative to natural gas is based solely on the Project A customer’s statement that it “would consider relocating out of state rather than continue bringing in RNG from offsite.”⁹ This conclusion is at odds with the requirement to demonstrate no feasible alternatives to the use of natural gas in at least three respects. As an initial matter, the statement is inconclusive. There is no way to determine what weight the customer’s consideration should be given, as no subsequent action need follow therefrom. Second, no factual evidence is provided that supports the customer’s statement, such as the necessary costs to continue to bring RNG from offsite, the challenges of using electric or hydrogen fuel cell vehicles, or the savings it would incur were it to relocate the project out of state. Here, SoCalGas fails to provide any facts that support the customer’s claim that alternatives are infeasible.^{10 11} The PD’s reliance on this unsupported claim fails to satisfy the requirements set forth in D.22-09-026.¹² Finally, while the Commission can weigh hearsay evidence (out-of-court statements offered for the truth of the matter asserted¹³), it cannot rely on hearsay evidence as the sole basis for any finding of fact.¹⁴ The basis for the Commission’s finding that Project A has no feasible alternative to natural gas relies solely on the Project A customer’s unsupported assertion.¹⁵ Therefore, the PD improperly relies on hearsay evidence.

⁸ D.22-09-026, OP 2 at 81-82 (emphasis added).

⁹ PD at 16.

¹⁰ Exhibit (Ex.) SCG-02-WP, *Workpapers Supporting the Prepared Direct Testimony of Jason Legner*, (SCG Workpaper 2) at 22 and 23.

¹¹ *Opening Brief of Southern California Gas Company (U 904G)* at 1. Note that the pagination in SoCalGas’s opening brief resets after page 3, so this footnote refers to the second page “1,” at PDF 8.

¹² D.22-09-026, OP 2 at 81-82.

¹³ California Evidence Code § 1200. “‘Hearsay evidence’ is evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter stated.”

¹⁴ *The Utility Reform Network v. Public Utilities Commission* (2014), 223 Cal.App.4th 945, 959 - 962.

¹⁵ In addition to SoCalGas’s failure to provide supporting evidence for the Project A customer’s statement that it would relocate its project absent a gas line extension subsidy, SoCalGas provides no customer declaration to support this statement.

Therefore, SoCalGas fails to demonstrate that it is infeasible for the customer to continue to bring in RNG from offsite as an alternative to an onsite fueling station. To remedy this error, the Commission should revise the PD to deny the gas line extension allowance for Project A.

B. The PD commits a legal error where it finds D.22-09-026's minimum criteria require project approval.

The PD commits a legal error where it finds that Projects A, B, D-1, D-2, and E meet the D.22-09-026 criteria to “receive” a gas line extension allowance.¹⁶ D.22-09-026 sets three minimum criteria for projects that seek a gas line extension allowance: “(a) The project shows a demonstrable reduction in greenhouse gas emissions; (b) The project’s gas line extension is consistent with California’s climate goals, including those articulated in Senate Bill 32 (Pavley, 2016); and (c) The project demonstrates that it has no feasible alternatives to the use of natural gas, including electrification.”¹⁷ D.22-09-026 also requires the gas utility to confirm that a project meets these three minimum criteria before it files an application on the customer’s behalf.¹⁸ The PD errs by treating the ability to meet the three minimum criteria for filing an application as entitling an application to Commission approval. It also errs in its conclusion that the projects meet the criteria to *receive* a gas extension allowance.¹⁹ The Commission retains discretion to approve or deny each request even if projects satisfy the minimum requirements.²⁰ To remedy this error, the Commission should revise the PD to clarify that the projects meet the minimum requirements to apply for an allowance, excluding Project A, which SoCalGas fails to demonstrate has no feasible alternative to natural gas, as explained

¹⁶ PD, Finding of Fact (FOF) 18 at 38.

¹⁷ D.22-09-026, OP 2 at 82.

¹⁸ D.22-09-026, OP 3 at 82.

¹⁹ PD, FOF 18 at 38 (emphasis added).

²⁰ See D.22-09-026, OP2 at 81. “[Gas investor-owned utilities (IOUs)] *may request approval* from the [Commission] by an annual application...” (emphasis added). See also D.22-09-026 at 58: “The Commission will evaluate the types of applications *that are found to be deserving of gas line subsidies* over the next few application cycles...” (emphasis added).

above. The Commission should also clearly state that meeting the minimum requirements to apply for a gas line extension allowance does not entitle a customer to one.

III. CONCLUSION

The Commission should revise the PD to deny the allowance from Project A because SoCalGas fails to demonstrate that the Project A customer has no feasible alternative to natural gas. The Commission should also correct its misapplication of the legal standard set forth in D.22-09-026 and clarify that customers are not entitled to gas line extension allowances if they meet the Decision's minimum criteria.

Respectfully submitted,

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APPENDIX A

Proposed Changes to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs

Recommended additions are underlined. Recommended deletions are ~~struck through~~.

Findings of Fact

- 17: Projects ~~A~~, B, D-1, D-2, and E successfully demonstrate that there are no feasible alternatives to natural gas.
- 18: Projects ~~A~~, B, D-1, D-2, and E meet the minimum criteria set forth in D.22-09-026 to ~~receive~~ apply for a gas line extension allowance. Projects that meet these minimum criteria are not guaranteed to receive a gas line extension allowance.
- 21: For Projects ~~A~~, B, D-1 D-2, and E, SoCalGas' application complies with all applicable requirements in D.22-09-026.
- 30: The total estimated allowances for only the approved projects in this decision (Projects ~~A~~, B, D-1 D-2, and E) is approximately ~~\$2.894~~ \$2.791 million.
- 31: Because Projects ~~A~~, B, D-1 D-2, and E will decrease GHG emissions, be consistent with state climate goals, and have no feasible alternative to natural gas, approval of gas line extension allowances for these projects is consistent with ESJ Action Plan Goals 2 and 4.

Conclusions of Law

1. SoCalGas' request for Projects ~~A~~, B, D-1 D-2, and E to receive gas line extension allowances should be approved.

Ordering Paragraphs

1. Southern California Gas Company's request for Projects ~~A~~, B, D-1, D-2, and E to receive gas line extension allowances is approved.