

Decision 24-03-009 March 7, 2024

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Address Natural Gas Distribution
Utility Cost and Revenue Issues
Associated with Greenhouse Gas
Emissions.

Rulemaking 14-03-003

**DECISION DENYING JOINT PETITION FOR MODIFICATION OF
DECISION 15-10-032, AS MODIFIED BY DECISION 18-03-017**

Summary

The Commission denies the petition for modification of Decision (D.) 15-10-032, as modified by D.18-03-017, filed by the Southern California Gas Company and San Diego Gas & Electric Company. Natural gas utilities will continue to distribute the natural gas climate credit to residential customers annually in April. This proceeding is closed.

1. Background

On December 28, 2012, the Commission issued Decision (D.) 12-12-033 and adopted a California Climate Credit for electric utility customers (Electric Climate Credit) to be distributed annually in April and October.

On October 23, 2015, the Commission issued D.15-10-032 and adopted a natural gas California Climate Credit (Gas Climate Credit) to be distributed to residential customers of natural gas utilities annually in April. The Commission issued D.18-03-017, which modified D.15-10-032, resolved the Application for

Rehearing on a separate issue, and did not change the month for the Gas Climate Credit distribution, which remains as April annually.

On November 2, 2023, Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (collectively, Joint Petitioners) filed a petition for modification (Petition) seeking to modify the timing of the Gas Climate Credit distribution from April to February, for future years. The Joint Petitioners stated that this proposed change to the Gas Climate Credit distribution schedule would:

- reduce bill distortions by distributing the Gas Climate Credit in a higher bill month,
- help mitigate the impact of potential future winter natural gas market volatility,
- reduce peak month bills and mitigate affordability issues,
- maintain a conservation signal to customers, and
- reduce the need for emergency Commission action to address potential winter price volatility.

The Joint Petitioners noted that future Gas Climate Credits are forecasted to be higher than all prior Climate Credit distributions. In addition, the Joint Petitioners stated that “[t]his PFM could not have been presented within one year of the effective date of D.15-10-032, as modified by D.18-03-017, as many of the factors leading to this PFM had not materialized until after SoCalGas first distributed the Climate Credit in 2019.”¹

On December 4, 2023, the Pacific Gas and Electric Company (PG&E) and Southwest Gas Corporation (SWG) (collectively, Joint Respondents) timely filed a joint response to the Petition in support of the proposed change to the Gas

¹ Petition at 2, citing to Rule 16.4(d) of the Commission’s Rules of Practice and Procedure, D.15-10-032, D.18-03-017, and SoCalGas Advice Letter 5426.

Climate Credit distribution schedule.² The Joint Respondents also noted that the current carbon price signal policy “unduly impacts those customers that are most at-risk”³ and requested expedited resolution of the Petition and implementation flexibility, if the Petition is granted.

2. Issues Before the Commission

This decision considers the Petition and the request that the Commission modify D.15-10-032, as modified by D.18-03-017, by changing the timing of the annual Gas Climate Credit disbursement, from April to February.

3. Commission Authority

Rule 16.4.(d) of the Commission’s Rules of Practice and Procedure⁴ provides as follows:

... a petition for modification must be filed and served within one year of the effective date of the decision proposed to be modified. If more than one year has elapsed, the petition must also explain why the petition could not have been presented within one year of the effective date of the decision.

If the Commission determines that the late submission has not been justified, it may on that ground issue a summary denial of the petition.

4. Discussion

As discussed below, the Petition is denied. It is untimely and lacks adequate justification for the late submission. The Joint Petitioners fail to provide

² *Response of Pacific Gas and Electric Company and Southwest Gas Corporation (U905G) to Joint Petition for Modification of Decision 15-10-032, as Modified by Decision 18-03-017, by Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902M) to Modify Timing of the Climate Credit Distribution (Joint Response), December 4, 2023.*

³ Joint Response at 4.

⁴ All references to Rule or Rules in this decision is to the Commission’s Rules of Practice and Procedure, unless otherwise specified.

sufficient showing, based on which, the Commission should consider for the third time the argument that the Gas Climate Credit distribution should take place in February.

4.1. Timeliness of the Petition

As discussed, we find that the filing of the Petition, five years after the Commission's issuance of D.18-03-017, has not been adequately justified. The Joint Petitioners argue this Petition "could not have been presented within one year of the effective date of D.15-10-032, as modified by D.18-03-017, as many of the factors leading to this PFM [or Petition] had not materialized until after SoCalGas first distributed the Climate Credit in 2019."⁵ However, the Joint Petitioners claim without corroboration and explanation that "many of the factors leading to this [Petition]" had "materialized." This is insufficient justification for the current filing of the Petition, five years after the Commission's issuance of D.18-03-017. Based thereon, the Petition is denied.

4.2. Reconsideration of April Gas Climate Credit Distribution

In addition to the insufficiency of justification discussed in Section 4.1 above, we deny the Petition and the request to move the current April Gas Climate Credit distribution to February. We have considered this request multiple times before, and we are not persuaded to reconsider the same issue here.

⁵ Petition at 2, citing to Rule 16.4(d) of the Commission's Rules of Practice and Procedure, D.15-10-032, D.18-03-017, and SoCalGas Advice Letter 5426.

Prior to the filing of the Petition, California's natural gas utility service providers previously argued and recommended⁶ that the Gas Climate Credit distribution should take place in February. In fact, in D.15-10-032, the Commission carefully considered and declined to adopt that recommendation⁷ and instead approved annual distribution of the Gas Climate Credit in April using the following rationale:

- The choice of a month for credit distribution should be consistent with reasoning in D.12-12-033 for the electric utilities;
- The credit should be “meaningful and understandable while minimizing interference with the conservation price signals”;
- April is a time of relatively low natural gas usage, and distribution of a Gas Climate Credit at this time would “provide a meaningful bill impact to customers”; and
- An April distribution of the Gas Climate Credit would allow for potential synergies with the electric Climate Credit marketing and outreach activities.⁸

Then two years after that D.15-10-032, which weighed the competing arguments to conclude that it would be prudent to disburse the Gas Climate Credit in April, in 2017, PG&E and SoCalGas again argued in this proceeding that the Gas Climate Credit distribution schedule to February from April in 2017

⁶ Southern California Gas Company, San Diego Gas & Electric Company, *Opening Comments on Phase Two Issues and Preliminary Statements*, February 27, 2015, at 5.

Pacific Gas and Electric Company, *Reply Comments of Pacific Gas and Electric Company (U39E) on Phase 2 Issues*, March 13, 2015, at 4.

⁷ D.15-10-032 at 31.

⁸ D.15-10-032 at 37-38.

to “avoid bill volatility.”⁹ In D.18-03-017, the Commission once again denied those requests.¹⁰

Based on the foregoing and in the absence of additional justifications, we will not revisit and reconsider the same issue today.

4.3. Absence of Exceptional Circumstances

The Commission has only authorized changes to Climate Credit distribution in exceptional circumstances, and on a temporary basis. There has been no such showing by the Petitioners here.

The Commission has authorized few changes to the Climate Credit distribution schedule since the first distribution of Electric Climate Credits in 2014.¹¹ Each of these cases was an emergency, not all emergencies occurred in winter, and only one change involved the Gas Climate Credit.

The Commission’s first change to the distribution of the Climate Credit responded to high summer bills. D.19-12-002 required SDG&E to distribute the Electric Climate Credit in August and September instead of April and October for the years 2020 and 2021 only.¹² D.19-12-002 did not change the schedule for distribution of the Gas Climate Credit.

The Commission next authorized changes to the Electric Climate Credit distribution schedule in response to the COVID-19 pandemic. D.20-04-027

⁹ Pacific Gas and Electric Company, *Opening Comments on Proposed Decision Modifying D.15-10-032*, November 6, 2017, at 2-3.

Southern California Gas Company, San Diego Gas & Electric Company, *Reply Comments on Proposed Decision*, November 13, 2017, at 3.

¹⁰ D.18-03-017 at 43.

¹¹ For more information about past California Climate Credits, *see* <https://www.cpuc.ca.gov/climatecredit/>.

¹² D.19-12-002 at 20.

modified the disbursement schedules of the 2020 Climate Credit to residential electric customers of Southern California Edison Company and PG&E so that, in addition to the April credit, these customers would receive a split credits in May and June 2020, rather than a single October credit.¹³ D.20-05-052 modified the disbursement schedules of the 2020 California Climate Credit to residential electric customers of Liberty Utilities (CalPeco Electric) LLC (Liberty CalPeco), and PacifiCorp d/b/a Pacific Power (PacifiCorp) so that in addition to an April credit these customers would receive the October credit earlier in June or July 2020 (Liberty) or split assistance across June and July 2020 (PacifiCorp).¹⁴

Most recently in D.23-02-014, the Commission authorized changes to both the Electric Climate Credit and Gas Climate Credit distribution schedules in winter 2023, in response to rapid gas price increases.¹⁵

In this Petition, the Joint Petitioners argued historic gas price volatility, and, in support, presented their data table on Month Over Month Price Volatility from 2016 to 2023.¹⁶ The Joint Petitioners' main related argument is that distributing the Gas Climate Credit in a high usage and high price month can help mitigate bill fluctuations. The Joint Petitioners' data table shows that the gas price volatility was highest in 2022 and 2023 and otherwise moderate in other years. The Joint Petitioner failed to show a persistent pattern of volatility that requires ongoing remedy, beyond the relief we already granted in D.23-02-014.

¹³ D.20-04-027 at 14.

¹⁴ D.20-05-052 at 17.

¹⁵ D.23-02-014.

¹⁶ Petition at 11.

In addition, the Commission has also opened an investigation proceeding to investigate the winter of 2022/2023 gas price issues,¹⁷ including consideration of potential relief for high or volatile gas prices.¹⁸ We are not persuaded that further action is needed in this proceeding to address winter bill fluctuations.

Based on the foregoing, we find that the Joint Petitioners failed to provide sufficient showing of exceptional circumstances to grant this Petition.

5. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Elizabeth Fox in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. SoCalGas and SDG&E jointly filed opening comments on February 22, 2024. No party filed reply comments. The points reiterated by SoCalGas and SDG&E in their comments have already been considered and do not present anything new. Thus, no revisions have been made to the Proposed Decision.

6. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Elizabeth Fox is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Joint Petitioners filed the Petition, to request that the Commission change the annual distribution timing of the Gas Climate Credit from April to February.

¹⁷ Investigation (I.) 23-03-008, *Order Instituting Investigation on the Commission's Own Motion into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets*.

¹⁸ I.23-03-008, *Order Instituting Investigation*, March 16, 2023, at 2.

2. The Petition is filed more than one year after the issuance date of both relevant decisions it proposes to modify.

3. The Petitioners claim without corroboration and explanation that “many of the factors leading to this [Petition]” had “materialized.”

4. The Commission previously considered the request sought in the Petition multiple times, and we denied those prior requests.

5. The Commission has only authorized changes to Climate Credit distribution in exceptional circumstances and on a temporary basis.

6. The Joint Petitioners failed to show a persistent pattern of volatility that requires ongoing remedy, beyond the relief we already granted in D.23-02-014.

7. The Commission has also opened an investigation proceeding to investigate the winter of 2022/2023 gas price issues, including consideration of potential relief for high or volatile gas prices.

Conclusions of Law

1. The Petition should be denied.

2. There is insufficient justification as to why the Petition was filed five years after the Commission’s issuance of D.18-03-017 and why it could not have been filed within one year of that decision.

3. There is insufficient justification at this time for the Commission to revisit the issue of timing of the Gas Climate Credit distribution.

4. There are no exceptional circumstances presented to change the timing of the Gas Climate Credit distribution from April to February.

5. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. The petition for modification of Decision 15-10-032, as modified by Decision 18-03-017, filed by the Southern California Gas Company and San Diego Gas & Electric Company, is denied.
2. Rulemaking 14-03-003 is closed.

This order is effective today.

Date March 7, 2024, at San Francisco, California.

ALICE REYNOLDS
President
DARCIE L. HOUCK
KAREN DOUGLAS
JOHN REYNOLDS
Commissioners

Commissioner Matthew Baker recused himself and did not participate in the discussion and vote on this item.

/s/ MATTHEW BAKER
Commissioner