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Decision 25-07-016 July, 24, 2025

**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 |

DECISION AUTHORIZING GAS UTILITIES TO ESTABLISH MEMORANDUM ACCOUNTS RELATED TO SB 1221 MAPPING

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DECISION AUTHORIZING GAS UTILITIES TO ESTABLISH

MEMORANDUM ACCOUNTS RELATED TO SB 1221 MAPPING

Summary

This decision authorizes Pacific Gas and Electric Company, Southwest Gas Corporation, Southern California Gas Company, San Diego Gas & Electric Company, and small gas utilities per Section 8 of the Assigned Commissioner’s Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, filed on April 18, 2025, to establish a memorandum account to record expenses related to complying with mapping activities per Public Utilities Code Section 661. The gas utility may record such expenses in its memorandum account effective April 21, 2025. Each gas utility may record expenses in its respective memorandum account until January 1 of the Test Year of its next general rate case upon which time recording in the memorandum account must cease and ongoing expenses related to mapping activities under Public Utilities Code Section 661 will be covered in its new general rate case. The reasonableness and recovery of the expenses recorded in such memorandum accounts will not be reviewed in this proceeding. The Commission will decide whether to authorize recovery of some or all costs in the gas utilities’ next general rate case.

This rulemaking remains open.

# Background

On September 26, 2024, the California Public Utilities Commission (Commission) opened this Order Instituting Rulemaking (OIR) to advance long‑term gas transition planning work and act on opportunities to advance decarbonization and mitigate risks. On January 31, 2025, the Assigned

Commissioner issued the Scoping Memo and Ruling (Scoping Memo) setting forth the issues to be addressed in this proceeding. The Scoping Memo notified parties that the proceeding will examine Senate Bill (SB) 1221 implementation issues in two tracks. Track 1 will address SB 1221 Mapping Requirements per Public Utilities (Pub. Util.) Code Section 661. Track‑2 will address Priority Neighborhood Decarbonization Zones per Pub. Util. Code Section 662.[[1]](#footnote-2)

On February 20, 2025, the assigned Administrative Law Judges (ALJs) issued a ruling seeking party comments on the Energy Division’s “Recommendations for Senate Bill (SB) 1221 California Natural Gas System Mapping” (Staff Proposal). The Staff Proposal recommends that Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and Southwest Gas Corporation (Southwest) (together, gas utilities) should map and provide to the Commission certain information in compliance with Pub. Util. Code Section 661.

After reviewing the Staff Proposal, the gas utilities raised the need for cost recovery for their SB 1221 mapping activities. SoCalGas and SDG&E requested an immediate funding mechanism and assurance of timely and complete cost recovery.[[2]](#footnote-3) PG&E stated that it expected significant incremental costs of implementing SB 1221 and requested that the Commission expeditiously authorize a new memorandum account.[[3]](#footnote-4) In reply comments, PG&E estimated that mapping data “could cost millions” and expressed its intent to request that the Commission issue a decision approving the utilities to file one‑way balancing accounts.[[4]](#footnote-5)

The Utility Reform Network (TURN) opposed PG&E’s request for a memorandum account.[[5]](#footnote-6) According to TURN, the recovery PG&E requests is “based on forecasted, speculative costs that may not be incremental to similar costs already included in its authorized revenue requirement.”[[6]](#footnote-7) TURN asserted the Commission may have a basis for concluding that any data and mapping-related costs are appropriately treated as covered and adopted in a general rate case (GRC) revenue requirement.[[7]](#footnote-8)

The assigned Commissioner’s April 18, 2025 ruling directed gas utilities to include certain information on the maps required by SB 1221.[[8]](#footnote-9) The Commissioner’s direction requires only “a limited set of data” that “focuses on basic compliance with Pub. Util. Code Sections 661(a)(1)-(3)” and publicly available electric information[[9]](#footnote-10) be submitted in the July 1, 2025 filing.

In response to comments filed by gas utilities and TURN on cost recovery issues, on April 21, 2025, the assigned Commissioner issued an Amendment to the Scoping Memo and Ruling and amended the proceeding scope to include an additional issue in Phase‑3, Track‑1:

“e. Should the utilities be authorized to track costs associated with complying with Section 661 in a new or existing memorandum account for future recovery requests?”[[10]](#footnote-11)

Responding parties were directed to file and serve opening comments on the newly added issue by May 2, 2025, and reply comments by May 9, 2025,[[11]](#footnote-12) and directed the parties to justify their positions by explaining whether the costs associated with SB 1221 mapping:

1. Are not under the utility’s control;
2. Could not have been reasonably foreseen in the utility’s last general rate case;
3. Will occur before the utility’s next scheduled rate case;
4. Are of a substantial nature in that the amount of money involved is worth the efforts of processing a memorandum account; and
5. Have ratepayer benefits.[[12]](#footnote-13)

Opening comments were filed by PG&E; SDG&E, SoCalGas, and Southwest (collectively the Joint Utilities); Southern California Edison Company (SCE); the Public Advocates Office at the California Public Utilities Commission (Cal Advocates); Small Business Utility Advocates (SBUA); TURN; and Utility Consumers’ Action Network (UCAN).

Reply comments were filed by PG&E, the Joint Utilities, Cal Advocates, TURN, UCAN, and jointly by Indicated Shippers and Agricultural Energy Consumers Association (IS-AECA).

## Submission Date

This matter was submitted on May 9, 2025, upon the filing of party reply comments.

# Issues Before the Commission

The single issue this decision addresses is whether to allow the gas utilities to establish memorandum accounts for Pub. Util. Code Section 661 mapping activities. The term “SB 1221 Mapping” refers to requirements in Pub. Util. Code Section 661 and the Commission’s direction to utilities to implement these requirements. These memorandum accounts shall not be used to track costs beyond the implementation of SB 1221 mapping activities consistent with Pub. Util. Code 661.

# Legal Standard

According to Standard Practice U-27-W, memorandum accounts represent an off-book accounting record. Utilities may not use a memorandum account to track costs and seek recovery unless authorized by the Commission.

A memorandum account may be appropriate for costs that are:

1. Not under the utility’s control;
2. Could not have been reasonably foreseen in the utility’s last general rate case that will occur before the utility’s next scheduled rate case;
3. Are of a substantial nature in that the amount of money involved is worth the effort of processing a memorandum account; and
4. Have ratepayer benefits.

# Discussion

Below, we apply the above-referenced Standard Practice U-27-W criteria and authorize the gas utilities to establish memorandum accounts for Pub. Util. Code Section 661 mapping activities and track those related costs. As discussed in the following sections of this decision, we find that:

(a) The gas utilities lack sufficient control of SB 1221 mapping costs;

(b) The gas utilities could not have reasonably foreseen SB 1221 enactment and related mapping costs while developing their last GRC applications;

(c) The costs associated with SB 1221 (which will exceed $1 million by all utility estimates) are worth the effort of processing a memorandum account; and

(d) It is beneficial for the gas utilities to utilize memorandum accounts to track and record their SB 1221 mapping costs to ensure a common transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred with this activity.

This decision does not assess the reasonableness of any costs incurred or authorize any cost recovery.

## Utility Control of SB 1221 Mapping Costs

### Party Positions

All gas utilities argue that SB 1221 mapping costs are not under their control because SB 1221 and Commission directions dictate what and how to map. PG&E claims that forcing utilities to absorb unforeseen costs to implement SB 1221 violates the rule against retroactive ratemaking.[[13]](#footnote-14) The Joint Utilities claim that costs related to SB 1221 activities are outside of their respective GRC processes because the Legislature passed SB 1221 after they filed their GRCs.[[14]](#footnote-15)

SCE states that it is unclear if costs are outside of the gas utilities’ control and explains that there are unknowns associated with the SB 1221 mapping protocol, including confidentiality concerns and additional potential Commission requirements. SCE asserts that it is not possible to identify with any reasonable accuracy the costs associated with implementing these protocols.[[15]](#footnote-16)

Cal Advocates argues that costs are under the gas utilities’ control. Cal Advocates says that PG&E’s statement that it “could cost millions” is speculation.[[16]](#footnote-17) Cal Advocates argues that additional detailed cost information must be provided by the gas utilities, including recorded costs, a forecast of costs up to July 1, 2025, and a forecast of costs reasonably estimated for the period after July 1, 2025.[[17]](#footnote-18)

TURN argues that “uncertainty” is not the same as costs being “speculative.” Referring to when costs are “uncertain,” TURN claims the Commission has authorized memorandum accounts with a wide range of possible costs to comply with new legislation. In this case, TURN believes the costs are more speculative. “Speculative” costs are those that may not need to be incurred based on reasonable information concerning implementation activities. TURN cites Application 21-05-010, where the Commission denied a request for a memorandum account by SoCalGas based on “vague assertions” to comply with federal regulations.[[18]](#footnote-19)

UCAN acknowledges that the Commission will direct the gas utilities in some aspects. However, UCAN asserts that the utilities are ultimately in control of costs because the utilities will make many decisions independent of the Commission’s direction, including mapping processes, use of contractors, level of map completeness, and map accessibility.[[19]](#footnote-20)

### Discussion

The Commission finds that while some aspects of SB 1221 mapping have a degree of utility control, such as internal processes, data sourcing, and integration with other mapping and database activities in their GRCs, the fundamental tasks required of the gas utilities are directed by statute and the Commission. We, therefore, find that the gas utilities lack sufficient control of SB 1221 mapping costs.

## Utility Inclusion of Mapping Costs in Last GRC

### Party Positions

The Joint Utilities state that the last general rate case for the Sempra utilities[[20]](#footnote-21) was filed on May 16, 2022[[21]](#footnote-22) (A.22-05-016) and is still ongoing. The next scheduled rate case for the Sempra utilities will be filed in May 2026 using a Test Year of 2028.[[22]](#footnote-23) For Southwest Gas, its current Test Year 2021 rate case was issued in D.21-03-052. Its 2026 Test Year GRC was filed on September 6, 2024 (A.24-09-001). The Joint Utilities state that because SB 1221 mapping costs are not known and measurable, it is not possible to incorporate these costs into the current Southwest Gas 2026 Test Year GRC. Southwest Gas’ next rate case will be for Test Year 2031. The Joint Utilities state that the authorized revenue requirements associated with these next rate cases will not be in effect until January 1, 2028, and January 1, 2031, respectively, two and a half years after the first mapping deliverable is due.

PG&E states that its last GRC decision (D.23-11-069) was issued on November 17, 2023, and used a 2023 Test Year. PG&E’s next general rate case is already underway in A.25-05-009 and will utilize a 2027 Test Year with an effective date of January 1, 2027.[[23]](#footnote-24)

SB 1221 was enacted into law in September 2024. Evident from this timeline, the gas utilities and SCE explain that because the gas utilities filed their previous GRC applications prior to SB 1221 being enacted, gas utilities would not have been able to reasonably foresee the costs of a statute not yet signed into law.

Cal Advocates states that a memorandum account is neither necessary nor reasonable. If there are unforeseen incremental costs, utilities should first be held to the prudent manager standard and should be required to make the necessary budget reallocations within their current revenue requirement. Cal Advocates further argues that utilities have other options, such as filing a separate SB 1221 memorandum account application or requesting a Z‑Factor memorandum account.[[24]](#footnote-25)

TURN argues that just because a particular activity could not have been specifically included in the last rate case forecast does not mean that the utility cannot control the related costs or fund the activity in existing rates by shifting or reprioritizing spending. TURN asserts that the Commission authorized PG&E and SoCalGas substantial amounts of money in their GRCs to perform mapping and database work, akin to work being contemplated to comply with SB 1221 mapping requirements.[[25]](#footnote-26)

UCAN argues that costs should have been foreseen and cites the utilities’ involvement in Rulemaking (R.) 20-01-007.[[26]](#footnote-27) UCAN noted that the dates of each of the gas utilities’ previous GRC applications were over a year after the Commission launched R. 20-01-007.

### Discussion

The Commission finds that the gas utilities could not have reasonably foreseen SB 1221 enactment and related mapping costs while developing their last GRC applications. Though the gas utilities have been involved in long-term gas planning both in this proceeding and in its predecessor proceeding (R.20-01-007), the issue here is the mapping requirements of SB 1221. This issue was not present in R.20-01-007, nor was it included in the initial scope shown in the OIR for this proceeding. It was first included in the Scoping Memo issued on January 31, 2025.

Unlike the other gas utilities, PG&E developed its most recent GRC application after the SB 1221 mapping issue was included in the Scoping Memo and filed the application with the Commission on May 15, 2025. However, PG&E’s May 15th GRC application forecasts costs in Test Year 2027.[[27]](#footnote-28) PG&E forecasted its costs for 2025 in its last GRC, which used a 2023 Test Year and was decided in 2023.[[28]](#footnote-29) Therefore, like the other gas utilities, it could not have reasonably foreseen SB 1221 enactment and related mapping costs while forecasting costs for 2025.

## SB 1221 Mapping Costs Incurred Before Next GRC

### Party Positions

All gas utilities claim that costs from complying with SB 1221 mapping requirements will be incurred before the filing of their next GRC applications. PG&E’s next GRC effective date is January 1, 2027. The Sempra GRC will be effective in 2028 and Southwest Gas in 2031.[[29]](#footnote-30)

SCE states it cannot opine on what costs will be ascertainable when the gas utilities file their next GRC applications.

Cal Advocates argues that there is more than sufficient time to incorporate forecasts in GRC revenue requirements, and the utilities should file and support those forecasts in their next respective GRC proceedings. UCAN states that these costs will be incurred before the resolution of the next GRC applications.

### Discussion

The Commission agrees with all parties and finds that costs will be incurred prior to the resolution of gas utilities’ next GRC applications. The gas utilities shall include forecasts of SB 1221 mapping costs in their next GRC applications.

## Amount of SB 1221 Mapping Costs

### Party Positions

PG&E states that costs are expected to be at least $1 million.[[30]](#footnote-31) PG&E cites the costs of creating the map; developing a system for registering, qualifying, and providing access and its underlying data to the Commission and eligible public; and ensuring cyber‑security, consumer useability, and customer privacy.[[31]](#footnote-32) PG&E asserts that it is also uncertain what scope and additional layers may be required by the Commission.[[32]](#footnote-33)

The Joint Utilities state that costs are likely to be substantial and worth the effort of processing (*e.g.,* opening, tracking, and considering) a memorandum account. They estimate the costs at $12 million or more across all three utilities, with ongoing costs of $1.5 million to $2 million annually.[[33]](#footnote-34) They recommend implementing SB 1221 mapping efforts in a way that ensures such costs are tracked and recovered in a transparent and comprehensive manner.[[34]](#footnote-35)

SCE contends it is premature to opine if costs will be substantial.[[35]](#footnote-36) If they are, SCE argues that gas utilities can at least track those costs in a memorandum account. SCE states that a balancing account may be more appropriate because memorandum accounts merely track costs and do not authorize recovery of those costs.[[36]](#footnote-37) SCE urges the Commission to authorize the utilities to track costs so that the Commission can later perform a reasonableness review either in other tracks of this proceeding, the respective GRCs of each utility, or other proceedings.[[37]](#footnote-38)

Cal Advocates states that the utilities provide no details to support cost assertions and the Commission should have actual evidence of substantial costs before it approves the memorandum accounts.[[38]](#footnote-39) If the Commission approves memorandum accounts, Cal Advocates recommends that the utilities should be required to file:

1. Revised draft preliminary statements that include limited mapping requirements;
2. Have an effective date no sooner than the Commission decision date; and
3. Detailed cost information for SB 1221 mapping requirements.[[39]](#footnote-40)

Cal Advocates further recommends that detailed costs include the recorded costs, a forecast of costs up to July 1, 2025, and a forecast of costs reasonably estimated for the period after July 1, 2025, until the utility’s next GRC.[[40]](#footnote-41) In its next GRC, the utilities can forecast ongoing costs and request cost recovery as part of their revenue requirements.[[41]](#footnote-42)

TURN states that it believes the SB 1221 mapping costs are speculative and may not be substantial.[[42]](#footnote-43) TURN recommends requiring the utilities to file a separate motion that quantifies and adequately supports the purported basis for the request.[[43]](#footnote-44)

UCAN states that utilities have completed significant mapping of their systems to comply with state and federal safety standards.[[44]](#footnote-45) UCAN notes that PG&E did not provide the Commission with any calculations or work papers to justify costs. [[45]](#footnote-46) UCAN states that the Commission should reject the utilities’ request for additional funding.[[46]](#footnote-47) If the Commission allows utilities to track mapping expenses, UCAN recommends that the Commission immediately issue a decision or ruling granting the utilities the option of opening a memorandum account to track costs for SB 1221 mapping activities.[[47]](#footnote-48) UCAN further recommends that the Commission require utilities to file a joint application for cost recovery of SB 1221 mapping costs within 30‑days of the Commission issuing a decision finding the final draft of SB 1221 mapping has been completed.[[48]](#footnote-49)

SBUA supports the inclusion of memorandum accounts in the scope of the proceeding.

IS-AECA states that parties’ opening comments show it is neither necessary nor reasonable for the Commission to authorize a memorandum account for tracking compliance costs for SB 1221 mapping. The Commission should decline to authorize memorandum accounts and instead require the gas utilities to accomplish the mapping activities by reallocating funds that have already been authorized for similar or related activities.

### Discussion

We agree with parties that it is currently unclear if the costs gas utilities may incur as a result of their SB 1221 mapping work will be substantial. Attempting to forecast such costs, with these uncertainties, would result in speculation. There are outstanding questions about how maps should be created and coordinated across utilities, as well as data sharing questions and confidentiality and security issues that have yet to be resolved. Additionally, the Commission may require the maps to include additional information as needed per Pub. Util. Code Section 661(a)(4).

SB 1221 mapping is also a multi-year effort. Gas utilities must submit maps to the Commission by July 1 of each year until 2030, upon which time the Commission may revisit whether to continue the gas utilities’ mapping requirement.[[49]](#footnote-50) Over time, the maps and processes will certainly improve as they evolve to meet the needs of SB 1221.

There is also no consensus among the parties as to how much SB 1221 mapping activities will cost. Even among the gas utilities, estimates vary widely.

Despite these questions, we find that the costs associated with SB 1221 (which will exceed $1 million by all utility estimates) are worth the effort of processing a memorandum account. A memorandum account will provide a transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred from this activity. As SCE points out in its comments, memorandum accounts merely track costs and do not authorize recovery of those costs. The Commission will decide whether to authorize recovery of some or all costs in the gas utilities’ next GRC. In a utility’s request for cost recovery of funds spent on SB 1221 mapping activities, we require the applicant to demonstrate and quantify how it adhered to the Prudent Manager Standard.[[50]](#footnote-51)

## Benefit to Ratepayers

### Party Positions

PG&E states that the Legislature and Commission have already determined that implementing SB 1221, including mapping requirements, will have ratepayer benefits.[[51]](#footnote-52)

The Joint Utilities state that tracking costs and benefits to ratepayers will accurately and transparently track and account for the full cost of implementing SB 1221. Proper tracking can also show whether and how non-pipeline alternatives could be properly deployed.[[52]](#footnote-53) The Joint Utilities state that SB 1221 mapping costs have the potential to be substantial. The Joint Utilities assert that an important aspect of SB 1221 is to assess cost‑effectiveness, which necessitates calculation and quantification of ratepayer benefits and costs resulting from these activities.[[53]](#footnote-54)

Cal Advocates notes that it is unaware of any previous memorandum account request by utilities via comments or reply comments in a rulemaking and argues that the Commission has yet to be assured that memorandum accounts “have ratepayer benefits.”[[54]](#footnote-55)

TURN states that tracking costs in a memorandum account shifts risks to ratepayers, disincentivizes cost control measures, and will continue the trend of increased rate volatility.[[55]](#footnote-56) TURN asserts that memorandum accounts defer cost recovery, potentially diminishing the incentive for accurate forecasting and prudent budgeting as utilities anticipate future recovery through memorandum accounts rather than proactively managing costs. TURN further asserts that memorandum accounts fragment regulatory oversight and reduce transparency by permitting isolated cost tracking across multiple accounts outside the GRC.[[56]](#footnote-57)

UCAN states it is impossible to determine at this point if the utilities’ mapping activities will benefit ratepayers. At most, UCAN recommends that the Commission grant the gas utilities the option of opening a memorandum account, and that under no circumstances should the mapping costs be approved in any type of balancing account.[[57]](#footnote-58)

IS-AECA assert that authorizing memorandum account treatment for SB 1221 mapping costs would improperly shift risks to ratepayers, disincentivize cost control measures, and contribute to rate volatility.[[58]](#footnote-59) IS-AECA state that these outcomes directly contravene the Commission’s stated objectives to maintain affordability and mitigate natural gas transition risks to ratepayers.[[59]](#footnote-60) Critically, IS-AECA argues that these outcomes would also fail to promote SB 1221’s requirement that the Commission facilitate cost‑effective decarbonization efforts.[[60]](#footnote-61)

### Discussion

In evaluating SoCalGas’ and SDG&E’s last GRC application, the Commission found that memorandum accounts may reduce risks to ratepayers when some costs are too uncertain to forecast in GRCs.[[61]](#footnote-62) Here, we have found that there is no consensus among the parties as to how much SB 1221 mapping activities will cost. However, we recognize that the Legislature has already determined that implementing SB 1221, including mapping requirements, will have ratepayer benefits.[[62]](#footnote-63) We also determine that the gas utilities’ use of memorandum accounts to track and record their SB 1221 mapping costs will provide a common transparent accounting mechanism for ratepayers, the Commission, and parties to see the costs incurred with this activity. The Commission will the assess whether these costs are reasonable.

# Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are no public comments on the Docket Card relevant to the establishment of memorandum accounts or cost recovery.

# Conclusion

Pub. Util. Code Section 1731(a) provides that the Commission “may set the effective date of an order or decision before the date of issuance of the order or decision.” The Commission has authorized recording in memorandum accounts prior to a decision date when deemed appropriate.[[63]](#footnote-64) In this case, authorizing memorandum accounts is consistent with Standard Practice U-27-W criteria and will provide a common transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred with this activity.

This decision therefore authorizes each gas utility subject to the Assigned Commissioner’s Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, issued on April 18, 2025,[[64]](#footnote-65) to establish a memorandum account to record expenses related to complying with mapping activities per Pub. Util. Code Section 661. The gas utility may record such expenses in its memorandum account effective April 21, 2025.[[65]](#footnote-66) Each gas utility may record expenses in its respective memorandum account until January 1 of the Test Year of its next general rate case upon which time recording in the memorandum account must cease and ongoing expenses related to mapping activities under Pub. Util. Code Section 661 must be covered in its new GRC. PG&E’s next general rate case is already underway in A.25-05-009 and will utilize a 2027 Test Year with an effective date of January 1, 2027. The Commission will decide whether to authorize recovery of some or all costs in the gas utilities’ next GRC.

The proceeding remains open.

# Comments on Proposed Decision

The proposed decision of Commissioner Karen Douglas 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. Opening comments were filed on July 14, 2025, by IS‑AECA, PG&E, SCE and UCAN. Reply comments were filed on July 21, 2025, by UCAN, PG&E, and joint comments by SoCalGas and SDG&E.

## Opening Comments on Proposed Decision

Opening comments were filed by IS-AECA, UCAN, PG&E, and SCE. IS-AECA comments that the proposed decision be revised to reject the utilities’ request to record SB 1221 mapping costs in a memorandum account. IS-AECA recommends an alternative proposed decision modified to correct for ambiguity regarding the scope of costs that the utilities may record to the authorized memorandum accounts, and for the Commission to explicitly limit the scope of the memorandum account to the direct, incremental costs of complying with Pub. Util. Code Section 661.

We reject IS-AECA’s comments against the establishment of memorandum account, but provide further clarification that the memorandum accounts are only to record SB 1221 mapping costs per Pub. Util. Code 661.

UCAN in its comments finds that the proposed decision makes several well-supported findings. However, UCAN asserts the proposed decision makes a small number of factual or legal errors. UCAN states that R.20-01-007 contained requirements for the gas utilities to provide data and mapping information. UCAN also states that allowing the gas utilities to track SB 1221 mapping costs starting April 21, 2025, prior to the effective date of the final decision, violates Pub. Util. Code Section 728 banning retroactive ratemaking. UCAN also requests the proposed decision explicitly highlight the importance of the Prudent Manager Standard.[[66]](#footnote-67)

We reject UCAN’s assertion that mapping requirements as applicable to mapping requirements in SB 1221 were foreseeable in R.20-01-007.[[67]](#footnote-68) We also reject UCAN’s assertion that authorizing the recording of SB 1221 mapping in memorandum accounts starting April 21, 2025, violates Pub. Util. Code Section 728 prohibition against retroactive ratemaking. We highlight the importance of the Prudent Manager Standard per D.18-07-025.

PG&E supports the proposed decision but seeks clarification that cost recovery for verifiable SB 1221 mapping costs recorded in the memorandum account be sought for recovery in the gas utilities next GRC.

We confirm that a gas utility shall seek recovery for SB 1221 mapping costs recorded the memorandum account in the gas utility’s next GRC. PG&E shall seek recovery in its general rate case currently underway in A.25-05-009 utilizing a 2027 Test Year.

SCE supports the proposed decision’s outcome for the other gas utilities but requests that the Commission’s final decision authorize SCE to use a recently authorized memorandum account, SCE’s Catalina Electrification Transition Memorandum Account (CETMA), which the Commission recently approved in D.25-06-010. SCE states that if the Commission approved the CETMA before the submittal deadline for earlier comments in this proceeding, SCE would have made its request earlier. D.25-06-010 approved SCE’s Catalina Gas GRC settlement agreement with the modification that SCE “(1) provide such maps in any future electrification proposal, and (2) contact the Commission’s Energy Division to assess the possibility of participating in the SB 1221 pilot process, in order to potentially provide the Commission with more information for its whole-island electrification proposal.”[[68]](#footnote-69) SCE requests the Commission’s final decision in this proceeding recognize that SCE is authorized to track its incremental Section 661 mapping costs in the CETMA, and thus does not need to file an advice letter for approval of a different and new memorandum account. SCE states that this would promote consistency, efficiency, and administrative simplicity.

We recognize that D.25-06-010 authorizes SCE to record in its CETMA SB 1221 mapping activities per Pub. Util. Code 661. SCE is not required to establish a new memorandum account and may use its CETMA for this purpose. SCE shall ensure SB 1221 mapping activities per Pub. Util. Code 661 are clearly identified in its CETMA.

## Reply Comments on Proposed Decision

Reply comments were filed by UCAN, PG&E, and joint comments by SoCalGas and SDG&E. UCAN agrees with comments from IS-AECA regarding comments clarifying incremental costs. UCAN also agrees with SCE’s analysis that D.25-06-010 already allows SCE to track mapping costs in its CETMA. Allowance for this will reduce ratepayer costs by eliminating a duplicative memorandum account. UCAN also specifies that PG&E should apply for cost recovery in its next GRC.

PG&E’s reply comments object to recommendations by UCAN and IS-AECA. Specifically, PG&E rejects UCAN’s assertion that SB 1221 mapping costs could have been anticipated in R.20-01-007 and that the rule against retroactive ratemaking under Pub. Util. Code Section 728 is violated in this proposed decision. PG&E also rejects IS-AECA’s opposition to the memorandum account generally. PG&E also states that the proposed decision already limits expenses recorded in the memorandum account to Pub. Util. Code Section 661 mapping implementation costs.

SoCalGas and SDG&E (Joint Utilities) in their reply comments support the proposed decision. The Joint Utilities disagree with IS-AECA’s proposed revision to constrain the scope of the memorandum accounts to incremental costs of complying Pub. Util. Code Section 661. The Joint Utilities also do not agree with UCAN’s assertions that SB 1221 mapping activities were included in R.20-01-007 and that the proposed decision violates retroactive ratemaking under Pub. Util. Code Section 728. The Joint Utilities point out that Pub. Util. Code Section 1731(a) allows the Commission to set the effective date of an order or decision before the date of issuance.

# Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Robyn Purchia and David R. Van Dyken are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. The OIR in this proceeding was opened by the Commission on September 26, 2024.
2. The January 31, 2025 Scoping Memo and Ruling for this proceeding includes implementation of SB 1221’s mapping provisions within the scope of this proceeding.
3. On February 20, 2025, the ALJs issued a ruling seeking comment on the Energy Division’s Staff Proposal.
4. PG&E commented on the need for a memorandum account and other gas utilities commented on the need for cost recovery for costed related to SB 1221 mapping activities.
5. On April 18, 2025, the assigned Commissioner directed utilities to map a limited set of data than the data contemplated in the Staff Proposal.
6. On April 21, 2025, the assigned Commissioner issued an Amendment to the Scoping Memo and Ruling and sought party comments on whether utilities should be authorized to track costs in a memorandum account.
7. The term “SB 1221 Mapping” refers to requirements in Pub. Util. Code Section 661.
8. A memorandum account represents an off-book accounting record.
9. Utilities may only track and seek recovery for costs in a memorandum account if authorized by the Commission.
10. Under Standard Practice U-27-W, a memorandum account may be appropriate for costs that are:
11. Not under the utility’s control;
12. Could not have been reasonably foreseen in the utility’s last general rate case;
13. That will occur before the utility’s next scheduled rate case;
14. Are of a substantial nature in that the amount of money involved is worth the effort of processing a memorandum account; and
15. Have ratepayer benefits.
16. Pub. Util. Code Section 1731(a) states that the Commission “may set the effective date of an order or decision before the date of issuance of the order or decision.”
17. The Commission has authorized recording in memorandum accounts prior to a decision date when deemed appropriate.
18. The Commission has found that memorandum accounts may reduce risks to ratepayers when some costs are too uncertain to forecast in GRCs.
19. While the costs associated with SB 1221 (which will exceed $1 million by all utility estimates) are worth the effort of processing a memorandum account, there is no consensus among the parties as to how much SB 1221 mapping activities will ultimately cost.
20. The Legislature has determined that implementing SB 1221, including mapping requirements, will have ratepayer benefits.
21. A memorandum account will provide a transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred from SB 1221 mapping work.
22. D.25-06-010 authorizes SCE to move forward with an electrification proposal for Santa Catalina Island and to establish a memorandum account, referred to as CETMA, to track expenses.
23. With the exception of SCE’s CETMA, the memorandum accounts authorized by this decision shall not be used to track costs beyond the implementation of SB 1221 mapping activities consistent with Pub. Util. Code 661.
24. The Commission may decide whether to authorize recovery of some or all costs in the gas utilities’ next GRC.

Conclusions of Law

It is reasonable for the gas utilities to be authorized to establish memorandum accounts to track SB 1221 mapping costs, consistent with Pub. Util. Code 661.

Authorizing memorandum accounts to track SB 1221 mapping costs is consistent with Standard Practice U-27-W criteria because the costs are not under the utility’s control, could not have been reasonably foreseen in the utility’s last general rate case, will occur before the utility’s next scheduled rate case, are worth the effort of processing a memo account, and have ratepayer benefits.

The reasonable effective date for gas utilities to begin tracking SB 1221 mapping costs in a memorandum account is April 21, 2025, the date of the Amendment to the Scoping Memo and Ruling issued in this proceeding. Each gas utility should be authorized to record expenses in its respective memorandum account until January 1 of the Test Year of its next general rate case upon which time recording in the memorandum account should cease and ongoing expenses related to mapping activities under Pub. Util. Code Section 661 should be covered in its new GRC.

D.25-06-010 authorizes SCE to utilize its CETMA to record costs associated with SB 1221 mapping activities under Pub. Util. Code Section 661.

The Commission will decide whether to authorize recovery of some or all costs in the gas utilities’ next GRC.

The proceeding remains open.

ORDER

**IT IS ORDERED** that:

1. Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas & Electric Company, Southwest Gas Corporation, and other small gas utilities that serve retail customers in California are authorized to establish their own Memorandum Accounts to record costs related to Public Utilities Code Section 661 mapping work effective April 21, 2025, by submitting a Tier 1 Advice Letter no later than 60‑days from the issuance date of this decision. Southern California Edison Company’s Catalina Gas utility is not required to submit a Tier 1 Advice Letter and instead is authorized to track its Public Utilities Code Section 661-related costs in its Catalina Electrification Transition Memorandum Account that the Commission approved in D.25-06-010.
2. If Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas & Electric Company, Southwest Gas Corporation, and other small gas utilities that serve retail customers in California choose to pursue a Memorandum Account, the Memorandum Account tariff language must specify that only incremental costs may be recorded in the account, and such costs must be segregated by cost type, and expenses may only be recorded until January 1 of the Test Year of each utility’s next general rate case (GRC) upon which time recording in the memorandum account must cease and ongoing expenses related to mapping activities under Public Utilities Code Section 661 must be included in its new GRC.
3. Rulemaking 24-09-012 remains open.

This order is effective today.

Dated July 24, 2025, at San Francisco, California

ALICE REYNOLDS

 President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

MATTHEW BAKER

 Commissioners

1. Scoping Memo at 3. [↑](#footnote-ref-2)
2. Joint IOUs Opening Comments on Staff Proposal at 13-14. [↑](#footnote-ref-3)
3. PG&E Opening Comments on Staff Proposal at 2, 6. [↑](#footnote-ref-4)
4. PG&E Reply Comments on Staff Proposal at 2, 8. [↑](#footnote-ref-5)
5. TURN Reply Comments on Staff Proposal at 4-6. [↑](#footnote-ref-6)
6. *Id*. at 5. [↑](#footnote-ref-7)
7. *Ibid.* [↑](#footnote-ref-8)
8. *See generally* Assigned Commissioner’s Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities (April 18, 2025) (directing utilities, in part, to comply with mapping requirements). [↑](#footnote-ref-9)
9. *Id*. at 1. [↑](#footnote-ref-10)
10. *See* Assigned Commissioner’s Amendment to Scoping Memo and Ruling and Requesting Comment on Cost Recovery Issue at 4. [↑](#footnote-ref-11)
11. *See* Assigned Commissioner’s Amendment to Scoping Memo and Ruling and Requesting Comment on Cost Recovery Issue at 4. [↑](#footnote-ref-12)
12. Standard Practice U-27-W at 44, available at <https://docs.cpuc.ca.gov/published/REPORT/84069.htm#P267_22467> [↑](#footnote-ref-13)
13. *See* PG&E Opening comments at 1, 4. [↑](#footnote-ref-14)
14. *See* Joint Utilities Reply comments at 3. [↑](#footnote-ref-15)
15. *See* SCE Opening Comments at 2, 3. [↑](#footnote-ref-16)
16. *See* Cal Advocates Opening comments at 2. [↑](#footnote-ref-17)
17. *See* Cal Advocates Reply comments at 3. [↑](#footnote-ref-18)
18. *See* Opening Comments of TURN at 5, citing D.22-02-011, at 6-7. [↑](#footnote-ref-19)
19. *See* Opening Comments of UCAN at 3. [↑](#footnote-ref-20)
20. Sempra utilities are comprised of SoCalGas and SDG&E. [↑](#footnote-ref-21)
21. *See* Opening Comments of Joint Utilities at 4-5. [↑](#footnote-ref-22)
22. *See* Opening Comments of Joint Utilities at 5. [↑](#footnote-ref-23)
23. *See* Opening Comments of PG&E at 2. PG&E has since filed A.25-05-009, its 2027 Test Year GRC. [↑](#footnote-ref-24)
24. 24 *See* Opening Comments of Cal Advocates at 3. [↑](#footnote-ref-25)
25. 25 *See* Opening Comments of TURN at 6. [↑](#footnote-ref-26)
26. 26 *See* Opening Comments of UCAN at 3. [↑](#footnote-ref-27)
27. 27 *See* A.25-05-009. [↑](#footnote-ref-28)
28. 28 *See generally* D.23-11-069 (approving PG&E’s Test Year 2023 GRC). [↑](#footnote-ref-29)
29. 29 The Sempra utilities are comprised of SoCalGas and SDG&E. [↑](#footnote-ref-30)
30. 30 *See* Opening Comments of PG&E at 2-3. [↑](#footnote-ref-31)
31. 31 *Ibid.* [↑](#footnote-ref-32)
32. 32 *Ibid.* [↑](#footnote-ref-33)
33. 33 *See* Opening Comments of Joint Utilities at 6-7. [↑](#footnote-ref-34)
34. 34 *See* Reply Comments of Joint Utilities at 3. [↑](#footnote-ref-35)
35. 35 *See* Opening Comments of SCE at 4. [↑](#footnote-ref-36)
36. 36 *Ibid.* [↑](#footnote-ref-37)
37. 37 *Ibid*. [↑](#footnote-ref-38)
38. 38 *See* Reply Comments of Cal Advocates at 3. [↑](#footnote-ref-39)
39. 39 *Ibid.* [↑](#footnote-ref-40)
40. 40 *Ibid.* [↑](#footnote-ref-41)
41. 41 *Ibid*. [↑](#footnote-ref-42)
42. 42 *See* Opening Comments of TURN at 4. [↑](#footnote-ref-43)
43. 43 *See* Opening Comments of TURN at 3. [↑](#footnote-ref-44)
44. 44 *See* Opening comments of UCAN at 4. [↑](#footnote-ref-45)
45. 45 *Ibid.* [↑](#footnote-ref-46)
46. 46 *See* Opening Comments of UCAN at 1. [↑](#footnote-ref-47)
47. 47 *Ibid.* [↑](#footnote-ref-48)
48. 48 *Ibid.* [↑](#footnote-ref-49)
49. 49 *See* Pub. Util. Code Section 661, *et. seq*. [↑](#footnote-ref-50)
50. 50 *See* D.18-07-025 at 4-6. [↑](#footnote-ref-51)
51. 51 *See* Opening Comments of PG&E at 3. [↑](#footnote-ref-52)
52. 52 *See* Opening Comments of Joint Utilities at 8. [↑](#footnote-ref-53)
53. 53 *See* Reply Comments of Joint Utilities at 3. [↑](#footnote-ref-54)
54. 54 *See* Opening Comments of Cal Advocates at 4. [↑](#footnote-ref-55)
55. 55 *See* Opening Comments of TURN at 3. [↑](#footnote-ref-56)
56. 56 *See* Opening Comments of TURN at 8-9. [↑](#footnote-ref-57)
57. 57 *See* Opening Comments of UCAN at 6. [↑](#footnote-ref-58)
58. 58 *See* Reply Comments of IS-AECA at 2. [↑](#footnote-ref-59)
59. 59 *Ibid.* [↑](#footnote-ref-60)
60. 60 *Ibid*. [↑](#footnote-ref-61)
61. 61 D.24-12-074 at 26. [↑](#footnote-ref-62)
62. 62 *See generally* SB 1221, Section 1 (Min), Stats. 2024, ch. 602 [↑](#footnote-ref-63)
63. 63 *See* D. 18-06-029, D.18-11-051, and D.20-11-034, authorizing PG&E, SCE, and Liberty Utilities to establish Wildfire Expense Memorandum Accounts before the decision date. [↑](#footnote-ref-64)
64. 64 Subject utilities include PG&E, Southwest Gas, SoCalGas, SDG&E, and Small Gas Utilities per Section 8 of the Assigned Commissioner’s Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, filed April 18, 2025. [↑](#footnote-ref-65)
65. 65 April 21, 2025, is the issuance date of the Assigned Commissioner’s Amendment to the Scoping Memo. [↑](#footnote-ref-66)
66. 66 For Prudent Manager Standard, *see* e.g., D.18-07-025 at 4-6. [↑](#footnote-ref-67)
67. 67 *See* Assigned Commissioner’s Ruling filed November 12, 2024, at 3-4. [↑](#footnote-ref-68)
68. 68 *See* D.25-06-010 at 32. [↑](#footnote-ref-69)