

STATE OF CALIFORNIA

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 31, 2025

GAVIN NEWSOM, Governor

Agenda ID #23950

Ratesetting

TO PARTIES OF RECORD IN APPLICATION 25-08-008:

~~This is the proposed decision of Administrative Law Judge Brandon Gerstle. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's February 5, 2026 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.~~

~~Parties to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules).~~

~~The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).~~

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC:nd3

Attachment

Decision [PROPOSED DECISION OF ALJ GERSTLE \(Mailed 12/31/2025\)](#)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U904G) to Recover Costs Recorded in the Distribution Integrity Management Program Balancing Account from January 1, 2019 to December 31, 2023.

Application 25-08-008

DECISION GRANTING INTERIM RATE RECOVERY FOR SOUTHERN CALIFORNIA GAS COMPANY'S DISTRIBUTION INTEGRITY MANAGEMENT PROGRAM

Summary

This decision grants, in part, the request of Southern California Gas Company (SoCalGas) for interim rate recovery, pending a final decision on whether a permanent cost increase is reasonable based on the evidence. SoCalGas is authorized an interim revenue requirement of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) according to the process set forth herein. Interim rate authority is granted for 12 months. SoCalGas is required to refund, with interest, any excess amount it collects in comparison to the California Public Utilities Commission's final determination on the amount reasonably incurred.

Interim rate recovery is warranted in this specific instance because it will produce direct interest savings for ratepayers, promote intergenerational equity, and preserve the financial integrity of SoCalGas which will indirectly benefit ratepayers.

This proceeding remains open.

1. Background

On August 15, 2025, Southern California Gas Company (SoCalGas) filed Application (A.) 25-08-008 to recover \$59.1 million in costs recorded to the Distribution Integrity Management Program Balancing Account (DIMPBA) from January 1, 2019, to December 31, 2023. Concurrently with A.25-08-008, SoCalGas filed a Motion for Interim Rate Recovery (Motion), seeking authorization for an interim revenue requirement of \$50.2 million (85 percent of SoCalGas' total request of \$59.1 million).

On October 6, 2025, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a response to SoCalGas' Motion. On October 16, 2025, SoCalGas filed a reply to Cal Advocates' response to its Motion.

A prehearing conference was held on October 22, 2025, 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 in A.25-08-008.

On November 20, 2025, the assigned Commissioner issued the Scoping Memo and Ruling (Scoping Memo). The procedural schedule established in the Scoping Memo anticipates a decision resolving the request to recover \$59.1 million of DIMPBA costs in A.25-08-008 by winter 2026.

2. Issues Before the Commission

The issue before the California Public Utilities Commission (Commission) is whether SoCalGas has sufficiently proven that an interim revenue requirement of \$50.2 million (85 percent of SoCalGas' total request of \$59.1 million), subject to refund, for a 12-month period or until a decision on the application is reached,¹ is warranted on the basis that “fairness to both the utility and the public require[s] immediate action.”²

3. Standard of Review

The Commission is charged with the responsibility of ensuring that all rates demanded or received by a public utility are just and reasonable.³ This proceeding is a ratesetting proceeding.⁴ In ratesetting applications, the burden of proof is on the applicant utility.⁵

The California Supreme Court reiterated the Commission's power to grant rate increases before a final Commission determination of whether the costs were just and reasonable in *Toward Utility Rate Normalization v. Public Utilities Commission (TURN v. PUC)*.⁶ In *TURN v. PUC*, the Court found the Commission may grant of interim relief, consistent with Pub. Util. Code Section 451, “if the

¹ Motion at 7-8.

² Decision (D.) 23-06-004 at 10 (quoting *Toward Utility Rate Normalization v. Public Utilities Commission (TURN v. PUC)* (1988) 44 Cal.3d 870, 879).

³ See *TURN v. PUC* (1988) 44 Cal.3d 870 at 875 (citing Public Utilities Code (Pub. Util. Code) Sections 451, 454(a), 463(a)).

⁴ Scoping Memo at 5.

⁵ See, e.g., D.00-02-046 (2000 Cal. PUC LEXIS 239 at 45-60).

⁶ *TURN v. PUC* (1988) 44 Cal.3d 870 at 878 (“The commission's power to grant interim rate increases was recognized by this court in *City of Los Angeles v. Public Utilities Commission* (1972) 7 Cal.3d 331.”).

facts warrant such summary relief,”⁷ and described such facts as a situation “in which fairness to both the utility and the public required immediate action.”⁸

The Commission can grant interim rate relief at its discretion.⁹ In determining whether to grant a motion for interim rate relief, the Commission has applied as relevant factors: fairness to both the utility and public;¹⁰ the public interest;¹¹ reducing the potential for rate shock;¹² intergenerational equity;¹³ preserving the financial integrity of a utility;¹⁴ minimizing costs incurred by ratepayers;¹⁵ and ensuring rate stability.¹⁶ Moreover, the Commission recently confirmed that not all the above factors must be established but “[a]ny one of those factors may be sufficient for the Commission to grant relief.”¹⁷

In the past several years, the Commission has authorized interim rate recovery more frequently, primarily in proceedings involving energy utilities seeking expeditious recovery of costs related to wildfire mitigation and catastrophic events recorded in memorandum and balancing accounts.¹⁸

⁷ *TURN v. PUC* (1988) 44 Cal.3d 870 at 878.

⁸ *TURN v. PUC* (1988) 44 Cal.3d 870 at 879.

⁹ See *TURN v. PUC* (1988) 44 Cal.3d 870 at 872, 878-880.

¹⁰ D.02-07-031 at 13-14; D.20-10-026 at 26-27.

¹¹ ALJs’ Ruling Denying Southern California Edison Company’s Motion for Interim Rate Recovery issued May 22, 2020, in A.19-08-013 at 1, 9-10.

¹² D.16-08-003 at 9.

¹³ D.23-06-004 at 10.

¹⁴ D.22-05-001 at 16.

¹⁵ D.20-10-026 at 24, 26-27; D.88-05-074 at 19 (1988 Cal. PUC LEXIS 503 at 29-30).

¹⁶ D.20-10-026 at 24, 26-27; D.88-05-074 at 19 (1988 Cal. PUC LEXIS 503 at 29-30).

¹⁷ D.20-10-026 at 23 (citing D.02-07-031 at 12-13).

¹⁸ See D.24-09-003; D.24-02-010; D.24-03-006; D.23-06-004; D.20-10-026; D.19-04-039; D.16-08-003; D.02-07-031; D.88-05-074.

However, in D.22-05-001, the Commission recently rejected an interim rate relief request from San Diego Gas and Electric Company (SDG&E), where it found SDG&E's arguments about its financial health, rate smoothing, and intergenerational equity were not compelling.¹⁹

4. Party Pleadings

4.1. Southern California Gas Company Motion

SoCalGas argues it is in the interest of both the company and its customers to grant interim relief as proposed. SoCalGas proposes to recover an interim revenue requirement of \$50.2 million (85 percent of SoCalGas' total request of \$59.1 million) over one or two 12-month periods, depending on how long a resolution of the application takes.²⁰ The total requested \$59.1 million revenue requirement in the application includes interest expenses through June 30, 2025.²¹ If the Motion is approved, SoCalGas would file a Tier 1 advice letter to incorporate the interim revenue requirement into gas transportation rates. The advice letter would be filed on the later of January 1, 2026, or the first day of the month following a Commission decision on this Motion.²² The interim revenue requirement would be amortized in gas transportation rates consistent with the Equal Percent of Authorized Margin (EPAM) cost allocation adopted in D.24-07-009, as shown in Table 1 below.²³

¹⁹ D.22-05-001 at 16-18.

²⁰ Motion at 7.

²¹ A.25-08-008 at 1; *see also* A.25-08-008, Prepared Direct Testimony, Chapter III at RMY 3-4.

²² Motion at 7.

²³ Motion at 7-8.

Table 1
Southern California Gas Company's Illustrative
Transportation Rates – Interim Rate Recovery Beginning January 2026
(\$/therm except as noted)

| Transportation | Jul-25 | Oct-25 | Jan-26 | Sep-26 | Oct-26 |
|--|---------|---------|---------|---------|---------|
| <u>SoCalGas Summary</u> | | | | | |
| Residential | \$1.46 | \$1.50 | \$1.52 | \$1.51 | \$1.47 |
| Core Commercial & Industrial (C&I) | \$0.96 | \$0.98 | \$0.99 | \$0.99 | \$0.97 |
| Noncore C&I – Distribution | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$0.28 |
| Electric Generation – Distribution | \$0.26 | \$0.27 | \$0.27 | \$0.27 | \$0.26 |
| Electric Transmission Level Service | \$0.25 | \$0.25 | \$0.25 | \$0.25 | \$0.25 |
| <i>Residential Non-CARE²⁴ class average bill – 36 therms/month (\$/month)</i> | \$73.39 | \$74.70 | \$75.32 | \$75.09 | \$73.78 |
| <i>In support of its request for interim rate recovery of 85 percent, SoCalGas</i> | | | | | |

cites direct financial benefits to ratepayers in accrued interest savings of approximately \$1.3 million over a 12-month period. An analysis of the interest rate savings is provided in Table 2, as shown below:²⁵

Table 2
Southern California Gas Company's Estimated Interest Cost With and
Without Interim Recovery (Final Decision on Application by August 2026)
(\$ in millions)

| | 2025 | 2026 | 2027 | Total |
|------------------------------|---------------|-----------------|-----------------|-----------------|
| No Interim Recovery | \$7.10 | \$4.00 | \$0.70 | \$11.70 |
| Interim Recovery | \$7.10 | \$3.10 | \$0.30 | \$10.40 |
| Avoided Interest Cost | \$0.00 | (\$0.90) | (\$0.40) | (\$1.30) |

²⁴ California Alternate Rates for Energy program.

²⁵ Motion at 10-12.

SoCalGas also cites indirect financial benefits for both ratepayers and SoCalGas. Ratepayers and the utility, according to SoCalGas, will indirectly benefit because interim rates will support SoCalGas' credit metrics and promote a positive perception of regulatory risks by rating agencies.²⁶ SoCalGas also states that relief is particularly appropriate now, based on a January 2025 credit rating downgrade by Standard and Poor's Global Ratings and the issuance of a March 2025 ratings action from Moody's which stated SoCalGas was "weakly" at its current rating. SoCalGas argues ratepayers benefit when their utility has a strong credit rating, as this should result in lower capital costs.²⁷

SoCalGas also states that interim rate recovery will promote intergenerational equity. SoCalGas notes the DIMPBA under-collections at issue are composed of Operations & Maintenance and capital expenditures from 2023; therefore, it argues that aligning the costs closer in time to the benefit via interim rate recovery improves intergenerational equity.²⁸

SoCalGas further notes the costs at issue are similar to those granted in Resolution G-3610 and that there is limited ratepayer risk because the interim rate recovery would be subject to refund with interest.²⁹

4.2. Cal Advocates Response

Cal Advocates opposes the Motion. Cal Advocates argues that granting the Motion would circumvent the cost recovery process established by D.19-09-051

²⁶ Motion at 12-14.

²⁷ Motion at 12-13.

²⁸ Motion at 12 (quoting D.20-10-026 at 26 that "the bulk of the costs at issue were incurred in 2018 and 2019 and some of the proceedings to consider them will take another 12-18 months to resolve, there is a level of interim relief that will improve intergenerational equity.").

²⁹ Motion at 16-17.

and D.24-12-074; therefore, the interim rate recovery sought by the Motion is unreasonable.³⁰

Cal Advocates also argues SoCalGas has not provided facts to support the elements the Commission may consider when granting interim rate recovery.³¹ Cal Advocates states SoCalGas did not identify an emergency situation or fairness issue that requires immediate action in the form of interim rate recovery.³²

Further, Cal Advocates notes that in D.22-05-001, the Commission denied SDG&E's request for interim rate recovery. Cal Advocates states the Commission denied the request because of SDG&E's stable financial condition and ordered SDG&E to make its reasonableness request in the next General Rate Case (GRC) or via a separate application.³³ Cal Advocates notes that D.19-09-051 and D.24-12-074 addressed certain forms of interim rate recovery; however, SoCalGas did not seek interim rate recovery of Distribution Integrity Management Program (DIMP) costs at issue in the Motion during the D.24-12-074 GRC cycle.³⁴ For all the above reasons, Cal Advocates argues the Motion should be denied.

4.3. Southern California Gas Company Reply

SoCalGas refutes the positions taken by Cal Advocates in its response to SoCalGas' Motion. First, SoCalGas states that it does not refute the general ratemaking principle that costs should not be authorized for recovery until they

³⁰ Cal Advocates Response to Motion at 3.

³¹ Cal Advocates Response to Motion at 3-5.

³² Cal Advocates Response to Motion at 5.

³³ Cal Advocates Response to Motion at 4-5.

³⁴ Cal Advocates Response to Motion at 5.

are found reasonable. However, SoCalGas argues Commission precedent supports the exception to the general rule for interim rate recovery.³⁵

Second, SoCalGas refutes the statement that D.24-12-074 forbid any DIMP recovery outside a reasonableness review. Instead, SoCalGas argues that D.24-12-074 only reiterated the general ratemaking rule that cost recovery is subject to a reasonableness review.³⁶

Third, SoCalGas refutes the argument that no support was provided for its Motion. SoCalGas notes that Cal Advocates did not refute SoCalGas' evidence related to benefits to ratepayers through lower interest costs, intergenerational equity, and support for SoCalGas' financial health.³⁷

Fourth, SoCalGas refutes arguments pertaining to D.22-05-001. SoCalGas states the facts here are different and that the Commission ultimately provided interim rate recovery there via D.24-02-010.³⁸

Lastly, SoCalGas refutes the argument that it should have sought interim rate recovery in A.22-05-015, SoCalGas' 2024 Test Year (TY) GRC. SoCalGas notes that it did not seek interim rate recovery in its TY 2024 GRC, and that the costs at issue in this application were not ripe for consideration when it filed A.22-05-015.³⁹

5. Discussion and Analysis

³⁵ SoCalGas Reply at 1-2 (*citing* D.23-06-004 at 23, Conclusion of Law 5).

³⁶ SoCalGas Reply at 2.

³⁷ SoCalGas Reply at 2-3.

³⁸ SoCalGas Reply at 3.

³⁹ SoCalGas Reply at 3 ("SoCalGas filed its TY 2024 GRC Application on May 16, 2022. The DIMPBA costs at issue in the Application and Motion were incurred between October 1, 2022, through December 31, 2023, months after SoCalGas's GRC filing.").

The Commission partially grants SoCalGas' request, by authorizing SoCalGas to collect an interim revenue requirement of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) in interim rates over a 12-month collection period, to be implemented as soon as practicable. The total requested \$59.1 million revenue requirement in the application includes interest expenses through June 30, 2025.⁴⁰ This authorization is based on the finding that fairness to both the utility and the public requires immediate action. The authorized amount is subject to refund with interest, if the underlying DIMP costs are later found unreasonable. This decision denies SoCalGas' request to recover up to 85 percent of the total requested on an interim basis and to collect such amounts beyond a 12-month period.

5.1. Interim Rate Recovery Is Warranted

The Commission finds interim rate recovery is warranted. This finding is based on the demonstrated benefit to ratepayers and to SoCalGas.

Cal Advocates opposed the Motion on several grounds. Cal Advocates argued D.24-12-074 bars SoCalGas from requesting interim rate recovery for DIMPBA costs at issue. However, D.24-12-074 merely states that "[e]xcess costs and undercollections may be recorded in a memorandum account subject to reasonableness review."⁴¹ The plain language of D.24-12-074 does not support applying the guidance retroactively to the DIMPBA costs at issue in the Motion, nor does it overturn Commission and court precedent allowing interim rate recovery. Instead, the plain language of D.24-12-074 appears to apply prospectively to costs authorized in the TY 2024 GRC.

⁴⁰ A.25-08-008 at 1; *see also* A.25-08-008, Prepared Direct Testimony, Chapter III at RMY 3-4.

⁴¹ D.24-12-074 at 259-260.

Also, Cal Advocates argues that SoCalGas did not support its request; however, Cal Advocates failed to refute the facts presented by SoCalGas in its Motion. As such, SoCalGas' position that the Motion would save \$1.3 million in interest expense, indirectly reduce rates by improving the utility's credit metrics, and promote intergenerational equity were all unopposed. Moreover, these elements are explicitly noted in past Commission guidance on interim rate recovery requests, as discussed in Section 3 of this decision.

Further, Cal Advocates argues we should reject the Motion because an interim rate recovery motion was rejected in D.22-05-001. Here, the Commission considered the unique facts applicable to the Motion. Unlike the utility in D.22-05-001, SoCalGas recently had a credit downgrade. Also, the costs at issue here were not ripe at the time SoCalGas filed its most recent GRC, A.22-05-015.

The Commission applies the guidance provided above in Section 3 of this decision to aid its determination on the Motion. Importantly, we note that the California Supreme Court, in *TURN v. PUC*, affirmed the Commission may, in certain circumstances, grant rate increases before a final Commission determination of whether the costs were just and reasonable.⁴²

Cal Advocates did not contest SoCalGas' factual basis for this Motion. SoCalGas has shown that granting the Motion promotes fairness for the public. First, the Commission finds interim rate recovery provides direct financial benefit to ratepayers by creating a saving on interest expenses, which is important in light of affordability concerns. As discussed below, in Section 5.2 of this decision, we reduce SoCalGas' request from 85 percent to 60 percent, which

⁴² *TURN v. PUC* (1988) 44 Cal.3d 870 at 878 (citing *City of Los Angeles v. Public Utilities Commission* (1972) 7 Cal.3d 331).

will result in interest savings of approximately \$918 thousand.⁴³ Second, we find interim rate recovery promotes intergenerational equity by bringing the time when the DIMP costs were incurred closer to when they are being paid for by ratepayers. Third, we find interim rate recovery indirectly benefits ratepayers, because all else being equal, it improves SoCalGas' credit metrics, which places downward pressure on capital costs. Fourth, we find ratepayers are protected in the event underlying DIMP costs are found unreasonable via a refund, which would include interest.

SoCalGas has shown that granting the Motion promotes fairness for the utility. The Commission agrees with SoCalGas that interim rate recovery will preserve the financial integrity of the utility by supporting its credit metrics and promote a positive perception of regulatory risk by rating agencies.

SoCalGas has shown that the requested relief is appropriate and requires "immediate" action by the Commission. For example, a delay in granting the Motion would reduce the potential interest savings to ratepayers. Additionally, a delay in granting this motion would reduce the period of time SoCalGas' credit metrics could benefit from the interim relief, and all else being equal, could contribute to higher capital costs. As such, the Commission finds that authorizing interim rate recovery promotes fairness to both the utility and the public, and that immediate action is required.

The Commission also finds that a 12-month interim rate recovery authorization is reasonable. Based on the schedule announced in the Scoping Memo, it is anticipated that the Commission will decide on the merits of

⁴³ Calculation Step 1: *(85% minus 60%) divided by 85% equals 29.41%.*
Calculation Step 2: *\$1.3 million times (1 minus 29.41%) equals \$918 thousand.*

SoCalGas' application before a possible second 12-month authorization would be needed.

5.2. Sixty Percent of Southern California Gas Company's Revenue Request Is the Appropriate Amount of Interim Cost Recovery

After careful consideration of the factors set forth above, we determine that an interim revenue requirement of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) rather than SoCalGas' requested interim revenue requirement of \$50.2 million (85 percent of SoCalGas' total request of \$59.1 million) is reasonable as it strikes the correct balance between ratepayer, utility, and public interests.

In D.24-09-003 and D.24-03-006, the Commission authorized 55 percent and 75 percent of the total requested revenue requirement, respectively, compared to 85 percent sought by the utility in both proceedings. D.24-03-006 explained that the reduced award was based on a desire to smooth the rate in light of the cumulative impact of recent rate increases and low-income customers in mind. Similar to the facts in D.24-03-006, SoCalGas had recent rate increases via its TY 2024 GRC.⁴⁴ Moreover, the TY 2024 GRC decision looked at the affordability of rates for SoCalGas' most disadvantaged customers. The TY 2024 GRC decision found that rate increases burden the most disadvantaged customers and necessitate those ratepayers to work additional time to pay for rate increases.⁴⁵

A 60 percent authorization will reduce the immediate rate increase from the interim revenue requirement versus authorizing the 85 percent request –

⁴⁴ D.24-12-074 at 1-2.

⁴⁵ D.24-12-074 at 36-39.

helping to smooth rates, especially for the most disadvantaged customers. In order to realize interest expense savings, preserve the financial integrity of SoCalGas, and smooth the immediate rate increase, we choose 60 percent of the total requested revenue requirement for interim recovery to balance the benefits to SoCalGas and its ratepayers.

5.3. Conditions on Interim Rate Recovery and Implementation Details

The Commission's grant of an interim revenue requirement of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) does not prejudge whether the relevant costs recorded in the DIMPBA are just and reasonable under Pub. Util. Code Section 451 and related authorities.

Additionally, the interim rate recovery granted to SoCalGas here is subject to refund with interest, meaning should the Commission later find a lesser amount "just and reasonable" under Pub. Util. Code Section 451 and related authorities, SoCalGas must return the difference to ratepayers with interest at the earliest opportunity.

For these reasons, the Commission finds that authorizing SoCalGas to collect as soon as practicable a maximum of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) in interim rates, subject to refund, is reasonable, because SoCalGas has established that "fairness to both the utility and the public require this immediate action."⁴⁶ The Commission authorizes SoCalGas to file a Tier 1 advice letter implementing an interim revenue requirement of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) as soon as practicable. Interim rate authority is granted for 12 months.

⁴⁶ *TURN v. PUC* (1988) 44 Cal.3d 870 at 878.

Lastly, SoCalGas requested to use EPAM for cost allocation. D.24-07-009 adopted an all-party settlement that agreed to the use of EPAM.⁴⁷ SoCalGas' request to use EPAM for interim rate recovery was unopposed. We find SoCalGas' request to use the EPAM cost allocation methodology for recovering the interim revenue requirement is reasonable.

6. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure (Rules) 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.

Although this is not the final decision in this proceeding, we note that there were many public comments submitted online in this proceeding. All comments opposed SoCalGas' application to recover DIMPBA under-collections. The comments highlight affordability concerns in light of numerous SoCalGas rate increases. One commentator described the challenge of living on a fixed income and having to decide between paying for food and utility service. Other commentators discussed the earnings and profitability of SoCalGas, and its parent company, and argued in light of this the requested rate increase should not be allowed. There were no online comments directly addressing the Motion.

⁴⁷ D.24-07-009 at Ordering Paragraph 2; D.24-07-009, Attachment A at 3. *See also* Resolution G-3499 at 12-13 (discussing when functionalized cost allocation is appropriate and EPAM is not).

7. Comments on Proposed Decision

The proposed decision of ALJ Brandon Gerstle in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3. Comments were filed on January 20, 2026, by SoCalGas, and no reply comments were filed on January 26, 2026.

SoCalGas generally agrees with the proposed decision and encourages the Commission to approve it as soon as possible. SoCalGas notes that reducing the interim rate recovery request from 85 percent to 60 percent will reduce the amount of interest rate savings for ratepayers. However, SoCalGas recognizes the balance the Commission seeks to strike by smoothing rate impacts among other factors.

8. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Brandon Gerstle is the assigned ALJ in this proceeding.

Findings of Fact

1. Cal Advocates did not contest SoCalGas' factual basis for the Motion.
2. The total requested \$59.1 million revenue requirement in the application includes interest expenses through June 30, 2025.
3. Interim rate recovery provides direct financial benefit to ratepayers by creating a saving on interest expenses of approximately \$918 thousand.
4. Interim rate recovery promotes intergenerational equity, bringing the time when the DIMP costs were incurred closer to when they are being paid for by ratepayers.

5. Interim rate recovery indirectly benefits ratepayers, because all else being equal, it improves SoCalGas' credit metrics, which places downward pressure on capital costs.

6. Ratepayers are protected in the event underlying DIMP costs are found unreasonable via a refund, which would include interest.

7. Interim rate recovery will preserve SoCalGas' financial integrity by supporting its credit metrics and promoting a positive perception of regulatory risk by rating agencies.

8. A delay in granting the Motion would reduce the potential interest savings to ratepayers.

9. A delay in granting the Motion would reduce the period of time SoCalGas' credit metrics could benefit from the interim relief, and all else being equal, could contribute to higher capital costs.

10. The Commission will likely make a determination on the merits of SoCalGas' application before a possible second 12-month authorization would be needed.

11. SoCalGas recently had rate increases via its TY 2024 GRC.

12. Rate increases burden SoCalGas' most disadvantaged customers and necessitate those ratepayers to work additional time to pay for rate increases.

13. SoCalGas' proposal to use EPAM for cost allocation methodology was unopposed.

Conclusions of Law

14. D.24-12-074 does not retroactively apply to the DIMPBA costs at issue in the Motion.

15. The facts in D.22-05-001 are dissimilar to those present in the Motion.

16. The California Supreme Court, in *TURN v. PUC*, affirmed the Commission may, in certain circumstances, grant rate increases before a final Commission determination of whether the costs were just and reasonable.

17. SoCalGas has shown that granting the Motion promotes fairness for the public.

18. SoCalGas has shown that granting the Motion promotes fairness for the utility.

19. SoCalGas has shown the requested relief is appropriate and requires "immediate" action by the Commission.

20. A 12-month interim rate recovery authorization is reasonable.

21. An interim revenue requirement of \$35.5 million (60 percent of SoCalGas' total request of \$59.1 million) is reasonable as it strikes the correct balance between ratepayer, utility, and public interests.

22. Interim rate recovery granted to SoCalGas is subject to refund with interest, meaning that should the Commission later find a lesser amount "just and reasonable" under Pub. Util. Code Section 451 and related authorities, SoCalGas must return the difference to ratepayers with interest at the earliest opportunity.

23. It is reasonable for SoCalGas to use the EPAM cost allocation methodology as it is consistent with D.24-07-009.

O R D E R

IT IS ORDERED that:

24. Southern California Gas Company's (SoCalGas) August 15, 2025, Motion for Interim Rate Recovery is granted in part, and SoCalGas is hereby authorized to file a Tier 1 advice letter to collect on an interim basis a revenue requirement of \$35.5 million as soon as practicable over a 12-month collection period. The

approved interim revenue requirement shall be recovered using the Equal Percent of Authorized Margin cost allocation methodology.

25. To the extent that the California Public Utilities Commission's final decision in this proceeding approves a lower revenue requirement than \$35.5 million (plus interest expense accrued after June 30, 2025), the amount authorized through interim rates, Southern California Gas Company shall return the difference to ratepayers with interest, calculated at the three-month commercial paper rate at the earliest opportunity.

26. Application 25-08-008 remains open.

This order is effective today.

Dated _____, at Sacramento, California.

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| Summary report: Litera Compare for Word 11.14.1.3 Document comparison done on Thu 1/29/2026 12:27:20 p.m. | |
| Style name: Default Style | |
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| Original filename: Workshare ORIGINAL A2508008 Gerstle PD.docx | |
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| Add | 7 |
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| Embedded Graphics (Visio, ChemDraw, Images etc.) | 0 |
| Embedded Excel | 0 |
| Format changes | 0 |
| Total Changes: | 29 |