

PUBLIC UTILITIES COMMISSION

605 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

September 3, 2026

Agenda ID #24503**Ratesetting**

TO PARTIES OF RECORD IN APPLICATION 25-05-004:

This is the proposed decision of Administrative Law Judge Carrie Sisto. 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 **October 8, 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 of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

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: smt

Attachment

Decision **PROPOSED DECISION OF ALJ SISTO** (Mailed 9/3/2026)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California
Gas Company (U904G) for
Incremental Funding for Customer
Information System Replacement
Program.

Application 25-05-004

**DECISION DENYING SOUTHERN CALIFORNIA GAS COMPANY'S
REQUEST FOR INCREMENTAL FUNDING FOR ITS CUSTOMER
INFORMATION SYSTEM REPLACEMENT PROGRAM**

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**DECISION DENYING SOUTHERN CALIFORNIA GAS COMPANY'S
REQUEST FOR INCREMENTAL FUNDING FOR ITS CUSTOMER
INFORMATION SYSTEM REPLACEMENT PROGRAM**

Summary

This decision denies Southern California Gas Company's (SoCalGas) request for incremental funding to implement its Customer Information System Replacement Program (CIS Replacement Program).

We find that parties to this proceeding have provided evidence that the costs of SoCalGas's CIS Replacement Program are not likely to exceed the authorized amount the utility has been approved to seek ratepayer recovery for, as provided by the Commission in Decision 24-12-074.

We also do not adopt the settlement agreement of SoCalGas and the Small Business Utilities Advocates, and we grant the Public Advocates Office at the California Public Utilities Commission's motion to admit SoCalGas's data request response into evidence as Exhibit CA-03.

Application 25-05-004 is closed.

1. Background

SoCalGas's 2024 General Rate Case (GRC) application included a request for \$20.247 million for Test Year (TY) 2024 O&M activities associated with its CIS Replacement Program, which would have escalated to a total of \$80.988 million over the 2024-2027 GRC period.¹

The Commission approved \$10 million for TY 2024, which would escalate to \$46.9 million over the 2024-2027 GRC period and authorized SoCalGas to file a subsequent request if the utility identified additional O&M costs related to the

¹ A.25-05-004 at 2, and footnote 7.

CIS Replacement Program that may exceed the amount authorized in Decision (D.) 24-12-074.²

SoCalGas filed A.25-05-004 on May 9, 2025, seeking up to \$24.9 million in incremental O&M costs related to its CIS Replacement Program, above the \$46.9 million authorized in D.24-12-074. The incremental funding would be tracked to cover the same types of costs related to the CIS Replacement Program over the TY 2024 GRC period as provided in D.24-12-074. These CIS Replacement Program costs relate to new regulatory and compliance requirements, such as system changes to support the acceleration of SoCalGas's Climate Credit distribution as authorized under D.23-02-014, and changes to implement the cost allocation method as authorized under D.19-11-016.³

D.24-12-074 specifically states the Commission declines SoCalGas's request to capitalize and amortize capital expenditures before the CIS Replacement project is in service, as it is projected the new service will not be available to customers until 2026 or later.⁴ D.24-12-074 also directs SoCalGas to offer better estimates of labor and non-labor expenses and historical costs incurred to allow the Commission to assess the reasonableness of time and resources needed for enhancements and addressing regulatory requirements when filing GRC requests.⁵

² D.24-12-074 at 504.

³ D.24-12-074 at 684.

⁴ D.24-12-074 at 505.

⁵ D.24-12-074 at 684.

In A.25-05-004, SoCalGas also requests contingency associated with its CIS Replacement Program, and Commission authorization to create a new two-way balancing account to track and seek recovery of its CIS Replacement Program's costs.⁶

On June 12, 2025, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) protested A.25-05-004. On June 23, 2025, SoCalGas filed a reply to Cal Advocates' protest.

The Utility Reform Network (TURN) was granted party status on July 1, 2025. Small Business Utility Advocates (SBUA)'s Motion for Party Status was granted on August 19, 2025.

On August 15, 2025, SoCalGas, Cal Advocates, and SBUA filed a Joint Prehearing Conference (PHC) Statement. That statement represented that TURN informed the other parties that, due to resource constraints, TURN is not planning on participating in the proceeding. TURN therefore was not a party to the PHC statement.

A PHC was held on August 29, 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.

The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on October 1, 2025. Afterwards, SoCalGas and SBUA initiated settlement discussions on December 3, 2025. On January 27, 2026, SoCalGas

⁶ A.25-05-004 at 1-3.

provided a notice of a settlement conference to all parties in A.25-05-004, stating that a settlement conference would occur on January 29, 2026.

On February 11, 2026, SoCalGas and SBUA filed a motion for approval of a settlement agreement. The settlement agreement purports to resolve all issues between SoCalGas and SBUA. Cal Advocates did not formally respond to the settlement agreement motion.

On February 25, 2026, Cal Advocates filed a motion for leave to identify and admit a new exhibit that includes information provided by SoCalGas in response to a data request from Cal Advocates. This exhibit was also referenced in Cal Advocates' reply brief as Exhibit CA-03. Cal Advocates, SBUA, and SoCalGas filed reply briefs on March 2, 2026.

On March 4, 2026, SoCalGas filed its response to Cal Advocates' motion asserting that Cal Advocates presented new evidence in its reply brief that was available to Cal Advocates well before the January 2026 joint motion to admit evidence was filed.

On March 9, 2026, the assigned Administrative Law Judge (ALJ) granted parties an opportunity to respond to Cal Advocates' motion to admit new evidence, proposed Exhibit CA-03. On March 13, 2026, SoCalGas filed a response to the ALJ's ruling, which presented facts and arguments to rebut Cal Advocates' assertions made in reliance on Exhibit CA-03.⁷ On March 18, 2026, Cal Advocates filed a response to SoCalGas asserting that its motion for late admission was

⁷ SoCalGas's Response to Administrative Law Judge's Email Ruling Relating to Cal Advocates Proposed Exhibit CA-03 dated March 13, 2026, at 4-6.

procedurally proper, Exhibit CA-03 is relevant, and the Commission has broad discretion to admit evidence.⁸

This matter was submitted on March 18, 2026, upon the receipt of Cal Advocates' response to SoCalGas's opposition to admission of proposed Exhibit CA-03.

2. Issues Before the Commission

Based on the Assigned Commissioner's Scoping Memo, the issues to be determined in this decision are:

1. Should the Commission approve SoCalGas's request for incremental cost recovery for the completion of the CIS Replacement Program?
2. Has SoCalGas provided sufficient supporting evidence to justify the incremental funding request?
 - a. Are SoCalGas's forecasting methodology and assumptions reasonable?
 - b. Are SoCalGas's proposed staffing levels reasonable?
 - c. Are SoCalGas's CIS Replacement Program O&M costs associated with replacing aging and/or obsolete equipment incremental and reasonable?
 - d. Are the working cash, lead-lag study, and other rate base items proposed by SoCalGas reasonable?
 - e. Are the forecasts of O&M costs related to the CIS Replacement Program, including SoCalGas labor, Contractor Costs, Decommissioning, Software, and Materials/Facilities/Other expenses reasonable?

⁸ Cal Advocates' response to SoCalGas's Response to Administrative Law Judge's Email Ruling Relating to Cal Advocates Proposed Exhibit CA-03, dated March 18, 2026, at 2-3.

3. Is it just and reasonable to increase the total rate impact of the CIS Replacement Program by the amount SoCalGas requests above the rate impact of the costs and expenditures approved in D.24-12-074?
4. Which cost recovery mechanism should the Commission authorize for the recovery of the CIS Replacement Program incremental costs?
5. Are there impacts on environmental and social justice communities and, if so, to what extent would approving the recovery of CIS Replacement Program incremental costs impact the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

3. Background of SoCalGas's CIS Replacement Project Costs

SoCalGas requested Commission approval of funds to complete its CIS Replacement Program in A.22-05-015, and the Commission, in D.24-12-074, found that SoCalGas's current CIS is, in fact, outdated and inefficient.⁹ In filings in SoCalGas's TY 2024 GRC, the utility testified that its past customer information system is based on technology that will be approximately 40 years old by the time the CIS Replacement Program is complete.¹⁰ SoCalGas has requested an additional \$24.9 million more than the loaded and escalated amount authorized for the CIS Replacement Program authorized in D.24-12-074.

⁹ D.24-12-074 at 502-504.

¹⁰ Exhibit SCG-01 at EG-2 to EG-3.

SoCalGas points to the O&M costs the Commission has authorized for similar CIS Replacement Program projects proposed by other investor-owned utilities from 2017 to the date of the filing of A.25-05-004. SoCalGas notes that San Diego Gas & Electric Company was authorized \$65.8 million in 2017; Southern California Edison Company was authorized \$61.6 million in 2021; and Pacific Gas and Electric Company was authorized \$80.1 million in 2024.¹¹

SoCalGas, in testimony during its TY 2024 GRC (A.22-05-015/16), stated that incomplete training and the lack of support staff to operate the existing CIS during the formal training of permanent employees, could degrade customer service performance and result in longer wait times for customer service requests.¹² As part of SoCalGas's requests in its TY 2024 GRC application, the Commission considered this testimony, and related evidence, and determined that \$10 million in TY 2024, which escalates to \$46.9 million over 2024-2027, should enable SoCalGas to fund implementation of its CIS Replacement Program proposed by SoCalGas and protect ratepayers from inflated costs related to the project over the 2024–2027 GRC cycle.¹³

4. Requested Incremental Cost Recovery for SoCalGas's CIS Replacement Program

SoCalGas seeks authorization to track and recover costs above those the Commission has already authorized as specific O&M line-item costs for SoCalGas's CIS Replacement Program. SoCalGas states that implementation of

¹¹ Exhibit SCG-01 at EG-7, Table EG-1.

¹² A.25-05-004 at 4-6.

¹³ D.24-12-074 at 503.

its CIS Replacement Program is in progress and that the utility requires an additional \$24.9 million in O&M related costs to train employees on how to operate its new CIS Program, hire and support additional staff necessary to roll out its new CIS Replacement Program, monitor changes to staffing needs, and cover staff time to decommission its prior CIS.¹⁴

SoCalGas states that its CIS Replacement Program will be completed within the TY 2024 GRC timeframe. The utility suggests the new CIS Replacement Program is to “go live” in the third quarter of 2026, followed by a “stabilization phase” that the utility expects to conclude in 2027.¹⁵

SoCalGas notes that its estimated incremental costs associated with its CIS Replacement Program, as requested in A.25-05-004, are based on “either the actual costs in finalized contracts... or based on estimates based on quotes from contractors or the costs of similar software.”^{16, 17}

Cal Advocates, upon review of A.25-05-004 refers to Pub. Util. Code Section 454, and suggests that SoCalGas’s actual spending to implement its CIS Replacement Program does not exceed the \$46.9 million authorized for the project in D.24-12-074.¹⁸

¹⁴ A.25-05-004 at 1.

¹⁵ Exhibit SCG-05 at EG-3 and EG-6.

¹⁶ Exhibit SCG-05, EG/AM-3; Exhibit SCG-02-R at AM-10-12.

¹⁷ Exhibit SCG-02-R at AM-4.

¹⁸ Exhibit CA-01 at 10, citing “SoCalGas_CIS_CalPA_DR05_Q2.” The Excel file shows SoCalGas’s calculations and SoCalGas’s references that it calculated the imputed and authorized O&M consistent with the adopted attrition rate as provided in D.24-12-074 COL 304, 305, and 307.

Cal Advocates reviewed documents SoCalGas provided to the party regarding vendors' names, descriptions of work and/or services performed by external contractors, and whether proposed costs are related to SoCalGas's CIS Replacement Program-related activities. Early in this proceeding, Cal Advocates submitted a data request response from SoCalGas. The information provided in Exhibit CA-01 indicates the utility's spending does not support its assertion that costs will exceed the \$46.9 million already authorized for SoCalGas's CIS Replacement Program in D.24-12-074.¹⁹

Cal Advocates also notes that SoCalGas's request in A.25-05-004 would reflect a quadrupling of the costs SoCalGas was authorized to recover from ratepayers in 2025 to support its CIS Replacement Program.²⁰

SBUA states that SoCalGas explains its understanding of incrementality related to its CIS Replacement Program as "the difference between the total forecasted project cost and GRC authorized amounts."²¹ SBUA argues SoCalGas has made no attempt to compare costs related to the CIS Replacement Program on an activity by activity basis. SBUA suggests that it is not clear whether SoCalGas has or will redeploy authorized costs related to its CIS Replacement Program to other authorized activities, nor whether other budgets authorized in

¹⁹ Exhibit CA-01 at 9-14.

²⁰ Exhibit CA-01 at 10-15.

²¹ Exhibit SBUA-01 at 9, citing Data request SBUA-SCG-001, question 4. Date Requested: October 13, 2025, Response Submitted: October 23, 2025.

D.24-12-074 will be exceeded due to being redeployed to cover incremental CIS Replacement Program costs.²²

4.1. Interim Staffing Needs for SoCalGas's CIS Replacement Project

A portion of the costs SoCalGas requests in the instant proceeding relate to interim staffing costs to operate the existing CIS while permanent staff are learning how to fully implement the new CIS. Another portion of the costs requested relate to software development costs, and other costs requested are described as, "materials/facilities/other."²³

SoCalGas suggests that the overall costs for its CIS Replacement Program will total approximately \$71,008,000, as provided in Table AM-1 of Exhibit SCG-02-R, which is summarized below:

Cost Category	Cost (in millions)
SoCalGas Labor	\$2.801
Contractor Costs	\$56.719
Software Costs	\$10.299
Materials/Facilities/Other Costs	\$1.260
Total CIS Replacement Program Direct Costs	\$71.008

²² Exhibit SBUA-01 at 9. "To recap, [SoCalGas] has neither demonstrated that recorded spend almost two years into its current GRC is at or above authorized, nor has it attempted (nor would it be convincing) to prove on a forecast basis that spend above authorized for years 2026 and 2027 will occur."

²³ Exhibit SCG-02-R at AM-2 and AM-3.

SoCalGas states the CIS Replacement Program began after the Commission's authorization in D.24-12-074. Since then, the utility has refined its cost methodology, finalized external contracts, and updated its staffing model.²⁴ SoCalGas states new calculations suggest it is in need of an incremental amount of \$24.9 million in O&M costs above the \$46.9 million in total imputed O&M costs related to its CIS Replacement Program that was authorized in D.24-12-074.²⁵ SoCalGas also states the CIS Replacement Program is progressing on schedule, with a planned "go-live" date in the third quarter of 2026, with stabilization of the new platform expected in 2027.²⁶

4.2. Projected O&M Forecasts Related to SoCalGas's CIS Replacement Program

SoCalGas is requesting an incremental amount of \$24.9 million in O&M expenses, on top of the \$46.9 million (with escalation) already authorized for O&M costs related to its CIS Replacement Program in D.24-12-074. SoCalGas suggests that it does not need approval of any already recorded costs that the Commission approved recovery of in D.24-12-074, and that it is unnecessary for the Commission to conduct any reasonableness review of costs tracked for its CIS Replacement Program.²⁷

²⁴ Exhibit SCG-02-R at AM-3.

²⁵ Exhibit SCG-02-R at AM-3 through AM-5.

²⁶ Exhibit SCG-01 at EG-5 and EG-6.

²⁷ SoCalGas Response to the December 16, 2025, ALJ Ruling Requesting Additional Information dated December 30, 2025, Response #2 states: "The \$46 million authorized in D.24-12-074 has already been approved by the Commission and is not being sought as part of this application. Further, since this amount has already been approved, it is not subject to a reasonableness review in order for SoCalGas to be able to recover the authorized amount in rates."

To derive its forecast total of \$71 million in O&M costs associated with its CIS Replacement Program, SoCalGas states it started with the non-escalated amount authorized in D.24-012-074 and then proposed escalated amounts for 2026 and 2027 in A.25-05-004.²⁸ SoCalGas is requesting an incremental \$24.9 million in O&M expenses on top of \$40 million, or \$46.9 million, with escalations, approved in D.24-12-074.²⁹ The revenue requirement related to the additional O&M costs related to the CIS Replacement Program, as requested by SoCalGas, totals to \$12.7 million in 2026 and \$12.9 million in 2027, for a sum of \$25.6 million (including escalators).³⁰

Cal Advocates opposes SoCalGas's request in its entirety. According to Cal Advocates the forecasted O&M costs related to the CIS Replacement Program are consistently unreliable and the larger forecasted costs do not reflect the amount SoCalGas has expended to date to implement the CIS Replacement Program when considering the budget provided in D.24-12-074.³¹ Cal Advocates notes that SoCalGas has not proven that the O&M costs necessary for its CIS Replacement Program will exceed the amount already authorized, noting that

²⁸ Exhibit SCG-03 at RMY-2 and Table RMY-1; Exhibit SCG-05 at EG/AM-13.

²⁹ Exhibit SCG-02-R at AM3 through AM5; Exhibit CA-02 at "SoCalGas_CIS_CalPA_DR05_Q2." The Excel file shows SoCalGas's calculations and SoCalGas's references that it calculated the imputed and authorized O&M consistent with the adopted attrition rate as provided in D.24-12-074 at COL 304, 305 and 307.

³⁰ Exhibit SCG-03 at RMY-2-3.

³¹ Cal Advocates Opening Brief dated February 17, 2026, at 6-7.

SoCalGas's total recorded 2024 O&M spending, even when combined with its estimated 2025 costs, is below the 2024 O&M costs SoCalGas was authorized.³²

Cal Advocates argues the incremental funding SoCalGas requests for its CIS Replacement Program is premature and that SoCalGas may be redirecting other resources or misinterpreting the justification of the CIS Replacement Program budget authorized in D.24-12-074.³³

Cal Advocates further notes that SoCalGas only spent approximately 50 percent of the \$16.870 million in O&M costs that the utility had forecasted to be necessary in 2024 for its CIS Replacement Program, finding recorded O&M spending totaled to \$8.463 million for 2024.³⁴

SoCalGas argues that it has updated and refined its O&M forecast for its CIS Replacement Program and provided Cal Advocates with more recent data related to vendor quotes and signed contracts. SoCalGas suggests the incremental data it provided to Cal Advocates proves that the utility is on track to deplete the O&M related funding authorized in D.24-12-074 for the CIS Replacement Program in the third quarter of 2026, which is before SoCalGas anticipates full implementation of the project in the second quarter of 2027.³⁵

³² Exhibit CA-01 at 5, footnote 17: "In response to Cal Advocates' data request, SoCalGas provided Excel file "SoCalGas_CIS_CalPA_DR05_Q2." The Excel file shows SoCalGas's calculations and SoCalGas's references that it calculated the imputed and authorized O&M consistent with the adopted attrition rate as provided in D.24-12-074, Conclusions of Law (COL) 304, 305 and 307.

³³ Cal Advocates' Opening Brief Filed February 17, 2026, at 7.

³⁴ Exhibit CA-01 (Nawaz) at 15 and at 11-12, citing SoCalGas_CIS_CalPA_DR02_Q2a,b.

³⁵ Exhibit SCG-05 at EG/AM-7 through EG/AM-13.

According to information the utility provided to Cal Advocates, SoCalGas's claim that it has finalized contracts for continuing its CIS Replacement Program is not supported.³⁶ Cal Advocates notes SoCalGas has not provided information supporting its cost estimates related to vendors for surge staffing, training, and delivery of its new CIS replacement project. Further, as of September 30, 2025, SoCalGas's O&M spending for its CIS Replacement Program equated to \$5.821 million, which would not put it on track to spend its projected \$11.183 million in O&M costs related to its CIS Replacement Program by the end of 2025.³⁷ Cal Advocates argues that SoCalGas has not demonstrated that it will or could spend an additional \$12.7 million in 2026, or \$12.9 million in 2027, based on information the party received in response to its data requests.³⁸ Cal Advocates also notes the utility has not provided an explanation for the inconsistency between its Opening Brief assertion that there were executed final contracts, and that SoCalGas has failed to provide similarly completed contract documentation.³⁹

³⁶ Exhibit CA-03 at 5. Cal Advocates notes that SoCalGas' Data Response is the subject of Cal Advocates' Motion for Leave to Identify and Admit Southern California Gas Company's Data Request Response into Evidence, filed February 25, 2026.

³⁷ Exhibit CA-01 at 11-12, citing SoCalGas_CIS_CalPA_DR02_Q2a,b, and Exhibit CA-02, referencing the Confidential Data Response Pub. Adv-SoCalGas-009.

³⁸ Exhibit CA-01 at 10-15, referencing Excel file SoCalGas_CIS_CalPA_DR05_Q2, and updated testimony provided by SoCalGas October 1, 2025 "Chapter-2 - Revised Testimony of April McAllaster - Attachment A-Workpaper."

³⁹ Cal Advocates Reply Brief dated March 2, 2026 at 5-8, citing SoCalGas's Opening Brief dated February 17, 2026, at 11 through 15.

SBUA suggests that SoCalGas must demonstrate it will spend the amount of funds the Commission has already authorized for SoCalGas's proposed CIS Replacement Program before requesting ratepayer recovery of incremental funds.⁴⁰ SBUA also states, "Customer harms from excess utility expenditures are not nullified by later receipt of reimbursement with interest."⁴¹

SoCalGas argues that SBUA relied on only one example of what the Commission has approved as the ratio for tracking expenses and capital costs for a specific project in a cost recovery account. SoCalGas states its CIS Replacement Program will replace decades-old technology and argues that its request in A.25-05-004 is based on actual expenses incurred, signed contracts, staffing levels, and forecasting models that have been created by subject matter experts.⁴²

SBUA notes residential and small business customers may face high upfront costs to support the incremental CIS Replacement Program spending proposed in A.25-05-004, which could result in consistent reliance on credit cards to cover increased bills, a limited ability to hire employees, and reduced ability to acquire necessary household or business-related items.⁴³

We agree with Cal Advocates' and SBUA's arguments that SoCalGas has not provided adequate evidence to support the utility's claim that contractual obligations could significantly increase the costs related to its CIS Replacement

⁴⁰ Exhibit SBUA-01 at 10-13.

⁴¹ SBUA Reply Brief dated March 2, 2026, at 2.

⁴² Exhibit SCG-05 at EG/AM-13-16.

⁴³ SBUA Reply Brief dated March 2, 2026, at 2-3.

Program. Notably, SoCalGas has not provided evidence of finalized contracts.⁴⁴ If SoCalGas had provided finalized contracts or other binding agreements to prove the expected increased O&M costs related to its CIS Replacement Program, those would have been considered in this decision. After reviewing the record of this proceeding, however, we are not persuaded the utility's O&M costs for its CIS Replacement Program will exceed its prior authorization to seek ratepayer cost recovery as provided in D.24-12-074.

We also agree with Cal Advocates and SBUA that SoCalGas has not met its burden to prove that the O&M costs associated with the utility's CIS Replacement Program will exceed what the Commission has already authorized the utility to ~~track and seek recovery of~~[recover](#) in D.24-12-074.⁴⁵ Further, SoCalGas's request to track and seek recovery of incremental O&M costs during the Test Year 2024 GRC period could result in adverse near-term rate impacts for the utility's customers.

Upon review of the evidence provided, SoCalGas has not proven it ~~was able to spend~~[spent](#) the majority of the costs the Commission authorized it to recover for its CIS Replacement Program in D.24-12-074 in 2024 or 2025, or that its instant request to spend incremental ratepayer funds to implement its CIS Replacement Program are in the interest of ratepayers. We find that SoCalGas has not demonstrated that it will or should [be expected to](#) spend more than its already authorized amount of \$46.9 million between now and 2027 on the O&M

⁴⁴ Cal Advocates Opening Brief dated March 2, 2026, at 5-8; Exhibit CA-03 at 5-6 at Response 4 and Response 5.

⁴⁵ Exhibit CA-01 at 10-15 and Exhibit SBUA-01 at 5.

costs necessary to complete its CIS Replacement Program.⁴⁶ We therefore find it reasonable to deny A.25-05-004. [SoCalGas itself provides that its 2024 and 2025 spending related to its CIS Replacement Program “were below the utility’s forecasted amount by approximately \\$1 million.”⁴⁷](#)

4.3. Discussion of Incremental Costs Requested in A.25-05-004

Upon review of the evidence provided in this proceeding, SoCalGas has not met its burden to prove that incremental funding is necessary to avoid a delay in implementation of SoCalGas’s CIS Replacement Program during the TY 2024 GRC period. Our denial of incremental funding requested by SoCalGas in this proceeding would not delay the utility’s CIS Replacement Program, given the funding already available to SoCalGas, as provided in D.24-12-074.

~~Further, SoCalGas must not incorporate the capital revenue requirement (including depreciation, taxes, and return) related to the CIS Replacement Program into customer rates until a Tier 2 Advice Letter is filed, no less than 30 days after the CIS Replacement Program is placed in service, seeking the Commission’s approval to incorporate the costs into customers’ rates as part of SoCalGas’s next scheduled rate update following the project’s completion and in service date.⁴⁷~~

⁴⁶ Exhibit CA-01 at 14 and footnote 54: SoCalGas provided updated testimony on October 1, 2025 “Chapter-2 - Revised Testimony of April McAllaster- Attachment A-Workpapers.”

⁴⁷ [SoCalGas Opening Comments, Appendix A.](#)

~~⁴⁷ D.24-12-074 at 505 states “Within 30 days of the new CIS entering into service, SoCalGas shall file a Tier 2 Advice Letter to incorporate the capital revenue requirement (including depreciation, taxes, and return) based on actual capital additions not to exceed the capital cost~~

Footnote continued on next page.

5. Reasonableness Review

The Commission has authorized SoCalGas to ~~track and seek recovery of~~recover up to \$46.9 million related to O&M costs for its CIS Replacement Program through D.24-12-074. SoCalGas suggests these already-authorized costs should not be subject to a reasonableness review.⁴⁸

In D.24-12-074, the Commission declined to authorize ~~the~~ SoCalGas to amortize expenditures related to its CIS Replacement Program.⁴⁹

The Commission instead directed SoCalGas to, within 30 days of the new CIS entering into service, file a Tier 2 ~~Advice Letter~~advice letter to incorporate the capital revenue requirement (including depreciation, taxes, and return) based on actual capital additions not to exceed the capital cost forecast authorized in D.24-12-074, into customers' rates as part of SoCalGas's next scheduled rate update,~~so Commission staff could review the actual numbers associated with the full~~ following the project's completion and ~~operationality of the CIS Replacement Program~~in service date.⁵⁰ Given our denial of the requests filed in A.25-05-004, we find it reasonable to ~~point to the prior Commission review of~~

~~forecast authorized in this decision, into customers' rates as part of SoCalGas's next scheduled rate update following the project's completion and in service date."~~

⁴⁸ Revised Response of SoCalGas to ALJ Ruling dated January 12, 2026, at Response 2.

⁴⁹ D.24-12-074 at 505. The Commission ~~found~~ordered SoCalGas ~~shall~~to file a Tier 2 Advice Letter to incorporate capital revenue requirements based on actual capital additions and set the capital cost cap at \$221.665 million.

⁵⁰ D.24-12-074 at 505.

~~this project, and to~~ direct SoCalGas to comply with the orders already adopted by the Commission in D.24-12-074.

6. Cal Advocates' Proposed Exhibit CA-03

Cal Advocates asserts that SoCalGas has not met its burden of proof to show that additional funds for the CIS Replacement Program are necessary.⁵¹ Cal Advocates notes that the forecasting methodology proffered by SoCalGas demonstrates a continuation of the methodology the Commission rejected in D.24-12-074.⁵² Cal Advocates argues that the utility's dependence on unreliable forecasts cannot prove its case, and points to concerns about SoCalGas's attempt to use consultants to validate its forecasted costs without explaining when or how the Commission authorized the use of a consultant to independently evaluate the forecasts related to the CIS Replacement Program for reliability.⁵³

⁵¹ Cal Advocates' Reply Brief at 1 and footnote 5: "The Commission has held that costs are incremental if, in addition to completing the planned work that underlies the authorized costs, the utility had to procure additional resources, be they in labor or materials, to complete the new activity. See D.25-06-051, Decision Granting, In Part, Request By Southern California Edison California for 2022 Wildfire Mitigation and Vegetation Management Costs, June 30, 2025, at 14, quoting D.23-02-017, Decision Approving Settlement [PG&E], February 2, 2023, at 27 (rehearing denied in D.23-10-025)."

⁵² Cal Advocates' Reply Brief at 3, citing D.24-12-074 at 504.

⁵³ Cal Advocates' Reply Brief at 5, citing D.24-12-074 at 503 ("Given this large discrepancy in projected and actual costs for the project in 2022, we agree with Cal Advocates to adopt a more balanced approach to SoCalGas's forecasted 2024 Test Year O&M costs for this GRC cycle and adopt \$10 million as the 2024 Test Year O&M cost estimate.") and D.24-12-074 at 500 ("SoCalGas and its consultant (Accenture) have developed a CIS Implementation Plan and a CIS Replacement cost forecast.").

Cal Advocates also argues SoCalGas has not adequately shown that any additional funds related to SoCalGas's CIS Replacement Program should be tracked in a two-way balancing account.⁵⁴

Cal Advocates suggests that SoCalGas has not sufficiently validated the forecasts of costs related to the implementation of its CIS Replacement Program and provides evidence that SoCalGas only spent approximately 50 percent of its forecasted authorized amount for 2024, as provided in D.24-12-074, and substantially less than the amount authorized for its CIS Replacement Program in 2025.^{55, 56} On February 25, 2026, after the filing of the parties' motion to identify and admit evidence into the procedural record, the subsequent Joint Motion for a settlement, and the filing of opening briefs, Cal Advocates filed a request to submit a new exhibit, Exhibit CA-03 which provides SoCalGas's response to a data request response dated September 16, 2025. Cal Advocates relied on the proposed Exhibit CA-03 in its reply brief filed on March 2, 2026, which was the same day other active parties to this proceeding filed reply briefs. Cal Advocates states its proposed exhibit provides evidence regarding the vendor invoices related to SoCalGas's CIS Replacement Program and the basis for cost estimates for surge staffing and associated training needs for the surge staffing necessary to complete the CIS Replacement Program.⁵⁷

⁵⁴ Cal Advocates' Reply Brief at 2 and 8.

⁵⁵ Cal Advocates' Reply Brief at 4-5.

⁵⁶ Cal Advocates Opening Brief at 4-8.

⁵⁷ Motion of Cal Advocates to Identify and Admit SoCalGas's Data Request Response into Evidence dated February 25, 2026, Appendix A.

On March 4, 2026, SoCalGas filed a response to the motion pursuant to Rule 11.1. The assigned ALJ invited parties to comment on inclusion of the proposed Exhibit CA-03. SoCalGas was the only party to respond to the ALJ's ruling on the deadline of March 13, 2026.

SoCalGas opposes the admittance of Exhibit CA-03, which includes confidential information, into evidence, arguing that Cal Advocates' motion is untimely. According to SoCalGas, Cal Advocates received the response to its data request in question on September 16, 2025, well before Cal Advocates, SBUA, and SoCalGas filed the joint motion on January 21, 2026, to admit testimony and enter exhibits into the record of A.25-05-004.

SoCalGas also states that Cal Advocates did not identify any new procedural issues that occurred between the date when the parties, including Cal Advocates, jointly filed for identification and admittance of exhibits and its motion seeking leave to file Exhibit CA-03.⁵⁸

In objecting to Cal Advocates' motion related to Exhibit CA-03, SoCalGas states it does not take issue with the contents of the exhibit, which contains the utility's response to data request CalPA-SCG-007, dated September 16, 2025.⁵⁹

All parties were provided opportunities to be heard both on the facts presented in Exhibit CA-03 and on the arguments presented in Cal Advocates'

⁵⁸ SoCalGas's Response to Administrative Law Judge's Email Ruling Relating to Cal Advocates Proposed Exhibit CA-03 dated March 13, 2026.

⁵⁹ SoCalGas Response to Cal Advocates Proposed Exhibit CA-03 dated March 4, 2026, at 1, footnote 3.

reply brief.⁶⁰ As discussed above, the motion to admit Exhibit CA-03 was filed on February 25, 2026, before the filing of reply briefs on March 2, 2026, and before the record of the proceeding was submitted.⁶¹

Cal Advocates' request to admit Exhibit CA-03 to support its rebuttal testimony is granted, and the exhibit is marked and identified as Exhibit CA-03. We note that Cal Advocates' delay requesting admittance of Exhibit CA-03 created additional work for all active parties to this proceeding and the Commission. Parties should refrain from relying on new exhibits in their reply briefs.

7. SBUA-SoCalGas Proposed Settlement Agreement

SoCalGas and SBUA filed a joint motion for approval of a settlement agreement (Joint Motion) on February 11, 2026. Cal Advocates was not a party to the Joint Motion or the settlement agreement, nor did Cal Advocates file a response to the motion for approval of the settlement agreement.

The Joint Motion proposes to reduce SoCalGas's cost recovery request by \$3.9 million, to total \$21 million. The proposed settlement agreement also seeks to authorize SoCalGas to establish a two-way balancing account for incremental costs related to implementation of its CIS Replacement Program and seek a

⁶⁰ ALJ Ruling dated March 9, 2026, Granting Parties an Opportunity to Respond to Cal Advocates' Motion to Admit New Evidence.

⁶¹ Cal Advocates' Motion for Leave to Identify and Admit Southern California Gas Company's Data Request Response into Evidence was dated February 25, 2026. The record of the proceeding was submitted on March 18, 2026, upon receipt of Cal Advocates' response to SoCalGas's response related to Exhibit CA-03, dated March 13, 2026, as directed in the March 9, 2026, ALJ rulings.

reasonableness review of any amount up to 115 percent of the final amount authorized by the Commission in this proceeding.⁶²

SBUA and SoCalGas agree that the utility should conduct outreach to, and confer with, small businesses to identify whether specific issues related to the CIS Replacement Program could adversely affect small businesses and seek recommendations for solutions of any such adverse impacts.⁶³

7.1. Reduction in SoCalGas's Incremental CIS Replacement Program Funding Request

The settlement agreement proposes to reduce SoCalGas's requested incremental funding for its CIS Replacement Program to \$21 million, from the \$24.9 million SoCalGas initially sought in A.25-05-004.

In D.24-12-074, the Commission allowed SoCalGas the option of submitting a separate application if it could provide incremental evidence that costs related to its CIS Replacement Program are projected to exceed the amount authorized by the Commission for the CIS Replacement Program.⁶⁴

The settlement agreement between SBUA and SoCalGas states that SoCalGas's request to seek recovery of costs above any forecasted amounts identified in A.25-05-004 should not be considered until or unless SoCalGas

⁶² SBUA-SoCalGas Settlement Agreement Attachment A, page 2, "Authorized Funding."

⁶³ SBUA-SoCalGas Settlement Agreement Attachment A, page 3.

⁶⁴ D.24-12-074 at 504.

proves it requires incremental funding for this specific CIS Replacement Program.⁶⁵

The utility's request for further funding to implement its CIS Replacement Program should be filed in its next GRC, and, as noted in D.24-12-074, any incremental request(s) must include concise estimates of labor and non-labor expenses and historical costs incurred during the CIS Replacement Program to allow the Commission to assess the reasonableness of time and resources needed for its CIS Replacement Program.⁶⁶

7.2. Tracking of SoCalGas's Incremental O&M CIS Funding

SoCalGas's and SBUA's proposed settlement agreement suggests the utility should be authorized to establish a two-way balancing account to track and seek recovery of up to \$21 million in incremental O&M costs for its CIS Replacement Program, above what was authorized by the Commission in D.24-12-074. If the settlement were adopted as proposed, SoCalGas could seek a reasonableness review of the O&M costs that exceed the authorized amounts by the Commission, so long as the excess is less than 115 percent. The two parties propose that SoCalGas should provide information to the Commission in its next GRC that enables the Commission to conduct a reasonableness review of the

⁶⁵ SBUA-SoCalGas Settlement Agreement Attachment A at 2 states "SBUA recognizes the authority of the Commission to approve additional funding based on forecasting but does not endorse SoCalGas's position that forecast amounts are considered 'incremental' prior to SoCalGas actually incurring costs in excess of the total authorized cost."

⁶⁶ D.24-12-074 at 684.

O&M costs associated with the CIS Replacement Program, should the utility exceed the costs authorized in D.24-12-074.⁶⁷

The two parties also propose that, to conduct further outreach to SoCalGas's small business customers, SoCalGas could track and seek recovery of up to \$150,000 to meet and confer with up to 500 small businesses in SoCalGas's service territory.⁶⁸ ~~The~~ [While the](#) proposed settlement agreement does not clarify whether this \$150,000 would be incremental to the \$21 million that would otherwise be authorized for the CIS Replacement Program. ~~SoCalGas states that the costs for small business outreach were included in the settlement.~~⁶⁹

7.3. Small Business Outreach Requirements

SBUA and SoCalGas propose that, within 45 days of this decision, SoCalGas will have internal discussions about the CIS Replacement Program as it relates to interacting with and educating small business customers. SoCalGas proposes that it can work internally to identify primary issues and concerns of its "lowest-tier commercial customers."⁶⁹⁷⁰ To do so, SoCalGas agrees with SBUA to undertake an online survey of 500 small business customers that SBUA would first review before it is sent to SoCalGas's customers. After survey results are collected, SoCalGas would provide a report to SBUA and "other parties that have requested" the result, to seek "informal feedback."⁷⁰⁷¹

⁶⁷ SBUA-SoCalGas Settlement Agreement Attachment A at 2.

⁶⁸ SBUA-SoCalGas Settlement Agreement Attachment A at 3.

⁶⁹ [SoCalGas Opening Comments at 12.](#)

⁶⁹⁷⁰ SBUA-SoCalGas Settlement Agreement Attachment A at 2.

⁷⁰⁷¹ SBUA-SoCalGas Settlement Agreement Attachment A at 2-3.

~~After receiving “informal feedback” based on these survey results, the settlement suggests that SoCalGas may identify modifications which could result in additional costs beyond the amount the Commission authorized for SoCalGas’s CIS Replacement Program in D.24-12-074.~~

7.4. Discussion of the Proposed Settlement Agreement

When assessing proposed settlements, the Commission evaluates each of the provisions proffered. We therefore consider the reasonableness of the two parties’ proposed settlement agreement in light of the whole record, including testimony and briefs from all parties to the instant proceeding.

Settlements will not be approved, in whole or in part, unless the settlement provisions are reasonable in light of the whole record, consistent with the law, and in the public interest.⁷⁴⁷²

Cal Advocates argues that SoCalGas’s filings in this proceeding do not prove it will exceed the \$46.9 million already authorized for the CIS Replacement Program.⁷³ Cal Advocates provided persuasive confidential data and information in its exhibits and briefs, none of which was addressed in the Joint Motion or settlement agreement. Specifically, Cal Advocates argues that SoCalGas has not demonstrated that it will spend more than 400 percent of its 2025 projected cost related to the CIS Replacement Program in 2026, and that SoCalGas has not

⁷⁴⁷² Rule 12.1(d).

⁷³ [Exhibit CA-01 at 15 and footnote 16 \(citing SoCalGas CIS CalPA DR05 Q2\).](#)

provided verifying documentation to show the Commission that the utility will exceed the CIS Replacement Program costs authorized in D.24-12-074.⁷²⁷⁴

~~Upon consideration of the full record, we find that the record of this proceeding suggests the settlement agreement is not reasonable in light of the whole record, is inconsistent with the law, and against the public interest.~~

Rule 12.1 of the Commission's Rules of Practice and Procedure (Rules), states "When a settlement pertains to a proceeding under a Rate Case Plan or other proceeding in which a comparison exhibit would ordinarily be filed, the motion must be supported by a comparison exhibit indicating the impact of the settlement in relation to the utility's application and, if the participating staff supports the settlement, in relation to the issues staff contested, or would have contested, in a hearing."

We note that the proposed Joint Motion states "This settlement would resolve all issues between SoCalGas and SBUA in this proceeding and obviates the need for a fully litigated outcome between the Settling Parties." In this instance, the settling parties are only SoCalGas and SBUA.⁷³⁷⁵ The settling parties state that Cal Advocates and TURN waived the seven-day notice requirement set forth in Rule 12.1(b), ~~but it~~. No other parties signed the settlement agreement proposed by SBUA and SoCalGas.⁷⁶ It is unclear whether all potentially contested issues of material fact raised in A.25-05-004, as necessary to determine

⁷²⁷⁴ Exhibit CA-01 at 10-15.

⁷³⁷⁵ SBUA-SoCalGas Settlement Agreement at 1.

⁷⁶ SBUA-SoCalGas Settlement Agreement at 2 states "A settlement agreement was finalized and executed by both Settling Parties."

the Commission's decisions on the issues raised in the Scoping Memo, were discussed and resolved by the settling parties before the Joint Motion was submitted.⁷⁴~~No other parties signed the settlement agreement proposed by SBUA and SoCalGas.~~⁷⁵ZZ

Upon consideration of the full record submitted in A.25-05-004, we find that the proposed settlement agreement is not reasonable in light of the whole record, is inconsistent with the law, and is against the public interest.

~~We agree with Cal Advocates that SoCalGas's filings in this proceeding do not prove it will exceed the \$46.9 million already authorized for the CIS Replacement Program.~~⁷⁶~~Consequently, we determine the settlement agreement's terms on the issues related to incremental funding for SoCalGas's CIS Replacement Program are not in the public interest and are~~The proposed settlement is also inconsistent with Pub. Util. Code Section 451, which requires that all charges demanded or received by any public utility be just and reasonable,~~and.~~

The settlement also does not comply with Rule 12, which requires a settlement that pertains to a proceeding related to a rate case plan, to provide a comparison exhibit indicating the impact to ratepayers if the settlement were

⁷⁴~~SBUA-SoCalGas Settlement Agreement at 2, footnote 3.~~

⁷⁵ZZ SBUA-SoCalGas Settlement Agreement at 2~~states "A settlement agreement was finalized and executed by both Settling Parties."~~, footnote 3.

⁷⁶~~Exhibit CA-01 at 15 and footnote 16 (citing SoCalGas_CIS_CalPA_DR05_Q2); D.24-12-074 at 504.~~

adopted, in relation to the utility's application, for the Commission and other parties to review.⁷⁷⁷⁸

~~We find the proposed settlement agreement between SBUA and SoCalGas is not reasonable in light of the whole record, not consistent with law, nor is it in the public interest.~~ Therefore, the Joint Motion is denied, and the proposed settlement is not adopted in this decision.

8. Environmental and Social Justice Concerns

Parties to this proceeding did not raise specific environmental and social justice (ESJ) concerns in their application, testimony, or briefs. Given the lack of evidence related to issues related to ESJ concerns raised by parties, we conclude our denial of SoCalGas's request for incremental funding will not adversely impact ESJ communities.

9. 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(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

⁷⁷⁷⁸ See SBUA-SoCalGas Settlement Agreement at 6. Stating the proposed settlement would cumulatively reduce the amount SoCalGas requested in A.25-05-004 from \$24.9 million to \$21 million is not a comparative exhibit that provides parties and the Commission a way to fully understand the negotiated cost changes that are proposed in the Joint Motion.

Public comments in the docket of A.25-05-004 prior to the proceeding's submission raised concerns that customer rates will increase to accommodate the CIS Replacement Program. There were concerns that rates will increase before the CIS Replacement Program is available for customers to fully utilize ~~in~~[during](#) or after 2027.

Other public comments suggest the cost of operating and maintaining SoCalGas's CIS system should be included in what the Commission has already authorized, and that SoCalGas [or its shareholders](#) should absorb any incremental costs.

Finally, public comments raised concerns that the bulk of the incremental CIS Replacement Program costs requested in A.25-05-004 would be recovered from core customers and largely, residential ratepayers.

10. Conclusion

This decision denies SoCalGas's request to track up to \$24.9 million in incremental costs above what was authorized in D.24-12-074 related to its CIS Replacement Program in a new two-way, interest-bearing balance account. We find the preponderance of the evidence provided in A.25-05-004 does not support the utility's claim that the O&M costs related to SoCalGas's CIS Replacement Program will exceed the amount the Commission authorized in D.24-12-074 for the utility's self-designed CIS Replacement Program project during the TY 2024 GRC period.

11. Procedural Matters

This decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

12. Comments on Proposed Decision

The proposed decision of ALJ Carrie Sisto in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on September 23, 2026, by SoCalGas, and reply comments were filed on September 28 by Cal Advocates and SBUA. Comments provided by these parties are reflected in edits throughout this proceeding but do not change the outcome of the proposed decision.

In reply comments on the proposed decision, Cal Advocates states "unfinalized contracts are at the heart of this proceeding." Cal Advocates points to SoCalGas's opening comments to the proposed decision, that show vendors related to its CIS Replacement Program "have not been selected" and that vendor contracts "have not been finalized."⁷⁹

The expense reports SoCalGas provided to Cal Advocates related to O&M had already been incurred in November and December 2025. SoCalGas has not produced records that include finalized vendor contracts or internal support staff costs that fully explain its forecasted 2026-2027 spending related to its CIS Replacement Program.⁸⁰ Cal Advocates also argue that SoCalGas has failed to meet its burden of proof related to the need for incremental funding for its CIS

⁷⁹ Cal Advocates' Reply Brief at 1-2.

⁸⁰ Cal Advocates Reply Brief at 2, citing SoCalGas Opening Comments at 6, fn. 25 (citing Ex. CA-02C at 130-153, 154-194).

[Replacement Project by relying on Exhibit CA-02C in its comments, after previously opposing that exhibit being admitted into evidence.⁸¹](#)

[In opening and reply comments to the proposed decision, SoCalGas and SBUA suggest that comparison exhibits have not been required in similar circumstances.⁸² We clarify that this decision is based solely on the information provided by SoCalGas in A.25-05-004 and all documents provided by all parties as recorded on the docket of, or adopted as evidence to, the instant proceeding.](#)

13. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Carrie Sisto is the assigned ALJ in this proceeding.

Findings of Fact

1. SoCalGas was authorized to ~~track and seek recovery of~~[recover](#) up to \$46.9 million in O&M costs related to the replacement of its CIS in D.24-12-074.
2. The costs related to SoCalGas's CIS Replacement Program have not yet exceeded the amount authorized in D.24-12-074 prior to the project's completion.
3. SoCalGas seeks up to \$24.9 million in incremental O&M costs related to its CIS Replacement Program above what the Commission authorized for the project in D.24-12-074.

⁸¹ [Cal Advocates Reply Brief at 2, footnote 10.](#)

⁸² [SoCalGas Opening Comments at 11; SBUA Reply Comments at 2.](#)

4. SoCalGas and SBUA filed a joint motion for approval of settlement agreement on February 11, 2026. Cal Advocates was not a party to the settlement agreement and did not file a formal response.

5. The settlement agreement does not clarify whether outreach to small businesses would be incremental to the \$21 million assigned to O&M costs associated with SoCalGas's CIS Replacement Program agreed upon in the Joint Motion or included within that sum.

6. Other parties to A.25-05-004 did not participate in the negotiation of the Joint Motion for settlement agreement.

7. The settlement agreement is not reasonable in light of the record, consistent with the law, nor in the public interest.

8. The ~~total incremental costs related to~~[evidence provided in A.25-05-004](#) ~~does not support~~ SoCalGas's [claim that its](#) CIS Replacement Program ~~have not been proven~~[expenses are likely](#) to exceed the costs authorized in D.24-12-074.

9. SoCalGas requested up to \$5.5 million in contingency for completion of its CIS Replacement Program in A.25-05-004.

10. SoCalGas's expenditures for its CIS Replacement Program in 2024, and estimated costs for its CIS Replacement Program implementation in 2025, were below the utility's forecasted amount.

~~11. A reasonableness review of ratepayer spending related to SoCalGas's CIS Replacement Program is necessary.~~

[11.](#) ~~12.~~ Denying SoCalGas's request for incremental funding will not negatively impact environmental and social justice communities.

12. ~~13.~~ Denying SoCalGas's request for incremental funding will not delay the progress of the utility's implementation of its CIS Replacement Program.

Conclusions of Law

1. SoCalGas's requests to recover the \$24.9 million in ~~incremental projects~~ CIS Replacement Program costs to support its CIS Replacement Program requested in A.25-05-004 should be denied.

2. The Joint Motion should be denied and the settlement agreement between SoCalGas and SBUA should not be approved.

3. Exhibit CA-03 should be marked and admitted into the evidentiary record of this proceeding.

~~4. No incremental contingency amounts, above those considered in A.22-05-015 and adopted in D.24-12-074, should be considered when the Commission evaluates the reasonableness of the O&M costs associated with SoCalGas's CIS Replacement Program.~~

4. ~~5.~~ SoCalGas has not met its burden of proof to support its claim that its CIS Replacement Program costs will ~~certainly~~ exceed the costs the Commission has already authorized in D.24-12-074.

5. ~~6.~~ The issue as to whether to authorize a balancing account related to incremental O&M costs for the utility's CIS Replacement Program is moot, given our denial of A.25-05-004.

~~7. A reasonableness review of SoCalGas's expenditures related to its CIS Replacement Program should be conducted in SoCalGas's next GRC proceeding before the commission considers whether any additional incremental costs related to the CIS Replacement Program should be authorized.~~

[6.](#)

[7.](#) ~~8.~~ Any pending motions that are not expressly ruled upon by the assigned Commissioner or ALJ should be denied.

O R D E R

IT IS ORDERED that:

1. Southern California Gas Company's request for additional ~~incremental~~ operations and maintenance funding to complete its Customer Information Service Replacement Program, as proposed in Application 25-05-004, is denied.
2. The February 11, 2026, motion for settlement filed by Southern California Gas Company and Small Business Utilities Advocates in Application 25-05-004 is denied and the settlement agreement is rejected.
3. The February 25, 2026, motion filed by the Public Advocates Office at the California Public Utilities Commission, to identify and admit Southern California Gas Company's Data Request Response into evidence is granted, and the document is marked and identified as Exhibit CA-03 and admitted into the evidentiary record.
4. Southern California Gas Company's request to authorize a balancing account related to incremental O&M costs for the utility's CIS Replacement Program is moot, and therefore denied.
5. All outstanding motions filed in this proceeding that have not yet been ruled on are denied.
6. Application 25-05-004 is closed.

This order is effective today.

Dated _____, at Sacramento, California.

Summary report: Litera Compare for Word 11.6.0.100 Document comparison done on 10/5/2026 10:14:20 AM	
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<u>Table Insert</u>	0
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