BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link	A.24-12-011 (Filed December 20, 2024)

OPENING BRIEF OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON PHASE 2A ISSUES OF LAW AND POLICY

JENNIFER K. ROY
Attorney for
SOUTHERN CALIFORNIA GAS COMPANY
LATHAM & WATKINS LLP
12670 High Bluff Drive
San Diego, CA 92130
Telephone: (619) 523-5400
Facsimile: (619) 523-5450
E-mail: jennifer.roy@lw.com

MELISSA HOVSEPIAN
AVISHA A. PATEL
Attorneys for
SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, GT-14E7
Los Angeles, CA 90013
Telephone: (213) 244-8234
Facsimile: (213) 629-9620
E-mail: mhovsepian@socalgas.com
E-mail: apatel@socalgas.com

September 3, 2025

TABLE OF CONTENTS

TABLE OF AUTHORITES

Statutes and Legislation

Court Cases

California Public Utilities Commission Decisions

Other Authorities

SUMMARY OF RECOMMENDATIONS

1. The Commission should find that Angeles Link is not a pipeline pursuant to the definition provided in Pub. Util. Code § 227 because Angeles Link is intended to carry only gaseous hydrogen, not "crude oil or other fluid substances."
2. For the same reason, the Commission should find that SoCalGas, as the owner of Angeles Link, is not a pipeline corporation pursuant to the definition provided in Pub. Util. Code § 228.
3. The Commission should find that Angeles Link is a gas plant pursuant to the definition provided in Pub. Util. Code § 221 because hydrogen is a gas and Angeles Link will transport gaseous hydrogen for light, heat, or power.
4. Because Angeles Link will be a gas plant serving the public within California, and will be owned and operated by SoCalGas for compensation, the Commission should find that SoCalGas is a gas corporation pursuant to the definition provided in Pub. Util. Code § 222.
5. Because Angeles Link is a gas plant that will be dedicated to public use, and SoCalGas is a gas corporation and public utility performing a service for and/or delivering a commodity to the public or any portion thereof for compensation or payment, the Commission should find that SoCalGas is a public utility subject to its jurisdiction, control, and regulation pursuant to Pub. Util. Code §§ 207 and 216.
6. The Commission should find it is reasonable for ratepayers, or some subset thereof, to pay for Phase 2 activities for Angeles Link as a matter of law and policy in light of the longstanding public utility model and Angeles Link's broad public benefits.
7. The Commission should set a procedural schedule that advances both A.24-12-011 and A.25-06-011 concurrently, with the substantive requests of each application heard in a timely fashion.

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link	A.24-12-011 (Filed December 20, 2024)

OPENING BRIEF OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON PHASE 2A ISSUES OF LAW AND POLICY

Pursuant to Rule 13.2 of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (Commission or CPUC) and the Assigned Commissioner's Scoping Memo and Ruling dated July 31, 2025 (Scoping Memo), Southern California Gas Company (SoCalGas) hereby submits this Opening Brief on the Phase 2A issues of law and policy identified in the Scoping Memo.

I. INTRODUCTION

SoCalGas is the largest gas distribution utility in the United States, delivering gas for more than 150 years throughout Central and Southern California and serving over 21 million consumers today. In the Application commencing this proceeding, SoCalGas proposes to conduct certain "Phase 2" activities[1] for Angeles Link—envisioned as an intrastate non-discriminatory, open-access pipeline system dedicated to public use for the transport of clean renewable hydrogen gas at scale to support California's decarbonization goals.[2] Linear energy transmission projects like Angeles Link currently have long lead times—averaging over a decade—with starts and stops along the way for various regulatory and environmental approvals,

[1] Phase 2 activities are described in detail in the Application and accompanying testimony.

[2] Application of SoCalGas for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link (December 20, 2024) (Application) at 2.

such as this proceeding.[3] Granting the Application for Phase 2 activities, which will advance Angeles Link's design to inform a potential future application for a Certificate of Public Convenience and Necessity, permits incremental progress until the next required approval—at which point Angeles Link would be presented to the Commission as a defined project for thorough review and evaluation for, among other things, continued alignment with State priorities and needs.

The Scoping Memo asks parties to brief the following five issues for Commission decision before the proceeding advances to the substantive requests presented in the Application. These questions are answered by reference to law and, in certain instances, policy or practicality. A brief response to each question is provided here, and SoCalGas responds more fully below, addressing the matters of law first.

1. Should the Commission consider the SoCalGas Phase 2 Application before reviewing the SoCalGas Phase 1 Compliance Application?
   The Commission should advance both the Phase 1 and Phase 2 proceedings concurrently given the important and time-sensitive issues raised in each proceeding.
2. Should the Project be treated as a pipeline as defined by Public Utilities Code (Pub. Util. Code) Section 227? If so, should SoCalGas be treated as a pipeline corporation with consideration to Pub. Util. Code Section 228?
   No. As a matter of law, Angeles Link is not a "pipe line" because Angeles Link is intended to carry only gaseous hydrogen, not "crude oil or other fluid substances;" accordingly, SoCalGas is not a "pipeline corporation."[4]
3. Should the Project be treated as a gas plant as defined by Pub. Util. Code Section 221? If so, should SoCalGas be treated as a gas plant corporation with consideration to Pub. Util. Code Section 222?

---

[3] Application at 86-87 and n.254 (citing The Public Advocates Office, *Transmission Project Development Timelines in California* (June 12, 2023) at 1, *available at:* https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/transmission-project-development-timelines-in-california.

[4] Both the Scoping Memo and Pub. Util. Code § 228 use the term "pipeline" as one word, while § 227 uses "pipe line" as two words. For consistency, this brief uses the term "pipeline" hereafter.

Yes. As a matter of law, Angeles Link is a "gas plant" because Angeles Link will transport gaseous hydrogen for "light, heat, or power" in California; accordingly, and because SoCalGas intends to utilize Angeles Link to perform services for the public for compensation, SoCalGas is a "gas corporation."

4. Is it reasonable for ratepayers, or a subset of ratepayers, to be responsible for the costs of Phase 2 Activities, as a matter of law and policy?

   Yes. Consistent with the public utility model and broad ratepayer benefits, it is reasonable for ratepayers, or a subset of ratepayers, to be responsible for the costs of Phase 2 activities. Which ratepayers should be responsible should be determined in a later phase of this proceeding, in conjunction with a review of the pertinent facts.

5. Does the Commission have jurisdiction over the Project?

   Yes. As a matter of law, Angeles Link is a "gas plant" and SoCalGas is a "gas corporation" and "public utility" that is subject to the jurisdiction of the Commission pursuant to §§ 207 and 216 because Angeles Link will be an open-access pipeline system dedicated to public use and SoCalGas intends to seek compensation for its use based on tariffs approved by the Commission.

The Commission's answer to these questions consistent with the law will be a definitive, necessary step forward in support of California's energy transition for hard-to-electrify sectors—a transition that simply cannot wait—and will send clear signals: (a) to market participants, that their investments in clean renewable hydrogen are warranted because a credible and scalable method of bulk transportation for the long term is supported by the State; (b) to public utilities, that they can and should play a key role in the State's decarbonization efforts; (c) to ratepayers, that the Commission has jurisdiction over Angeles Link as a gas plant dedicated to public use and will use its oversight to affordably promote the reliability of California's energy system while advancing the State's decarbonization goals; and (d) to the rest of the country and world, that California is implementing a replicable path to a decarbonized future.

II. RELEVANT BACKGROUND AND APPLICABLE LAW

A. Angeles Link

Angeles Link is envisioned as a non-discriminatory, open-access intrastate pipeline system dedicated to public use for the transport of clean renewable hydrogen gas at scale.[5] Clean renewable hydrogen gas transported by pipeline can be an efficient and affordable means of supporting the State's decarbonization and clean air goals by virtue of the key attributes of the technology: it can serve as a decarbonized alternative to the use of natural gas and diesel in the hard-to-electrify power generation, transportation, and industrial sectors; it can support electrification and renewable energy expansion by providing clean firm dispatchable power; and it can help minimize the inefficient curtailment of renewable energy by storing it for later use. In other words, clean renewable hydrogen gas, with its broad application and reach, can play multiple necessary roles; thus, an investment in a public utility pipeline system dedicated to public use to transport clean renewable hydrogen gas could efficiently support multiple decarbonization pathways.

In Decision (D.) 22-12-055 (Phase 1 Decision), the Commission recognized that (i) "[Angeles Link] may bring public interest benefits to the state, and especially the Los Angeles area, because clean renewable hydrogen has the potential to decarbonize the state and the Los Angeles Basin's energy future;" and (ii) "it serves the public interest for SoCalGas to perform feasibility studies of [Angeles Link] immediately."[6] Accordingly, the Commission authorized SoCalGas to record costs to conduct certain feasibility studies and stakeholder engagement activities to a new memorandum account. The findings of those studies, which are presented for review in this proceeding, indicate the Commission was right: Angeles Link could enable reductions of greenhouse gases and, moreover, reductions of nitrogen oxide and fine particulate matter to provide improved air quality, which in turn would provide significant public health benefits;[7] and create jobs and economic benefits.[8] Those benefits would be in addition to

---

[5] Angeles Link has always been proposed as a "gas plant" that would transport gaseous hydrogen. *See* Application at 95; *see also* A.22-02-007, Application of Southern California Gas Company for Authority to Establish a Memorandum Account for the Angeles Link Project (February 17, 2022) at 21.

[6] D.22-12-055 at 16.

[7] Application at 33-54.

[8] *Id.*

enhancing the reliability and resiliency of the State's increasingly strained energy system with a decarbonized dispatchable fuel option—one that is specifically called for in the 2022 California Air Resources Board (CARB) Scoping Plan.[9] Angeles Link could transport a portion of the hydrogen that CARB contemplates to be necessary in the future.

The studies also demonstrate that Angeles Link is technically feasible, namely, SoCalGas could design, permit, and construct a safe, reliable, and scalable pipeline system to connect hydrogen producers to points of expected demand.[10] They further demonstrate that Angeles Link is viable, with significant demand estimated for SoCalGas's service territory (1.9 to 5.9 million metric tons per year (MMTPY)) as well as sufficient water, land, and technology resources available for third parties to produce enough clean renewable hydrogen gas to meet the throughput scenarios currently assumed to be delivered by Angeles Link (a range of 0.5 to 1.5 MMTPY).[11] The next step is for Angeles Link to proceed to Phase 2 activities.

B. The Canons of Statutory Construction

Issues 2, 3 and 5 of the Scoping Memo necessitate the interpretation of various statutes, so a review of the principles of statutory construction is instructive. The California Supreme Court recently reiterated these long-existing rules in *North American Title Co. v. Superior Court*, 17 Cal.5th 155 (2024) (*North American*). The inquiry begins with examining the text of the statute itself, "giving it a plain and commonsense meaning"[12] unless the statute provides a

---

[9] *See* CARB, *2022 Scoping Plan for Achieving Carbon Neutrality* (November 16, 2022) at 203-204, *available at:* https://ww2.arb.ca.gov/sites/default/files/2022-12/2022-sp_1.pdf, *see also* CEC, *2023 Integrated Energy Policy Report* (February 2024) at 129-130, *available at:* https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2023-integrated-energy-policy-report.

[10] Application at 5, 41-47.

[11] *Id.* at 37-41.

[12] *North American,* 17 Cal.5th at 169 (quoting *Los Angeles Unified School District v. Superior Court*, 14 Cal.5th 758, 767-768 (2023)); *see also Southern Cal. Edison Co. v. Pub. Util. Comm'n.*, 85 Cal.App.4th 1086, 1103 (2000) ("'In determining the meaning of a statute, 'we look first to the words of the statute, giving the language its usual, ordinary meaning.'") (citations omitted); *Smith v. Superior Court,* 39 Cal.4th 77, 83 (2006) (a court must "begin with the language of the statute, giving the words their usual and ordinary meaning"); *Starcevic v. Pentech Fin. Services, Inc.*, 66 Cal.App.5th 365, 377 (2021) ("In the initial step, we examine the words of the statute, because the statutory language is generally the most reliable indicator of legislative intent.") (internal quotes and citations omitted).

specific definition.[13] Any purported attempt to interpret a statute that ignores the statute's plain meaning is not valid and risks "an interpretation that would lead to absurd consequences."[14] Importantly, if there is "no ambiguity in the language of the statute, then the Legislature is presumed to have meant what it said, and the plain meaning of the language governs."[15] "Where the statute is clear, courts will not interpret away clear language in favor of an ambiguity that does not exist."[16]

The language should be reviewed in the context of the statutory framework rather than in isolation "in order to determine its scope and purpose and to harmonize the various parts of the enactment."[17] The California Supreme Court has also recognized that "words or phrases given a particular meaning in one part of the statute must be given the same meaning in other parts,"[18] and structure and placement are also informative.[19] The statutory scheme should be considered in its entirety so as to give "significance to every word, phrase, sentence, and part of an act."[20] In other words, interpretations that render any word superfluous or meaningless are to be avoided.[21] Moreover, where exceptions to a general rule are specified by statute, other exceptions are not to

---

13 *Curle v. Superior Court*, 24 Cal.4th 1057, 1063 (2001) ("If the Legislature has provided an express definition of a term, that definition ordinarily is binding on the courts.").

14 *People v. Coronado*, 12 Cal.4th 145, 151 (1995) (citations omitted).

15 *Id.* (internal quotations and citations omitted).

16 *Id.* (internal quotations and citations omitted).

17 *North American*, 17 Cal.5th at 169.

18 *Wilcox v. Birtwhistle*, 21 Cal.4th 973, 979 (1999).

19 *See*, *e.g., People v. Valencia*, 3 Cal.5th 347, 362 (2017) (looking to placement of subdivision within overall statutory scheme).

20 *North American*, 17 Cal.5th at 169.

21 *Wells v. One2One Learning Found.*, 39 Cal.4th 1164, 1207 (2006) (rejecting interpretation that "would deprive this phrase of significance, contrary to the principle of statutory construction that interpretations which render any part of a statute superfluous are to be avoided"); *see also Manufacturers Life Ins. Co. v. Superior Court*, 10 Cal.4th 257, 274 (1995) ("Well-established canons of statutory construction preclude a construction which renders a part of a statute meaningless or inoperative."); *United States v. Menasche*, 348 U.S. 528, 538-539 (1955) ("It is our duty to give effect, if possible, to every clause and word of a statute[.]") (internal quotations and citations omitted); *Babbitt v. Sweet Home Chapter of Communities for a Great Or.*, 515 U.S. 687, 698 (1994) (interpreting statute to avoid treating statutory terms as surplusage).

be implied or presumed.[22] The interpretation of specific words is further guided by application of the *noscitur a sociis* canon, meaning "a word takes meaning from the company it keeps."[23]

If the plain meaning of a statute is still ambiguous even after applying the principles of statutory construction, a reviewing Court may refer to extrinsic evidence such as legislative history and historical context.[24] "Only when the language of a statute is susceptible to more than one reasonable construction is it appropriate to turn to extrinsic aids, including the legislative history of the measure, to ascertain its meaning."[25] In such circumstances, a court must "choose the construction that comports most closely with the Legislature's apparent intent, endeavoring to promote rather than defeat the statute's general purpose, and avoi[d] a construction that would lead to absurd consequences."[26]

While not necessary, reference to legislative history can be appropriate to confirm interpretation of statutory text.[27] For example, in *North American*, the Court referred to the legislative history to confirm its interpretation of the statute,[28] and was mindful to avoid judicial

---

[22] *City of Torrance v. Southern Cal. Edison Co.*, 61 Cal.App.5th 1071, 1088 (2021) ("Under the familiar rule of construction, *expressio unius est exclusion alterius*, where exceptions to the general rule are specified by statute, other exceptions are not to be implied or presumed.") (internal quotations and citations omitted).

[23] *Almond Alliance of Cal. v. Fish and Game Comm'n.*, 79 Cal.App.5th 337, 364 (2022) ("Under this rule, a word of uncertain meaning may be known from its associates and its meaning enlarged or restrained by reference to the object of the whole clause in which it is used. In accordance with this principle of construction, a court will adopt a restrictive meaning of a listed item if acceptance of a more expansive meaning would make other items in the list unnecessary or redundant, or would otherwise make the item markedly dissimilar to the other items in the list.") (internal quotations and citations omitted).

[24] *Smith*, 39 Cal.4th at 83; *Starcevic,* 66 Cal.App.5th at 378; *New Cingular Wireless PCS, LLC v. Public Utilities Comm'n*, 246 Cal.App.4th 784, 798 (2016) ((("For confirmation of the legislative intent, we may look to the pertinent statutory history and the wider circumstances of Article 5's enactment") *citing Dyna-Med, Inc. v. Fair Emp. & Housing Comm'n.*, 43 Cal.3d 1379, 1387 (1987)).

[25] *Diamond Multimedia Sys., Inc. v. Superior Court,* 19 Cal.4th 1036 (1999).

[26] *Smith*, 39 Cal.4th at 83; *see also* D.14-12-085 at 6 ("the Commission must select a construction that best fits the Legislature's apparent intent; promotes instead of defeats the statute's general purpose; and avoids absurd or unintended consequences.").

[27] *Riddick v. City of Malibu*, 99 Cal.App.5th 956, 971 (2024) ("Courts have therefore considered legislative history even in cases where the text of a statute is clear; but only to confirm the interpretation already apparent from the plain language, not to advance an alternative meaning.") (internal quotations and citations omitted).

[28] *North American*, 17 Cal.5th at 180-183.

overreach, i.e., not creating exceptions that are not found in the statutory text itself.[29] Finally, the Court reviewed applicable case law, to the extent any was available, and considered other "policy interests and practical considerations" that lent credibility to its interpretation.[30]

While the maxims of statutory construction are not immutable, they are longstanding rules intended to discern the legislative intent and purpose of a statute.[31] As demonstrated below, application of these principles of statutory construction demonstrates that SoCalGas's answers to the questions presented in Issues 2, 3, and 5 are consistent not only with the text of the statutes, but also any discernible statutory intent.

C. Scope and Structure of the Public Utilities Code

The Public Utilities Code in force today was enacted in 1951, following several iterations of the Public Utilities Act of 1911. It first identifies "General Provisions," and is subsequently organized by divisions composed of parts which, in turn, are composed of chapters and subsequent articles; for example, Division 1 pertains to the "Regulation of Public Utilities," and Part 1—the Public Utilities Act—has multiple chapters, the first of which is "General Provisions and Definitions" (§§ 201-248). Other chapters in Part 1 pertain to topics such as "Regulation of Public Utilities" (Chapter 4, §§ 701-939.5), "Certificates of Public Convenience and Necessity" (Chapter 5, §§ 1101-1103), and "Valuation of Public Utility Properties" (Chapter 7, §§ 1351-1354). Part 2 pertains to "Specific Public Utilities," e.g., "Electrical and Gas Corporations" (Chapter 4.5, §§ 2771-2775.7).

The portion relevant to answer the questions presented in the Scoping Memo—the "General Provisions and Definitions," Chapter 1 of Part 1 of Division 1 (Chapter 1)—provides various key definitions that appear repeatedly throughout the Code. For example, Chapter 1 defines various facilities and subsequently defines the persons/companies that own and/or operate them, (e.g., "[e]lectrical plant" and "[e]lectrical corporation" (§§ 217, 218), "[h]eating plant" and "[h]eat corporation" (§§ 223, 224), and "[r]ailroad" and "[r]ailroad corporation" (§§

---

[29] *Id.* at 172.

[30] *Id.* at 183-187.

[31] *Stone v. Alameda Health System*, 16 Cal.5th 1040, 1067 (2024) ("While interpretive maxims are helpful aids to statutory construction, they are to be consulted only when statutory language is unclear. In construing a statute a court's objective is to ascertain and effectuate the underlying legislative intent.") (internal quotations and citations omitted).

229, 230)). The chapter defines terms both by specific inclusion and specific exemption (e.g., § 226(a) provides a definition of what constitutes a "[p]assenger stage corporation" ("'[p]assenger stage corporation' includes…"), which is followed by six subparagraphs of exclusion (§§ 226(b)-(g), "'[p]assenger stage corporation' does not include…")).

Chapter 1 also includes rules of construction: § 203 provides that, "[u]nless the context otherwise requires, the definitions and general provisions set forth in this chapter govern the construction of this part." Similarly, § 5 in "General Provisions" at the beginning of the Public Utilities Code, instructs, "[u]nless the provision or the context otherwise requires, the definitions, rules of construction, and other general provisions contained in Sections 1 to 22, inclusive, and the definitions of the Public Utilities Act (Chapter 1 (commencing with Section 201) of Part 1 of Division 1), shall govern the construction of this code."

III. PHASE 2A ISSUES

A. Should The Project Be Treated As A Pipeline As Defined By Public Utilities Code (Pub. Util. Code) Section 227? If So, Should SoCalGas Be Treated As A Pipeline Corporation With Consideration To Pub. Util. Code Section 228?

Sections 227 and 228 are in Chapter 1 of the Public Utilities Code. Section 227 provides: "'[p]ipe line' includes all real estate, fixtures, and personal property, owned, controlled, operated, or managed in connection with or to facilitate the transmission, storage, distribution, or delivery of *crude oil or other fluid substances except water* through pipe lines."[32] Section 228 defines "[p]ipeline corporation" as "every corporation or person owning, controlling, operating, or managing any pipeline for compensation within the state."[33]

Applying the rules of statutory construction here, Angeles Link is not a "pipe line" under § 227 because a "pipe line" is defined to include only that real estate, fixtures, and personal property which transmits, stores, distributes, or delivers "*crude oil or other fluid substances except water*." Giving the words their ordinary meaning, and noting that both examples of "fluid substances" provided in the text of the statute are liquids, it is reasonable to interpret that a "pipe line" only transports *liquids*.[34]

---

[32] Pub. Util. Code § 227 (emphasis added).

[33] Pub. Util. Code § 228.

[34] Although the adjective "fluid" pertains to movement that could arguably apply to both gas and liquid, more commonly, "fluid" is associated with liquid than with gas. Applying the principle of *noscitur a*

Hydrogen, however, is a gas.[35] Although hydrogen can be liquefied through a complex compression and cooling process,[36] similar to that used for liquefied natural gas, it is not SoCalGas's proposal for Angeles Link to transport liquefied hydrogen. Angeles Link would transport only hydrogen gas.[37]

The Commission's interpretation of the definition of "pipe line" is consistent, deeming § 227 to refer solely to pipelines carrying liquid fuels, such as jet fuel or oil, while pipelines carrying gaseous substances are regulated as "gas plants" (discussed further *infra*). For example, in *In re Kinley Pipelines of California and SFPP, L.P.,* the Commission determined that a company which owned a jet fuel pipeline system qualified as a "pipeline corporation."[38] The Commission distinguished that "[p]ipelines that transport natural gas require a certificate of public convenience and necessity. Those pipelines are 'gas corporations' under § 222, which operate 'gas plants' defined in § 221 as plants which transmit 'gas, natural or manufactured.'"[39] Accordingly, Angeles Link would not be deemed a "pipe line" pursuant to § 227.

Concomitantly, as Angeles Link is not a "pipe line," SoCalGas is not a "pipeline corporation" pursuant to § 228. The statutory framework of Chapter 1 makes clear that the status of the entity as an "[electrical / gas / heat / passenger stage / pipeline / railroad / sewer system / street railroad / telephone / telegraph / water] corporation" is dependent on the nature of the

---

sociis here, where the two examples provided are liquids, it is apparent that "fluid substances" is intended to refer to liquids. Interpreting "fluid" here to also include gas would render other statutory references to "gas" superfluous, including definitions of "gas plant" and "gas corporation."

35 *See* SoCalGas Request for Official Notice in Support of Opening Brief on Phase 2A Issues of Law and Policy (SoCalGas Request for Official Notice) (September 3, 2025), Exhibit A (U.S. Department of Commerce – National Institute of Standards and Technology (NIST), *Periodic Table - Atomic Properties of the Elements* (June 24, 2024), *available at:* https://www.nist.gov/system/files/documents/2024/06/25/NIST_periodictable_June24_iupac.pdf).

36 Hydrogen can be liquefied by cooling it to cryogenic temperatures below −253°C or −423°F, which consumes more than 30% of the energy content of the hydrogen. *See* SoCalGas Request for Official Notice, Exhibit B (U.S. Department of Energy (DOE), *Liquid Hydrogen Delivery*, *available at:* https://www.energy.gov/eere/fuelcells/liquid-hydrogen-delivery).

37 Angeles Link is proposed as a "gas plant." *See* Application at 95; Application of Southern California Gas Company for Authority to Establish a Memorandum Account for the Angeles Link Project (A.22-02-007) at 21. See Section III.B, *infra*, for further discussion of Angeles Link as a gas plant.

38 *In re Kinley Pipelines of California and SFPP, L.P.,* D.96-01-022, 64 CPUC.2d 506 (1996).

39 *Id*., n.1.

facility that is owned, controlled, operated, or managed by that corporation or person.[40] Thus, it is possible that a single entity could be several of the "corporations" defined in Chapter 1.[41] However, that is not the case here because, based on the proposal to transport hydrogen in its gaseous form—not liquid—Angeles Link is not a "pipe line." Accordingly, SoCalGas cannot be considered a "pipeline corporation" under § 228 by virtue of its ownership of Angeles Link.[42]

B. Should The Project Be Treated As A Gas Plant As Defined By Pub. Util. Code Section 221? If So, Should SoCalGas Be Treated As A Gas Plant Corporation With Consideration To Pub. Util. Code Section 222?

The definitions of "gas plant" and "gas corporation" are also provided in Chapter 1 of the Public Utilities Code. Section 221 defines "gas plant" to include "all real estate, fixtures, and personal property, owned, operated or managed in connection with or to facilitate the production, generation, transmission, delivery, . . . or furnishing of *gas, natural or manufactured, except propane, for light, heat, or power*" (emphasis added). Applying the canons of statutory construction and giving the words their plain meaning, Angeles Link will be a gas plant. It is proposed as a pipeline to transport hydrogen—which is a "gas, natural or manufactured […] for light, heat, or power."[43] This is consistent with the Commission's decision in *In re Kinley Pipelines of California and SFPP, L.P.* [44] and decisions where the Commission has interpreted § 221 broadly to determine that "gas plant" includes gas facilities such as a gasification facility for imported liquefied natural gas.[45]

---

[40] *See* §§ 217-218 (electric plant, electrical corporation), 221-222 (gas plant, gas corporation), 223-224 (heating plant, heat corporation), 225-226 (passenger stage, passenger stage corporation), 227-228 (pipe line, pipeline corporation), 229-230 (railroad, railroad corporation), 230.5-230.6 (sewer system, sewer system corporation), 231-232 (street railroad, street railroad corporation), 233-234 (telephone line, telephone corporation), 235-236 (telegraph line, telegraph corporation), and 240-241 (water system, water corporation).

[41] *See, e.g., In re Sound Energy Solutions*, D.04-10-039 at 17-18.

[42] Similarly, SoCalGas has long been established as a gas corporation and not a pipeline corporation because the thousands of miles of pipeline it owns and operates carry gas, not liquids.

[43] Pub. Util. Code § 221.

[44] *In re Kinley Pipelines,* D.96-01-022.

[45] *See In re Sound Energy Solutions*, D.04-10-039 at 18 (determining that a gasification facility for imported liquefied natural gas in Long Beach constituted a "gas plant" subject to Commission jurisdiction).

There is no question that hydrogen is a gas at standard pressure and temperature. The Periodic Table of Elements confirms this, classifying hydrogen as a gas. While hydrogen occurs naturally as a gas (it is the most abundant element on earth), it can also be a manufactured gas, for example, via steam methane reforming using a natural gas feedstock or by utilizing electrolyzers to produce clean renewable hydrogen gas.[46]

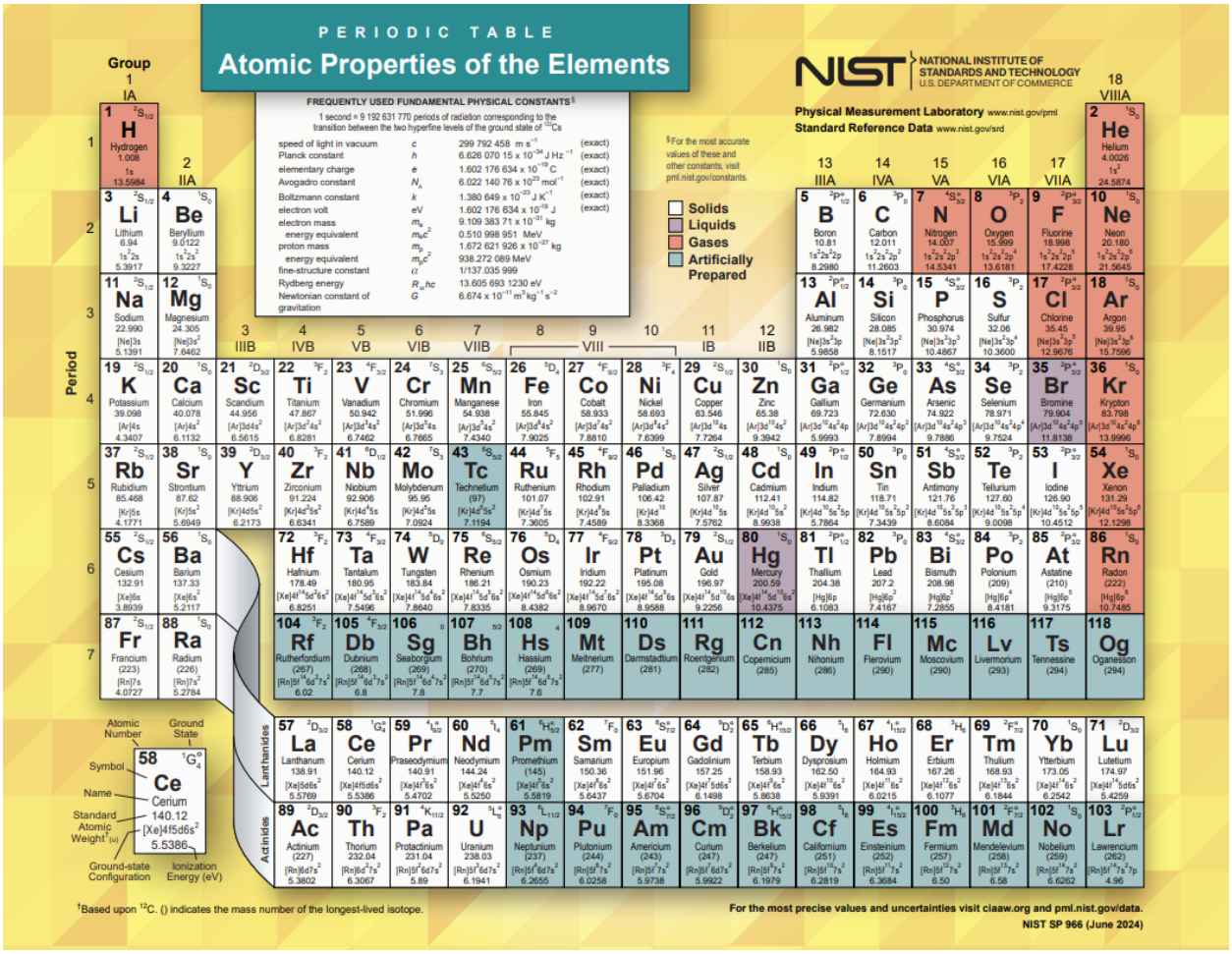

Figure 1 – Periodic Table[47]

U.S. Department of Commerce, National Institute of Standards and Technology (2024)

---

46 *See, e.g.*, DOE, *Hydrogen: A Flexible Energy Carrier* (February 21, 2017), *available at:* https://www.energy.gov/eere/articles/hydrogen-flexible-energy-carrier.

47 SoCalGas Request for Official Notice, Exhibit A (NIST, *Periodic Table - Atomic Properties of the Elements* (June 24, 2024), *available at:* https://www.nist.gov/system/files/documents/2024/06/25/NIST_periodictable_June24_iupac.pdf).

On its face, § 221 excludes only one type of "natural or manufactured" gas from its definition of gas plant: propane. The specific exemption of propane from the definition of "gas" demonstrates the Legislature's intent to broadly capture all gases within § 221, ***except*** propane. Propane is carved out from Commission jurisdiction because it was subject to federal regulation.[48] The Commission has interpreted this carve-out strictly, holding that other gases that may be similar to propane are not exempt.[49] Likewise, there is neither an explicit carve-out for hydrogen in the Public Utilities Code nor any preemptory federal regulatory jurisdiction over hydrogen. For the Commission to interpret such a carve-out in § 221 for hydrogen would run afoul of the principles of statutory construction and result in adjudicatory overreach/error—reading an exclusion into the statute that does not exist. Even more, in reviewing Chapter 1 as a whole, interpreting § 221 to exclude hydrogen as a gas would render superfluous the carve-out in § 216 for owners/operators of "a facility that sells […] hydrogen at retail to the public for use only as a motor vehicle fuel, and the selling of […] hydrogen at retail from that facility to the public for use only as a motor vehicle fuel." An owner/operator of such a facility is not a "public utility" (discussed further *infra*). *North American* and the rules of statutory construction preclude a statutory interpretation that would render a specific statutory exclusion mere surplusage. Accordingly, absent legislative action to ***exclude*** hydrogen from the ambit of § 221, Angeles Link is a gas plant.

Applying § 221 to Angeles Link confirms that Angeles Link will be a "gas plant." Angeles Link will transport hydrogen gas, which is a "natural or manufactured" gas that is not propane. Moreover, the hydrogen transported by Angeles Link will be used for "light, heat, or power," *e.g.*, large vehicle transport and hard-to-electrify customers in the industrial and power generation sectors.[50, 51]

---

[48] *See In re SoCal Edison Co.*, D.92059, 4 CPUC 2d 156 at *4 (1980) ("Of importance to the Legislature in undertaking this deregulation [of propane] was the fact that propane was subject to federal regulation.").

[49] *Id.* at *4 (declining to extend propane exemption of § 221 to butane despite recognizing similarities between butane and propane).

[50] *See* Application at 37-39.

[51] Hydrogen, which can be used to generate electricity, heat, or power, meets the plain meaning of the statute. *See,* e.g., D.22-12-055 at 61-62 (Finding of Fact 2) ("The findings from numerous studies demonstrate that clean renewable hydrogen is a potential solution to help decarbonize the state's and the Los Angeles Basin's energy use because it is one of the only few viable carbon-free energy

Because the plain meaning of § 221 is clear and unambiguous, the Commission need not resort to extrinsic aids. However, referring to the legislative history of § 221 confirms that the term "gas" should be interpreted to include hydrogen. In March 1911, the Legislature submitted three constitutional amendments to expand the powers of the then-California Railroad Commission and extend its regulatory authority to all public utilities in the State. Constitutional Amendment No. 47 defined the commodities and services to be placed under the Commission's control. It provided that the "production, generation, transmission, delivery or furnishing of heat, light, water or power" were public utility functions subject to such control and regulation by the Commission as may be provided by the Legislature.[52] The Legislature passed the Public Utilities Act in December 1911, which included the expansive language, still present in the Code today, broadly defining "gas plant" to include facilities related to "gas (natural or manufactured) for light, heat, or power."[53] Had the Legislature intended to limit the types of natural or manufactured gases subject to regulation, it surely would have done so.[54]

Further, at the time that the Legislature enacted the Public Utilities Act, the predominant "gas" being provided in Southern California was synthetic or manufactured gas, often referred to as "town gas," which contained a high percentage of hydrogen. "Prior to the widespread availability of natural gas in the 1920s, synthetic gas was manufactured from fossil fuel (predominantly coal and oil) for heating, cooking, and lighting. […] These early Towne Gas plants were the forerunners of the natural gas industry as we know it today."[55] This is consistent

---

alternatives for hard-to-electrify industries, electric generation, and the heavy-duty transportation sector."); DOE, *Hydrogen Program Plan* (November 2020) at 1, *available at:* https://www.hydrogen.energy.gov/pdfs/hydrogen-program-plan-2020.pdf ("[Hydrogen] can serve as a sustainable fuel for transportation and as input to produce electricity and heat for homes."); *id.* at 4 ("Hydrogen, along with fuel cells or combustion-based technologies, can enable zero or near-zero emissions in transportation, stationary or remote power, and portable power applications.").

[52] SoCalGas Request for Official Notice, Exhibit G (Senate Constitutional Amendment No. 47, adopted March 28, 1911).

[53] SoCalGas Request for Official Notice, Exhibit F (1911 Public Utilities Act (Dec. 23, 1911)).

[54] *California Fed. Sav. & Loan Assn. v. City of Los Angeles,* 11 Cal.4th 342, 349 (1995) ("We must assume that the Legislature knew how to create an exception if it wished to do so.") (quotations and citations omitted).

[55] *See In Re Southern Cal. Gas Co.*, D.88-07-059, 28 CPUC 2d 550 at *4 (1988); *see also Los Angeles Gas & Electric Corp. v. Railroad Comm'n. of Cal.*, 289 U.S. 287, 291 (1933) (describing how then-Los Angeles Gas & Electric Corporation distributed a mixture of natural and manufactured gas from

with the gas analyses identified in a 1924 Railroad Commission study which reported the gas composition at various gas plants throughout California, including SoCalGas's Los Angeles gas plant, showing hydrogen composition ranging from upwards of 40 percent (San Jose Plant) to more than 60 percent (Santa Barbara Plant).[56]

It is no surprise, then, that the Commission's long-standing definitions of gas also encompass hydrogen. In its General Orders,[57] the CPUC broadly interprets "gas" to include any combustible gas or vapor used to produce heat by burning. For example, General Order 58-A states: "Gas or Fuel Gas […] shall mean any combustible gas or vapor, or combustible mixture of gaseous constituents, used to produce heat by burning. It shall include, but shall not be limited to, natural gas, gas manufactured from coal or oil, biomethane, or a mixture of any or all of the above."[58] Similarly, General Order 58-B defines "fuel gas" as "any fuel combustible gas or vapor, or combustible mixture of gaseous constituents, used to produce heat by burning."[59]

Section 222 defines "gas corporation" as persons or entities "owning, controlling, operating, or managing any gas plant for compensation within this state, except where gas is made or produced on and distributed by the maker or producer through private property alone for his own use or the use of his tenants and not for sale to others." The exception from being considered a gas corporation does not apply here. Given that Angeles Link is a gas plant, and that SoCalGas intends to transport hydrogen gas within California for compensation, SoCalGas's planned ownership and operation of Angeles Link means it is a "gas corporation" pursuant to § 222.

1913, "when natural gas in substantial quantities was first made available in Los Angeles," until 1927 when it began distributing "straight natural gas").

[56] SoCalGas Request for Official Notice, Exhibit H at 21-32 (The Commission's Final Report of Investigation Made by the Joint Committee on Efficiency and Economy of Gas of the Railroad Commission of California, Efficiency of Manufacture, Distribution, and Utilization of Oil Gas in California, With Recommendation for a More Economic Standard of Heating Value (May 3, 1924)).

[57] General Orders "set standards, procedures, or guidelines applicable to a class of utilities, as identified from a decision affecting only a single utility." (*See* Proceedings and Rulemaking, CPUC website, *available at:* https://www.cpuc.ca.gov/proceedings-and-rulemaking.) General Orders reflect the CPUC's interpretation of the Public Utilities Code.

[58] General Order 58-A, § 2.d.

[59] General Order 58-B, § 3.a.

C. Does The Commission Have Jurisdiction Over The Project?

As described below, the Commission has jurisdiction over Angeles Link as a non-discriminatory, open-access pipeline system dedicated to public use to transport clean renewable hydrogen, to be owned and operated by a gas corporation public utility.

Section 216(a) defines "public utility" as various types of corporations defined in Chapter 1 (*e.g.*, gas, electrical, water, etc.) "where the service is performed for, or the commodity is delivered to, the public or any portion thereof." Section 207 provides additional clarity: '"Public or any portion thereof' means the public generally, or any limited portion of the public, including a person, private corporation, municipality, or other political subdivision of the State, for which the service is performed or to which the commodity is delivered." As described in § 216, an entity becomes subject to the "jurisdiction, control, and regulation" of the Commission under either of two scenarios: (1) it is a public utility that "performs a service for, or delivers a commodity to, the public or any portion thereof for which any compensation or payment whatsoever is received" (§ 216(b)) or (2) "any person or corporation performs any service for, or delivers any commodity to, any person, private corporation, municipality, or other political subdivision of the state, that in turn either directly or indirectly, mediately or immediately, performs that service for, or delivers that commodity to, the public or any portion thereof" (§ 216(c)). Under a plain reading of the relevant statutes, SoCalGas is a public utility subject to the jurisdiction, control, and regulation of the Commission pursuant to § 216(b) because it is a gas corporation who intends to utilize Angeles Link to transport clean renewable hydrogen gas to the public for "compensation or payment," i.e., pursuant to a Commission-authorized tariff.

The California Supreme Court has already grappled with the statutory construction of § 216 in light of §§ 207, 221, and 222 in *Richfield Oil Corp. v. Public Utilities Commission*.[60] There, the Court acknowledged that the literal language of § 207 is broad, encompassing the "public generally or any limited portion of the public,"[61] but relied on the Court's longstanding interpretation to continue to limit the breadth of applicability only to corporations whose property is "dedicated to public use."[62] In the underlying proceeding, the Commission had

---

[60] *Richfield Oil Corp. v. Pub. Utilities Comm*'n., 54 Cal.2d 419 (1960).

[61] *Id.* at 427.

[62] The dedication test requires the Commission to evaluate "whether or not the petitioner held himself out, expressly or impliedly, as engaged in the business of supplying [gas] to the public as a class, not

determined that Richfield Oil Corp. was a public utility subject to its jurisdiction.[63] The California Supreme Court annulled that decision, finding instead that Richfield Oil Corp. was not a "public utility" subject to the jurisdiction of the Commission because it had not dedicated its property to public use.[64] The Court discerned dedication to public use—i.e., for the use of whomever may so choose—as the division between a Commission-regulated public utility and an unregulated business.[65]

As established above, Angeles Link is a gas plant and SoCalGas is a gas corporation. Given that SoCalGas intends to dedicate Angeles Link to public use and utilize it to transport clean renewable hydrogen gas for "compensation or payment," SoCalGas is a public utility subject to the jurisdiction of the Commission pursuant to § 216(b).[66, 67] Whether the *Richfield Oil Corp.* requirement of dedication to public use is read to be limited (i.e., solely to the subsection implicated in that case, § 216(c)) or is deemed to apply more broadly (to § 216(b) also), either way, SoCalGas would be considered a public utility subject to the jurisdiction of the Commission given that it intends to dedicate Angeles Link to public use by transporting hydrogen to various hydrogen end users, including hard-to-electrify industries, electric generation, and the heavy duty transportation sector.[68] In fact, a Court of Appeal decision determined that dedicating property to public use and submitting to the jurisdiction of the

---

necessarily to all of the public, but to any limited portion of it." *Pac. Gas & Elec. Co. v. Dow Chemical Co.,* 58 CPUC 2d 406 (1994) (quoting *Van Hoosear v. Railroad Comm'n.,* 184 Cal. 553, 554 (1920)).

63 *Id.* at 435.

64 *Richfield Oil Corp*., 54 Cal.2d at 435.

65 *Id. at* 425.

66 This analysis is not impacted by the fact that Angeles Link has not yet been constructed nor placed in service. *See In re Sound Energy Solutions, Inc.*, D.04-10-039 at 26-28.

67 SoCalGas may also qualify as a public utility subject to the jurisdiction, control, and regulation of the Commission under § 216(c); however, that analysis is not conducted here.

68 *See, e.g.*, D.22-12-055 at 61-62 (Finding of Fact 2) ("The findings from numerous studies demonstrate that clean renewable hydrogen is a potential solution to help decarbonize the state's and the Los Angeles Basin's energy use because it is one of the only few viable carbon-free energy alternatives for hard-to-electrify industries, electric generation, and the heavy-duty transportation sector."); DOE, *Hydrogen Program Plan* (November 2020) at 1, *available at:* https://www.hydrogen.energy.gov/pdfs/hydrogen-program-plan-2020.pdf ("[Hydrogen] can serve as a sustainable fuel for transportation and as input to produce electricity and heat for homes."); *id.* at 4 ("Hydrogen, along with fuel cells or combustion-based technologies, can enable zero or near-zero emissions in transportation, stationary or remote power, and portable power applications.").

Commission is sufficient to become a public utility, even where the entity in question had just one customer—its parent corporation.[69] In so holding, the court reiterated the finding of *Richfield Oil Corp.*, namely that "a utility that has dedicated its property to public use is a public utility even though it may serve only one or a few customers."[70]

Section 216 has been amended multiple times by the Legislature to exclude various entities from the definition of "public utility." Six subdivisions of § 216—(d) through (i)—provide exceptions related to cogeneration, exempt wholesale generators, and certain electrical plants. Most relevant here, Assembly Bill 1008 (Quirk, 2015) expanded the list of entities that are not considered a "public utility" to include owners/operators of facilities that sell "hydrogen at retail to the public for use only as a motor vehicle fuel, and the selling of… hydrogen at retail from that facility to the public for use only as a motor vehicle fuel." This exclusion demonstrates that the Legislature considers hydrogen a "gas" subject to regulation under the Public Utilities Code, or else it would have had no reason to create such an exemption. Stated differently, § 216(f)'s exemption is only necessary if, in its absence, the retail sale of hydrogen for motor vehicle fuel could subject the provider to Commission jurisdiction as a public utility.

Although the statutory text is clear and thus it is not necessary to conduct additional analysis, the interpretation is bolstered by AB 1008's legislative history. Prior to passage of the bill, in response to the question, "[i]s a bill needed," the California Committee Report from the Senate Rules Committee stated:

> AB 1008 includes hydrogen fueling stations among the list of facilities exempted from the definition of a public utility. Current law exempts both electricity and natural gas fueling facilities for vehicles from the definition of a public utility. However, electricity and natural gas facilities use a commodity that is also supplied by a privately owned public utility regulated by the CPUC. A similar exemption may not be needed for hydrogen since there is no existing privately owned public utility that provides hydrogen as a commodity to the public. The author and supporters argue that such an exemption is needed to give investors greater certainty that hydrogen stations won't be regulated as a utility in the future and, thereby, encourage increased private investment in hydrogen-fueling stations.[71]

---

69 *Unocal Cal. Pipeline Co. v. Conway*, 23 Cal.App.4th 331, 335 (1994).

70 *Id.*

71 SoCalGas Request for Official Notice, Exhibit C (Sen. Rules Com., Office of Sen. Floor Analyses, 3d reading analysis of Assem. Bill No. 1008 (2015-2016 Reg. Sess.) June 17, 2015, at 3). Similarly, the Assembly Committee on Utilities and Commerce determined, "This bill would remove the ambiguity

The bill passed 37-0 in the Senate and 80-0 in the Assembly, and is codified at § 216(f). Two items are notable from this legislative action that support the interpretations above that Angeles Link is a gas plant and SoCalGas is a gas corporation public utility subject to the Commission's jurisdiction, control, and regulation. First, the exemption was achieved by excluding only owners/operators of certain types of hydrogen fueling facilities from public utility status, i.e., the Legislature opted to amend § 216 defining public utilities rather than § 221 defining gas plants. In other words, the exemption was extremely narrow—which is clearly reflected in the plain language of the statute. Second, the Committee Report acknowledges the possibility of a "privately owned public utility that provides hydrogen as a commodity to the public"—i.e., a regulated public utility—even though none existed at that time (2015). In other words, even after acknowledging the possibility in the future of a regulated public utility that provides hydrogen, the Legislature still enacted only an extremely narrow exemption from "public utility" status for owners/operators of certain hydrogen fueling stations, not a broader exemption of hydrogen from "gas" or any hydrogen facility from "gas plant" status. The Commission cannot interpret exceptions into the Code that are not enacted into the text.[72]

As the *North American* court did, although not necessary, it is worth pointing out that practical reasons also support the interpretation that the Commission has jurisdiction over a hydrogen gas pipeline that is dedicated to public use, like Angeles Link. Angeles Link will carry an energy commodity that is similar to regulated natural gas in purpose "for light, heat, or power." Like natural gas, open-access pipeline transportation is essential for the adoption of clean renewable hydrogen at scale and for the longer term.[73] There will be overlap in customer

---

in current law and clarifies that hydrogen sold for the purpose of being use [sic] as a motor vehicle fuel is not regulated as a public utility." (SoCalGas Request for Official Notice, Exhibit D [Assem. Com. on Utilities and Commerce, Rep. on Assem. Bill No. 1008 (2015-2016 Reg. Sess.) April 10, 2015, at 5]).

[72] *See Quarry v. Doe I,* 53 Cal.4th 945, 971 (2012) ("It is a settled rule of statutory construction that 'where exceptions to a general rule are specified by statute, other exceptions are not to be implied or presumed.'").

[73] DOE, *Pathways to Commercial Liftoff: Clean Hydrogen* (March 2023) at 1, *available at:* https://liftoff.energy.gov/wp-content/uploads/2023/03/20230320-Liftoff-Clean-H2-vPUB.pdf ("[o]pen access for pipeline transport and storage of hydrogen is the key trigger to enable low-cost hydrogen energy storage for long duration and for resilience events."); DOE – Office of Energy Efficiency and Renewable Energy, Alternative Fuels Data Center, *Hydrogen Production and*

base, i.e., existing gas customers with hard-to-electrify end uses could displace their use of natural gas with clean renewable hydrogen. And, moreover, Commission oversight can help promote consistency with State policy and support the CARB Scoping Plan's call for hydrogen to be included in the State's energy mix in the future.[74]

D. Is It Reasonable For Ratepayers, Or A Subset Of Ratepayers, To Be Responsible For The Costs Of Phase 2 Activities, As A Matter Of Law And Policy?

It is reasonable for ratepayers, or a subset of ratepayers, to be responsible for the costs of Phase 2 activities for Angeles Link. Indeed, that is the legally sanctioned public utility model.

The model under which SoCalGas and other investor-owned public utilities in California operate reflects that public utilities take on unique business, financial, and regulatory risks in their service of the public for the long term. Accordingly, a utility has the right to recover its reasonable expenditures to serve the public. In exchange, the utility is subject to the regulation of the Commission and the duty to provide safe, reliable, and reasonably priced service to all customers on a non-discriminatory basis. The virtues of this model are clear: utility expertise and private investments are leveraged for the public benefit, with regulatory oversight to assure a match between utility activities and State needs; consumers are protected via transparent and reasonable rates; affordability is supported in that, with appropriate regulatory oversight, utilities maintain a healthy credit rating which keeps borrowing costs low, to the benefit of ratepayers; and, perhaps most importantly during times of needed transition, the public utility model inspires consumer and market confidence that the service provided will be available for the longer term, on a non-discriminatory basis, and at a reasonable cost. These elements are all the more

---

Distribution, *available at:* https://afdc.energy.gov/fuels/hydrogen_production.html (identifying "hydrogen pipelines [as] the lowest cost-alternative for delivering large volumes of gaseous hydrogen over long distances").

[74] CARB, 2022 Scoping Plan for Achieving Carbon Neutrality (November 16, 2022), *available at:* https://ww2.arb.ca.gov/sites/default/files/2022-12/2022-sp_1.pdf; *id.* at 198 ("California must accelerate deployment of diverse clean energy resources to maintain reliability and affordability in the face of climate change."); *see also* State of California – Office of Governor Gavin Newsom, Letter to Director Myers (GO-Biz) (August 3, 2023), *available at:* https://www.gov.ca.gov/wp-content/uploads/2023/08/Letter-to-Director-Meyers.pdf (that,"[a] key component of the 2022 Scoping Plan is rapidly scaling up clean energy resources, including the production, conveyance, storage, and strategic consumption of clean, renewable hydrogen; ***we need to scale up the market 1,700 times by 2045 to meet our carbon neutrality goal***") (emphasis added)).

important today given that significant investment is needed to facilitate a safe and reliable transition to the decarbonized energy future envisioned by the State.[75] That is precisely why continuing to pursue Phase 2 of Angeles Link now is essential and in the public interest.

The public utility model, inextricably linked with Commission oversight, helps assure that essential infrastructure dedicated to public use and clean energy investments are made at a reasonable cost to ratepayers while maintaining reliability and advancing the State's policy goals. Through regulated ratemaking and oversight, the Commission assures rates are "just and reasonable" and promotes consumer protection.

The Commission has recognized its own obligation to "make an orderly transition to clean energy while maintaining safe and reliable electric service,"[76] and that public utilities can play a significant role in helping to advance the State's ambitious decarbonization goals while providing safe, reliable, and affordable service to customers. Specifically, as described in the Application, Angeles Link could support this very goal.[77] Yet, California's ability to meet targets

---

[75] That SoCalGas should play a role in advancing the modernization of energy in California is not surprising. In 1920, Decision No. 7105 recognized SoCalGas's efforts in the transition to natural gas: "It appears that Southern California Gas Company has been the active agency for the promotion of the use of natural gas in Los Angeles and vicinity. At a time when the natural gas brought down to Glendale by Midway Gas Company did not find a complete and ready sale, Southern California Gas Company vigorously promoted the use of this natural gas by industry until now the industrial demand far exceeds the existing supply." Decision No. 7105 (February 9, 1920) at 761, *available at:* https://babel.hathitrust.org/cgi/pt?id=uc1.a0001912021&seq=769). More recently, on the day SoCalGas filed A.22-02-007, Governor Newsom stated, "I want to just acknowledge what Southern California Gas today did as a step in the right direction. They're promoting something the State continues to promote and will be promoting moreover in the next number of years. And so we're grateful by that example, we need to see more of it, not only from them but across the spectrum." Refer to video, *see* YouTube, *Governor Newsom Unveils the Next Phase of California's Nation-Leading Pandemic Response* (February 17, 2022) at 51:20, *available at:* https://www.youtube.com/watch?v=_7qzmYcjS2A&list=PLS1sIrqLVSo9rc4Y8hEkbJUXTJdpjqI46&index=123.

[76] D.21-09-045 at 14 (noting that Pub. Util. Code, § 380, subd. (b) "requires [the Commission] to establish resource adequacy requirements to ensure the reliability of electrical service in California while advancing, to the extent possible, the state's goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases," and that Pub. Util. Code, § 454.51 subd. (a) requires the Commission to "[i]dentify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner."); *see also* D.22-12-057 at 60 (recognizing that SB 1075 "requires CARB, in conjunction with the CPUC and the CEC, to provide policy recommendations regarding the use of hydrogen to help achieve California's climate, clean energy, and clean air objectives."); *see also* A.22-09-006 (hydrogen blending pilots proceeding), R.13-02-008 (examining standards for hydrogen).

[77] Application at 9-10.

in areas like renewable energy and other decarbonization investments is likely to diminish without its Commission-regulated public utilities being part of the equation and able to attract the private capital necessary to invest in needed public infrastructure.

If Angeles Link is ultimately approved, SoCalGas intends to transport hydrogen gas to consumers who wish to utilize clean renewable hydrogen in their operations as a substitute for natural gas or other fuels—including power generation, industrial uses, heavy-duty transportation, transit agencies, and potentially for essential or 24/7 facilities like hospitals and data centers. SoCalGas is unaware of any other hydrogen gas pipeline proposed to be dedicated to public use that would meet these needs. Further, excluding Commission-regulated public utilities from California's clean energy transition would significantly undermine the State's decarbonization goals. For example, in 2023, approximately 44% of the State's in-state electricity generation was generated from power plants using natural gas, including natural gas supplied by SoCalGas.[78] Excluding the public utilities that transport much of this gas today from the clean energy transition would eliminate significant contributions to achieving the State's clean energy goals by a broad segment of the energy suppliers in the State.

A determination now that ratepayers, or some subset of ratepayers, should pay for Phase 2 activities does not prejudge any particular form of revenue collection, nor does it determine from which ratepayers and over what period of time, the revenue should be collected, nor, of course, the reasonableness of the costs to be collected. Answers to all those questions must be determined in a later phase of this proceeding, together with a factual evaluation of the activities for which the costs will be incurred and the benefits to be accrued.[79] Ratemaking is inherently fact-dependent and must be considered in the appropriate context.[80] Therefore, for purposes of Phase 2A, the Commission should find that, as a matter of law and policy, it is reasonable and an

---

[78] SoCalGas's Request for Official Notice, Exhibit E (California Energy Commission (CEC), *2023 Total System Electric Generation*, available at. https://www.energy.ca.gov/data-reports/energy-almanac/california-electricity-data/2023-total-system-electric-generation).

[79] The Application and prepared testimony supporting the Application detail Angeles Link's broad benefits, including public health benefits associated with improved air quality, energy system reliability and resiliency benefits, decarbonization benefits, job creation benefits, and supporting a more affordable decarbonized energy transition.

[80] As D.22-12-055 acknowledges, it may be appropriate to allocate the costs of the different phases of Angeles Link among different ratepayers. D.22-12-055 at 55.

established consequence of the public utility model for ratepayers or some subset of ratepayers to pay for Phase 2 activities; and, in Phase 2B, the Commission should address the reasonable amount of those costs, the appropriate form of revenue collection, and cost allocation among ratepayers.

E. Should The Commission Consider The SoCalGas Phase 2 Application Before Reviewing The SoCalGas Phase 1 Compliance Application?

The Phase 2 Application should be considered on a schedule consistent with the timing of when it was filed, separate from the Phase 1 Application, which was filed about six months thereafter. The Phase 1 Application (A.25-06-011) seeks a reasonableness review of $24.3 million in operating and maintenance costs recorded to the Angeles Link Memorandum Account (ALMA) authorized in the Phase 1 Decision and authorization to implement a revenue requirement therefor. The Utility Reform Network filed a Motion for Consolidation of Proceedings or Issues (Motion to Consolidate), and SoCalGas responded there, as here, that the Commission should review both applications concurrently (whether on a consolidated basis or not). As described in SoCalGas's Response to the Motion to Consolidate, both applications present important issues that require prompt action.

SoCalGas filed separate applications based on the requirements of D.22-12-055[81] and in the interest of expediency. The requests in the Phase 2 Proceeding are time sensitive, as the activities SoCalGas proposes therein would support achieving ARCHES' and the State's broader decarbonization goals. Thus, the Phase 2 Application was filed as soon as practicable after the Phase 1 studies–the underpinning of this application–were final. Similarly, the requests in the Phase 1 Proceeding are also time sensitive. Consistent with D.22-12-055, SoCalGas incurred costs for Phase 1 activities and recorded them to the ALMA, where they are currently pending. The Phase 1 Application was filed after activities were complete and information sufficient to meet the Commission's standards for a reasonableness review could be submitted for evaluation. It is in the interest of both ratepayers and SoCalGas's financial health (and so doubly in ratepayers' interest) to have those costs reviewed and promptly recovered in rates so they stop accruing interest and undercollections are minimized. Accordingly, SoCalGas opposes

[81] D.22-12-055 has separate ordering paragraphs for the subsequent applications it calls for, and contemplates that an application for Phase 2 could be required to be filed even before Phase 1 activities are completed. D.24-12-055 at 72 (Conclusions of Law (COL) 36, 37), 73-78 (Ordering Paragraphs (OP) 3, 5, 6, 7, 8)).

any procedural mechanism—consolidation or otherwise—that delays consideration of either application on a reasonable schedule.

It is important to acknowledge that neither application is dependent on the other. The Phase 1 Application seeks a review of costs recorded to the ALMA for Phase 1 activities, demonstrating that the activities undertaken were reasonable and in compliance with the requirements of Ordering Paragraphs 3 and 5 of the Phase 1 Decision. The Phase 2 Application seeks authorization of a revenue requirement to enable commencement of Phase 2 activities, on the basis that the *findings* from the Phase 1 studies, based on compliance with Ordering Paragraph 6 of the Phase 1 Decision, warrant advancing to Phase 2. Each of the proceedings entails an element of examining compliance with the Phase 1 Decision, but for different purposes. The intent of the Phase 1 Application is to establish that SoCalGas's activities conducting Phase 1 were reasonable, and thus costs should be approved for rate recovery. The intent of the Phase 2 Application is to establish that the *findings* of the studies warrant advancing to Phase 2. Accordingly, review of the applications should occur concurrently, and they need not be staged.

IV. CONCLUSION

SoCalGas appreciates the advancement of this proceeding and the opportunity to brief the important issues raised in the Scoping Memo.

Respectfully submitted,

By: */s/ Avisha Patel*
Avisha Patel

SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, GT-14E7
Los Angeles, CA 90013
Telephone: (213) 244-2954
Facsimile: (213) 629-9620
E-mail: apatel@socalgas.com

September 3, 2025