



**Public Advocates Office**  
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**July 28, 2020**

**VIA EMAIL**

**To: President Batjer  
Commissioners Randolph, Shiroma  
Guzman-Aceves and Rechtschaffen**

**From: Darwin E. Farrar  
Chief Counsel, Public Advocates Office**

**Subject: Response to Dan Skopec letter for OII, dated July 17, 2020**

Dear President Batjer and Commissioners Randolph, Shiroma, Guzman-Aceves, and Rechtschaffen:

This letter responds to the request you received from Dan Skopec, Vice President of Regulatory Affairs for Southern California Gas Company, dated July 17, 2020 (SoCalGas Letter). The SoCalGas Letter is prompted by the Public Advocates Office's investigation of SoCalGas' use of ratepayer monies to fund lobbying and other activities focused on undermining California's clean energy policies.

In its letter, SoCalGas recommends that the Commission investigate and clarify who should pay for SoCalGas' activities related to meeting "the State's climate goals" - goals that SoCalGas is actively thwarting as demonstrated by evidence the Public Advocates Office has uncovered. The SoCalGas Letter asserts that "there is a lack of clarity" regarding how it should account for such activities, and so a rulemaking is appropriate.<sup>1</sup> SoCalGas' request is unnecessary as the law makes clear that its customers should not pay for the utility's lobbying and other activities.

As California seeks to decrease reliance on polluting fossil fuels such as natural gas, SoCalGas is working to undermine state policy through lobbying and other efforts to misinform the public and encourage the continued use of natural gas – and, as our investigation suggests, have its customers pay for it.

It is a basic regulatory principle that rates may not include costs that are not necessary to provide utility service. In 1978, federal law codified specific principles regarding promotional and political advertising. These principles were officially adopted by this Commission in a 1980 filing with the Department of Energy. The federal law, codified at 15 U.S.C §§ 3203 and 3204, provides:

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<sup>1</sup> Sempra Letter, p. 1.

No gas utility may recover from any person other than the shareholders (or other owners) of such utility any direct or indirect expenditure by such utility for promotional or political advertising as defined in section 304(b).

The same law defines promotional and political advertising broadly to encompass the types of activities that SoCalGas has undertaken in an effort to perpetuate the use of natural gas. Such expenditures at ratepayer expense – whether direct or indirect – are expressly prohibited under the law.

Because the law is already clear, there is no need for the investigation or rulemaking to “clarify” the rules SoCalGas requests. Rather than open such a proceeding, the Commission, SoCalGas’ customers, and the state’s policy goals would be better served by the Commission enforcing the Administrative Law Judge’s multiple discovery orders that SoCalGas has unlawfully disobeyed and granting the relief requested<sup>2</sup> in the Public Advocates Office’s pending motions.<sup>3</sup>

Sincerely,

Darwin E. Farrar  
Chief Counsel, Public Advocates Office

Cc: Alice Stebbins  
Arocles Aguilar  
Ed Randolph

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<sup>2</sup> Cal Advocates has been attempting to audit SoCalGas’ accounts and records since May 2019, as part of its investigation into SoCalGas’ use of ratepayer monies to fund anti-decarbonization campaigns through “astroturf” organizations, including efforts to both promote the use of natural and renewable gas, and to defeat state and local laws and ordinances proposed to limit the use of these fossil resources.

<sup>3</sup> As a result of SoCalGas’ systematic failure to comply with Cal Advocates’ discovery requests, multiple orders to compel issued by the Commission’s Administrative Law Judge Division on President Batjer’s behalf, and a validly issued Commission subpoena, on June 23, and July 7, 2020 Cal Advocates filed motions seeking fines and penalties against SoCalGas. (See *Public Advocates Office Motion to Find Southern California Gas Company in Contempt of this Commission in Violation of Commission Rule 1.1 for Failure to Comply with a Commission Subpoena Issued May 5, 2020, and Fined for Those Violations from the Effective Date of the Subpoena*; and *Public Advocates Office Motion to Compel Confidential Declarations Submitted in Support of Southern California Gas Company’s December 2, 2019 Motion for Reconsideration of First Amendment Association Issues and Request for Monetary Fines for the Utility’s Intentional Withholding of This Information*.) These requests are still pending.