



## FACT SHEET: SoCalGas' Use of Ratepayer Accounts for Lobbying and Violations of Law

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Date: April 18, 2023

**SUMMARY:** As part of its review of SoCalGas' accounting practices the Public Advocates Office (Cal Advocates) has uncovered extensive evidence that SoCalGas has engaged in an unlawful pattern of charging lobbying activities to ratepayer funded accounts. Further, throughout the more than three-year review, SoCalGas has actively sought to obscure its role in the funding and directing of those lobbying activities, which sought to influence government officials and public opinion to promote the use of natural gas.

A regulated utility like SoCalGas may not use ratepayer funds for political activities. Yet Cal Advocates' review of SoCalGas' accounts shows that the utility routinely booked the costs of its political campaigns to ratepayer accounts. In addition, the evidence shows that SoCalGas has not tracked employee time spent on these activities, time which is funded by ratepayers. Because these costs are embedded in the current General Rate Case (GRC) [request](#), Cal Advocates has recommended the California Public Utilities Commission (CPUC) reduce that request by \$80 million.<sup>1</sup>

### BACKGROUND

Cal Advocates has identified at least four political campaigns pursued by SoCalGas involving numerous SoCalGas employees from multiple business units. Those campaigns focused on influencing natural gas decisions made by the Los Angeles Metropolitan Transit Authority (MTA), the Ports of Los Angeles and Long Beach, the Los Angeles World Airports (comprising Los Angeles International Airport and Van Nuys Airport), the CPUC, and state and local politicians.

The evidence shows that SoCalGas management allowed the utility to routinely and significantly under-report the costs of the utility's political activities to Cal Advocates during its accounting review, and that the utility has no ability to accurately track and remove the costs of its lobbying activities from ratepayer accounts.

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<sup>1</sup> Public Advocates Office. *Report on the Results of Operations for San Diego Gas & Electric Company Southern California Gas Company Test Year 2024 General Rate Case*. 2023, Exhibit CA-23 at [www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/proceedings-and-filings/230327-caladvocates-a2205015-et-al-political-activites-booked-to-ratepayer-accts-redacted.pdf](http://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/proceedings-and-filings/230327-caladvocates-a2205015-et-al-political-activites-booked-to-ratepayer-accts-redacted.pdf)

Public Advocates Office. *Workpapers To Report on the Results of Operations for San Diego Gas & Electric Company Southern California Gas Company Test Year 2024 General Rate Case*. 2023, Exhibit CA-23 Workpapers at [www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/in-the-news/230404-caladvocates-a2205015-et-al-political-activites-booked-to-ratepayer-accts-workpapers-redacted.pdf](http://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/in-the-news/230404-caladvocates-a2205015-et-al-political-activites-booked-to-ratepayer-accts-workpapers-redacted.pdf)

Cal Advocates' testimony identifies those political campaigns and shows that the utility has engaged in poor record-keeping so that there is no way to confirm the full costs of political activities improperly booked to ratepayers. For example, while the utility had an obligation to track employee time spent on those campaigns, the evidence shows that SoCalGas management failed to require such reporting.

Cal Advocates' review also reveals that SoCalGas paid a vendor to provide speakers at CPUC public meetings, and that those speakers made presentations during at least two CPUC meetings in 2021 without identifying their affiliation with SoCalGas or the vendor that ensured they attended.

As Cal Advocates' testimony explains, there is no reason to assume that these are the only political campaigns that SoCalGas has booked to ratepayer accounts. These were simply the instances Cal Advocates was able to identify at this point in its accounting review.

### **CAL ADVOCATES' RECOMMENDATIONS**

The CPUC should remove approximately \$80 million from the utility's GRC request and take all necessary and appropriate actions to ensure that the costs of political activities that do not benefit ratepayers are not charged to ratepayer accounts. In addition, Cal Advocates seeks immediate CPUC action on Cal Advocates' pending requests for sanctions associated with SoCalGas willful violation of Commission regulations and rules that require regulated utilities to provide truthful responses to Commission staff and provide access to utility records.

The Public Advocates Office represents utility customer interests before the California Public Utilities Commission and other forums. We develop recommendations that advance the state's climate goals in the most affordable ways for ratepayers. For more detailed information, please contact us at [publicadvocatesoffice@cpuc.ca.gov](mailto:publicadvocatesoffice@cpuc.ca.gov) or visit our website at [www.publicadvocates.cpuc.gov](http://www.publicadvocates.cpuc.gov)