CPUC Southwest Gas General Rate Case Decision

Fact Sheet

August 13, 2026

On August 13, 2026, the California Public Utilities Commission (CPUC) adopted its decision in Southwest Gas Corporation's (SWG) 2026 General Rate Case (GRC). This is the second of two decisions that completed the utility's GRC process. The decision resolves issues related to cost of capital, operating revenues, and overall rates of return, and finalizes customer rates.

The first decision issued in May 2026 (D.26-05-013) approved a settlement between SWG and ratepayer advocacy groups who participated in the GRC proceeding. The Aug. 13 decision resolves the remaining outstanding issues and adopts a $32.6 million total revenue requirement increase, which represents a $11.05 million reduction, or 25%, from SWG's $43.67 million original request. (A revenue requirement is the total amount of money a utility collects from its customers through rates in a given period to cover a utility's operating expenses and provide a return to investors.)

These two CPUC decisions authorize revenue requirements for SWG service operations for 2026-2030 and balance ratepayer affordability with investments that provide safe and reliable natural gas service. SWG serves approximately 206,000 California customers across three jurisdictions: Southern California, Northern California, and South Lake Tahoe.

Residential Bill Impacts

There will be a residential average rate increase of 5.17 % for the newly consolidated Northern California and South Lake Tahoe territory and a residential rate increase of 22.36% for the Southern California territory. These increases will result in monthly bill impacts for SWG customers as shown below:

	Current Avg. Bill	Avg. Bill Change
Southern California	$77.41	$13.89
Northern California	$131.64	$5.07
South Lake Tahoe	$95.46	$5.07

Safety Investments Are the Main Driver of Rate Increases

The rate increases are primarily needed to provide safety benefits for SWG customers, particularly in Southern California. Examples of these investments include:

- **The Targeted Pipeline Replacement (TPR) Program:** Replace aging pipes in Southern California at just over $94 million cumulatively in 2026-2030, $18.86 million annually (D.26-05-013). Aging pipes are prone to leaks; replacement will improve customer safety.
- **Customer Owned Yard Line (COYL) School COYL Replacement Program**: Safety program that locates, prioritizes, and replaces underground natural gas lines running from the meter to school buildings. The investment includes up to12 Southern California schools for $18 million ($3.6 million annually) and $3.6 million for two Northern California/South Lake Tahoe schools ($720,000 annually).
- **Annual Leak Detection Program**: SWG will conduct annual leak surveys to ensure system safety for $10 million.

Safe and Reliable Natural Gas Service

The decision provides the operating revenue SWG needs to provide safe and reliable natural gas service to its customers. It approves cost of capital details and finalizes the 2026 operating revenues for SWG.

Cost of Capital Details

	SWG Request	Aug. 2026 Decision Approves
Capital Structure	50% debt / 50% equity	50% debt / 50% equity
Return on Equity	11.35%	10.00%
Overall Rate of Return	7.74% (SCA)/7.85% (NCA/SLT)	7.07% (SCA)/7.17% (NCA & SLT)
Total Revenue Increase	$43.67M (original)	$32.6M, 25% less than request

- Capital structure (50/50): SWG's actual equity was 49.4% as of March 2025; 50% adopted to closely reflect reality while allowing modest growth. This is 2% less than the previously authorized 52% equity.
- ROE (10%):
  - SWG proposed a ROE of 11.35%, while consumer group Cal Advocates proposed 9.50%.
  - The CPUC's decision adopts a 10% ROE, consistent with the prior SWG GRC (D.21-03-052), and with the CPUC's recent cost of capital decision (D.25-12-043), which set Southern California Gas Company's ROE.
- Revenue reduction: The decision authorizes ~$11.1 million less than SWG's original $43.67 million request and $6.87 million less than the settlement amount (see table above).

Operating Revenue**:** The decision adopts operating revenues based on estimated sales, customer counts, and billing factors.

Authorized Operating Revenue

	Test Year 2026 (Current)	Deficiency (Change Requested)	Aug. Decision	% Change
Southern California	$144,225,771	+$28,954,449	$173,180,220	+17%
Northern California	$45,895,586	-$4,637,823	$41,257,764	-11%
South Lake Tahoe	$24,414,138	+$8,300,576	$32,714,714	+25%
Total	$214,535,495	$32,617,202	$247,152,698	13%

What can SWG customers Do If They Have Trouble Paying Their Bill?

The CPUC's California Alternate Rates for Energy (CARE) program provides a discount on natural gas bills to income-qualified households. Customers of SWG are eligible to receive a 20% discount on their natural gas bill if they meet program qualification requirements.

SWG customers can find more information about the CARE program here: https://myaccount.swgas.com/Portal/#/CareProgramPre

SWG offers a suite of other programs that can assist customers with their bills and energy usage. Please see: California Special Programs & Assistance

Background

SWG originally requested $43.67 million in total revenue requirement increases for 2026. The utility stated the increases were necessary to support system safety, infrastructure investment, modernization activities, inflationary operating costs, and customer growth.

The proceeding included a day of Evidentiary Hearings (July 29, 2025) and testimony submitted by ratepayer advocacy groups: the Public Advocates Office (Cal Advocates) and Small Business Utility Advocates (SBUA).

Southwest Gas, Cal Advocates, and SBUA entered into settlement negotiations and put forth a proposed settlement that reduced the proposed 2026 revenue requirement increase to $39.49 million.

The proposed settlement was approved by the CPUC in May 2026 (D.26-05-013).

The Proposed Decision adopting cost of capital details, final revenue requirements, and rates was published on June 12, 2026 and adopted on Aug. 13, 2026.

Next Steps

Within 30 days of the effective date of this decision, SWG will file Tier 1 Advice Letters with the CPUC's Energy Division to implement the revised tariff sheets reflecting the authorized rate changes for 2026.