

SOUTHERN CALIFORNIA GAS COMPANY

NOTIFICATION OF PROPOSED RATE INCREASE

BY SOUTHERN CALIFORNIA GAS COMPANY

FOR THE ADVANCED METERING INFRASTRUCTURE

IN APPLICATION NO. A.08-09-023

On September 29, 2008, Southern California Gas Company (SoCalGas®) filed an "Advanced Metering Infrastructure" (AMI) Application (A.08-09-023) with the California Public Utilities Commission (CPUC) in support of the State's Energy Action Plan regarding energy conservation. SoCalGas proposes to install communication modules on gas meters to provide daily meter reads and hourly gas usage information. SoCalGas' proposed gas AMI will provide customers with more timely access to gas usage information, enabling them to better manage their gas usage. Customers will be able to access their historical gas usage information online through "My Account" at www.socalgas.com. Customers who do not have internet availability may call their SoCalGas Customer Service Representative at 1-800-427-2200 to request their historical gas usage information. SoCalGas' proposed AMI will also provide operational efficiencies that will benefit SoCalGas customers.

EFFECT ON GAS RATES AND BILLS

SoCalGas has requested authorization to invest \$1.09 billion in total over a 7-year period to implement this program. SoCalGas proposes that 2009 be the first year that rates are impacted by program costs proposed in this application filing. The typical first-year rate impact based on these assumptions is included in the following table. If the CPUC approves this request, a residential customer's average monthly bill of 46 therms per month of gas usage would decrease by 14 cents per month, from \$54.56 to \$54.42. The tax benefits from the information technology development phase of this program create a rate decrease for the first two years. **The rate changes in the following table provide an illustrative comparison only to show the average rate and typical bill impacts of this AMI filing and not for purposes of predicting 2009 rates.** The impact on each customer and customer class will vary depending on individual usage and the CPUC's final decision.

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SOUTHERN CALIFORNIA GAS COMPANY

Illustrative Change in Class Average Rates Due to Proposed Advanced Metering Infrastructure Effective January 1, 2009

	Existing Class Average Rates	Class Average Rates Reflecting Advanced Metering Infrastructure Changes	Total Rate Change	Percentage Rate Change
Customer Class	(¢/therm)	(¢/therm)	(¢/therm)	(%)
Residential	44.654	44.365	(0.289)	(0.6%)
Core C&I	28.477	28.385	(0.092)	(0.3%)
NGV	08.811	08.810	(0.001)	(0.0%)
Noncore C&I	06.223	06.223	(0.000)	(0.0%)
EG	03.516	03.516	(0.000)	(0.0%)
System Total	17.155	17.069	(0.086)	(0.5%)

The highest bill impact due to the AMI infrastructure deployment is expected in 2015, once the \$1.09 billion is invested. SoCalGas estimates that a residential customer's average monthly bill of 46 therms per month of gas usage would increase by \$2.01 per month, from \$54.56 to \$56.57. After 2015, the operational benefits and associated customer savings will continue and rate impacts associated with AMI will begin to decline. The rate changes in the following table provide an illustrative comparison only to show the average rate and typical bill impacts of this AMI filing and not for purposes of predicting 2015 rates. The impact on each customer and customer class will vary depending on individual usage and the CPUC's final decision.

SOUTHERN CALIFORNIA GAS COMPANY
Illustrative Change in Class Average Rates Due to Proposed
Advanced Metering Infrastructure Effective January 1, 2015

	Existing Class Average Rates	Class Average Rates Reflecting Advanced Metering Infrastructure Changes	Total Rate Change	Percentage Rate Change
Customer Class	(¢/therm)	(¢/therm)	(¢/therm)	(%)
Residential	44.654	49.041	4.387	9.8%
Core C&I	28.477	29.873	1.396	4.9%
NGV	08.811	08.830	0.019	0.2%
Noncore C&I	06.223	06.223	0.000	0.0%
EG	03.516	03.516	0.000	0.0%
System Total	17.155	18.453	1.298	7.6%

EVIDENTIARY HEARINGS

The CPUC may hold evidentiary hearings whereby the formal parties of record provide testimony and are subject to cross examination before the CPUC's Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has their own court reporters who will take the comments of those formal parties of record participating in the evidentiary hearings.

If you would like additional information, or if you would like to send comments to the CPUC, you may write to the CPUC Public Advisor's Office, 320 West Fourth St., Suite 500, Los Angeles, CA 90013, or send an e-mail to public.advisor.la@cpuc.ca.gov. All letters and e-mails received from consumers are provided to each Commissioner and assigned ALJ for review and become part of the formal public comment file in this application proceeding. When writing to the CPUC, please reference proceeding number A.08-09-023.

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FOR FURTHER INFORMATION

You may view a copy of the application at the links provided below or obtain a copy of the application and related exhibits by writing to: Rasha Prince, Southern California Gas Company, 555 W. Fifth St., 14th Floor, Los Angeles, CA 90013-1011. You may also view a copy of the application at the CPUC's Central Files Office at: California Public Utilities Commission, 505 Van Ness Ave., San Francisco, CA 94102.

The application is available electronically on the SoCalGas Web site: www.socalgas.com/regulatory/cpuc.shtml.

Copies of this insert will be available for viewing and printing on the SoCalGas Web site at www.socalgas.com/regulatory.

