

SOUTHERN CALIFORNIA GAS COMPANY

NOTICE OF APPLICATION TO DECREASE RATES

APPLICATION NO. 02-04-036

On April 18, 2002, Southern California Gas Company (SoCalGas) filed an Application with the California Public Utilities Commission (CPUC) on its proposed administrative activities and budgets and rate subsidy costs for the California Alternate Rates for Energy (CARE) program for 2002. The CARE program provides a 20% discount to income-qualified households on their gas bills.

If the Commission approves the 2002 CARE program budget, SoCalGas proposes to reflect the projected 2002 year-end balance of \$5.2 million when adjusting its annual 2003 Public Purpose Program (PPP) surcharge. This will result in a PPP rate decrease for non-CARE customers. The precise amount of change cannot be determined at this time, and depends on program participation and costs that can vary over time. However, based on current estimates, this year-end adjustment would result in an average 0.7% decrease to the total rates of non-CARE residential customers.

HOW THIS WOULD AFFECT CUSTOMERS' GAS RATES

If the CPUC approves the proposed 2002 CARE program administrative budgets and rate subsidy costs, it will have an impact on rates by customer class, effective January 1, 2003. Projected rates are shown below:

Customer Class	Present Combined Transportation and PPP Rates (¢/therm)	Proposed Combined Transportation and PPP Rates (¢/therm)	% Change
Core			
Residential	45.862	45.256	-1.3%
Commerical/Industrial	32.036	31.430	-1.9%
Gas Air Conditioning	15.968	15.362	-3.8%
Gas Engine	22.380	21.774	-2.7%
Natural Gas Vehicle	13.038	12.432	-4.6%
Noncore			
Commerical/Industrial	5.807	5.201	-10.4%

THE CPUC MAY HOLD EVIDENTIARY HEARINGS

Before acting on SoCalGas' application, the CPUC may hold evidentiary hearings. At the hearings, the Commission will accept testimony from SoCalGas, the Commission's Office of Ratepayer Advocates (ORA) and other interested parties who may offer proposals that differ from those applied for by SoCalGas. After considering all evidence presented, the CPUC will issue a decision on this application. The actual rates approved by the CPUC may be different from those proposed in this notice.

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EVIDENTIARY HEARINGS ARE OPEN TO THE PUBLIC

If you wish to participate in the evidentiary hearings and need advice on how to do so, or if you would like to submit written comments, please write to the CPUC's Public Advisor at the following address:

Public Advisor
California Public Utilities Commission
320 West Fourth Street, Suite 500
Los Angeles, CA 90013

or by e-mail to

public.advisor.la@cpuc.ca.gov

Make sure that you specify the application number, (A.) 02-04-036 in your letter. The Public Advisor will give your comments to the Commissioners and the Administrative Law Judge assigned to the case. Your comments will become part of the formal correspondence file in this proceeding. Also, please indicate in your letter if you would like a response. Otherwise, none will be sent.

FOR FURTHER INFORMATION

You may obtain a copy of the application and related exhibits by writing to: Margee Moore, Regulatory Case Manager for Southern California Gas Company, 8306 Century Park Court CP 22D, San Diego, CA 92123-1550.

You may also view a copy of this application at the following address:

California Public Utilities Commission
320 West Fourth Street, Suite 500
Los Angeles, CA 90013

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

