

SOUTHERN CALIFORNIA GAS COMPANY

NOTICE OF PROPOSED INCREASE IN GAS RATES

APPLICATION NO. 06-12-010

In December 2006, Southern California Gas Company filed a General Rate Case (GRC) application with the California Public Utilities Commission (Commission) requesting authority to increase its base rates, effective January 1, 2008. Southern California Gas Company's application covers its costs of providing natural gas distribution, transmission and underground storage services (but not the cost of the natural gas itself). This application includes a detailed forecast of these costs for 2008. Southern California Gas Company also proposes a formula for adjusting its base rates in 2009 through 2013 to reflect the cost of equipment and the impacts of inflation during that time period. Southern California Gas Company believes its request is necessary to continue to deliver safe and reliable service to all of its customers. As part of its GRC application, Southern California Gas Company proposes to close seven branch payment offices in August 2008. Over the years, these offices have experienced a significant decrease in the number of people who pay their gas bills there, or use has been historically low. Southern California Gas Company will provide future notice regarding the location and dates for a series of public participation hearings to be held throughout the service territory to allow for public comment on this and other proposals contained in its GRC.

WHAT THIS MEANS TO YOU

If the Commission approves this request, a typical residential customer using 50 therms per month will see an average monthly bill increase beginning in January 2008 of \$2.36, or 3.9%. A typical average monthly gas bill will increase from \$60.55 to \$62.90. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills will depend on how much



A  Sempra Energy utilitySM

energy each customer uses. The following chart shows the gas rate increase Southern California Gas Company is requesting for 2008. The proposed rates were determined by dividing the proposed gas revenues by the last forecast of annual gas sales adopted by the Commission.

Proposed Gas Increase

Customer Class	Proposed Revenue Increase		Proposed Rate Increase	
	(\$000)	Percent	(Cents/Therm)	Percent
Residential (Core) ¹	\$118,987	11.1%	4.672¢	11.1%
Commercial/Industrial (Core) ¹	\$25,096	11.3%	3.007¢	11.3%
Commercial/Industrial (Noncore) ¹	\$7,562	7.9%	0.519¢	7.9%
Electric Generation	\$8,728	6.7%	0.296¢	6.7%
Wholesale	\$2,579	4.9%	0.155¢	4.9%
International	\$63	5.0%	0.174¢	5.0%
NSBA Allocation ²	\$4,323	29.7%	N/A	N/A
System Total³	\$167,356	10.4%	1.761¢	10.4%

¹ Core Customers primarily use smaller amounts of gas, and include residential and small commercial and industrial gas users. Non-Core Customers are larger commercial and industrial gas users.

² Costs allocated to the Noncore Storage Balancing Account and recovered in rates the following year.

³ Revenue and rate changes are for gas distribution, transmission and storage and exclude the cost of the natural gas itself. System totals exclude Public Purpose Program and Enhanced Oil Recovery revenues.

WHAT YOU CAN DO

Before acting on this GRC application, the Commission is expected to hold formal evidentiary hearings. They will be open to the public and will analyze the need for the requested increase. At these hearings, the Commission will receive testimony from Southern California Gas Company, the Commission's Division of Ratepayer Advocates, and other interested parties who may offer proposals. After considering all proposals, the Commission will issue a decision.

If you would like to send comments or to participate in this proceeding, write to the Commission's Public Advisor's Office at 320 West Fourth St., Suite 500, Los Angeles, CA 90013, or by e-mail to Public.advisor.la@cpuc.ca.gov. If public participation hearings are held to gather additional comments from customers, notice of the dates, times and locations will be provided to you by separate notice. Any letters received from you will be circulated to the five Commissioners and will become part of the formal correspondence file in this application. In your letter, state that you are writing in regard to Application No. 06-12-010. Please indicate if you would like a response to your letter, otherwise none will be sent.

You may inspect a copy of the application at the address listed below or obtain a copy of the application by writing to:

Ron van der Leeden
Regulatory Affairs Department
Southern California Gas Company
555 West Fifth St.
Los Angeles, CA 90013-1011

You may also view a copy of the application at the company Web site: www.socalgas.com/regulatory/cpuc.shtml.

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

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

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