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**NOTIFICATION OF SOUTHERN CALIFORNIA
GAS COMPANY'S REQUEST TO INCREASE RATES
FOR THE 2016 GENERAL RATE CASE (GRC)
APPLICATION FILING A.14-11-004**

On November 14, 2014, Southern California Gas Company (SoCalGas®) filed a General Rate Case (GRC) Application with the California Public Utilities Commission (CPUC), requesting authority to increase revenue by \$256 million beginning January 1, 2016. The increase is requested to collect from SoCalGas' customers the costs of its business operations (administrative expenses), and the infrastructure expenses to deliver natural gas. If approved, this request will increase SoCalGas' total revenue requirement for these expenses to \$2.352 billion in 2016, \$2.478 billion in 2017 and \$2.572 billion in 2018. The 2017 and 2018 revenue requirements are estimated, based on a proposed growth mechanism, and may change based upon final CPUC decisions.

Every three or four years, SoCalGas is required to file a GRC with the CPUC. The annual revenue requirement is the total amount of money a utility collects through rates in a given year for specific purposes. The design of the actual rates themselves (prices charged to customers) to recover the revenue requirement will be determined in separate proceedings. This particular application does not include the cost to purchase gas for SoCalGas customers. Those costs are evaluated and authorized in a separate proceeding.

**SOCALGAS REQUESTS A TOTAL INCREASE OF \$256 MILLION
FOR GAS SERVICE EFFECTIVE JANUARY 1, 2016**

SoCalGas is requesting \$2.352 billion in total revenue requirement for 2016. This amount is a \$256 million increase over the 2015 estimated revenue requirement, with the increase to be effective on January 1, 2016. This increase consists of the following:

**SoCalGas Requested GRC Revenue Requirement
(\$ in millions)**

2014	Estimated 2015	Requested Increase	Test Year 2016 Request
\$2,043	\$2,096	\$256	\$2,352

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SoCalGas also is requesting revenue increases for 2017 and 2018 to cover increasing costs to plant maintenance and repairs as well as inflation. The proposed ratemaking for those two years uses a starting point set by SoCalGas' 2016 GRC outcome to set rates beginning January 1, 2017. Rates in the subsequent years will be adjusted annually using formulas that consider capital-related, and operations and maintenance (O&M) expenses.

KEY REASONS WHY SOCALGAS IS ASKING FOR INCREASES ARE:

- To finance O&M and capital projects necessary to enhance SoCalGas' ability to provide safe and reliable natural gas services to its customers;
- To continue to finance the maintenance of the system of pipes and equipment needed to deliver gas to SoCalGas' customers;
- To adequately fund support services as well as employee training to keep SoCalGas operating and to provide SoCalGas' customers with safe, reliable and responsive customer service; and

- To meet regulatory demands and compliance requirements driven by system safety and reliability and environmental compliance;
- Other components to SoCalGas' cost of service are listed in the GRC Application.

ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

SoCalGas estimates that the requested \$256 million increase in gas revenue requirement may be distributed in the manner shown in the table below. Although SoCalGas is requesting an increase in gas revenues from 2015 to 2016, customers will also see a simultaneous reduction in rates resulting from the end of the catch-up portion of the prior rate case that is included in 2015 rates. The actual distribution of the increase to each customer class depends upon the CPUC decision. Actual distribution of revenues will also be affected by a separate gas Cost Allocation Proceeding expected to be filed with the CPUC in 2014 which will cover the costs to store and transport natural gas.

**Southern California Gas - Summary of Gas Class Average Bundled Rates by Major Customer Class
2016 General Rate Case - (\$/therm)**

Customer Class	Total Rates			2014 to 2016 Change*		2015 to 2016 Change**	
	Current 2014	Estimated 2015	Proposed 2016	\$	%	\$	%
1 Residential	\$1.27326	\$1.29131	\$1.36217	\$0.08891	7.0%	\$0.07086	5.5%
2 Core Commercial & Industrial	\$0.84182	\$0.84937	\$0.88079	\$0.03897	4.6%	\$0.03142	3.7%
3 Core Average	\$1.12582	\$1.14036	\$1.19743	\$0.07161	6.4%	\$0.05707	5.0%
4 Noncore C&I	\$0.06983	\$0.07047	\$0.07377	\$0.00393	5.6%	\$0.00330	4.7%
5 Sempra-Wide EG	\$0.01576	\$0.01610	\$0.01654	\$0.00078	5.0%	\$0.00044	2.7%
6 Retail Noncore Average	\$0.03426	\$0.03470	\$0.03612	\$0.00186	5.4%	\$0.00142	4.1%
7 Wholesale	\$0.01081	\$0.01074	\$0.01070	-\$0.00012	-1.1%	-\$0.00004	-0.4%
8 SYSTEM TOTALS	\$0.44571	\$0.45117	\$0.47250	\$0.02680	6.0%	\$0.20133	4.7%

	Average Monthly Bill			2014 to 2016 Change		2015 to 2016 Change	
	Current 2014	Estimated 2015	2016	\$	%	\$	%
Average Bill 39 therms/month	\$49.05	\$49.75	\$52.50	\$3.45	7.0%	\$2.75	5.5%

*current rates **estimated rate increase for 2016

If the CPUC approves SoCalGas' request for a revenue increase, the bill for a bundled residential customer using 39 therms per month would increase \$2.75 or 5.5 percent, over 2015 estimated rates. Individual customer bills may differ. **Rates would become effective in January 2016.**

FOR FURTHER INFORMATION

You may request additional information by writing to: Charles Manzuk, 2016 GRC Director for Southern California Gas Company, 8330 Century Park Ct., San Diego, CA 92123. SoCalGas' Application and attachments may also be inspected at the CPUC office located at 505 Van Ness Ave., San Francisco, CA 94102.

Copies of this Application will be available for viewing and printing on the SoCalGas website at: socialgas.com/regulatory/cpuc.shtml.

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CPUC PROCESS

This Application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents, necessary for the CPUC to establish a record upon which to base its decision. Evidentiary Hearings (EHs) may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These EHs are open to the public, but only those who are parties of record can participate.

After considering all proposals and evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision which may adopt SoCalGas' proposal, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

As a party of record, the Office of Ratepayer Advocates (ORA) reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to

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represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. Other parties of record will also participate in the CPUC's proceeding to consider this application. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov or visit ORA's website at <http://ora.ca.gov/default.aspx>.

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If you would like to learn how you can participate in the proceeding, or if you have informal comments or questions about the CPUC processes, you may access the CPUC's Public Advisor's Office webpage at www.cpuc.ca.gov/puc and click on "Public Advisor" from the CPUC Information Menu. You may also contact the Public Advisor's Office as follows:

Write: CPUC Public Advisor's Office, Room 2103
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074

TTY 1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference SoCalGas' Application No. A.14-11-004 in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.

