

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the Application and related attachments by writing to: Charles Manzuk, 2019 GRC Director for SoCalGas, 8330 Century Park Court, San Diego, CA 92123. SoCalGas' Application and attachments may be reviewed at the CPUC's Central Files Office by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

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

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

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.

The Office of Ratepayer Advocates (ORA) will review this Application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to 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>.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>.

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 (PAO) webpage at <http://consumers.cpuc.ca.gov/pao/>. You may also contact the PAO as follows:

Write: CPUC Public Advisor's Office
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. 17-10-008 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.



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NOTIFICATION OF SOUTHERN CALIFORNIA GAS COMPANY'S REQUEST TO INCREASE RATES FOR THE 2019 GENERAL RATE CASE APPLICATION FILING A.17-10-008

On October 6, 2017, Southern California Gas Company (SoCalGas®) filed an application with the California Public Utilities Commission (CPUC) requesting to increase revenues for its 2019-2022 General Rate Case (GRC). SoCalGas is requesting to increase revenues by \$480 million to \$2.989 billion in 2019. This application also proposes increases in 2020-2022 as shown in the table below. SoCalGas is requesting this increase for its business operations (administrative expenses), infrastructure, maintenance, safety measures, modernization of facilities, and inflation.

BACKGROUND

Every three years, SoCalGas is required to file a GRC with the CPUC¹. GRCs determine the total amount of money a utility is allowed to collect through rates in a given year. How the increase is assigned to customer groups is determined in separate proceedings. This particular application does not include the cost to purchase natural gas for SoCalGas customers. Those costs are evaluated and authorized in a separate proceeding.

¹ The Test Year 2016 GRC required SoCalGas to file the next GRC application for Test Year 2019, consistent with the revised ratecase plan calling for three year cycles. In this recently filed application, SoCalGas is proposing a return to the four-year cycle as the Commission followed in 2004, 2008, and 2012 to help alleviate administrative constraints.

KEY REASONS WHY SOCALGAS IS ASKING FOR INCREASES ARE:

- To continue to invest in its gas delivery system to enhance safety and reliability, and to manage risks that could impact their employees, customers, and/or system;
- To continue to invest in the needs of over 21 million customers by enabling diverse customer service capabilities and efficiencies, and to empower customers with information and tools to better manage their gas use;
- To meet regulatory demands and compliance requirements driven by system safety and reliability and environmental compliance;
- To invest in efforts and programs to maintain a highly-trained, qualified, and diverse workforce; and
- To invest in the gas system and technologies that advance clean energy for customers and the environment.

SOCALGAS REQUESTS A TOTAL INCREASE OF \$480 MILLION FOR GAS SERVICE EFFECTIVE JANUARY 1, 2019

This request is for an increase of \$480 million (19.1%) in 2019. The request also includes an 8.5% increase in 2020, a 6.2% increase in 2021, and a 6.2% increase in 2022, resulting in increases up to \$255 million in 2020, \$201 million in 2021, and \$213 million in 2022. This increase consists of the following:

(\$ in millions)

As Expected Authorized 2018	Proposed 2019 Increase	Proposed 2020 Increase	Proposed 2021 Increase	Proposed 2022 Increase
\$2,509	\$480	\$255	\$201	\$213

ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

SoCalGas estimates that the requested \$480 million increase in gas revenue requirement may be distributed in the manner shown in the table below. How this increase is assigned to customer classes will be determined in a separate gas cost allocation proceeding expected to be filed with the CPUC in 2019, 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 2019 General Rate Case (\$/therm)

Customer Class	Total Rates			2017 to 2019 Change*		2018 to 2019 Change**	
	Current Aug-2017	As expected Authorized 2018	Proposed 2019	\$	%	\$	%
Residential	\$1.17033	\$1.17025	\$1.36761	\$0.19728	16.9%	\$0.19736	16.9%
Core Commercial & Industrial	\$0.67952	\$0.68612	\$0.76865	\$0.08914	13.1%	\$0.08253	12.0%
Core Average	\$0.99691	\$0.99889	\$1.15546	\$0.15855	15.9%	\$0.15658	15.70%
Noncore C&I	\$0.07836	\$0.08093	\$0.09800	\$0.01964	25.1%	\$0.01707	21.1%
Sempre-Wide EG	\$0.02017	\$0.02190	\$0.02838	\$0.00821	40.7%	\$0.00649	29.6%
Retail Noncore Average	\$0.04129	\$0.04332	\$0.05365	\$0.01236	29.9%	\$0.01033	23.8%
Wholesale	\$0.01129	\$0.01341	\$0.01462	\$0.00333	29.5%	\$0.00120	9.0%
BTS (\$/dth/day)	\$0.30592	\$0.32403	\$0.50060	\$0.19468	63.6%	\$0.17657	54.5%
SYSTEM TOTALS	\$0.43714	\$0.44150	\$0.52406	\$0.08692	19.9%	\$0.08256	18.7%

	Average Monthly Bill			2017 to 2019 Change		2018 to 2019 Change	
	Current Aug-2017	As expected Authorized 2018	2019	\$	%	\$	%
Average Bill 35 therms/month	\$42.50	\$42.56	\$50.10	\$7.60	17.9%	\$7.54	17.7%

*current rates

**estimated rate increase for 2019

If the CPUC approves SoCalGas' request for a revenue increase, the bill for a bundled residential customer using 35 therms per month would increase \$7.54 or 17.7 percent over as-expected authorized 2018 rates. Individual customer bills may differ. **Rates would become effective in January 2019.**