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Email: public.advisor@cpuc.ca.gov

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

Call: 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 Cost of Capital Application No. 19-04-018** 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.



Para más detalles llame al 1-800-342-4545

SOUTHERN CALIFORNIA GAS COMPANY NOTIFICATION OF PROPOSED RATE INCREASES COST OF CAPITAL PROCEEDING APPLICATION NO. A.19-04-018

On April 22, 2019, Southern California Gas Company (SoCalGas®) filed its Cost of Capital Application No. A.19-04-018 (Application) with the California Public Utilities Commission (CPUC) seeking approval of its proposed cost of capital for 2020. In this proceeding, SoCalGas requests that the CPUC determine the appropriate rate of return necessary to attract capital at reasonable rates and compensate the utility for business, regulatory, and financial risks. Rate of return is the weighted average cost of debt, preferred stock, and common equity. SoCalGas also requests adjustments to its capital structure and the authorized costs of debt, preferred stock, and return on equity.

If the CPUC approves this Application, the overall authorized rate of return will increase from 7.34% to 7.85%, and SoCalGas's rates for natural gas transportation service will be revised accordingly, effective January 1, 2020. Additionally, SoCalGas proposes to continue its cost of capital mechanism until the next Cost of Capital Application is filed and approved.

ESTIMATED IMPACT ON GAS RATES AND BILLS

In this Application, SoCalGas proposes an increase in overall transportation revenues of \$40.14 million, or 1.3% for 2020. This overall increase would only apply to the transportation component of a total gas bill. A summary of the proposed rates for the various customer classes for 2020 are shown below:

SOUTHERN CALIFORNIA GAS COMPANY
Estimated Increase in Class Average Rates
Due to Proposed Authorized Cost of Capital
Effective January 1, 2020

Customer Class	Present Rates (¢/therm)	Proposed Rates for 2020 (¢/therm)	¢/therm Change (¢/therm)	% Change Rates
Residential (Core)*	87.7	89.0	1.4	1.6%
Average Residential Bill \$/month	\$42.87	\$43.33	\$0.46	1.1%
Commercial/Industrial (Core)*	43.7	44.2	0.5	1.1%
(Noncore Distribution Level Service)**	12.5	12.6	0.1	0.8%
Commercial/Industrial				
Electric Generation	3.3	3.3	0.0	0.6%
(Transmission Level Service)***	3.1	3.1	0.0	0.1%
Commercial/Industrial				
Backbone Transmission Service****	27.8	27.8	0.0	0.1%
System Total	33.4	33.8	0.4	1.3%

* Core customers generally use smaller quantities of gas and the utility purchases their gas.

** Noncore customers are generally large gas users who purchase their own natural gas supplies for SoCalGas to transport.

*** Transmission Level Service is for noncore service on the Local Transmission System from the SoCalGas Citygate.

**** Backbone Transmission Service are rights that customers may purchase to transport gas over the SoCalGas backbone system to the SoCalGas Citygate. Core customers who purchase gas supplies from SoCalGas will have this charge included in the gas commodity rate. Customers that do not purchase gas supplies from SoCalGas may purchase these rights directly from SoCalGas. Present rates are ¢/dth/day.

A typical residential customer using 34 therms per month will see a \$0.46 monthly bill increase, or a 1.1% increase in 2020.⁽¹⁾

(1) These monthly bill estimates include charges for transportation, Public Purpose Program Surcharges and natural gas commodity and Backbone Transmission Service.

The impact on each customer and each customer class could vary depending on individual usage and the CPUC's final decision.

FOR FURTHER INFORMATION

You may view a copy of the Application at the address listed below or obtain a copy of the Application and related exhibits by writing to: Jamie York, 2020 Cost of Capital Program Manager, Southern California Gas Company, 8330 Century Park Court, CP31E, San Diego, CA 92123-1530. The Application is available electronically 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

A hard copy can be reviewed at the CPUC's Central Files Office by appointment. For more information, contact aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

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 may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings 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 California Public Advocates Office (CalPA) will review this application. CalPA 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. CalPA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more

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