

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://subscribe.puc.cpuc.ca.gov/>.

If you would like to learn how you can participate in the proceeding, have informal comments, or if you have questions about the CPUC processes, you may access the CPUC's Public Advisor Office (PAO) webpage at <http://www.cpuc.ca.gov/pao/>. You may also contact the PAO as follows:

Mail: CPUC Public Advisor's Office
505 Van Ness Ave.
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.18-11-010 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 en español, llame al 1-800-342-4545 NOTIFICATION OF SOUTHERN CALIFORNIA GAS COMPANY'S REQUEST TO INCREASE RATES FOR THE PIPELINE SAFETY ENHANCEMENT PLAN IMPLEMENTATION APPLICATION NO. A.18-11-010

On November 13, 2018, Southern California Gas Company (SoCalGas[®]) and San Diego Gas & Electric Company (SDG&E[®]) filed a joint application with the California Public Utilities Commission (CPUC) requesting a rate increase for the implementation of the Pipeline Safety Enhancement Plan (PSEP). This application will cover the reasonableness in implementing the PSEP, and recovery of related costs recorded in the Pipeline Safety and Reliability Memorandum Account (PSRMA), Safety Enhancement Expense Balancing Account (SEEBBA) and Safety Enhancement Capital Cost Balancing Account (SECCBA). SoCalGas is requesting the review of \$811 million spent on pipeline safety work. If the CPUC finds the amount spent on pipeline safety work as reasonable, SoCalGas will recover \$188 million of its investment. The rate increase to recuperate this \$188 million will start in 2020 or soon after a CPUC decision is issued. If approved, the increase would be charged to customers over a 12-month period, or until the costs are fully recovered.

In 2011, the CPUC opened Rulemaking (R.)11-02-019 to adopt new safety and reliability regulations for natural gas transmission and distribution pipelines. The rulemaking also required transmission pipelines without sufficient records to be orderly and cost effectively pressure tested or replaced. As directed by the CPUC's decisions^{1,2}, SoCalGas and SDG&E began PSEP work and recording costs in their PSRMAs, SEEBAs and SECCBAs. The CPUC identified costs that should not be charged to customers. Those costs have been excluded from this application. To justify charging customers for those expenses, SoCalGas and SDG&E filed this application to demonstrate the reasonableness of costs incurred.³

The SoCalGas revenue increase requested in this application applies to gas distribution and transmission service, using a methodology

¹ D.12-04-021

² D.14-06-007

³ D.14-06-007

that was previously approved by the CPUC. This application requests recovery of Phase 1 safety plan costs, which include the testing and replacing of natural gas pipelines; valves; and other project management costs supporting SoCalGas' safety enhancement plan. Recovery of costs incurred for additional safety related work will be requested in future applications.

ESTIMATED IMPACT OF THIS INCREASE ON GAS RATES

SoCalGas has estimated the impact of the requested \$188 million increase in gas revenues under the proposed rates as shown in the tables below.⁴ The actual distribution of the increase to each customer class depends on how the CPUC ultimately decides all issues in the application.

ILLUSTRATIVE PROPOSED CLASS AVERAGE RATE INCREASE PER CUSTOMER CLASS⁵

Customer Class	Current (¢/Therm)	Increase (¢/Therm)	Proposed (¢/Therm)	Projected % Increase
Residential	75.8	3.6	79.4	4.7%
Commercial	32.8	2.5	35.3	7.5%
Natural Gas Vehicles	11.4	1.4	12.8	12.5%
Large Industrial (distribution level service)	7.8	1.7	9.5	21.9%
Large Industrial (transmission level service)	2.5	0.3	2.7	11.7%
Backbone Transmission Service	26.4 ¢/dth/day	4.3 ¢/dth/day	30.6 ¢/dth/day	16.3%
System Total	28.3	2.0	30.3	7.0%

If the CPUC approves SoCalGas' request for a gas rate increase and the proposed rate allocation method, the bill for a typical bundled residential customer, using 33 therms per month, would increase **\$1.31, or 3.3%, from \$40.04 to \$41.35.** Individual customer bills may differ. SoCalGas is requesting rates become effective in 2020.

⁴ Pursuant to D.16-08-003, SoCalGas and SDG&E have been authorized partial (50%) interim rate recovery of PSEP costs, subject to refund, and have previously incorporated a portion of costs associated with this application into rates (see Advice Letter 5017-A). As a result, the "Illustrative Proposed Class Average Rate Increase Per Customer Class" table illustrates the rate impact of the remaining PSEP costs addressed in this application. The SoCalGas' costs are shown prior to system integration and system wide rates' adjustments.

⁵ Difference due to rounding.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Diana Alcalá, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. SoCalGas' application and exhibits may also be reviewed at the CPUC's Central Files Office, 505 Van Ness Ave., San Francisco, CA 94102.

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

Copies of this insert will be available for viewing and printing on the SoCalGas web site at: socialgas.com/regulatory/bill-inserts/

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 Public Advocates Office (Cal PA) may review this application. Cal PA 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. Cal PA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about Cal PA, please call (415) 703-1584, e-mail publicadvocatesoffice@cpuc.ca.gov or visit Cal PA's web site at www.publicadvocates.cpuc.ca.gov/

(Continued on back)