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**NOTIFICATION OF SOUTHERN CALIFORNIA
GAS COMPANY'S REQUEST TO INCREASE RATES
FOR THE PIPELINE SAFETY ENHANCEMENT
PLAN IMPLEMENTATION**

APPLICATION FILING A.14-12-016

On December 17, 2014, Southern California Gas Company (SoCalGas®) and San Diego Gas & Electric Company® (SDG&E®) jointly filed with the California Public Utilities Commission (CPUC), their application requesting that the CPUC approve a rate increase for the implementation of the Pipeline Safety Enhancement Plan (PSEP). This application would cover the reasonableness in implementing the PSEP, and recovery of related costs recorded in the Pipeline Safety and Reliability Memorandum Accounts (PSRMA), as of June 12, 2014. SoCalGas is requesting an increase of \$46.2 million starting in 2016 to cover these costs. If approved, the increase would be charged to customers for 12 months or until the costs are recovered.

The CPUC opened Rulemaking (R.)11-02-019 to adopt new safety and reliability regulations for natural gas transmission and distribution pipelines, and to orderly and cost effectively replace or pressure test all natural gas transmission pipelines, for which reliable records were not available. SoCalGas and SDG&E initiated its PSEP work and began recording costs in their PSRMAs, as directed by the CPUC in Decision, D.12-04-021. A later CPUC Decision, D.14-06-007, determined what costs should not be charged to customers. In response, both utilities have excluded those costs from this application. That same Decision, D.14-06-007, ordered SoCalGas and SDG&E to file an application to demonstrate the reasonableness of costs incurred to justify charging customers for the costs. This application complies with that direction.

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The SoCalGas revenue increase requested in this application applies to gas distribution and transmission service, a methodology which was previously approved by the CPUC. This application requests recovery of initial safety plan costs, which include the testing and replacing of natural gas pipelines; leak survey and pipeline patrol; pressure protection equipment; and project management costs that were part of SoCalGas' safety enhancement plan. Recovery of costs incurred for future safety related work will be requested in future applications.

ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

SoCalGas has estimated the requested \$46.2 million increase in gas revenues under the proposed rates as shown in the tables below. The actual distribution of the increase to each customer class depends on how the CPUC ultimately decides all issues in the application.

Illustrative Proposed Rate Increase Per Customer Class:

Customer Class	Annual ¢/Therm	% increase
Residential	0.3 ¢/Therm	0.4%
Commercial	0.2 ¢/Therm	0.7%
Natural Gas Vehicles	0.1 ¢/Therm	1.3%
Large Industrial (distribution level service)	0.1 ¢/Therm	2.1%
Large Industrial (transmission level service)	0.1 ¢/Therm	5.7%
Backbone Transmission Service	3.0 ¢/dth/day	19.3%
System Total	0.5 ¢/Therm	2.1%

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 39 therms per month, would increase **\$0.23**, or **0.5 percent**, from **\$46.73** to **\$46.96**.

Individual customer bills may differ. SoCalGas is requesting that rates would become effective in January 2016.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Shirley Amrany, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. SoCalGas' application and attachments may also be inspected 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 website at: socalgas.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) 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,

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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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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.14-12-016 in any communications you have with the Commission 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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