

# SOUTHERN CALIFORNIA GAS COMPANY

## NOTICE OF PROPOSED GAS RATE INCREASE

### APPLICATION NO. A.04-06-025

On June 15, 2004, Southern California Gas Company (SoCalGas<sup>SM</sup>) filed an application (A.04-06-025) with the California Public Utilities Commission (Commission) to collect from customers \$2.4 million for its shareholders as incentive for purchasing gas below a benchmark price.

The Commission approved an incentive program called the Gas Cost Incentive Mechanism (GCIM) to provide SoCalGas with an incentive to keep gas costs low for its customers. If SoCalGas purchases gas above a benchmark price, which is based on market price, then the utility is penalized. If SoCalGas purchases gas below the benchmark, the utility is rewarded.

SoCalGas has been operating under this program for nine years. This year, which ran from April 1, 2003 to March 31, 2004, SoCalGas indicates the utility purchased gas below the benchmark, saving its customers \$27 million. The \$27 million savings is shared between customers and shareholders; customers would retain a net benefit of \$24.6 million in lower gas cost, while shareholders would receive a \$2.4 million reward.

### WHAT THIS MEANS TO YOU

Depending on Commission action on SoCalGas' requests, the proposed impact to each customer class would be allocated as follows:

Customer Class	\$ (million)	% increase
Residential	\$1.84	0.2%
Commercial/Industrial	\$0.51	0.2%
Other Core	\$0.01	0.4%
<b>Total*</b>	<b>\$2.36</b>	<b>0.2%</b>

\* The actual number approved by the Commission will include fees paid to cities and local governments.

If the Commission approves this request, a residential customer's monthly winter bill for 70 therms of gas usage would increase by 5 cents, from \$62.42 to \$62.47. Based on a 12-month period, a residential customer's average monthly bill would increase by 3 cents.

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

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## WHAT YOU CAN DO

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:

Gregory Healy  
Southern California Gas Company  
555 W. Fifth Street, 14th Floor  
Los Angeles, CA 90013-1011

You may also view a copy of the application at the following address:

California Public Utilities Commission  
320 W. Fourth Street, Room 500  
Los Angeles, CA 90013

Before acting on our application, the Commission may hold formal evidentiary hearings. If hearings are held, they will be open to the public and devoted to analyzing the need for the requested rate increase. At these hearings, the Commission will receive testimony from interested parties who may offer proposals that differ from those requested by SoCalGas. After considering all proposals, the Commission will issue a decision. If you would like to participate in the hearings and need assistance, you may write to the Commission's Public Advisor's Office at the above address or at the following e-mail address:

[public.advisor.la@cpuc.ca.gov](mailto:public.advisor.la@cpuc.ca.gov)

The Commission welcomes your comments. You may write to the Commission at the address above. Any letters received from you will be circulated to each Commissioner and will become part of the formal correspondence file in this application. In your letter, state that your comments are regarding Application No. A.04-06-025. Please indicate if you would like a response to your letter. Otherwise, none will be sent.

Copies of this notice will be available for viewing and printing on the SoCalGas Web site at [www.socalgas.com/regulatory](http://www.socalgas.com/regulatory).

