

SOUTHERN CALIFORNIA GAS COMPANY

NOTICE TO CUSTOMERS OF PROPOSED RATE INCREASE

APPLICATION NO. A07-04-027

On April 27, 2007, Southern California Gas Company (SoCalGas®) filed an application (A07-04-027) with the California Public Utilities Commission (Commission) to recover from its customers in the City of San Buenaventura (Ventura) an increase in the gas franchise fees payable to Ventura. SoCalGas pays franchise fees to Ventura for the right to build, own and operate utility facilities within the city for the purpose of providing gas distribution services to residential, commercial and industrial customers. These franchise fees are collected from customers in rates.

On March 12, 2007 the Ventura City Council adopted an ordinance increasing the percentage of franchise fees SoCalGas will pay to the city. SoCalGas is seeking recovery in rates of this increase in franchise fees. The April 27, 2007 filing requests that SoCalGas be authorized to collect from customers in the City of Ventura an amount equivalent to 1% of the gross revenues paid by gas utility customers in the city, or approximately \$246,000 a year, to recover this increase in franchise fees.

WHAT THIS MEANS TO YOU

If the Commission approves SoCalGas' application, the proposed impact to each customer class would be allocated as follows:

Customer Class	\$ (thousands)	% increase
Residential	\$177.7	1%
Commercial/Industrial	\$64.6	1%
Noncore Commercial/Industrial	\$3.6	1%
Total	\$245.9	1%

If the Commission approves this request, a City of Ventura residential customer's average monthly bill for 39 therms of gas usage would increase by 44 cents from \$47.97 to \$48.41.

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

WHAT YOU CAN DO

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

(Continued inside)

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 or if you would like to send comments to the Commission, you may write to the Commission's Public Advisor's Office at the following mail or e-mail address:

CPUC, Public Advisors Office
320 West Fourth St., Suite 500
Los Angeles, CA 90013
E-mail Public.advisor.la@cpuc.ca.gov

If public participation hearings are held to gather additional comments from customers, notice of the dates, times and locations will be provided to you by separate notice. Any letters received from you will be circulated to the five Commissioners and will become part of the formal correspondence file in this application. In your letter, state that you are writing in regards to Application No. A07-04-027. Please indicate if you would like a response to your letter. Otherwise none will be sent.

You may inspect a copy of the application at the address listed below or obtain a copy of the application by writing to:

Kari Kloberdanz
Southern California Gas Company
555 W. Fifth St., GT14D6
Los Angeles, CA 90013-1011

You may also view a copy of the application at the company Web site: www.socalgas.com/regulatory/cpuc.shtml.

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

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

Copies of this insert will be available for viewing and printing on the SoCalGas Web site at www.socalgas.com/regulatory.

