

**SOUTHERN CALIFORNIA GAS COMPANY
NOTICE OF PROPOSED CHANGES TO GAS RATES
System Integration, Firm Access Rights and Off System
Deliveries Application**

APPLICATION NO. A.04-12-004

OUR REQUEST

On December 2, 2004, Southern California Gas Company (SoCalGas) filed Application No. 04-12-004 (Application) with the California Public Utilities Commission ("Commission") to revise its rates for gas service. Specifically, this Application proposes to revise SoCalGas' rates to combine the costs of the integrated SoCalGas and San Diego Gas & Electric Company transmission systems, to establish a separate charge for access into the system (which will be credited back to customer rates), and to establish a separate fuel charge for transmission service. The Application also proposes new service offerings for off system deliveries and revisions to various tariffs.

This application is being filed pursuant to CPUC decision D.04-09-022, in which the Commission ordered SoCalGas to file an application identifying the rate impacts of proposals made by the utility in Phase I of the Commission's Rulemaking R.04-01-025 to ensure that California consumers will continue to have long-term access to natural gas supplies.

In this Application, SoCalGas proposes an overall decrease in gas transportation rates of \$2.4 million, or 0.1% for SoCalGas customers in general, but an increase in certain rates such as residential rates. A typical winter bill for a SoCalGas residential customer using 75 therms will increase by \$0.32 under the proposed rates, from the average \$67.20 under present rates. Proposed rates on average for SoCalGas' business and industrial customers are also higher. Proposed rates for electric generation customers will be lower.

(Continued inside)

WHAT THIS MEANS TO YOU

The following table shows the rate impact to each customer class of SoCalGas' proposals.

Customer Class	Present Revenues [†] (\$ Millions)	Proposed & Estimated Revenues ^{††} (\$ Millions)	% Change Rates
Residential Core [*]	\$1,133.1	\$1,143.2	0.9%
Commercial/Industrial (Core) [*]	\$245.4	\$248.9	1.4%
Commercial/Industrial (Noncore) ^{**}	\$81.4	\$85.3	4.8%
Electric Generation	\$96.2	\$92.8	-3.5%
Wholesale	\$37.9	\$20.2	-46.5%
International	\$0.9	\$1.0	4.9%
Net PPP Revenues ^{***}	\$144.9	\$144.9	0.0%

* Core customers generally use smaller quantities of gas.

** Noncore customers are generally large gas users who often have alternate fuel capacity.

*** PPP stands for the Public Purpose Programs surcharge. The revenues fund certain state-mandated programs, including income-qualified subsidy programs, conservation and research and development.

† Present Revenues include all bundled service costs including those services unbundled by D.01-12-018.

†† Includes estimates to reflect average expenses for each customer class for the separate reservation charge of 5¢ / dth for firm access rights and cost of in-kind fuel for transmission.

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

WHAT YOU CAN DO

Before acting on SoCalGas' Application, the Commission will hold formal evidentiary hearings that will be open to the public and devoted to analyzing the need for the requested rate changes. At these hearings, the Commission will accept testimony from SoCalGas, the Commission's Office of Ratepayer Advocates and other interested parties who may offer proposals that differ from those requested by SoCalGas. After considering all the proposals, the Commission will issue a decision.

You may view a copy of the Application at the address listed below or obtain a copy of the Application and related testimony by writing to:

**Beth Musich
Regulatory Affairs Case Manager
for Southern California Gas Company
555 W. Fifth Street, M.L. GT14D6
Los Angeles, CA 90013-1011**

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

**California Public Utilities Commission
320 West Fourth Street, Suite 500
Los Angeles, CA 90013**

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 Public Advisor's Office at the address above, or send an e-mail to [*public.advisor.la@cpuc.ca.gov*](mailto:public.advisor.la@cpuc.ca.gov).

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 you are writing in regard to Application No. 04-12-004. Please indicate if you would like a response to your letter. Otherwise, none will be sent.

Copies of this insert will be available for viewing and printing after December 13, 2004 on the SoCalGas Web site at [*www.socalgas.com/regulatory*](http://www.socalgas.com/regulatory).

