

SOUTHERN CALIFORNIA GAS COMPANY

NOTICE OF AN APPLICATION TO EXPAND THE HONOR RANCHO NATURAL GAS STORAGE FACILITY AND ANTICIPATED INCREASE IN GAS RATES

APPLICATION NO. A.09-07-014

Proposed Project: On July 13, 2009, Southern California Gas Company (SoCalGas®) filed an application (A.09-07-014) with the California Public Utilities Commission (CPUC) for the expansion of the Honor Rancho Natural Gas Storage Facility.

Purpose of Project: The Honor Rancho Storage Expansion Project is needed to help ensure a stable and reliable supply of natural gas within SoCalGas' service area and to develop additional in-state storage resources.

Project Description and Location: SoCalGas will drill up to six new wells at the Honor Rancho Storage Facility located near Valencia, California. All activities will take place within the Honor Rancho facility's existing property boundaries. The project will take approximately 24 months to complete at a cost of \$48.9 million.

If this request is approved, upon full completion of the project, the impact on a residential customer's monthly summer bill for 32 therms of gas will increase by 4.0 cents/month, from \$30.94 to \$30.98/month. Based on a 12-month period, a residential customer's average monthly bill will increase by 6.0 cents. The impact on each customer and customer class will vary depending on individual usage and the final decision.

If approved, the proposed costs allocated to each core customer class, and the increase over current costs, is as follows:

Customer Class	Annual \$ (million)	% Increase
Residential	\$3.2	0.3%
Commercial/Industrial	\$0.6	0.2%
Other Core	\$0.0	0.0%
Total*	\$3.8	0.3%

*The actual number approved will include fees paid to cities and local governments.

FOR FURTHER INFORMATION

You may request additional information by writing to: Jeffery Salazar, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. SoCalGas' application and attachments

(Continued inside)

may also be inspected at the CPUC office located at 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: www.socalgas.com/regulatory/cpuc.shtml.

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CPUC PROCESS

The CPUC may hold Evidentiary Hearings (EHs) whereby parties of record provide testimony and are subject to cross-examination before a CPUC's Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has its own court reporters who will record the comments of those formal parties of record participating in the EHs. The Division of Ratepayer Advocates (DRA) is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state to obtain the lowest possible rates for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed draft decision. When the CPUC issues a final decision on the application, it may adopt, amend or modify all or part of the ALJ's proposed decision as written. The CPUC's decision may be different than SoCalGas' formal request.

If you would like additional information or would like to attend these hearings you can contact the Public Advisor's Office. You may also send your comments to the Public Advisors' address, 320 West 4th St., Ste. 500, Los Angeles, CA 90013 or send an e-mail to: public.advisor.la@cpuc.ca.gov. Any correspondence received will become part of the formal file in this application. Please reference Application No. A.09-07-014 in any correspondence.

