

during the formal hearing process, the assigned Judge will issue a proposed decision determining whether to adopt all or part of SoCalGas' request, modify it, or deny it. The CPUC Commissioners may sponsor an alternate decision and the issue will be decided at a scheduled Commission Voting Meeting.

### STAY INFORMED

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Write: CPUC Public Advisor's Office  
505 Van Ness Ave.  
San Francisco, CA 94102

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

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### NOTICE OF SOUTHERN CALIFORNIA GAS COMPANY'S REQUEST FOR APPROVAL OF COMPENSATION THROUGH THE GAS COST INCENTIVE MECHANISM APPLICATION NO. A.14-06-009

On June 13, 2014, Southern California Gas Company (SoCalGas®) filed an application (A.14-06-009) with the California Public Utilities Commission (CPUC) to approve SoCalGas' treatment of the savings the company experienced related to its purchase of natural gas for its customers. The natural gas purchases are reviewed through a ratemaking mechanism referred to as the Gas Cost Incentive Mechanism (GCIM).

The CPUC authorized the GCIM as a means of encouraging utilities to seek the best rates available for natural gas. Under the GCIM, a target price is set. If the utility secures a better rate, the savings is shared with shareholders and customers. If a higher rate is paid, the utility must absorb a portion of the higher rate.

SoCalGas shares the savings with its "Core Customers," which are customers who rely on the utility for all of their natural gas needs. That includes residential customers, and commercial and industrial customers which also qualify under that general description.

In the latest GCIM, SoCalGas purchased natural gas at \$70.4 million below the target price during the program period of April 1, 2013 to March 31, 2014. These purchases provided customers a benefit of \$56.7 million in lower gas costs, and SoCalGas is holding \$13.7 million for its shareholders. Using

the CPUC’s formula to determine the incentive for purchasing gas below the target price, this application requests that the CPUC approve SoCalGas’ reward of \$13.7 million for its shareholders. **There will be no additional change in customer rates, due to this application, if the CPUC approves the request. If the CPUC approves a lower amount for SoCalGas shareholders, the difference may be credited to customers through a rate decrease. If the CPUC approves a higher amount for SoCalGas shareholders, the difference will be charged to customers through a rate increase.**

**EFFECT ON GAS RATES AND BILLS**

SoCalGas has been collecting the GCIM award throughout the GCIM year. The impact on a residential customer’s monthly summer bill for 24 therms of gas was 8 cents/month, or \$30.59/month instead of \$30.51. Based on a 12-month period, the impact on a residential customer’s average monthly bill was 13 cents. The price is different because the volumes of gas are different. An average residential customer uses 24 therms/month in the summer, but for a 12-month average, residential customers average 39 therms/month. The impact on each customer and customer class will vary depending on individual usage and the final decision by the CPUC.

If the CPUC approves the reward amount calculated by SoCalGas, the rate impact for each customer class is represented below. This chart represents an increase that has already taken place on your bill due to the GCIM program.

<b>Customer Class</b>	<b>GCIM Award \$ millions</b>	<b>GCIM Award as % of Total Rate</b>
Residential	\$9.5	0.3%
Commercial/Industrial	\$3.7	0.4%
Natural Gas Vehicles	\$0.4	0.6%
Other Core	\$0.1	0.5%
<b>Total</b>	<b>\$13.7</b>	<b>0.3%</b>

**FOR FURTHER INFORMATION**

You may request additional information or obtain a copy of the application and related exhibits by writing to: Michael Franco, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. The application and related exhibits are also available electronically on SoCalGas’ website at: [www.socalgas.com/regulatory/cpuc.shtml](http://www.socalgas.com/regulatory/cpuc.shtml). Copies of this bill insert will be available for viewing and printing on the SoCalGas website at: [www.socalgas.com/regulatory](http://www.socalgas.com/regulatory). The application and related exhibits are also available to review at the CPUC’s Central Files Office at 505 Van Ness Ave., San Francisco, CA 94102, daily between the hours of 8 a.m. to noon.

**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 all evidence presented