

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

FOR FURTHER INFORMATION

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: Ronald van der Leeden, 2013 Cost of Capital Director, Southern California Gas Company, 555 W. Fifth St., GT15C2, Los Angeles, CA 90013-1011. The application is available electronically on the SoCalGas website: socialgas.com/regulatory/cpuc.shtml.

Copies of this insert will be available for viewing and printing on the SoCalGas website at socialgas.com/regulatory.

Staff from the CPUC's Public Advisor's Office will be at the hearing to assist you. If you would like more information on how to participate at the public hearing, or if you are unable to attend and would like to submit written comments about the Application, please contact:

Public Advisor
California Public Utilities Commission
320 West Fourth Street, Suite 500
Los Angeles, CA 90013
Or via e-mail to Public.advisor.la@cpuc.ca.gov

Telephone: (415) 703-2074 or toll-free: 1-866-849-8390
Teletype (TTY): (415) 703-5282 or
toll-free TTY: 1-866-836-7825



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SOUTHERN CALIFORNIA GAS COMPANY

NOTICE OF PUBLIC PARTICIPATION HEARINGS REGARDING COST OF CAPITAL APPLICATION (APPLICATION NO. 12-04-017)

The California Public Utilities Commission (CPUC or Commission) is interested in hearing from you! Your public comments on the above proceeding are important to the CPUC. A Public Participation Hearing is scheduled for the location and time listed below. Consumer Services Representatives from Southern California Gas Company (SoCalGas®) will be present at the hearing to assist with individual customer billing and service concerns. A CPUC Administrative Law Judge assigned to this proceeding will be present to listen to and take all public comments on the formal record. CPUC Commissioners may be present; however, this will not constitute a quorum for any formal voting. The facility location is wheelchair-accessible. If you need language interpreters or interpreters for the hard of hearing, please contact the Public Advisor's Office at the numbers listed below at least five working days in advance of the meeting date:

San Bernardino City Hall Council Chambers
October 4, 2012
7:00 pm
300 North "D" Street
San Bernardino, California.

INFORMATION ABOUT THIS APPLICATION

On April 20, 2012, SoCalGas filed its Cost of Capital Application No. A.12-04-017 with the Commission, seeking approval of its proposed cost of capital for 2013. In this proceeding, the Commission determines the appropriate rate of return necessary to attract capital at reasonable rates and compensate the utility for business and financial risks. SoCalGas requested adjustments to its capital structure and the authorized costs of debt, preferred stock and return on equity. The overall rate of return is requested to decrease from 8.68 percent to 8.42 percent, and includes an increase

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in the return on common equity from 10.82 percent to 10.90 percent. The company also proposes to modify its cost of capital automatic adjustment mechanism for use through 2015, and to revise its rates for natural gas transportation service accordingly, effective January 1, 2013.

SOUTHERN CALIFORNIA GAS COMPANY Illustrative Change in Class Average Rates Due to Proposed Cost of Capital Effective January 1, 2013

SoCalGas' Proposed TY 2013 Cost of Capital Structure

Component	Capital Ratio	Cost	Weighted Cost
Long-Term Debt	45.60%	5.72%	2.61%
Preferred Stock	2.40%	6.00%	0.14%
Common Equity	52.00%	10.90%	5.67%
Rate of Return (ROR)			8.42%

Currently Authorized Cost of Capital Structure

Component	Authorized Capital Ratio	Authorized Cost	Weighted Cost
Long-Term Debt	45.61%	6.96%	3.17%
Preferred Stock	6.39%	4.83%	0.32%
Common Equity	48.00%	10.82%	5.19%
Rate of Return (ROR)			8.68%

ILLUSTRATIVE IMPACT ON GAS RATES AND BILLS

In this Application, SoCalGas proposes a decrease in overall transportation revenues of \$1.43 million, or 0.07 percent for 2013. This overall decrease would only apply to the transportation component of a total gas bill. A summary of the proposed rates for the various customer classes for 2013 are shown on the next page:

Customer Class (a)	Present Rates ¢/th (b)	Proposed Rates for 2013 ¢/th (c)	¢/ therm Change (d)	% Change Rates (e)
Residential (Core)*	54.427	54.386	-0.040	-0.07%
Average Residential Bill \$/month	\$39.63	\$39.62	-\$0.01	-0.03%
Commercial/Industrial (Core)*	29.905	29.881	-0.024	-0.08%
(Noncore Distribution Level Service)**				
Commercial/Industrial	6.810	6.803	-0.006	-0.09%
Electric Generation	2.955	2.951	-0.004	-0.13%
Transmission Level Service***	1.728	1.725	-0.003	-0.15%
Backbone Transmission Service****	11.042	11.042	0.000	0.00%

* Core customers generally use smaller quantities of gas and the utility purchases their gas.

** Noncore customers are generally large gas users who purchase their own natural gas supplies for SoCalGas to transport.

*** Transmission Level Service is for noncore service on the Local Transmission System from the SoCalGas Citygate.

**** Backbone Transmission Services are rights that customers may purchase to transport gas over the SoCalGas backbone system to the SoCalGas Citygate. Core customers who purchase gas supplies from SoCalGas will have this charge included in the gas commodity rate. Customers that do not purchase gas supplies from SoCalGas may purchase these rights directly from SoCalGas.

A typical monthly bill for a residential customer using 38 therms per month will decrease 0.03 percent from \$39.63 at present rates to \$39.62 in 2013.^①

^① These monthly bill estimates include charges for transportation, Public Purpose Program Surcharges and natural gas commodity and Backbone Transmission Service.

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