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

Email: public.advisor@cpuc.ca.gov

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074

TTY: 1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference SoCalGas' GCIM Application No.19-06-009 in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners and appropriate CPUC staff.



Para más detalles llame al 1-800-342-4545

NOTICE OF SOUTHERN CALIFORNIA GAS COMPANY'S REQUEST FOR COMPENSATION THROUGH THE GAS COST INCENTIVE MECHANISM APPLICATION NO. A.19-06-009

On June 14, 2019, Southern California Gas Company (SoCalGas®) filed Application (A.19-06-009) with the California Public Utilities Commission (CPUC) to request approval of its management of savings incurred during the purchase of natural gas for its customers.

Natural gas purchases are reviewed through a 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 and if the utility secures a better rate, the savings is shared with customers and shareholders. If a higher rate is paid, the utility must absorb a portion of the higher rate. SoCalGas shares the savings with its "Core" customers, that is, customers who rely on the utility for all their natural gas needs, including both gas transportation and gas commodity service.¹

In the latest GCIM year, SoCalGas purchased natural gas at \$105.5 million below the target price during the program period of April 1, 2018, to March 31, 2019. Using the CPUC's formula to determine the incentive for purchasing gas below the target price, SoCalGas is holding \$16.8 million for its shareholders. This means that these purchases provided customers a benefit of \$88.7 million in lower gas costs. In this application, SoCalGas requests that the CPUC approve SoCalGas' reward of \$16.8 million. If the CPUC approves this request, there will be no additional change in customer

¹ Residential, commercial and industrial customers can qualify as "Core" customers under that general description.

rates from this application. If the CPUC approves less than \$16.8 million for SoCalGas shareholders, the difference will be credited to customers through a rate decrease. If the CPUC approves more than \$16.8 million for SoCalGas shareholders, the difference will be charged to customers through a rate increase.

EFFECT ON GAS RATES AND BILLS

A typical residential customer's average monthly bill for 34 therms of gas increased by 15 cents/month, from \$45.14 to \$45.29. A typical residential customer's monthly summer bill for 22 therms of gas increased by 9 cents/month, from \$31.96 to \$32.05 /month.

The impact on each customer and customer class will vary depending on individual usage and the final decision by the CPUC. Based on SoCalGas' request, 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.

Customer Class	GCIM Award \$millions	GCIM Award as % of Total Rate
Residential	\$11.7	0.4%
Commercial/Industrial	\$4.5	0.5%
Natural Gas Vehicles	\$0.6	0.7%
Other Core	\$0.1	0.7%
Total	\$16.8	0.4%

FOR FURTHER INFORMATION

You may request additional information by writing to: Joseph Mock, Southern California Gas Company (SoCalGas), 555 W. Fifth Street, GT14D6, Los Angeles, CA 90013-1011. SoCalGas' application and attachments 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 website at: socialgas.com/regulatory/cpuc.shtml

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A copy of the application can also be viewed at the CPUC's Central Files in San Francisco by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

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 evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision which may adopt SoCalGas' proposal, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

The California Public Advocates Office (CalPA) may review this application. CalPA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. CalPA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about CalPA, please call (415) 703-1584, e-mail PublicAdvocatesOffice@cpuc.ca.gov or visit CalPA's website at www.publicadvocatesoffice.ca.gov/.

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