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**NOTIFICATION OF SOUTHERN CALIFORNIA GAS
COMPANY'S REQUEST FOR COMPENSATION
THROUGH THE GAS COST INCENTIVE MECHANISM
A.20-06-005**

On June 15, 2020, Southern California Gas Company (SoCalGas[®]) filed an Application (A.20-06-005) 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.

In the latest GCIM year, SoCalGas purchased natural gas at \$82.0 million below the target price during the program period of April 1, 2019, to March 31, 2020. Using the CPUC's formula to determine the incentive for purchasing gas below the target price, SoCalGas is holding \$12.8 million for its shareholders. This means that these purchases provided customers a benefit of \$69.2 million in lower gas costs. In this application, SoCalGas requests that the CPUC approve SoCalGas' reward of \$12.8 million. If the CPUC approves this request, there will be no additional change in customer rates from this application. **If the CPUC approves less than \$12.8 million for SoCalGas shareholders, the difference**

(Continued inside)

will be credited to customers through a rate decrease. If the CPUC approves more than \$12.8 million for SoCalGas shareholders, the difference will be charged to customers through a rate increase.

HOW WILL THIS AFFECT MY GAS BILL?

A typical residential customer's average monthly bill for 33 therms of gas has already increased by 11 cents/month, from \$51.42 to \$51.53. A typical residential customer's monthly summer bill for 22 therms of gas has already increased by 7 cents/month, from \$38.83 to \$38.90. The impact on each customer and customer class has varied depending on individual usage. 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 Reward \$millions	GCIM Reward as % of Total Rate
Residential	\$8.9	0.2%
Commercial/Industrial	\$3.4	0.3%
Natural Gas Vehicles	\$0.4	0.4%
Other Core	\$0.1	0.5%
Total	\$12.8	0.3%

CPUC PROCESS

This application will be assigned to a judge, who will consider proposals and evidence presented during the formal hearing process. The judge will issue a proposed decision which may adopt SoCalGas' application, 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 by the CPUC Commissioners.

The Public Advocates Office (Cal Advocates) will review this application. Cal Advocates is the independent consumer

advocate within the CPUC with a statutory mandate to represent customers of investor-owned utilities to obtain the lowest possible rate for service consistent with safe and reliable service and the state's environmental policy goals. For more information about Cal Advocates, please call (415) 703-1584, e-mail PublicAdvocatesOffice@cpuc.ca.gov, or visit Cal Advocates' website at publicadvocates.cpuc.ca.gov.

WHERE CAN I GET MORE INFORMATION?

Contact SoCaGas

- Phone: (213) 244-3718
- E-mail: JMock@socalgas.com
- Mail: Joseph Mock
Regulatory Business Manager for SoCalGas
555 W 5th St GT14D6, Los Angeles, CA 90013
- A copy of the GCIM Application and any related documents may also be reviewed at <https://socalgas.com/regulatory/cpuc.shtml>

Contact CPUC

You may also get information about this proceeding by contacting the CPUC:

- If you would like to make a comment, please visit cpuc.ca.gov/A2006005Comment to submit a comment on the CPUC Docket Card.
- If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office via:
Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
Mail: CPUC Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102
Email: Public.Advisor@cpuc.ca.gov

Please reference SoCalGas' GCIM Application A.20-06-005 in any communications you have with the CPUC regarding this matter.



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