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**SOUTHERN CALIFORNIA GAS COMPANY
NOTIFICATION OF REQUEST FOR COMPENSATION
THROUGH THE GAS COST INCENTIVE MECHANISM
A.23-07-005**

WHY AM I RECEIVING THIS NOTICE?

On July 17, 2023, Southern California Gas (SoCalGas[®]) filed an application (A.23-07-005) with the California Public Utilities Commission (CPUC). The application is requesting 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 are shared with customers and shareholders. If a high 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.

WHY IS SOCALGAS REQUESTING COMPENSATION?

In the latest GCIM year, SoCalGas purchased natural gas at \$417.6 million below the target price during the program period of April 1, 2022, to March 31, 2023. Using the CPUC’s formula to determine the incentive for purchasing gas below the target price, SoCalGas has calculated a \$62.8 million allocation for its shareholders. This means that these purchases provided customers a benefit of \$354.8 million



in lower gas costs. In this application, SoCalGas requests that the CPUC approve SoCalGas' shareholder allocation of \$62.8 million. SoCalGas is also requesting to share \$37.4 million of the \$62.8 million shareholder reward with customers. That would result in a net shareholder reward of \$25.4 million.

HOW COULD THIS AFFECT MY MONTHLY GAS BILL?

A typical residential customer's average monthly bill for 36 therms of gas has already increased by 0.60 cents/month, from \$85.80 to \$86.40. A typical residential customer's monthly summer bill for 23 therms of gas has already increased by 0.38 cents/month, from \$45.55 to \$45.93. The impact on each customer and customer class has varied depending on individual usage. **If the CPUC approves SoCalGas' request to share a portion of the shareholder reward, future bills will be lower as a result. If the CPUC approves a different allocation for SoCalGas shareholders, the difference will be credited or charged to customers through a rate change in future months.**

HOW DOES THE REST OF THIS PROCESS WORK?

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt SoCalGas' application, modify it, or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding may review SoCalGas' application, including the Public Advocates Office, which is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels.

For more information, please call 1-415-703-1584, email PublicAdvocatesOffice@cpuc.ca.gov, or visit PublicAdvocates.cpuc.ca.gov.

WHERE CAN I GET MORE INFORMATION?

Contact SoCalGas

Jordan Calzadillas
Regulatory Case Manager for SoCalGas
555 W 5th Street, GT14D6
Los Angeles, CA 90013

A copy of the GCIM Application and any related documents may also be reviewed at <https://www.socalgas.com/regulatory/cpuc>

Contact CPUC

Please visit apps.cpuc.ca.gov/c/A2307005 to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding.

Your participation by providing your thoughts on SoCalGas' request can help the CPUC make an informed decision.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

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

Email: Public.Advisor@cpuc.ca.gov

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

Please reference SoCalGas' GCIM Application **A.23-07-005** in any communications you have with the CPUC regarding this matter.