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

E-mail: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074  
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Please reference SoCalGas Application No.16-09-005 in any communications you have with the Commission 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.



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## NOTIFICATION OF SOUTHERN CALIFORNIA GAS COMPANY'S REQUEST TO INCREASE RATES FOR THE PIPELINE SAFETY ENHANCEMENT PLAN IMPLEMENTATION APPLICATION A.16-09-005

On September 2, 2016, Southern California Gas Company (SoCalGas®) and San Diego Gas & Electric Company® (SDG&E®) jointly filed with the California Public Utilities Commission (CPUC), their application requesting the CPUC approve a rate increase for the implementation of the Pipeline Safety Enhancement Plan (PSEP). This application will cover the reasonableness in implementing the PSEP, and recovery of related costs recorded in the Pipeline Safety and Reliability Memorandum Account (PSRMA), Safety Enhancement Expense Balancing Account (SEEBA) and Safety Enhancement Capital Cost Balancing Account (SECCBA). SoCalGas is requesting an increase of \$68.4 million, starting 2017, to cover these costs. If approved, the increase would be charged to customers over a 12-month period, or until the costs are recovered.

The CPUC opened Rulemaking (R.)11-02-019 to adopt new safety and reliability regulations for natural gas transmission and distribution pipelines, and to orderly and cost effectively replace or pressure test all natural gas transmission pipelines, for which reliable records were not available. SoCalGas and SDG&E initiated its PSEP work and began recording costs in their PSRMAs, as directed by the CPUC in Decision (D.)12-04-021. The expenses related to the PSEP in the SEEBA and SECCBA, as directed by the CPUC in D.14-06-007. The CPUC determined in D.14-06-007 what costs should not be charged to customers and those costs have been excluded from this application. That same decision ordered SoCalGas and SDG&E to file an application to justify charging customers for the expenses by demonstrating the reasonableness of costs incurred. This application complies with that direction.

The SoCalGas revenue increase requested in this application applies to gas distribution and transmission service, using a methodology which was previously approved by the CPUC. This application requests recovery of Phase 1 safety plan costs, which include the testing and replacing of natural gas pipelines; valve and technology enhancements; and other project management costs supporting SoCalGas' safety enhancement plan. Recovery of costs incurred for additional safety related work will be requested in future applications.

### ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

SoCalGas has estimated the impact of the requested \$68.4 million increase in gas revenues under the proposed rates as shown in the tables below. The actual distribution of the increase to each customer class depends on how the CPUC ultimately decides all issues in the application.

#### Illustrative Proposed Class Average Rate Increase Per Customer Class:

Customer Class	¢/Therm	% Increase
Residential	0.4 ¢/Therm	0.5%
Commercial	0.2 ¢/Therm	0.5%
Natural Gas Vehicles	0.1 ¢/Therm	0.5%
Large Industrial (distribution level service)	0.1 ¢/Therm	1.4%
Large Industrial (transmission level service)	0.1 ¢/Therm	4.3%
Backbone Transmission Service	1.6 ¢/dth/day	8.8%
<b>System Total</b>	<b>0.4 ¢/Therm</b>	<b>1.2%</b>

If the CPUC approves SoCalGas' request for a gas rate increase and the proposed rate allocation method, the bill for a typical bundled residential customer, using 37 therms per month, would increase **\$0.22**, or **0.5 percent**, from **\$41.62** to **\$41.84**. Individual customer bills may differ. SoCalGas is requesting **rates become effective in 2017**.

<sup>1</sup> Pursuant to D.16-08-003, SoCalGas and SDG&E have been authorized partial (50%) interim rate recovery of PSEP costs, subject to refund, and have previously incorporated costs associated with this application into rates (see Advice Letter 5017-A). As a result, the "Illustrative Proposed Class Average Rate Increase Per Customer Class" table illustrates the rate impact of the remaining PSEP costs addressed in this application.

### FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Brian Hoff, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. SoCalGas' application and attachments may also be inspected at the CPUC's Central Files Office, 505 Van Ness Ave., San Francisco, CA 94102.

Copies of this Application will be available for viewing and printing on the SoCalGas web site at: [socialgas.com/regulatory/cpuc.shtml](http://socialgas.com/regulatory/cpuc.shtml).

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### 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 Office of Ratepayer Advocates (ORA) may review this application. ORA 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. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about ORA, please call (415) 703-1584, e-mail [ora@cpuc.ca.gov](mailto:ora@cpuc.ca.gov) or visit ORA's web site at [www.ora.ca.gov](http://www.ora.ca.gov).