

California Public Utilities Commission, 505 Van Ness Ave.,
San Francisco, CA 94102.

The application is available electronically on the SoCalGas
Website: www.socalgas.com/regulatory/cpuc.shtml.

Copies of this insert will be available for viewing and printing
on the SoCalGas Website at www.socalgas.com/regulatory.

THE CPUC MAY HOLD EVIDENTIARY HEARINGS

The CPUC **may** hold Evidentiary Hearings (EHs) whereby parties of record provide testimony and are subject to cross-examination before a CPUC Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has its own court reporters who will record the comments of those formal parties of record participating in the EHs. The Division of Ratepayer Advocates (DRA) is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state to obtain the lowest possible rates for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed draft decision. When the CPUC issues a final decision on the application, it may adopt, amend or modify all or part of the ALJ's proposed decision as written. The CPUC's decision may be different than SoCalGas' formal request.

If you would like additional information or would like to attend these hearings, you can contact the Public Advisor's Office. If you wish to provide public comments regarding this application filing you can write to the CPUC's Public Advisor's Office (PAO), 505 Van Ness Ave., San Francisco, CA 94102 or by email at public/advisor.la@cpuc.ca.gov. Any correspondence received will become part of the formal file in this application. Please reference Application A.11-11-002 in any correspondence. You may also call the Public Advisor's Office toll free at 1-866-849-8391.

SOUTHERN CALIFORNIA GAS COMPANY
1-800-427-2000
socalgas.com

SOUTHERN CALIFORNIA GAS COMPANY NOTICE OF PROPOSED RATE INCREASES TRIENNIAL COST ALLOCATION PROCEEDING (TCAP) APPLICATION NO. A.11-11-002

On November 1, 2011, Southern California Gas Company (SoCalGas[®]) filed its TCAP Application No. A.11-11-002 ("Application") with the California Public Utilities Commission ("Commission") to revise its rates for natural gas transportation service, effective January 1, 2013.

In this Application, SoCalGas proposes to establish and revise gas rates to reflect the updated allocation of the Utility's costs of providing service among its customer classes. These are costs that have been previously authorized by the Commission for recovery in rates, except where noted. This Application also includes updating SoCalGas' forecasts of natural gas demand, balancing accounts, and gas prices for the three-year TCAP period (2013-2015) and includes a Transition Adjustment which will reduce the initial impact of moving towards fully cost based rates. The adjustments will then be phased out over time, at which time rates will be fully cost based. Finally, the Application also proposes to continue balancing account treatment for noncore transportation revenues and to continue storage allocations adopted in the prior cost allocation proceeding through this proposed TCAP period. The Commission will consider whether these proposals are just and reasonable and should be adopted when it establishes new rates for SoCalGas.

EFFECT ON GAS RATES AND BILLS

In this Application, SoCalGas proposes an increase in overall transportation revenues of \$59 million, or 3.1% for 2013. This overall increase would only apply to the transportation component of a total gas bill and is primarily due to updated balancing accounts. A phasing-out of the Transition Adjustments over the TCAP period will additionally affect some rates in 2014 and 2015. A summary of the proposed rates for the various customer classes for 2013-2015 are shown below:

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

Customer Class	Present Rates (¢/therm)	Proposed Rates for 2013 (¢/therm)	¢/therm Change (¢/therm)	% Change Rates
Residential (Core)*	52.5	55.9	3.4	6.5
Average Residential Bill \$/month	\$38.96	\$39.92	\$0.96	2.5
Commercial/Industrial (Core)*	30.5	25.6	-4.9	-16.3
(Noncore Distribution Level Service)**				
Commercial/Industrial Electric Generation	6.5	5.1	-1.4	-21.3
	3.0	3.1	0.1	5.6
Transmission Level Service***	1.6	1.4	(0.2)	-12.2
Backbone Transmission Service****	11.0	15.4	4.4	40.4

SOUTHERN CALIFORNIA GAS COMPANY
Illustrative Change in Class Average Rates Due to
Proposed TCAP Effective January 1, 2014

Customer Class	Proposed Rates for 2013 (¢/therm)	Proposed Rates for 2014 (¢/therm)	¢/therm Change (¢/therm)	% Change Rates
Residential (Core)*	55.9	55.9	0.0	0.0
Average Residential Bill \$/month	\$39.92	\$39.92	0.0	0.0
Commercial/Industrial (Core)*	25.6	25.5	-0.1	-0.4
(Noncore Distribution Level Service)**				
Commercial/Industrial Electric Generation	5.1	5.1	0.0	0.0
	3.1	3.4	0.3	8.9
Transmission Level Service***	1.4	1.4	-0.1	-2.6
Backbone Transmission Service****	15.4	15.4	0.0	0.0

SOUTHERN CALIFORNIA GAS COMPANY
Illustrative Change in Class Average Rates Due to
Proposed TCAP Effective January 1, 2015

Customer Class	Proposed Rates for 2014 (¢/therm)	Proposed Rates for 2015 (¢/therm)	¢/therm Change (¢/therm)	% Change Rates
Residential (Core)*	55.9	55.9	0.0	0.0
Average Residential Bill \$/month	\$39.92	\$39.92	0.0	0.0
Commercial/Industrial (Core)*	25.5	25.5	0.0	-0.1
(Noncore Distribution Level Service)**				
Commercial/Industrial Electric Generation	5.1	5.1	0.0	0.0
	3.4	3.7	0.3	8.7
Transmission Level Service***	1.4	1.3	0.0	-2.8
Backbone Transmission Service****	15.4	15.4	0.0	0.0

* 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 Service 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 increase 2% from \$38.96 at present rates to \$39.92 in 2013, and remain at that level for 2014 and 2015.⁽¹⁾

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

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: Greg Healy, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. You may also view a copy of the application at the following address:

(Continued on back)