



Fact Sheet

PUBLIC PARTICIPATION HEARING

Southern California Gas Company General Rate Case (A.17-10-008)

May 2018

The California Public Utilities Commission (CPUC) is evaluating Southern California Gas Company's (SoCalGas) rate change request. The following information is gathered directly from the utility's application filing and testimony.

Under SoCalGas' proposal, the natural gas bill for an average residential customer using 35 therms per month would increase by \$7.01 per month, or 17 percent when compared to a 2018 bill.

What Goes into SoCalGas' Rates:

Residential and small commercial natural gas rates are made of three main components:

- **Commodity Costs:** The Commodity costs are "pass through" costs where the customer pays the same costs as the utility. The utility does not earn a profit on the actual natural gas beyond some small incentives designed to create incentives for the utility to keep those costs low.
- **Transportation Costs (65 percent of total utility costs):** The transportation rate is being evaluated and reviewed in this General Rate Case proceeding.
- **Public Purpose Programs:** Funds programs such as California Alternate Rates for Energy (CARE), Energy Savings Assistance (ESA) and low income energy efficiency.

What is Being Considered in This General Rate Case:

SoCalGas is requesting a total of \$2.93 billion for transportation costs in 2019, which if approved, would be an increase of \$475 million over the 2018 costs that consumers are paying (a 19 percent increase).

SoCalGas' request includes Operation & Maintenance costs and the carrying costs for new capital investments in pipelines and other infrastructure. The capital carrying costs include depreciation, income taxes, property taxes and a return on investment.

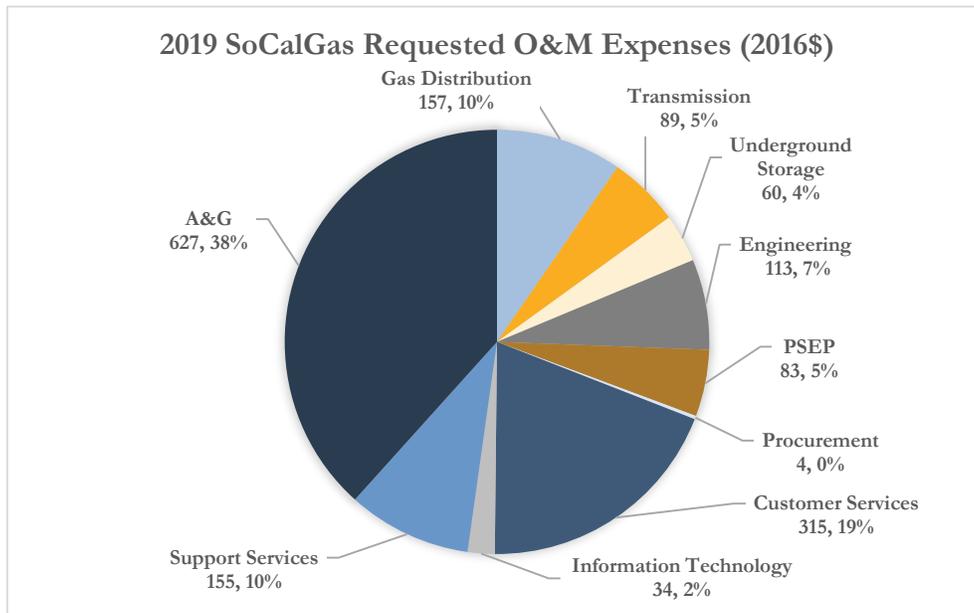
In addition to the cost increase for 2019, SoCalGas' General Rate Case application seeks a rate increase for 2020, 2021, 2022.

(\$ in millions)	2019		2020		2021		2022	
Requested Cost Increases	19%	\$475	8.1%	\$237	6.1%	\$193	6.0%	\$202

Individual Components of SoCalGas' Request:

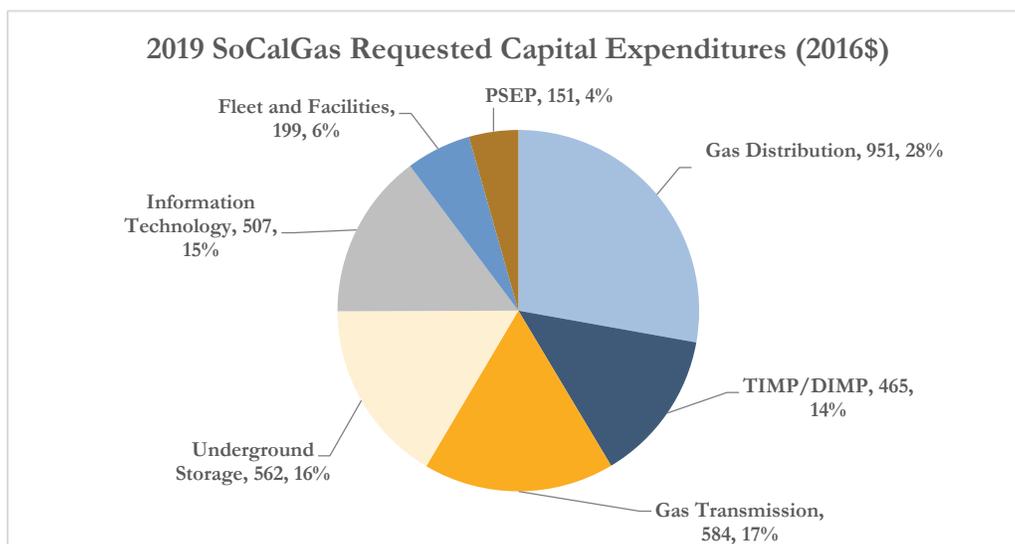
For Operation & Maintenance costs, SoCalGas' largest requests are:

- Administrative and General costs totaling \$627 million to include items such as employee compensation, pensions, insurance, accounting/finance, and health benefits;
- Customer Service costs totaling \$315 million to include items such as advanced metering, field and meter reading, and customer services;
- Gas distribution pipeline costs totaling \$157 million to operate and maintain the distribution pipelines;
- Support Services totaling \$155 million to include items such as fleet services, facility operations, real estate, environmental services, and gas procurement support (staff for purchasing gas and greenhouse gas cap-and-trade auctions);
- Engineering totaling \$113 million to include pipeline design testing state and federal regulation compliance, research and development, and right of way property management.



For Capital Projects, SoCalGas’ application includes costs to fund large capital projects for replacement, installation, and modernization of equipment such as pipelines, valves, monitoring systems, and interconnect facilities in the following areas:

- Pipeline Integrity Management Programs totaling \$465 million;
- Compressor Replacement Project at Blythe totaling \$222 million;
- Main/Service Supply Line Replacements on the distribution system totaling \$208 million;
- Storage Integrity Management Program totaling \$200 million;
- New Business Construction on the distribution system totaling \$148 million.



Further Information on the Proceeding:

To review SoCalGas’ proposal and testimony in detail, visit www.socalgas.com/regulatory/A17-10-008.shtml

To review the Office of Ratepayer Advocates’ testimony, visit www.ora.ca.gov/ORA_Testimony_SDGE_SCG_2019.aspx.