**GAS RATE INCREASE/DECREASE ALERT EFFECTIVE May 1, 2020**

**Sempra** **(SoCalGas and SDG&E) -** The CPUC recently adopted a decision in Sempra’s 2020 Triennial Cost Allocation Proceeding (TCAP). Decision 20-02-045 adopted demand forecasts for core and noncore customers, embedded and Long Run Marginal Cost methodologies for use in allocating authorized costs across customer classes, a modified storage capacity allocation of the Aliso Canyon Storage Facility, and extended the Second Daily Balancing Settlement through 2022. It also paved a pathway to implement Senate Bill 711 for new residential baseline seasons and allowances in order to reduce residential bill volatility.

**Estimated residential bill impacts from the TCAP implementation effective May 1, 2020:**

|  |  |  |
| --- | --- | --- |
| Estimated Bill Impact – Cost Allocation  D.20-02-045 | SDG&E  May 1, 2020 | SoCalGas  May 1, 2020 |
| * Average monthly residential non-CARE gas bill | $45.03[[1]](#footnote-1) | $49.11[[2]](#footnote-2) |
| * Average monthly residential non-CARE gas bill increase/decrease | $0.88 or 2.0% | ($1.19) or -2.4% |
| * Average monthly residential CARE gas bill | $30.93 | $31.93 |
| * Average monthly residential CARE gas bill increase/decrease | $0.63 or 2.1% | ($0.81) or -2.5% |

D.20-02-045 adopts a new allocation of costs between the customer classes, as well as new billing determinants used to develop rates. The nature of a cost allocation proceeding is that when some customer classes experience rate decreases, other customer classes will experience rate increases, all else being equal. Below are the gas rate changes and highlights:

1. **SoCalGas**

* Revenue decrease of $51.1 million for core customer class (residential, small commercial, and natural gas vehicle) and revenue increase of $54.4 million for retail non-core customer class (industrial, electric generation, and wholesale).
* Class average gas transportation rates result in a decrease for residential customers and a decrease for non-residential customers. The class average transportation rate impacts for SoCalGas major customer classes resulting from the TCAP D. 20-02-045 are as follows:
  + 1.6% rate decrease for Core residential rates.
  + 18.3% rate increase for Core Commercial and Industrial (C&I) customer class. **However, the CPUC has deferred this rate increase for 120 days, until September 1, 2020[[3]](#footnote-3) in response to the COVID-19 Pandemic to provide some relief to impacted small businesses.**
  + 11.1% rate increase for Noncore C&I distribution class.
  + 27.3% rate increase for Noncore C&I Transmission Level Service class.
  + 7.1% distribution rate increase for Noncore Electric Generation (EG).
  + 35.40% increase for Noncore EG Transmission Level Service.

1. **SDG&E**

* Revenue increase of $10.5 million for core customer class and revenue decrease of $1.4 for non-core customer class.
* SDG&E’s residential minimum charge will increase from $3 to $4 per month per customer.[[4]](#footnote-4) SDG&E’s California Alternate Rates for Energy (CARE) residential minimum charge will increase from $2.40 to $3.20 per month per customer.
* Class average transportation rate impacts for the major SDG&E customer classes are as follows:
  + 0.1% rate decrease for Core residential.
  + 13.3% rate increase for Core Commercial and Industrial (C&I) customer class. **However, the CPUC has deferred this rate increase for 120 days, until September 1, 2020[[5]](#footnote-5) in response to the COVID-19 Pandemic to provide some relief to impacted small businesses.**
  + 9.6% rate decrease for Noncore C&I distribution class.
  + 21.6% rate increase for Noncore C&I Transmission Level Service class.
  + 22.8% distribution rate increase for Noncore Electric Generation (EG).
  + 27.8% rate increase for Noncore EG Transmission Level Service.

1. Bill impacts based on 24 therms in a month. [↑](#footnote-ref-1)
2. Bill impacts based on 35 therms in a month. [↑](#footnote-ref-2)
3. Per letter from Alice Stebbins to SoCalGas dated April 20, 2022, in response to the utility’s Request for Extension of Time to Comply with Ordering Paragraphs 10 and 23 of Decision 20-02-045 (Application 18-07-024). [↑](#footnote-ref-3)
4. $4 per month \* 12 months / 365 days = $0.13151 per day. If the customer’s calculated gas bill based on the volume of gas used, comprising cost of gas, gas transportation cost and public purpose program surcharge, exceeds $4 per month, then the $4 minimum bill no longer applies, and the customer pays the calculated bill. Under minimum bill, a customer pays either the $4 or the calculated bill whichever is higher. [↑](#footnote-ref-4)
5. Per letter from Alice Stebbins to SDG&E dated April 20, 2022, in response to the utility’s Request for Extension of Time to Comply with Ordering Paragraphs 10 and 23 of Decision 20-02-045 (Application 18-07-024). [↑](#footnote-ref-5)