A decorative graphic in the top left corner consisting of overlapping yellow, red, and blue squares with a black crosshair.

Southern California Gas Company and San Diego Gas & Electric Company

Comments by:

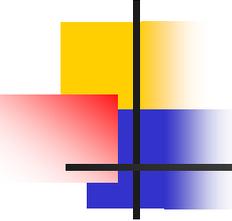
**Jeff Salazar-
Regulatory Business Manager**

Natural Gas Working Group

Sacramento, California
December 6, 2012

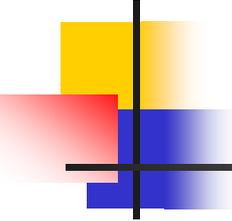
Topics

- Gas/Electricity Coordination
- Winter Gas Bill Forecast
- Regulatory Update
 - GRC
 - TCAP-Phase 1 (Safety-PSEP), Phase 2
 - Cost of Capital
 - Aliso Canyon-Compressor Replacement



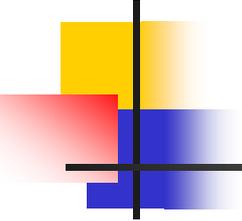
Gas/Electricity Coordination

- February 2012 FERC Proceeding (AD12-12-000) to address potential issues involving coordination between natural gas and electricity markets
- Specifically due to the increasing use of natural gas for EG and lack on synchronization of the gas and electric scheduling timelines
- Five regional technical conferences held – SCG/SDGE participated in West Region Conference in Portland, Oregon (August 28, 2012).



Gas/Electricity Coordination Cont.

- CAISO Indicated that its tariff provisions allowing confidential communications with gas pipelines in California could be a model for the country; and that FERC's Staff Report issued November 15 on the conferences recommended CAISO's communications model.
- FERC will host two additional technical conferences in May and October 2013 where RTO/ISO appear to share experiences/progress made in refining existing practices to provide better coordination between the natural gas and electric industries.

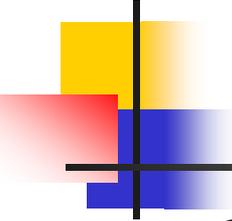


Gas/Electricity Coordination Cont.

- A task force representing industry, regulators and others was formed to assess the gas-electric interface in the west region. The committee will analyze the gas-electric systems balance ten years into the future and will include an analysis of the challenges posed by the integration of variable generation.

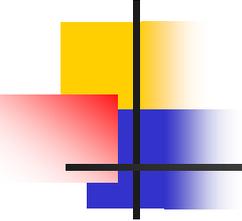
Winter 2012-2013 Natural Gas Bills to SoCalGas' Residential Customers are Forecasted to be Moderate this Winter

	Avg. Calendar Month Hdd				
Heating Degree Days = Average Daily Temp. below 65° Fahrenheit	146.7	296.2	282.1	228.6	186.3
Month	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
Days in the Month	30	31	31	28	31
Core Monthly Price (with F&U and CB fee), cents/therm: (from SCG Gas Acquisition, November 27, 2012 forecast)	35.8	40.5	40.6	42.8	42.7
Customer Charge per day (cents/day)	16.4	16.4	16.4	16.4	16.4
Baseline Transportation Rate (Schedule GR) cents/therm	34.0	34.0	33.8	33.8	33.8
Non-Baseline Transportation Rate (Schedule GR) cents/therm	60.0	60.0	59.8	59.8	59.8
Public Purpose Surcharge cents/therm	8.2	8.2	9.8	9.8	9.8
Tier I (Therms)	50.730	52.421	52.421	47.348	52.421
Tier II (Therms)	-	17.939	15.575	9.676	-
Average Consumption (Therms) :	44.6	70.4	68.0	57.0	51.9
Customer Charge(\$)	4.93	5.10	5.10	4.60	5.10
Tier I (\$)	35.41	39.02	38.99	36.27	40.10
Tier II (\$)	-	18.02	15.64	9.93	-
Public Purpose Surcharge(\$)	3.67	5.79	6.65	5.58	5.08
TOTAL BILL	\$44.01	\$67.92	\$66.37	\$56.37	\$50.27



Regulatory Update

- GRC
 - Filed December 2010
 - Proposed Decision - Pending
- TCAP
 - Phase 1 (Safety-PSEP)
 - Evidentiary Hearings August 2011
 - Briefs Filed Oct/Nov 2011
 - Phase 2 Cost Allocation
 - Intervenor Testimony - November 16
 - Rebuttal Testimony – December 14
 - Evidentiary Hearings – begin January 14, 2013



Regulatory Update Cont.

- **Cost of Capital**

- Filed April 2012
- Proposed Decision issued November 19

Utility	New ROE	New ROR	Common Equity
SCG	10.10%	8.02%	52%
SDG&E	10.30%	7.71%	50.5%

- **Aliso Canyon Compressor Replacement**

- Filed September 2009 to replace obsolete compression turbines and increase injection capacity by 145 mmcfd to ~ 445 mmcfd
- Joint Motion for Adoption of Settlement Agreement and Suspension of Hearing and Briefing Schedule- Filed November 27