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**FOR IMMEDIATE RELEASE**
**PRESS RELEASE**
Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov Docket #s: A.10-12-005;

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## CPUC SETS REVENUE REQUIREMENT FOR SDG&E AND SOCALGAS

SAN FRANCISCO, May 9, 2013 - The California Public Utilities Commission (CPUC) today established revenue requirements for San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) for 2012, and increases for 2013 through 2015.

Today's authorized revenue requirements for both companies provides the necessary funds for SDG&E and SoCalGas to maintain, replace, and improve its aging infrastructure, and to operate their respective utility systems in a manner that provides safe and reliable service to their customers. The revenue requirements also provide the necessary funding to allow SDG&E and SoCalGas to inspect and maintain their natural gas transmission and distribution pipelines in accordance with federal pipeline requirements, and to lessen the danger of wildfires in SDG&E's service territory by providing sufficient funds for tree trimming, brush removal, undergrounding of electric overhead facilities, and replacing wooden poles with metal poles. SDG&E and SoCalGas are required to submit reports regarding their maintenance and capital improvements to their respective gas transmission, distribution, and storage systems.

For SDG&E, the total revenue requirement was set at $1.73 billion to operate and maintain its electric and natural gas delivery system, which is approximately $116 million less than what SDG&E requested and represents a reduction of $16.5 million from what was in the Administrative Law Judge's original proposal filed for comment in late March. It represents an increase of $123.38 million over present rates. A typical San Diego electric customer using 500 kilowatt-hours per month (based on system average rates) will see an increase of about 12.2 percent, or $9.95 per month, effective September 1, 2013, timed so that customers do not see a rate increase during the summer months. A typical SDG&E gas customer using 33 therms of gas per month will see an increase of approximately 9.6 percent, or $3.55 per month.

For SoCalGas, the total revenue requirement was set at $1.95 billion to operate and maintain its natural gas transmission, distribution, and gas storage systems, which is $154 million less than SoCalGas' request. It represents an increase of $84.83 million over present rates. For a typical residential gas customer, gas rates will increase by about 5 percent, or $1.94 per month. The rate increase will go into effect when SoCalGas files revised tariffs later this month.

"In evaluating the companies' request for rate increases, I focused on three core elements: enhancing safety, ensuring reliability, and containing the cost impacts to consumer's bills," said Commissioner Mark J. Ferron, the lead Commissioner for the proceeding. "Part of what I consider to be a just and reasonable rate is if it tracks the rate of overall consumer inflation, which has been the broad historical trend. Safety and reliability do not come free. While we must do our best to contain costs, we do have to spend some more on safety and reliability. For major aspects of this spend, we require stricter reporting and accountability."

Commissioner Ferron explained that the long delay in the case accentuates the size of the rate increases. "The revenue requirement approved today goes into effect at the start of 2012. This means that current rates have been under-collecting the approved revenue amount and this under-collection must be recovered over the remaining period until the next rate case. This does not change the total amount that customers will pay over the 4 year period, but had this decision been in place at the start of 2012 the size of the increase would have been lower by between one-third and one-half."

Today's decision makes several changes designed to improve safety and enhance reliability. The utilities are required to invest a total of $170.5 million in safety upgrades for the Gas Transmission Integrity Management Program and the Gas Distribution Integrity Management Program. Both programs will be subject to two-way balancing accounts as recommended by the National Transportation and Safety Board. If the funds allocated to the programs get under-spent, the funds will go back to ratepayers;

if more is needed the utilities will need an explicit vote from the CPUC to get additional funds.

Today's decision also:

- Orders the use of an electric performance incentive mechanism for SDG&E that sets targets for reliability measures, such as the frequency and duration of outages. It grants a financial reward if the utility shows out-performance of targets and levies a financial penalty for under-performance.
- Authorizes $26 million to cover actual and near-term anticipated spend on research, development, and demonstration costs associated with energy storage. These funds are subject to strict cost scrutiny, and any authorized amount not spent on storage will be returned to customers.
- Rejects the utilities' request to automatically increase future rate case revenues in line with increases in an index of utility industry costs, and instead bases these increases on the rate of consumer price inflation plus three-quarters of a percent. This aligns the increases in 2013-2015 closer to what consumers are experiencing in terms of inflation, rather than the higher costs that the utilities may face. This also creates a strong incentive for the utilities to manage costs through improvements in efficiency and productivity.
- Reduces authorized pension contributions by more than $15 million for SDG&E and by more than $32 million for SoCalGas.

The proposal voted on is available at

http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M065/K000/65000514.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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