



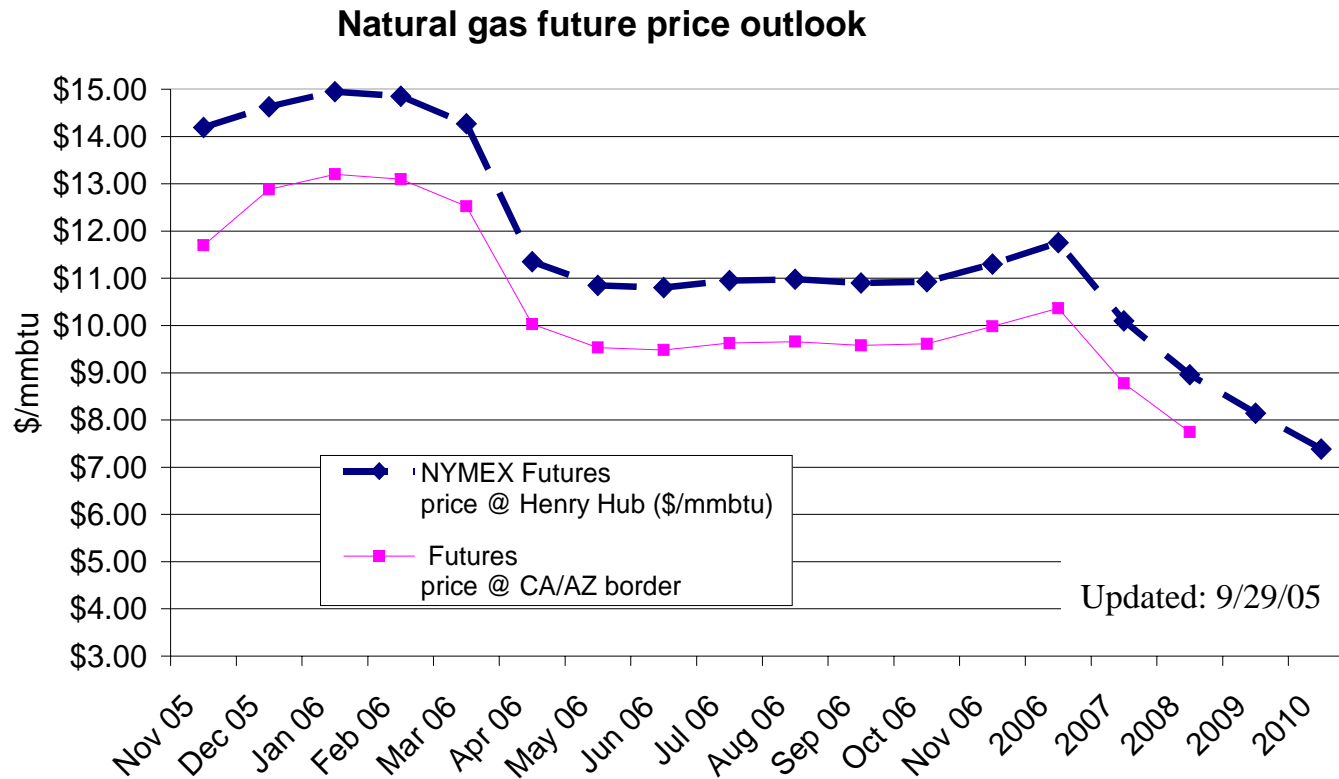
Helping Our Customers with Winter Gas Bills

Anne Smith

Senior Vice President, Customer Services

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Natural Gas Price Outlook



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Source: NYMEX and Prebon Energy, approximation of trades



SoCalGas and SDG&E Goals

- Provide all customers, especially low- and fixed-income customers, information and tools so they can manage their winter gas bills
- Significantly increase financial assistance to low-income customers who are experiencing difficulty paying winter bills
- Increase participation in CARE, LIEE and other energy efficiency programs
- Pursue longer-term solutions to keep energy bills low

Average Residential Bills - *SoCalGas*

Typical Winter Usage at Projected Winter Prices

Last Year

This year

Difference

	Single Family 75 Therms	Multi Family 30 Therms	CARE Customers 53 Therms
Last Year	\$79	\$33	\$43
This year	\$121	\$50	\$66
Difference	\$42 52%	\$17 50%	\$23 54%



Average Gas Residential Bills - *SDG&E*

Typical Winter Gas Usage at Projected Winter Prices

Last Year
This year
Difference

Single Family 50 Therms	Multi Family 25 Therms	CARE Customers 35 Therms
\$57	\$28	\$34
\$84	\$42	\$50
\$27 47%	\$14 51%	\$16 47%

% increase for total combined gas and electric bill will be smaller



What We are Doing to Help Customers

Gas Procurement Strategy

- For the two utilities we hold 76 Billion cubic feet (Bcf) of storage rights and over 1.1 Bcf per day of interstate pipeline capacity rights
- Storage enhances reliability and allows us to shift purchases from higher-priced winter periods to lower-priced summer periods and will buffer customers from the worst of price spikes
- Our interstate pipeline capacity rights give us access to the Rocky Mountain, San Juan, and Permian Basins. All of these basins trade at a discount to Henry Hub
- On November 1, flows will begin from the first of SoCalGas new interstate capacity contracts, signed this year, which will save over \$25 million per year in reservation charges alone
- Additionally, we are looking at proposals to enhance the protection of CARE customers, including the use of low-cost cushion gas and a special CARE-dedicated hedge program.

What We are Doing to Help Customers

Customer Outreach and Enhanced Services

- Partner with community based organizations and mobilize employees to
 - ✓ inform and educate the customers on what they can expect in terms of prices and bills this winter
 - ✓ aggressively promote conservation and energy efficiency to customers
 - ✓ promote LIEE and CARE programs to our low income customers
- Increase customer services staffing resources to respond to greater demand from our customers this winter season
- Work with a national coalition to add 1.276 billion in supplemental emergency LIHEAP funds as well as to fully fund this program at the \$5.12 Billion level beginning in January 2006.

What We are Doing to Help Customers

Flexible Credit and Collection Procedures

- Initiate a no-shut-off policy through the winter for low-income customers who make a minimum payment on their monthly bills
- Suspend deposits for CARE and Medical Baseline customers during the winter
- Raise awareness of the Level Pay residential bill payment option
- Work with customers in arrears to make payment arrangements and to utilize bill payment assistance programs

What We are Doing to Help Customers

Bill Payment Assistance

- Offer programs to assist customers experiencing temporary hardships in paying their energy bills, funded by shareholder, customer and employee contributions
 - Neighbor to Neighbor (SDG&E) is available year-round
 - Gas Assistance Fund (SoCalGas) is available during winter months
- **Quadruple** shareholder contributions for these programs this winter, making a total of \$1 million available
- Match customer and employee contributions on a **four-to-one** basis
- Make available over \$1.2 million in assistance to customers



What We are Doing to Help Customers

Increase CARE and LIEE Participation and Streamline the Program

- Temporarily suspend LIEE requirement for certain income documentation for targeted areas
- Increase the installation of the most energy-efficient measures
- Expand CARE income guidelines to match those for LIEE for seniors and the disabled
- Change CARE recertification and verification procedures
- Offer CARE enrollment by phone in targeted areas to customers who do not return requested applications or do not respond to direct mail information

What We are Doing to Help Customers

Long Term Strategy

- Achieve the recently adopted aggressive goals for conservation and energy efficiency
- Pursue cost-effective renewable and alternative energy sources
- Support new supply sources, such as liquefied natural gas, that will increase competition among suppliers and reduce energy price levels to customers
- Proposed a comprehensive framework to increase customer access to, and ensure greater long-term certainty of, flow of supplies to California