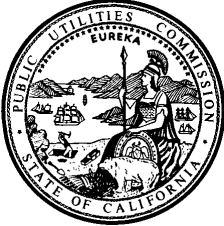


Docket : A.12-06-005
Exhibit Number :
Commissioner : Michel Peter Florio
Admin. Law Judge : Linda Rochester



DIVISION OF RATEPAYER ADVOCATES
California Public Utilities Commission

MONITORING AND EVALUATION REPORT

**Southern California Gas Company's
Gas Cost Incentive Mechanism**

**April 1, 2011 through March 31, 2012
GCIM Year 18**

Application 12-06-005

**San Francisco, California
January 18, 2013**

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1 **CHAPTER 1**

2 **SUMMARY AND RECOMMENDATIONS**

3
4 **1.1 Introduction and Summary**

5 On June 15, 2012, the Southern California Gas Company (SoCalGas) submitted
6 its Gas Incentive Cost Mechanism (GCIM) Year Eighteen (Year 18) Application (A.)
7 12-06-005. In its Application, SoCalGas reports on the results for the twelve months
8 ending March 31, 2012. The Division of Ratepayer Advocates (DRA) performed an
9 audit and evaluation of the documents submitted by SoCalGas of its GCIM Annual
10 Report. The details and results of DRA's review are presented in Chapter 2 of this DRA
11 GCIM Monitoring and Evaluation (M&E) Report. DRA's evaluation verifies that their
12 recorded gas costs were below the benchmark, which resulted in savings for
13 ratepayers. DRA confirmed that SoCalGas's recorded costs were below the lower
14 tolerance band, which results in a reward of \$5,413,682 to SoCalGas's shareholders
15 and a ratepayer benefit of \$32,089,141.

16 The M&E Report evaluates the SoCalGas's GCIM computations, Purchase Gas
17 Account (PGA), and SoCalGas's performance under the GCIM mechanism. Table 1-1
18 below summarizes SoCalGas's Year 18 performance, which is based on detailed GCIM
19 monthly reports of core commodity transaction activities.

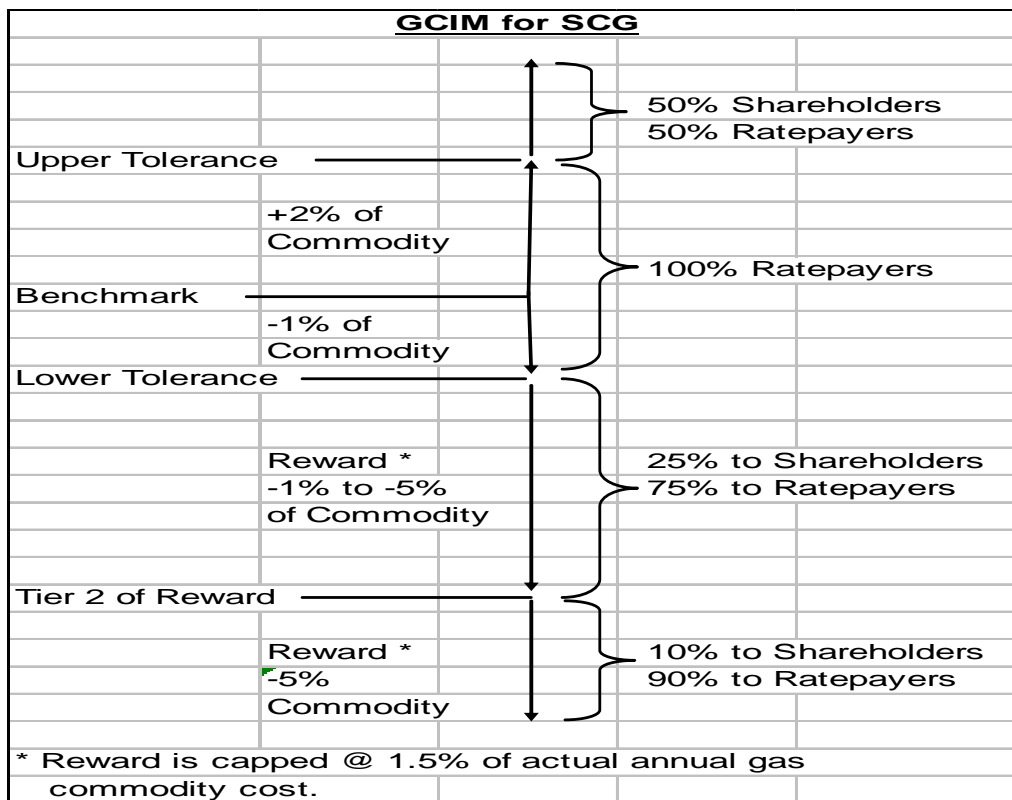
20
21 **Table 1-1**

Summary of GCIM Year 18 Performance (\$ 000's)		
1	Benchmark Costs	\$1,742,335
2	Actual Costs	\$1,704,832
3	GCIM Total Savings	\$37,503
4	Ratepayer Savings	\$32,089
5	Shareholder Computed Reward	\$5,413

1 **1.2 Background**

2 The objective of the GCIM is to provide an incentive for reducing natural gas
 3 procurement costs, as well as related costs such as transportation, storage capacity,
 4 financial hedging, and retail core gas sales. This incentive mechanism is used as a
 5 ratemaking tool that is designed to increase efficiency in administering regulatory
 6 controls. It provides a framework for the utility in the form of a benchmark that is used
 7 to determine whether actual purchase costs are within a stated range known as a
 8 tolerance band. If SoCalGas's actual costs, as measured against the GCIM benchmark,
 9 were between the upper and lower range limitations of the tolerance band, there is no
 10 shareholder penalty or reward for the GCIM period. If actual gas costs fall outside the
 11 tolerance band, ratepayers and SoCalGas's shareholders share the gains or losses that
 12 occur outside the tolerance band. Detailed results of the tolerance band calculation are
 13 reported in Chapter 2 of this Report.

14 The following is a graphical view of how the tolerance band functions in
 15 determining the shared costs for SoCalGas's shareholder and ratepayers:
 16



17
18

1 The upper limit of the tolerance band is set at two percentage points above the
2 benchmark commodity costs and the lower limit of the tolerance band is set at one
3 percentage point below this benchmark. When SoCalGas's actual costs fall within this
4 tolerance band, the benefits or losses accrue to the ratepayers account.¹

5 In cases where actual costs fall outside the tolerance band, the benefits or losses
6 are shared between shareholders and ratepayers. The amounts of these benefits or
7 losses are based on whether the actual costs are above the upper or lower limits of the
8 tolerance band. For example, if actual costs were to exceed the upper two-percent
9 (2%) tolerance limit, the excess costs are shared 50-50 between ratepayer and
10 shareholder. If actual costs are between the lower one-percent (1%) tolerance limit and
11 the five-percent (5%) range is below the benchmark commodity costs, this would
12 produce savings that are shared at twenty-five percent (25%) for shareholders and
13 seventy-five percent (75%) for ratepayers. If actual costs are more than five percentage
14 points below the benchmark commodity costs, the savings are shared as ninety-percent
15 (90%) savings for ratepayers and a ten-percent (10%) reward for shareholders. The
16 SoCalGas reward is capped at 1.5% of the commodity benchmark costs.

17 Commission Decision (D.) 94-03-076 originally approved the GCIM program, with
18 subsequent changes and extensions that essentially enhanced the current program
19 incentives. Most recently, D.10-01-023 changed the treatment of winter hedging costs
20 by allowing twenty-five percent (25%) of net hedging gains and losses relating to winter
21 gas purchases to flow through to the GCIM calculation, and seventy five percent (75%)
22 of costs to be passed through directly to core customers.

23 **1.3 GCIM Summary**

24 To provide a historical perspective, Table 1-2 provides a summary of GCIM
25 results over the past five-years. The GCIM savings in Year 18 are comparable to the
26 previous years. DRA's supporting calculations for Year 18 are shown in Chapter 2 of
27 this M&E Report.

28
29
30
¹ D.02-06-023 at p. 4 (dated June 6, 2002)

1
2

Table 1-2

GCIM Year	Period	Total Cost Savings (\$ Million)	Ratepayer Savings (\$ Million)	Shareholder Reward (\$ Million)
14	2007-2008	50.1	43.6	6.5
15	2008-2009	75.6	63.5	12.1
16	2009-2010	39.9	33.9	6.0
17	2010-2011	40.9	34.7	6.2
18	2011-2012	37.5	32.1	5.4

3 **1.4 Natural Gas Storage**

4 To ensure dedicated core storage capacity, Commission Decision D.06-10-029
5 allows SoCalGas to revise its Preliminary Statement, Part VIII, and GCIM, to reflect
6 changes in mid-season minimum core inventory targets.² Prior to making a revision,
7 SoCalGas is required to seek agreement from DRA and The Utility Reform Network
8 (TURN) to make these changes. Advice Letter 4233 provides an agreement between
9 SoCalGas, DRA and TURN to revise the storage target requirements for mid-season
10 date of July 31, 2011 down to 47 Bcf, and a winter season target for October 31, 2011
11 of 81 Bcf. In Chapter 2, DRA provides a review of minimum targets to actual capacity
12 holdings. Results show SoCalGas met the mid-season and winter minimum core
13 inventory storage targets.

14 In D.08-12-020, the Commission adopted the Phase One Settlement Agreement
15 dated August 22, 2008³, which eliminates the upper tolerance for core storage by
16 combining San Diego Gas & Electric Company's (SDG&E) and SoCalGas' balance
17 requirements in order to balance their storage capacity. As of April 1, 2009, SoCalGas
18 implemented the core balancing requirements and for this reporting period, SoCalGas
19 reported no core imbalance charges.

20 SoCalGas claims, "Reliability is achieved by constructing a portfolio of natural
21 gas supplies that is diversified by contract type, geographic region, and supplier."⁴

² Advice Letter 4233, Effective July 31, 2011

³ D.08-12-020, Decision Regarding the Phase One Issues and the Motion to Adopt the Settlement Agreement, (dated Dec. 2, 2008)

⁴ Southern California Gas Company Annual Report on the Gas Cost Incentive Mechanism, April 1, 2011 through March 31, 2012.

1 DRA's review of GCIM reported purchases shows new natural gas sources located in
2 Mexico as well as transactions from PG&E's Ruby Pipeline and Northwest Pipeline.

4 **1.5 Financial Hedging in GCIM Year 18**

5 Pursuant to D.10-01-023, Ordering Paragraph 4, SoCalGas's 2011-2012 Winter
6 Hedging Report was filed confidentially per General Order 66-C and Public Utilities
7 Code, Section 583. DRA reviewed the Hedging Report's financial gains and losses
8 including all minimum hedge requirements of the plan, based on the methodology
9 described in Chapter 2 (Sections 2.10 and 2.11) and Commission policies and
10 practices.

11 In GCIM Year 18, SoCalGas performed its winter hedging based on a ratio of
12 twenty-five percent (25%) of all net gains and losses, which were included in the GCIM.
13 The remaining seventy-five (75%) was excluded from the GCIM mechanism, which
14 result in costs passed through to core customers.

15 In addition to core winter hedges, SoCalGas transacted non-winter hedges.
16 During this period, SoCalGas's non-winter hedges resulted in losses of \$282,590, which
17 were included in the GCIM.⁵ Results also show a continuous decline in hedging costs,
18 which appears to result from improvements in managing hedging costs and less price
19 volatility from downward gas price pressures. Table 1-3 shows the results of
20 SoCalGas's hedging activities for the most recent five-year period.

21
22 **Table 1-3**

GCIM Year	Losses outside the GCIM Mechanism (\$Millions)	Losses inside the GCIM Mechanism (\$Millions)	Total Hedging Losses (\$Millions)
14	\$19.97	(\$2.12)	\$17.85
15	35.11	1.96	37.07
16	8.92	4.82	13.74
17	3.11	2.3	5.41
18	1.0	0.3	1.3
Total	\$68.11	\$7.26	\$75.37

23
24

⁵ As discussed in Section 2.10 below, regarding "Financial Derivatives Included in the GCIM."

1 **1.6 Interstate Capacity**

2 The Commission established interstate pipeline contract approval procedures for
3 SoCalGas, SDG&E, and Pacific Gas and Electric Company in D.04-09-022 for an initial
4 period of five years.⁶ These procedures included authorized capacity planning ranges
5 to provide flexibility in meeting its regional market demands and regulatory compliance
6 requirements pertaining to their respective Biennial Cost Allocation Proceedings (BCAP)
7 or advice letter filings.⁷

8 In accordance with the capacity guideline procedures adopted in D.04-09-022,
9 SoCalGas, DRA, TURN, and the Energy Division conduct on-going discussions
10 regarding interstate capacity requirements and SoCalGas's acquisition of interstate
11 capacity. DRA serves as a resource for addressing compliance issues that have an
12 impact on acquisition and/or reduction of interstate capacity.

13 Effective November 26, 2010, Advice Letter 4158 addresses SoCalGas' capacity
14 planning range for its combined gas portfolio with SDG&E for its winter and non-winter
15 requirements. The updated minimum capacity for non-winter requires 947.3 MDth/d,
16 and maximum capacity of 1263.0 MDth/d. For winter, the combined portfolio minimum
17 capacity is 1,052.5 MDth/d and maximum capacity of 1,263.0 MDth/d.

18 Results reported by SoCalGas for actual monthly activity of its core firm
19 transportation capacity holdings, shows the utility met the minimum capacity
20 requirements established in D.04-09-022. The reported capacity holdings varied from
21 April 1, 2011 at 948 MMcf/d at the beginning of the GCIM period to 1,056 MMcf/d as of
22 March 31, 2012⁸.

23
24 **1.7 Secondary Market Services Transactions**

25 Secondary Market Services (SMS) produces revenues from core gas supplies
26 and resources not needed for reliability requirements. SoCalGas meets this regional
27 market demand, while simultaneously applying these revenues to directly offset core

⁶ Ordering Paragraph 2 in D.04-09-022.

⁷ Conclusion of Law 6 in D.04-09-022.

⁸ See discussion in Section 2.14 below.

1 commodity costs. As a result, this reduces core gas costs, which achieve SoCalGas's
2 primary objectives of ensuring supply and service reliability at a low cost.⁹

3 For the reporting period, SoCalGas shows net SMS revenues in the GCIM
4 as \$10,096,274.¹⁰ This is a fifteen-percent (15%) decrease from prior year. This
5 change appears to result from market conditions and system service and reliability
6 requirements. These revenues provide SoCalGas the ability to keep core commodity
7 costs at a manageable level.

8

9 **1.8 Conclusion**

10 Based on the foregoing, DRA recommends a shareholder reward to SoCalGas in
11 the amount of \$5,413,682 for GCIM Year 18 to be recovered through SoCalGas's
12 Purchased Gas Account. DRA will continue monitoring and evaluating the GCIM and
13 collaborate with SoCalGas and other parties to identify any modifications needed to
14 enhance GCIM effectiveness. SoCalGas and DRA agree to present any proposed
15 changes of the GCIM to the Commission for approval.

⁹ See A.12-06-005, at pp. 3-4.

¹⁰ See discussion in Section 2.12 of Chapter 2 below.

1 **CHAPTER 2**
2 **MONITORING AND EVALUATION AUDIT**
3

4 **2.1 DRA's GCIM Reward Evaluation**

5 In its submitted Gas Cost Incentive Mechanism (GCIM) Year 18 Application (A.)
6 12-06-005, SoCalGas reports on results for the period April 1, 2011 through March 31,
7 2012. DRA conducted a review and evaluation of SoCalGas's accompanying report.
8 The results from this evaluation include work papers from our compilations, which are
9 incorporated as exhibits in Appendix A.

10 DRA's evaluation incorporates the provisions of Advice Letter 4089, which was a
11 revision to reflect changes to SoCalGas's natural gas operations and services adopted
12 in D.10-01-023. This Advice Letter was in effect as of April 21, 2010.

13 DRA's evaluation of SoCalGas's GCIM performance as of March 31, 2012,
14 shows total savings in gas costs of \$37,502,823. These savings are based on the
15 difference between the actual costs of gas of \$1,704,831,759 and the GCIM benchmark
16 market index of \$1,742,334,582. These savings are shared between ratepayers and
17 SoCalGas shareholders. In addition, DRA has confirmed that the GCIM sharing
18 mechanism results in ratepayer savings of \$32,089,141 and a shareholder reward of
19 \$5,413,682. Table 2-1 shows DRA's summary of the SoCalGas GCIM savings for Year
20 18 based on the calculated tolerance band levels shown in Table 2-2 and GCIM
21 benchmark dollars.
22

<p>TABLE 2-1 Southern California Gas Company GCIM Year 18 Reward Calculation April 1, 2011 Through March 31, 2012</p>
--

		<u>SCG Annual Report</u>
GCIM Year 18 Annual Report - Benchmark As of March 31, 2012:		\$ 37,502,823
Amount of Lower Tolerance Band Not Subject to Sharing (0%-1%)		\$ 15,848,094
Ratepayers' share:		\$ 15,848,094
Amount Subject to 75%-25% Sharing (1%-5%)		\$ 21,654,729
Ratepayers' share: 75%	75%	\$ 16,241,047
Shareholders' share: 25%	25%	\$ 5,413,682
Amount Subject to 90%/10% Sharing (> 5%)		\$ -
Ratepayers' share: 90%	0%	\$ -
Shareholders' share: 10%	0%	\$ -
 Cap on Shareholder Rewards = 1.5% of commodity costs:	 \$ 1,547,310,048	 \$ 23,209,651
 Total YTD Ratepayers' Share:		 \$ 32,089,141
Total YTD Shareholders' Share:		\$ 5,413,682
DRA Total:		\$ 37,502,823

1
2

3 **2.2 Summary of Benchmark and Actual Costs**

4 DRA's Table 2-2 shows an annual summary of monthly gas commodity costs that
5 is the basis for the 1.5% cap of the shareholder reward shown in Table 2-1. The
6 calculated tolerance bands and the related actual commodity cost of gas are measured
7 annually against a benchmark. The benchmark is based on the prevailing published
8 natural gas price indices for gas delivered from the mainline to the California border. As
9 of March 31, 2012, the average spot price for the benchmark border was \$3.80, and
10 mainline was \$3.60. (See Exhibits 2-1F and 2-1G).

11 To make a comparison of actual price per volume to the published market spot
12 price, DRA determined the price per unit of volume by applying a ratio of actual
13 commodity costs of \$1,547,310,048 (Exhibit 2-2F) to total actual net volume of
14 431,679,798 MMBtus (Exhibit 2-1C) derived from mainline and border pipelines, where

1 results show \$3.58 price per unit. This price of \$3.58 is compared to the border and
 2 mainline spot prices, which show SoCalGas results, were below the benchmark average
 3 spot prices.

TABLE 2-2 Southern California Gas Company Tolerance Band Review GCIM Year 18 April 1, 2011 Through March 31, 2012							
Month Year	Benchmark Dollars	Actual Costs	(Over) Under Benchmark	Upper Tolerance Band 2.0%	Lower Tolerance Band 1.0%	Lower Tolerance Band 5.0%	Actual Commodity Costs
Apr-11	\$160,965,568	\$160,058,762	\$906,806	\$2,985,119	\$1,492,559	\$7,462,797	\$148,349,139
May-11	162,130,837	160,729,296	1,401,541	3,004,232	1,502,116	7,510,579	148,810,048
Jun-11	136,156,729	134,246,233	1,910,496	2,488,298	1,244,149	6,220,745	122,504,409
Jul-11	167,236,637	165,195,355	2,041,282	3,106,698	1,553,349	7,766,745	153,293,609
Aug-11	192,631,122	189,857,596	2,773,526	3,613,719	1,806,860	9,034,298	177,912,424
Sep-11	113,935,779	112,747,925	1,187,854	2,046,455	1,023,228	5,116,138	101,134,901
Oct-11	133,533,795	132,133,963	1,399,832	2,402,228	1,201,114	6,005,571	118,711,582
Nov-11	116,855,880	113,462,776	3,393,104	2,044,466	1,022,233	5,111,165	98,830,190
Dec-11	202,331,679	196,356,857	5,974,822	3,750,267	1,875,134	9,375,668	181,538,544
Jan-12	163,295,166	157,109,229	6,185,937	2,977,779	1,488,889	7,444,447	142,703,003
Feb-12	88,181,877	83,794,670	4,387,207	1,486,748	743,409	3,717,047	69,953,726
Mar-12	105,079,513	99,139,097	5,940,416	1,790,178	895,089	4,475,444	83,568,473
Totals	\$1,742,334,582	\$ 1,704,831,759	\$37,502,823	\$31,696,187	\$15,848,129	\$79,240,644	\$ 1,547,310,048

4
 5 **2.3 Review of Benchmark Volumes and Market Costs**
 6 Table 2-3 shows the components of mainline and border dollar costs. DRA
 7 reviewed GCIM Year 18 records, which show total benchmark gas costs of
 8 \$1,584,809,362. These costs consist of mainline benchmark commodity costs of
 9 \$1,263,231,363, decreased by five percent (5%) from prior year, and benchmark border
 10 commodity market costs of \$321,577,999, decreased by seventeen percent (17%).
 11 Border costs include Southern California border costs of \$116,165,497, SoCalGas
 12 City-Gate costs of \$225,794,892 and PG&E City-Gate/Topock net credit balance of
 13 \$20,382,390. The credit balance is due to timing difference from purchases at the
 14 benchmark and actual natural gas price at the date the gas was sold.

1 The total benchmark market costs include flow through costs of volumetric
 2 interstate transportation of \$8,675,414 and interstate capacity reservation charges of
 3 \$148,849,806 for a total of \$1,742,334,582, which reflects a five percent (5%) decrease.

4 DRA's Table 2-3A shows net mainline purchase volumes of 360,653,040
 5 MMBtus and net border volumes of 80,508,082 MMBtus. The total benchmark volumes
 6 reported were 441,161,122 MMBtus.

7 Adjustments to volume consist of shrinkage of 9,481,324 MMBtus, which is a two
 8 percent (2%) increase from prior year shrinkage of 9,302,367. This shrinkage is
 9 subtracted from total purchase volume resulting in net actual transported volume of
 10 431,679,798 MMBtus. The gross volume of 441,161,122 is a six-percent (6%) increase
 11 from prior year of 415,762,024 MMBtus. In Appendix A, Exhibit 2 –1B shows this
 12 adjustment to actual transported volume, which directly affects the levels of transported
 13 gas volumes to the border. In addition, a compilation of all volumes, including the
 14 California border was performed and is shown in Exhibit 2-3A.

15

TABLE 2-3 Southern California Gas Company Benchmark Dollar Components GCIM Year 18 April 1, 2011 Through March 31, 2012
--

<u>Annual Report:</u>	Benchmark Dollars
Mainline Benchmark Costs	\$ 1,263,231,363
Southern California Border Costs	116,165,497
SoCalGas City-Gate Commodity Costs	225,794,892
PG&E Topock/City-Gate Costs	(20,382,390)
Sub-Total Border Benchmark Commodity Costs	\$ 321,577,999
Total Benchmark Commodity Costs	\$ 1,584,809,362
Flow-Through Costs:	
Transport Costs from Mainline:	\$ 8,675,414
Benchmark Reservation Charges:	148,849,806
Total Benchmark Market Costs:	\$ 1,742,334,582

16 Benchmark Volumes (MMBtus) 441,161,122

TABLE 2-3A
Southern California Gas Company
TABLE 2-3A
BENCHMARK Market Volumes (In MMBtus)
GCIM Year 18
April 1, 2011 through March 31, 2012

Month Year 2011/2012	Mainline Volumes	SoCalGas Border Volumes	SoCalGas City-Gate Volumes	PG&E Topock	PG&E City-Gate	All Border Volumes	GCIM Year-18 Volumes	Actual Transported Volumes
Apr-11	28,711,192	(628,271)	8,644,075	0	0	8,015,804	36,726,996	36,035,433
May-11	27,718,874	1,694,402	7,153,200	0	0	8,847,602	36,566,476	35,874,404
Jun-11	28,185,936	2,110,112	172,160	0	0	2,282,272	30,468,208	29,749,855
Jul-11	27,186,052	498,499	9,544,944	(260,033)	0	9,783,410	36,969,462	36,283,820
Aug-11	29,439,956	463,679	12,641,007	0	0	13,104,686	42,544,642	41,790,678
Sep-11	29,530,639	812,526	(1,393,865)	0	(1,453,199)	(2,034,538)	27,496,101	26,754,106
Oct-11	27,643,536	3,565,348	3,330,055	0	(1,550,970)	5,344,433	32,987,969	32,216,622
Nov-11	32,002,540	2,875,588	(3,032,307)	0	(1,554,000)	(1,710,719)	30,291,821	29,395,729
Dec-11	32,810,892	5,807,082	15,414,009	0	(180,000)	21,041,091	53,851,983	52,931,442
Jan-12	32,923,377	6,490,361	7,230,186	0	0	13,720,547	46,643,924	45,747,859
Feb-12	31,060,046	2,973,391	(4,517,639)	0	0	(1,544,248)	29,515,798	28,700,730
Mar-12	33,440,000	7,127,746	(3,470,004)	0	0	3,657,742	37,097,742	36,199,120
Total:	360,653,040	33,790,463	51,715,821	(260,033)	(4,738,169)	80,508,082	441,161,122	431,679,798

Border Shrinkage (MMBtus): 9,481,324

2
3

4 2.4 Actual Gas Costs and Volumes

5 As shown in Table 2-4, DRA examined the reported gross-to-net gas commodity
6 costs; interstate volumetric transportation costs; and reservation capacity charges.
7 Results show re-calculated costs to be consistent and supported by SoCalGas
8 documentation. DRA's review shows purchases for the mainline pipeline of
9 \$1,389,458,265 and border pipeline as \$513,569,186 for an aggregate total of
10 \$1,903,027,451. This is a four percent (4%) decrease from GCIM Year 17 reported total
11 purchases of \$1,977,559,795. Actual net volume of 431,679,798 (MMBtus) increased
12 by six percent (6%) from GCIM Year 17 of reported volume of 406,459,657 (MMBtus)

13 Gas commodity costs for purposes of gas sales are deducted from core
14 purchases, which results in net purchases of \$1,547,310,051. These adjustments to
15 purchases include Secondary Market Service Revenues of \$10,096,274, and losses

1 from non-winter financial derivative transactions of \$282,589 that are included as part of
2 actual commodity costs.

3 Per Advice Letter 4089, guidelines were applied to assess Secondary Market
4 Revenues. Accordingly, net revenues from secondary market transactions using core
5 assets, such as parks and loans, are included as a credit to actual commodity costs.¹¹
6 Results show gross revenues of \$11,058,951 were adjusted for related operating
7 overhead costs of \$962,677, for net revenues of \$10,096,274.

8 To determine per unit cost, DRA applied the actual commodity costs of
9 \$1,547,310,048 (Exhibit 2-2F) to actual transported volumes of 441,161,122 MMBtus.
10 This ratio results in \$3.51 per MMBtu. Using net total volume after shrinkage of
11 431,679,798 MMBtus (Table 2-3A), results in per unit cost of \$3.58 per MMBtu. To
12 compare this to the benchmark, DRA applied the total benchmark commodity gas costs
13 of \$1,584,809,362 (Table 2-3) to 441,161,122 MMBtus, which results in per unit cost of
14 \$3.67 per MMBtu. As of March 31, 2012, the spot price for the mainline was \$3.60; the
15 border was \$3.80; and the average is \$3.70. Thus, the actual per unit cost of \$3.51
16 remains under the average price of \$3.70.

17 The price levels appear to be the result of the current boom in shale gas
18 development and high storage levels. The low volatility and continuous low gas prices
19 should in most cases continue in California.

20 In Table 2-4, DRA's calculation shows SoCalGas's interstate volumetric
21 transportation costs at \$8,675,414 along with firm reservation capacity charges of
22 \$148,849,806. These costs are included in arriving at the actual cost of gas of
23 \$1,704,831,754.

24 A review of mainline purchase volume required adjusting volume sales of
25 38,379,743 MMBtus (Table 2-4) to mainline volume of 399,032,783 MMBtus to arrive at
26 a net mainline volume of 360,653,040 MMBtus.

27 Border purchases of 139,265,861 MMBtus were also adjusted for sales volume
28 from the SoCal Border of 28,020,412 MMBtus; SoCal City-Gate of 25,717,157 MMBtus;
29 and PG&E Topock/City-Gate of 5,020,210 MMBtus to arrive at net border sales of

¹¹ Advice Letter 4089 filed March 22, 2010, and effective April 21, 2010.

1 80,508,082 MMBtus. Thus, total net volume for the reporting period was 441,161,122
 2 MMBtus.

TABLE 2-4 Southern California Gas Company Actual Gas Costs Components -GCIM Year-18 April 1, 2011 through March 31, 2012

Pipeline	Volumes	Dollars
El Paso Permian	101,659,581	\$ 346,225,778
El Paso San Juan	125,809,854	450,363,074
Transwestern Permian	35,184	130,528
Transwestern San Juan	91,956,071	319,960,801
Kern River Pipeline	58,773,687	203,001,314
NOVA	20,090,041	67,593,069
GTN: Kingsgate/Malin	596,365	375,745
PG&E Ruby	132,000	1,807,956
Total Mainline	399,052,783	\$ 1,389,458,265
<hr/>		
Border Purchases		
Border	61,531,587	\$ 209,745,837
SoCalGas-City Gate	77,712,266	303,735,579
PG&E Topock/City Gate	22,008	87,770
Total Border	139,265,861	\$ 513,569,186
<hr/>		
Deduct for Gas Sales		
Mainline	(38,399,743)	\$ (132,767,868)
Border	(28,020,412)	(106,263,408)
SoCalGas- City Gate	(25,717,157)	(86,948,063)
PG&E Topock/City Gate	(5,020,210)	(19,927,893)
Total Gas Sales	(97,157,522)	\$ (345,907,232)
<hr/>		
Other Revenues/Costs		
Net Secondary Market Revenue:		\$ (10,096,274)
GCIM Derivative Transactions		282,589
Total Other Revenues/Costs		\$ (9,813,685)
<hr/>		
Total Commodity Costs		\$ 1,547,306,534
<hr/>		
Related Commodity Costs		
Transport Costs		\$ 8,675,414
Reservation Charges		148,849,806
Total Related Commodity Costs		\$ 157,525,220
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Total Volume to Cost	441,161,122	\$ 1,704,831,754

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2.5 Mainline and Border Gas Sales

Table 2-5 provides a breakdown by pipeline for SoCalGas’s gas sales. In addition, a compilation of gas sales and volume for the period is shown in Exhibit 2-4C. To identify trends, DRA completed a review of performance by comparing prior year sales. Thus, mainline sales of \$132,767,831, is a 40% decrease from prior year; border sales of \$213,139,364, a 15% increase; and total sales of \$345,907,195, a 15% decrease from GCIM Year 17.

Mainline volume shows 38,399,743 MMBtus, a 33% decrease, and border volume of 58,757,779 MMBtus, a 28% increase from GCIM Year 17. Further, total volume sales of 97,157,522 MMBtus show a 6% decrease from prior year.

According to SoCalGas’s Gas Acquisition team,¹² the decrease in sales was due to market conditions. Although sales volume increased six percent (6%), the drop in sales revenue was due to continuous decreases in natural gas prices.

SoCalGas also reported gas purchases and sales transactions with affiliate San Diego Gas & Electric and SoCalGas Capacity Products. SoCalGas reports all purchases and sales were completed through arms length transactions via brokerage firms. It was also disclosed there were no Secondary Market Sales (SMS) and financial transactions with existing affiliates during GCIM Year 18.

¹² A.12-06-005, Southern California Gas Company: Master Data Request of the DRA for Application of Southern California Gas Company’s Year 18 GCIM.

1 The re-routing incurred variable transport costs from North Baja Pipeline, Gasoducto
 2 Rosarito, and Transportadora de Gas Natural, vendors located in Mexico. In proportion
 3 to total costs, transport costs for re-routing were less than one percent (1%). These
 4 costs were included in the PGA and GCIM.

5 On February 28 and 29, 2012, a re-route of core gas to Otay Mesa occurred to
 6 support the southern system reliability requirement. According to D.07-12-019 and
 7 SoCalGas Tariff Rule 41, variable transport costs for system reliability are reported in
 8 the System Memorandum Account (SRMA) and excluded from the PGA and GCIM.

9 Finally, from March 9 through 20, 2012, the third re-routing of core gas to Otay
 10 Mesa occurred to facilitate the retrofit and internal inspection of SoCalGas Line 6900.
 11 The variable transportation costs were reported to the pipeline inspection project work
 12 order and excluded from the PGA and GCIM.¹³

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Table 2-6
Southern California Gas Company
Summary of Actual Pipeline Commodity Transport Costs
GCIM Year-18
April 1, 2011 Through March 31, 2012

Month/ Year	El Paso Transport	Trans- Western	Kern River	NWPL	Canadian Path	North Baja	Gasoducto Rosarito	Transporta DeGas Natural	Total Transport Costs
Apr-11	\$ 543,702	\$ 85,057	\$ 23,867	\$ -	\$ 21,280	\$ -	\$ -	\$ -	\$ 673,906
May-11	519,525	87,893	24,513	0	16,086	0	0	0	648,017
Jun-11	525,478	85,591	24,205	0	19,784	0	0	0	655,058
Jul-11	482,981	86,354	24,625	0	20,785	0	0	0	614,745
Aug-11	549,630	88,468	24,539	0	20,223	0	0	0	682,860
Sep-11	530,086	85,053	29,731	0	169,335	0	0	0	814,205
Oct-11	463,301	86,638	28,865	3,303	179,805	0	0	0	761,912
Nov-11	540,696	107,550	30,715	0	179,513	25,569	31,562	13,033	928,638
Dec-11	572,857	111,851	30,923	0	37,915	0	0	0	753,546
Jan-12	562,548	113,407	35,743	0	19,548	0	0	0	731,246
Feb-12	521,833	106,425	29,376	0	23,565	0	0	0	681,199
Mar-12	563,825	113,329	31,687	0	21,232	0	0	0	730,073
Totals:	\$ 6,376,462	\$ 1,157,616	\$ 338,789	\$ 3,303	\$ 729,071	\$ 25,569	\$ 31,562	\$ 13,033	\$ 8,675,405

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¹³ A.12-06-005, Southern California Gas Company, Annual Report on the GCIM (Year 18)

1 **2.7 Interstate Reservation Charges**

2 Table 2-7 shows monthly reservation charges by pipeline. Comparing these
 3 costs to prior year, El Paso charges were \$53,645,914, which reflects a 16% decrease;
 4 Transwestern costs of \$26,506,000, a decrease of 1%; and Kern River charges of
 5 \$24,411,306, a 27% increase; Canadian Path’s charges of \$15,495,631, which is less
 6 than 1% from prior year. Backbone Transportation Service (BTS) is the new name that
 7 replaces Firm Access Rights (FAR) for capacity contracting. The procedures for
 8 contracting continue to operate the same in those interstate purchase contracts, which
 9 enable a supplier access rights into the SoCalGas system at a specified receipt point
 10 throughout the year. Backbone Transport Service contracts of \$28,781,646 increased
 11 by 67% from the last GCIM period. SoCalGas reported a new contract with Northwest
 12 Pipeline for short-term capacity for \$9,300. Total reservation charges of \$148,849,797
 13 increased by 4% from the prior year. Results show overall changes from prior year
 14 correlates with increases in capacity volume for the GCIM Year 18 period.

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Table 2-7 Southern California Gas Company Summary of Reservation Charges By Pipeline GCIM Year-18 April 1, 2011 - March 31, 2012							
Month 2010/2011	El Paso Pipeline	Transwestern Pipeline	Kern River	NWPL	Canadian Path	Backbone Transportation Service	Total Reservation Charges
Apr-11	\$ 4,677,582	\$ 1,944,000	\$ 1,806,811	\$ -	\$ 1,312,476	\$ 1,294,847	\$ 11,035,716
May-11	4,741,794	2,008,800	1,867,038	0	1,315,588	1,338,009	11,271,229
Jun-11	4,741,500	1,944,000	1,812,331	0	1,294,084	1,294,847	11,086,762
Jul-11	4,751,675	2,008,800	1,867,038	0	1,321,475	1,338,009	11,286,997
Aug-11	4,742,336	2,008,800	1,867,038	0	1,306,128	1,338,009	11,262,311
Sep-11	4,221,624	1,944,000	2,091,553	0	1,246,793	1,294,847	10,798,817
Oct-11	4,056,488	2,008,800	2,138,288	9,300	1,245,646	3,201,947	12,660,469
Nov-11	4,258,739	2,494,500	2,156,251	0	1,225,553	3,568,904	13,703,947
Dec-11	4,522,686	2,577,650	2,228,126	0	1,277,039	3,459,265	14,064,766
Jan-12	4,267,442	2,577,650	2,267,707	0	1,323,687	3,238,492	13,674,978
Feb-12	4,332,189	2,411,350	2,079,818	0	1,294,904	3,044,994	13,163,255
Mar-12	4,331,859	2,577,650	2,229,307	0	1,332,258	4,369,476	14,840,550
Totals	\$ 53,645,914	\$ 26,506,000	\$ 24,411,306	\$ 9,300	\$ 15,495,631	\$ 28,781,646	\$ 148,849,797

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1 **2.8 Interstate Pipeline Utilization**

2 In D.04-09-022 the Commission requires tracking a pipeline's utilization of
3 capacity usage. This allows monitoring by DRA, The Utility Reform Network (TURN),
4 and the Commission's Energy Division and collaborating with SoCalGas on a bi-weekly
5 basis via teleconference meetings.

6 Table 2-8 provides an overview of SoCalGas nominated capacity. Total core
7 capacity shows 467,167,073 MMBtus and nominated capacity at 451,707,160 MMBtus.
8 The difference is the stranded capacity of 15,461,586 MMBtus, which is adjusted from
9 core capacity.

10 Regarding the following pipelines, SoCalGas reports El Paso at 96.8% capacity;
11 Foot Hills Pipeline, Ltd at 96.2%; Gas Transmission Northwest Corp. at 97.0%; Kern
12 River Gas Transmission at 99.5%; Northwest Pipeline at 23.4%; NOVA at 96.1%,
13 (Canadian Path); Pacific Gas and Electric pipeline at 85.2% (Malin); and Transwestern
14 Pipeline Company at 97.3%. The capacity cut is subtracted from nominated capacity,
15 which results in actual volume received of 449,194,371 MMBtus.

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TABLE 2-8
Cumulative Core Capacity Utilization By Pipeline (In MMBtus)
GCIM Year 18
April 1, 2011 through March 31, 2012

Pipeline	Core Capacity	Less: Nominated Capacity	Stranded Capacity	Capacity Utilization %	Nominated Capacity	Actual Volumes Received	Capacity Cut
El Paso Natural Gas Co.	197,402,611	191,161,192	6,241,092	96.8%	191,161,192	189,829,874	1,331,318
Foot Hills Pipelines	19,698,084	18,945,637	752,447	96.2%	18,945,637	18,923,875	21,762
Gas Transmission Northwest Co.	19,217,928	18,650,605	567,323	97.0%	18,650,605	18,628,204	22,401
Kern River Gas Transmission	57,200,240	56,926,371	273,869	99.5%	56,926,371	56,784,489	141,882
Northwest Pipeline	465,000	108,859	356,141	23.4%	108,859	108,859	-
Nova Gas Transmission	19,858,349	19,090,552	767,797	96.1%	19,090,552	19,090,552	-
Pacific Gas and Electric	19,006,861	16,190,383	2,816,478	85.2%	16,190,383	16,179,057	11,326
Transwestern Pipeline Co.	134,320,000	130,633,561	3,686,439	97.3%	130,633,561	129,649,461	984,100
TOTALS:	467,169,073	451,707,160	15,461,586	96.7%	451,707,160	449,194,371	2,512,789

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2.9 Examination of the GCIM Purchase Gas Account (PGA)

Table 2.9 provides a PGA reconciliation of GCIM gas commodity costs and reservation charges of \$1,695,877,758, and reported PGA commodity costs for SoCalGas’s gas portfolio purchases of \$1,716,586,291, which results in a variance of \$20,708,533. The variance consists of \$10,619,270 costs excluded from GCIM reported costs and net Secondary Market Services revenue of \$10,096,274 not reported in PGA gas costs. Other adjustments were for timing differences of \$7009.17, which consists of PGA, excluded GCIM costs for fuel regarding re-routing gas to Otay Mesa, and write-offs. Included in these adjustments were broker commission fees for GCIM Years 17 and 18.

<p>Table 2-9 Southern California Gas Company PGA Reconciliation of Commodity and Reservation Costs GCIM Year 18 For the Period April 1, 2011 - March 31, 2012</p>

Total Gas Portfolio Purchases	\$ 1,567,736,485
PGA Reservation Charges	148,849,806
Total PGA Commodity & Reservation Charges:	<u>\$ 1,716,586,291</u>
GCIM Gas Commodity Costs	\$ 1,547,027,952
GCIM Reservation Charges	148,849,806
Total GCIM Commodity Costs & Reservation Charges:	<u>\$ 1,695,877,758</u>
Variance:	<u>\$ 20,708,533</u>

Reconciliation:

Total PGA Commodity & Reservation Charges	\$ 1,716,586,291
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PGA Costs Excluded from GCIM Year 18:

Borrego Springs LNG	176,546
Realized (Gain)/Loss from OTC Hedge Transactions	(12,519)
Realized (Gain)/Loss from Exchange Traded Transactions	1,489,019
Realized (Gain)/Loss Foreign Currency Exchange	33,716
Carrying Costs of Storage Inventory	120,414
Interruptible Storage Charges	4,958
Transportation Charges in PGA, not in GCIM	8,807,135
Sub-Total PGA Excluded Costs:	<u>\$ (10,619,269)</u>

GCIM Related Transactions Excluded from PGA:

Net SMS Revenue	\$ (10,096,274)
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Timing differences for transaction fees and other gas costs excluded from GCIM	\$ 7,009
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Total Reconciling Items:	<u>(20,708,534)</u>
Total GCIM Commodity Cost & Reservation Charges:	<u>\$ 1,695,877,757</u>

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4 As part of DRA's review of the PGA, SoCalGas reported separately the status of
5 funds received from the Sempra and Price Indexing Case Settlements. In Commission
6 D.10-01-024¹⁴, SoCalGas and San Diego Gas & Electric were allocated 31.49% and
7 14.42% of settlement funds, respectively. Based on SoCalGas documents, the

¹⁴ See D.10-01-024, Decision Adopting Allocation Methodologies and Implementation Procedures for Sempra and Price Indexing Cases Settlements, effective January 21, 2010.

1 combined proceeds for core, non-core, and other entities of \$55,302,247 were applied
 2 as follows:

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**Table 2-10
 SoCalGas and SDG&E
 Price Index Settlement Funds**

**Implementation Procedures for (Sempra) Price Index Fund Settlement
 (D.10-01-024):**

Total Funds Allocated to SoCalGas and SDG&E from Fund Settlement to PGA	\$55,302,247	
Funds Allocated to SoCalGas & SDG&E Core Customers		\$ 51,282,538
Settlement Funds to Sub-Class Core, Non-Core and Other Entities:		
SoCalGas Core Subscription Customers	200,658	
FERC Settlement Proceeds Memorandum Account (FSPMA)	811,294	
Inter-company Transfer to SDG&E for Core Subscription & Other Non-Core Customers	3,007,757	
	4,019,709	
Total Settlement Proceeds Returned to SoCalGas Core Customers		\$ 36,730,367
Total Settlement Proceeds Returned to SDG&E Core Customers		14,157,044
Total Adjustment to Core Procurement Rates:		\$ 50,887,411
Difference of forecast to actual rates adjustment:		\$ 395,127
Reconciliation of Price Index Settlement Funds to Core Customers in PGA:		\$ 51,282,538

Modification to Implementation of Price Index Settlement Funds (D.12-09-032):

SoCalGas Overpayment Refund to PGA	\$ 580,282	
SDG&E Overpayment Refund to PGA	225,755	
	\$ 806,037	

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SoCalGas records dated February 26, 2010, support how funds transferred to the PGA along with monies allocated to subject entities (Table 2-10). Further, documents showed a \$395,127 difference due to forecasts and actual adjustments to procurement rates. Based on discussion with SoCalGas's accounting team, the

1 \$395,127 will be applied to future rates beyond November 2012 until monies are
2 completely allocated to core procurement rates. These on-going adjustments are to be
3 reported in GCIM Year 19 as part of DRA's annual monitoring and evaluation of PGA
4 reporting.

5 On March 1, 2010, Advice Letter(s) 1933-G (SDG&E) and 4082 (SoCalGas)
6 were in effect allowed both utilities to issue a credit adjustment to core procurement
7 rates. The credit adjustments were 0.27413 cents per therm for SDG&E core customers
8 and SoCalGas core procurement rates of 10.231 cents per therm over a winter month,
9 which was reported in Schedule G-CP.

10 However, in May of 2010, both utilities delayed the adjustment to June
11 procurement rates. Delaying the adjustment was due to warmer weather experienced
12 in March 2010. Thus, the delay was agreed to by the Energy Division to take effect
13 June 1, 2010 via Advice Letter 4119 for SoCalGas and Advice Letter 1954-G for
14 SDG&E. The revised agreement adjusted the credit amount to 1.245 cents per therm to
15 SoCalGas core procurement rates and .06834 cents per therm to SDG&E core
16 procurement rates reported in Schedule G-CP.

17 In D.12-09-032, the Commission modified D.10-01-024 to correct inadvertent
18 administrative errors in the distribution of settlement funds. This error resulted in
19 overpayment to core customers. To correct the error, the Commission required the
20 utilities to reverse the overpayment from core customers to non-core customers.
21 Therefore, the overpayment was determined at \$806,037, for which SoCalGas and
22 SDG&E report a reversal of \$580,282 and \$225,755. These monies were reversed on
23 October 10, 2012 by the utility's claim administrator to distribute to non-core customers
24 as originally intended.

25 To comply with D.12-09-032, SoCalGas and SDG&E submitted Advice Letter(s)
26 4417 and 2145-G, to adjust November 2012 core procurement rates. For SoCalGas,
27 rates will reflect a charge of 0.195 cents per therm. SDG&E rates will be changed to
28 0.00526 cents per therm for core procurement rates. Both Advice Letters are pending
29 approval as of this report date.

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1 **2.10 Financial Derivatives Included in the GCIM**

2 DRA performed a review of hedging transactions for financial derivative
3 transactions reported to the purchase gas account (PGA) to identify timing differences
4 that were recognized within the GCIM period of April 1, 2011 through March 31, 2012.

5 Pursuant to D.10-01-023, twenty-five percent (25%) of winter hedging gains and
6 losses are included in GCIM actual costs. Table 2-11 shows DRA's PGA Reconciliation
7 of Financial Gains and Losses for reported NYMEX and OTC exchange traded
8 transactions, as well as OTC swaps. Associated transaction fees are also included
9 based on the date of contract when net results may be a financial gain or loss.
10 Transactions that result in gains and/or cash receipts are offset against losses. Other
11 adjustments includes a reversal of \$686 for timing differences reported in GCIM Year
12 17, as well as for reporting of GCIM Year 18 PGA timing differences. Based on DRA's
13 examination, it was concluded that losses for the period were \$1,343,196, which
14 excludes seventy-five percent (75%) of winter hedging costs of \$1,060,606 for a net
15 loss of \$282,590.

16 In general, natural gas prices are determined through the interaction of two types
17 of markets: cash/financial markets and physical quantities of natural gas. The market
18 involves the purchase and sale of both, when the physical quantities and financial
19 instrument prices are connected to the price of natural gas in the physical market.

20 Publishers of industry newsletters such as *Platt's*, and *Natural Gas Intelligence*
21 take surveys of the price of transactions at a hub or city-gate, where natural gas is sold
22 or delivered (Exhibit 2-1F). The surveyed prices are calculated into an average, which
23 then results into an index of those prices. These index prices are used to base the price
24 of gas at the hub, city-gate, or a specified location.

25 For hedging natural gas commodities, the most commonly used financial
26 instruments are over-the-counter (OTC) and exchange derivatives often referred to as
27 options and swaps. These financial instruments are traded in the form of standardized
28 contracts. This standardization provides ease of transfer and the identification of

1 prices.¹⁵ Moreover, these hedging transactions will generally incur related transaction
2 fees, such as broker and premium fees to purchase the hedging contract.

3 SoCalGas claims to regularly assess and review on real time basis natural gas
4 market fundamentals. Based on its review and assessment, the utility uses price
5 trends, market fundamentals, and/or risk avoidance¹⁶ to optimize hedge transactions.
6 For forecasting natural gas prices, SoCalGas uses current future prices and basis
7 values provided by ICE and/or NYMEX, and may consult with Wood Mackenzie and/or
8 PIRA services. However, SoCalGas states it does not rely on consultants to procure
9 natural gas.¹⁷

¹⁵ U.S. Senate Permanent Committee on Investigations: Excessive Speculation in the Natural Gas Market, July 9, 2007.

¹⁶ A.12-06-005, "Master Data Request of the DRA on the Application of Southern California Company's Year 18 GCIM, April, 2011-March, 2012"

¹⁷ Id

TABLE 2-11
Southern California Gas Company
PGA Reconciliation-Financial Gains & Losses
GCIM Year 18

NYMEX Traded or Cleared Transactions	GCIM Yr - 18	PGA - Yr 18	Variance
Exchange Traded Transactions (Gains) Losses	\$ (157,037)	\$ -	
Exchange Traded Transactions Costs	86,092	0	
Totals:	\$ (70,945)	\$ 1,489,019	\$ 1,418,074
OTC Swaps			
OTC Swap Transactions (Gains) Losses	\$ 71,361	0	
OTC Swap Transactions Costs	989,245	0	
OTC Swap/Option Winter Losses (25%)	353,535		
Totals:	\$ 1,414,141	\$ (12,519)	\$ -
GCIM Year-17 (Gains) Losses	\$ 1,343,196	\$ 1,476,500	
Reconciliation:			
GCIM Year-18 Hedging (Gains)/Losses included in GCIM	\$ 282,590		
Excluded 75% of Winter Hedge Loss from GCIM Year 18, included in PGA	1,060,606		
Total Financial (Gains)/Losses:	\$ 1,343,196		
Timing Differences			
Exchange traded loss in GCIM Year 17, recorded in PGA Yr 18	136,610		
Exchange traded loss in GCIM Year 18, recorded in PGA Yr 19	(4,480)		
Exchange traded loss in PGA Year 18, recorded in GCIM Yr 19	550		
Prior year adjustment for timing difference of Broker Fees in GCIM Year 17, PGA Year 18	686		
Rounding (pass)	(62)		
Total Reconciling Items:	\$ 133,304		
Reconciled Derivative PGA Account	\$ 1,476,500		

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2.11 Financial Derivatives Excluded from the GCIM

Pursuant to Advice Letter 4089, which became effective April 21, 2010, SoCalGas reported \$1,414,141 of winter hedging net losses. Table 2-12 shows twenty-five percent (25%) of net gains and losses of \$353,535, which are included in the GCIM. It was also determined \$1,060,606, which represents seventy-five percent (75%) of total winter losses, was excluded from GCIM and included in the PGA for Year 18. These losses are directly allocated to core customers for the period. In addition, SoCalGas

1 reported winter hedging transactions for OTC swap/option gains and losses; contract
 2 costs that include premiums; and transaction costs for broker fees.

3 For purposes of reconciliation, DRA determined related hedging costs based on
 4 contract date. If the contract date is beyond March 31, it is excluded from the reported
 5 GCIM period.

Table 2-12				
Southern California Gas Company				
Summary of Winter Financial Derivatives (Gains) Losses				
GCIM Year-18				
April 1, 2011 through March 31, 2012				
Month 2011/2012	OTC (Gains) Losses	OTC Contract Costs	OTC Option Transaction Costs	Total OTC Swap/Option Losses
Apr-11	\$ -	\$ -	\$ -	\$ -
May-11	0	1,530,500	19,055	1,549,555
Jun-11	0	(401,500)	7,607	(393,893)
Jul-11	0	183,000	3,438	186,438
Aug-11	0	0	0	0
Sep-11	0	0	0	0
Oct-11	0	0	0	0
Nov-11	0	0	0	0
Dec-11	0	0	201	201
Jan-12	45,223	0	171	45,394
Feb-12	25,558	0	308	25,866
Mar-12	580	0	0	580
	\$ 71,361	\$ 1,312,000	\$ 30,780	\$ 1,414,141

Thus, 25% of \$1,414,141 is \$353,535

Net Excluded Winter Costs: \$1,060,606

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8 2.12 Review of Secondary Market Services Revenues

9 SoCalGas manages its retail core using its assets of storage inventory, injection,
 10 withdrawal rights, and core supplies by applying them to Secondary Market Services
 11 (SMS). In particular, the SMS uses core assets to execute transactions and fees that
 12 are based on market conditions to generate these revenues. These sales transactions
 13 offset core gas costs by using assets that are determined by management not to be
 14 directly needed for meeting core customer demand and reliability. Results show net

1 revenues decreasing by fifteen percent (15%) and overhead expenses increasing by
 2 seventy-four percent (74%) from the prior year period.

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Southern California Gas Company Table 2-13 Summary of Net Hub & Secondary Market Service Revenues GCIM Year-18 April 1, 2011 through March 31, 2012
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Month 2011/2012	SMS Revenue	Less: Overhead	Net Revenues
Apr-11	\$ 127,425	\$ (59,117)	\$ 68,308
May-11	401,298	(268,991)	132,307
Jun-11	591,020	(72,740)	518,280
Jul-11	139,072	(24,148)	114,924
Aug-11	155,983	(58,348)	97,635
Sep-11	24,300	(52,000)	(27,700)
Oct-11	315,332	(118,380)	196,952
Nov-11	1,837,071	(56,487)	1,780,584
Dec-11	1,155,198	(59,711)	1,095,487
Jan-12	1,328,019	(65,086)	1,262,933
Feb-12	3,101,611	(61,040)	3,040,571
Mar-12	1,882,622	(66,629)	1,815,993
Totals:	\$ 11,058,951	\$ (962,677)	\$ 10,096,274

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6 **2.13 SoCalGas Core Storage Inventory Targets**

7 In D.06-10-029, the Commission approved a Joint Recommendation by DRA,
 8 TURN and SoCalGas to modify the utility's management and use of gas storage
 9 capacity for core customers. This recommendation requires more gas to enter storage
 10 during the summer for core customer use during the winter heating season.

11 In D.07-12-019, the Commission modified SoCalGas's management and use of
 12 gas storage capacity for core customers. This decision requires SoCalGas to obtain
 13 agreement from DRA and TURN for mid-season inventory targets. These targets must
 14 be maintained or an agreement from DRA and TURN is needed if inventory storage
 15 changes are made by SoCalGas. In either case, these changes are reflected in the
 16 GCIM.

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1 Effective December 4, 2008, in D.08-12-020, the Commission adopted Phase 1
 2 of the 2009 SoCalGas' Biennial Cost Allocation Proceeding, (BCAP) Settlement
 3 Agreement, which stipulates core storage inventory requirement increases for a five (5)
 4 year period. The Settlement Agreement requires incremental expansion of inventory
 5 capacity by 7.0 Bcf starting in April 1, 2009 to April 1, 2014.

6 Advice Letter 4233, (effective July 31, 2011) revises Preliminary Statement Part
 7 VIII, GCIM to update the mid-season core inventory target for GCIM Year 18. This
 8 revision updates the July 31, 2011 target. SoCalGas filed Advice Letter 4436 on
 9 December 14, 2012, which is awaiting approval by the Energy Division to update
 10 inventory requirements for future compliance reporting. This update will change the
 11 storage target variance allowance from +5/-2 Bcf, to +0/-2 Bcf.

12 For GCIM Year 18, core storage inventory increased by 1.0 Bcf to meet the 81
 13 Bcf target, with a variance allowance of Bcf +0/-2.

14 Based on review of SoCalGas's inventory records, core physical inventory levels
 15 for July showed 52.5 Bcf, which met the 47 Bcf target. For October 31, 2011,
 16 SoCalGas reported core storage inventory at 79.9 Bcf, which is within the variance
 17 allowance of -2 Bcf. Adjustments to inventory were for non-core monthly imbalances,
 18 non-core inventories and SMS sales activities. Results from management of core
 19 storage inventory show SoCalGas met the target requirements.

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TABLE 2-14 Southern California Gas Company Core Storage Inventory for Summer and Winter Targets GCIM Year 18 April 1, 2011 through March 31, 2012		
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System Inventory (Bcf)	7/31/11	10/31/11
Bcf Target	47	81
Physical Inventory	105.9	129.2
Month End Imbalances	0.62	(1.15)
Less: Non-Core Inventory	(35.0)	(46.7)
Secondary Market Services	(19.0)	(1.5)
Total Core Storage Inventory Results	52.5	79.9

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2.14 Interstate Capacity Procurement

Advice Letter 4158, effective November 26, 2010, authorized SoCalGas to update its Capacity Planning Range, which was based on the California Gas Report for 2010. The filing was to comply with D.04-09-022 to update SoCalGas and SDG&E’s combined portfolio capacity for GCIM Year 18 and 19 winter and non-winter seasons, beginning in April 2011 and ending March 2013. The following table provides a summary of the minimum and maximum capacity value by season for the reporting period:

GCIM Year 18	Season	Minimum Capacity Value	Maximum Capacity Value
	Non-Winter 04/2011 to 10/2011	947.3 MDth/d	1,263.0 MDth/d
	Winter 11/2011 to 03/2012	1,052.5 MDth/d	1,263.0 MDth/d

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This update enabled SoCalGas to hold firm interstate pipeline capacity at no less than 90% of its forecasted core average daily load during the spring and summer months, and no less than 100% during the fall and winter months. This established the minimum firm capacity for the period of April to October 2011 at 947.3 MDth/d, and 1,052.5 MDth/d for November 2011 to March 2012.

SoCalGas’s GCIM Year 18 Application (A.12-06-005) in Appendix C reports actual capacity performance of 948 MDth/d from April 2011 to October 2011, and 1054 MDth/d for November 2011, and gradually increasing to 1,056 MDth/d as of March 2012. Thus, SoCalGas met the minimum required for the GCIM period.

A review of interstate capacity schedules for new and renewed contracts during GCIM Year 18 shows a total volume of 573,822 MMBtus. Proportionally, Kern River will provide forty percent (40%); PG&E, twenty-three percent (23%), El Paso Natural Gas Company, eighteen percent (18%); and Mojave Pipeline, Northwest Pipeline, Questar Southern Trails, and Transwestern Pipeline at less than ten percent (10%) of volume capacity. SoCalGas also reports continuous efforts to attain shorter-term interstate

1 capacity contracts in order to purchase more volume at competitive market prices. This
2 change is to assist in ensuring availability of monthly supplies, as well as meet core
3 storage demand.

4 Accordingly, SoCalGas maintained a gas supply portfolio consisting of 41% of
5 long-term supply agreements; 47% month-to-month base load agreements; and 12% for
6 daily net gas purchases.¹⁸

¹⁸ A.12-06-005, Southern California Gas Company Year 18 (2011-2012) Gas Cost Incentive Mechanism.

APPENDIX A
EXHIBITS FOR GCIM YEAR 17 REPORT

Section	Description	Exhibit Number
Benchmark 2-1	GCIM Benchmark Dollars	2-1A
	Benchmark Market Volume	2-1B
	Benchmark Market Volume to Actual Transported Volume	2-1C
	Review of Benchmark Dollars	2-1D
	Summary of Benchmark Transportation Costs	2-1E
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	Benchmark Mainline Spot Prices	2-1G
Actual Costs 2-2	Non-Winter Hedge Transactions	2-2A
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	Summary of Actual Gas Cost by Components	2-2C
	Actual Gas Cost by Components	2-2D
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Purchases 2-3	Summary of Net Purchase Volume	2-3A
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Sales 2-4	Actual Costs to Sales	2-4A
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Reservation Costs 2-6	Summary of Transportation + Reservation Charges by Pipeline	2-6A
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	GCIM Performance	2-7F

Southern California Gas Company
 Summary of Commodity Costs in Benchmark Dollars
 GCIM Year 17
 April 1, 2010 through March 31, 2011

Mainline & Border Benchmark Commodity Costs			Total Benchmark Dollars
Mainline Benchmark Costs	\$ 1,263,231,363		
SoCal Border Costs		116,165,497	
SoCal CityGate Costs		225,794,892	
PG&E Topock/CityGate		(20,382,390)	
Sub-Total Commodity Costs:	\$ 1,263,231,363	\$ 321,577,999	
Total Commodity Costs:			\$ 1,584,809,362
Transport Costs:			
- Benchmark Transport Costs	8,675,414		
Reservation Costs:			
- Benchmark Reservation Costs		148,849,806	
Total Transport & Reservation Costs:			157,525,220
Total Benchmark Market Costs:			\$ 1,742,334,582

Southern California Gas Company
 Benchmark Market Volume
 (Measured in MMBtus)
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	Mainline Volume	SoCal Border Volume	SoCal CityGate Volume	PG&E Topock	PG&E CityGate	Total Border Volume	Total Mainline and Border Volume	Less: Actual Transported Volume	Gas Volume Shrinkage
Apr-11	28,711,192	(628,271)	8,644,075	0	0	8,015,804	36,726,996	36,035,433	691,563
May-11	27,718,874	1,694,402	7,153,200	0	0	8,847,602	36,566,476	35,874,404	692,072
Jun-11	28,185,936	2,110,112	172,160	0	0	2,282,272	30,468,208	29,749,855	718,353
Jul-11	27,186,052	498,499	9,544,944	(260,033)	0	9,783,410	36,969,462	36,283,820	685,642
Aug-11	29,439,956	463,679	12,641,007	0	0	13,104,686	42,544,642	41,790,678	753,964
Sep-11	29,530,639	812,526	(1,393,865)	0	(1,453,199)	(2,034,538)	27,496,101	26,754,106	741,995
Oct-11	27,643,536	3,565,348	3,330,055	0	(1,550,970)	5,344,433	32,987,969	32,216,622	771,347
Nov-11	32,002,540	2,875,588	(3,032,307)	0	(1,554,000)	(1,710,719)	30,291,821	29,395,729	896,092
Dec-11	32,810,892	5,807,082	15,414,009	0	(180,000)	21,041,091	53,851,983	52,931,442	920,541
Jan-12	32,923,377	6,490,361	7,230,186	0	0	13,720,547	46,643,924	45,747,859	896,065
Feb-12	31,060,046	2,973,391	(4,517,639)	0	0	(1,544,248)	29,515,798	28,700,730	815,068
Mar-12	33,440,000	7,127,746	(3,470,004)	0	0	3,657,742	37,097,742	36,199,120	898,622
	360,653,040	33,790,463	51,715,821	(260,033)	(4,738,169)	80,508,082	441,161,122	431,679,798	9,481,324

Southern California Gas Company
 Benchmark Market Volume to Actual Transported Volume
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	Mainline Volume	SoCal Border Volume	SoCal CityGate Volume	PG&E Topock	PG&E CityGate	Total Border Volume	Total Mainline and Border Volume	Actual Transported Volume
Apr-11	28,711,192	(628,271)	8,644,075	0	0	8,015,804	36,726,996	36,035,433
May-11	27,718,874	1,694,402	7,153,200	0	0	8,847,602	36,566,476	35,874,404
Jun-11	28,185,936	2,110,112	172,160	0	0	2,282,272	30,468,208	29,749,855
Jul-11	27,186,052	498,499	9,544,944	(260,033)	0	9,783,410	36,969,462	36,283,820
Aug-11	29,439,956	463,679	12,641,007	0	0	13,104,686	42,544,642	41,790,678
Sep-11	29,530,639	812,526	(1,393,865)	0	(1,453,199)	(2,034,538)	27,496,101	26,754,106
Oct-11	27,643,536	3,565,348	3,330,055	0	(1,550,970)	5,344,433	32,987,969	32,216,622
Nov-11	32,002,540	2,875,588	(3,032,307)	0	(1,554,000)	(1,710,719)	30,291,821	29,395,729
Dec-11	32,810,892	5,807,082	15,414,009	0	(180,000)	21,041,091	53,851,983	52,931,442
Jan-12	32,923,377	6,490,361	7,230,186	0	0	13,720,547	46,643,924	45,747,859
Feb-12	31,060,046	2,973,391	(4,517,639)	0	0	(1,544,248)	29,515,798	28,700,730
Mar-12	33,440,000	7,127,746	(3,470,004)	0	0	3,657,742	37,097,742	36,199,120
	360,653,040	33,790,463	51,715,821	(260,033)	(4,738,169)	80,508,082	441,161,122	431,679,798

Southern California Gas
Review of Commodity Costs in Benchmark Dollars
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	Mainline Gas Commodity Costs	SoCal Border Gas Costs	SoCal CityGate Gas Commodity Costs	PG&E Topock/CityGate	Total Mainline and Border Benchmark Gas Costs	Add: Benchmark Transport Costs	Add: Benchmark Reservation Charges	Total Benchmark Gas Costs	Total Purchase Volume (MMBtus)
Apr-11	\$114,747,150	(\$2,660,728)	\$37,169,523	\$0	\$149,255,945	\$673,906	\$11,035,717	\$160,965,568	36,726,996
May-11	111,729,237	7,294,401	31,187,952	0	150,211,590	648,017	11,271,230	162,130,837	36,566,476
Jun-11	114,561,737	9,105,133	748,035	0	124,414,905	655,060	11,086,764	136,156,729	30,468,208
Jul-11	111,122,987	2,223,305	43,143,147	(1,154,547)	155,334,892	614,747	11,286,998	167,236,637	36,969,462
Aug-11	121,604,682	2,070,327	57,010,941	0	180,685,950	682,861	11,262,311	192,631,122	42,544,642
Sep-11	110,760,568	3,302,918	(5,659,092)	(6,081,638)	102,322,756	814,205	10,798,818	113,935,779	27,496,101
Oct-11	98,980,445	14,047,471	13,520,023	(6,436,525)	120,111,414	761,912	12,660,469	133,533,795	32,987,969
Nov-11	109,106,260	10,380,873	(11,249,859)	(6,013,980)	102,223,294	928,638	13,703,948	116,855,880	30,291,821
Dec-11	109,017,470	21,311,991	57,879,604	(695,700)	187,513,365	753,547	14,064,767	202,331,679	53,851,983
Jan-12	102,036,130	21,872,517	24,980,293	0	148,888,940	731,247	13,674,979	163,295,166	46,643,924
Feb-12	79,221,753	8,578,233	(13,462,564)	0	74,337,422	681,200	13,163,255	88,181,877	29,515,798
Mar-12	80,342,944	18,639,056	(9,473,111)	0	89,508,889	730,074	14,840,550	105,079,513	37,097,742
	\$1,263,231,363	\$116,165,497	\$225,794,892	(\$20,382,390)	\$1,584,809,362	\$8,675,414	\$148,849,806	\$1,742,334,582	441,161,122

Southern California Gas
Summary of Benchmark Transportation Costs
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	Benchmark Transportation Costs	Benchmark Reservation Costs	Total Transportation & Reservation Costs
Apr-11	\$673,906	\$11,035,717	\$11,709,623
May-11	648,017	11,271,230	11,919,247
Jun-11	655,060	11,086,764	11,741,824
Jul-11	614,747	11,286,998	11,901,745
Aug-11	682,861	11,262,311	11,945,172
Sep-11	814,205	10,798,818	11,613,023
Oct-11	761,912	12,660,469	13,422,381
Nov-11	928,638	13,703,948	14,632,586
Dec-11	753,457	14,064,767	14,818,224
Jan-12	731,247	13,674,979	14,406,226
Feb-12	681,200	13,163,255	13,844,455
Mar-12	730,074	14,840,550	15,570,624
Annual Total:	\$8,675,324	\$148,849,806	\$157,525,130

**Southern California Gas
Benchmark Border Spot Prices
GCIM Year 18
April 1, 2011 through March 31, 2012**

	April				May				June			
Pipeline	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average
So Cal Border	4.240	4.230	0.000	4.235	4.300	4.310	0.000	4.305	4.320	4.310	0.000	4.315
So Cal CityGate	0	4.300	4.300	4.300	0	4.360	4.360	4.360	0.000	4.350	4.340	4.345
PGE CityGate	0.000	4.530	4.530	4.530	0.000	4.470	4.460	4.465	0.000	4.560	4.550	4.555
PGE Topock	0.000	4.190	4.190	4.190	0.000	4.270	4.270	4.270	0.000	4.270	4.290	4.280
Mojave Topock	0.000	4.190	4.190	4.190	0.000	4.270	4.270	4.270	0.000	4.270	4.290	4.280
	July				August				September			
Pipeline	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average
So Cal Border	4.440	4.480	4.530	4.460	4.460	4.470	0.000	4.465	4.060	4.070	0.000	4.065
So Cal CityGate	0.000	4.510	4.530	4.520	0.000	4.510	4.510	4.510	0.000	4.060	4.060	4.060
PGE CityGate	0.000	4.600	4.590	4.595	0.000	4.540	4.550	4.545	0.000	4.190	4.180	4.185
PGE Topock	0.000	4.440	4.440	4.440	0.000	0.000	0.000	0.000	0.000	4.020	4.020	4.020
Mojave Topock	0.000	4.440	4.440	4.440	0.000	0.000	0.000	0.000	0.000	4.020	4.020	4.020
	October				November				December			
Pipeline	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average
So Cal Border	3.940	3.940	n/a	3.940	3.620	3.600	n/a	3.610	3.670	3.670	n/a	3.670
So Cal CityGate	n/a	4.060	4.060	4.060	n/a	3.710	3.710	3.710	n/a	3.760	3.750	3.755
PGE CityGate	n/a	4.150	4.150	4.150	n/a	3.860	3.880	3.870	n/a	3.870	3.860	3.865
PGE Topock	n/a	3.930	3.930	3.930	n/a	3.560	3.560	3.560	n/a	3.570	3.570	3.570
Mojave Topock	n/a	3.930	3.930	3.930	n/a	3.560	3.560	3.560	n/a	3.570	3.570	3.570
	January				February				March			
Pipeline	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average	NGW	NGI	Inside FERC	Simple Average
So Cal Border	3.370	3.370	n/a	3.370	2.890	2.880	n/a	2.885	2.630	2.600	n/a	2.615
So Cal CityGate	n/a	3.450	3.460	3.455	n/a	2.980	2.980	2.980	n/a	2.730	2.730	2.730
PGE CityGate	n/a	3.410	3.410	3.410	n/a	3.030	3.040	3.035	n/a	2.830	2.820	2.825
PGE Topock	n/a	3.310	3.320	3.315	n/a	2.930	2.930	2.930	n/a	2.560	2.560	2.560
Mojave Topock	n/a	3.320	3.310	3.315	n/a	2.930	2.930	2.930	n/a	2.560	2.560	2.560

Legend: NGW - Natural Gas Week

NGI - Natural Gas Intelligence

Southern California Gas
Benchmark Mainline Spot Prices
GCIM Year 18
April 1, 2011 through March 31, 2012

April																								
Avg Spot Price: \$4.188					Inside FERC					Natural Gas Intelligence					Average Published Indices					Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO						
San Juan	3.970	4.080			3.980	4.050			3.975	4.080				1.6700	0.9464									
Permian	4.060	4.040			4.080	4.020			4.055	4.030				0.6283	0.0000									
Wyoming/Rocky/K. River			3.980				3.980				3.980					0.5460								
Kingsgate				4.230				4.210					4.220						0.0000					
Stanfield				4.230				4.210					4.220						0.0000					
Malin				4.230				4.210					4.220						-0.0029					
AECO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					0.000	3.727					0.2082					
Calculated Average														4.563					Mainline Benchmark Price: \$ 3.996					
May																								
Avg. Spot Price: \$4.068					Inside FERC					Natural Gas Intelligence					Average Published Indices					Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO						
San Juan	4.030	4.070			4.030	4.070			4.030	4.070				1.8500	1.0160									
Permian	4.110	4.090			4.110	4.090			4.110	4.090				0.4466	0.0000									
Wyoming/Rocky/K. River			3.990				3.990				3.990					0.5848								
Kingsgate				4.150				4.150					4.150						0.0000					
Stanfield				4.150				4.150					4.150						0.0000					
Malin				4.150				4.150					4.150						-0.0467					
AECO					0.000			0.000					3.800						0.1788					
Calculated Average														4.060					Mainline Benchmark Price: \$ 4.030					
June																								
Avg. Spot Price: \$4.110					Inside FERC					Natural Gas Intelligence					Average Published Indices					Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO						
San Juan	4.040	4.090			4.050	4.090			4.045	4.090				1.7040	0.9784									
Permian	4.150	4.100			4.150	4.100			4.150	4.100				0.6035	0.0000									
Wyoming/Rocky/K. River			3.990				3.990				3.990					0.5712								
Kingsgate				4.220				4.210					4.215						0.0000					
Stanfield				4.220				4.210					4.215						0.0000					
Malin				4.220				4.210					4.215						-0.0201					
AECO					0.000			0.000					4.084						0.2273					
Calculated Average														4.123					Mainline Benchmark Price: \$ 4.064					
July																								
Avg. Spot Price: \$4.135					Inside FERC					Natural Gas Intelligence					Average Published Indices					Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO						
San Juan	4.090	4.130			4.110	4.130			4.100	4.130				1.9500	1.0330									
Permian	4.210	4.110			4.210	4.100			4.210	4.100				0.2729	0.0000									
Wyoming/Rocky/K. River			3.970				3.960				3.965					0.5968								
Kingsgate				4.240				4.260					4.250						0.0000					
Stanfield				4.240				4.260					4.250						0.0000					
Malin				4.240				4.260					4.250						-0.0082					
AECO					0.000			0.000					3.995						0.2420					
Calculated Average														4.139					Mainline Benchmark Price: \$ 4.087					

Southern California Gas
Benchmark Mainline Spot Prices
GCIM Year 18
April 1, 2011 through March 31, 2012

	August				August				August				August				
Avg. Spot Price: \$4.133	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	
San Juan	4.130	4.180			4.140	4.170			4.135	4.175			1.4950	0.9883			
Permian	4.270	4.190			4.270	4.180			4.270	4.185			0.8816	0.0000			
Wyoming/Rocky/K. River			4.070				4.070				4.070				0.5655		
Kingsgate				4.140				4.140				4.140				0.0000	
Stanfield				4.140				4.140				4.140				0.0000	
Malin				4.140				4.140				4.140				0.0084	
AECO				0.000				0.000				3.533				0.1916	
Calculated Average				4.158				4.156				4.088	Mainline Benchmark Price:			\$ 4.130	
	September				September				September				September				
Avg. Spot Price: \$3.761	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	
San Juan	3.740	3.770			3.730	3.770			3.735	3.770			0.9123	0.8513			
Permian	3.800	3.790			3.800	3.780			3.800	3.785			1.1470	0.0024			
Wyoming/Rocky/K. River			3.720				3.720				3.720				0.6440		
Kingsgate				3.790				3.790				3.790				0.0000	
Stanfield				3.790				3.790				3.790				0.0000	
Malin				3.790				3.790				3.790				0.0000	
AECO				0.000				0.000				3.564				0.1933	
Calculated Average				3.774				3.771				3.749	Mainline Benchmark Price:			\$ 3.750	
	October				October				October				October				
Avg. Spot Price: \$3.865	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN/ R-Mtn	El Paso	Transwestern	Kern River	GTN/ R-Mtn	El Paso	Transwestern	Kern River	GTN/ R-Mtn	El Paso	Transwestern	Kern River	GTN/ R-Mtn	AECO
San Juan	3.520	3.610			3.520	3.610			3.520	3.610			3.5200	3.6100			
Permian	3.600	3.580			3.600	3.590			3.600	3.585			3.6000	3.5850			
Wyoming/Rocky/K. River			3.620				3.620				3.620				3.6200		
NWPL				3.590				3.560				3.575					3.5700
Kingsgate				3.760				3.760				3.760					3.7600
Stanfield				3.760				3.760				3.760					3.7600
Malin				3.760				3.760				3.760					3.7600
AECO				0.000				0.000				3.500					3.5000
Calculated Average				4.100				4.098				3.629	Mainline Benchmark Price:			\$ 3.629	
	November				November				November				November				
Avg. Spot Price: \$3.434	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices				
Pipeline	El Paso	Transwestern	Kern River	GTN/ R-Mtn	El Paso	Transwestern	Kern River	GTN/ R-Mtn	El Paso	Transwestern	Kern River	GTN/ R-Mtn	El Paso	Transwestern	Kern River	GTN/ R-Mtn	AECO
San Juan	3.380	3.420			3.380	3.420			3.380	3.420			0.6719	0.9127			
Permian	3.410	3.390			3.410	3.390			3.410	3.390			1.0804	0.0000			
Wyoming/Rocky/K. River			3.450				3.460				3.455				0.5780		
Kingsgate				3.510				3.510				3.510					0.0000
Stanfield				3.510				3.510				3.510					0.0000
Malin				3.510				3.510				3.510					0.0000
AECO				0.000				0.000				3.311					0.1663
Calculated Average				3.448				3.449				3.433	Mainline Benchmark Price:			\$ 3.4093	

Southern California Gas
Benchmark Mainline Spot Prices
GCIM Year 18
April 1, 2011 through March 31, 2012

	December				December				December				December					
Avg. Spot Price: \$3.379	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices					
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN		
San Juan	3.280	3.330			3.280	3.350			3.280	3.340			0.6191	0.9041				
Permian	3.290	3.300			3.290	3.290			3.290	3.295			1.1310	0.0000				
Wyoming/Rocky/K. River			3.420				3.430				3.425				0.5705			
Kingsgate				3.530				3.520				3.525				0.0000		
Stanfield				3.530				3.520				3.525				0.0000		
Malin				3.530				3.520				3.525				-0.0668		
AECO				0.000				0.000				3.348				0.1639		
Calculated Average				3.401				3.400				3.395				Mainline Benchmark Price: \$ 3.3218		
	January				January				January				January					
Avg. Spot Price: \$3.111	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices					
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO
San Juan	3.080	3.170			3.090	3.160			3.085	3.165				0.8931	0.8657			
Permian	3.070	3.070			3.060	3.050			3.065	3.060				0.7082	0.0000			
Wyoming/Rocky/K. River			3.100				3.100				3.100					0.5888		
Kingsgate				3.160				3.160				3.160					0.0000	
Stanfield				3.160				3.160				3.160					0.0000	
Malin				3.160				3.160				3.160					-0.1093	
AECO				0.000				0.000				3.018					0.1527	
Calculated Average				3.121				3.118				3.108					Mainline Benchmark Price: \$ 3.0992	
	February				February				February				February					
Avg. Spot Price: \$2.588	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices					
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO
San Juan	2.510	2.570			2.510	2.570			2.510	2.570				0.4160	0.6992			
Permian	2.550	2.510			2.550	2.530			2.550	2.520				0.8825	0.0000			
Wyoming/Rocky/K. River			2.580				2.590				2.585					0.4315		
Kingsgate				2.710			2.700				2.705						0.0000	
Stanfield				2.710			2.700				2.705						0.0000	
Malin				2.710			2.700				2.705						-0.0022	
AECO				0.000			0.000				2.471						0.1236	
Calculated Average				2.606			2.606				2.591						Mainline Benchmark Price: \$ 2.5506	
	March				March				March				March					
Avg. Spot Price: \$2.409	Inside FERC				Natural Gas Intelligence				Average Published Indices				Price based on Volume of Mainline Benchmark Indices					
Pipeline	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	El Paso	Transwestern	Kern River	GTN	AECO	El Paso	Transwestern	Kern River	GTN	AECO
San Juan	2.390	2.470			2.390	2.470			2.390	2.470				0.6105	0.6647			
Permian	2.400	2.380			2.390	2.380			2.395	2.380				0.6185	0.0000			
Wyoming/Rocky/K. River			2.410				2.410				2.410					0.4028		
Kingsgate				2.450			2.440				2.445						0.0000	
Stanfield				2.450			2.440				2.445						0.0000	
Malin				2.450			2.440				2.445						0.0000	
AECO				0.000			0.000				2.119						0.1061	
Calculated Average				2.425			2.420				2.389						Mainline Benchmark Price: \$ 2.4026	

Southern California Gas Company
 Non-Winter Hedging Transactions
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	Exchange Traded (Gains)/Losses	Exchange Traded Contract Costs	Exchange Traded Transaction Costs	Net Total Exchange Traded (Gains)/Losses
Apr-11	(\$8,850)	(\$3,990)	\$6,249	(\$6,591)
May-11	(56,240)	11,190	2,554	(42,496)
Jun-11	16,187	6,400	3,787	26,374
Jul-11	(45,294)	24,140	1,201	(19,953)
Aug-11	49,389	23,970	2,741	76,100
Sep-11	13,683	(300)	2,478	15,861
Oct-11	94,127	17,700	2,454	114,281
Nov-11	(1,275)	2,150	2,727	3,602
Dec-11	663	(6,710)	3,016	(3,031)
Jan-12	47,025	34,250	1,485	82,760
Feb-12	(22,980)	9,000	4,135	(9,845)
Mar-12	(243,472)	(68,100)	3,565	(308,007)
Annual Total:	(\$157,037)	\$49,700	\$36,392	(\$70,945)

Southern California Gas Company
Winter Hedge Transactions with Related Costs
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	OTC Swap/Option (Gains) Losses (1)	OTC Swap Contract Costs (2)	OTC Option Transaction Costs (3)	Total OTC Swap/Option Contract Losses
Apr-11	0	0	0	0
May-11	0	1,530,500	19,055	1,549,555
Jun-11	0	(401,500)	7,607	(393,893)
Jul-11	0	183,000	3,438	186,438
Aug-11	0	0	0	0
Sep-11	0	0	0	0
Oct-11	0	0	0	0
Nov-11	0	0	0	0
Dec-11	0	0	201	201
Jan-12	45,223	0	171	45,394
Feb-12	25,558	0	308	25,866
Mar-12	580	0	0	580
Annual Total:	\$71,361	\$1,312,000	\$30,780	\$1,414,141

Thus, 25% of \$1,414,141 is \$353,535

Legend: 1- Net gains and losses.

2- Contract costs include premiums, which are related costs for acquiring the contract.

3- Transaction costs include broker fees and net payments, which are related costs for acquiring the contract.

Southern California Gas
 Summary of Actual Gas Components
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Gas Components:	Volume (MMBtus)	Dollars
Mainline Pipeline		
El Paso Permian	101,659,581	\$346,225,778
El Paso San Juan	125,809,854	450,363,074
Transwestern - Permian	35,184	130,528
Transwestern - San Juan	91,956,071	319,960,801
Kern River	58,773,687	203,001,314
NOVA	20,090,041	67,593,069
GTN - Malin/Kingsgate	576,365	375,745
PG&E Ruby	132,000	1,807,956
Total Mainline Purchases:	<u>399,032,783</u>	<u>\$1,389,458,265</u>
Border Pipeline		
Border	61,531,587	\$209,745,837
SoCal CityGate	77,712,266	303,735,579
PG&E Topock/CityGate	22,008	87,770
Total Border Purchases:	<u>139,265,861</u>	<u>\$513,569,186</u>
Deduct for Gas Sales:		
Mainline	(38,379,743)	(\$132,767,868)
Border - All Pipelines	(28,020,412)	(106,263,408)
SoCal CityGate	(25,717,157)	(86,948,063)
PG&E Topock/CityGate	(5,020,210)	(19,927,893)
Total Gas Sales:	<u>(97,137,522)</u>	<u>(\$345,907,232)</u>
Other Revenue Costs:		
Net Secondary Market Revenue		(\$10,092,757)
GCIM Derivative Transactions		282,589
Total Other Revenue Costs:		<u>(\$9,810,168)</u>
Total Commodity Costs:		<u>\$1,547,310,051</u>
Related Commodity Costs:		
Transport Costs		8,675,414
Reservation Charges		148,849,806
		<u>\$157,525,220</u>
Total Volume to Costs:	<u>441,161,122</u>	<u>\$1,704,835,271</u>

Southern California Gas
Actual Gas Components
GCIM Year 18
April 1, 2011 through March 31, 2012

	April-11	May-11	June-11	July-11	August-11	September-11	October-11	November-11	December-11	January-12	February-12	March-12	Annual Total
Mainline Gas Costs													
El Paso Permian	\$23,311,290	\$20,566,778	\$22,746,847	\$16,842,556	\$30,443,340	\$39,864,182	\$34,366,315	\$34,729,509	\$38,953,009	\$32,505,407	\$28,302,517	\$23,594,028	\$346,225,778
El Paso SJ	49,394,573	51,519,071	48,339,267	59,544,701	47,756,020	35,449,558	28,414,594	28,602,063	25,851,870	33,068,405	18,228,770	24,194,182	450,363,074
Transwestern - Permian	0	0	0	0	0	70,727	59,801	0	0	0	0	0	130,528
Transwestern - SJ	26,854,751	28,053,916	27,450,655	28,241,820	28,902,051	25,163,974	24,384,573	29,146,509	29,992,293	28,160,403	21,882,900	21,726,956	319,960,801
Kern River	15,799,255	16,230,134	16,162,487	16,231,911	16,690,369	19,210,225	18,617,629	18,468,794	18,633,333	20,202,991	13,269,492	13,484,694	203,001,314
NOVA	6,232,463	6,123,018	6,513,849	6,591,005	5,879,431	5,825,097	6,147,882	5,293,534	6,877,406	4,926,984	3,746,006	3,436,394	67,593,069
NWPL	0	0	0	0	0	0	375,745	0	0	0	0	0	375,745
GTN - Kingsgate	0	0	0	0	0	0	0	0	0	0	0	0	0
GTN - Stanfield/Malin	0	0	0	0	232,295	78,205	58,909	0	0	1,072,833	13,202	0	1,455,444
PG&E Ruby	0	0	0	0	0	0	0	0	0	352,512	0	0	352,512
Total Mainline Costs:	121,592,332	122,492,917	121,213,105	127,451,993	129,903,506	125,661,968	112,425,448	116,240,409	120,307,911	120,289,535	85,442,887	86,436,254	1,389,458,265
Border Gas Costs													
Border	7,872,608	9,764,360	14,065,553	13,061,793	17,755,197	12,891,146	15,861,716	18,321,770	30,995,265	30,738,863	14,740,955	23,676,611	209,745,837
SoCal CityGate	36,943,646	31,708,157	10,020,171	45,615,185	54,982,332	4,854,198	20,293,880	359,314	55,936,502	28,277,912	7,714,693	7,029,589	303,735,579
PG&E Topock/CityGate	0	0	0	0	0	13,693	74,077	0	0	0	0	0	87,770
Total Border Costs:	44,816,254	41,472,517	24,085,724	58,676,978	72,737,529	17,759,037	36,229,673	18,681,084	86,931,767	59,016,775	22,455,648	30,706,200	513,569,186
Total Gas Costs:	166,408,586	163,965,434	145,298,829	186,128,971	202,641,035	143,421,005	148,655,121	134,921,493	207,239,678	179,306,310	107,898,535	117,142,454	1,903,027,451
Adjust for Gas Sales:													
Mainline Sales	(7,146,448)	(10,873,890)	(7,034,814)	(16,855,244)	(8,650,759)	(15,071,860)	(13,763,476)	(7,583,264)	(12,057,802)	(19,736,048)	(7,031,968)	(6,962,295)	(132,767,868)
Border Sales	(10,793,850)	(2,681,141)	(5,388,975)	(11,332,763)	(15,972,423)	(9,991,576)	(3,458,972)	(8,993,433)	(11,732,961)	(11,768,171)	(6,951,692)	(7,197,451)	(106,263,408)
SoCal CityGate	(44,250)	(1,812,942)	(9,780,253)	(3,429,767)	(83,895)	(11,046,030)	(6,721,510)	(11,737,661)	(150,400)	(3,930,264)	(20,920,712)	(17,290,379)	(86,948,063)
PG&E Topock/CityGate	0	0	0	(1,129,319)	0	(6,220,198)	(5,916,910)	(5,999,964)	(661,502)	0	0	0	(19,927,893)
Total Gas Sales:	(17,984,548)	(15,367,973)	(22,204,042)	(32,747,093)	(24,707,077)	(42,329,664)	(29,860,868)	(34,314,322)	(24,602,665)	(35,434,483)	(34,904,372)	(31,450,125)	(345,907,232)
Adjust for Other Cost/Revenues													
Secondary Market													
Service Revenues	(68,308)	(132,307)	(518,280)	(114,924)	(97,635)	27,700	(196,952)	(1,780,584)	(1,095,487)	(1,262,933)	(3,040,570)	(1,815,993)	(10,096,273)
Hedging Costs Allowable	(6,591)	344,893	(72,098)	26,656	76,100	15,861	114,281	3,602	(2,982)	94,108	(3,378)	(307,863)	282,589
Total Other Costs/Revenues:	(74,899)	212,586	(590,378)	(88,268)	(21,535)	43,561	(82,671)	(1,776,982)	(1,098,469)	(1,168,825)	(3,043,948)	(2,123,856)	(9,813,684)
Adjust for Transportation & Reservation Costs													
Commodity Transport Cost													
Transport Reservation Charges	673,906	648,018	655,060	614,747	682,861	814,205	761,912	928,638	753,546	731,247	681,200	730,074	8,675,414
Total Transportation & Reservation Costs	11,709,623	11,919,248	11,741,824	11,901,745	11,945,172	11,613,023	13,422,381	14,632,586	14,818,313	14,406,226	13,844,455	15,570,624	157,525,220
Total Actual Gas Costs:	160,058,762	160,729,295	134,246,233	165,195,355	189,857,595	112,747,925	132,133,963	113,462,775	196,356,857	157,109,228	83,794,670	99,139,097	1,704,831,755

Southern California Gas Company
 Summary of Actual Gas Costs
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	Cost of Gas Purchases	Commodity Transport Costs	Transport Reservation Charges	Actual Dollars
Apr-11	\$148,349,138	\$673,906	\$11,035,717	\$160,058,761
May-11	148,810,047	648,018	11,271,230	160,729,295
Jun-11	122,504,409	655,059	11,086,764	134,246,232
Jul-11	153,293,608	614,746	11,286,998	165,195,352
Aug-11	177,912,424	682,861	11,262,311	189,857,596
Sep-11	101,134,900	814,205	10,798,818	112,747,923
Oct-11	118,711,582	761,912	12,660,469	132,133,963
Nov-11	98,830,191	928,638	13,703,948	113,462,777
Dec-11	181,538,544	753,546	14,064,767	196,356,857
Jan-12	142,703,004	731,247	13,674,979	157,109,230
Feb-12	69,953,728	681,200	13,163,255	83,798,183
Mar-12	83,568,473	730,074	14,840,550	99,139,097
Annual Total:	\$1,547,310,048	\$8,675,412	\$148,849,806	\$1,704,835,266

Southern California Gas
Actual Gas Costs
GCIM Year 18
April 1, 2011 through March 31, 2012

Mainline Commodity Costs	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
El Paso Permian	23,311,290	20,566,778	22,746,847	16,842,556	30,443,340	39,864,182	34,366,315	34,729,509	38,953,009	32,505,407	28,302,517	23,594,028	346,225,778
El Paso San Juan	49,394,573	51,519,071	48,339,267	59,544,701	47,756,020	35,449,558	28,414,594	28,602,063	25,851,870	33,068,405	18,228,770	24,194,182	450,363,074
Transwestern Permian	0	0	0	0	0	70,727	59,801	0	0	0	0	0	130,528
Transwestern San Juan	26,854,751	28,053,916	27,450,655	28,241,819	28,902,051	25,163,973	24,384,573	29,146,509	29,992,293	28,160,403	21,882,900	21,726,956	319,960,799
Kern River	15,799,255	16,230,134	16,162,487	16,231,911	16,690,369	19,210,225	18,617,629	18,468,794	18,633,333	20,202,991	13,269,491	13,484,694	203,001,313
NOVA-Alberta	6,232,463	6,123,018	6,513,849	6,591,005	5,879,431	5,825,097	6,147,882	5,293,534	6,877,406	4,926,984	3,746,006	3,436,394	67,593,069
NWPL	0	0	0	0	0	0	375,745	0	0	0	0	0	375,745
PG&E Ruby	0	0	0	0	0	0	0	0	0	352,512	0	0	352,512
GTN-Malin/Kingsgate	0	0	0	0	232,295	78,205	58,909	0	0	1,072,833	13,202	0	1,455,444
Total Mainline Costs:	\$121,592,332	122,492,917	121,213,105	127,451,992	129,903,506	125,661,967	112,425,448	116,240,409	120,307,911	120,289,535	85,442,886	86,436,254	\$1,389,458,262
Border Gross Commodity Costs													
Border - All Pipelines	7,872,608	9,764,360	14,065,553	13,061,793	17,755,197	12,891,146	15,861,716	18,321,770	30,995,265	30,738,863	14,740,955	23,676,611	209,745,837
SoCal CityGate	36,943,646	31,708,157	10,020,171	45,615,185	54,982,332	4,854,198	20,293,880	359,314	55,936,502	28,277,912	7,714,693	7,029,589	303,735,579
PG&E CityGate	0	0	0	0	0	13,693	74,077	0	0	0	0	0	87,770
Total Border Costs:	\$44,816,254	\$41,472,517	\$24,085,724	\$58,676,978	\$72,737,529	\$17,759,037	\$36,229,673	\$18,681,084	\$86,931,767	\$59,016,775	\$22,455,648	\$30,706,200	\$513,569,186
Sub-Total Purchase Costs:	\$166,408,586	163,965,434	145,298,829	186,128,970	202,641,035	143,421,004	148,655,121	134,921,493	207,239,678	179,306,310	107,898,534	117,142,454	\$1,903,027,448
Deduct Sales from Gas Purchases:													
Mainline	(7,146,448)	(10,873,890)	(7,034,814)	(16,855,244)	(8,650,759)	(15,071,860)	(13,763,476)	(7,583,264)	(12,057,802)	(19,736,048)	(7,031,968)	(6,962,295)	(132,767,868)
Border	(10,793,850)	(2,681,141)	(5,388,975)	(11,332,763)	(15,972,423)	(9,991,576)	(3,458,972)	(8,993,433)	(11,732,961)	(11,768,171)	(6,951,692)	(7,197,451)	(106,263,408)
SoCal CityGate	(44,250)	(1,812,942)	(9,780,253)	(3,429,767)	(83,895)	(11,046,030)	(6,721,510)	(11,737,661)	(150,400)	(3,930,264)	(20,920,712)	(17,290,379)	(86,948,063)
PG&E Topock/CityGate	0	0	0	(1,129,319)	0	(6,220,198)	(5,916,910)	(5,999,964)	(661,502)	0	0	0	(19,927,893)
Secondary Market Svs. Revenue	(68,308)	(132,306)	(518,280)	(114,924)	(97,634)	27,700	(196,952)	(1,780,583)	(1,095,487)	(1,262,932)	(3,037,058)	(1,815,993)	(10,092,757)
Total Sales Deducted from Gas Purchases:	(\$18,052,856)	(15,500,279)	(22,722,322)	(32,862,017)	(24,804,711)	(42,301,964)	(30,057,820)	(36,094,905)	(25,698,152)	(36,697,415)	(37,941,430)	(33,266,118)	(\$355,999,989)
Allowable Hedging Costs:	(6,591)	344,893	(72,098)	26,656	76,100	15,861	114,281	3,602	(2,982)	94,108	(3,378)	(307,863)	282,589
Net Gas Purchase Costs:	\$148,349,139	\$148,810,048	\$122,504,409	\$153,293,609	\$177,912,424	\$101,134,901	\$118,711,582	\$98,830,190	\$181,538,544	\$142,703,003	\$69,953,726	\$83,568,473	\$1,547,310,048

Southern California Gas
Actual Gas Costs - Excluded Hedging Costs
GCI# Year 18
April 1, 2011 through March 31, 2012

Mainline Commodity Costs	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
El Paso Permian	23,311,290	20,566,778	22,746,847	16,842,556	30,443,340	39,864,182	34,366,315	34,729,509	38,953,009	32,505,407	28,302,517	23,594,028	346,225,778
El Paso San Juan	49,394,573	51,519,071	48,339,267	59,544,701	47,756,020	35,449,558	28,414,594	28,602,063	25,851,870	33,068,405	18,228,770	24,194,182	450,363,074
Transwestern Permian	0	0	0	0	0	70,727	59,801	0	0	0	0	0	130,528
Transwestern San Juan	26,854,751	28,053,916	27,450,655	28,241,819	28,902,051	25,163,973	24,384,573	29,146,509	29,992,293	28,160,403	21,882,900	21,726,956	319,960,799
Kern River	15,799,255	16,230,134	16,162,487	16,231,911	16,690,369	19,210,225	18,617,629	18,468,794	18,633,333	20,202,991	13,269,491	13,484,694	203,001,313
NOVA-Alberta	6,232,463	6,123,018	6,513,849	6,591,005	5,879,431	5,825,097	6,147,882	5,293,534	6,877,406	4,926,984	3,746,006	3,436,394	67,593,069
NWPL	0	0	0	0	0	0	375,745	0	0	0	0	0	375,745
PG&E Ruby	0	0	0	0	0	0	0	0	0	352,512	0	0	352,512
GTN-Malin/Kingsgate	0	0	0	0	232,295	78,205	58,909	0	0	1,072,833	13,202	0	1,455,444
Total Mainline Costs:	\$121,592,332	122,492,917	121,213,105	127,451,992	129,903,506	125,661,967	112,425,448	116,240,409	120,307,911	120,289,535	85,442,886	86,436,254	\$1,389,458,262
Border Gross Commodity Costs													
Border - All Pipelines	7,872,608	9,764,360	14,065,553	13,061,793	17,755,197	12,891,146	15,861,716	18,321,770	30,995,265	30,738,863	14,740,955	23,676,611	209,745,837
SoCal CityGate	36,943,646	31,708,157	10,020,171	45,615,185	54,982,332	4,854,198	20,293,880	359,314	55,936,502	28,277,912	7,714,693	7,029,589	303,735,579
CA Production	0	0	0	0	0	13,693	74,077	0	0	0	0	0	87,770
Total Border Costs:	\$44,816,254	\$41,472,517	\$24,085,724	\$58,676,978	\$72,737,529	\$17,759,037	\$36,229,673	\$18,681,084	\$86,931,767	\$59,016,775	\$22,455,648	\$30,706,200	\$513,569,186
Sub-Total Purchase Costs:	\$166,408,586	163,965,434	145,298,829	186,128,970	202,641,035	143,421,004	148,655,121	134,921,493	207,239,678	179,306,310	107,898,534	117,142,454	\$1,903,027,448
Deduct Sales from Gas Purchases:													
Mainline	(7,146,448)	(10,873,890)	(7,034,814)	(16,855,244)	(8,650,759)	(15,071,860)	(13,763,476)	(7,583,264)	(12,057,802)	(19,736,048)	(7,031,968)	(6,962,295)	(132,767,868)
Border	(10,793,850)	(2,681,141)	(5,388,975)	(11,332,763)	(15,972,423)	(9,991,576)	(3,458,972)	(8,993,433)	(11,732,961)	(11,768,171)	(6,951,692)	(7,197,451)	(106,263,408)
SoCal CityGate	(44,250)	(1,812,942)	(9,780,253)	(3,429,767)	(83,895)	(11,046,030)	(6,721,510)	(11,737,661)	(150,400)	(3,930,264)	(20,920,712)	(17,290,379)	(86,948,063)
PG&E Topock/CityGate	0	0	0	(1,129,319)	0	(6,220,198)	(5,916,910)	(5,999,964)	(661,502)	0	0	0	
Secondary Market Svs. Revenue	(68,308)	(132,306)	(518,280)	(114,924)	(97,634)	27,700	(196,952)	(1,780,583)	(1,095,487)	(1,262,932)	(3,037,058)	0	(8,276,764)
Total Sales Deducted from Gas Purchases:	(\$18,052,856)	(15,500,279)	(22,722,322)	(32,862,017)	(24,804,711)	(42,301,964)	(30,057,820)	(36,094,905)	(25,698,152)	(36,697,415)	(37,941,430)	(31,450,125)	(\$334,256,103)
Net Gas Purchase Costs:	\$148,355,730	\$148,465,155	\$122,576,507	\$153,266,953	\$177,836,324	\$101,119,040	\$118,597,301	\$98,826,588	\$181,541,526	\$142,608,895	\$69,957,104	\$85,692,329	\$1,568,771,345

Southern California Gas
Summary of Annual Net Purchase Volume
GCIM Year 18
April 1, 2011 through March 31, 2012

Net Purchase Volume	Mainline Gas Volume	Border Purchase Volume	CA-Federal Off-Shore Volumes	SoCal CityGate Volumes	Total
Purchase Volume	399,052,783	61,553,595	279,288	77,432,978	538,318,644
Less: Sales Volume	(38,399,743)	(33,040,622)	0	(25,717,157)	(97,157,522)
Net Purchase Volume:	360,653,040	28,512,973	279,288	51,715,821	441,161,122

Southern California Gas Company
Natural Gas Volume (MMBtus)
GCIM Year 18
April 1, 2011 through March 31, 2012

Pipelines	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
Mainline Gas Purchases													
El Paso Permian	5,716,258	5,002,594	5,475,713	4,003,371	7,163,591	10,507,036	9,594,863	10,313,209	11,964,821	10,818,652	11,195,515	9,903,958	101,659,581
El Paso SJ	12,472,433	12,793,497	11,899,274	14,551,796	11,591,272	9,502,729	8,125,465	8,464,088	7,914,087	10,965,348	7,283,176	10,246,689	125,809,854
Transwestern - Permian	0	0	0	0	0	18,584	16,600	0	0	0	0	0	35,184
Transwestern - SJ	6,703,834	6,924,050	6,744,154	6,852,699	6,969,326	6,688,868	6,881,438	8,550,932	9,035,209	9,005,274	8,595,441	9,004,846	91,956,071
Kern River	3,970,872	4,062,564	4,043,322	4,092,271	4,090,346	5,177,276	5,190,959	5,358,556	5,481,819	6,516,875	5,189,818	5,599,009	58,773,687
NOVA	1,604,653	1,593,178	1,592,334	1,665,980	1,668,920	1,620,771	1,762,941	1,609,394	2,056,764	1,665,980	1,574,334	1,674,792	20,090,041
NWPL	0	0	0	0	0	0	110,600	0	0	0	0	0	110,600
GTN - Kingsgate	0	0	0	0	0	0	0	0	0	0	0	0	0
GTN - Stanfield	0	0	0	0	0	0	0	0	0	0	0	0	0
GTN - Malin	0	0	0	0	60,000	20,000	16,500	0	0	384,265	5,000	0	485,765
PG&E Ruby	0	0	0	0	0	0	0	0	0	132,000	0	0	132,000
Total Mainline Purchases:	30,468,050	30,375,883	29,754,797	31,166,117	31,543,455	33,535,264	31,699,366	34,296,179	36,452,700	39,488,394	33,843,284	36,429,294	399,052,783
Border Gas Purchases													
SoCal Border	1,837,039	2,252,610	3,230,174	2,927,159	4,041,667	3,161,258	4,500,316	5,325,496	8,970,748	10,081,291	5,378,907	9,824,922	61,531,587
California Federal & Off Shore	36,259	39,893	35,686	38,509	48,057	43,492	17,015	3,709	3,632	3,943	4,694	4,399	279,288
SoCal CityGate	8,654,087	7,548,500	2,271,960	10,304,944	12,661,007	1,216,621	5,088,255	101,644	15,454,009	8,443,585	2,709,874	2,978,492	77,432,978
PG&E CityGate	0	0	0	0	0	3,100	18,908	0	0	0	0	0	22,008
Total Border Purchases:	10,527,385	9,841,003	5,537,820	13,270,612	16,750,731	4,424,471	9,624,494	5,430,849	24,428,389	18,528,819	8,093,475	12,807,813	139,265,861
Total Gas Purchases:	40,995,435	40,216,886	35,292,617	44,436,729	48,294,186	37,959,735	41,323,860	39,727,028	60,881,089	58,017,213	41,936,759	49,237,107	538,318,644
Deduct for Gas Sales:													
Mainline	(1,756,858)	(2,657,009)	(1,568,861)	(3,980,065)	(2,103,499)	(4,004,625)	(4,055,830)	(2,293,639)	(3,641,808)	(6,565,017)	(2,783,238)	(2,989,294)	(38,399,743)
Border	(2,501,569)	(598,101)	(1,155,748)	(2,467,169)	(3,626,045)	(2,392,224)	(951,983)	(2,453,617)	(3,167,298)	(3,594,873)	(2,410,210)	(2,701,575)	(28,020,412)
SoCal CityGate	(10,012)	(395,300)	(2,099,800)	(760,000)	(20,000)	(2,610,486)	(1,758,200)	(3,133,951)	(40,000)	(1,213,399)	(7,227,513)	(6,448,496)	(25,717,157)
PG&E Topock	0	0	0	(260,033)	0	0	0	0	0	0	0	0	(260,033)
PG&E CityGate	0	0	0	0	0	(1,456,299)	(1,569,878)	(1,554,000)	(180,000)	0	0	0	(4,760,177)
Total Purchases for Gas Sales:	(4,268,439)	(3,650,410)	(4,824,409)	(7,467,267)	(5,749,544)	(10,463,634)	(8,335,891)	(9,435,207)	(7,029,106)	(11,373,289)	(12,420,961)	(12,139,365)	(97,157,522)
Total Gas Net Purchases:	36,726,996	36,566,476	30,468,208	36,969,462	42,544,642	27,496,101	32,987,969	30,291,821	53,851,983	46,643,924	29,515,798	37,097,742	441,161,122

Southern California Gas
Summation of Actual Gas Purchases + Sales
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	Mainline Interstate Purchases	Border Purchases	SoCal CityGate Purchases	PG&E Topock/CityGate	CA Production	Total Mainline & Border Purchases	Mainline Gas Sales	Border Gas Sales	SoCal CityGate Sales	PG&E Sales	Net Purchases
Apr-11	121,592,332	7,872,608	36,943,646	0	147,712	166,556,298	(7,146,448)	(10,793,850)	(44,249)	0	148,571,751
May-11	122,492,918	9,764,360	31,708,157	0	165,404	164,130,839	(10,873,890)	(2,681,141)	(1,812,942)	0	148,762,866
Jun-11	121,213,105	14,065,553	10,020,171	0	148,325	145,447,154	(7,034,814)	(5,388,975)	(9,780,253)	0	123,243,112
Jul-11	127,451,991	13,061,793	45,615,185	0	162,034	186,291,003	(16,855,244)	(11,332,763)	(3,429,767)	0	154,673,229
Aug-11	129,903,505	17,755,197	54,982,332	0	204,180	202,845,214	(8,650,759)	(15,972,423)	(83,895)	0	178,138,137
Sep-11	125,661,967	12,891,146	4,854,198	13,693	167,392	143,588,396	(15,071,860)	(9,991,576)	(11,046,030)	0	107,478,930
Oct-11	112,425,449	15,861,716	20,293,880	74,077	61,647	148,716,769	(13,763,476)	(3,458,972)	(6,721,510)	(5,916,910)	118,855,901
Nov-11	116,240,410	18,321,770	359,314	0	12,906	134,934,400	(7,583,264)	(8,993,433)	(11,737,661)	(5,999,964)	100,620,078
Dec-11	120,307,912	30,995,265	55,936,502	0	12,265	207,251,944	(12,057,802)	(11,732,961)	(150,400)	(661,502)	182,649,279
Jan-12	120,289,536	30,738,863	28,277,912	0	12,485	179,318,796	(19,736,048)	(11,768,171)	(3,930,264)	0	143,884,313
Feb-12	85,442,888	14,740,955	7,714,693	0	12,125	107,910,661	(7,031,968)	(6,951,692)	(20,920,712)	0	73,006,289
Mar-12	86,436,254	23,676,611	7,029,589	0	10,822	117,153,276	(6,962,295)	(7,197,451)	(17,290,379)	0	85,703,151
Total:	1,389,458,267	209,745,837	303,735,579	87,770	1,117,297	1,904,144,750	(132,767,868)	(106,263,408)	(86,948,062)	(12,578,376)	1,565,587,036

Footnote: Revenue from Secondary Market Services are excluded.

Southern California Gas Company
Summation of Actual Purchases
(Measured by MMBtus)
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	Border	CA Production	SoCal CityGate	PG&E Topock/Ruby/ CityGate	EI Paso Permian	EI Paso San Juan	TW Permian	TW San Juan	Kern River	NOVA	NWPL	GTN Malin	GTN Stanfield	GTN Kingsgate	Total
Apr-11	1,837,039	36,259	8,654,087	0	5,716,258	12,472,433	0	6,703,834	3,970,872	1,604,653	0	0	0	0	40,995,435
May-11	2,252,610	39,893	7,548,500	0	5,002,594	12,793,497	0	6,924,050	4,062,564	1,593,178	0	0	0	0	40,216,886
Jun-11	3,230,174	35,686	2,271,960	0	5,475,713	11,899,274	6,744,154	0	4,043,322	1,592,334	0	0	0	0	35,292,617
Jul-11	2,927,159	38,509	10,304,944	0	4,003,371	14,551,796	6,852,699	0	4,092,271	1,665,980	0	0	0	0	44,436,729
Aug-11	4,041,667	48,057	12,661,007	0	7,163,591	11,591,272	0	6,969,326	4,090,346	1,668,920	0	60,000	0	0	48,294,186
Sep-11	3,161,258	43,492	1,216,621	3,100	10,507,036	9,502,729	18,584	6,688,868	5,177,276	1,620,771	0	20,000	0	0	37,959,735
Oct-11	4,500,316	17,015	5,088,255	18,908	9,594,863	8,125,465	16,600	6,881,438	5,190,959	1,762,941	110,600	16,500	0	0	41,323,860
Nov-11	5,325,496	3,709	101,644	0	10,313,209	8,464,088	0	8,550,932	5,358,556	1,609,394	0	0	0	0	39,727,028
Dec-11	8,970,748	3,632	15,454,009	0	11,964,821	7,914,087	0	9,035,209	5,481,819	2,056,764	0	0	0	0	60,881,089
Jan-12	10,081,291	3,943	8,443,585	132,000	10,818,652	10,965,348	0	9,005,274	6,516,875	1,665,980	0	384,265	0	0	58,017,213
Feb-12	5,378,907	4,694	2,709,874	0	11,195,515	7,283,176	0	8,595,441	5,189,818	1,574,334	0	5,000	0	0	41,936,759
Mar-12	9,824,922	4,399	2,978,492	0	9,903,958	10,246,689	0	9,004,846	5,599,009	1,674,792	0	0	0	0	49,237,107
Annual Total:	61,531,587	279,288	77,432,978	154,008	101,659,581	125,809,854	13,632,037	78,359,218	58,773,687	20,090,041	110,600	485,765	0	0	538,318,644

Total Volume: 538,318,644
Less: CA Production: (279,288)
Net Volume: 538,039,356

Southern California Gas
Actual Costs to Sales
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	Mainline Interstate Purchases	Border Purchases	CA-Federal & Offshore	Total Mainline & Border Purchases	Mainline Gas Sales	Border Gas Sales	Allowance for SMS Revenues (A)	Actual Gas Commodity Costs	Allowance for Derivative Costs	Total Commodity Costs
Apr-11	\$121,592,332	\$44,668,542	\$147,712	\$166,408,586	(\$7,146,448)	(\$10,838,100)	(\$68,308)	\$148,355,730	\$0	\$148,355,730
May-11	122,492,918	41,307,113	165,404	163,965,435	(10,873,890)	(449,404)	(132,306)	152,509,835	0	152,509,835
Jun-11	121,213,105	23,937,399	148,325	145,298,829	(7,034,814)	(15,169,228)	(518,280)	122,576,507	0	122,576,507
Jul-11	127,451,991	58,514,944	162,034	186,128,969	(16,855,244)	(15,891,850)	(114,924)	153,266,951	0	153,266,951
Aug-11	129,903,505	72,533,350	204,180	202,641,035	(8,650,759)	(16,056,318)	(97,634)	177,836,324	0	177,836,324
Sep-11	125,661,967	17,591,645	167,392	143,421,004	(15,071,860)	(27,257,805)	27,700	101,119,039	0	101,119,039
Oct-11	112,425,448	36,168,026	61,647	148,655,121	(13,763,476)	(16,097,393)	(196,952)	118,597,300	0	118,597,300
Nov-11	116,240,410	18,668,179	12,906	134,921,495	(7,583,264)	(26,731,058)	(1,780,584)	98,826,589	0	98,826,589
Dec-11	120,307,912	86,919,502	12,265	207,239,679	(12,057,802)	(12,544,863)	(1,095,487)	181,541,527	0	181,541,527
Jan-12	120,289,536	59,004,290	12,485	179,306,311	(19,736,048)	(15,698,435)	(1,262,933)	142,608,895	0	142,608,895
Feb-12	85,442,888	22,447,036	12,125	107,902,049	(7,031,968)	(27,872,404)	(3,040,571)	69,957,106	0	69,957,106
Mar-12	86,436,254	30,695,378	10,822	117,142,454	(6,962,295)	(24,487,831)	(1,815,993)	83,876,335	0	83,876,335
Annual Total	\$1,389,458,266	\$512,455,404	\$1,117,297	\$1,903,030,967	(\$132,767,868)	(\$209,094,689)	(\$10,096,272)	\$1,551,072,138	\$0	\$1,551,072,138

Southern California Gas
Schedule of Actual Sales
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	El Paso - Permian	El Paso - SJ	Transwestern - SJ	Transwestern - Permian	Kern River	NOVA	GTN - Kingsgate/Stanfield	GTN - Malin	NWPL	Total Mainline Sales	Border	SoCal CityGate	PG&E Sales	Total Border Sales	Total Mainline & Border Sales
Apr-11	\$ 5,270,412	\$ 1,572,511	\$ 12,593	\$ -	\$ 122,181	\$ 82,598	\$ -	\$ 86,153	\$ -	\$ 7,146,448	\$ 10,793,850	\$ 44,250	\$ -	\$ 10,838,100	\$ 17,984,548
May-11	8,050,353	266,731	0	0	0	1,223,008	0	1,333,797	0	10,873,889	2,681,141	1,812,942	0	4,494,083	15,367,972
Jun-11	6,109,226	104,022	6,202	0	36,186	163,516	0	615,662	0	7,034,814	5,388,975	9,780,253	0	15,169,228	22,204,042
Jul-11	9,597,283	6,671,550	206,837	0	0	151,806	0	227,767	0	16,855,243	11,332,763	3,429,767	1,129,319	15,891,849	32,747,092
Aug-11	4,442,155	3,880,367	0	0	0	328,236	0	0	0	8,650,758	15,972,423	83,895	0	16,056,318	24,707,076
Sep-11	6,034,319	8,496,780	79,546	0	245,540	137,280	0	78,395	0	15,071,860	9,991,576	11,046,030	6,220,198	27,257,804	42,329,664
Oct-11	7,457,875	5,057,837	60,746	27,506	435,310	434,824	0	272,629	16,747	13,763,474	3,458,972	6,721,510	5,916,910	16,097,392	29,860,866
Nov-11	508,546	6,947,629	33,156	0	18,567	75,335	0	0	0	7,583,233	8,993,433	11,737,661	5,999,964	26,731,058	34,314,291
Dec-11	2,273,414	5,591,198	536,235	0	60,193	1,521,553	0	2,075,209	0	12,057,802	11,732,961	150,400	661,502	12,544,863	24,602,665
Jan-12	9,396,723	4,215,475	0	0	806,486	69,927	0	5,247,437	0	19,736,048	11,768,171	3,930,264	0	15,698,435	35,434,483
Feb-12	1,107,261	5,350,382	374,532	0	12,497	109,056	0	78,240	0	7,031,968	6,951,692	20,920,712	0	27,872,404	34,904,372
Mar-12	2,797,479	4,061,115	12,072	0	20,947	70,681	0	0	0	6,962,294	7,197,451	17,290,379	0	24,487,830	31,450,124
	\$ 63,045,046	\$ 52,215,597	\$ 1,321,919	\$ 27,506	\$ 1,757,907	\$ 4,367,820	\$ -	\$ 10,015,289	\$ 16,747	\$ 132,767,831	\$ 106,263,408	\$ 86,948,063	\$ 19,927,893	\$ 213,139,364	\$ 345,907,195

Mainline Sales: \$132,767,831
Border Sales: \$213,139,364
Total Sales: \$345,907,195

Southern California Gas
Schedule of Actual Sales by Volume
(Measures in MMBtus)
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	El Paso - Permian	El Paso - SJ	Transwestern - SJ	Transwestern - Permian	Kern River	NOVA	GTN - Kingsgate/S tanfield	GTN - Malin	NWPL	Total Mainline Volume	Border	SoCal CityGate	PG%E Topock/City Gate	Total Border Volume	Total Mainline & Border Volume
Apr-11	1,295,081	406,015	3,053	0	31,761	948	0	20,000	0	1,756,858	2,501,569	10,012	0	2,511,581	4,268,439
May-11	1,990,764	65,168	0	0	0	289,177	0	311,900	0	2,657,009	598,101	395,300	0	993,401	3,650,410
Jun-11	1,376,960	24,200	1,400	0	8,206	23,695	0	134,400	0	1,568,861	1,155,748	2,099,800	0	3,255,548	4,824,409
Jul-11	2,241,004	1,617,726	49,989	0	0	18,956	0	52,390	0	3,980,065	2,467,169	760,000	260,033	3,487,202	7,467,267
Aug-11	1,085,147	945,559	0	0	0	72,793	0	0	0	2,103,499	3,626,045	20,000	0	3,646,045	5,749,544
Sep-11	1,590,215	2,289,781	0	20,927	64,746	18,956	0	20,000	0	4,004,625	2,392,224	2,610,486	1,456,299	6,459,009	10,463,634
Oct-11	2,204,312	1,519,048	17,991	8,300	121,350	104,829	0	75,000	5,000	4,055,830	951,983	1,758,200	1,569,878	4,280,061	8,335,891
Nov-11	173,498	2,102,445	10,800	0	5,000	1,896	0	0	0	2,293,639	2,453,617	3,133,951	1,554,000	7,141,568	9,435,207
Dec-11	677,886	1,721,323	153,485	0	16,332	450,782	0	622,000	0	3,641,808	3,167,298	40,000	180,000	3,387,298	7,029,106
Jan-12	3,211,749	1,433,882	0	0	264,000	0	0	1,655,386	0	6,565,017	3,594,873	1,213,399	0	4,808,272	11,373,289
Feb-12	446,600	2,135,691	144,621	0	5,000	21,326	0	30,000	0	2,783,238	2,410,210	7,227,513	0	9,637,723	12,420,961
Mar-12	1,268,551	1,704,843	5,900	0	10,000	0	0	0	0	2,989,294	2,701,575	6,448,496	0	9,150,071	12,139,365
	17,561,767	15,965,681	387,239	29,227	526,395	1,003,358	0	2,921,076	5,000	38,399,743	28,020,412	25,717,157	5,020,210	58,757,779	97,157,522

Volume (MMBtus)

Mainline: 38,399,743
Border: 58,757,779
Total: 97,157,522

Southern California Gas
 Summary of Mainline and Border Sales
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Mainline/Border	Sales	Volume (MMBtus)	Sales/Volume
Mainline:			
El Paso Permian	\$ 63,045,046	17,561,767	\$3.59
El Paso SJ	52,215,597	15,965,681	3.27
Transwestern SJ	1,321,919	387,239	3.41
Transwestern Permian	27,506	29,227	0.94
Kern River	1,757,907	526,395	3.34
NOVA	4,367,820	1,003,358	4.35
NWPL	16,747	5,000	3.35
GTN - Malin	10,015,289	2,921,076	3.43
Total Mainline Sales to Volume	\$ 132,767,831	38,399,743	\$3.46
Border:			
SoCal Border	106,263,408	28,020,412	\$3.79
SoCal CityGate	86,948,063	25,717,157	3.38
PG&E Topock/CityGate	19,927,893	5,020,210	3.97
Total Border Sales to Volume	213,139,364	58,757,779	3.63
Total Sales to Volume	\$ 345,907,195	97,157,522	\$3.56

Southern California Gas
 Summary of Net Hub Secondary Market Revenues
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	Secondary Market Service Revenue	Overhead Expenses	Net Secondary Market Revenue	Percentage of Expenses to SMS Revenue
Apr-11	\$127,425	\$59,117	\$68,308	46%
May-11	401,298	268,991	132,307	67%
Jun-11	591,020	72,740	518,280	12%
Jul-11	139,072	24,148	114,924	17%
Aug-11	155,983	58,348	97,635	37%
Sep-11	24,300	52,000	(27,700)	214%
Oct-11	315,332	118,380	196,952	38%
Nov-11	1,837,071	56,487	1,780,584	3%
Dec-11	1,155,198	59,711	1,095,487	5%
Jan-12	1,328,019	65,086	1,262,933	5%
Feb-12	3,101,611	61,040	3,040,571	2%
Mar-12	1,882,622	66,629	1,815,993	4%
Annual Total:	\$11,058,951	\$962,677	\$10,096,274	9%

Southern California Gas Company
Pipeline Commodity Transportation Charges
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	El Paso Pipeline			Transwestern			Kern River (A)			Canadian Path			Mexican Path			GRAND TOTALS		
	Volume	Dollars	% of \$	Volume	Dollars	% of \$	Volume	Dollars	% of \$	Volume	Dollars	% of \$	Volume	Dollars	% of \$	Volume	Dollars	% of \$
Apr-11	16,231,785	\$ 543,702	8.5%	6,536,950	\$ 85,057	7.3%	3,870,334	\$ 23,867	7.0%	1,535,560	\$ 21,280	2.9%	0	\$ -	0.0%	28,174,629	\$ 673,906	7.8%
May-11	15,527,447	519,525	8.1%	6,754,932	87,893	7.6%	3,975,454	24,513	7.2%	948,969	16,085	2.2%	0	0	0.0%	27,206,802	648,016	7.5%
Jun-11	15,624,805	525,478	8.2%	6,578,060	85,591	7.4%	3,922,576	24,205	7.1%	1,389,642	19,784	2.7%	0	0	0.0%	27,515,083	655,058	7.6%
Jul-11	14,331,782	482,981	7.6%	6,636,559	86,354	7.5%	3,992,843	24,625	7.2%	1,539,226	20,786	2.9%	0	0	0.0%	26,500,410	614,746	7.1%
Aug-11	16,309,516	549,630	8.6%	6,799,103	88,468	7.6%	3,980,712	24,539	7.2%	1,596,661	20,223	2.8%	0	0	0.0%	28,685,992	682,860	7.9%
Sep-11	15,729,560	530,086	8.3%	6,523,194	85,053	7.3%	4,979,361	29,731	8.7%	1,556,529	169,335	23.2%	0	0	0.0%	28,788,644	814,205	9.4%
Oct-11	13,869,592	463,301	7.3%	6,703,895	86,638	7.5%	5,038,419	32,168	9.4%	1,550,970	179,805	24.7%	0	0	0.0%	27,162,876	761,912	8.8%
Nov-11	16,092,147	540,696	8.5%	8,331,379	107,550	9.3%	5,206,018	30,715	9.0%	1,554,000	179,513	24.6%	189,986	70,164	100.0%	31,373,530	928,638	10.7%
Dec-11	17,056,073	572,857	9.0%	8,664,631	111,851	9.7%	5,320,940	30,923	9.0%	941,824	37,915	5.2%	0	0	0.0%	31,983,468	753,546	8.7%
Jan-12	16,742,510	562,548	8.8%	8,785,148	113,407	9.8%	6,087,665	35,743	10.4%	479,127	19,548	2.7%	0	0	0.0%	32,094,450	731,246	8.4%
Feb-12	15,534,137	521,833	8.2%	8,244,274	106,425	9.2%	5,050,827	29,376	8.6%	1,478,641	23,565	3.2%	0	0	0.0%	30,307,879	681,199	7.9%
Mar-12	16,780,520	563,825	8.8%	8,779,053	113,329	9.8%	5,443,042	31,687	9.3%	1,607,908	21,232	2.9%	0	0	0.0%	32,610,523	730,073	8.4%
Annual Total:	189,829,874	\$ 6,376,462	100.0%	89,337,178	\$ 1,157,616	100.0%	56,868,191	\$ 342,092	100.0%	16,179,057	\$ 729,071	100.0%	189,986	\$ 70,164	100.0%	352,404,286	\$ 8,675,405	100.0%

(A) Kern River includes transactions from NWPL.

Southern California Gas
 Transported Volume by Pipeline
 (Measured in MMBtus)
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Transported Volume By Pipeline	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
El Paso	16,231,785	15,527,447	15,624,805	14,331,782	16,309,516	15,729,560	13,869,592	16,092,147	17,056,073	16,742,510	15,534,137	16,780,520	189,829,874
Transwestern	6,536,950	6,754,932	6,578,060	6,636,559	6,799,103	6,523,194	6,703,895	8,331,379	8,664,631	8,785,148	8,244,274	8,779,053	89,337,178
Kern River	3,870,334	3,975,454	3,922,576	3,992,843	3,980,712	4,979,361	4,934,560	5,206,018	5,320,940	6,087,665	5,050,827	5,443,042	56,764,332
NWPL	0	0	0	0	0	0	103,859	0	0	0	0	0	0
Total Interstate Volume:	26,639,069	26,257,833	26,125,441	24,961,184	27,089,331	27,232,115	25,611,906	29,629,544	31,041,644	31,615,323	28,829,238	31,002,615	336,035,243
GTN	(1,589,510)	(1,269,496)	(1,536,668)	(1,605,610)	(1,551,177)	(1,569,202)	(1,622,000)	(1,569,720)	(1,572,588)	(1,622,617)	(1,517,076)	(1,622,540)	(18,648,204)
PG&E	1,535,560	948,969	1,389,642	1,539,226	1,596,661	1,556,529	1,550,970	1,554,000	941,824	479,127	1,478,641	1,607,908	16,179,057
Total Canadian Volume:	1,535,560	948,969	1,389,642	1,539,226	1,596,661	1,556,529	1,550,970	1,554,000	941,824	479,127	1,478,641	1,607,908	16,179,057
North Baja	0	0	0	0	0	0	0	(190,939)	0	0	0	0	(190,939)
Gasoducto Rosarito	0	0	0	0	0	0	0	(190,366)	0	0	0	0	(190,366)
Transp. De Gas Natural De Baja CA	0	0	0	0	0	0	0	189,986	0	0	0	0	189,986
Total Mexican Volume	0	0	0	0	0	0	0	(191,319)	0	0	0	0	(191,319)
Total Pipeline Transport Volume	28,174,629	27,206,802	27,515,083	26,500,410	28,685,992	28,788,644	27,162,876	30,992,225	31,983,468	32,094,450	30,307,879	32,610,523	352,022,981

Southern California Gas
Commodity Transportation Costs by Pipeline
GCIM Year 18
April 1, 2011 through March 31, 2012

Transport Costs by Pipeline	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
El Paso	\$543,702	\$519,525	\$525,478	\$482,981	\$549,630	\$530,086	\$463,301	\$540,696	\$572,857	\$562,548	\$521,833	\$563,825	\$6,376,462
Transwestern	85,057	87,893	85,591	86,354	88,468	85,053	86,638	107,550	111,851	113,407	106,425	113,329	1,157,616
Kern River	23,867	24,513	24,205	24,625	24,539	29,731	28,865	30,715	30,923	35,743	29,376	31,687	338,789
Total Transport Costs:	652,626	631,931	635,274	593,960	662,637	644,870	578,804	678,961	715,631	711,698	657,634	708,841	7,872,867
Canadian Pipelines													
NWPL	0	0	0	0	0	0	3,303	0	0	0	0	0	0
GTN	21,280	16,086	19,784	20,786	20,223	169,335	179,805	179,513	37,915	19,548	23,565	21,232	729,072
PG&E	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Canadian Transport Costs:	21,280	16,086	19,784	20,786	20,223	169,335	183,108	179,513	37,915	19,548	23,565	21,232	729,072
Mexican Pipelines													
North Baja	0	0	0	0	0	0	0	25,569	0	0	0	0	25,569
Gasoducto Rosarito	0	0	0	0	0	0	0	31,562	0	0	0	0	31,562
Transport. De Gas													
Natural De Baja	0	0	0	0	0	0	0	13,033	0	0	0	0	13,033
Total Mexican Transport Costs:	0	0	0	0	0	0	0	70,164	0	0	0	0	70,164
Total Transportation Charges:	\$673,906	\$648,017	\$655,058	\$614,746	\$682,860	\$814,205	\$761,912	\$928,638	\$753,546	\$731,246	\$681,199	\$730,073	\$8,601,939

Southern California Gas
Core Firm Transportation Capacity Holdings by Pipeline
GCIM Year 18
April 1, 2011 through March 31, 2012

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
El Paso													
San Juan	497	497	497	497	497	377	377	385	385	385	385	385	5,164
Permian	50	50	50	50	50	135	135	157	157	157	157	157	1,305
Total El Paso:	547	547	547	547	547	512	512	542	542	542	542	542	6,469
Transwestern													
San Juan	220	220	220	220	220	220	220	285	285	285	285	285	2,965
Permian	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Transwestern:	220	220	220	220	220	220	220	285	285	285	285	285	2,965
Kern River													
Rockies	129	129	131	129	129	168	179	174	174	197	174	176	1,889
Total Kern River:	129	129	131	129	129	168	179	174	174	197	174	176	1,889
Canadian Path													
PG&E	52	52	52	52	52	52	52	52	52	52	52	52	624
Total Canadian Path:	52	52	52	52	52	52	52	52	52	52	52	52	624
Total Core Capacity Holdings:	948	948	950	948	948	952	963	1,053	1,053	1,076	1,053	1,055	11,947

Southern California Gas
 Summary of Actual Pipeline Commodity Transportation Cost
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	El Paso	Transwestern	Kern River Firm	NWPL	Canadian Path	North Baja	Gasoducto Rosarito	Transportadora De Gas Natural De Baja	Total Interstate Commodity Transportation Costs
Apr-11	\$543,702	\$85,057	\$23,867	\$0	\$21,280	\$0	\$0	\$0	\$673,906
May-11	519,525	87,893	24,513	0	16,086	0	0	0	648,017
Jun-11	525,478	85,591	24,205	0	19,784	0	0	0	655,058
Jul-11	482,981	86,354	24,625	0	20,785	0	0	0	614,745
Aug-11	549,630	88,468	24,539	0	20,223	0	0	0	682,860
Sep-11	530,086	85,053	29,731	0	169,335	0	0	0	814,205
Oct-11	463,301	86,638	28,865	3,303	179,805	0	0	0	761,912
Nov-11	540,696	107,550	30,715	0	179,513	25,569	31,562	13,033	928,638
Dec-11	572,857	111,851	30,923	0	37,915	0	0	0	753,546
Jan-12	562,548	113,407	35,743	0	19,548	0	0	0	731,246
Feb-12	521,833	106,425	29,376	0	23,565	0	0	0	681,199
Mar-12	563,825	113,329	31,687	0	21,232	0	0	0	730,073
Annual Total:	\$6,376,462	\$1,157,616	\$338,789	\$3,303	\$729,071	\$25,569	\$31,562	\$13,033	\$8,675,405

Southern California Gas
Summary of Transportation Reservation Charges by Pipeline
GCIM Year 18
April 1, 2011 through March 31, 2012

Month	El Paso Pipeline	Transwestern Pipeline	Kern River Pipeline	NWPL	Canadian Path Pipeline	Interstate Purchase Contracts (A)	Total Reservation Charges
Apr-11	\$4,677,582	\$1,944,000	\$1,806,811	\$0	\$1,312,476	\$1,294,847	\$11,035,716
May-11	4,741,794	2,008,800	1,867,038	0	1,315,588	1,338,009	11,271,229
Jun-11	4,741,500	1,944,000	1,812,331	0	1,294,084	1,294,847	11,086,762
Jul-11	4,751,675	2,008,800	1,867,038	0	1,321,475	1,338,009	11,286,997
Aug-11	4,742,336	2,008,800	1,867,038	0	1,306,128	1,338,009	11,262,311
Sep-11	4,221,624	1,944,000	2,091,553	0	1,246,793	1,294,847	10,798,817
Oct-11	4,056,488	2,008,800	2,138,288	9,300	1,245,646	3,201,947	12,660,469
Nov-11	4,258,739	2,494,500	2,156,251	0	1,225,553	3,568,904	13,703,947
Dec-11	4,522,686	2,577,650	2,228,126	0	1,277,039	3,459,265	14,064,766
Jan-12	4,267,442	2,577,650	2,267,707	0	1,323,687	3,238,492	13,674,978
Feb-12	4,332,189	2,411,350	2,079,818	0	1,294,904	3,044,994	13,163,255
Mar-12	4,331,859	2,577,650	2,229,307	0	1,332,258	4,369,476	14,840,550
Annual Total:	\$53,645,914	\$26,506,000	\$24,411,306	\$9,300	\$15,495,631	\$28,781,646	\$148,849,797

(A) - Interstate Purchase Contracts are referred to as Backbone Transportation Services

Southern California Gas
PGA Reservation Charges
GCIM Year 18
April 1, 2011 through March 31, 2012

Pipelines:	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	TOTALS
El Paso	\$ 4,677,582	\$ 4,741,794	\$ 4,741,501	\$ 4,751,675	\$ 4,742,336	\$ 4,221,624	\$ 4,056,488	\$ 4,258,739	\$ 4,522,686	\$ 4,267,442	\$ 4,332,189	\$ 4,331,859	\$ 53,645,915
Transwestern	1,944,000	2,008,800	1,944,000	2,008,800	2,008,800	1,944,000	2,008,800	2,494,500	2,577,650	2,577,650	2,411,350	2,577,650	26,506,000
Kern River	1,806,811	1,867,038	1,812,331	1,867,038	1,867,038	2,091,553	2,147,588	2,156,251	2,228,126	2,267,707	2,079,818	2,229,307	24,420,606
Canadian Path (NOVA)	319,614	316,674	313,550	320,594	311,620	305,464	292,550	290,760	291,327	280,244	284,929	285,696	3,613,022
Foothills Pipelines	160,352	158,877	157,310	160,844	156,342	153,253	150,718	149,796	150,088	160,334	163,014	163,453	1,884,381
GTN	504,393	521,206	504,393	521,206	521,206	504,393	521,206	504,393	521,206	560,305	524,156	560,305	6,268,368
Pacific Gas & Electric	328,117	318,831	318,831	318,831	316,959	283,682	281,171	280,603	314,417	322,804	322,804	322,804	3,729,854
Sub-Total:	9,740,869	9,933,220	9,791,916	9,948,988	9,924,301	9,503,969	9,458,521	10,135,042	10,605,500	10,436,486	10,118,260	10,471,074	120,068,146
Backbone Transportation Services (A)	1,294,847	1,338,009	1,294,847	1,338,009	1,338,009	1,294,847	3,201,947	3,568,904	3,459,265	3,238,492	3,044,994	4,369,476	28,781,646
Total:	\$11,035,716	\$11,271,229	\$11,086,763	\$11,286,997	\$11,262,310	\$10,798,816	\$12,660,468	\$13,703,946	\$14,064,765	\$13,674,978	\$13,163,254	\$14,840,550	\$ 148,849,792

(A) Effective 10/11/11, Backbone Transportation Service is the new name for Firm Access Rights and Off-System Delivery service on SoCal Gas transmission system.

Southern California Gas Company
Capacity Utilization by Pipeline
GCIM Year 18
April 1, 2011 through March 31, 2012

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Annual Total
Variable Transportation by Pipeline													
El Paso	543,702	519,525	525,478	482,981	549,630	530,086	463,301	540,696	572,857	562,548	521,833	563,824	6,376,461
Transwestern	85,057	87,893	85,591	86,354	88,468	85,053	86,638	107,550	111,851	113,407	106,425	113,329	1,157,616
Kern River	23,867	24,513	24,205	24,625	24,539	29,730	32,168	30,715	30,923	35,743	29,376	31,687	342,091
Canadian Path	21,280	16,086	19,784	20,786	20,223	169,335	179,805	179,513	37,915	19,548	23,565	21,232	729,072
Border	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Transported Costs:	673,906	648,017	655,058	614,746	682,860	814,204	761,912	858,474	753,546	731,246	681,199	730,072	8,605,240
Reservation Charges:													
El Paso	4,677,582	4,741,794	4,741,501	4,751,675	4,742,336	4,221,624	4,056,488	4,258,739	4,522,686	4,267,442	4,332,189	4,331,859	53,645,915
Transwestern	1,944,000	2,008,800	1,944,000	2,008,800	2,008,800	1,944,000	2,008,800	2,494,500	2,577,650	2,577,650	2,411,350	2,577,650	26,506,000
Kern River	1,806,811	1,867,038	1,812,331	1,867,038	1,867,038	2,091,553	2,147,588	2,156,251	2,228,126	2,267,707	2,079,818	2,229,307	24,420,606
Canadian Path	1,312,476	1,315,589	1,294,084	1,321,475	1,306,128	1,246,793	1,245,646	1,225,553	1,277,039	1,323,687	1,294,904	1,332,258	15,495,632
Border	1,294,847	1,338,009	1,294,847	1,338,009	1,338,009	1,294,847	3,201,947	3,568,904	3,459,265	3,238,492	3,044,994	4,369,476	28,781,646
Sub-Total Reservation Charges:	11,035,716	11,271,230	11,086,763	11,286,997	11,262,311	10,798,817	12,660,469	13,703,947	14,064,766	13,674,978	13,163,255	14,840,550	148,849,799
Actual Transported Volume (MMBtus)													
El Paso	16,231,785	15,527,447	15,624,805	14,331,782	16,309,516	15,729,560	13,869,592	16,092,147	17,056,073	16,742,510	15,534,137	16,780,520	189,829,874
Transwestern	6,536,950	6,754,932	6,578,060	6,636,559	6,799,103	6,523,194	6,703,895	8,331,379	8,664,631	8,785,148	8,244,274	8,779,053	89,337,178
Kern River	3,870,334	3,975,454	3,922,576	3,992,843	3,980,712	4,979,361	5,038,419	5,206,018	5,320,940	6,087,665	5,050,827	5,443,042	56,868,191
Canadian Path	1,535,560	948,969	1,389,642	1,539,226	1,596,661	1,556,529	1,550,970	1,554,000	941,824	479,127	1,478,641	1,607,908	16,179,057
Border	7,860,804	8,667,602	2,234,772	9,783,410	13,104,686	(2,034,538)	5,053,746	(1,787,815)	20,947,974	13,653,409	(1,607,149)	3,588,597	79,465,498
Total Transported Volume:	36,035,433	35,874,404	29,749,855	36,283,820	41,790,678	26,754,106	32,216,622	29,395,729	52,931,442	45,747,859	28,700,730	36,199,120	431,679,798

Southern California Gas
 Computation of Tolerance Band
 GCIM Year 18
 April 1, 2011 through March 31, 2012

Month	Benchmark Dollars	Actual Dollars	(Over) Under Benchmark	Upper Tolerance Band 2.0%	Lower Tolerance Band 1.0%	Lower Tolerance Band 5.0%	Actual Commodity Costs	Actual Gross Volume (MMBtus) (Mainline & Border)
Apr-11	\$160,965,568	\$160,058,762	\$906,806	\$2,985,119	\$1,492,559	\$7,462,797	\$148,349,139	\$36,726,996
May-11	162,130,837	160,729,296	1,401,541	3,004,232	1,502,116	7,510,579	148,810,048	36,566,476
Jun-11	136,156,729	134,246,233	1,910,496	2,488,298	1,244,149	6,220,745	122,504,409	30,468,208
Jul-11	167,236,637	165,195,355	2,041,282	3,106,698	1,553,349	7,766,745	153,293,609	36,969,462
Aug-11	192,631,122	189,857,596	2,773,526	3,613,719	1,806,860	9,034,298	177,912,424	42,544,642
Sep-11	113,935,779	112,747,925	1,187,854	2,046,455	1,023,228	5,116,138	101,134,901	27,496,101
Oct-11	133,533,795	132,133,963	1,399,832	2,402,228	1,201,114	6,005,571	118,711,582	32,987,969
Nov-11	116,855,880	113,462,776	3,393,104	2,044,466	1,022,233	5,111,165	98,830,190	30,291,821
Dec-11	202,331,679	196,356,857	5,974,822	3,750,267	1,875,134	9,375,668	181,538,544	53,851,983
Jan-12	163,295,166	157,109,229	6,185,937	2,977,779	1,488,889	7,444,447	142,703,003	46,643,924
Feb-12	88,181,877	83,794,670	4,387,207	1,486,748	743,409	3,717,047	69,953,726	29,515,798
Mar-12	105,079,513	99,139,097	5,940,416	1,790,178	895,089	4,475,444	83,568,473	37,097,742
Annual Total	\$1,742,334,582	\$1,704,831,759	\$37,502,823	\$31,696,187	\$15,848,129	\$79,240,644	\$1,547,310,048	441,161,122

Southern California Gas
Price Anomaly Review
GCIM Year 18
April 1, 2011 through March 31, 2012

MAINLINE																		
Month	Kern River			NWPL			NOVA			GTN			GTN			GTN		
	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	(Canadian) Published Indices	(Canadian) Actual Purchases	Difference	Kingsgate Published Indices	Kingsgate Actual Purchases	Difference	Stanfield Published Indices	Stanfield Actual Purchases	Difference	GTN Malin Published Indices	GTN Malin Actual Purchases	Difference
Apr-11	3.9800	3.9799	0.0001	0.0000	0.0000	0.0000	3.7279	3.8348	(0.1069)	4.2200	0.0000	4.2200	4.2200	0.0000	4.2200	4.2200	0.0000	4.2200
May-11	3.9900	3.9950	(0.0050)	0.0000	0.0000	0.0000	3.8007	3.7577	0.0430	4.1500	0.0000	4.1500	4.1500	0.0000	4.1500	4.1500	0.0000	4.1500
Jun-11	3.9900	3.9965	(0.0065)	0.0000	0.0000	0.0000	4.0846	4.0483	0.0363	4.2150	0.0000	4.2150	4.2150	0.0000	4.2150	4.2150	0.0000	4.2150
Jul-11	3.9650	3.9665	(0.0015)	0.0000	0.0000	0.0000	3.9951	3.9096	0.0855	4.2500	0.0000	4.2500	4.2500	0.0000	4.2500	4.2500	0.0000	4.2500
Aug-11	4.0700	4.0804	(0.0104)	0.0000	0.0000	0.0000	3.5335	3.4779	0.0556	4.1400	0.0000	4.1400	4.1400	0.0000	4.1400	4.1400	3.8716	0.2684
Sep-11	3.7200	3.7095	0.0105	0.0000	0.0000	0.0000	3.5643	3.5509	0.0134	3.7900	0.0000	3.7900	3.7900	0.0000	3.7900	3.7900	0.0000	3.7900
Oct-11	3.6200	3.5865	0.0335	3.5750	3.3996	0.1754	3.5001	3.4455	0.0546	3.7600	0.0000	3.7600	3.7600	0.0000	3.7600	3.7600	0.0000	3.7600
Nov-11	3.4550	3.4463	0.0087	0.0000	0.0000	0.0000	3.3105	3.2462	0.0643	3.5100	0.0000	3.5100	3.5100	0.0000	3.5100	3.5100	0.0000	3.5100
Dec-11	3.4250	3.3983	0.0267	0.0000	0.0000	0.0000	3.3486	3.3349	0.0137	3.5250	0.0000	3.5250	3.5250	0.0000	3.5250	3.5250	0.0000	3.5250
Jan-12	3.1000	3.1020	(0.0020)	0.0000	0.0000	0.0000	3.0180	2.9154	0.1026	3.1600	0.0000	3.1600	3.1600	0.0000	3.1600	3.1600	0.0000	3.1600
Feb-12	2.5850	2.5569	0.0281	0.0000	0.0000	0.0000	2.4711	2.3419	0.1292	2.7050	0.0000	2.7050	2.7050	0.0000	2.7050	2.7050	0.0000	2.7050
Mar-12	2.4100	4.4090	(1.9990)	0.0000	0.0000	0.0000	2.1193	2.0096	0.1097	2.4450	0.0000	2.4450	2.4450	0.0000	2.4450	2.4450	0.0000	2.4450

MAINLINE													
Month	El Paso (San Juan) Pipeline			El Paso (Permian) Pipeline			Trans-western (San Juan)			Trans-western (Permian)			
	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	
Apr-11	4.0300	4.0266	0.0034	4.1100	4.1558	(0.0458)	4.0700	4.0517	0.0183	4.0900	0.0000	4.0900	
May-11	3.8000	3.7892	0.0108	3.9400	3.9755	(0.0355)	3.9200	3.8290	0.0910	3.9250	0.0000	3.9250	
Jun-11	4.0450	4.0619	(0.0169)	4.1500	4.0592	0.0908	4.0900	4.0702	0.0198	4.1000	0.0000	4.1000	
Jul-11	4.1000	4.0879	0.0121	4.2100	4.1111	0.0989	4.1300	4.1211	0.0089	4.1050	0.0000	4.1050	
Aug-11	4.1350	4.1214	0.0136	4.2700	4.2776	(0.0076)	4.1750	4.1470	0.0280	4.1850	0.0000	4.1850	
Sep-11	3.7350	3.7367	(0.0017)	3.8000	3.7939	0.0061	3.7700	3.7619	0.0081	3.7850	3.8058	(0.0208)	
Oct-11	3.5200	3.5355	(0.0155)	3.6000	3.6409	(0.0409)	3.6100	3.5440	0.0660	3.5850	3.8910	(0.3060)	
Nov-11	3.3800	3.4039	(0.0239)	3.4100	3.3749	0.0351	3.4200	3.4090	0.0110	3.3900	0.0000	3.3900	
Dec-11	3.2800	3.2717	0.0083	3.2900	3.2497	0.0403	3.3400	3.3165	0.0235	3.2950	0.0000	3.2950	
Jan-12	3.0850	3.0271	0.0579	3.0650	3.0379	0.0271	3.1650	3.1271	0.0379	3.0600	0.0000	3.0600	
Feb-12	2.5100	2.5019	0.0081	2.5500	2.5300	0.0200	2.5700	2.5451	0.0249	2.5200	0.0000	2.5200	
Mar-12	2.3900	2.3570	0.0330	2.3950	2.4083	(0.0133)	2.4700	2.4130	0.0570	2.3800	0.0000	2.3800	

BORDER																
Month	Border Pipeline			SoCal CityGate			PG&E CityGate			PG&E Topock			Mojave Topock			
	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	Published Indices	Actual Purchases	Difference	
Apr-11	4.2350	0.0000	4.2350	4.3000	4.2688	0.0312	4.5300	0.0000	4.5300	4.1900	0.0000	4.1900	4.1900	0.0000	4.1900	
May-11	4.3050	4.1804	0.1246	4.3600	4.1793	0.1807	4.4650	0.0000	4.4650	4.2700	0.0000	4.2700	4.2700	0.0000	4.2700	
Jun-11	4.3150	4.1119	0.2031	4.3450	1.3936	2.9514	4.5550	0.0000	4.5550	4.2800	0.0000	4.2800	4.2800	0.0000	4.2800	
Jul-11	4.4600	3.4685	0.9915	4.5200	4.4197	0.1003	4.5950	0.0000	4.5950	4.4400	0.0000	4.4400	4.4400	0.0000	4.4400	
Aug-11	4.4650	3.8448	0.6202	4.5100	4.3429	0.1671	4.5450	0.0000	4.5450	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Sep-11	4.0650	3.5686	0.4964	4.0600	0.0000	4.0600	4.1850	0.0000	4.1850	4.0200	0.0000	4.0200	4.0200	0.0000	4.0200	
Oct-11	3.9400	3.4787	0.4613	4.0600	4.0757	(0.0157)	4.1500	0.0000	4.1500	3.9300	0.0000	3.9300	3.9300	0.0000	3.9300	
Nov-11	3.6100	3.2440	0.3660	3.7100	0.0000	3.7100	3.8700	0.0000	3.8700	3.5600	0.0000	3.5600	3.5600	0.0000	3.5600	
Dec-11	3.6700	3.3170	0.3530	3.7550	3.6192	0.1358	3.8650	0.0000	3.8650	3.5700	0.0000	3.5700	3.5700	0.0000	3.5700	
Jan-12	3.3700	2.9229	0.4471	3.4550	3.3675	0.0875	3.4100	0.0000	3.4100	3.3150	0.0000	3.3150	3.3150	0.0000	3.3150	
Feb-12	2.8850	2.6197	0.2653	2.9800	0.0000	2.9800	3.0350	0.0000	3.0350	2.9300	0.0000	2.9300	2.9300	0.0000	2.9300	
Mar-12	2.6150	2.3120	0.3030	2.7300	0.0000	2.7300	2.8250	0.0000	2.8250	2.5600	0.0000	2.5600	2.5600	0.0000	2.5600	

**Southern California Gas
Statistics and Earnings Review
GCIM Year 18
April 1, 2011 through March 31, 2012**

Benchmark costs	\$ 1,742,334,582	100.00%
Actual costs	1,704,835,271	97.85%
(Over) Under Benchmark	37,499,311	2.15%
Amount not Subject to Sharings	15,848,094	42.26%
Amount Subject to Sharings	21,651,217	57.74%
Ratepayers share @75%	16,238,413	43.30%
Shareholders Share @25%	5,412,804	14.43%
Total Ratepayers Savings	32,086,507	85.57%
Total Shareholder's reward	5,412,804	14.43%
Actual Dollars Per \$/MMBtus	\$ 3.86	
Benchmark \$/MMBtus	\$ 3.95	
1.5% Cap on Actual Commodity:	\$ 1,547,310,048	
Volume (MMBtus)	441,161,122	

Footnote to Calculation:

<i>Tolerance Band:</i>		
- 2% Upper Tolerance Band	\$	31,696,187
- 1% Lower Tolerance Band	\$	15,848,094
- 5% Lower Tolerance Band	\$	79,240,468
(Over) Under Benchmark	\$	37,499,311
Actual Commodity Costs	\$	1,547,310,048
Ratepayer Savings	\$	32,086,507
Estimated Reward	\$	5,412,804

Southern California Gas Company
 Cumulative Winter Hedge Financial Derivatives - Excluded from GCIM
 GCIM Year 17

GCIM Year	Winter Hedge Program Excluded from GCIM Gas Costs	Commission Decision
	GCIM Period	Total Cost
12	April 1, 2005 through March 31, 2006	\$ 24,569,211
13	April 1, 2006 through March 31, 2007	21,438,774
14	April 1, 2007 through March 31, 2008	19,968,927
15	April 1, 2008 through March 31, 2009	35,111,553
16	April 1, 2009 through March 31, 2010	8,921,092
17	April 1, 2010 through March 31, 2011	3,110,757
18	April 1, 2011 through March 31, 2012	1,060,606
	Total Cost to Date:	\$ 114,180,920

Southern California Gas Company
Five Year Review of GCIM Performance
GCIM Year 18
April 1, 2011 through March 31, 2012

	2008	2009	2010	2011	2012	Total
Net Purchases (Border Volumes)						
Gas Volume in Millions (MMBtu/d)	1.03	1.15	1.11	1.11	1.18	5.58
Gas Volume in Millions (MMBtus)	376	418	406	406	432	2,038
Natural Gas Cost						
Total (\$ Millions)	\$ 2,349	\$ 2,661	\$ 1,548	\$ 1,559	\$ 1,547	\$ 9,664
Per Unit Cost (\$/MMBtu)	6.25	6.36	3.82	3.84	3.58	23.85
Benchmark Gas Commodity Cost						
Total (\$ Millions)	\$ 2,399	\$ 2,737	\$ 1,588	\$ 1,600	\$ 1,585	\$ 9,909
Per Unit Cost (\$/MMBtu)	6.38	6.54	3.91	3.94	3.67	24.44
Comparison to Benchmark (Millions)						
Customer Savings	\$ 43.60	\$ 63.50	\$ 33.90	\$ 34.70	\$ 32.10	\$ 207.80
Shareholder Award	6.50	12.00	6.00	6.20	5.40	36.10
	\$ 50.10	\$ 75.50	\$ 39.90	\$ 40.90	\$ 37.50	\$ 243.90

GCIM Performance

	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Total
Net Purchases												
MMBtu/d	1,014,165	1,030,051	1,021,758	1,027,972	1,061,642	1,019,412	1,026,627	1,145,835	1,111,282	1,113,588	1,182,684	1,068,638 (A)
MMBtu	370,170,369	375,968,753	373,963,295	375,209,831	387,499,155	372,085,462	375,745,362	418,229,737	405,617,983	406,459,657	431,679,798	3,860,949,604
Net Gas Cost												
Total (\$)	\$1,159,210,484	\$1,332,893,645	\$1,729,984,658	\$2,103,091,706	\$2,922,694,955	\$2,134,710,513	\$2,348,560,269	\$2,661,267,869	\$1,547,695,746	\$1,559,446,581	\$1,547,310,048	\$21,046,866,475
Unit Cost (\$/MMBtu)	\$ 3.13	\$ 3.55	\$ 4.63	\$ 5.61	\$ 7.54	\$ 5.74	\$ 6.25	\$ 6.36	\$ 3.82	\$ 3.84	\$ 3.58	\$ 5.45
Benchmark Gas Commodity Cost												
Total (\$)	\$1,348,983,491	\$1,372,908,194	\$1,757,040,267	\$2,134,464,572	\$2,991,827,588	\$2,192,450,997	\$2,398,633,341	\$2,736,826,940	\$1,587,823,672	\$1,600,338,663	\$1,584,809,362	\$21,706,107,086
Unit Cost (\$/MMBtu)	\$ 3.64	\$ 3.65	\$ 4.70	\$ 5.69	\$ 7.72	\$ 5.89	\$ 6.38	\$ 6.54	\$ 3.91	\$ 3.94	\$ 3.67	\$ 5.62
Comparison to Benchmark (\$)												
Ratepayer Savings	\$ 172,406,507	\$ 32,685,515	\$ 24,664,133	\$ 28,869,663	\$ 59,329,044	\$ 48,786,490	\$ 43,551,708	\$ 63,512,136	\$ 34,329,123	\$ 34,669,965	\$ 32,086,507	\$ 574,890,791
Shareholder Award	17,388,157	6,318,811	2,364,577	2,508,339	9,803,589	8,953,993	6,521,814	12,047,955	5,597,911	6,222,194	5,412,804	83,140,145
Total	\$ 189,794,664	\$ 39,004,326	\$ 27,028,710	\$ 31,378,002	\$ 69,132,633	\$ 57,740,483	\$ 50,073,522	\$ 75,560,091	\$ 39,927,034	\$ 40,892,159	\$ 37,499,311	\$ 658,030,936

(A) Average Total Net Purchases

APPENDIX B

GLOSSARY

Actual Costs - Is the sum of the twelve monthly totals of actual gas commodity costs plus the sum of the twelve monthly commodity transportation costs, plus the sum of the twelve monthly transportation reservation charges. Adjustments to these costs are for revenues, imbalance charges, commodity cost refunds, surcharge and purchase adjustments, and hedging transaction costs along with any gains or losses.

BCF – One billion cubic feet.

Benchmark Dollars - Are based on monthly benchmark gas commodity costs calculated at the mainline for interstate purchases and the border for border purchases. The monthly benchmark gas commodity cost is the product of the mainline gas commodity reference price times the volume purchased at the mainline plus the product of the border gas commodity reference prices times the volumes purchased at the respective border locations.

BTU - Is the amount of heat necessary to raise one pound of water one degree fahrenheit.

City-Gate – A receiving point where gas is delivered to a local distribution company (i.e. investor owned utility).

Commodity Charge – A buyer pays commodity charges when a service is used and is paid on a per unit basis (\$/MMBtu).

Core Fixed Cost Account (CFCA) – This account functions as a balancing account recorded in SoCalGas' financial statements. The purpose of this account is to balance the difference between authorized margins, and other non-gas fixed costs allocated to the core market with revenues intended to recover these costs.

Cubic Feet – One cubic feet equals one therm.

Dekatherm – Equivalent to an MMBtu. One therm is defined as 100,000 BTU's. Thus, a dekatherm has 10 therms.

FERC Order 636- On April 8, 1992, FERC Order required the conversion of pipeline service providers to function primarily as transportation entities. This resulted in pipeline providers to unbundle their services, which created greater competition among gas suppliers and ensure reliable supply at the lowest price.

Firm Access Rights – Is a framework where marketers can confirm access to a pipeline transmission system through a contract. This assures the contract holder “firm” access rights in a particular zone that their gas supply will be delivered.

Hub – A location where natural gas pipelines come together.

Interruptible Service – Seller can interrupt service of transporting gas service if it is required to serve a higher priority customer. The total cost is usually less than firm access rights services. In general, interruptible service contracts can have a term as short as several days to one month.

Loans - Gas is loaned for a set period of time and repaid at the same location.

MMBtu – A million British Thermal Units. It is measurement of gas based on a standard heat value or stored energy.

Nomination – Describes the transportation of a specific quantity of gas from one receipt point to a delivery point. The nomination also identifies the upstream and downstream contracts and/or parties, ranking, and receipt/delivery point.

Over the Counter (OTC) – A security that is not traded on an exchange, usually due to an inability to meet listing requirements. Brokers/dealers negotiate directly with one another over computer networks and by phone, where the NASD monitors their activities.

Park - Gas is held for a set period of time and returned at the same location.

Purchase Gas Account (PGA) – This account functions as a balancing account and its purpose is to balance the recorded cost of gas for the Single Gas Portfolio to provide procurement service for both SoCalGas and SDG&E customers with the corresponding revenue from the sale of that gas.

Reservation Charges – A fixed charge for firm transportation service, which is based on volume. This charge is the price for guaranteed capacity and is paid regardless of throughput.

Shrinkage – When natural gas is compressed and transported through an interstate pipeline where it results in volume loss. Each pipeline has a rate regulated by FERC that determines specific shrinkage percentage between delivery points along a pipeline.

Swap – An exchange of streams of payments over time according to specified terms.

Transportation Charges – Charges for transporting gas from wellheads to the local utility via interstate pipelines. Rates fall under FERC jurisdiction.

Wheeling – Receipt of gas at one location and delivery of gas at another location at a utility's gas system.

APPENDIX C

Receipt Point & Transmission Zone Firm Capacities

