



California Public Utilities Commission

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News Release

FOR IMMEDIATE RELEASE

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PUC APPROVES SETTLEMENTS TO SET REVENUE REQUIREMENTS FOR SOCAL GAS AND SDG&E

SAN FRANCISCO, Dec. 2, 2004 - The California Public Utilities Commission (PUC) today approved two settlements to set the revenue requirement for Test Year 2004 Cost of Service for Southern California Gas Company (SoCal Gas) and San Diego Gas and Electric Company (SDG&E).

The Commission authorized for SoCalGas \$1,457,008 million in natural gas distribution revenues for Test Year 2004 and authorized SDG&E \$754,763 million in electric distribution revenues and \$204,721 million in natural gas distribution revenues for Test Year 2004. For SoCalGas ratepayers, this is a decrease of approximately \$33 million from current rates; SDG&E electric customers will see a decrease of approximately \$8.2 million; and SDG&E gas customers will see an increase of approximately \$1.6 million.

The Commission determined that the settlements are generally reasonable in light of the whole record, consistent with the law, and in the public interest. The Settlements resolve all issues except the method of recovery of fumigation-related costs (an October 2002 Department of Transportation regulation terminated the fumigation contractor's authorization to turn-off/turn-on gas meter service before and after performing tented fumigation jobs, thereby increasing the work SoCal Gas and SDG&E must perform), and the gas resource plan, deferring this issue to the next cost allocation proceeding.

The Commission made two modifications to the SDG&E Settlement: (1) The Commission declined to adopt the Otay Mesa Pressure Betterment Project as part of the capital additions for SDG&E; and (2) the Commission adjusted SDG&E's portion of the San Onofre Nuclear Generating Station (SONGS) revenue to reflect the amount adopted in a previous Commission decision (D.04-07-022) in Southern California Edison's General Rate Case, the proceeding in which the SONGS issue was litigated.

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