

2013 Natural Gas Market Outlook

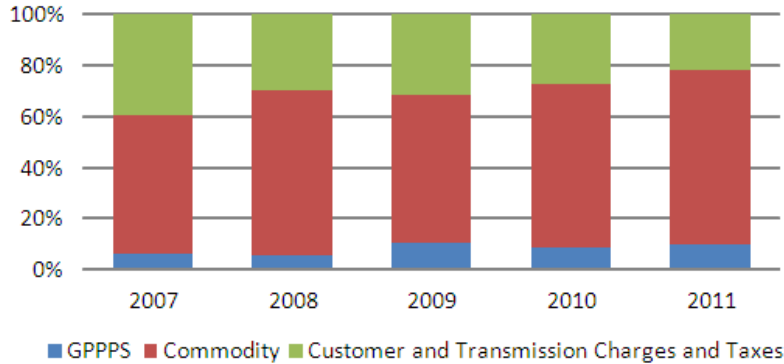
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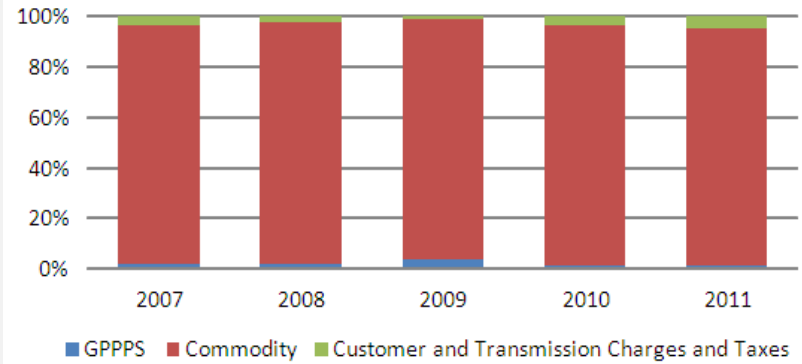


Primary Components of Your Gas Bill

C&I Core Rates

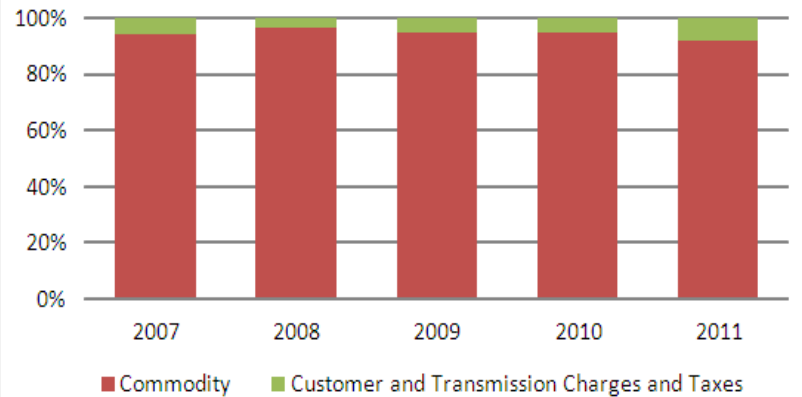


C&I Non-Core Rates

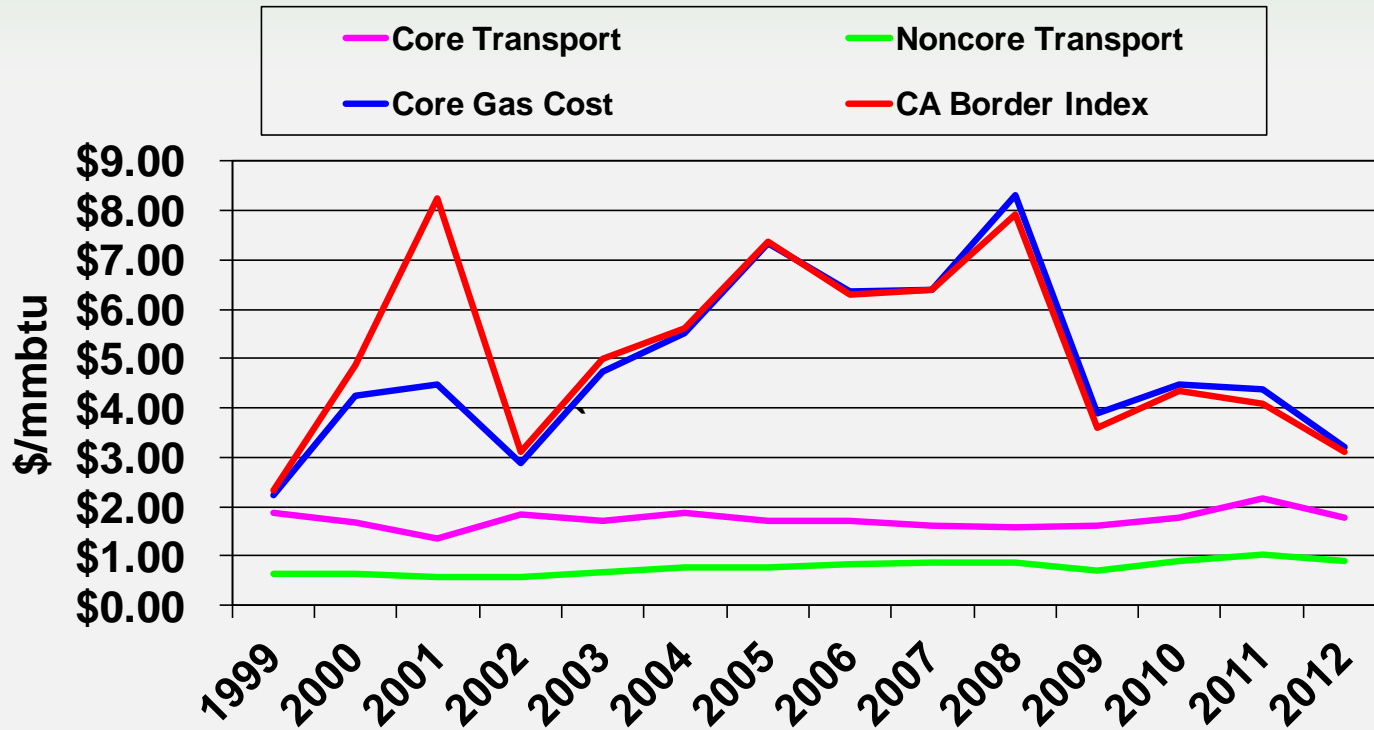


GPPPS –General Public Purpose Program Surcharge
Commodity Charges
Transportation Charges & Taxes

Electric Generation Rates



Trending a Decade Back

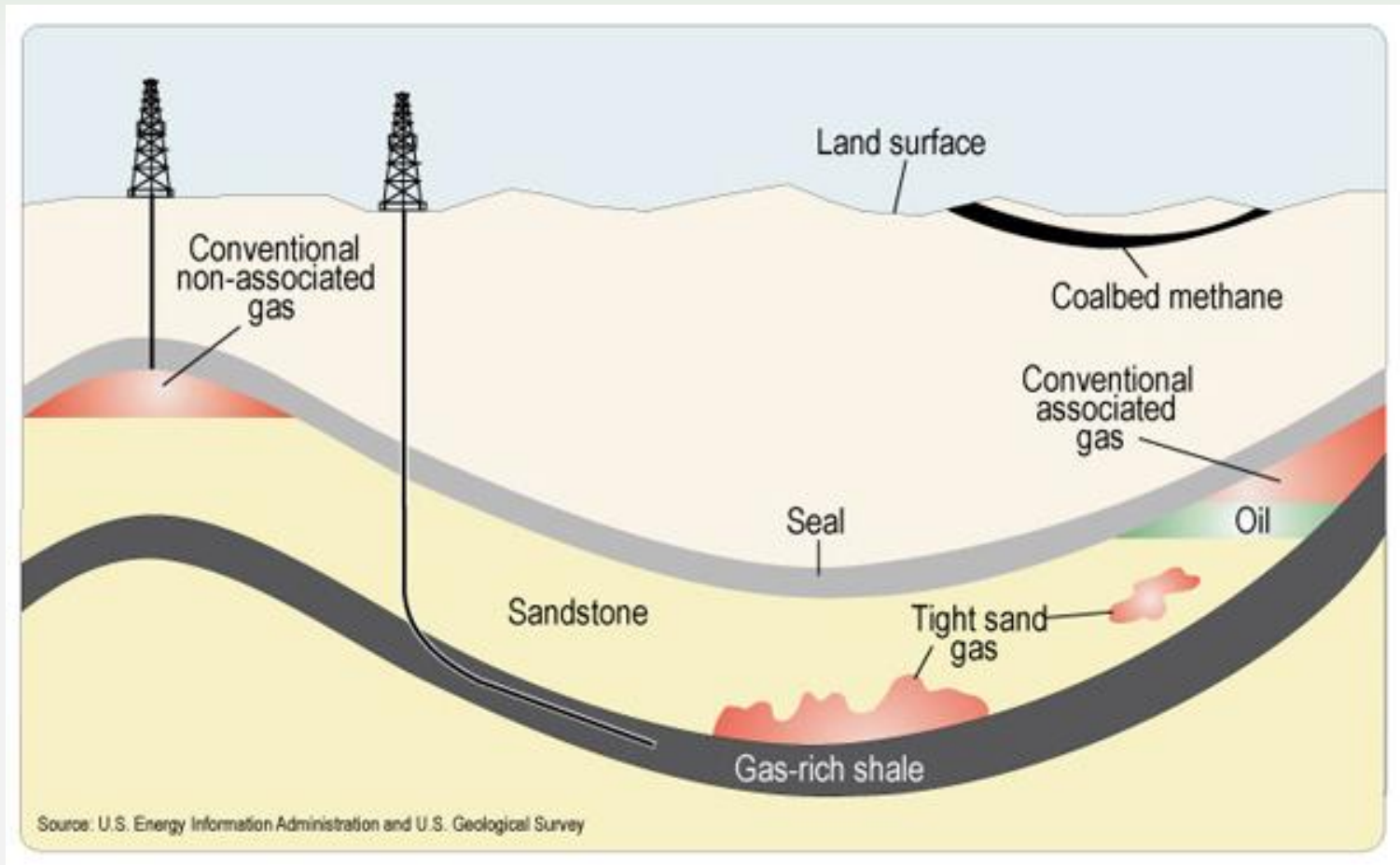


Transport costs are the Volumetric & Customer Charge.

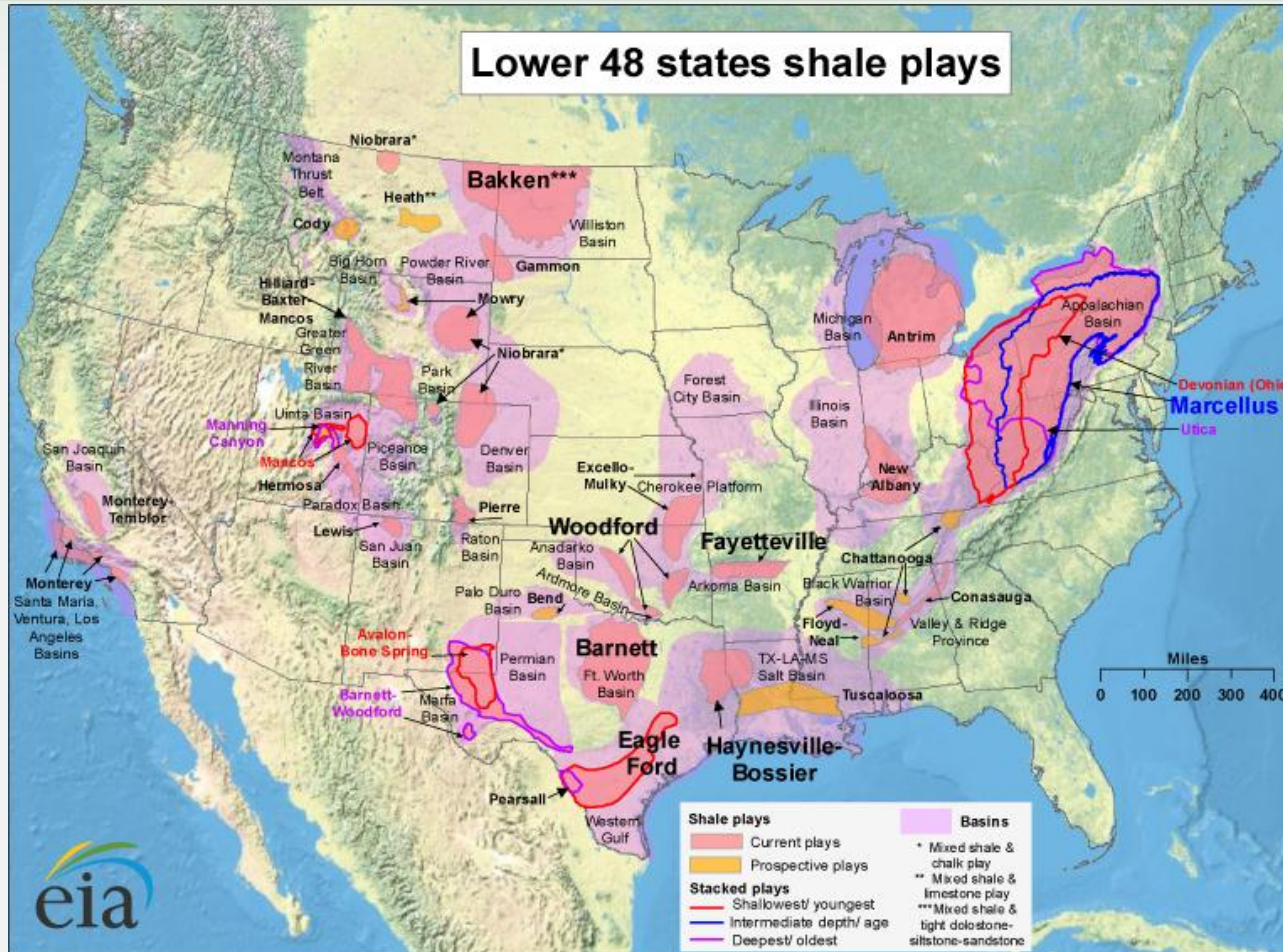
Core GN10 @ 100,000th/year and Noncore GTF/I3-D @ 1.5MMth/year.

Core Gas Cost is SCG's core procurement rate and CA Border Index is Natural Gas Intelligence Index

Sources of Natural Gas

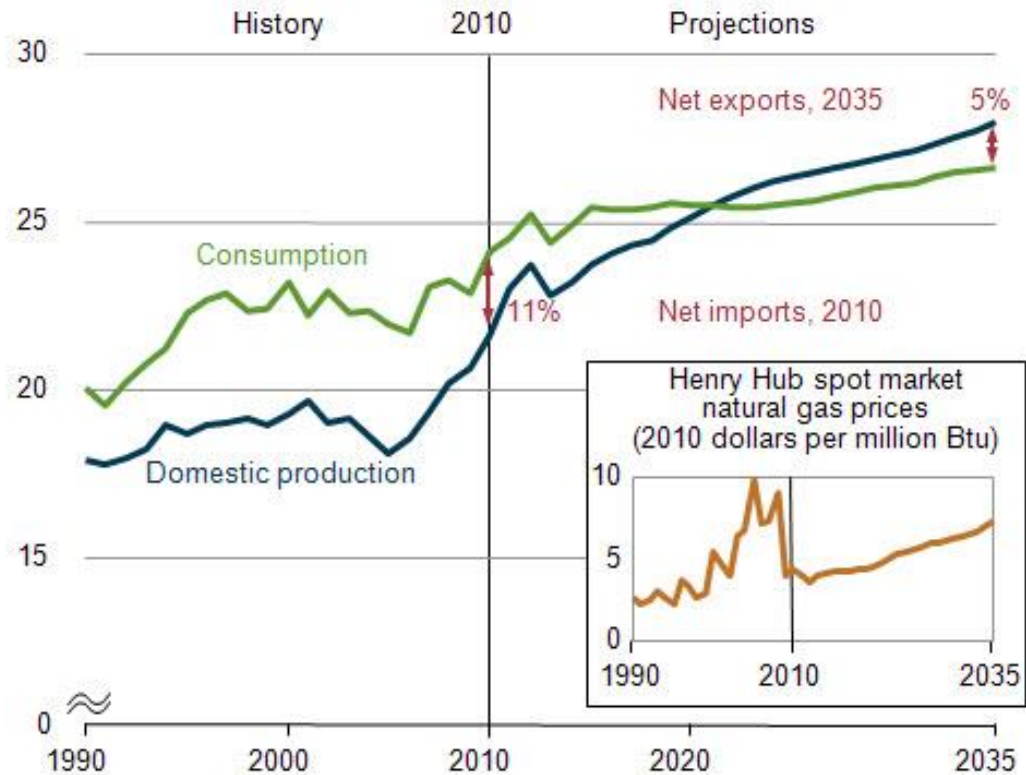


2012 Natural Gas Drill Wells Count Decreased from 811 to 431



Production, Consumption, Net Imports

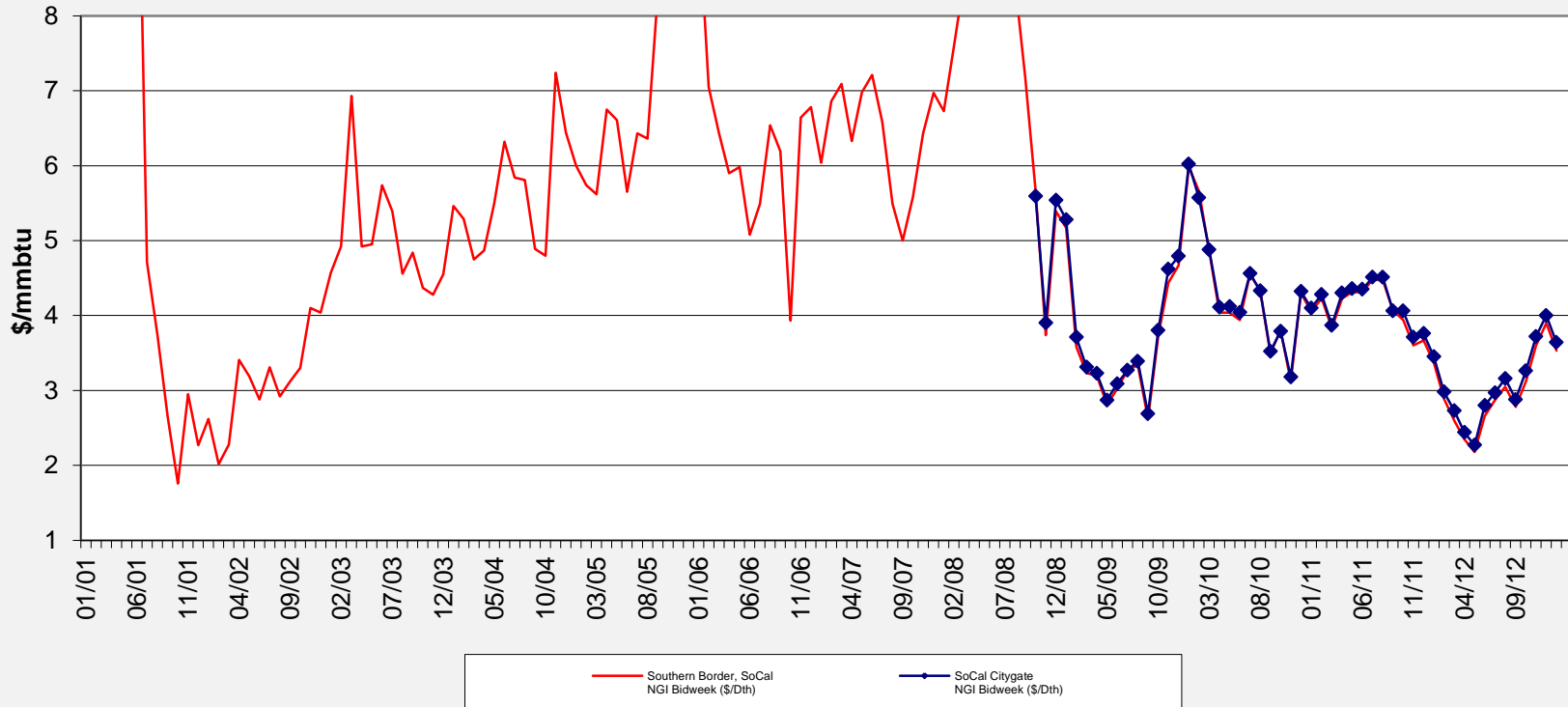
Figure 4. Total U.S. natural gas production, consumption, and net imports, 1990-2035
(trillion cubic feet)



Natural Gas Price History

CA AZ Border and SoCal Citygate - NGI Monthly Index

Data Source: NGI Bidweek Survey January 7, 2013

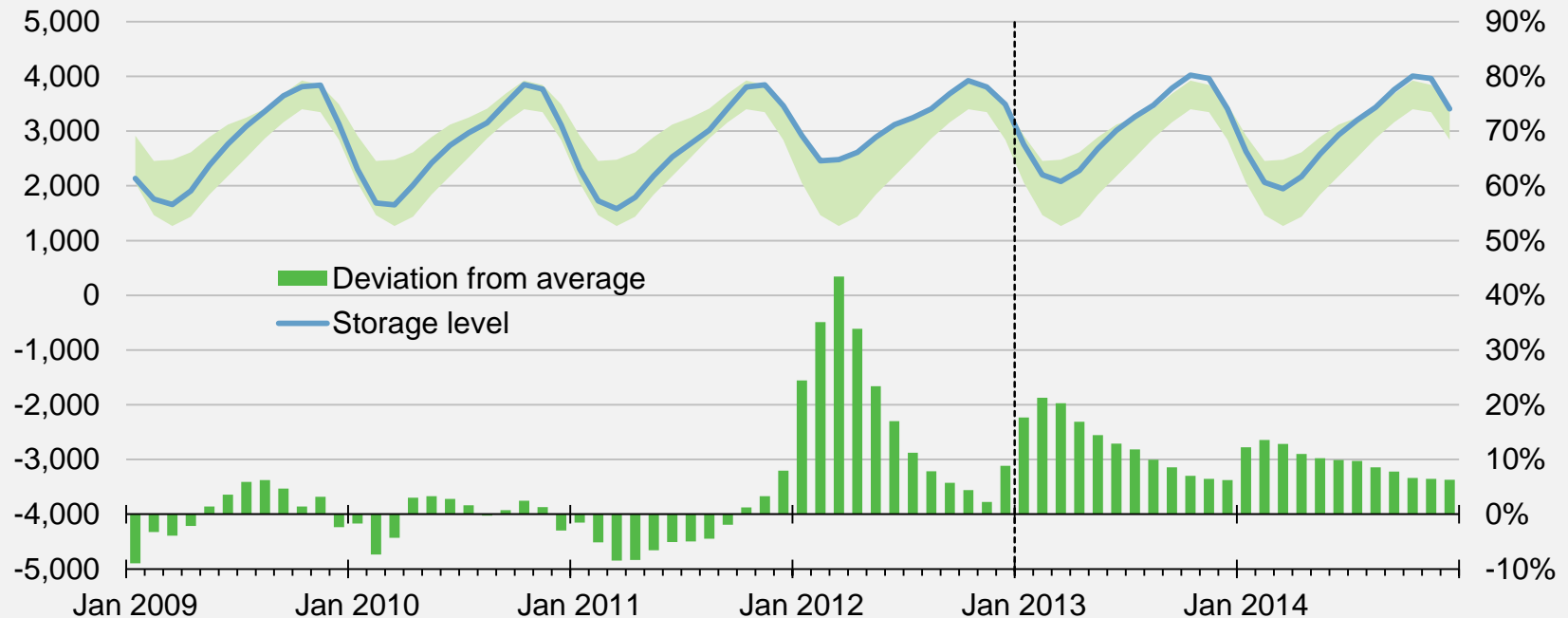


U.S. Storage Inventories

U.S. Working Natural Gas in Storage

billion cubic feet

deviation from average



Note: Colored band around storage levels represents the range between the minimum and maximum from Jan. 2008 - Dec. 2012.

Source: Short-Term Energy Outlook, January 2013

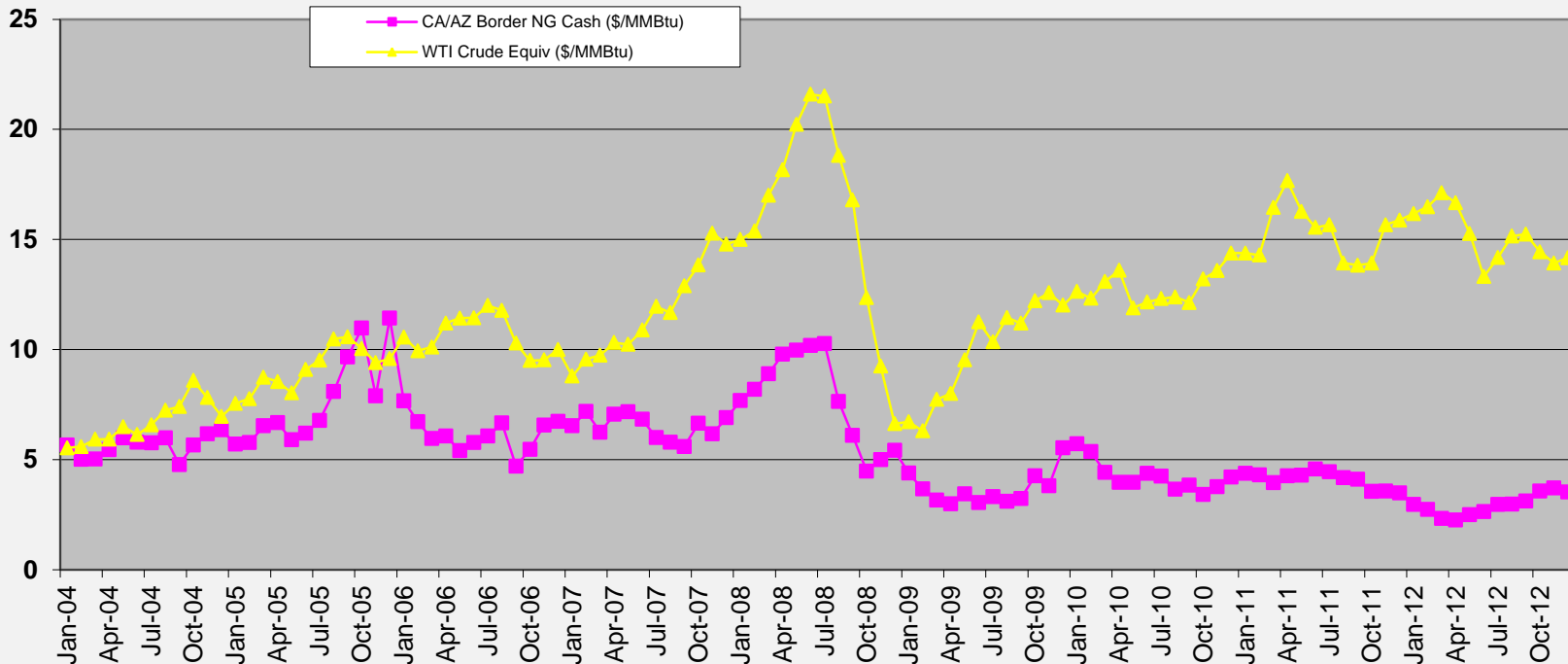


Oil vs Natural Gas \$s

Historical Oil Prices vs. Gas Prices Equivalent Unit Cost (\$/MMBtu)

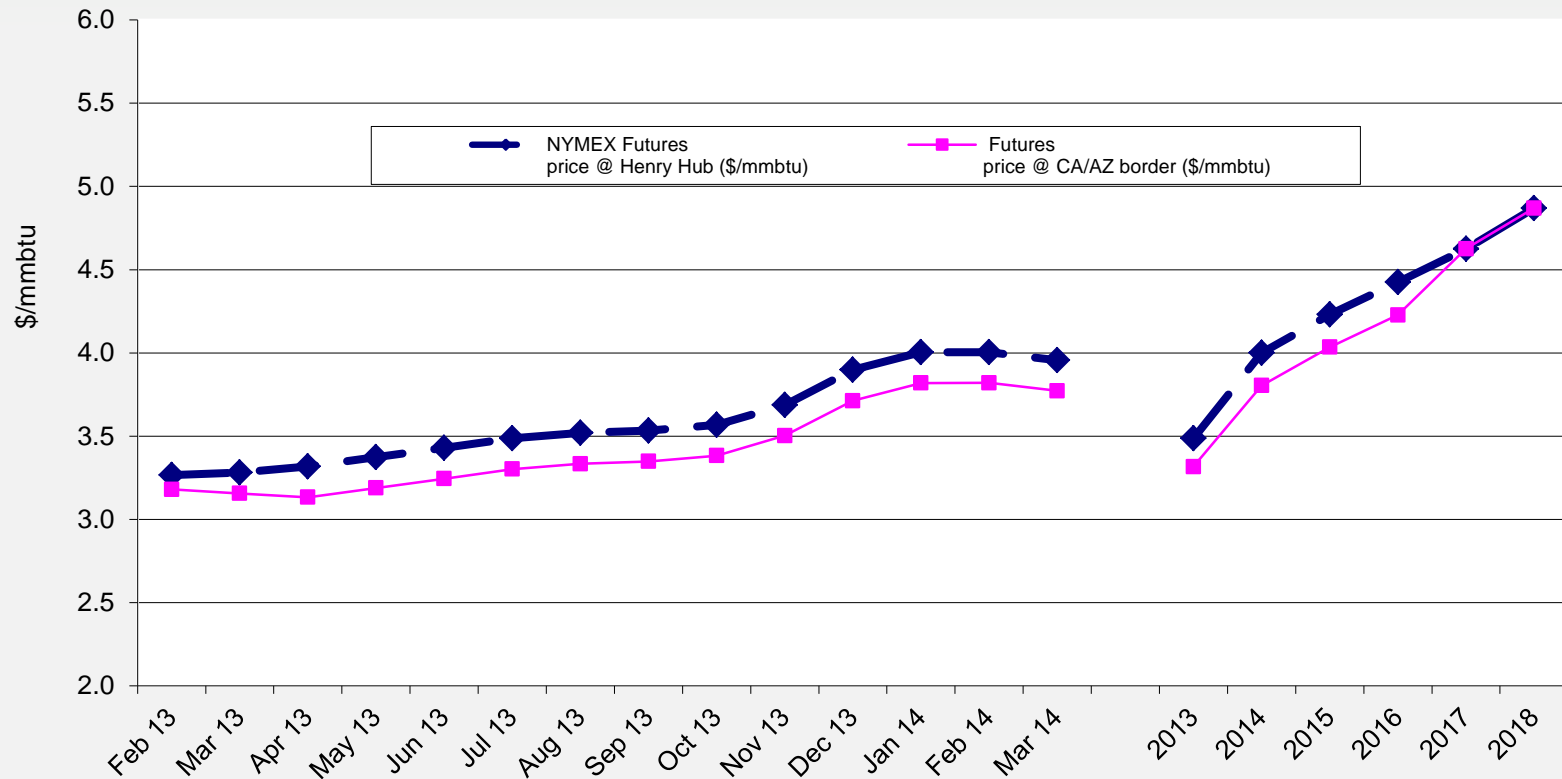
1 Barrel = 6.2 MMBtu

Last Updated: 1/7/2013 Source: Source: Oil prices - EIA, CA/AZ Border Gas Price - ProphetX T:\oil vs gas.xls



Where Are Gas Futures Prices Going?

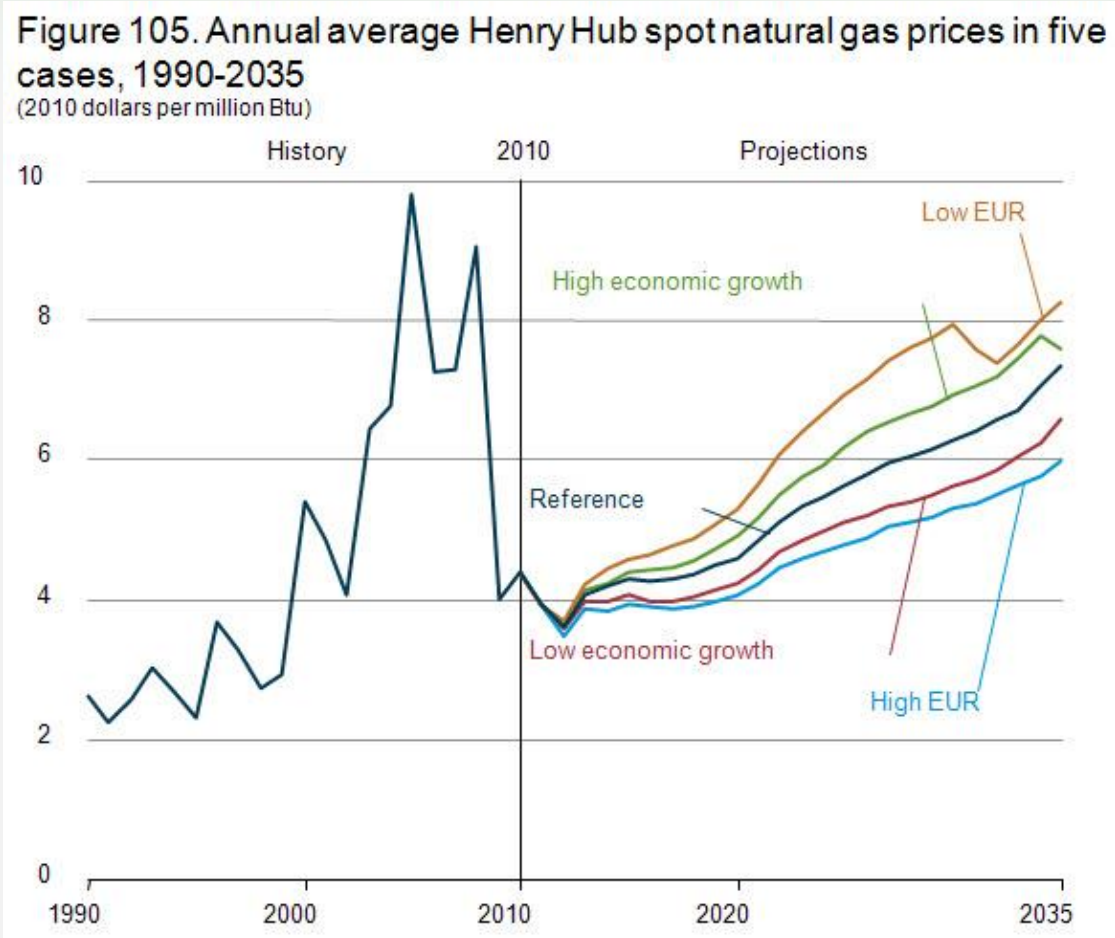
Natural Gas NYMEX & ClearPort Futures



Source: Henry Hub data: PROPHETX[QUOTE]'NG@[DTN:NYMEX] Border data: Ventyx Velocity Suite

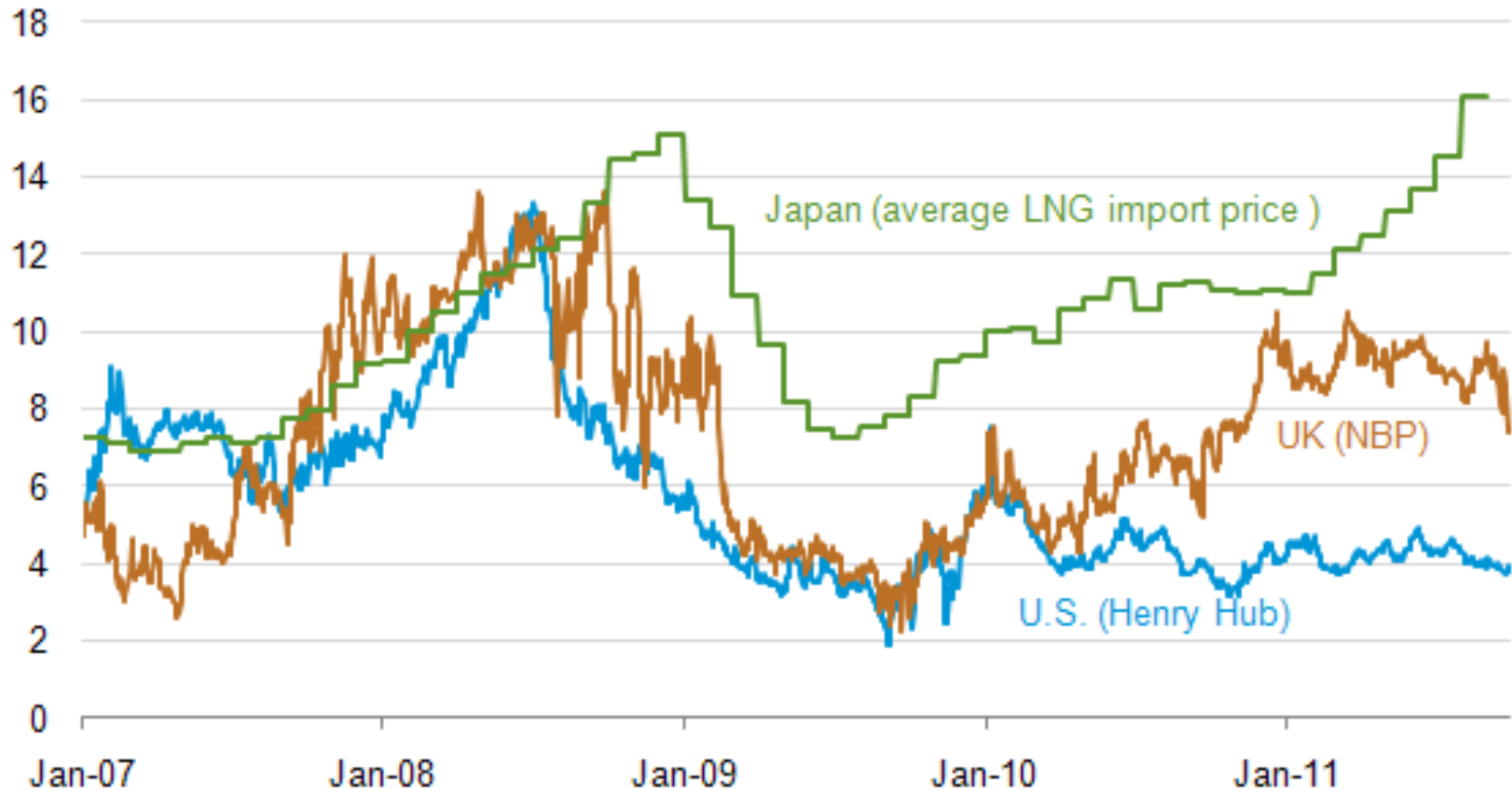
Updated January 7,

Natural Gas Prices: 5 Scenarios Illustrated



Natural Gas \$ – International Scale

Trends in natural gas spot prices at major global markets
U.S. dollars per million British thermal units (MMBtu)



Outlooks, Conclusions

- » US reliance on imported natural gas continues to decline, as domestic production grows
- » Natural gas production efficiency improving, which may offset expected \$ increase due to marginal cost of production
- » Natural gas = lowest priced combustion fuel, cleanest combustion fuel, domestic, plentiful
- » Long term: Federal energy policy, LNG export has potential to impact domestic prices
- » Higher NG demand from residential projected this year, offset with small decline in EG due to mild summer weather

How to Manage Your Energy Costs

- » Take advantage of energy efficiency programs. Call your Account Executive for technical support.
- » Go to <http://www.socalgas.com/for-your-business/> for support tools.
- » If you transport your own gas, talk to your gas supplier to discuss supply and pricing strategies.
- » Look for ways to conserve and be more energy efficient.