



RAUL RUIZ, M.D.
Member of Congress
25th District of California

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March 10, 2023

Scott Drury
Chief Executive Officer
Southern California Gas Company
P.O. Box 1626
Monterey Park, CA 91754-8626

Dear Mr. Drury:

I write regarding Southern California Gas Company's (SoCalGas) January 2023 price increase for residential customers. This price increase put a tremendous burden on many of my constituents, and I write to ask for additional information on the factors that caused these high gas bills.

In a December 29, 2022, post on the Newsroom section of the website, SoCalGas told customers that "January bills are likely to be shockingly high."¹ The post noted that a confluence of below-normal temperatures, high gas consumption, reduced natural gas flows, and other issues including maintenance of the West Texas pipeline caused wholesale natural gas prices to dramatically increase in the region. These higher procurement costs caused, in some cases, residential rates to more than double.

This price increase was a painful shock to many SoCalGas customers in my district. While prices have decreased in February and March, I have heard from many of my constituents about how January's price increase continues to affect them. I am deeply concerned that January's price increase remains a burden for many, especially those on a fixed income. I understand that many factors that caused the high prices are outside of SoCalGas's control; however, any price increase must be justified and not the result of unfair business practices.

To inform any legislative response, I ask that you answer the following questions by April 10, 2023:

- When did your company first become aware that procurement costs of natural gas would be significantly higher in January? What steps did SoCalGas take to prepare for this price increase including what steps to protect consumers from a sudden price increase? Please include any notices given to customers as well as the dates those notices were given.

¹ <https://newsroom.socalgas.com/stories/a-note-to-our-customers-high-bills-may-come-as-a-shock-in-january-but-we-have-some-tips-and>

- Does your company hedge its estimated forward exposure to wholesale natural gas prices? If so, what percentage of your exposure do you hedge? If SoCalGas does not hedge, why not?
- How much revenue did SoCalGas earn during the month of January 2023? How did this compare to the company's revenue earned over the previous six months, and how did this compare to revenue earned in January 2022?
- What was SoCalGas's return on investment (ROI) for the month of January, and how did it compare to the previous six months' ROI? In addition, how did January 2023's ROI compare to January 2022's ROI?
- What steps are you taking to protect customers from future price increases? What home energy assistance programs are you advising your customers to use, and what proactive steps are you taking to inform customers of these programs?

In addition, I ask that you brief my staff on these topics no later than April 24, 2023.

Thank you for your prompt attention to this matter. If you have any questions or require any additional information, please contact my office at (202) 225-5330.

Sincerely,



Raul Ruiz, M.D.
Member of Congress