

EVIDENTIARY HEARINGS

Evidentiary Hearings (EHs) may be held whereby parties of record will present their testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). These EHs are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during the evidentiary hearings. After considering all evidence presented during the formal hearing process, the assigned ALJ will issue a proposed decision. Because the CPUC's approvals may differ from those SDG&E requests, actual rates may differ from what is described in this notice.

CPUC PROCESS

If you wish to provide public comment regarding this application filing, you can write to the CPUC's Public Advisor's Office (PAO), 505 Van Ness Ave., San Francisco, CA 94102 or by e-mail at public.advisor.la@cpuc.ca.gov. When writing to the PAO, please refer to A.10-10-001 in your correspondence. All public comments received by the Public Advisor's Office will be forwarded to the Commissioners and the assigned ALJ for review, and become part of the formal correspondence file for public comment. In your letter, state that your comments are regarding Application No. A.10-10-001. If you wish to attend the EHs to listen only and you are in need of special accommodations, please contact the PAO 3-5 days in advance of the EHs.



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SAN DIEGO GAS & ELECTRIC COMPANY NOTICE OF PROPOSED CHANGE IN ELECTRIC RATES 2011 ERRR FORECAST-AMENDED FILING APPLICATION NO. A.10-10-001

On October 1, 2010, San Diego Gas & Electric Company (SDG&E®) filed an application with the California Public Utilities Commission (CPUC) for approval of its forecasted electric procurement revenue requirement for 2011, referred to as SDG&E's 2011 Energy Resource Recovery Account (ERRR) Forecast Application (A.10-10-001). SDG&E requested approval of a forecasted 2011 ERRR revenue requirement of \$787.2 million and a 2011 Competition Transition Charge (CTC) Revenue Requirement of \$31.6 million, a decrease from 2010 levels. These revenue requirements cover the costs of acquiring power for retail customers, including costs to purchase power under contracts with various power suppliers, California Independent System Operator charges and collateral requirements associated with electric procurement, as well as the cost responsibility of Direct Access (DA) customers and Community Choice Aggregation customers for above-market procurement costs to ensure bundled customer indifference.

On January 14, 2011, SDG&E filed an amended application and testimony, adjusting for the yearly update to market benchmark data. The market benchmark data is an input value in the calculation of the CTC and is based on the average forward energy prices recorded for a 31-day period. The update does not change the total revenue requirement, but does shift cost responsibility among the different customer classes, resulting in an increase for DA customers, since DA customers do not purchase

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commodity services from SDG&E and only experience the impacts associated with changes to SDG&E's Utility Distribution Company (UDC) rates. This update modifies SDG&E's requested approval of a forecasted 2011 ERRA revenue requirement of \$755.4 million and a 2011 Competition Transition Charge Revenue Requirement of \$63.3 million, a decrease overall to total rates (UDC and commodity) from current levels but an increase to UDC rates.

ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical bundled non-CARE residential customer living in the inland climate zone and using 500 kilowatt-hours per month could see a monthly summer bill decrease of 0.8%, or \$0.66. A typical monthly electric bill could decrease from \$81.05 to \$80.39. For DA customers, the UDC rate impacts on a class average basis are presented below. The percentages shown do not necessarily reflect the changes that you may see on your bill. Changes in individual bills will also depend on how much electricity each customer uses and when it is used.

SAN DIEGO GAS & ELECTRIC COMPANY – ELECTRIC DEPARTMENT ILLUSTRATIVE ELECTRIC BUNDLED RATE IMPACT (UDC AND COMMODITY)

	1/01/11 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	18.365	18.042	(0.323)	-1.76%
Small Commercial	17.647	17.319	(0.328)	-1.86%
Medium and Large C&I*	13.936	13.597	(0.339)	-2.43%
Agricultural	17.200	16.871	(0.329)	-1.91%
Lighting	15.387	15.095	(0.292)	-1.90%
Bundled System Total	15.957	15.628	(0.329)	-2.06%

*C&I stands for Commercial and Industrial

SAN DIEGO GAS & ELECTRIC COMPANY – ELECTRIC DEPARTMENT ILLUSTRATIVE ELECTRIC UDC RATE IMPACT

	1/01/11 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	11.404	11.475	0.071	0.62%
Small Commercial	10.146	10.243	0.097	0.96%
Medium and Large C&I*	6.471	6.552	0.081	1.25%
Agricultural	10.034	10.111	0.077	0.77%
Lighting	10.230	10.230	0.000	0.00%
DA System Total	8.725	8.804	0.079	0.91%

*C&I stands for Commercial and Industrial

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Dean Kinports, San Diego Gas & Electric Company, 8330 Century Park Court, CP32D, San Diego, CA 92123. SDG&E's application and related exhibits may also be inspected at the CPUC office located at 505 Van Ness Ave., San Francisco, CA 94102. Additionally, a copy of the application and related exhibits may be inspected at the following SDG&E business offices:

436 H St. Chula Vista, CA 91910	104 N. Johnson Ave. El Cajon, CA 92020	2604 S. El Camino Real Carlsbad, CA 92008
2404 E. Plaza Blvd. National City, CA 91950	336 Euclid Ave. San Diego, CA 92114	
440 Beech St. San Diego, CA 92101	644 W. Mission Ave. Escondido, CA 92025	

The application and related exhibits are also available electronically on SDG&E's website at www.sdge.com/regulatory/cpuc.shtml.

Copies of this bill insert will be available for viewing and printing on the SDG&E website at www.sdge.com/billinserts/regulatory.shtml.