

SAN DIEGO GAS & ELECTRIC COMPANY NOTICE OF PROPOSED INCREASE IN ELECTRIC RATES APPLICATION NO. A.10-07-009

On July 6, 2010, San Diego Gas & Electric Company (SDG&E®) filed an application with the California Public Utilities Commission (CPUC) requesting authority to increase its base rates, effective 3rd Quarter 2011. SDG&E's application includes a detailed forecast of the incremental cost being requested and a description of why this increase is necessary and reasonable.

SDG&E's request extends rate options to the Small Nonresidential and Residential customer classes, in accordance with the Commission's policy to make dynamic pricing available for all customers. SDG&E's proposed rates presented in its application constitute "dynamic" or "time-differentiated" pricing rates in that they are priced based on electric usage according to the time-of-day and the demand response of electric customers. In addition, SDG&E will be able to activate a ReduceYourUse Day when it determines there is a genuine need to call on customers for temporary reductions in electricity demand. The intent of dynamic rates is to encourage customers to reduce or curtail usage when a ReduceYourUse Day is triggered. Because the application requests the adoption of rate designs that are substantially different from, and more complex than, the flat rate structure customers are under today, implementation of the requested rates will require significant customer support and education to ensure that customers have the opportunity to be adequately informed of their new tariff options. Accordingly, SDG&E's application includes corresponding incremental costs reflective of the extensive and necessary undertaking to reach and educate our customers, and to develop the customer tools necessary to implement and sustain the proposed dynamic rate options.

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EFFECT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical non-CARE Inland residential customer's summer electric bill using 500 kilowatt-hours of electricity will decrease from \$78.07 per month to \$77.97 per month in 2011. The impact on each customer and customer class could vary depending on the CPUC's final decision. SDG&E estimates that the requested increase in electric revenues associated with the application during 2011, 2012 and 2013 would be allocated in a manner shown in the table below.

San Diego Gas & Electric Company - Electric Department Proposed Change In Class Average Rates In 2011

	2010 Rates (Effective 05/01/10) (¢/kWh)	2011 (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential*	17.689	17.639	(0.050)	-0.28%
Small Commercial	17.665	17.626	(0.039)	-0.22%
Med. & Large C&I	14.223	14.203	(0.020)	-0.14%
Agriculture	17.174	17.136	(0.038)	-0.22%
Lighting	15.529	15.503	(0.026)	-0.17%
System Total	15.852	15.819	(0.033)	-0.21%

San Diego Gas & Electric Company - Electric Department Proposed Change In Class Average Rates In 2012

	2010 Rates (Effective 05/01/10) (¢/kWh)	2012 (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential*	17.689	17.758	0.069	0.39%
Small Commercial	17.665	17.718	0.053	0.30%
Med. & Large C&I	14.223	14.252	0.029	0.20%
Agriculture	17.174	17.227	0.053	0.31%
Lighting	15.529	15.566	0.037	0.24%
System Total	15.852	15.899	0.047	0.30%

San Diego Gas & Electric Company - Electric Department

Proposed Change In Class Average Rates In 2013

	2010 Rates (Effective 05/01/10) (¢/kWh)	2013 (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential*	17.689	17.937	0.248	1.40%
Small Commercial	17.665	17.855	0.190	1.08%
Med. & Large C&I	14.223	14.324	0.101	0.71%
Agriculture	17.174	17.363	0.189	1.10%
Lighting	15.529	15.659	0.130	0.84%
System Total	15.852	16.018	0.166	1.05%

* Pursuant to California Assembly Bill 1X, electric rates for residential usage up to 130% of baseline allowances will not exceed rate levels in effect February 1, 2001, with the exceptions that rates for usage up to 130% of baseline shall be increased 3% to 5% each year pursuant to California Senate Bill 695, and to recover costs associated with the California Solar Initiative.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Todd Cahill, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of the application, including the public testimony, upon request. SDG&E's application and attachments may be inspected at the CPUC's Central Files Office, 505 Van Ness Ave., San Francisco, CA 94102. A copy of the application and any amendments may be inspected at the SDG&E business offices listed below:

436 H St. Chula Vista, CA 91910	2405 E. Plaza Blvd. National City, CA 91950	440 Beech St. San Diego, CA 92101
104 N. Johnson Ave. El Cajon, CA 92020	336 Euclid Ave. San Diego, CA 92114	2604 S. El Camino Real Carlsbad, CA 92008
644 W. Mission Ave. Escondido, CA 92025		

Copies of this application are available on the SDG&E Web site at: www.sdge.com/regulatory/cpuc.shtml.

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

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CPUC PROCESS

The CPUC may hold Evidentiary Hearings (EHs) whereby parties of record provide testimony and are subject to cross-examination before a CPUC Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has its own court reporters who will record the comments of those formal parties of record participating in the EHs. The Division of Ratepayer Advocates (DRA) is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state to obtain the lowest possible rates for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed draft decision. When the CPUC issues a final decision on the application, it may adopt, amend or modify all or part of the ALJ's proposed decision as written. The CPUC's decision may be different than SDG&E's formal request.

If you would like additional information or would like to attend these hearings, you can contact the Public Advisor's Office. You may also send your comments to the Public Advisors' address, 320 West 4th St., Ste. 500, Los Angeles, CA 90013 or send an e-mail to: public.advisor.la@cpuc.ca.gov. Any correspondence received will become part of the formal file in this application. Please reference Application No. A.10-07-009 in any correspondence.

