

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.11-05-023 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.11-05-023.



SAN DIEGO GAS & ELECTRIC COMPANY NOTIFICATION OF 2009 REQUEST FOR OFFERS (RFO) NEW GENERATION COST RECOVERY APPLICATION NO. A.11-05-023

On May 19, 2011, San Diego Gas & Electric Company (SDG&E) filed a request with the California Public Utilities Commission (CPUC) for approval of three long-term contracts for new electric generation resources, and cost recovery for the cost of the contracts. The three resources are identified as Pio Pico Energy Center (305 MW), Quail Brush Project (100 MW) and Escondido Energy Center (45 MW).

Escondido Energy Center is planned to come on-line July 1, 2012 and will remain under contract for 25 years. Pio Pico and Quail Brush are expected to come on-line at the end of May 2014, and will remain under contract for 20 years. All three of these resources will be privately owned and operated. These three contracts will provide grid reliability benefits to all electric customers in SDG&E's service territory for the duration of these contracts. This application requests cost recovery from all benefiting customers, including those customers receiving energy through another Energy Service Provider, for the total cost of these contracts over the term of their life, which is \$1,884,310,000.

Utility charges on your bill are for energy and transmission and distribution services. Only a part of the energy charges are at issue in this application. If these facilities come on line as expected, SDG&E's cost recovery plan for these new generation resources would result in annual costs of approximately \$4 million in 2012,

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\$7 million in 2013, \$64M in 2014 and \$88 million in 2015, excluding the cost of fuel, start-up charges, financing charges, and variable operation and maintenance. From 2015 through the end of the contract terms, annual costs would remain substantially flat. The annual costs in 2015 are illustrated below to show the bill impacts for the first year in which all three resources are on line for a full year.

SDG&E estimates that the requested increase in electric revenues associated with the new resources would be allocated in 2015 in a manner shown in the tables below.

ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical inland residential customer using 500 kilowatt-hours per month could see a monthly summer bill increase of 1.2%, or \$0.97. A typical monthly electric bill could increase from \$80.99 to \$81.96. 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.

San Diego Gas & Electric Company - Electric Department

Illustrative Electric Rate Impact

| | 4/01/11 Class Average Rates (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Changes in 2015 (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change % |
|-------------------|---|---|------------------------------------|-----------------------------------|
| Residential | 18.336 | 18.818 | 0.482 | 2.63% |
| Small Commercial | 17.609 | 18.127 | 0.518 | 2.95% |
| Med. & Large C&I* | 13.913 | 14.424 | 0.511 | 3.68% |
| Agricultural | 17.161 | 17.657 | 0.496 | 2.89% |
| Lighting | 15.379 | 15.736 | 0.357 | 2.32% |
| System Total | 15.931 | 16.429 | 0.498 | 3.13% |

*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: Kari Klobberdanz, 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

2405 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

644 W. Mission Ave.
Escondido, CA 92025

2604 S. El Camino Real
Carlsbad, CA 92008

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.

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.

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