

SAN DIEGO GAS & ELECTRIC COMPANY NOTIFICATION OF APPLICATION TO DECREASE ELECTRIC RATES APPLICATION NO. 10-04-033

On April 30, 2010, San Diego Gas & Electric Company (SDG&E®) filed its Expedited Energy Resource Recovery Account (ERRA) Trigger Application (Expedited ERRA Trigger Application) with the California Public Utilities Commission (CPUC) asking for approval to decrease certain rates. The ERRA was established by the CPUC to record the utility's fuel and purchased power revenues against recorded costs, excluding costs and revenues related to the California Department of Water Resources. Assembly Bill (AB) 57 mandated a trigger threshold for the balance in the ERRA of 5% of the electric utility's recorded generation revenues for the prior calendar year. Under the provisions of the trigger mechanism, SDG&E is required to file an expedited application to address the ERRA balance when it reaches an under-collection or over-collection of 4%, and is projected to exceed the 5% trigger.

Specifically, the Expedited ERRA Trigger Application seeks approval to return a \$100 million over-collection in the ERRA under the adopted trigger mechanism, partially offset by a \$26 million under-collection in the Non-Fuel Generation Balancing Account (NGBA), which records the difference between actual non-fuel generation costs, including SONGS and natural gas-fired generation, and recorded commodity revenues. Accordingly, SDG&E is proposing a rate decrease of \$74 million to be amortized over 12 months from September 1, 2010 to August 31, 2011.

EFFECT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical non-CARE inland climate zone residential customer's summer electric bill using 500 kilowatt-hours of electricity will **decrease** from \$78.57 per month to \$77.75 per month, or \$0.82. Changes in individual bills will depend on how much energy each customer uses.

San Diego Gas & Electric Company Electric Department Illustrative Electric Rate Impact

	Currently Effective Class Average Rates (¢/kWh)	Class Average Rates Including ERRA Decrease (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	17.937	17.530	(0.407)	-2.27%
Sm. Commercial	17.924	17.485	(0.439)	-2.45%
Med. & Large C&I	14.485	14.052	(0.433)	-2.99%
Agricultural	17.431	17.012	(0.419)	-2.40%
Lighting	15.717	15.415	(0.302)	-1.92%
System Total	16.106	15.685	(0.421)	-2.61%

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. The CPUC may approve a rate decrease that differs from that proposed by SDG&E. The actual rates may result in changes greater or less than those described in this notice.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Kari Kloberdanz, 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

336 Euclid Ave.

San Diego, CA 92114

2404 E Plaza Blvd.

National City, CA 91950

644 W Mission Ave.

Escondido, CA 92025

440 Beech St.

San Diego, CA 92101

2604 S El Camino Real

Carlsbad, CA 92008

104 N Johnson Ave.

El Cajon, CA 92020

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

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

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.10-04-033 in your correspondence. All public comments received by

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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.10-04-033. If you wish to attend the EHs to listen only and you are in need of special accommodations, please contact the PAO within 3-5 days in advance of the EHs.

