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**NOTIFICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY'S REQUEST TO INCREASE RATES
FOR THE 2016 GENERAL RATE CASE (GRC)
APPLICATION FILING A.14-11-003**

On November 14, 2014, San Diego Gas & Electric Company (SDG&E®) filed a General Rate Case (GRC) Application with the California Public Utilities Commission (CPUC), requesting authority to increase revenue by \$133 million beginning January 1, 2016. The increase is requested to collect from SDG&E's customers the increased costs of its business operations (administrative expenses), and the infrastructure expenses to deliver natural gas and electricity. If approved, this request will increase SDG&E's total revenue requirement for these expenses to \$1.911 billion in 2016, \$2.007 billion in 2017, and \$2.103 billion in 2018. The 2017 and 2018 revenue requirements are estimated, based off of a proposed growth mechanism, and may change based upon final CPUC decisions.

Every three or four years, SDG&E is required to file a GRC with the CPUC. The annual revenue requirement is the total amount of money a utility collects through rates in a given year for specific purposes. The design of the actual rates themselves (prices charged to customers) will be determined in separate proceedings. This particular application does not include the cost to purchase gas and electric for SDG&E customers. Those costs are evaluated and authorized in a separate proceeding.

**SDG&E REQUESTS A TOTAL INCREASE OF
\$133 MILLION FOR GAS AND ELECTRIC SERVICE
EFFECTIVE JANUARY 1, 2016**

SDG&E is requesting \$1.911 billion in total revenue requirement for 2016. This amount is a \$133 million increase over the 2015 estimated revenue requirement, with the increase to be effective on January 1, 2016. This increase consists of the following:

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**SDG&E GRC Revenue Requirement
(\$ in millions)**

	2014	Estimated 2015	Requested Increase	Test Year 2016 Request
Electric	\$1,597	\$1,466	\$119	\$1,585
Gas	\$ 303	\$ 312	\$ 14	\$ 326
	\$1,900	\$1,778	\$133	\$1,911

SDG&E is also requesting revenue increases for 2017 and 2018 to cover increasing costs for plant maintenance and repairs as well as inflation. The proposed ratemaking for those two years uses a starting point set by SDG&E's 2016 GRC outcome and would be used to adjust and set rates beginning January 1, 2017. Rates in the following years will be adjusted annually using separate formulas for capital-related and operations and maintenance (O&M) expenses.

KEY REASONS WHY SDG&E IS ASKING FOR INCREASES ARE:

- To finance O&M and capital projects necessary to enhance SDG&E's ability to provide safe and reliable natural gas and electricity services to its customers;
- To continue to finance the maintenance of the system of power plants, poles, wires, pipes and equipment needed to deliver electricity and gas to SDG&E's customers;
- To adequately fund support services and employee training to keep SDG&E operating and to provide SDG&E's customers with safe, reliable and responsive customer service; and
- To meet regulatory demands and compliance requirements driven by system safety and reliability and environmental compliance.

Other components to SDG&E's cost of service are listed in the GRC Application.

ESTIMATED IMPACT OF THIS REQUEST ON ELECTRIC RATES

SDG&E estimates that the requested \$119 million increase in electric revenue requirement may be distributed in the manner shown in the table below. Although SDG&E is requesting an increase in electric revenues from 2015 to 2016, customers will see a simultaneous reduction in rates resulting from the end of the catch-up portion of the prior rate case that is included in 2015 rates. Actual allocation of revenues will be determined by a separate electric rate design proceeding known as Phase 2 of the GRC.

Customer Class	2014 Rates Effective 8/1/2014	2015 Rates Estimated	Proposed Rates Effective 1/1/2016	2014 to 2016 Change		2015 to 2016 Change	
				\$	%	\$	%
Residential	20.5	19.9	19.8	(0.7)	-3.4%	(0.1)	-0.5%
Small Commercial	23.8	23.3	23.2	(0.6)	-2.6	(0.1)	-0.4
Medium & Large Commercial & Industrial	19.2	19.6	19.4	0.3	1.3	(0.2)	-1.0
Agriculture	19.6	19.3	19.2	(0.4)	-1.8	(0.1)	-0.6
Lighting	17.5	20.8	20.7	3.3	18.7	(0.1)	-0.5
System Total	20.1	20.0	19.9	(0.3)	-1.3%	(0.1)	-0.7%

If the CPUC approves SDG&E's request for an electric rate increase, the winter bill for a typical bundled residential customer living in the inland climate zone and using 500 kWh per month would decrease \$0.25, or -0.3 percent, from expected 2015 rates of \$97.85 to 2016 rates of \$97.60. Individual customer bills may vary. Rates would become effective in January 2016.

ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

SDG&E estimates that the requested \$14 million increase in gas revenue requirement maybe distributed in the manner shown in the table below. Although SDG&E is requesting an increase in gas revenues from 2015 to 2016, customers will see a simultaneous reduction in rates resulting from the end of the catch-up portion of the prior rate case that is included in 2015 rates. The actual distribution of the increase to each customer class depends upon CPUC decision. Actual distribution of revenues will also be affected by a separate gas rate design proceeding expected to be filed with the CPUC in the future.

San Diego Gas & Electric Company - Gas Department Summary of Gas Class Average Bundled Rates by Major Customer Class 2016 General Rate Case (\$/therm)

Customer Class	Total Rates			2014 to 2016 Change		2015 to 2016 Change	
	Current 2014	Estimated 2015	Proposed 2016	\$	%	\$	%
1 Residential	\$1.40371	\$1.42541	\$1.41325	\$0.00954	0.7%	-\$0.01216	-0.9%
2 Core Commercial & Industrial	\$0.77681	\$0.78276	\$0.77870	\$0.00189	0.2%	-\$0.00406	-0.5%
3 NGV	\$0.70459	\$0.70978	\$0.71569	\$0.01111	1.6%	\$0.00592	0.8%
4 Core Average	\$1.17018	\$1.18603	\$1.17709	\$0.00692	0.6%	-\$0.00894	-0.8%
5 Noncore C&I*	\$0.12546	\$0.12665	\$0.12475	-\$0.00071	-0.6%	-\$0.00190	-1.5%
6 Sempra-Wide EG**	\$0.01724	\$0.01794	\$0.01864	\$0.01139	8.1%	\$0.00070	3.7%
7 Retail Noncore Average	\$0.02307	\$0.02379	\$0.02435	\$0.00128	5.6%	\$0.00056	2.3%
8 System Total	\$0.49932	\$0.50632	\$0.50294	\$0.00362	0.7%	-\$0.00339	-0.7%

*C&I stands for Commercial and Industrial

**Electric Generation

	Average Monthly Bill			2014 to 2016 Change		2015 to 2016 Change	
	Current 2014	Estimated 2015	2016	\$	%	\$	%
Average Bill 28 therms/month	\$38.52	\$39.09	\$38.77	\$0.25	0.7%	(\$0.32)	-0.8%

For illustrative purposes, if the CPUC approves the application, the impact on the monthly bill of 28 therms/month would be a decrease of \$0.32, or 0.8%, from 2015 estimated rates. Rates would become effective in January 2016.

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FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the Application and related exhibits by writing to: Charles Manzuk, 2016 GRC Director for SDG&E, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of the application, including testimony, upon request. A copy of the application and any amendments also may be inspected at the SDG&E business offices listed below:

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

Copies of this application are available on the SDG&E website at <http://www.sdge.com/proceedings>.

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

CPUC PROCESS

This Application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents, necessary for the CPUC to establish a record upon which to base its decision. Evidentiary Hearings (EHs) may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These EHs are open to the public, but only those who are parties of record can participate.

After considering all proposals and evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision which may adopt SDG&E's proposal, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

As a party of record, the Office of Ratepayer Advocates (ORA) reviewed this application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. Other parties of record will also participate in the CPUC's proceeding to consider this application. For more information about ORA, please call (415) 703-1584, e-mail ora@cpuc.ca.gov or visit ORA's website at <http://ora.ca.gov/default.aspx>.

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If you would like to learn how you can participate in the proceeding, or if you have informal comments or questions about the CPUC processes, you may access the CPUC's PAO webpage at www.cpuc.ca.gov/puc and click on "Public Advisor" from the CPUC Information Menu. You may also contact the PAO as follows:

Write: CPUC Public Advisor's Office, Room 2103
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
TTY 1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference SDG&E Application No. A.14-11-003 in any communications you have with the Commission regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.



A  Sempra Energy utility®

The logo for Sempra Energy, which consists of a stylized figure holding a torch, is positioned to the left of the text 'Sempra Energy utility®'. The figure is black and white, with the figure's body forming a circle and the torch held aloft.