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**NOTICE OF SAN DIEGO GAS & ELECTRIC  
COMPANY'S REQUEST TO INCREASE ELECTRIC  
RATES FOR 2016 ERRA FORECAST  
APPLICATION NO. A.15-04-014**

On April 15, 2015, San Diego Gas & Electric Company (SDG&E®) filed an Application with the California Public Utilities Commission (CPUC) for approval to increase rates to purchase electricity for its customers in 2016. Additionally, this Application addresses revenue requirement forecasts and Greenhouse Gas (GHG) related forecasts. This is referred to as SDG&E's 2016 Energy Resource Recovery Account (ERRA) Forecast Application (Application). If approved, this Application would result in an increase in overall revenue requirement and rates starting in 2016.

The total forecast for SDG&E's proposed revenue requirement relating to this Application, is \$1,285,844,494 for 2016. If the 2016 forecast is approved, SDG&E's 2016 revenue requirement will increase by \$77,246,512 compared to the current revenue requirement of \$1,208,597,982.

When the combined total revenue requirement forecasts are compared to rates that will be effective as of May 1, 2015, the combined total increase is approximately \$49 million (rather than \$77.246 million).

The total revenue requirement is comprised of five components: Energy Resource Recovery Account (ERRA); Competition Transition Charge (CTC); Local Generation (LG); and Greenhouse Gas (GHG) costs and allowance revenues. SDG&E is also seeking to recover costs associated with storing nuclear fuel that is no longer useful (also known as spent fuel) from San Onofre Nuclear Generating Station (SONGS) Unit 1. This cost was incurred through its 20% ownership of SONGS Unit 1.

*(Continued inside)*

The ERRA primarily includes fuel costs needed to run generators to create electricity and contracts with third parties to purchase energy. The CTC allows SDG&E to recover costs for power plants and long-term power contracts approved by state regulators that have become unprofitable by the shift of consumers to competitors, due to the restructuring of the electric energy industry.

The Local Generation Charge (LGC) is a charge associated with entering into certain new contracts with power producers. These generation costs are needed to meet the electric system or local reliability needs. The LGC is a charge applicable to bundled, Direct Access (DA) and Community Choice Aggregation (CCA) customers.

Forecasted GHG costs to comply with California’s GHG emission reductions program will be recovered through electric rates. Revenue from the sale of GHG allowances will be returned to some bundled and DA customers as credits on their bill. The GHG allowance revenue bill credits reduce the electric rate impacts of the GHG costs.

The costs are broken down as \$1,265,078,102 for the ERRA, \$19,613,515 for the CTC, \$7,127,035 for the LGC, \$1,076,958 for SONGS Unit 1 spent fuel storage, \$52,790,867 for GHG costs and (\$59,841,983) for GHG allowance revenues available to be returned to customers.

In addition, this Application addresses the cost responsibility of DA customers and CCA customers that purchase electricity from another provider but transport it through SDG&E’s electrical system.

The charts shown below illustrate the changes in rates that would result from CPUC approval of this Application, compared to current rate levels.

**This Application is a forecast and is likely to change prior to including these costs in next year’s electric rates. SDG&E expects to file an update to this Application in November 2015.**

## ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E’s Application, a typical non-CARE residential customer living in the inland climate zone and using 500 kilowatt-hours per month could see a monthly summer bill increase of 1.2%, or \$1.23, from a current monthly bill of \$103.87 to \$105.10.

The first table below provides illustrative bill changes for bundled customers, while the second table presents illustrative bill changes for DA customers. For DA customers who do not pay commodity, the Utility Distribution Company (UDC) rate changes 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.

### San Diego Gas & Electric Company’s Illustrative Electric Bundled Rate Change (Total Rates Include UDC<sup>1</sup> and Commodity<sup>2</sup>)

| Customer Class                    | Class Average Rates Effective 02/01/15 <sup>3</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Change Per Application (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change (%) |
|-----------------------------------|---|--|---------------------------|----------------------------|
| Residential                       | 22.012  | 23.070   | 1.058                     | 4.81%                      |
| Small Commercial                  | 24.393  | 24.657   | 0.264                     | 1.08%                      |
| Medium and Large C&I <sup>4</sup> | 19.453  | 19.296   | (0.157)                   | -0.81%                     |
| Agricultural                      | 17.558  | 17.457   | (0.101)                   | -0.58%                     |
| Lighting                          | 18.016  | 17.895   | (0.121)                   | -0.67%                     |
| <b>System Total</b>               | <b>20.849</b>   | <b>21.191</b>  | <b>0.342</b>              | <b>1.64%</b>               |

1 UDC rates include Department of Water Resources (DWR) Bond Charge.

2 Commodity rates include DWR Power Charge credit.

3 Rates effective 2/1/15 per Advice Letter (AL) 2695-E.

4 C&I stands for Commercial and Industrial.

**San Diego Gas & Electric Company's Illustrative Electric UDC<sup>1</sup> Rate Increase**

| Customer Class                    | Class Average Rates Effective 02/01/15 <sup>2</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Increase Per Application (¢/kWh) | Total Rate Increase (¢/kWh) | Percentage Rate Increase (%) |
|-----------------------------------|---|--|-----------------------------|------------------------------|
| Residential                       | 11.556  | 12.804   | 1.248                       | 10.80%                       |
| Small Commercial                  | 13.933  | 14.388   | 0.455                       | 3.27%                        |
| Medium and Large C&I <sup>3</sup> | 9.139   | 9.167  | 0.028                       | 0.31%                        |
| Agricultural                      | 8.668   | 8.729  | 0.061                       | 0.70%                        |
| Lighting                          | 11.492  | 11.492   | 0.000                       | 0.00%                        |
| <b>System Total</b>               | <b>10.505</b>   | <b>11.034</b>  | <b>0.529</b>                | <b>5.04%</b>                 |

- 1 UDC rates include DWR Bond Charge.  
 2 Rates effective 2/1/15 per AL 2695-E.  
 3 C&I stands for Commercial and Industrial.

The following two tables provide illustrative bill changes for bundled customers and DA customers, respectively, excluding the residential California Climate Credit (CCC), for purposes of showing the impact of the residential CCC. The residential CCC is a semi-annual on-bill credit pursuant to which residential customers are allocated GHG allowance revenues available for return on an equal cents-per-residential-account basis.

**San Diego Gas & Electric Company's Illustrative Electric Bundled Rate Increase (Total Rates Include UDC<sup>1</sup> and Commodity<sup>2</sup>) Excluding California Climate Credit (CCC)**

| Customer Class           | Class Average Rates Effective 02/01/15 <sup>3</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Change Per Application (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change (%) |
|--------------------------|---|--|---------------------------|----------------------------|
| Residential <sup>4</sup> | 23.144  | 23.454   | 0.310                     | 1.34%                      |
| <b>System Total</b>      | <b>21.275</b>   | <b>21.335</b>  | <b>0.060</b>              | <b>0.28%</b>               |

- 1 UDC rates include Department of Water Resources (DWR) Bond Charge.  
 2 Commodity rates include DWR Power Charge credit.  
 3 Rates effective 2/1/15 per Advice Letter (AL) 2695-E.  
 4 UDC excludes residential California Climate Credit which is received semi-annually.

**San Diego Gas & Electric Company's Illustrative Electric UDC<sup>1</sup> Rate Increase Excluding California Climate Credit (CCC)**

| Customer Class           | Class Average Rates Effective 02/01/15 <sup>2</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Increase Per Application (¢/kWh) | Total Rate Increase (¢/kWh) | Percentage Rate Increase (%) |
|--------------------------|---|--|-----------------------------|------------------------------|
| Residential <sup>3</sup> | 12.688  | 13.188   | 0.500                       | 3.94%                        |
| <b>System Total</b>      | <b>10.931</b>   | <b>11.178</b>  | <b>0.247</b>                | <b>2.26%</b>                 |

- 1 UDC rates include DWR Bond Charge.  
 2 Rates effective 2/1/15 per AL 2695-E.  
 3 UDC excludes residential California Climate Credit which is received semi-annually.

The following tables provide illustrative rate impact after the May 1, 2015 implementation of the 2015 GHG Forecast Revenue and Reconciliation. As described above, when the combined total revenue requirement forecasts in this Application are compared to rates that will be effective as of May 1, 2015, the combined total increase is approximately \$49 million (rather than \$77.246 million), with an incremental rate impact of approximately \$16 million.

**San Diego Gas & Electric Company's Illustrative Electric Bundled Rate Change (Total Rates Include UDC<sup>1</sup> and Commodity<sup>2</sup>)**

| Customer Class                    | Anticipated 5/1/15 Total Rate <sup>3</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Change Per Application (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change (%) |
|-----------------------------------|--|--|---------------------------|----------------------------|
| Residential <sup>4</sup>          | 22.651   | 23.070   | 0.419                     | 1.85%                      |
| Small Commercial                  | 24.653   | 24.657   | 0.004                     | 0.02%                      |
| Medium and Large C&I <sup>5</sup> | 19.529   | 19.296   | (0.233)                   | -1.19%                     |
| Agriculture                       | 17.642   | 17.457   | (0.185)                   | -1.05%                     |
| Lighting                          | 18.062   | 17.895   | (0.167)                   | -0.92%                     |
| <b>System Total</b>               | <b>21.154</b>                                      | <b>21.191</b>  | <b>0.037</b>              | <b>0.17%</b>               |

- 1 UDC rates include Department of Water Resources (DWR) Bond Charge.  
 2 Commodity rates include DWR Power Charge credit.  
 3 Anticipated rates effective 5/1/15 per D.15-03-019 (corrected by D.15-04-005).  
 4 UDC includes residential California Climate Credit which is received semi-annually.  
 5 C&I stands for Commercial and Industrial.

**San Diego Gas & Electric Company's Illustrative  
Electric UDC<sup>1</sup> Rate Increase**

| Customer Class                    | Anticipated 5/1/15 Total Rate <sup>2</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Increase Per Application (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change (%) |
|-----------------------------------|--|--|---------------------------|----------------------------|
| Residential <sup>3</sup>          | 12.121   | 12.804   | 0.683                     | 5.63%                      |
| Small Commercial                  | 14.119   | 14.388   | 0.269                     | 1.91%                      |
| Medium and Large C&I <sup>4</sup> | 9.144  | 9.167  | 0.023                     | 0.25%                      |
| Agriculture                       | 8.690  | 8.729  | 0.039                     | 0.45%                      |
| Lighting                          | 11.492   | 11.492   | 0.000                     | 0.00%                      |
| <b>System Total</b>               | <b>10.738</b>                                      | <b>11.034</b>  | <b>0.296</b>              | <b>2.76%</b>               |

- UDC rates include DWR Bond Charge.
- Anticipated rates effective 5/1/15 per D.15-03-019 (corrected by D.15-04-005).
- UDC includes residential California Climate Credit which is received semi-annually.
- C&I stands for Commercial and Industrial.

**San Diego Gas & Electric Company's Illustrative Electric  
Bundled Rate Change (Total Rates Include UDC<sup>1</sup> and  
Commodity<sup>2</sup>) Excluding California Climate Credit (CCC)**

| Customer Class           | Anticipated 5/1/15 Total Rate <sup>3</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Increase Per Application (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change (%) |
|--------------------------|--|--|---------------------------|----------------------------|
| Residential <sup>4</sup> | 23.400   | 23.454   | 0.054                     | 0.23%                      |
| <b>System Total</b>      | <b>21.436</b>                                      | <b>21.335</b>  | <b>(0.101)</b>            | <b>-0.47%</b>              |

- UDC rates include Department of Water Resources (DWR) Bond Charge.
- Commodity rates include DWR Power Charge credit.
- Anticipated rates effective 5/1/15 per D.15-03-019 (corrected by D.15-04-005).
- UDC includes residential California Climate Credit which is received semi-annually.

**San Diego Gas & Electric Company's Illustrative Electric UDC<sup>1</sup>  
Rate Increase Excluding California Climate Credit (CCC)**

| Customer Class           | Anticipated 5/1/15 Total Rate <sup>2</sup> (¢/kWh) | Class Average Rates Reflecting Proposed Revenue Change Per Application (¢/kWh) | Total Rate Change (¢/kWh) | Percentage Rate Change (%) |
|--------------------------|--|--|---------------------------|----------------------------|
| Residential <sup>3</sup> | 12.870   | 13.188   | 0.318                     | 2.47%                      |
| <b>System Total</b>      | <b>11.020</b>                                      | <b>11.178</b>  | <b>0.158</b>              | <b>1.43%</b>               |

- UDC rates include DWR Bond Charge.
- Anticipated rates effective 5/1/15 per D.15-03-019 (corrected by D.15-04-005).
- UDC includes residential California Climate Credit which is received semi-annually.

For further information on these proposals you may contact SDG&E's Customer Service line at 1-800-411-SDGE (7343).

**FOR FURTHER INFORMATION**

You may request additional information or obtain a copy of the Application and related exhibits by writing to: Kellen Gill, San Diego Gas & Electric Company, 9305 Lightwave Ave., San Diego, CA 92123-1447. Additionally, a copy of the Application and related exhibits may be reviewed at the following SDG&E business offices:

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

The Application and related exhibits are also available electronically on SDG&E's website at [www.sdge.com/regulatory/cpuc.shtml](http://www.sdge.com/regulatory/cpuc.shtml).

SDG&E's Application and related exhibits may also be reviewed at the CPUC Central Files Office located at 505 Van Ness Avenue, San Francisco, CA 94102.

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

**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 may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings 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) will review 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](mailto:ora@cpuc.ca.gov) or visit ORA's website at <http://ora.ca.gov/default.aspx>.

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Email: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

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

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

