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NOTICE OF SAN DIEGO GAS & ELECTRIC COMPANY'S REQUEST TO INCREASE RATES FOR THE CUSTOMER INFORMATION SYSTEM REPLACEMENT PROGRAM APPLICATION NO. A.17-04-027

On April 28, 2017, San Diego Gas & Electric Company (SDG&E[®]) filed a request with the California Public Utilities Commission (CPUC) for approval to increase rates to fund the Customer Information System (CIS) Replacement Program. This request is seeking to replace SDG&E's legacy CIS (the hardware/software system used for key business and billing processes). This system was implemented two decades ago and will need to be replaced before it becomes completely obsolete.

If approved, the CIS Replacement Program will be implemented in a multi-year phased effort that is expected to go live in 2021. The new CIS will modernize critical business processes and customer interactions, while reducing costs and increase billing accuracy and timeliness. It will also enable the enhancement and expansion of customer engagement functionality and allow continued support of the State's policy initiatives.

The requested rate increase will cover costs associated with implementation of the CIS Replacement Program through 2021. This application will seek to recover the following expenses:

- Capital costs (vendor costs) associated with developing the CIS
- Operation costs (employee training)
- Management costs (organizational change management)

The Revenue Requirements from 2017 - 2021 are shown below. These are used to show the rates and bill impacts.

	2017	2018	2019	2020	2021
Revenue Requirements					
Electric					
Distribution	(\$1,339)	\$2,532	(\$17,662)	(\$9,808)	\$38,889
Commodity	(\$155)	(\$193)	(\$1,758)	(\$2,035)	\$1,829
Gas					
Transportation	(\$491)	\$1,664	(\$6,907)	(\$2,234)	\$18,301
Adjusted Revenue Requirements for Recovery in Rates					
Electric					
Distribution	\$0	\$0	\$0	\$0	\$12,612
Commodity	\$0	\$0	\$0	\$0	(\$2,311)
Gas					
Transportation	\$0	\$0	\$0	\$0	\$10,332

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ILLUSTRATIVE INCREASE ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, 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 in 2021 of \$0.30, or 0.2%. A typical current monthly summer bill could increase from \$125.36 to \$125.66. 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.

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

Customer Class	Class Average Rates Effective 3/1/2017	2021 Class Average Rates Reflecting Proposed Revenue Increase Included in this Application (¢ / kWh)		
		Total Rate Increase (¢ / kWh)	Percentage Rate Increase (%)	
Residential	24.990	25.058	0.068	0.27%
Small Commercial	23.928	23.994	0.066	0.28%
Medium and Large C&I*	19.850	19.882	0.032	0.16%
Agriculture	17.735	17.775	0.040	0.23%
Lighting	19.917	19.935	0.036	0.18%
System Total	22.122	22.171	0.049	0.22%

*C&I stands for Commercial and Industrial.

ILLUSTRATIVE INCREASE ON GAS RATES

SDG&E has estimated the impact of the requested \$10.3 million increase for 2021 in gas revenues under the proposed rates as shown in the tables below. The actual distribution of the increase to each customer class depends on how the CPUC ultimately decides all issues in the application.

Customer Class	Annual ¢/Therm	% Increase
Residential	0.03	2.9%
Commercial	0.63	1.7%
Natural Gas Vehicles	0.03	0.2%
Large Industrial (distribution level service)	0.31	3.3%
Large Industrial (transmission level service)	0.004	0.2%
System Total	0.84	2.6%

If the CPUC approves SDG&E's request for a gas rate increase and the proposed rate allocation method, the bill for a typical bundled residential customer using 25 therms per month would increase \$0.68, or 1.8%, from \$38.52 to \$39.21. Individual customer bills may differ.

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: Will Fuller, Regulatory Case Manager, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of this application, including testimony, upon request. SDG&E's application and attachments may be reviewed at the CPUC's Central Files Office by appointment. For more information, please contact them at alcentralfilesid@cpuc.ca.gov or (415) 703-2045. A copy of the application and any amendments also may be reviewed at the following SDG&E business offices:

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

The application and related exhibits are also available electronically on SDG&E's website at <http://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.

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.

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The Office of Ratepayer Advocates (ORA) may 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. For more information about ORA, please call (415) 703-1584, email ora@cpuc.ca.gov or visit ORA's website at www.ora.ca.gov.

STAY INFORMED

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Email: public.advisor@cpuc.ca.gov

Mail: CPUC Public Advisor's Office
505 Van Ness Ave.
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

Please reference **SDG&E CIS Replacement Application No. A. 17-04-027** 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.

