

**SAN DIEGO GAS & ELECTRIC COMPANY
NOTICE OF APPLICATION 13-06-XXX
TO FILL THE LOCAL CAPACITY REQUIREMENT NEED
IDENTIFIED IN CPUC DECISION 13-03-029**

On June 21, 2013, San Diego Gas & Electric Company (SDG&E®) filed its long-term contract for approval of a new electric generation resource and cost recovery for the cost of the contract Application with the California Public Utilities Commission (CPUC). The Application is identified as the Pio Pico Energy Center, LLC (Pio Pico) (305 MW).

Pio Pico expected deliveries will begin on June 1, 2017, and will remain under contract for 25 years. The resource will be privately owned and operated. The contract will provide grid reliability benefits to all electric customers in SDG&E's service territory for the duration of this contract. This application requests cost recovery from all benefiting customers, including those customers receiving energy through another Energy Service Provider, for the total cost of this contract over the term of its life, which is \$1,634 million.

If the facility comes on line as expected, SDG&E's cost recovery plan for this new generation resource would result in annual fixed costs of approximately \$35.6 million in 2017, \$61.2 million in 2018, \$61.5 million in 2019 and \$61.8 million in 2020. The variable costs that are excluded are the cost of fuel, start-up charges, financing charges, and variable operation and maintenance. From June 1, 2017 through the end of the contract term, annual costs would remain substantially flat. The annual costs in 2018 are illustrated below to show the bill impacts for the first full calendar year in which the Pio Pico Energy Center resource is on line.

SDG&E estimates that the requested increase in electric revenues associated with the new resources would be allocated in 2018 in a manner shown in the table on the next page.

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ILLUSTRATIVE IMPACT 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 of 0.7%, or \$0.63. An average monthly electric bill could increase from \$84.38 to \$85.01. 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

	Class Average Rates Reflecting			
	1/1/2013 Class Average Rates (¢/kWh)	Proposed Revenue Changes in 2018 (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	18.322	18.637	0.315	1.72%
Small Commercial	18.158	18.493	0.335	1.84%
Medium and Large C&I*	14.474	14.744	0.270	1.87%
Agricultural	17.653	17.988	0.335	1.89%
Lighting	14.920	15.707	0.787	5.27%
System Total	16.269	16.566	0.297	1.82%

*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: Despina Niehaus, 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	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		

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

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

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 Commissioners will consider the ALJ's proposed decision and decide whether to adopt all or part of SDG&E's request, modify it, or deny it at a scheduled Commission meeting. The CPUC's approvals may differ from SDG&E requests, and actual rates may differ from what is described in this notice.

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CPUC PROCESS

The CPUC's Division of Ratepayer Advocates (DRA), which is an independent arm of the CPUC created to represent the interests of all utility customers and other parties will review the application. DRA, other parties and SDG&E will present their positions on the request in a CPUC formal proceeding presided by a CPUC ALJ.

The CPUC offers a free Subscription Service which is available on the CPUC website at cpuc.ca.gov which allows you to follow this proceeding. If you would like to learn how you can participate in the proceeding, or if you have comments or questions about the proposed request, or questions about the CPUC process, you may contact the CPUC's Public Advisor's Office (PAO) at the address noted below. When writing, please reference proceeding A.13-06-XXX. All comments, written correspondence and emails are provided to the Commissioners and the assigned ALJ for this proceeding to review.

CPUC

Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102
Email: public.advisor@cpuc.ca.gov
Phone: 866-849-8390



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