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**NOTICE OF SAN DIEGO GAS & ELECTRIC COMPANY'S
REQUEST TO INCREASE ELECTRIC RATES
FOR 2018 ERRA FORECAST
APPLICATION NO. A.17-04-016**

On April 14, 2017, 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 2018. Additionally, this application addresses revenue requirement forecasts and greenhouse gas related forecasts. This is referred to as SDG&E's 2018 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 2018.

SDG&E is requesting \$1,398,226,186 for 2018. If the request is approved, SDG&E's 2018 revenue requirement will increase by \$47,917,101 compared to the current revenue requirement of \$1,350,309,085, which represents a 3.5% increase from the current revenue requirement.

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 SDG&E's 20% ownership of SONGS Unit 1.

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 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) customers¹.

Forecasted GHG costs, to comply with California's GHG emission reductions program, will be recovered through electric rates.

¹ SDG&E currently has no CCA customers

(Continued inside)

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 \$1,297,545,049 for the ERRA, \$16,329,402 for the CTC, \$169,921,326 for the LGC, \$1,086,031 for SONGS Unit 1 spent fuel storage, and (\$86,655,622) 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.

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 2017.

ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

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

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 winter bill increase of 0.9%, or \$1.16, from a typical current monthly bill of \$122.40 to \$123.56.

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 INCREASE (TOTAL RATES INCLUDE UDC¹ AND COMMODITY²)

Customer Class	Class Average Rates Effective 03/01/17 ³ (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Increase Per Application (¢/kWh)	Total Rate Increase (¢/kWh)	Percentage Rate Increase (%)
Residential	24.990	25.175	0.185	0.74%
Small Commercial	23.928	24.132	0.204	0.85%
Medium and Large C&I ⁴	19.850	20.009	0.159	0.80%
Agricultural	17.735	17.727	(0.008)	-0.05%
Lighting	19.917	20.114	0.197	0.99%
System Total	22.122	22.293	0.171	0.77%

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

² Commodity rates include DWR Power Charge credit.

³ Rates effective 3/1/17 per Advice Letter (AL) 3034-E/E-A.

⁴ C&I stands for Commercial and Industrial.

SAN DIEGO GAS & ELECTRIC COMPANY'S ILLUSTRATIVE ELECTRIC UDC¹ RATE INCREASE

Customer Class	Class Average Rates Effective 03/01/17 ² (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Increase Per Application (¢/kWh)	Total Rate Increase (¢/kWh)	Percentage Rate Increase (%)
Residential	14.302	14.857	0.555	3.88%
Small Commercial	13.495	14.034	0.539	3.99%
Medium and Large C&I ³	9.378	9.893	0.515	5.49%
Agricultural	8.992	9.286	0.294	3.27%
Lighting	12.862	13.304	0.442	3.44%
System Total	11.612	12.140	0.528	4.55%

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

² Rates effective 3/1/17 per Advice Letter (AL) 3034-E/E-A.

³ C&I stands for Commercial and Industrial.

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, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of this application 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 aljcentralfilesid@cpuc.ca.gov or (415) 703-2045. A copy of this application 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 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.

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. 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.

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If you would like to learn how you can participate in the proceeding, have informal comments about the application, or if you have questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at <http://www.cpac.ca.gov/pao/>. You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov

Mail: CPUC
Public Advisor's Office
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

Please reference SDG&E's 2017 ERRA Forecast Application No. A.17-04-016 in any communications you have with the CPUC 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.



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