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**NOTICE OF SAN DIEGO GAS & ELECTRIC
COMPANY'S REQUEST TO INCREASE
ELECTRIC RATES IN 2017 FOR NEW ELECTRIC
RESOURCE CONTRACTS
(LOCAL CAPACITY REQUIREMENTS)
APPLICATION NO. A.17-04-017**

On April 19, 2017, San Diego Gas & Electric Company (SDG&E®) filed an application with the California Public Utilities Commission (CPUC) for approval to increase rates for six, long-term contracts for new electric resources, including two utility-owned energy storage contracts. SDG&E is seeking new long term contracts to meet local capacity needs in its electric service territories stemming from the retirement of the San Onofre Nuclear Generating Station (SONGS). The proposed contracts would provide new electric resources including electric storage (batteries) and demand response (reducing electric usage during high-demand periods and/or shift electric usage to other periods when electric demand is lower making more electricity available by curtailing electricity at dedicated times). Electric customers in SDG&E's service territory would also receive grid (electric network infrastructure) reliability benefits for the duration of the contracts.

The typical SDG&E utility bill includes charges for the cost of electricity and the cost to deliver (transmission and distribution) electricity. This application requests cost recovery from all customers in SDG&E's service territory, even the customers who purchase electricity from another provider but pay SDG&E to distribute the electricity to their homes. These costs are shared by all customers because these contracts provide reliability benefits to everyone within the service territory. The total cost of the six contracts over their respective contract terms is approximately \$235 million. The provided rate recovery amount excludes the cost of energy for electric storage batteries. **Please note that the total cost is based on forecasts and is likely to change prior to including the actual cost in electric rates.**

The chart shown inside illustrates the increase in rates that would result from CPUC approval of this application, compared to current rate levels.

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ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's application, a typical non-CARE (CARE is a low-income assistance program) residential customer living in the inland climate zone and using 500 kilowatt-hours per month could see a monthly summer bill increase of 0.5%, or \$0.59, from a current monthly bill of \$125.36 to \$125.95. The illustrative rate and bill impacts assume all contracts are in effect and provide a comparison to current (3/1/2017) rates. **The dollar amounts and percentages shown below are estimates and do not necessarily reflect the exact changes you may see in your bill.** Changes in individual bills will depend on how much energy each customer uses.

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

Customer Class	Current Class Average Rates 03/01/17 ¹ (¢/kWh)	2022 Class Average Rates Reflecting Proposed	Total Rate Increase (¢/kWh)	Percentage Rate Increase (%)
		Increase Per Application (¢/kWh)		
Residential	24.990	25.125	0.135	0.5%
Small Commercial	23.928	24.062	0.134	0.6%
Medium and Large C&I ²	19.850	19.962	0.112	0.6%
Agricultural	17.735	17.802	0.067	0.4%
Lighting	19.917	20.008	0.091	0.5%
System Total	22.122	22.244	0.122	0.6%

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

² 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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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's Electric Resource Contracts-Local Capacity Requirement Application No. A.17-04-017 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.

