

**SAN DIEGO GAS & ELECTRIC COMPANY
NOTIFICATION OF APPLICATION FOR ERRA FORECAST
AND NOTICE OF POTENTIAL IMPACT ON ELECTRIC RATES
APPLICATION NO. 12-10-002**

On October 1, 2012, San Diego Gas & Electric Company (SDG&E®) filed an application with the California Public Utilities Commission (CPUC) for approval of its forecasted electric procurement revenue requirement for 2013, referred to as SDG&E's 2013 Energy Resource Recovery Account (ERRA) Forecast Application (ERRA Application). SDG&E requested approval of a forecasted 2013 ERRA revenue requirement of \$1,103.7 million and a 2013 Competition Transition Charge Revenue Requirement of \$51.8 million, an increase from 2012 levels. These revenue requirements cover the costs of acquiring power for retail customers, including costs to purchase power under contracts with various power suppliers, California Independent System Operator charges and collateral requirements associated with electric procurement, as well as the cost responsibility of Direct Access (DA) and Community Choice Aggregation customers for above-market power costs.

It is important to note that this Application is simply a forecast and is likely to change prior to including these costs in next year's electric rates. SDG&E will file an updated Application in the first quarter of 2013. Additionally, SDG&E's ERRA Forecast Application is closely related to other CPUC proceedings, particularly two Rulemakings addressing the California Department of Water Resources revenue requirement determination for 2013 and the treatment of Greenhouse Gas allowance revenues. Both of these proceedings, which are currently pending CPUC action, are expected to reduce customer bills.

(Continued inside)

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 3.8%, or \$3.11. A typical monthly electric bill could increase from \$82.81 to \$85.92. For DA, the Utility Distribution Company (UDC) rate impacts 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
Electric Department
Illustrative Electric Bundled Rate Impact
(UDC and Commodity)

Customer Class	09/01/12 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	18.324	19.871	1.547	8.44%
Small Commercial	18.001	19.670	1.669	9.27%
Medium and Large C&I*	14.305	15.949	1.644	11.49%
Agricultural	17.509	19.101	1.592	9.09%
Lighting	14.868	16.004	1.136	7.64%
System Total	16.154	17.755	1.601	9.91%

*C&I stands for Commercial and Industrial

San Diego Gas & Electric Company
Electric Department
Illustrative Electric UDC Rate Impact

Customer Class	09/01/12 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	10.821	10.833	0.012	0.11%
Small Commercial	9.916	9.932	0.016	0.16%
Medium and Large C&I*	6.143	6.156	0.013	0.21%
Agricultural	9.785	9.797	0.012	0.12%
Lighting	9.309	9.309	0.000	0.00%
System Total	8.309	8.322	0.013	0.16%

*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: Jamie York, 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's Central Files Office located at 505 Van Ness Ave., San Francisco, CA 94102, between the hours of 8:00 a.m. and noon daily. 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. Because the CPUC's approvals may differ from those SDG&E requests, actual rates may differ from what is described in this notice.

CPUC PROCESS

If you wish to provide public comment regarding this application filing, you can write to the CPUC's Public Advisor's Office (PAO), 505 Van Ness Ave., San Francisco, CA 94102, or phone 866-849-8390, or send an e-mail to: public.advisor@cpuc.ca.gov. When writing to the PAO, please refer to A.12-10-002 in your correspondence. All public comments received by the Public Advisor's Office will be forwarded to the Commissioners and the assigned ALJ for review, and become part of the formal correspondence file for public comment. In your letter, state that your comments are regarding Application No. A.12-10-002.

