

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF GENERAL RATE CASE PHASE 2 APPLICATION

APPLICATION NO. A.11-10-002

On October 3, 2011, San Diego Gas & Electric Company (SDG&E®) filed its General Rate Case (GRC) Phase 2 application (A.11-10-002) with the California Public Utilities Commission (CPUC or Commission), asking for approval to change certain electric rates for our customers. The application proposes no changes to total revenue because revenue increases were requested and are being considered in SDG&E's Phase 1 GRC (A.10-12-005), filed on December 15, 2010. The current application proposes new revenue allocations and rate design that change how we allocate costs among our electric customers. Electric utility charges on your bill include revenues for transmission (the process of moving energy from one region to another), distribution (the process of transporting energy at the local level) and energy. Both electric distribution and electric energy rates are changed in this application. This application requests no changes to gas rates. If approved as filed, SDG&E customers would see the changes described here.

EFFECT ON ELECTRIC RATES AND BILLS

If the Commission approves SDG&E's request, a typical residential customer living in the inland climate zone and using 500 kWh per month will see a monthly summer bill increase beginning in January 2013 of 0.4%, or \$0.29. A typical monthly electric bill will increase from \$81.17 to \$81.46. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills will depend on how much energy each customer uses. The following chart shows the electric rate changes SDG&E is requesting for 2013.

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PROPOSED ELECTRIC RATE CHANGE

| Customer Class | Current Average Rate Effective 9/1/2011 (cents/kWh) | Proposed Average Rate Change (cents/kWh) | Percentage Rate Change |
|--------------------------------------|---|--|------------------------------|
| Residential | 18.440 | 18.077 | -2.0% |
| Small Commercial | 17.789 | 19.553 | 9.9% |
| Med & Large Commercial/Industrial | 13.915 | 14.259 | 2.5% |
| Agriculture | 17.351 | 17.835 | 2.8% |
| Lighting | 15.365 | 15.286 | -0.5% |
| System Total | 15.992 | 16.209 | 1.4% |

The system total increase reflects 2012 test year sales forecasted by SDG&E in A.10-12-005, SDG&E's GRC Phase 1 Application filed in December 2010. The typical monthly residential electric bill may be further impacted by SDG&E's proposal to replace the existing 17 cents/day (approximately \$5.00) minimum bill with a \$3.00 monthly basic service fee and the introduction of a network use charge that will begin to be phased into rates in January 2014 (at a level reflecting 50% of the distribution costs that will be allocated to this charge) and which will be fully phased in by January 2015. The charge for network use recovers the costs of distribution assets based on each customer's demand on the distribution network. This network use charge would be applied on an import and export basis.

| Estimated Average Residential Bill Impacts* | Current based on Rates Effective 9/1/2011 (\$/month) | Based on Rates Proposed for 2013 (\$/month) | Based on Rates Proposed for 2014 (\$/month) |
|--|---|---|---|
| Monthly Usage | | | |
| 300 kWh | 41.57 | 41.37 | 41.17 |
| 500 kWh | 81.17 | 81.46 | 81.78 |
| 1,000 kWh | 234.25 | 234.85 | 235.85 |
| 1,500 kWh | 390.77 | 388.25 | 389.93 |

*Assumes summer Inland basic service on standard residential Schedule Demand Response.

Copies of this insert will be available for viewing and printing on the SDG&E website.

Se llevarán a cabo audiencias públicas respecto a una propuesta de aumento de tarifas. Si desea mayor información acerca de estas audiencias, por favor llame a SDG&E al 1-858-654-1766.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Todd Cahill, Regulatory Case Manager, 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 Avenue, 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 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 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

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). The EHs are open to the public, but only those who are parties of record can present evidence or

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cross-examine witnesses during the EHs. After considering all evidence presented during the formal hearing process, the assigned ALJ will issue a draft 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 comments 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 by email at public.advisor.la@cpuc.ca.gov. When writing to the PAO, please refer to A.11-10-002 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.11-10-002. If you wish to attend the EHs to listen only and you are in need of special accommodations, please contact the PAO 3-5 days in advance of the EHs.

