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**NOTIFICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY'S
REQUEST TO CHANGE RATES FOR THE
GENERAL RATE CASE PHASE 2
APPLICATION FILING A.15-04-012**

On April 13, 2015, San Diego Gas & Electric Company (SDG&E®) filed its General Rate Case (GRC) Phase 2 Application (Application) with the California Public Utilities Commission (CPUC). Due to the results of other CPUC proceedings, SDG&E withdrew its original Application and filed an amended Application on December 1, 2015, replacing the April 13 Application. The amended Application seeks approval to change electric rates. The changes requested in the amended Application may lead to rate increases for certain electric customers and decreases for other electric customers. The amended Application proposes no changes to total revenue or gas rates.

In this amended Application, SDG&E proposes to update how various costs related to electric distribution (the process of distributing energy at the local level, including to your home), electric generation (the cost of electricity), and public purpose programs (such as low income and energy efficiency programs) are assigned to different customer classes. For electric distribution and generation costs, SDG&E is proposing to phase in these changes over a three year period to minimize the impact to customers.

In addition, SDG&E proposes to (1) gradually move toward rates that better reflect the cost of providing service for non-residential customers; (2) provide new rate options for primarily business customers; (3) update its electric sales forecast; and (4) change the time periods for all Time-of-Use (TOU) rates.

TOU rates price electricity according to when (season and time of day) a customer uses electricity. The price of electricity is higher when electric demand is higher. For TOU

periods, the greatest demand on the electric grid is referred to as the on-peak period; lower rates are charged during the off-peak period. How and when SDG&E customers use electricity is changing. To more accurately reflect these changes, SDG&E is proposing to update its TOU periods to better reflect actual system conditions, as summarized in the table below:

CURRENT PERIODS*		
	Weekdays	Weekends/Holidays
Summer:		
On-Peak	11am to 6pm	N/A
Semi-Peak	6am to 11am and 6pm to 10pm	N/A
Off-Peak	10pm to 6am	All
Winter:		
On-Peak	5pm to 8pm	N/A
Semi-Peak	6am to 5pm and 8pm to 10pm	N/A
Off-Peak	10pm to 6am	All
PROPOSED PERIODS		
Year Round:		
On-Peak	4pm to 9pm	4pm to 9pm
Off-Peak	6am to 4pm and 9pm to 12am	2pm to 4pm and 9pm to 12am
Super Off-Peak	12am to 6am	12am to 2pm

*Represents SDG&E's current standard TOU time periods. Various optional rates have different TOU time periods than the standard.

SDG&E is also proposing a change to its Critical Peak Pricing (CPP) event hours which are currently from 11am to 6pm year round. If approved, the CPP would change to 2pm to 6pm year round. CPP is a rate in which prices can be adjusted on short notice so that SDG&E can respond to unusual system conditions. Higher rates are charged during event hours on a CPP event day. It provides participating customers an incentive to shift usage to non-event hours.

ESTIMATED IMPACT OF THIS REQUEST ON ELECTRIC RATES

If the CPUC 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 winter bill increase of \$10.37, or 9.7%, from current to Year 1, \$2.05, or 1.8% from Year 1 to Year 2, and \$1.26, or 1.1%, from Year 2 to Year 3. A typical monthly electric bill will increase from \$106.89 to \$117.26 from current to Year 1, and \$119.31 for Year 2, and \$120.57 for Year 3. The dollar amounts and percentages shown 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. SDG&E is projecting that generally medium/large commercial and industrial customers as well as agricultural customers will see a decrease in their monthly electric bills as a result of this amended Application. However, this projection is based on averages. Individual customers could see increases or decreases depending on electric usage. Table 1 below shows a comparison of current class average rates to proposed rates for Years 1, 2, and 3.

Table 1: SDG&E Proposal Compared to Current Effective Rates

Customer Class	Current Rates Effective 11/1/2015	Current Rates Adjusted for Year 1 Updated Sales	Proposed Rates Year 1	Current to Year 1 Change		Proposed Rates Year 2	Current to Year 2 Change		Proposed Rates Year 3	Current to Year 3 Change	
				\$	%		\$	%		\$	%
Residential	22.651	22.982	24.398	1.416	6.16%	25.055	2.073	9.02%	25.712	2.730	11.88%
Small Commercial	24.653	23.804	24.600	0.796	3.34%	25.143	1.339	5.63%	25.686	1.882	7.91%
Medium & Large Commercial & Industrial	19.529	20.209	20.813	0.604	2.99%	20.086	-0.123	-0.61%	19.358	-0.851	-4.21%
Agricultural	17.642	17.929	17.553	-0.376	-2.10%	17.370	-0.559	-3.12%	17.188	-0.748	-4.17%
Lighting	18.062	19.727	22.013	2.286	11.59%	22.211	2.484	12.59%	22.408	2.681	13.59%
System Total	21.154	21.552	22.461	0.909	4.22%	22.463	0.911	4.23%	22.464	0.912	4.23%

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the Application and related exhibits by writing to: Jamie York, Regulatory Case Manager for SDG&E, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of the Application, including testimony, upon request. A copy of the Application and any amendments may also be reviewed at the SDG&E business offices listed below:

436 H St. Chula Vista, CA 91910	440 Beech St. San Diego, CA 92101	336 Euclid Ave. San Diego, CA 92114	2604-B S. El Camino Real Carlsbad, CA 92008
2405 E. Plaza Blvd. National City, CA 91950	104 N. Johnson Ave. El Cajon, CA 92020	644 W. Mission Ave. Escondido, CA 92025	

Copies of this Application are available on the SDG&E website at: www.sdge.com/sdge-2016-GRC-Phase-2.

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

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, e-mail 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, or if you have informal comments about the Application, or questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at www.cpuc.ca.gov/puc and click on "Public Advisor" from the CPUC Information Menu. You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov

Mail: CPUC Public Advisor's Office, Room 2103
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 Application No.15-04-012 in any communications you have with the Commission 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.

