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**NOTIFICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY'S REQUEST
TO INCREASE RATES FOR THE PIPELINE
SAFETY & RELIABILITY PROJECT
APPLICATION FILING NO. A.15-09-013**

On September 30, 2015, San Diego Gas & Electric Company (SDG&E®) filed its Pipeline Safety & Reliability Project Application (A.15-09-013) (Project) with the California Public Utilities Commission (CPUC) seeking approval to increase rates for costs related to the implementation of the \$596 million project. This Application will also address cost allocation and rate design proposals.

PURPOSE OF PROJECT

The purpose of the Pipeline Safety & Reliability Project is to construct a new natural gas pipeline and associated facilities in San Diego County. Listed below are the three fundamental objectives for the SDG&E and Southern California Gas Company (SoCalGas®) integrated natural gas transmission system.

1. Natural gas pipeline safety requirements for transmission Line 1600 and modernization of the system.
2. Improvement of system reliability by minimizing dependence on a single pipeline.
3. Enhanced operational flexibility during high gas demand periods by increasing system capacity.

PROJECT DESCRIPTION AND LOCATION

The Pipeline Safety & Reliability Project involves the construction of a new approximately 47-mile-long, 36-inch-diameter natural gas transmission pipeline in San Diego County. The new pipeline will carry natural gas from SDG&E's existing Rainbow Metering Station near the Riverside County line to Marine Corps Air Station (MCAS) Miramar. In addition to the pipeline, the Project will include natural gas facilities. These facilities will include mainline valves, metering equipment, pressure-limiting equipment, in-line inspection equipment, corrosion protection systems, and intrusion detection and leak monitoring systems. Once the new line is constructed, the existing Line 1600 would be used for distribution and would operate at a lower pressure.

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The Project will cost \$596 million and take approximately 18 months to construct.

ILLUSTRATIVE IMPACT ON GAS RATES AND BILLS

If the CPUC approves this Application, and once the Project is complete, a residential customer who uses the system wide average of 26 therms per month will see an increase of 22 cents, from the current \$32.79 per month to \$33.01 per month. The impact on each customer and customer class will vary depending on individual usage and the final decision. Transportation rates will not change due to this proposal.

If approved, the proposed costs would be allocated to the Backbone Transmission Service (BTS) rate (1), which would increase by \$0.008 per therm/per day, from \$0.018 per therm/per day to \$0.026 per therm/per day. This increase would result in approximate bundled rate impacts as follows (2):

Customer Class	Current Bundled Rate (BTS and Gas) (\$/th)	Proposed Bundled Rate (BTS and Gas) Increase (\$/th)	Total Rate Increase (\$/th)	Percentage Rate Increase (%)
Core				
Residential	\$1.279	\$1.287	\$0.008	0.6%
C&I ³	\$0.706	\$0.714	\$0.008	1.1%
Natural Gas Vehicle	\$0.510	\$0.518	\$0.008	1.6%
Noncore				
C&I ³ - Distribution	\$0.411	\$0.419	\$0.008	2.0%
C&I ³ - Transmission Line Service	\$0.376	\$0.384	\$0.008	2.1%
Electric Generation – Distribution	\$0.404	\$0.412	\$0.008	2.0%
Electric Generation – Transmission Line Service	\$0.372	\$0.380	\$0.008	2.2%

¹ BTS are rights that customers may purchase to transport gas over the backbone system to the SoCalGas Citygate and are recovered through the procurement rate. All customers are charged BTS. Core customers who purchase gas supplies from SoCalGas will have BTS included in the gas commodity rate. Customers that do not purchase gas supplies from SoCalGas may purchase BTS directly from SoCalGas.

² The table reflects a direct impact to end-use customers based on the proposed increase in the BTS rate. The bundled rates include an example average gas commodity price of \$0.357 per therm. Since the BTS rate and the gas commodity price are market based rates, each customer's impact will be unique to their situation.

³ C&I is the abbreviation for Commercial & Industrial

The impact on each customer and each customer class could vary depending on individual usage and the Commission's final decision.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the Application and related exhibits by writing to: Jeff Salazar, Regulatory Case Manager, San Diego Gas & Electric Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. SDG&E will provide a copy of this Application upon request. SDG&E's Application and attachments may be inspected at the CPUC's Central Files Office, 505 Van Ness Ave., San Francisco, CA 94102. A copy of this Application 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-B S. El Camino Real Carlsbad, CA 92008
440 Beech St. San Diego, CA 92101		

The Application is available electronically on SDG&E's website at www.sdge.com/proceedings.

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 (EHs) may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These EHs 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.

The Office of Ratepayer Advocates (ORA) may 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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Mail: CPUC Public Advisor's Office, Room 2103
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov

Phone: 1-866-849-8390 (toll-free) or 1-415-703-2074
1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference **SDG&E's Pipeline Safety & Reliability Project Application No. 15-09-013** 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.

