

**SAN DIEGO GAS & ELECTRIC COMPANY
NOTICE OF APPLICATION AND PROPOSED
CHANGE IN ELECTRIC RATES TO
RECOVER THE COSTS ASSOCIATED WITH THE
COMPANY'S NUCLEAR DECOMMISSIONING TRUST FUND
APPLICATION NO. A.12-12-013**

On December 21, 2012, San Diego Gas & Electric Company (SDG&E®) and Southern California Edison Company (SCE) filed a joint application (A.12-12-013) with the California Public Utilities Commission (CPUC) to set contribution levels for each company's nuclear decommissioning trust fund and other related issues in connection with San Onofre Nuclear Generating Station (SONGS) Units 1, 2 and 3¹.

In this application, SDG&E requests the CPUC to approve an increased contribution to its Nuclear Decommissioning Trust Funds for SONGS Units 2 and 3. The current annual revenue requirement to cover contributions to SDG&E's trust funds is \$8.17 million. SDG&E is requesting that these contributions be increased to \$16.43 million annually beginning January 1, 2014. The requested revenue requirement increase results in an annual increase of \$8.27 million or 101% from current funding.

SDG&E is also proposing to amortize the undercollection in the trust fund account for a 12-month period beginning January 1, 2014. If the proposal is authorized, the revenue requirement will increase by an additional \$0.20 million. The total proposed revenue requirement increase, including both the trust fund and amortization, results in an increase of \$8.47 million or 104% from current funding resulting from amortization requested in this proceeding.

ILLUSTRATIVE EFFECT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's requests, a typical residential customer living in the inland climate zone and using 500 kilowatt-hours (kWh) per month could see a winter bill increase of \$0.10 per month, or 0.1%. A typical monthly electric bill could increase from \$83.52 to \$83.62. The following table shows the average rate impact to customers by class of SDG&E's requests in this application. The actual rates approved by the CPUC may be higher or lower than those requested by SDG&E. 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.

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SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

ILLUSTRATIVE ELECTRIC RATE IMPACT

| | 9/01/12 Class Average Rates (¢/kWh) | WITHOUT AMORTIZATION | | | WITH AMORTIZATION | | |
|----------------------------------|---|--|------------------------------------|--------------------------------|--|------------------------------------|--------------------------------|
| | | Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh) | Total Rate Change (¢/kWh) | Percent Rate Change % | Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh) | Total Rate Change (¢/kWh) | Percent Rate Change % |
| Customer Class | | | | | | | |
| Residential Small | 18.324 | 18.363 | 0.039 | 0.21 | 18.364 | 0.040 | 0.22 |
| Commercial Medium and Large C&I* | 18.001 | 18.040 | 0.039 | 0.22 | 18.041 | 0.040 | 0.22 |
| Agricultural | 14.305 | 14.344 | 0.039 | 0.27 | 14.345 | 0.040 | 0.28 |
| Lighting | 17.509 | 17.548 | 0.039 | 0.22 | 17.549 | 0.040 | 0.23 |
| System Total | 14.868 | 14.909 | 0.041 | 0.28 | 14.909 | 0.041 | 0.28 |
| | 16.154 | 16.193 | 0.039 | 0.24 | 16.194 | 0.040 | 0.25 |

*C&I stands for Commercial & Industrial

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Linda Wrazen, 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 Ave., 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 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://www.sdge.com/proceedings>.

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

You may also review a copy of this application and related exhibits at the CPUC's Central Files Office at 505 Van Ness Avenue, 2nd Floor, San Francisco, CA from 8:00 a.m. to noon daily.

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. The CPUC may approve expenditures that differ from those SDG&E requests. The actual rates may result in changes greater or less than those described in this notice. If you wish to attend the EHs to listen only, and you are in need of special accommodations, please contact the PAO within 3 - 5 days in advance of the EHs. If EHs are scheduled, a separate notification to SDG&E customers regarding the dates, times and locations of these hearings will be sent as a separate bill insert or will appear as a newspaper notification.

The CPUC has its own court reporters who will record the comments of those formal parties of record participating in the

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EH's. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed decision. When the CPUC issues a final decision on the application, it may adopt, amend, or modify all or part of the ALJ's proposed decision as written. The CPUC's decision may be different than SDG&E's request.

CPUC PROCESS

The Division of Ratepayer Advocates (DRA) is an independent arm of the CPUC, created by the Legislature to represent the interests of all utility customers throughout the state to obtain the lowest possible rates for service consistent with reliable and safe service levels. DRA has a multi-disciplinary staff with expertise in economics, finance, accounting, and engineering.

If you wish to file written comments on this proposed application filing or informally protest this filing as a customer of SDG&E, you can do so by contacting the CPUC's Public Advisor's Office (PAO). You may also send an email or written comments to the Public Advisor's address, 505 Van Ness Avenue, San Francisco, CA 94102, or phone: 866-849-8390 or send an email to: public.advisor@cpuc.ca.gov. The PAO will circulate your comments to the five Commissioners, the assigned ALJ, DRA and to CPUC staff assigned to this proceeding. You may also contact the PAO if you need advice on how to participate in this proceeding. All correspondence received will become part of the formal file in this application. Please reference Application No. A.12-12-013 when emailing or writing.

CPUC
Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Email: public.advisor@cpuc.ca.gov
1-866-849-8390 Toll Free
or 1-415-703-2074
TTY 1-866-836-7825 Toll Free
or 1-415-703-5282

¹ SCE owns an 80% interest in SONGS 1 and a 78.21% interest in SONGS 2 & 3. SDG&E owns a 20% interest in SONGS 1, 2 and 3. The City of Riverside owns the remaining 1.79% interest in SONGS 2 & 3.



A  Sempra Energy utility®