

## 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 would like additional information or would like to attend these hearings, you can contact the Public Advisor's Office. 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](mailto:public.advisor.la@cpuc.ca.gov). Any correspondence received will become part of the formal file in this application. Please reference Application A.12-04-016 in any correspondence. You may also call the Public Advisor's Office toll free at 1-866-849-8390.



## SAN DIEGO GAS & ELECTRIC COMPANY

### NOTICE OF PROPOSED RATE DECREASE

### COST OF CAPITAL PROCEEDING (COC)

### APPLICATION NO. A.12-04-016

On April 20, 2012, San Diego Gas & Electric Company (SDG&E®) filed its COC Application No. A.12-04-016 with the California Public Utilities Commission (CPUC) seeking approval of its proposed cost of capital for 2013. In this proceeding, the CPUC determines the appropriate rate of return necessary to attract capital at reasonable rates and compensate the utility for business and financial risks. SDG&E requested adjustments to its capital structure and the authorized costs of debt, preferred stock, and return on equity. The overall rate of return is requested to decrease from 8.40% to 8.20%, and includes a decrease in the return on common equity from 11.10% to 11.00%. The company also proposes to continue use of its cost of capital automatic adjustment mechanism (with modification) through 2015, and to revise its electric and gas rates accordingly.

## 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 decrease of 0.1%, or \$0.09. A typical monthly electric bill could decrease from \$81.32 to \$81.23. 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 RATE IMPACT**

<b>Customer Class</b>	<b>3/1/12 Class Average Rates (¢/kWh)</b>	<b>Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)</b>	<b>Total Rate Change (¢/kWh)</b>	<b>Percentage Rate Change %</b>
Residential	17.591	17.544	(0.047)	-0.27%
Small Commercial	17.020	16.982	(0.038)	-0.22 %
Medium and Large C&I*	13.626	13.602	(0.024)	-0.18 %
Agricultural	16.537	16.499	(0.038)	-0.23 %
Lighting	14.634	14.608	(0.026)	-0.18 %
System Total	15.429	15.394	(0.035)	-0.23 %

\*C&I stands for Commercial and Industrial

## **ILLUSTRATIVE IMPACT ON GAS RATES AND BILLS**

In this Application, SDG&E proposes a decrease in overall gas transportation revenues of \$0.76 million, or 0.31%. This overall decrease would only apply to the transportation component of a total gas bill. A summary of the proposed rates for the various customer classes for 2013 are shown below:

## **SAN DIEGO GAS & ELECTRIC COMPANY - GAS DEPARTMENT ILLUSTRATIVE GAS RATE IMPACT**

<b>Customer Class</b>	<b>1/1/12 Present Rates (¢/therm)</b>	<b>Proposed Rates for 2013 (¢/therm)</b>	<b>¢/therm Change (¢/therm)</b>	<b>% Change Rates</b>
Residential (Core)* Average Residential Bill \$/month	59.205 \$36.38	59.011 \$36.32	-0.194 -\$0.06	-0.33% -0.16%
Commercial/ Industrial (Core)* Noncore Distribution Level Service** Commercial/Industrial Electric Generation	19.144 12.163 2.908	19.085 12.136 2.904	-0.059 -0.027 -0.004	-0.31% -0.22% -0.13%
Transmission Level Service***	1.720	1.717	-0.003	-0.15%
Backbone Transmission Service****	11.042	11.042	0.000	0.00%

\* Core customers generally use smaller quantities of gas and the Utility purchases their gas.

\*\* Noncore customers are generally large gas users who purchase their own natural gas supplies for SDG&E to transport.

\*\*\* Transmission Level Service is for noncore service on the Local Transmission System from the SoCalGas Citygate.

\*\*\*\* Backbone Transmission Service are rights that customers may purchase to transport gas over the backbone system to the SoCalGas Citygate. Core customers who purchase gas supplies from SDG&E will have this charge included in the gas commodity rate. Customers that do not purchase gas supplies from SDG&E may purchase these rights directly from SoCalGas®.

A typical monthly bill for a residential customer using 33 therms per month will decrease from \$36.38 at present rates to \$36.32 in 2013. This represents a decrease of \$0.06, or 0.16%.<sup>(1)</sup>

<sup>(1)</sup> These monthly bill estimates include charges for transportation, Public Purpose Program Surcharges, natural gas commodity, and Backbone Transmission Service.

*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: Ronald van der Leeden, 2013 Cost of Capital Director for SDG&E, 8330 Century Park Court, 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 [www.sdge.com/proceedings](http://www.sdge.com/proceedings).

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

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