

The application and related exhibits are also available electronically on SDG&E's website at www.sdge.com/proceedings.

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.

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

CPUC PROCESS

This Application has been 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 evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision. The CPUC Commissioners will consider the Judge's proposed decision and decide whether to adopt all or part of SDG&E's request, modify it, or deny it at a scheduled Commission Voting Meeting. The CPUC's approvals may differ from those SDG&E requests, actual rates may differ from what is described in this notice.

The CPUC offers a free Subscription Service which is available on the CPUC website at www.cpuc.ca.gov which allows you to follow this proceeding. If you would like to learn how you can participate in the proceeding, if you have informal comments or questions about the proposed request, or questions about the CPUC process, you may contact the CPUC's Public Advisor's Office (PAO) at the address noted below. When writing, please reference proceeding A.14-04-018. All comments, written correspondence and emails are provided to the Commissioners and the assigned Judge for this proceeding to review.

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

Email: public.advisor@cpuc.ca.gov

Phone: 866-849-8390



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NOTICE OF SAN DIEGO GAS & ELECTRIC COMPANY'S APPLICATION FOR GREENHOUSE GAS FORECASTED COSTS AND ALLOWANCE REVENUES FOR 2015, AND FOR RECONCILIATION OF ITS ALLOWANCE REVENUES FOR 2013 APPLICATION NO. A.14-04-018

On April 15, 2014, San Diego Gas & Electric Company (SDG&E®) submitted an application to the California Public Utilities Commission (CPUC) to forecast revenues from the sale of greenhouse gas (GHG) allowances under California's GHG emissions reduction program. If this request is approved, SDG&E will be able to recover the forecasted costs associated with this program for 2013 and 2015¹ which amounts to \$93.0 million. This application complies with CPUC Decision 12-12-033.

Forecasted GHG costs will be recovered through electric rates. The GHG allowance revenues will be returned, as bill credits, to some bundled and Direct Access (DA) customers (customers who have another company supply them with electricity, which is distributed through SDG&E's system). The GHG allowance revenue bill credits reduce the electric rate impacts of the GHG costs.

GHG COSTS

SDG&E incurs various costs to comply with California's GHG emissions reduction program. These forecasted GHG costs include:

1. Costs associated with electric generation plants owned by SDG&E
2. Costs that are part of market electricity prices, and
3. Costs charged by third parties to SDG&E.

GHG ALLOWANCE REVENUES

The California Air Resources Board (ARB) encourages the reduction of GHG emissions by placing a limit on the amount of GHG emissions a facility can emit. This is regulated by ARB through the implementation of GHG allowances, or permits to facilities that emit greenhouse gases.

¹ D.13-12-041 authorized the utilities to spread payments of the 2013 GHG costs and allowance revenues over years 2014 and 2015.

Starting in 2013, ARB gave SDG&E and other California utilities GHG emissions allowances. The ARB requires these allowances to be auctioned quarterly for customer benefit and to lessen the impact of the program's cost. Once sold, SDG&E is required to pass the revenue received from the sale to its bundled (customers who pay SDG&E to generate and distribute electricity to them) and DA customers. This is done through credits on their bills. The credit will not be for the exact amount sold since SDG&E will charge for expenses related to administration and outreach costs, as well as energy efficiency and clean energy investments. SDG&E does not profit from the sale of these GHG allowances.

SDG&E estimates that approximately \$79.8 million in revenues will be received from the sale of GHG allowances in 2015. In addition, SDG&E received \$31.2 million in revenues from the sale of GHG allowances in 2013 which are to be used in 2015. From the total available 2013 and 2015 revenues, SDG&E is expecting to withhold \$801,250 for customer outreach and administrative costs and to set aside \$11.0 million for energy efficiency and clean energy investments. The estimated remaining **\$99.3 million**, or 89% of the sale of GHG allowance revenues, will be distributed to some bundled and DA customers as bill credits. Approximately \$91.1 million of the \$99.3 million will be allocated to residential customers and approximately \$8.2 million will be allocated to small business and industrial customers.

For some customers, the GHG allowance revenue bill credits are intended to offset the electric rate impacts of the GHG costs. The order and method in which these revenues are returned has been determined by the California legislature and CPUC as follows:

1. Some industrial customers will receive a fixed-amount bill credit annually;
2. Small business and residential customers will receive a bill credit every month based on usage;
3. Residential customers will also receive an additional fixed credit semi-annually.

The customer classifications defined by the CPUC are different than SDG&E's customer classes. For example, SDG&E does not have a small business customer class. Instead this credit may apply to customers in SDG&E's small commercial, medium &

large commercial & industrial, and agricultural customer classes. Further, SDGE's small commercial, and medium & large commercial & industrial customers may be included within the CPUC's industrial classification.

The following table reflects the estimated monthly electric rate impacts of the GHG costs to be recovered from customers and the GHG allowance revenue return to customers. The percentages shown do not necessarily reflect the changes that you may see on your bill. Actual changes in individual bills will depend on how much electricity each customer uses.

**SAN DIEGO GAS & ELECTRIC COMPANY
ELECTRIC DEPARTMENT
ILLUSTRATIVE ELECTRIC BUNDLED RATE IMPACT**

Customer Class	Current Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change %
Residential	20.624	21.099	0.475	2.30%
Small Commercial	21.172	21.156	(0.016)	-0.08%
Medium and Large C&I*	17.233	16.935	(0.298)	-1.73%
Agricultural	20.869	20.669	(0.200)	-0.96%
Lighting	17.696	17.491	(0.205)	-1.16%
System Total	18.873	18.896	0.023	0.12%

*C&I stands for Commercial and Industrial

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Christopher Summers, San Diego Gas & Electric Company, 8330 Century Park Court, CP32D, San Diego, CA 92123. 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		

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