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SAN DIEGO GAS & ELECTRIC COMPANY NOTIFICATION OF ITS RATE DESIGN WINDOW APPLICATION - A.14-01-027

On January 31, 2014, San Diego Gas & Electric Company (SDG&E®) filed its Rate Design Window application (A.14-01-027) (RDW Application) with the California Public Utilities Commission (CPUC), asking for approval to change certain rate designs. This change may lead to rate increases for certain electric customers and decreases for certain other electric customers. The RDW Application requests no changes to gas rates and no changes to total electric and gas revenues.

The RDW Application is requesting changes to rate designs that SDG&E is proposing take effect on January 1, 2015. This will change how certain customers will be billed for electric services. Specifically, SDG&E proposes to:

1. Reduce the residential baseline allowance, which will result in less kWh usage being billed at lower tier rates. This proposal will also result in charging less for usage billed at upper tier rates. As a result, some customers may see a bill increase and others a bill decrease; and
2. Change the Time-of-Use (TOU) periods for its time-variant rates (customers on time-variant rates may see an increase or decrease depending on their usage pattern) and includes the implementation of mandatory TOU rates for all non-residential customers.

In addition, on January 16, 2014, the Commission issued a decision (D. 14-01-002) in SDG&E's 2012 General Rate Case (GRC) Phase II resolving pending issues related to marginal costs, revenue allocation, and rate design. The rate and bill impact comparison to the right includes the impact of the 2012 GRC Phase II decision on rates.

(Continued)

EFFECT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's residential tiered rate design baseline proposal, a customer, who lives in the inland climate zone and uses 500 kWh per month will see a monthly summer electric bill increase of 4.2%, or \$3.72, compared to the rates in effect on 1/1/2014. Customers who are billed usage in the highest tier (more than 200% of the baseline allowance) may see a reduction in their bills because the rate for that tier will be reduced.

The inland climate zone is being used in this illustration because a significant percentage of SDG&E's residential customers are in the inland climate zone. Your bill tells you which climate zone you are in. For more information about your climate zone you may access SDG&E's website or call your customer service office at the number printed on your bill. This is an illustration of the proposed change and may not necessarily reflect the changes that you may see in your bill.

If the CPUC approves SDG&E's TOU proposal, the typical customer on time variant rates may or may not see a monthly electric bill increase. Thus, changes in individual TOU bills will depend on how much energy each customer uses during the different periods of the day.

The following charts show the electric rate changes SDG&E is requesting in this RDW Application to take effect on January 1, 2015.

PROPOSED ELECTRIC RATE CHANGES

Residential Baseline Proposal

The residential baseline allowance is governed by state law and currently provides residential customers a certain amount of energy at the lowest rate. In general, the amount of energy is about 50 to 60 percent of an average customer's usage based on season, climate zone, and service type. SDG&E's standard residential rates currently have a four tiered rate structure with the lowest rate (Tier 1) being for baseline usage and the other tiers corresponding to a higher percentage of baseline usage (Tier 2: 101%-130% of baseline; Tier 3: 131%-200% of baseline; and Tier 4: above 200% of baseline).

SDG&E's current and proposed daily baseline allowances for all service types and climate zones are shown below:

SDG&E Residential Standard Daily Baseline Allowances

Basic Allowance	Current Baseline Allowances (kWh)		Proposed Baseline Allowances (kWh)	
	Summer	Winter	Summer	Winter
<i>Coastal</i>	9.6	10.1	9.0	9.2
<i>Inland</i>	11.2	10.8	10.4	9.6
<i>Mountain</i>	14.8	13.8	13.6	12.9
<i>Desert</i>	16.4	11.2	15.9	10.9
All Electric				
<i>Coastal</i>	9.8	16.6	9.0	15.0
<i>Inland</i>	11.0	18.3	10.6	17.1
<i>Mountain</i>	17.3	28.5	16.9	27.2
<i>Desert</i>	19.5	22.0	19.0	21.0

NOTE:

(1) Residential Seasons

- Summer: May 1 to October 31.
- Winter: November 1 to April 30.

(2) All Electric allowances are available to customers who have permanently installed space heating or who have electric water heating and receive no energy from another source.

(3) Proposed All Electric allowances reflect the allowances for the first year of a 5-year phase-in of baseline allowance changes for All Electric.

SDG&E's baseline proposal will provide rate relief to upper tier residential customers by lowering upper tier rates. The table below shows SDG&E's current tiers and rates as well as the proposed tier and rate changes if this RDW Application is approved:

Schedule DR	Current Rates (1/1/2014)	Current Rates Adjusted for GRC Phase II	Cents/kWh Change	% Change	Rates Proposed for 2015	Cents/kWh Change	% Change
Summer							
Tier 1	15.0	15.0	0.0	0.0%	15.0	0.0	0.0%
Tier 2	17.3	17.3	0.0	0.0%	17.3	0.0	0.0%
Tier 3	35.8	32.2	-3.6	-10.0%	30.7	-1.6	-4.8%
Tier 4	37.8	34.2	-3.6	-9.5%	32.7	-1.6	-4.6%

(Continued on reverse)

Shown in the table below are the monthly bill impacts resulting from the change in baseline allowances and resulting decreases to upper tier rates.

Estimated Average Residential Bill Impacts*

Monthly Usage	Based on	Based on Current			Based on Rates		
	Current Rates (1/1/2014)	Rates Adjusted for GRC Phase II	\$ Change	% Change	Proposed for 2015	\$ Change	% Change
300 kWh	\$45.02	\$45.02	\$0.00	0.0%	\$45.02	\$0.00	0.0%
500 kWh	\$90.50	\$88.25	-\$2.25	-2.5%	\$91.97	\$3.72	4.2%
750 kWh	\$181.68	\$170.47	-\$11.21	-6.2%	\$171.26	\$0.79	0.5%
1,000 kWh	\$276.29	\$256.14	-\$20.15	-7.3%	\$253.02	-\$3.12	-1.2%
1,500 kWh	\$465.53	\$427.48	-\$38.05	-8.2%	\$416.57	-\$10.91	-2.6%
3,000 kWh	\$1,033.23	\$941.48	-\$91.75	-8.9%	\$907.18	-\$34.30	-3.6%

* Assumes summer inland basic service on standard residential Schedule DR.

TOU Proposal

SDG&E's RDW Application is also proposing to change and align TOU periods for all TOU rates. A typical TOU customer will see the following changes to the applicable TOU period:

CURRENT		
	Weekdays	Weekends/Holidays
On-Peak	11am to 6pm	N/A
Semi-Peak	6am to 11am and 6pm to 10pm	N/A
Off-Peak	10pm to 6am	All
PROPOSED		
	Weekdays	Weekends/Holidays
On-Peak	2pm to 9pm	N/A
Semi-Peak	6am to 2pm and 9pm to 12am	6am to 12pm
Super Off-Peak	12am to 6am	12am to 6am

* Assumes service on non-residential Schedule AL-TOU during summer.

For further information on these proposals you may contact SDG&E's 24-hour Customer Service line at 1-800-411-SDGE (7343).

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Will Fuller, California Regulatory Affairs, 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	336 Euclid Ave. San Diego, CA 92114
2405 E. Plaza Blvd. National City, CA 91950	644 W. Mission Ave. Escondido, CA 92025
440 Beech St. San Diego, CA 92101	2604 S. El Camino Real Carlsbad, CA 92008
104 N. Johnson Ave. El Cajon, CA 92020	

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 Avenue, 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 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 all evidence presented during the formal hearing process, the judge will issue a proposed decision determining whether to adopt all or part of SDG&E's request, modify it, or deny it. The CPUC Commissioners may sponsor an alternate decision and the issue will be decided at a scheduled Commission Voting Meeting.

STAY INFORMED

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, or if you have informal comments, 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.14-01-027. All 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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