

**SAN DIEGO GAS & ELECTRIC COMPANY  
NOTICE OF PROPOSED RATE INCREASES  
TRIENNIAL COST ALLOCATION PROCEEDING (TCAP)  
APPLICATION NO. A.11-11-002**

On November 1, 2011, San Diego Gas & Electric Company (SDG&E®) filed its TCAP Application No. A.11-11-002 (Application) with the California Public Utilities Commission (Commission) to revise its rates for natural gas transportation service, effective January 1, 2013.

In this Application, SDG&E proposes to establish and revise gas rates to reflect the updated allocation of the Utility's costs of providing service among its customer classes. These are costs that have been previously authorized by the Commission for recovery in rates, except where noted. This Application also includes updating SDG&E's forecasts of natural gas demand, balancing accounts, and gas prices for the three-year TCAP period (2013-2015) and includes a Transition Adjustment which will reduce the initial impact of moving towards fully cost-based rates. The adjustments will then be phased out over time, at which time rates will be fully cost based. Finally, the Application also proposes to continue balancing account treatment for noncore transportation revenues, continue storage allocations adopted in the prior cost allocation proceeding through this proposed TCAP period, and implement a proposed customer charge for residential customers. The Commission will consider whether these proposals are just and reasonable and should be adopted when it establishes new rates for SDG&E.

**EFFECT ON GAS RATES AND BILLS**

In this Application, SDG&E proposes an increase in overall transportation revenues of \$0.3 million, or 0.1%. This overall increase would only apply to the transportation component of a total gas bill and is primarily due to updated balancing accounts. A phasing-out of the Transition Adjustments over the TCAP period will additionally affect some rates in 2014 and 2015. A summary of the proposed rates for the various customer classes for 2013-2015 are shown below:

*(Continued inside)*

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**Illustrative Change in Class Average Rates Due to**  
**Proposed TCAP Effective January 1, 2013**

<b>Customer Class</b>	<b>Present Rates (¢/therm)</b>	<b>Proposed Rates for 2013 (¢/therm)</b>	<b>¢/th Change (¢/therm)</b>	<b>% Change Rates</b>
Residential (Core)*	66.4	70.8	4.4	6.6
Average Residential Bill \$/month	\$38.70	\$38.94	\$0.24	0.6
Commercial/Industrial (Core)*	24.0	21.5	-2.5	-10.2
Noncore Distribution Level Service**				
Commercial/Industrial	14.5	16.0	1.5	10.4
Electric Generation	2.9	3.0	0.1	1.1
Transmission Level Service***	1.6	1.4	-0.2	-12.2
Backbone Transmission Service****	11.0	15.4	4.4	40.4

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**Illustrative Change in Class Average Rates Due to**  
**Proposed TCAP Effective January 1, 2014**

<b>Customer Class</b>	<b>Proposed Rates for 2013 (¢/therm)</b>	<b>Proposed Rates for 2014 (¢/therm)</b>	<b>¢/th Change (¢/therm)</b>	<b>% Change Rates</b>
Residential (Core)*	70.8	74.3	3.5	5.0
Average Residential Bill \$/month	\$38.94	\$40.09	\$1.15	3.0
Commercial/Industrial (Core)*	21.5	15.6	-5.9	-27.5
Noncore Distribution Level Service**				
Commercial/Industrial	16.0	17.1	1.1	7.4
Electric Generation	3.0	3.2	0.2	8.9
Transmission Level Service***	1.4	1.4	0.0	-2.6
Backbone Transmission Service****	15.4	15.4	0.0	0.0

**SAN DIEGO GAS & ELECTRIC COMPANY**  
**Illustrative Change in Class Average Rates Due to**  
**Proposed TCAP Effective January 1, 2015**

<b>Customer Class</b>	<b>Proposed Rates for 2014 (¢/therm)</b>	<b>Proposed Rates for 2015 (¢/therm)</b>	<b>¢/th Change (¢/therm)</b>	<b>% Change Rates</b>
Residential (Core)*	74.3	74.3	0.0	0.0
Average Residential Bill \$/month	\$40.09	\$40.09	\$0.00	0.0
Commercial/Industrial (Core)*	15.6	15.6	0.0	0.0
Noncore Distribution Level Service**				
Commercial/Industrial	17.1	18.3	1.2	6.9
Electric Generation	3.2	3.5	0.3	8.5
Transmission Level Service***	1.4	1.3	-0.1	-2.8
Backbone Transmission Service****	15.4	15.4	0.0	0.0

\* 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 increase from \$38.70 at present rates to \$38.94 in 2013, \$40.09 in 2014, and remain at that level for 2015. This represents a 3.6% increase over the three year TCAP period.<sup>(1)</sup>**

(1) 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.***

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## FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Greg Healy, Case Manager, San Diego Gas & Electric Company, 555 West Fifth St., GT14D6, Los Angeles, CA 90013-1011. SDG&E will provide a copy of this application including the public testimony, upon request. SDG&E's TCAP 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

2405 Plaza Blvd.  
National City, CA 91950

336 Euclid Ave.  
San Diego, CA 92114

104 N. Johnson Ave.  
El Cajon, CA 92020

440 Beech St.  
San Diego, CA 92101

2604 S. El Camino Real  
Carlsbad, CA 92008

644 W. Mission Ave.  
Escondido, CA 92025

The application is available electronically on SDG&E's website at [www.sdge.com/regulatory/tariff/cpuc\\_openProceedings.shtml](http://www.sdge.com/regulatory/tariff/cpuc_openProceedings.shtml).

Copies of this insert will be available for viewing and printing on SDG&E's website at [www.sdge.com/tariff/inserts](http://www.sdge.com/tariff/inserts).

## CPUC PROCESS

The CPUC **may** hold Evidentiary Hearings (EHs) whereby parties of record provide testimony and are subject to cross-examination before a CPUC Administrative Law Judge (ALJ). These hearings are open to the public, but only those who are formal parties of record can participate. The CPUC has its own court reporters who will record the comments of those formal parties of record participating in the EHs. 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. After considering all proposals and evidence presented during the formal hearing process, the assigned ALJ will issue a proposed draft decision. When the CPUC issues a final decision on the application, it may adopt, amend or modify all or part of the ALJs proposed decision as written. The CPUC's decision may be different than SDG&E's formal request.

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.11-11-002 in any correspondence. You may also call the Public Advisor's Office toll free at 1-866-849-8391.

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