

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF PROPOSED CHANGE IN ELECTRIC RATES

APPLICATION NO. 09-10-015

On October 15, 2009, San Diego Gas & Electric Company (SDG&E®) filed an application with the California Public Utilities Commission (CPUC) for expedited authorization to implement certain provisions of Public Utilities (PU) Code Section 739.1 and changes permitted by newly enacted Public Utilities (PU) Code Section 739.9, enacted by Senate Bill (SB) 695, pertaining to its Residential electric rate schedules, effective January 1, 2010.

SB 695 modifies various sections of the PU Code and Water Code 80110 that had capped rates applicable to usage up to 130 percent of baseline allowances (also referred to as Tier 1 and 2 rates). Tier 1 and Tier 2 rates are currently capped at 2001 levels and SB 695 now permits these rates to increase in accordance with specified formulas. SDG&E proposes to increase Tier 1 and Tier 2 rates by 5 percent, based on the formula methodology set forth in SB 695. In addition, SDG&E proposes to reduce rates applicable to usage above 130 percent of baseline allowances (also referred to as Tier 3, and 4 rates) by an amount that offsets the revenue increases resulting from the Tier 1 and Tier 2 rate adjustments. SDG&E is not proposing any increase to rates applicable to residential customers served under the California Alternate Rates for Energy (CARE) program.

EFFECT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical non-CARE coastal residential customer's summer electric bill using 500 kilowatt-hours of electricity will increase from \$84.27 per month to \$85.62 per month, or \$1.35. There is no change to class average or system average electric rates.

San Diego Gas & Electric Company –Electric Department Proposed Change In Class Average Rates

	9/01/09 Class Average Rates (c/kWh)	Proposed Class Average Rates (c/kWh)	Total Rate Change (c/kWh)	Percentage Rate Change %
Residential	18.000	18.000	0.000	0%
Small Commercial	18.221	18.221	0.000	0%
Med. & Large C&I	15.292	15.292	0.000	0%
Agriculture	17.666	17.666	0.000	0%
Lighting	15.799	15.799	0.000	0%
System Total	16.540	16.540	0.000	0%

EVIDENTIARY HEARINGS

The CPUC may hold Evidentiary Hearings (EHs) whereby parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge (ALJ). The EHs are

(Continued on back)

open to the public, but only those who are formal parties of record can present evidence or cross-examine witnesses during the EHs. Members of the public are welcome to attend the EHs, but they are only allowed to listen. After considering all evidence presented during this process, the ALJ will issue a draft decision. The CPUC may approve the draft decision; it may adopt all or part of the draft; or the assigned Commissioner may issue an alternate decision. The final decision adopted maybe different from what SDG&E proposes in the application filing.

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, Director-Rates, Revenues & Tariffs, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of the application, including the public testimony, upon request. SDG&E's application and attachments may be inspected at the CPUC's Central Files Office, 505 Van Ness Ave., San Francisco, CA 94102. A copy of the application and any amendments may be inspected at the SDG&E business offices listed below:

436 H St.
Chula Vista, CA 91910

104 North Johnson Ave.
El Cajon, CA 92020

320 W. Mission Ave.
Escondido, CA 92025

2404 E Plaza Blvd.
National City, CA 91950

336 Euclid Ave.,
San Diego, CA 92114

440 Beech St.
San Diego, CA 92101

2604 El Camino Real
Carlsbad, CA 92008

CPUC PROCESS

If you would like additional information on the CPUC process, or would like to attend these hearings and need assistance, you can contact the Public Advisor's Office (PAO). You may also send your comments to the PAO at the address: Public Advisors Office, 320 West Fourth St., Ste. 500, Los Angeles, CA 90013, or send an e-mail to: public.advisor.la@cpuc.ca.gov. All letters received from consumers are circulated to each Commissioner and assigned and will become part of the formal correspondence file in this application. In your letter, state that your comments are regarding Application No.09-10-015.

Copies of this application are available on the SDG&E Web site at: www.sdge.com/regulatory/cpuc.shtml.

Copies of this insert will be available for viewing and printing on the SDG&E Web site at www.sdge.com/billinserts/regulatory.shtml.

