

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF PROPOSED INCREASE IN GAS AND ELECTRIC RATES APPLICATION NO. 04-05-010

On May 3, 2004, San Diego Gas & Electric Company (SDG&E) filed an application with the California Public Utilities Commission (CPUC) requesting authority to increase its base rates, effective January 1, 2005. SDG&E's application addresses shareholder incentives related to the performance of SDG&E's Demand-Side Management (DSM) programs in 1994 and Low-Income Energy Efficiency (LIEE) programs in 2003, totaling \$3,024,253. SDG&E is also requesting approval to recover approximately \$495,908 in Demand Reduction Program (DRP) expenditures. These programs are CPUC-authorized activities helping customers to use energy more efficiently or to reduce system demand through voluntary reduction of electric usage.

WHAT THESE CHANGES WILL MEAN TO CUSTOMERS

If the Commission approves SDG&E's request for an electric rate increase, a typical residential customer using 500 kWh per month will see an average monthly bill increase beginning in January 2005 of \$0.03. A typical average monthly electric bill will increase from \$69.22 (at present rates) to \$69.25 (at proposed rates). This is an increase of 0.05% in the average monthly electric bill. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills vary with how much energy each customer uses. The following chart shows the electric rate increase SDG&E is requesting in 2005. The proposed rates for electricity were determined by dividing the proposed electric revenues by SDG&E's adopted forecast of annual sales.

Proposed Electric Increase

<u>Customer Class</u>	<u>Proposed Revenue Increase (\$000)</u>	<u>Percent</u>	<u>Proposed Rate Increase (Cents/kWh)</u>	<u>Percent</u>
Residential	\$1,162.6	0.12%	0.018	0.12%
Small Commercial	381.0	0.11	0.018	0.11
Medium & Large				
Commercial/Industrial	1,597.9	0.16	0.018	0.16
Agriculture	23.5	0.12	0.018	0.12
Lighting	15.8	0.10	0.018	0.10
System Total	\$3,180.8	0.14%	0.018	0.14%

If the Commission approves SDG&E's request for a gas rate increase, a typical residential customer using 40 therms per month will see an average monthly bill increase beginning in January 2005 of \$0.02. A typical average monthly gas bill will increase from \$38.04 (at present rates) to \$38.06 (at proposed rates). This is an increase of 0.06% in the average monthly natural gas bill. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills vary with how much energy each customer uses. The following chart shows the gas rate increase SDG&E is requesting in 2005. The proposed rates for gas were determined by dividing the proposed gas revenues by the last forecast of annual gas sales adopted by the Commission.

Proposed Gas Increase

<u>Customer Class</u>	<u>Proposed Revenue Increase (\$000)</u>	<u>Percent</u>	<u>Proposed Rate Increase (Cents/Therm)</u>	<u>Percent</u>
Residential	\$206	0.15%	0.063	0.15%
NGV	2	0.14	0.049	0.14
Core Commercial and Industrial	49	0.14	0.037	0.14
Noncore Commercial and Industrial	8	0.11	0.009	0.11
Electric Generation	7	0.02	0.001	0.02
Public Purpose Programs	0	0.00	0.000	0.00
System Total	\$271	0.13%	0.019	0.13%

* Revenue and rate changes are for gas distribution and transportation and exclude the cost of purchasing natural gas.

(1) Core Customers primarily use smaller amounts of gas, and include residential and small commercial and industrial gas users.

(2) Non-Core Customers are larger commercial and industrial gas users.

THE CPUC MAY HOLD EVIDENTIARY HEARINGS

The CPUC may hold evidentiary hearings on this application. At the hearings, SDG&E, the CPUC's independent Office of Ratepayer Advocates (ORA) and other interested parties give testimony. Parties may offer proposals to the CPUC that differ from those that SDG&E presents.

After considering all evidence presented, the CPUC will issue a decision on this application. The actual award approved by the CPUC may be different from that originally requested by SDG&E.

EVIDENTIARY HEARINGS ARE OPEN TO THE PUBLIC

If you wish to participate in the evidentiary hearings and need advice on how to do so, if you would like to receive information on the location and schedule of the evidentiary hearings or if you would like to submit written comments, please write to the CPUC's Public Advisor at the following address:

Public Advisor, California Public Utilities Commission
320 West 4th Street, Suite 500, Los Angeles, CA 90013
E-mail: public.advisor.la@cpuc.ca.gov

Mention that you are writing about Application No. A. 04-05-010. The Public Advisor will give your letter to the Commissioners, ORA staff and the Administrative Law Judge assigned to the case. Your letter will become part of the formal correspondence file. If you have a question or need further information, please state in your letter that you would like a response. Otherwise, no reply will be sent.

FOR FURTHER INFORMATION

For further information, or to request a copy of the application and attachments, you may write to: J. Yamagata, Regulatory Manager for San Diego Gas & Electric Company, 8330 Century Park Court, San Diego, CA 92123-1550.

A copy of this application may also be inspected at the Sempra Energy headquarters, located at 101 Ash Street, San Diego, CA 92101, or at the following SDG&E business offices:

436 H Street
Chula Vista, CA 91910

662 Camino De Los Mares
San Clemente, CA 92673

104 North Johnson Avenue
El Cajon, CA 92020

336 Euclid Avenue #502
San Diego, CA 92114

320 W. Mission Avenue
Escondido, CA 92025

4340 Genesee Avenue #103
San Diego, CA 92117

2405 E. Plaza Boulevard
National City, CA 91950

3910 Vista Way #105
Oceanside, CA 92054

30673 Old Highway 80
Pine Valley, CA 91962

The application may also be inspected at the CPUC offices located as follows:

In San Diego at:

1350 Front Street
Room 4006
San Diego, CA 92101

In Los Angeles at:

320 West 4th Street
Suite 500
Los Angeles, CA 90013

In San Francisco at:

505 Van Ness Avenue
San Francisco, CA 94102

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