

**SAN DIEGO GAS & ELECTRIC COMPANY
NOTIFICATION OF FILING OF THE ENERNOC DEMAND
RESPONSE CAPACITY DELIVERY AGREEMENT
APPLICATION NO. A.09-03-012**

On March 6, 2009, San Diego Gas & Electric Company (SDG&E®) filed with the CPUC its request for approval of cost recovery for the Demand Response Capacity Agreement between SDG&E and EnerNOC, Inc. (Agreement). The Agreement would provide the ability for SDG&E to dispatch reductions in customer electricity usage by up to 40 MW, when needed.

This Agreement will result in the reduction of electricity use during peak or critical times. The peak or critical times occur during the peak electricity demand season from May 1 through October 31 of each program year (from 2010 - 2024). By doing this, customers can help manage their energy costs and help improve the reliability of the electric system. In reducing peak electricity use, the customer benefits because this also helps keep costs down by limiting the need to purchase electricity when prices spike.

SDG&E is requesting approval of an annual revenue requirement that would take effect the year after the Agreement is put into commercial operation. The anticipated time for this would be in early summer of 2010. The actual program costs incurred in each year will be recovered in rates the following year. On an annual basis from 2011-2013, the Agreement would result in costs to be recovered in rates of approximately \$2.565 million in 2011, \$3.588 million in 2012 and \$4.089 million in 2013 as shown below. Thereafter, program administration costs increase annually by 3% throughout the life of the contract. Contract-related costs remain at the 2013 level until 2016. Beginning in 2017, contract costs escalate at 3% annually through 2025 (2025 costs reflect actual costs from final contract year 2024). While the CPUC may approve the amount requested by SDG&E in this application, or a different amount, the impact on rates will reflect SDG&E's actual expenditures.

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SDG&E is also requesting that the funding amounts approved by the CPUC be recorded to existing regulatory accounts and recovered annually in electric distribution rates commencing January 1, 2011.

Electric rate impacts of the Agreement in years 2011, 2012 and 2013 as compared to present rates are shown in the tables below.

**SAN DIEGO GAS & ELECTRIC®
DEMAND RESPONSE PROGRAMS - ELECTRIC ILLUSTRATIVE
ELECTRIC DISTRIBUTION RATE IMPACT 2011**

Customer Class	2009	2011	Change	
	¢/kWh (b)	¢/kWh (c)	¢ (d)	% (e)
(a) Residential [^]	6.824	6.842	0.018	0.26%
Small Commercial	5.598	5.612	0.014	0.25%
Med. & Large Commercial/Industrial	3.045	3.053	0.008	0.26%
Agriculture	5.564	5.578	0.014	0.25%
Street Lighting	7.585	7.594	0.009	0.12%
System Total	4.744	4.756	0.012	0.25%

[^] Pursuant to California Assembly Bill 1X, electric rates for residential usage up to 130% of baseline allowances will not exceed rate levels in effect February 1, 2001.

**SAN DIEGO GAS & ELECTRIC
DEMAND RESPONSE PROGRAMS - ELECTRIC ILLUSTRATIVE
ELECTRIC DISTRIBUTION RATE IMPACT 2012**

Customer Class	2009	2012	Change	
	¢/kWh (b)	¢/kWh (c)	¢ (d)	% (e)
(a) Residential [^]	6.824	6.849	0.025	0.37%
Small Commercial	5.598	5.618	0.020	0.36%
Med. & Large Commercial/Industrial	3.045	3.056	0.011	0.36%
Agriculture	5.564	5.583	0.019	0.34%
Street Lighting	7.585	7.598	0.013	0.17%
System Total	4.744	4.761	0.017	0.36%

**SAN DIEGO GAS & ELECTRIC
DEMAND RESPONSE PROGRAMS - ELECTRIC ILLUSTRATIVE
ELECTRIC DISTRIBUTION RATE IMPACT 2013**

Customer Class	2009	2013	Change	
	¢/kWh (b)	¢/kWh (c)	¢ (d)	% (e)
(a) Residential ⁿ	6.824	6.853	0.029	0.42%
Small Commercial	5.598	5.621	0.023	0.41%
Med. & Large Commercial/Industrial	3.045	3.057	0.012	0.39%
Agriculture	5.564	5.586	0.022	0.40%
Street Lighting	7.585	7.600	0.015	0.20%
System Total	4.744	4.763	0.019	0.40%

The monthly summer bill for a typical residential customer living in the inland climate zone using 500 kWh will change from \$73.04 at present rates to \$73.07 in 2011, \$73.07 in 2012 and \$73.07 in 2013, respectively.

THE CPUC MAY HOLD EVIDENTIARY HEARINGS

The CPUC may hold evidentiary hearings at which the parties of record present their proposals in testimony and are subject to cross-examination before an Administrative Law Judge. These hearings are open to the public, but only those who are parties of record can present evidence or cross-examine witnesses during the evidentiary hearings. After considering all evidence presented, the CPUC will issue a decision. The CPUC may approve expenditures that differ from those we request. The actual rates may result in changes greater or less than those described in this notice.

If you wish to participate in the hearings and need assistance, or if you would like to send comments to the CPUC, you may write the CPUC's Public Advisor's Office, 505 Van Ness Ave., San Francisco, CA 94102 or by e-mail to public.advisor.la@cpuc.ca.gov. Any letters received from you will be circulated to each Commissioner and will become part of the formal correspondence file in this application. In your letter, state that your comments are regarding Application No. A.09-03-012.

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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: W. Keilani, San Diego Gas & Electric Company, 8330 Century Park Court, CP32D, San Diego, CA 92123. 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. 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

2405 Plaza Blvd.
National City, CA 91950

440 Beech St.
San Diego, CA 92101

104 North Johnson Ave.
El Cajon, CA 92020

336 Euclid Ave.
Suite 502
San Diego, CA 92102

320 West Mission Ave.
Escondido, CA 92025

2604 El Camino Real
Suite B
Carlsbad, CA 92008

The application and related exhibits are also available electronically on SDG&E's Web site at www.sdge.com/regulatory/cpuc.shtml.

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

