

SAN DIEGO GAS & ELECTRIC COMPANY NOTICE OF ENERGY RESOURCE RECOVERY ACCOUNT APPLICATION

APPLICATION NO. A.03-06-002

On June 2, 2003, San Diego Gas & Electric Company (SDG&E) filed a request with the California Public Utilities Commission for approval of its forecasted electric procurement revenue requirement for 2003 and 2004. Referred to as SDG&E's Energy Resource Recovery Account (ERRA) Application (A.03-06-002), the request also seeks approval of a methodology for allocating among customer classes any 2003 year-end balance in the ERRA and an amount that, when reached, would "trigger" a modification of the electric procurement rate (Schedule EECC or energy charges).

SDG&E is not proposing an electric rate change. However, the 2004 revenue requirement forecast the CPUC adopts for SDG&E could be a component of a future request by SDG&E for a rate change.

Utility charges on your bill are for transmission and distribution services and energy charges. Only part of the energy charges are at issue in this application.

SDG&E is requesting approval of a forecast 2003 revenue requirement of \$515.3 million, and a lower forecast of \$378.8 million in 2004. These revenue requirements cover costs of acquiring power for retail customers, including costs to purchase power under contracts with various power suppliers, the California Independent System Operator charges and collateral requirements associated with electric procurement.

The forecast is lower in 2004 for the ERRA revenue requirement because SDG&E will be buying more electricity from the California Department of Water Resources (CDWR). Costs associated with the CDWR power contracts are not included in the estimated 2003 and 2004 ERRA revenue requirements. 2004 CDWR costs, which are not currently known, will be reviewed in a later proceeding.

For illustrative purposes only, and not for the purpose of predicting changes in rates, the difference between the forecast 2003 and 2004 ERRA revenue requirements, broken down by customer class, is as follows:

**SAN DIEGO GAS & ELECTRIC COMPANY
ELECTRIC DEPARTMENT
CLASS AVERAGE REVENUE CHANGE**

	2003 Revenue Requirement (\$ 000)	2004 Revenue Requirement (\$ 000)	Total Revenue Change (\$ 000)
Residential	211,319	177,108	(32,211)
Small Commercial	77,257	50,742	(26,515)
Med. & Large C&I	217,138	142,616	(74,522)
Agriculture	6,360	4,177	(2,183)
Lighting	3,235	2,124	(1,110)
System Total	515,308	378,767	(136,541)

THE CPUC MAY HOLD EVIDENTIARY HEARINGS

Before acting on our application, the CPUC may hold hearings to examine evidence and hear testimony presented by SDG&E and any other interested parties, including the CPUC's Office of Ratepayer Advocates (ORA). If hearings are held, parties may offer proposals to the CPUC that differ from those we present. After considering all evidence presented, the CPUC will issue a decision. The CPUC may approve forecast ERRA revenue requirements that differ from those we request. It is unknown at this time whether the adopted forecast revenue requirements will result in any rate changes and, if so, the magnitude of those changes.

**HEARINGS ARE OPEN TO THE PUBLIC
YOU ARE WELCOME TO COMMENT AND TO PARTICIPATE
IN THE HEARINGS**

If you wish to participate in the evidentiary hearings and need advice on how to do so, or if you would like information on the location and schedule of the hearings, please write to the CPUC's Public Advisor at the following address: Public Advisor, California Public Utilities Commission, 320 West 4th St., Suite 500, Los Angeles, CA 90013, or by e-mail to public.advisor.la@cpuc.ca.gov.

If you cannot attend the evidentiary hearings, you may submit written comments to the CPUC at the above address. Make sure to include the application number (A.03-06-002) on your correspondence. The Public Advisor will give your letter to the Commissioners, ORA staff and the Administrative Law Judge assigned to the case, and it will become part of the formal correspondence file. If you have a question or need further information about participating, please state in your letter that you would like a response. Otherwise, no reply will be sent.

FOR FURTHER INFORMATION

Questions concerning this application may be directed to Todd Cahill, Regulatory Project Manager for SDG&E, 8330 Century Park Court, San Diego, CA 92123. SDG&E will provide a copy of the Application, including testimony, upon request. A copy of the application and any amendments also may be inspected at the Sempra Energy headquarters, located at 101 Ash Street, San Diego, CA 92101 or at the SDG&E business offices listed below:

436 H Street Chula Vista, CA 91910-4308	30763 Old Highway 80 Pine Valley, CA 91962-4401
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2405 Plaza Boulevard National City, CA 91950-5101	104 North Johnson Avenue El Cajon, CA 92020
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336 Euclid Avenue Suite 502 San Diego, CA 92113-3645	320 West Mission Avenue Escondido, CA 92025
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2nd and Ash Street San Diego, CA 92101	662 Camino De Los Mares San Clemente, CA 92673-2827
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4340 Genesee Avenue Suite 103 San Diego, CA 92105-5399	3910 Vista Way Suite 105 Oceanside, CA 92054
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SDG&E's application and attachments may also be inspected at the CPUC office located in San Diego at 1350 Front St., San Diego, CA 92101.

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

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