

SAN DIEGO GAS & ELECTRIC COMPANY
NOTICE OF ENERGY RESOURCE RECOVERY
ACCOUNT APPLICATION
APPLICATION NO. A.05-10-004

On October 3, 2005, San Diego Gas & Electric Company (SDG&E) filed a request with the California Public Utilities Commission (CPUC) for approval of its forecasted electric procurement revenue requirement for 2006, referred to as SDG&E's Energy Resource Recovery Account (ERRA) Application A.05-10-004.

SDG&E is not proposing an electric rate change. However, the 2006 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 numerous cost elements including transmission services, distribution services and energy charges. Only the Competition Transition Charges (CTC) and a part of the electric commodity charges are at issue in this application.

SDG&E is requesting approval of a forecast 2006 ERRA revenue requirement of \$477.8 million, and a forecast CTC revenue requirement of \$70 million. 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. This revenue requirement excludes costs associated with contracts entered into by the California Department of Water Resources (CDWR).

For illustrative purposes only, and not for the purpose of predicting changes in rates, SDG&E has estimated a hypothetical increase in SDG&E's existing class average rates caused solely by the difference between: (1) the 2005 ERRA revenue and currently authorized collection of CTC revenue, and (2) the 2006 forecasted ERRA revenue requirement (\$100.1 million increase) and the 2006 forecasted revenue requirement for CTC (\$40.8 million decrease). The net impact of these changes is an increase of \$59.3 million, however, this increase does not reflect an approximate \$50 million rate decrease in Reliability Must Run (RMR) charges expected to become effective January 1, 2006. The average rate impacts are as follows:

San Diego Gas & Electric Company - Electric Department
Illustrative Change in Class Average Rates Due to Revenue
Requirements Proposed in ERRA Application

	Existing Class Average Rates	Class Average Rates Reflecting Proposed Revenue Changes**	Total Rate Change	Percentage Rate Change
	(c/kWh)	(c/kWh)	(c/kWh)	%
Residential *	14.911	15.320	0.409	2.7%
Small Commercial	16.631	16.998	0.367	2.2%
Med. & Large C&I	11.314	11.725	0.411	3.6%
Agriculture	14.975	15.378	0.403	2.7%
Lighting	15.792	16.400	0.608	3.9%
System Total	13.364	13.771	0.407	3.0%

* Pursuant to California Assembly Bill 1X, electric rates for residential usage up to 130% of base-line allowances will not exceed rate levels in effect February 1, 2001.

** Does not reflect changes to commodity cost allocation proposed in the Settlement of SDG&E's Rate Design Window (RDW) proceeding (A.05-02-019).

**THE CPUC WELCOMES YOUR COMMENTS
AND PARTICIPATION**

Before acting on our application, the CPUC may hold evidentiary 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). 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.

The evidentiary hearings are open to the public, but only those wishing to present evidence or cross-examine witnesses may directly participate in the hearing process. 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.

As part of its decision-making process, the CPUC is also interested in your comments. You may submit written comments to: CPUC, Public Advisor's Office, 320 West Fourth St., Suite 500, Los Angeles, CA 90013, or e-mail to public.advisor.la@cpuc.ca.gov. Please mention that you are writing about SDG&E application A.05-10-004. Your comments will be circulated to the five Commissioners, the assigned administrative law judge and the appropriate Commission staff assigned to this proceeding. In addition, your comments will become part of the formal correspondence file available to the full Commission as they decide this application. Please state in your letter if you would like a response. Otherwise, no reply will be sent.

The Public Advisor's Office was established to assist members of the public who want to participate in Commission proceedings. If you would like more information on participating, please contact the Public Advisor at the address shown above.

FOR FURTHER INFORMATION

Specific questions concerning this application may be directed to Kevin O'Beirne, Regulatory Case Manager for SDG&E, 8330 Century Park Ct., San Diego, CA 92123. SDG&E will provide a copy of the application, including the public testimony, upon request. A copy of the application and any amendments also may be inspected at the Sempra Energy headquarters, located at 101 Ash St., San Diego, CA 92101 or at the SDG&E business offices listed below:

436 H St.
Chula Vista, CA
91910-4308

30763 Old Highway 80
Pine Valley, CA
91962-4401

662 Camino De Los
Mares
San Clemente, CA
92673-2827

2405 Plaza Blvd.
National City, CA
91950-5101

104 N. Johnson Ave.
El Cajon, CA 92020

3910 Vista Way
Suite 105
Oceanside, CA 92054

336 Euclid Ave. Suite 502
San Diego, CA
92113-3645

101 Ash St.
San Diego, CA 92101

320 W. Mission Ave.
Escondido, CA 92025

SDG&E's application and attachments may also be inspected at the CPUC office located at 320 West Fourth St., Suite 500, Los Angeles.

The application is available electronically on SDG&E's Web site at http://www.sdge.com/regulatory/tariff/cpuc_openProceedings.shtml

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

