

A copy of the application and any amendments also may be inspected at the SDG&E business offices listed below:

436 H St.
Chula Vista, CA 91910-4308

2405 Plaza Blvd.
National City, CA 91950-5101

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

104 North Johnson Ave.
El Cajon, CA 92020

440 Beech St.
San Diego, CA 92101

320 West Mission Ave.
Escondido, CA 92025

3485 Marron Rd.
Oceanside, CA 92036

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

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

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF GENERAL RATE CASE PHASE 2 APPLICATION

APPLICATION NO. A.07-01-047

On January 31, 2007, San Diego Gas & Electric Company (SDG&E®) filed its General Rate Case (GRC) Phase 2 application (A.07-01-047) with the California Public Utilities Commission (CPUC or Commission), asking for approval to change certain electric rates for our customers. The application proposes no changes to total revenue because revenue increases were requested and are being considered in SDG&E's Phase 1 General Rate Case Application, A.06-12-009, filed December 8, 2006. The current application proposes new revenue allocations and rate design that change how we allocate costs among our electric customers. Electric utility charges on your bill include revenues for transmission (the process of moving energy from one region to another), distribution (the process of delivering energy at the local level) and energy. Both electric distribution and electric energy rates are changed in this application. This application requests no changes to gas rates. If approved as filed, SDG&E customers would see the changes described here.

EFFECT ON ELECTRIC RATES AND BILLS

If the Commission approves SDG&E's request, a typical residential customer living in the inland climate zone and using 500 kWh per month will see a monthly summer bill increase beginning in January 2008 of 5.9%, or \$4.16. A typical monthly electric bill will increase from \$70.49 to \$74.65. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills will depend on how much energy each customer uses.



The following chart shows the electric rates changes SDG&E is requesting for 2008.

Proposed Electric Rate Change

Customer Class	Proposed Revenue Change (\$000)	Percentage Revenue Change	Proposed Average Rate Change (cents/kWh)	Percentage Rate Change
Residential	101,155	8.0%	1.32	8.0%
Small Commercial	12,928	3.7%	0.61	3.6%
Med. & Large Commercial/Industrial	(17,792)	-1.5%	(0.30)	-2.2%
Agriculture	633	4.6%	0.68	4.3%
Lighting	2,315	13.8%	2.11	13.8%
System Total	99,239	3.5%	0.49	3.3%

The system total increase reflects the revenue requirement increase requested by SDG&E in A.06-12-009, SDG&E's General Rate Case Phase 1 Application filed in December 2006. The typical monthly residential electric bill may be further impacted by SDG&E's proposed gradual removal of residential electric rate caps in GRC Phase 2. The residential rate caps were put in place in 2001 during the California energy crisis. The typical monthly non-residential electric bill may be further impacted by SDG&E's time-sensitive rate proposals in GRC Phase 2. Time-sensitive rates charge more during periods of high electric usage and less during periods of low electric usage. For further information on these proposals you may contact SDG&E's 24-hour Customer Service line at 1-800-411-SDGE (7343).

THE CPUC WILL 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 Division of Ratepayer Advocates (DRA). 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 rates that differ from those we request. The actual rates may result in changes greater or less than those described in this notice.

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.07-01-047) on your correspondence. The Public Advisor will give your letter to the Commissioners, DRA 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 Lisa Browy, Regulatory Case Manager for SDG&E, 8330 Century Park Court CP32D, San Diego, CA 92123. SDG&E will provide a copy of the application, including attachments, upon request. The application is available electronically on SDG&E's Web site at www.sdge.com/regulatory/tariff/cpuc_openProceedings.shtml.