

**SAN DIEGO GAS & ELECTRIC COMPANY
NOTICE TO CUSTOMERS OF PROPOSED RATE INCREASE
STATE MANDATED NATURAL GAS SOCIAL PROGRAMS
APPLICATION NO. A.07-12-006**

On December 11, 2007, San Diego Gas and Electric Company (SDG&E®), along with Southern California Gas Company (SoCalGas®) and Pacific Gas and Electric Company (PG&E), filed a joint application (A.07-12-006) with the California Public Utilities Commission (Commission) to reallocate among customer classes the way that certain state-mandated social program costs are collected. State-mandated social program charges currently include, among others, costs associated with the California Alternate Rates for Energy, Research, Development and Demonstration, Energy Efficiency, Low Income Energy Efficiency, Self-Generation Incentive Program and Board of Equalization administrative costs to maintain these programs. These state-mandated natural gas social programs are public benefit programs in the form of rate discounts which are funded by customers through natural gas rates, and are currently based on the amount of natural gas consumed. This application proposes that funding be based in proportion to what each customer class pays for basic gas service.

State-mandated social programs are programs where a substantial portion of the benefits accrue to society rather than to a particular customer class. This application represents a more fair allocation of these costs. The costs for these programs have been increasing rapidly in recent years and have led to certain customer classes paying more than others. SDG&E asserts that this application reallocates the costs of the programs among customer classes in a straightforward and fair manner.



EFFECT ON NATURAL GAS RATES AND BILLS

If the Commission approves this request, a residential customer's monthly bill for 40 therms of gas usage would increase by \$0.32, from \$45.37 to \$45.69. The impact on each customer and customer class will vary depending on individual usage and the Commission's final decision.

If the Commission approves SDG&E's application, the proposed effect on customer rates by customer class would be allocated as follows:

Present and Proposed Class Average Rates (\$/Therm)

	Present Rate	Proposed Rate	Percent Change
Core Residential	\$1.141	\$1.149	0.7%
Core Commercial	\$0.876	\$0.863	-1.4%
Noncore Commercial/Industrial	\$0.171	\$0.157	-7.8%
Noncore Electric Generator	\$0.043	\$0.042	-1.6%

* The actual number approved by the Commission will include fees paid to cities and local governments.

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 evidentiary hearings. After considering all evidence presented, the Commission will issue a decision. The Commission 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 would like to participate in the hearings and need assistance, or if you would like to send comments to the Commission, you may write to Commission's Public Advisor's Office, 320 West Fourth St., Suite 500,

Los Angeles, CA 90013, or send an 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.07-12-006. Please indicate if you would like a response to your letter. Otherwise, none will be sent.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Kari Kloberdanz, San Diego Gas & Electric Company, 555 West Fifth St. GT14D6, Los Angeles, CA 90013-1011. A copy of this application may be inspected at the following SDG&E business offices:

436 H St.
Chula Vista, CA 91910

440 Beech St.
San Diego, CA 92101

104 North Johnson Ave.
El Cajon, CA 92020

336 Euclid Ave. Suite 502
San Diego, CA 92102

3485 Marron Rd.
Oceanside, CA 92056

320 West Mission Ave.
Escondido, CA 92025

2405 Plaza Blvd.
National City, CA 91950

The application is available electronically on SDG&E's Web site at 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.