

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF APPLICATION TO INCREASE ELECTRIC RATES AND DECREASE GAS RATES

APPLICATION NO. 02-04-034

On April 18, 2002, San Diego Gas & Electric Company (SDG&E) filed an Application with the California Public Utilities Commission (CPUC) requesting approval to increase electric rates to pay for California Alternate Rates for Energy (CARE) proposed administrative activities and rate subsidy costs for 2002. The CARE program provides a 20% discount to income-qualified households on their gas and electric bills. The electric rate increase is based upon the increase in CARE participation levels which were caused by last year's increase in the CARE rate discount level from 15% to 20% and due to the eligibility levels being expanded from 150% to 175% of the federal poverty guidelines. Based on SDG&E's projections of 2002 CARE program participation, our application also requests a decrease in gas rates.

If the Commission approves this request, SDG&E will increase the electric CARE component of the Public Purpose Program (PPP) surcharge by \$12 million. SDG&E requests that the proposed increase to the CARE component of the electric PPP surcharge become effective January 1, 2003 with other electric year-end rate changes or as soon as possible thereafter. On the gas side, SDG&E proposes to reflect the projected 2002 year-end balance when adjusting its annual 2003 Public Purpose Program (PPP) surcharge. This is expected to result in a PPP rate decrease for non-CARE customers. The year-end 2002 gas rate change will be consolidated with other updates to the gas PPP surcharge that will become effective on January 1, 2003.

HOW THIS WOULD AFFECT CUSTOMERS' ELECTRIC RATES

If the CPUC approves the proposed electric rate increase, the impact on the overall electric rates by customer class will be as follows:

	Current Total Rate (cents/kWh)	Proposed Table Rate (cents/kWh)	% Change
Residential	7.829	7.902	0.93%
Small Commercial	8.040	8.113	0.91%
Med. & Large C&I	3.729	3.803	1.96%
Agriculture	7.060	7.134	1.04%

A typical non-CARE summer residential customer's electric bill using 500 kilowatt-hours of electricity will increase from \$74.71 per month to \$75.08 per month, or 37 cents. The impact on each customer and customer class could vary depending on the CPUC's final decision.

(Continued inside)

HOW THIS WOULD AFFECT CUSTOMERS' GAS RATES

If the CPUC approves the proposed 2002 CARE program administrative budgets and rate subsidy costs, it will have an impact on 2003 gas rates by customer class. Projected rates are shown below:

Customer Class	Present Combined Transportation and PPP Rates (¢/therm)	Proposed Combined Transportation and PPP Rates (¢/therm)	% Change
Core			
Residential	49.615	48.001	-3.3%
Commerical/Industrial	34.964	33.350	-4.6%
NGV	39.426	37.812	-4.1%
Noncore			
Commerical/Industrial	10.250	8.636	-15.7%

THE CPUC MAY HOLD EVIDENTIARY HEARINGS

Before acting on our application, the CPUC may hold evidentiary hearings. At the hearings, the Commission will accept testimony from SDG&E, the Commission's Office of Ratepayer Advocates (ORA) and other interested parties who may offer proposals that differ from those applied for by SDG&E. After considering all evidence presented, the CPUC will issue a decision on this application. The actual rates approved by the CPUC may be different from those proposed in this notice.

EVIDENTIARY HEARINGS ARE OPEN TO THE PUBLIC

If you wish to participate in the evidentiary hearings and need advice on how to do so, or if you would like to submit written comments, please write to the CPUC's Public Advisor at the following address: Public Advisor, California Public Utilities Commission, 320 West Fourth Street, Suite 500, Los Angeles, CA 90013 or e-mail public.advisor.la@cpuc.ca.gov. Make sure that you specify the application number, (A.) 02-04-034 in your letter. The Public Advisor will give your comments to the Commissioners and the Administrative Law Judge assigned to the case. Your comments will become part of the formal correspondence file in this proceeding. Also, please indicate in your letter if you would like a response. Otherwise, none will be sent.

FOR FURTHER INFORMATION

You may obtain a copy of the application and related exhibits by writing to: Margee Moore, Regulatory Case Manager for San Diego Gas & Electric Company, 8306 Century Park Court CP 22D, San Diego, CA 92123-1550.

A copy of this application may be inspected at the Sempra Energy headquarters located at 101 Ash Street, San Diego, CA 92101, or at the following SDG&E business offices:

436 H Street
Chula Vista, CA 91910

104 North Johnson Avenue
El Cajon, CA 92020

320 W. Mission Avenue
Escondido, CA 92025

2405 Plaza Boulevard
National City, CA 91950

30673 Old Highway 80
Pine Valley, CA 91962

662 Camino De Los Mares
San Clemente, CA 92673

1720 Euclid Avenue
San Diego, CA 92105

5971 University Avenue #310
San Diego, CA 92115

3910 Vista Way
Suite 105
Oceanside, CA 92054

2nd and Ash Street
San Diego, CA 92101

4340 Genesee Avenue #103
San Diego, CA 92117

The application may also be inspected at the CPUC offices located in San Diego at 1350 Front Street, Room 4006, San Diego, CA 92101; Los Angeles at 320 West Fourth Street, Suite 500, Los Angeles, CA 90013; and at 505 Van Ness Avenue, San Francisco, CA 94102.

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



