

# SAN DIEGO GAS & ELECTRIC COMPANY

## NOTICE OF PROPOSED INCREASE IN GAS AND ELECTRIC RATES

### APPLICATION NO. 02-12-028

On December 20, 2002, San Diego Gas & Electric Company (SDG&E) filed an application with the California Public Utilities Commission (Commission) requesting authority to increase its base rates, effective January 1, 2004. SDG&E's application covers its costs of providing electric distribution and gas distribution and transportation costs, as well as certain other costs as set forth below. SDG&E's application includes a detailed forecast of these costs for 2004. SDG&E also proposes a formula for adjusting its base rates in 2005 through 2008 to reflect the impacts of inflation, offset by improved productivity, on the cost of service per customer. SDG&E believes its request is necessary to continue to deliver safe and reliable service to all of its customers.

### WHAT THIS MEANS TO YOU

If the Commission approves SDG&E's request for an electric rate increase, a typical residential customer using 500 kWh per month will see an average monthly bill increase beginning in January 2004 of \$2.63. A typical average monthly electric bill will increase from \$70.95 (at present rates) to \$73.58 (at proposed rates). This is an increase of 3.7% in the average monthly electric bill. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills vary with how much energy each customer uses. The following chart shows the electric rate increase SDG&E is requesting in 2004. The proposed rates for electricity were determined by dividing the proposed electric revenues by SDG&E's forecast for annual sales of electricity in 2004.

### Proposed Electric Increase

Customer Class	Proposed Revenue Increase		Proposed Rate Increase	
	(\$000)	Percent	(Cents/kWh)	Percent
Residential	\$37,373	3.7%	0.551	3.7%
Small Commercial	11,180	3.3	0.558	3.3
Medium & Large Commercial/Industrial	9,603	1.0	0.095	1.0
Agriculture	329	2.7	0.412	2.7
Lighting	402	2.8	0.469	2.8
<b>System Total</b>	<b>\$58,886</b>	<b>2.5%</b>	<b>0.309</b>	<b>2.5%</b>

\*Revenue and rate changes are for electric distribution including the impact of expenses associated with SDG&E's share of the San Onofre Nuclear Generating Station.

*(Continued inside)*

If the Commission approves SDG&E's request for a gas rate increase, a typical residential customer using 40 therms per month will see an average monthly bill increase beginning in January 2004 of \$1.95. A typical average monthly gas bill will increase from \$38.74 (at present rates) to \$40.69 (at proposed rates). This is an increase of 5.0% in the average monthly natural gas bill. The percentages shown do not necessarily reflect the changes that you may see in your bill. Changes in individual bills vary with how much energy each customer uses. The following chart shows the gas rate increase SDG&E is requesting in 2004. The proposed rates for gas were determined by dividing the proposed gas revenues by the last forecast of annual gas sales adopted by the Commission.

### Proposed Gas Increase

Customer Class	Proposed Revenue Increase (\$000)		Proposed Rate Increase (Cents/Therm)	
	Percent	Percent	Percent	Percent
Residential	\$16,320	11.3%	5.0	11.3%
NGV	73	5.0	1.8	5.0
Core Commercial and Industrial	2,417	5.9	1.9	5.9
Noncore Commercial and Industrial	665	10.2	0.8	10.2
Electric Generation	2,153	10.6	0.2	10.6
Public Purpose Programs	0	0.0	0.0	0.0
<b>System Total</b>	<b>\$21,628</b>	<b>9.1%</b>	<b>1.5</b>	<b>9.1%</b>

\* Revenue and rate changes are for gas distribution and transportation and exclude the cost of purchasing natural gas.

(1) Core Customers primarily use smaller amounts of gas, and include residential and small commercial and industrial gas users.

(2) Noncore Customers are larger commercial and industrial gas users.

### WHAT YOU CAN DO

Before acting on SDG&E's application, the Commission is expected to hold formal evidentiary hearings. They will be open to the public and will analyze the need for the requested increases. At these hearings, the Commission will receive testimony from SDG&E, the Commission's Office of Ratepayer Advocates and other interested parties who may offer proposals that differ from those requested by SDG&E. After considering all proposals, the Commission will issue a decision.

If you would like to send comments or to participate in this proceeding, write to the Commission's Public Advisor's Office at 320 West Fourth Street, Suite 500, Los Angeles, CA 90013, or by e-mail to [Public.advisor.la@cpuc.ca.gov](mailto:Public.advisor.la@cpuc.ca.gov). If public participation hearings are held to gather additional comments from customers, notice of the dates, times and locations will be provided to you by separate notice. Any letters received from you will be circulated to the five Commissioners and will become part of the formal correspondence file in this application. In your letter, state that you are writing in regard to Application No. 02-12-028 (SDG&E 2004 Cost of Service). Please indicate if you would like a response to your letter, otherwise none will be sent.

You may inspect a copy of the application at the address listed below or obtain a copy of the application by writing to:

Bruce J. Williams  
Regulatory Affairs Department  
San Diego Gas & Electric Company  
8330 Century Park Court  
San Diego, CA 92123-1530

You may also view a copy of the application at the company web site: [www.sdge.com](http://www.sdge.com), or at the following SDG&E business offices:

436 H Street  
Chula Vista, CA 91910

5971 University Avenue  
Suite 310  
San Diego, CA 92115

2405 Plaza Boulevard  
National City, CA 91950-5101

4340 Genesee Avenue  
Suite 103  
San Diego, CA 92117-4999

1720 Euclid Avenue  
San Diego, CA 92105

320 West Mission Avenue  
Escondido, CA 92025

101 Ash Street  
San Diego, CA 92101

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

104 North Johnson Avenue  
El Cajon, CA 92020

4120 Oceanside Boulevard  
Suite 125  
Oceanside, CA 92054-3452

30673 Old Highway 80  
Pine Valley, CA 91962-4401

Finally, you may also view a copy of the application at the following address:

California Public Utilities Commission  
1350 Front Street  
San Diego, CA 92101

