

SAN DIEGO GAS & ELECTRIC COMPANY
NOTICE OF PROPOSED RATE INCREASES
SDG&E SOLAR ENERGY PROJECT
APPLICATION NO. A.08-07-017

On July 11, 2008, San Diego Gas & Electric Company (SDG&E®) filed the "SDG&E Solar Energy Project" Application (A.08-07-017) with the California Public Utilities Commission (Commission) seeking approval for SDG&E to install up to 52 megawatts of utility-owned solar photovoltaic systems focusing on facilities of 1 to 2 megawatts each over a five-year period. The SDG&E Solar Energy Project is designed to further diversify SDG&E's renewable generation portfolio. SDG&E proposes to install and own the solar facilities with a focus on commercial solar generation markets that are not currently being served by other State programs. The systems will be interconnected directly to the SDG&E distribution grid to support all bundled customers' energy needs.

EFFECT ON ELECTRIC AND GAS RATES AND BILLS

If SDG&E's application is approved, after a solicitation process, approval for individual installations will be separately filed with actual pricing included for final review by the Commission. For purposes of this application, however, SDG&E has estimated 2009 and 2013 rate impacts based on annual program spending of \$50 million over five years. SDG&E intends to cap this program at \$250 million in total. The typical first-year rate impact based on these assumptions is included below. These rate changes are for illustrative purposes only to show the average rate and typical bill impacts of this SDG&E Solar Energy Project filing and not for purposes of predicting 2009 rates. 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 summer monthly bill increase in 2009 of 0.2%, or \$0.12.

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A typical summer monthly electric bill will increase from \$70.51 to \$70.63. 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. SDG&E estimates that once the entire \$250 million has been invested in solar photovoltaic generating facilities, a typical residential customer living in the inland climate zone and using 500 kWh per month will see a summer monthly bill increase in 2013 of 0.4%, or \$0.28. This represents for 2013 a system average rate increase of 1.4%, or 0.20¢/kWh from current rates.

SAN DIEGO GAS & ELECTRIC COMPANY

Illustrative Change in Class Average Electric Rates Due to Proposed Solar Energy Project Effective January 1, 2009

Customer Class	Existing Class Average Rates (¢/kWh)	Class Average Rates Reflecting Solar Energy Project Changes (¢/kWh)	Total Rate Change (¢/kWh)	Percentage Rate Change (%)
Residential *	15.491	15.540	0.049	0.31%
Small Commercial	15.885	15.938	0.052	0.33%
Med. & Large C&I	13.486	13.538	0.052	0.39%
Agriculture	15.565	15.614	0.049	0.32%
Lighting	14.631	14.667	0.036	0.25%
System Total	14.445	14.495	0.050	0.35%

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

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 W. 4th 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. 08-07-017.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Rasha Prince, San Diego Gas & Electric Company, 555 West Fifth St., 14th Floor, 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

A copy of the application may also be inspected at the Commission Office located at 505 Van Ness Ave., San Francisco, CA 94102.

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

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

