

SAN DIEGO GAS & ELECTRIC COMPANY

NOTICE OF APPLICATION TO INCREASE PROGRAM COSTS

APPLICATION NO. 02-07-002

On July 1, 2002, San Diego Gas & Electric Company (SDG&E) filed an Application with the California Public Utilities Commission (CPUC) requesting approval to increase program costs for the Low Income Energy Efficiency (LIEE) program and the California Alternate Rates for Energy (CARE) program for 2003. The LIEE and CARE programs are CPUC-authorized activities designed to assist low-income customers with their energy bills. The LIEE program provides direct weatherization and energy efficiency services. The CARE program provides a 20% discount to income-qualified households on their gas and electric bills.

If the Commission approves this request, SDG&E will subsequently file an application to increase the LIEE and CARE program components of the electric Public Purpose Program (PPP) surcharge to reflect the authorization of increased costs. SDG&E proposes that the electric PPP surcharge be adjusted in a Revenue Adjustment Proceeding (RAP) or other appropriate ratemaking proceeding to become effective on January 1, 2003 or as soon as possible thereafter. For natural gas customers, SDG&E proposes to reflect the forecast of increased 2003 costs when adjusting its annual 2003 Public Purpose Program (PPP) surcharge later this year. Due to the projected overcollected 2002 year-end CARE account balance, even with the increased LIEE and CARE 2003 program costs, a decrease to the gas PPP surcharge for non-CARE customers is expected. All components of the gas PPP surcharge will be updated to derive the gas PPP surcharge that will become effective on January 1, 2003.

WHAT THESE CHANGES WILL MEAN TO RESIDENTIAL CUSTOMERS

If the electric rate increase and gas surcharge decrease are approved by the CPUC as of January 1, 2003, the monthly summer bill of a residential customer consuming 500 kilowatt hours of electricity per month will increase by 58 cents from \$74.71 to \$75.29 or 0.78%. The typical gas bill for a residential customer consuming 40 therms of gas per month will decrease by approximately 45 cents, from \$38.69 to \$38.24, a 1.16% decrease.

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.) 02-07-002 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, 8315 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.

