



For more than a century, SDG&E has been proud to play a meaningful role in our customers' lives by providing safe and reliable energy service to our region.

As part of this commitment, SDG&E is constantly working to ensure that we are not only able to meet the needs of our customers today, but also poised to satisfy the demands of tomorrow. New technologies have changed how and when we use energy, and demand now peaks at different times than before. After evaluating our region's changing needs and necessary natural gas system enhancements, it was clear that a new pipeline is needed to continue safely delivering the reliable energy our customers depend on and to achieve regional and statewide climate change goals.

The following pages outline our initial plans for this proposed new natural gas transmission pipeline. You'll see that we've taken great measures to balance the needs of local communities, the regional economy and San Diego's environmental resources, in turn creating new jobs and injecting millions of dollars into the local economy.

The proposed pipeline is the most cost-effective solution that will deliver significant safety, reliability, capacity and environmental benefits to our customers and the region.

We look forward to your participation in this important process to ensure that both our families and our industries have the reliable energy they need to stay local as they grow and evolve, fueling San Diego's future.

Jimmie Cho
Senior Vice President
San Diego Gas & Electric

New natural gas pipeline will provide safe, reliable and clean energy



This new pipeline will deliver the energy San Diego County customers need to power their lives.

Natural gas fuels San Diego. It is a key part of our daily lives and helps drive our local economy. That is why San Diego Gas & Electric® (SDG&E®) has proposed the Pipeline Safety & Reliability Project, a new natural gas transmission pipeline to provide safe and reliable natural gas for today's needs and a sustainable tomorrow.

The proposed pipeline will connect SDG&E's Rainbow Metering Station near the Riverside County line to existing facilities on Marine Corps Air Station Miramar. It is part of SDG&E's Pipeline Safety Enhancement Plan (PSEP), a proactive plan for enhancing the safety of our aging natural gas infrastructure. The new pipeline will bring greater capacity and ensure access to safe, affordable and reliable energy supplies, especially when demand peaks during the summer and winter months.

A smart investment in safety and reliability

Since 1949, a 16-inch pipeline has safely and reliably delivered natural gas to San Diego. But a lot has happened over the past 70 years. The region's population

has grown, the way we use natural gas has changed and pipeline construction technology has evolved.

Right now, approximately 90 percent of the region's natural gas is delivered by a 30-inch pipeline near Interstate 5, and the 16-inch pipeline along the Interstate 15 corridor delivers the rest. To comply with new safety standards, SDG&E is proposing to replace the 16-inch pipeline with a new, 36-inch pipeline that will provide needed reliability and operational flexibility to the natural gas transmission system.

A sustainable solution

The project is also part of the solution to achieving California's environmental goals. Natural gas is a clean energy source and a key part of our region's diverse energy portfolio. It supports the growth of renewables such as solar and wind power and is a cleaner fuel alternative for buses and trucks. An abundant and reliable supply will improve regional health and sustainability.

This new pipeline is a smart investment in San Diego County's way of life, its safety, its livelihood, its health and its future.

Natural gas: a key part of our diverse energy portfolio



Clean: Natural gas is a clean source of energy, producing up to 65 percent fewer emissions than coal and 25 percent fewer emissions than oil.



Affordable: Natural gas costs less than all other available energy sources, including wind and solar.



Domestic: The U.S. has enough natural gas reserves beneath its soil to meet the nation's energy needs for the next 100 years without relying on volatile foreign sources.



Safe: Natural gas has been used to safely serve San Diego County homes and businesses for more than 100 years, and SDG&E has a long track record as one of the country's safest utilities.



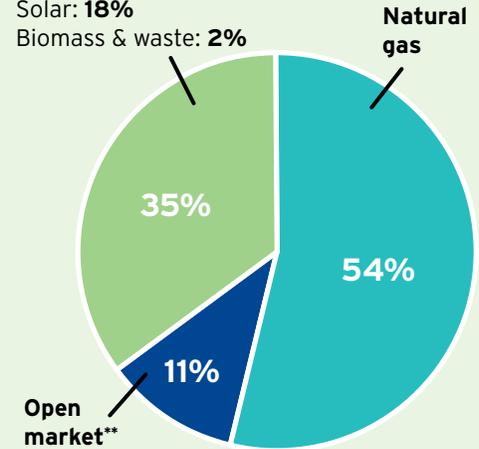
Supports renewables: Natural gas makes the growth of renewable energy, such as solar and wind, possible by providing clean, reliable power when these intermittent sources are unavailable or unable to meet peak demand.

Visit sdge.com/pipeline-project for citations.

SDG&E energy supply*

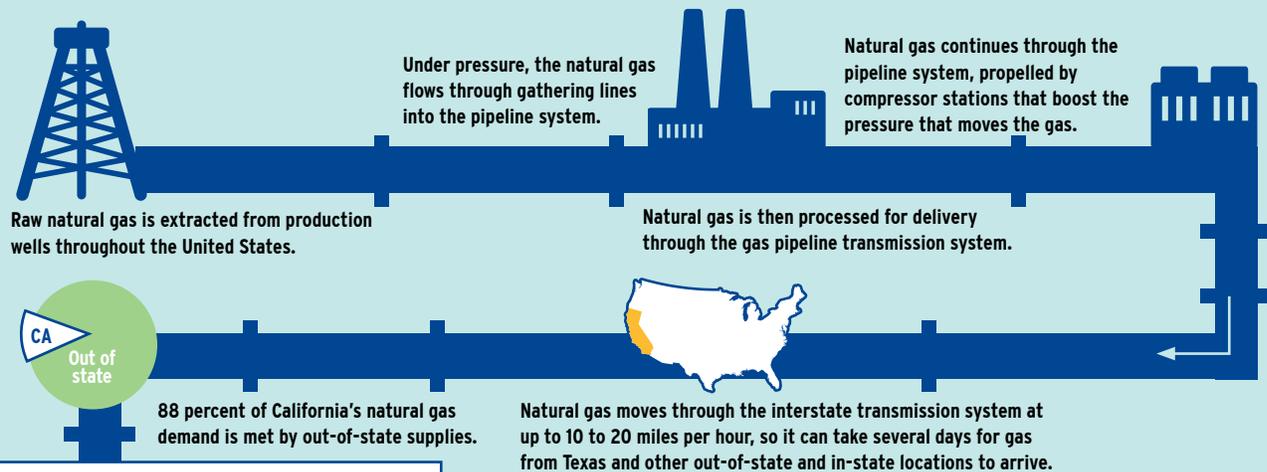
Renewables

Wind: 15%
Solar: 18%
Biomass & waste: 2%



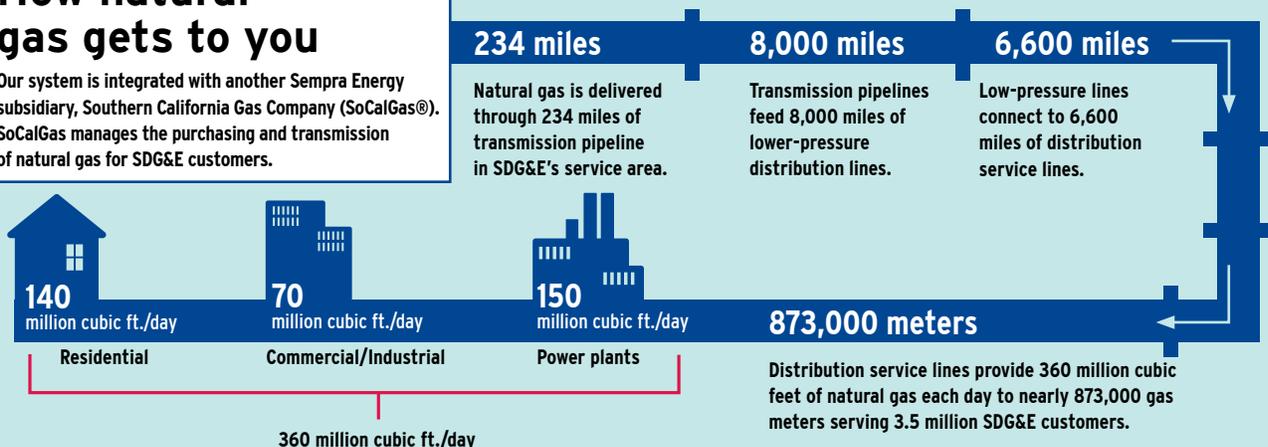
* Based on most recent CPUC filing, June 2016
** Exact sources cannot be determined for energy purchased on the open market

Where our natural gas comes from



How natural gas gets to you

Our system is integrated with another Sempra Energy subsidiary, Southern California Gas Company (SoCalGas®). SoCalGas manages the purchasing and transmission of natural gas for SDG&E customers.



Proposed pipeline route

SDG&E and SoCalGas identified a proposed route for the new pipeline in our initial application materials to the California Public Utilities Commission (CPUC).

The proposed route was identified based on extensive study and a review of alternatives. The 47-mile proposed route minimizes costs to our customers, impacts to private property owners and impacts to natural resources. SDG&E proposes to locate the new pipeline underground, primarily within existing streets.

However, this route is not final. The application started what will be a multi-year public conversation about the project and where the pipeline may ultimately be located. The CPUC will determine the final route location following an extensive review process that provides numerous opportunities for public input.

Criteria for selecting a route

- Minimize costs to customers
- Minimize environmental impacts
- Minimize impacts to private properties
- Avoid conflicts with mission-critical operations at MCAS Miramar

Project at a glance

- Location: Rainbow to MCAS Miramar
- Length: 47 miles
- Diameter: 36"
- Customers served: 3.5 million
- Projected cost: \$639 million



This map is for illustration purposes only and is not to scale. For detailed route maps, visit sdge.com/pipeline-project.

Natural gas is critical to California's clean energy future

There has been a lot of focus recently on efforts across San Diego County to combat climate change. Of course, increasing the amount of renewable energy is an important component of any such effort, and SDG&E is proud to be a national leader in this movement. Not only was SDG&E the first utility to deliver 33 percent of energy from renewable resources, it's also leading the way on the adoption of electric vehicles, energy storage and energy efficiency through innovative customer programs. Yet, as our region marches toward greater reliance on renewables, natural gas will play a critical role in making this transition a reality.

Bridging the gap for renewable energy

The sun doesn't always shine and the wind doesn't always blow. During times when renewable energy isn't enough to meet demand, natural gas helps bridge the gap. Countywide, natural gas is and will continue to be a critical component of a diverse energy portfolio that helps keep the lights on and our lives running.

A cleaner fuel alternative

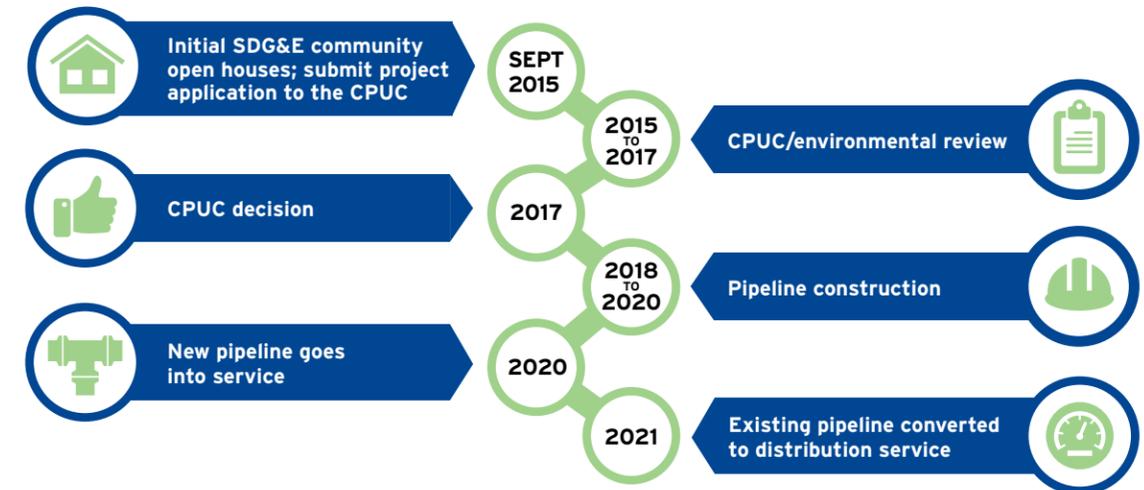
In recent years, the increasing use of natural gas and other clean energy sources has enabled SDG&E to completely eliminate coal from our power-generation mix. It's also helped Southern California

residents and businesses reduce greenhouse gas emissions equal to taking more than a half million cars off the road.

Natural gas also helps to green our transportation sector - California's largest source of carbon emissions. The transition of buses and trucks to compressed natural gas is reducing emissions and improving our region's health.

Until renewable energy alone can power our lives, natural gas will remain an essential component of fueling San Diego's future.

SDG&E's proposed project schedule



For additional information about the project and CPUC process, please visit cpuc.ca.gov/environment/info/ene/sandiego/sandiego.html.

NEW PIPELINE BENEFITS ALL OF SAN DIEGO COUNTY



Safe communities

By providing greater reliability and increased natural gas transmission flexibility, the new pipeline will help ensure that hospitals stay open, homes stay warm and streetlights stay on.



Reliable and abundant energy supply

This natural gas pipeline will help meet San Diego County's energy needs.



Emissions reductions

Natural gas delivered by this pipeline will be a cleaner fuel alternative for buses and trucks, helping to decrease greenhouse gas emissions and improve our region's health.



New local revenues

The project will generate more than \$14.7 million in new payroll, property and sales taxes in San Diego County, which may help support local programs and services.



Supporting sustainability

This pipeline will enable more renewable energy sources like wind and solar to be integrated onto the grid in a safe and reliable manner.



New economic activity

The pipeline project is estimated to generate a total economic impact across San Diego County of approximately \$471 million over the next 10 years.



New jobs

Construction of the pipeline will support approximately 3,300 full-time equivalent jobs over the next 10 years.



Improved pipeline safety

The new pipeline is part of SDG&E's Pipeline Safety Enhancement Plan, a multi-year effort to enhance public safety, comply with new regulatory requirements, minimize customer impacts and maximize the cost-effectiveness of San Diego County's infrastructure investments.



Support for diverse business

The project will generate approximately \$86 million in support for local diverse businesses.

Natural gas fuels our region

San Diego County is the second largest county in California and is home to the nation's eighth most populous city. Natural gas is used to produce the majority of our region's electricity and is used on a daily basis by nearly every local family and business to power our lives and fuel our economy.



A new pipeline is needed now to safely and reliably meet San Diego County's energy needs.

Answers to your questions

Q. Why is SDG&E proposing the Pipeline Safety & Reliability Project?

A. Natural gas is the primary source of energy in San Diego County, and a new pipeline is needed now to meet our region's energy needs. The project will enhance safety, improve reliability and increase the flexibility of our region's natural gas transmission system by replacing an aging 16-inch pipeline with a new 36-inch version. It will provide greater reliability to the system and fulfill a key component of SDG&E's Pipeline Safety Enhancement Plan, resulting in a more secure energy system that is designed for today's needs and a more sustainable tomorrow.

Q. Are natural gas pipelines safe?

A. Yes. SDG&E safely operates approximately 230 miles of natural gas transmission pipelines and more than 8,000 miles of distribution pipelines throughout San Diego County. The natural gas system is designed, constructed, operated and maintained in accordance with strict state and federal pipeline safety regulations and is regularly inspected by outside agencies. SDG&E has a comprehensive and proactive natural gas pipeline safety program to ensure the integrity of the system and the protection of customers and employees. Constructing a new line and lowering the pressure of the existing 16-inch line is part of SDG&E's proactive, long-term pipeline safety plan.

Q. How will SDG&E protect the local environment?

A. SDG&E approached this project with a goal of identifying a pipeline route that can be constructed with the least amount of impact to sensitive plants and wildlife, which is why the majority of the pipeline is located within existing roadways. For

more than a year, SDG&E worked to prepare a Proponent's Environmental Assessment (PEA), which was submitted to the CPUC for review in 2015. The PEA studied the potential environmental impacts of the proposed project, considered a range of alternatives and identified potential mitigation measures that will avoid or minimize those impacts. The project will also be subject to a full environmental review under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).

Q. How will this project impact energy bills?

A. Construction of this pipeline will be funded by natural gas ratepayers throughout all of Southern California, because it will be a vital part of the integrated system operated by SDG&E and SoCalGas. While the actual cost of the pipeline and its impact on customers' bills cannot be determined until a final project is approved by the CPUC, estimates based on the proposed project suggest residential customers will see an average increase of just 57 cents per month to fund pipeline construction.

Q. Does this new pipeline support the increased use of renewable energy?

A. Yes. Improving our region's natural gas transmission system by constructing this pipeline will enable more renewable energy sources like wind and solar to be integrated onto the grid in a safe and reliable manner. Natural gas' quick-start peaking flexibility serves as a catalyst for integrating renewable energy by providing a dependable source of power when intermittent renewables aren't available. Further, SDG&E has one of the cleanest energy portfolios in the nation, as the first investor-owned utility in California

to meet at least 33 percent of customer needs with renewable energy - five years ahead of schedule. SDG&E is also the only utility in the nation to have received a Climate Leadership Award from the Environmental Protection Agency - an honor we have received three times.

Q. What happens if this project is not constructed?

A. Under recent changes in the law, the existing 16-inch pipeline must either be pressure tested or replaced. In order to pressure test this pipeline, SDG&E must take the pipeline out of service in segments during periods of lower demand over the course of three years. Testing would cost over \$100 million to complete, and place the entire natural gas system at risk, creating the potential for significant customer impacts. At the end of testing, we would still be left with the same system we have today - a system that includes a 70-year-old pipeline, is undersized to meet peak needs and continues to rely on a single transmission pipeline for nearly 90 percent of its natural gas deliveries.

Q. How can I participate in the public process?

A. SDG&E is committed to a two-way dialogue with the local community. We are at the beginning of a multi-year public process, and residents will have numerous opportunities to provide input and have their questions answered before the CPUC ultimately considers the proposal in a public hearing. Visit our website at sdge.com/pipeline-project for more information, or, if you have specific questions or comments, call us at **1-844-873-7417** or email us at pipeline-project@sdge.com.

CONTACT INFORMATION

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