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**NOTIFICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY'S REQUEST TO INCREASE RATES
FOR COSTS RELATED TO THE
WHEELER NORTH REEF EXPANSION MARINE
MITIGATION PROJECT
APPLICATION FILING NO. A. 16-11-XXX**

SUMMARY

On December 1, 2016, San Diego Gas & Electric Company (SDG&E®) and Southern California Edison® (SCE) filed a joint application with the California Public Utilities Commission (CPUC) requesting approval to increase rates for the recovery of the costs associated with the Wheeler North Reef (WNR) Expansion Project.¹ This application seeks to recover costs associated with the WNR Expansion Project required by the California Coastal Commission (CCC). The WNR Expansion Project was not included in SCE's 2018 General Rate Case (GRC) application (described below). If approved, this joint application would result in SDG&E's customers experiencing a total increase of \$7.416 million between 2018 and 2020.

ABOUT THE APPLICATION

SCE is the licensed operator of San Onofre Nuclear Generating Station (SONGS). As such, SCE is responsible for maintaining compliance with various regulatory agencies regarding SONGS. SCE is responsible for filing SONGS related costs in its GRC. SDG&E is a minority co-owner and responsible for 20% of any costs incurred by SCE in relation to SONGS. In Decision D.15-11-021 the CPUC determined that costs related to SCE's compliance with marine mitigation projects related to SONGS should be recorded as cost of service and recovered through customer rates. This decision also allows SCE and SDG&E to submit a separate application to recover costs for any additional reef construction projects not included in SCE's GRC application.

(Continued inside)

¹ SCE owns a 78.21% interest in SONGS Units 2&3. SDG&E owns a 20% interest in SONGS Units 2&3. The City of Riverside owns the remaining 1.79% interest in SONGS Units 2&3.

The CCC directed SCE to begin implementing a reef expansion project for the WNR located near SONGS to improve the performance of the reef. Due to timing, these costs were unable to be included in SCE's 2018 GRC. As a result, SCE and SDG&E are filing this separate joint application to recover those additional costs.

ILLUSTRATIVE IMPACT ON ELECTRIC RATES AND BILLS

The following tables represent the estimated rate impact by customer group if this application is approved by the CPUC. Based on the revenue requirement forecasts for 2017, 2018, 2019 and 2020, customer rates will increase in 2018, 2019 and 2020. If the CPUC approves SDG&E's request, customers will experience an estimated **0.01% system average rate increase for 2018 relative to current rates**, an estimated **0.10% system average rate increase for 2019** compared to current

rates, and an estimated **0.11% system average rate increase for 2020** compared to current rates. If the CPUC approves this application, a typical non-CARE residential customer living in the inland climate zone and using 500 kilowatt-hours per month could see a monthly winter bill increase of 0.01%, or \$0.01, from a typical current monthly bill of \$111.54 to \$111.55 for 2018, an increase of 0.09%, or \$0.10, from a typical current monthly bill of \$111.54 to \$111.64 for 2019 and, an increase of 0.09%, or \$0.10, from a typical current monthly bill of \$111.54 to \$111.64 for 2020.

The percentages shown do not necessarily reflect the changes that you may see on your bill. Changes in individual bills will also depend on how much electricity each customer uses.

SAN DIEGO GAS & ELECTRIC COMPANY'S ILLUSTRATIVE ELECTRIC BUNDLED RATE INCREASE (TOTAL RATES INCLUDE UDC¹ AND COMMODITY²) - 2018

Customer Class	Class Average Rates Effective 08/01/16 ³ (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Increase Per Application (2018) (¢/kWh)	Total Rate Increase (¢/kWh)	Percentage Rate Increase (%)
Residential	22.644	22.646	0.002	0.01%
Small Commercial	22.511	22.513	0.002	0.01%
Medium and Large C&I ⁴	18.749	18.751	0.002	0.01%
Agricultural	16.544	16.546	0.002	0.01%
Lighting	18.778	18.780	0.002	0.01%
System Total	20.524	20.526	0.002	0.01%

¹ UDC rates include Department of Water Resources (DWR) Bond Charge.

² Commodity rates include DWR Power Charge credit.

³ Rates effective 8/1/16 per Advice Letter (AL) 2996-E.

⁴ C&I stands for Commercial and Industrial.

SAN DIEGO GAS & ELECTRIC COMPANY'S ILLUSTRATIVE ELECTRIC BUNDLED RATE INCREASE (TOTAL RATES INCLUDE UDC¹ AND COMMODITY²) - 2019

Customer Class	Class Average Rates Effective 08/01/16 ³ (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Increase Per Application (2019) (¢/kWh)	Total Rate Increase (¢/kWh)	Percentage Rate Increase (%)
Residential	22.644	22.665	0.021	0.09%
Small Commercial	22.511	22.530	0.019	0.08%
Medium and Large C&I ⁴	18.749	18.770	0.021	0.11%
Agricultural	16.544	16.562	0.018	0.11%
Lighting	18.778	18.793	0.015	0.08%
System Total	20.524	20.545	0.021	0.10%

¹ UDC rates include Department of Water Resources (DWR) Bond Charge.

² Commodity rates include DWR Power Charge credit.

³ Rates effective 8/1/16 per Advice Letter (AL) 2996-E.

⁴ C&I stands for Commercial and Industrial.

**SAN DIEGO GAS & ELECTRIC COMPANY'S ILLUSTRATIVE
ELECTRIC BUNDLED RATE INCREASE
(TOTAL RATES INCLUDE UDC¹ AND COMMODITY²) - 2020**

Customer Class	Class Average Rates Reflecting Proposed Revenue Increase Per Application (2020) (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Increase Per Application (2020) (¢/kWh)	Total Rate Increase (¢/kWh)	Percentage Rate Increase (%)
Residential	22.644	22.666	0.022	0.10%
Small Commercial	22.511	22.531	0.020	0.09%
Medium and Large C&I ⁴	18.749	18.770	0.021	0.11%
Agricultural	16.544	16.563	0.019	0.11%
Lighting	18.778	18.793	0.015	0.08%
System Total	20.524	20.546	0.022	0.11%

¹ UDC rates include Department of Water Resources (DWR) Bond Charge.

² Commodity rates include DWR Power Charge credit.

³ Rates effective 8/1/16 per Advice Letter (AL) 2996-E.

⁴ C&I stands for Commercial and Industrial.

For further information on these proposals you may contact SDG&E's Customer Service line at 1-800-411-SDGE (7343).

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Wendy Johnson, Regulatory Business Manager, San Diego Gas & Electric Company, 8330 Century Park Court, CP32F, San Diego, CA 92123. SDG&E will provide a copy of this application upon request. SDG&E's application and attachments may be reviewed at the CPUC's Central Files Office by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045. A copy of this application may be reviewed at the following SDG&E business offices:

436 H St.
Chula Vista, CA 91910

104 N. Johnson Ave.
El Cajon, CA 92020

644 W. Mission Ave.
Escondido, CA 92025

2405 E. Plaza Blvd.
National City, CA 91950

336 Euclid Ave.
San Diego, CA 92114

2604-B S. El Camino Real
Carlsbad, CA 92008

440 Beech St.
San Diego, CA 92101

The application and related exhibits are also available electronically on SDG&E's website at www.sdge.com/regulatory/cpuc.shtml.

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

CPUC PROCESS

This joint application will be assigned to an Administrative Law Judge (Judge) who will determine how to receive evidence and other related documents, necessary for the CPUC to establish a record upon which to base its decision. Evidentiary hearings may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These evidentiary hearings are open to the public, but only those who are parties of record can participate.

After considering all proposals and evidence presented during the formal hearing process, the assigned Judge will issue a proposed decision which may adopt SDG&E's proposal, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision. The proposed decision, and any alternate decisions, will be discussed and voted upon at a scheduled CPUC Voting Meeting.

The Office of Ratepayer Advocates (ORA) may review this joint application. ORA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. ORA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering.

For more information about ORA, please call (415) 703-1584, email ora@cpuc.ca.gov or visit ORA's website at www.ora.ca.gov.

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If you would like to learn how you can participate in the proceeding, have informal comments about the application, or if you have questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at <http://www.cpuc.ca.gov/pao/>. You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov

Mail: CPUC

Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Call: 1-866-849-8390 (toll-free) or 1-415-703-2074

TTY 1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference SDG&E's Application No. A.16-11-XXX in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.

