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**NOTIFICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY'S REQUEST TO INCREASE RATES FOR
THE FORECASTED PIPELINE SAFETY
ENHANCEMENT PLAN IMPLEMENTATION
APPLICATION NO. A.17-03-021**

On March 30, 2017, San Diego Gas & Electric Company (SDG&E[®]) and Southern California Gas Company (SoCalGas[®]) jointly filed with the California Public Utilities Commission (CPUC), their application requesting the CPUC approve a rate increase for the implementation of the Pipeline Safety Enhancement Plan (PSEP). This application will cover forecasted costs associated with implementing the PSEP related to SoCalGas projects. SDG&E is requesting an increase of \$0.56 million, starting 2019, to cover the integration of Local Transmission PSEP costs between SoCalGas and SDG&E. If approved, the increase would be charged to customers over a 12-month period, or until the costs are recovered.

The CPUC opened Rulemaking R.11-02-019 to adopt new safety and reliability regulations for natural gas transmission and distribution pipelines, and to orderly and cost effectively replace or pressure test all natural gas transmission pipelines, for which reliable records were not available. SDG&E and SoCalGas initiated its PSEP work and began recording costs in their regulatory accounts, as directed by the CPUC in Decision D.12-04-021, D.14-06-007, and D.16-08-003. The CPUC determined in D.14-06-007 what costs should not be charged to customers and those costs have been excluded from this application. D.16-08-003 ordered SDG&E and SoCalGas to file a forecasted application as soon as possible to justify charging customers for costs associated with certain projects. This application complies with that direction.

The SDG&E revenue increase requested in this application applies to gas distribution and transmission service, using a methodology which was previously approved by the CPUC. This application requests recovery of certain safety plan costs, which include the replacing, reduction of pipeline pressure, and abandoning of natural gas pipelines. Additionally, this application will seek to recover project management costs that support SoCalGas and SDG&E's safety enhancement plan. Recovery of costs incurred for additional safety related work will be requested in future applications.

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ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

SDG&E has estimated the impact of the requested \$0.56 million, without Franchise Fees and Uncollectibles, increase in gas revenues under the proposed rates as shown in the tables below. The actual distribution of the increase to each customer class depends on how the CPUC ultimately decides all issues in the application.

ILLUSTRATIVE PROPOSED CLASS AVERAGE RATE INCREASE PER CUSTOMER CLASS:

<u>Customer Class</u>	<u>Annual ¢/Therm</u>	<u>% Increase</u>
Residential	0.07	0.1%
Commercial	0.05	0.1%
Natural Gas Vehicles	0.05	0.3%
Large Industrial (distribution level service)	0.04	0.4%
Large Industrial (transmission level service)	0.04	2.1%
System Total	0.05	0.1%

If the CPUC approves SDG&E's request for a gas rate increase the bill for a typical bundled residential customer, using 25 therms per month, would increase \$0.12, or 0.3 percent, from \$37.07 to \$37.19. Individual customer bills may differ. SDG&E is requesting rates become effective in 2019.

FOR FURTHER INFORMATION

You may request additional information or obtain a copy of the application and related exhibits by writing to: Brian Hoff, Southern California Gas Company, 555 W. Fifth St., GT14D6, Los Angeles, CA 90013-1011. A copy of the application can also be viewed at the CPUC's Central Files in San Francisco by appointment. For more information, please contact them at aljcentralfilesid@cpuc.ca.gov or (415) 703-2045. SDG&E's application and attachments may also be inspected at the SDG&E business offices listed below:

436 H St. Chula Vista, CA 91910	440 Beech St. San Diego, CA 92101	336 Euclid Ave. San Diego, CA 92114
2405 E. Plaza Blvd. National City, CA 91950	104 N. Johnson Ave. El Cajon, CA 92020	644 W. Mission Ave. Escondido, CA 92025

Copies of this application will be available for viewing and printing on the SDG&E website at: <http://www.sdge.com/proceedings>.

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CPUC PROCESS

This 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 (EHs) may be held where parties of record will present their testimony and may be subject to cross-examination by other parties. These EHs 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 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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(Continued on back)

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Email: public.advisor@cpuc.ca.gov

Mail: CPUC
Public Advisor's Office
505 Van Ness Ave.
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 Application No. A.17-03-021 in any communications you have with the Commission 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.

