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**NOTIFICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY'S REQUEST  
TO INCREASE RATES AND REVENUES FOR THE  
2019 GENERAL RATE CASE  
APPLICATION FILING NO. A.17-10-007**

On October 6, 2017, San Diego Gas & Electric Company (SDG&E<sup>®</sup>) filed an Application with the California Public Utilities Commission (CPUC) requesting to increase revenues for its 2019-2022 General Rate Case (GRC). SDG&E is requesting to increase revenue by \$218 million to \$2.199 billion in 2019. This Application also proposes increases in 2020-2022 as shown in the table below. SDG&E is requesting this increase for its business operations (administrative expenses), infrastructure, maintenance, safety measures, modernization of facilities, and inflation.

**BACKGROUND**

Every three years, SDG&E is required to file a GRC with the CPUC<sup>1</sup>. GRCs determine the total amount of money a utility is allowed to collect through rates in a given year. How the increase is assigned to customer groups will be determined in separate proceedings. This particular Application does not include the cost to purchase natural gas and electricity for SDG&E customers. Those costs are evaluated and authorized in a separate proceeding.

**KEY REASONS WHY SDG&E IS ASKING FOR INCREASES ARE:**

- To continue to invest in its gas and electric systems to enhance safety and reliability, and to manage risks that could impact their employees, customers, and/or system;
- To educate customers on gas and electricity efficiency programs and management;

<sup>1</sup> The Test Year 2016 GRC required SDG&E to file the next GRC Application for Test Year 2019, consistent with the revised rate case plan calling for three year cycles. In this recently filed Application, SDG&E is proposing a return to the four-year cycle as the Commission followed in 2004, 2008, and 2012 to help alleviate administrative constraints.

- To invest in its gas and electricity systems and technologies that advance clean energy for customers and the environment;
- To fund support services and employee training to keep SDG&E operating and to provide SDG&E's customers with safe, reliable and responsive customer service; and
- To meet regulatory and compliance requirements driven by system safety and reliability and environmental compliance.

**SDG&E REQUESTS A TOTAL INCREASE OF  
\$218 MILLION FOR GAS AND ELECTRIC SERVICE  
EFFECTIVE JANUARY 1, 2019**

This request is for an increase of \$218 million (11.0%) in 2019. The request also includes a 7.3% increase in 2020, a 5.2% increase in 2021 and a 5.1% increase in 2022, resulting in increases up to \$160 million in 2020, \$123 million in 2021 and \$126 million in 2022. This increase consists of the following:

| In millions | Current Revenue | Proposed 2019 Increase* | Proposed 2020 Increase* | Proposed 2021 Increase* | Proposed 2022 Increase* |
|-------------|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Electric    | \$1,652         | \$ 114                  | \$129.1                 | \$ 98.7                 | \$101.5                 |
| Gas         | \$ 329          | \$ 104                  | \$ 30.8                 | \$ 24.0                 | 24.5                    |
| Total       | \$1,981         | \$ 218.0                | \$159.9                 | \$122.7                 | \$126.0                 |

\* The amount may change based upon final CPUC decision

### ESTIMATED IMPACT OF THIS REQUEST ON ELECTRIC RATES

The electric portion of this GRC represents a \$114 million increase in revenue. SDG&E estimates that the requested revenue requirement may be distributed in the manner shown in the table below. How this increase is assigned to customer classes will be determined in a separate proceeding.<sup>2</sup>

| Customer Class                         | 2017 Rates Effective 9/1/2017 | 2018 Rates As Expected | Proposed Rates Effective 1/1/2019 | 2017 to 2019 Change |      | 2018 to 2019 Change |      |
|--|-------------------------------|------------------------|-----------------------------------|---------------------|------|---------------------|------|
|  | \$                            | %                      | \$                                | %                   | \$   | %                   | \$   |
| Residential                            | 25.0                          | 25.1                   | 26.4                              | 1.5                 | 5.8% | 1.3                 | 5.3% |
| Small Commercial                       | 23.9                          | 24.1                   | 25.3                              | 1.4                 | 5.8% | 1.3                 | 5.3% |
| Medium & Large Commercial & Industrial | 19.9                          | 19.9                   | 20.8                              | 0.9                 | 4.7% | 0.8                 | 4.2% |
| Agriculture                            | 17.7                          | 17.8                   | 18.7                              | 1.0                 | 5.5% | 0.9                 | 4.9% |
| Lighting                               | 19.9                          | 20.0                   | 20.8                              | 0.8                 | 4.2% | 0.8                 | 3.8% |
| System Total                           | 22.1                          | 22.2                   | 23.3                              | 1.2                 | 5.3% | 1.1                 | 4.8% |

If the CPUC approves SDG&E's request for an electric rate increase, the winter bill for a typical bundled residential customer living in the inland climate zone and using 500 kWh per month would increase \$6.26, or 5.0 percent in 2019. Individual customer bills may vary.

### ESTIMATED IMPACT OF THIS REQUEST ON GAS RATES

The gas portion of this GRC represents a \$104 million increase in revenue. SDG&E estimates that the requested revenue requirement may be distributed in the manner shown in the table below. How this increase is assigned to customer classes will be determined in a separate proceeding.

<sup>2</sup> Phase 2 of the GRC.

**San Diego Gas & Electric Company – Gas Department**  
**Summary of Average Rate Increase by Customer Class**  
**2019 General Rate Case**  
**(\$/therm)**

| Customer Class                    | Total Rates      |                             |               | 2017 to 2019 Change |       | 2018 to 2019 Change |       |
|-----------------------------------|------------------|-----------------------------|---------------|---------------------|-------|---------------------|-------|
|                                   | Current Aug-2017 | As Expected Authorized 2018 | Proposed 2019 | \$                  | %     | \$                  | %     |
| 1 Residential                     | \$1.38745        | \$1.42040                   | \$1.71485     | \$0.32740           | 23.6% | \$0.29445           | 20.7% |
| 2 Core Commercial & Industrial    | \$0.73334        | \$0.74236                   | \$0.80721     | \$0.07387           | 10.1% | \$0.06485           | 8.7%  |
| 3 Natural Gas Vehicles            | \$0.31618        | \$0.31950                   | \$0.34019     | \$0.02402           | 7.6%  | \$0.02069           | 6.5%  |
| 4 Core Average                    | \$1.12015        | \$1.14366                   | \$1.34792     | \$0.22777           | 20.3% | \$0.20425           | 17.9% |
| 5 Noncore C&I*                    | \$0.12592        | \$0.12879                   | \$0.14632     | \$0.02040           | 16.2% | \$0.01753           | 13.6% |
| 6 Sempra-Wide Electric Generation | \$0.02117        | \$0.02293                   | \$0.02992     | \$0.00875           | 41.3% | \$0.00700           | 30.5% |
| 7 Retail Noncore Average          | \$0.02776        | \$0.02959                   | \$0.03725     | \$0.00948           | 34.2% | \$0.00766           | 25.9% |
| 8 SYSTEM TOTALS                   | \$0.48835        | \$0.49932                   | \$0.58987     | \$0.10152           | 20.8% | \$0.09055           | 18.1% |

|                              | Average Monthly Bill |                             |         | 2017 to 2019 Change |       | 2018 to 2019 Change |       |
|------------------------------|----------------------|-----------------------------|---------|---------------------|-------|---------------------|-------|
|                              | Current Aug-2017     | As Expected Authorized 2018 | 2019    | \$                  | %     | \$                  | %     |
| Average Bill 25 therms/month | \$35.02              | \$35.86                     | \$43.43 | \$8.41              | 24.0% | \$7.57              | 21.1% |

If the CPUC approves this Application, the impact on the monthly bill of 25 therms/month would be an increase of \$7.57, or 21.1%, in 2019. New rates would become effective in January 2019.

\* C&I stands for Commercial and Industrial

## **FOR FURTHER INFORMATION**

You may request additional information or obtain a copy of the Application and related attachments by writing to: Charles Manzuk, 2019 GRC Director for SDG&E, 8330 Century Park Court, San Diego, CA 92123. 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 [ajcentralfilesid@cpuc.ca.gov](mailto:ajcentralfilesid@cpuc.ca.gov) or (415) 703-2045. A copy of the Application and any related documents may also be reviewed at the following SDG&E business offices:

436 H St.            104 N. Johnson Ave.    644 W. Mission Ave.  
Chula Vista, CA 91910    El Cajon, CA 92020    Escondido, CA 92025

2405 E. Plaza Blvd.    336 Euclid Ave.    440 Beech St.  
National City, CA 91950    San Diego, CA 92114    San Diego, CA 92101

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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<http://www.sdge.com/regulatory-notices>.

## **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) will 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. Other parties of record will also participate in the CPUC's proceeding to consider this Application. For more information about ORA, please call (415) 703-1584, email [ora@cpuc.ca.gov](mailto:ora@cpuc.ca.gov), or visit ORA's website at <http://ora.ca.gov/default.aspx>.

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

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

Email: [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov)

Phone: 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.17-10-007 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 be made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.

