BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-M) for Authority to: (i) Increase its Authorized Return on Common Equity, (ii) Adjust its Authorized Embedded Costs of Debt and Preferred Stock, (iii) Increase its Overall Rate of Return, and (iv) Revise its Electric Distribution and Gas Rates Accordingly, and for Related Substantive and Procedural Relief.	Application 07-05-____

COST OF CAPITAL APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY

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May 8, 2007

TABLE OF CONTENTS

Appendices to Application:

Appendix A - Statement of Present and Proposed Rates (Electric)
Appendix B - Statement of Present and Proposed Rates (Gas)
Appendix C - Financial Statement, Balance Sheet, and Income Sheet
Appendix D - Statement of Original Cost and Depreciation Reserve
Appendix E - Summary of Earnings
Appendix F - Proxy Statement
Appendix G - Service List of City, County and State Officials
Appendix H - Service List of Potential Interested Parties

BEFORE THE PUBLIC UTILITIES COMMISSION
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Application of San Diego Gas & Electric Company (U 902-M) for Authority to: (i) Increase its Authorized Return on Common Equity, (ii) Adjust its Authorized Embedded Costs of Debt and Preferred Stock, (iii) Increase its Overall Rate of Return, and (iv) Revise its Electric Distribution and Gas Rates Accordingly, and for Related Substantive and Procedural Relief.	Application 07-05-____

COST OF CAPITAL APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY

In accordance with the California Public Utilities Commission ("Commission" or "CPUC") Decisions (D.)05-12-043[1] and D.06-10-031,[2] San Diego Gas & Electric Company ("SDG&E") hereby respectfully submits its test year 2008 cost of capital application ("Application") requesting authority to: (i) increase its authorized rate of return on common equity ("ROE"), (ii) adopt SDG&E's proposed equity rebalancing mechanism for contracts submitted to the CPUC for approval as of May 8, 2007 that will alleviate the adverse effects of debt equivalency and FIN 46(R) associated with power purchase agreements ("PPAs") so that SDG&E can maintain its creditworthiness, (iii) adjust its authorized embedded costs of debt and preferred stock, (iv) maintain its currently authorized capital structure, (v) increase its overall authorized rate of return ("ROR"), (vi) revise its electric and gas rates consistent with the

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[1] D.05-12-043, Ordering Paragraph 4, granting SDG&E the option to file its cost of capital application in 2006 (for test year 2007).

foregoing, and (vii) approve a return on equity for SDG&E's ownership percentage of its investment in the San Onofre Nuclear Generating Station ("SONGS") at the same authorized ROE as Southern California Edison Company ("SCE").

I. BACKGROUND

On September 4, 2003, the Commission issued D.03-09-008 approving an Amended Settlement Agreement ("ASA") between SDG&E, the Commission's Division of Ratepayer Advocates ("DRA") and the Federal Executive Agencies of the United States that modified SDG&E's Market Indexed Capital Adjustment Mechanism ("MICAM"). The Commission originally approved SDG&E's MICAM in D.96-06-055. The ASA requires SDG&E to file a cost of capital application every five years absent a significant change in interest rates that would trigger an "off-ramp", requiring the filing of a full cost of capital proceeding.

Pursuant to D.04-12-047, SDG&E filed a cost of capital application on May 9, 2005 (for test year 2006) in Docket No. A.05-05-012, *et seq.* On December 15, 2005, the Commission issued a decision D.05-12-043 in that docket, setting SDG&E's cost of capital for test year 2006 electric and gas operations as follows:

Component	**Capital Ratio**	**Cost Factor**	**Weighted Cost**
Long-Term Debt	45.25%	5.75	2.60%
Preferred Stock	5.75%	6.83	0.39%
Common Stock	49.00%	10.70	5.24%
TOTAL:	**100.00%**	**Current ROR:**	**8.23%**

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[2] D.06-10-031, Ordering Paragraph 1, granting SDG&E's Petition for Modification of D.05-12-043 deferring SDG&E's option to file its cost of capital application to May 8, 2007 (for test year 2008).

Under SDG&E's MICAM, its next cost of capital application would be scheduled for 2010 (for test year 2011); however, Ordering Paragraph 4 of D.05-12-043 provided SDG&E an option to file a test year 2007 cost of capital application. Subsequently, on October 19, 2006, the Commission granted SDG&E's Petition for Modification of D.05-12-043, authorizing SDG&E to defer its option to file its cost of capital application to May 8, 2007 (for test year 2008).

II. SUMMARY OF AUTHORIZATIONS REQUESTED

SDG&E requests no change to its Commission authorized capital structure for test year 2008. SDG&E believes that its current, CPUC-jurisdictional ratemaking capital structure consisting of 45.25% long-term debt, 5.75% preferred stock, and 49.00% common equity remains appropriate if the Commission approves SDG&E's proposed equity rebalancing mechanism as described below. However, for the reasons stated in SDG&E's supporting testimony, SDG&E requests that the Commission authorize an 8.58% overall ROR for SDG&E's Commission-jurisdictional electric and gas businesses for test year 2008 (an increase of 35 basis points over the current authorized ROR), reflecting an adjusted ROE of 11.60%, a cost of long-term debt of 5.55% and a cost of preferred stock of 6.77%. SDG&E's current capital structure, adjusted capital costs and proposed ROR for 2008 are presented and supported in the testimonies of SDG&E witnesses Dennis V. Arriola, Gary H. Hayes, Michael M. Schneider, and Joanne C. Wang. The following is a brief description of the basis for the authorizations requested by SDG&E in this Application.

A. Rate of Return on Common Equity of 11.60%

SDG&E has carefully evaluated numerous factors to determine an ROE for 2008 that will allow it to fulfill its utility obligations and fairly compensate its investors in light of the current state of the California energy markets. SDG&E's analyses and conclusions, detailed in supporting testimony, involve quantitative technical evaluations as well as qualitative assessments of the business and regulatory environments to support an ROE of 11.60% for its Commission-jurisdictional electric and natural gas businesses for 2008.

1. An ROE of 11.60% is Supported By a Quantitative Analysis Using the Financial Models.

The testimony of SDG&E witness Hayes provides a technical analysis of the various financial models used in determining an appropriate utility ROE for SDG&E. Witness Hayes explains the rationale behind the use of these financial models to establish a range from which the Commission's informed judgment can be applied to determine an ROE that complies with longstanding legal precedent on such matters as set forth in the *Hope*[3] and *Bluefield*[4] cases.

In that regard, Mr. Hayes explains and lists an appropriate proxy group of companies for comparison and utilizes a variety of financial models in recognition that quantitative ROE analyses are generally more informative when a greater number of data points are considered. Accordingly, Mr. Hayes identifies and uses the Discounted Cash Flow (DCF) model, two variants of the Risk Premium Model (RPM), the Capital Asset Pricing Model (CAPM) and the Fama-French (FF) model to establish an ROE range for SDG&E between 10.36% - 13.89%, the simple average of which is approximately 11.60%. In determining the fair ROE within the range produced by the financial models that properly reflects SDG&E's proxy group, the Commission further enhances its judgment by accounting for the more qualitative, utility-specific business and regulatory risks faced by SDG&E, as summarized below.

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[3] *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923).

[4] *Federal Power Commission v. Hope Natural Gas Company*, 320 U.S. 391 (1944).

2. An Assessment of SDG&E's Business and Regulatory Risk Supports an ROE of 11.60%.

The testimony of SDG&E witness Schneider further serves to shed light on the company-specific business risks confronting SDG&E that support the proposed increase in ROE. As fully addressed in testimony, Mr. Schneider describes SDG&E's business risks as largely comprised of (1) **the investment risks** associated with SDG&E's sizeable near-term generation expenditures, SONGS investments, Renewable Portfolio Standard (RPS) Goals and the Commission's renewable energy requirements; (2) **energy market risk** associated with a renewed need for SDG&E to engage in risk management activities arising from expanded responsibility for energy procurement activities as well as the delays and uncertain outcome of the California Independent System Operator's (CAISO) proposed market redesign; (3) **regulatory and legislative risks**, which include risks resulting from pervasive regulatory uncertainty arising from evolving environmental regulations; regulatory lag in reviewing and receiving authorizations for SDG&E's sizeable investment requirements and the uncertainties caused by multiple agency oversight on issues related to market structure, resource adequacy and generation capacity, not to mention the plethora of State legislation on unsettled policy matters, and (4) **customer uncertainty** associated with the long-term energy delivery and supply commitments SDG&E must make for an increasingly unpredictable customer base.

Mr. Schneider then examines the specific business and regulatory risks of SDG&E in comparison to the proxy group of companies defined in the testimony of SDG&E witness Hayes. In evaluating the relative business risks of SDG&E versus the proxy group companies, Mr. Schneider demonstrates that the risk faced by SDG&E can be viewed as average to above average. Accordingly, an ROE near the average of the proxy group is appropriate and further provides support for the 11.60% ROE result produced by Mr. Hayes' application of numerous quantitative financial models.

3. The ROE for SDG&E's share of SONGS should be commensurate with the authorized SONGS-specific ROE for Southern California Edison Company.

As discussed in the testimony of witness Arriola, SDG&E maintains a minority ownership of the San Onofre Nuclear Generating Station (SONGS), while SCE maintains a majority ownership. Moreover, the Commission approved SCE's request to invest significant capital funds in its SONGS related steam generation replacement project (SGRP). Because SDG&E faces similar risks as SCE for SONGS, the approved ROE for SDG&E's investment in SONGS should be the same as SCE's future approved ROE (as applied to SONGS).

B. No Change in CPUC-Jurisdictional Ratebase Capital Structure is Necessary at This Time

The testimony of SDG&E witness Wang describes SDG&E's current embedded costs of long-term debt and preferred stock and explains the basis for the slightly lower forecasts of such embedded costs; compared to the currently authorized ones. Since SDG&E herein proposes to mitigate the negative credit impacts of PPAs due to debt equivalence and FIN 46(R) treatment on a contract-by-contract basis, witness Wang submits that SDG&E's currently authorized capital structure is appropriate for its CPUC-jurisdictional ratebase.

Both SDG&E witnesses Arriola and Schneider describe and provide support for SDG&E's proposed equity rebalancing mechanism that adjusts SDG&E's revenue requirement on a contract-by-contract basis to help mitigate the adverse credit impacts of future purchased power obligations due to debt equivalency and FIN 46(R) treatment. SDG&E requests approval of this mechanism, for contracts submitted to the CPUC for approval as of May 8, 2007, in order to neutralize the significant, adverse effects of PPAs that are treated like additional debt on SDG&E's balance sheet by credit analysts or which consolidate additional debt into SDG&E's financial statements due to FIN 46(R) accounting requirements.

C. Overall Rate of Return

Based on the witness testimony summarized above, the Commission should authorize an overall utility ROR of 8.58% for 2008 for SDG&E's electric and natural gas utility investments under CPUC jurisdiction, as shown in the table below.

SDG&E Recommended Cost of Capital for Test Year 2008

Component	Authorized Capital Ratio	Authorized Cost	Weighted Cost
Long-Term Debt	45.25%	5.55%	2.51%
Preferred Stock	5.75%	6.77%	0.39%
Common Equity	49.00%	11.60%	5.68%
Total	100.00%		8.58%

III. ESTIMATED ANNUAL REVENUE CHANGES AND PROPOSED RATE CHANGES

The proposed adjustments in the overall ROR will produce unbundled gas distribution base rate revenue increases over the currently authorized base rate revenues of $2.68 million; an unbundled electric distribution base rate revenue increase of $13.67 million; and an electric generation base rate revenue increase of $2.79 million over currently authorized base rate revenues, amounting to a total revenue requirement adjustment of $19.14 million. These annual base rate revenue changes are requested to take effect on January 1, 2008.

Statements of SDG&E's present rates and the proposed rates for unbundled electric service and natural gas service necessary to reflect the requested revenue requirement increases on an annual basis are included as Appendices A and B, respectively. The proposed base rate revenue changes shown in Appendices A and B have been allocated on the basis of the most recently adopted allocation and rate design methodologies.

IV. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Compliance with Rule 2.1

In accordance with Rule 2.1 of the Commission's Rules of Practice and Procedure, SDG&E provides the following information concerning "the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule."

1. Proposed Category of Proceeding

SDG&E proposes to categorize this Application as "rate-setting" inasmuch as SDG&E proposes to establish new electric distribution, generation and gas rates based on proposed changes to its ROR reflecting adjustments to its capital costs.

2. Need for Hearing

SDG&E believes a hearing will be necessary in this proceeding because it is likely there will be questions of fact pertaining to its request to make changes to its ROR and underlying capital costs. Accordingly, SDG&E proposes the following procedural schedule:

ACTION	DATE
Application filed	May 8, 2007
Prehearing Conference	June 8, 2007
DRA submits Cost of Capital Exhibits	August 1, 2007
Intervenors submit Cost of Capital Exhibits	August 8, 2007
Rebuttal Testimony	August 22, 2007

Hearings	September 4-7, 2007
Late-Filed Exhibits	September 28, 2007
Concurrent Opening Briefs	October 15, 2007
Reply Briefs	October 29, 2007
ALJ Proposed Decision	November 12, 2007
Comments on Proposed Decision	November 19, 2007
Reply Comments	November 30, 2007
Final CPUC Decision Issued	December 6, 2007

3. Issues to be considered

SDG&E proposes that the Commission need only consider the following issues:

a. Should the Commission modify SDG&E's currently authorized revenues for its CPUC-jurisdictional electric and natural gas businesses for 2008, effective January 1, 2008, and are the revenue and rate of return increases, proposed by SDG&E fair and reasonable;

b. Should the Commission authorize for SDG&E, effective January 1, 2008, a return on common equity of 11.60% for its CPUC-jurisdictional electric and natural gas businesses;

c. Should the Commission authorize for SDG&E, effective January 1, 2008, a return on common equity for SDG&E's investment in SONGS commensurate with SCE's ROE applied to SONGS, which is currently 11.60%.

d. Should the Commission authorize for SDG&E, for contracts submitted to the CPUC for approval as of May 8, 2007, its proposed equity rebalancing mechanism to mitigate the adverse effects of debt equivalence and FIN 46(R) so that SDG&E

may maintain its currently authorized CPUC-jurisdictional ratebase capital structure consisting of 5.25% long-term debt, 5.75% preferred stock, and 49.00% common equity;

e. Should the Commission authorize, effective January 1, 2008, for SDG&E's CPUC-jurisdictional electric and natural gas businesses, embedded cost of long-term debt of 6.77% and embedded cost of preferred stock of 5.55%;

f. Should the Commission authorize for SDG&E, effective on or shortly after January 1, 2008, a total base electric and natural gas revenue requirement increase of $19.14 million, as further specified in this Application; and

g. Should the Commission authorize the increase in SDG&E's CPUC-jurisdictional electric and natural gas rates proposed in this Application to become effective for service rendered by SDG&E on and after January 1, 2008?

B. Statutory Authority - Rule 2.1

This Application is made pursuant to Sections 451, 454, 455.5, 491, 701, 728, and 729 of the Public Utilities Code of the State of California, the Commission's Rules of Practice and Procedure, and prior decisions, orders and resolutions of the Commission, including those specifically addressed herein.

C. Legal Name and Correspondence

SDG&E is a public utility organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California 92123. SDG&E's attorneys in this matter are Carlos F. Peña and Kim F. Hassan.

Correspondence or communications regarding this Application should be addressed to:

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D. Articles of Incorporation - Rule 2.2

A copy of SDG&E's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on December 4, 1997 in connection with SDG&E's Application No. 97-12-012, and is incorporated herein by reference.

E. Financial Statement, Balance Sheet, and Income Statement - Rule 3.2(a)(1)

SDG&E's Financial Statement and Balance Sheet and Income Statement are attached to this Application as Appendix C.

F. Present and Proposed Rates -Rules 3.2(a)(2) and (3)

A statement of SDG&E's presently effective and proposed rates for electric and gas service are set forth in Appendices A and B, respectively. SDG&E's current rates and charges for unbundled electric and gas service are contained in its electric and gas tariffs and schedules on file with the Commission. These tariffs and schedules are filed with, and made effective by, the Commission in its decision, orders, resolutions, and approvals of advice letter filings made pursuant to Commission General Order 96-A.

G. Description of Property and Equipment - Rule 3.2(a)(4)

A general description of SDG&E's property was filed with the Commission on October 5, 2001, in connection with Application 01-10-005, and is incorporated herein by reference. A statement of account of the original cost and depreciation reserve attributable thereto is attached to this Application as Appendix D.

H. Summary of Earnings - Rules 3.2(a)(5) and (6)

SDG&E's summary of earnings is included herein as Appendix E.

I. Index to Appendices and Exhibits to this Application

SDG&E's submission in support of this Application includes the following, which are incorporated herein by reference.

Appendices to Application:

Appendix A - Statement of Present and Proposed Rates (Electric)
Appendix B - Statement of Present and Proposed Rates (Gas)
Appendix C - Financial Statement, Balance Sheet, and Income Sheet
Appendix D - Statement of Original Cost and Depreciation Reserve

Appendix E - Summary of Earnings
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Appendix G - Service List of City, County and State Officials
Appendix H - Service List of Potential Interested Parties

J. Depreciation - Rule 3.2(a)(7)

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis, at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SDG&E generally computes depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, "flow through accounting" has been adopted for such properties. For tax property additions in years 1981 through 1986, SDG&E has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SDG&E has computed its tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

K. Proxy Statement - Rule 3.2 (a)(8)

A copy of SDG&E's most recent Proxy Statement is included herein as Appendix F.

L. Statement Pursuant to Rule 3.2 (a)(10)

The increase sought in this Application does not reflect and pass through to customers only increased costs to SDG&E for the services or commodities furnished by it.

M. Service of Notice - Rules 1.9 and 1.10

A list of the cities and counties affected by the rate changes resulting from this Application is attached as Appendix G. The State of California is also a customer of SDG&E whose rates would be affected by the proposed revisions. Also, a notice describing in general terms the proposed revenue increases and rate changes will be mailed to the officials identified in Appendix F. The notice will state that a copy of this Application and related attachments will be furnished by SDG&E upon written request.

Within ten days following the filing of this Application, SDG&E will publish at least once in a newspaper of general circulation in each county in which the changes proposed here will become effective, a notice, in general terms, of the changes proposed in this Application. This notice will state that a copy of this Application and related attachments may be examined at the Commission's offices and such offices of SDG&E as are specified in the notice. A similar notice will be included in the regular bills mailed to all customers within 45 days of the filing date of this Application.

SDG&E will serve a Notice of Availability of this Application and related exhibits on parties of record in A.05-05-012, (SDG&E's last cost of capital proceeding, A.06-12-009 (SDG&E GRC Phase I), A.05-05-006 (PG&E's last cost of capital proceeding) and A.05-05-011 (SCE's last cost of capital proceeding) and will post copies of such documents on its website. The service list identifying these potentially interested parties is attached as Appendix H to this Application.

V. CONCLUSION

SDG&E is ready to proceed with its showing in support of the requested authorizations and capital cost related proposals set forth herein.

WHEREFORE, SDG&E respectfully requests that the Commission:

1. Find that SDG&E's currently authorized revenues for its Commission-jurisdictional electric and gas businesses should be modified for 2008, effective January 1, 2008, and that the revenue and rate of return increases proposed herein for its gas and electric businesses are fair and reasonable;

2. Authorize for SDG&E, effective January 1, 2008, an electric and natural gas business return on common equity of 11.60%;

3. Authorize for SDG&E's investment in SONGS, an ROE commensurate with SCE's ROE as applied to SONGS, which is currently 11.60%;

4. Authorize SDG&E's proposed equity rebalancing mechanism, for contracts submitted to the CPUC for approval as of May 8, 2007, to mitigate the adverse credit effects of debt equivalence and FIN 46(R) impacts on SDG&E's balance sheet, so that SDG&E can continue to maintain its currently authorized capital structure of 45.25% long-term debt, 5.75% preferred stock, and 49.00% common equity for its CPUC-jurisdictional ratebase;

5. Authorize for SDG&E, effective January 1, 2008, an embedded cost of long-term debt of 5.55% and an embedded cost of preferred stock of 6.77%;

6. Authorize for SDG&E, effective January 1, 2008, an overall electric and natural gas business rate of return of 8.58%;

7. Authorize for SDG&E, effective January 1, 2008, a total base electric and natural gas rate revenue increase of $19.14 million, as further specified herein;

8. Authorize the increase in SDG&E's electric and natural gas rates proposed in this Application to become effective for service rendered by SDG&E on and after January 1, 2008 (or shortly thereafter to be aggregated with other pending rate changes); and

9. Grant SDG&E such other and further relief as the Commission finds just and reasonable.

Dated this 8th day of May 2007, in San Diego, California.

Respectfully submitted,

Lee Schavrien

Lee Schavrien
San Diego Gas & Electric Company
Senior Vice President - Regulatory Affairs

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Kim F. Hassan

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VERIFICATION

The undersigned states as follows:

I am an officer of SAN DIEGO GAS & ELECTRIC COMPANY and am authorized to make this verification for and on behalf of said corporation. The content of this document is true, except as to matters that are stated on information and belief. As to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 8th day of May 2007, at San Diego, California.

Lee Schavrien

Lee Schavrien
San Diego Gas & Electric Company
Senior Vice President – Regulatory Affairs

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **NOTICE OF AVAILABILITY OF THE COST OF CAPITAL APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY** on each party named in the official service list for proceedings A.05-05-006, A.05-05-11, A.05-05-012, and A.06-12-009 by electronic service, and by U.S. Mail to those parties who have not provided an electronic address.

Dated at San Diego, California, this 8th day of May, 2007.

Deanna M Gut

Deanna M. Gutierrez

Appendix A

TABLE OF CONTENTS

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

(Continued)

TABLE OF CONTENTS

Sheet 2

II. Balancing Accounts (Continued)

III. Memorandum Accounts

(Continued)

TABLE OF CONTENTS

Sheet 3

III. Memorandum Accounts (Continued)

VI. Miscellaneous

INDEX OF RATE AREA MAPS

(Continued)

TABLE OF CONTENTS

SCHEDULE OF RATES

(Continued)

SDGE
San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 19941-E

Canceling Revised Cal. P.U.C. Sheet No. 19860-E

TABLE OF CONTENTS

Sheet 5

SCHEDULE OF RATES

(Continued)

5C10

Advice Ltr. No. 1861-E

Decision No.

Issued by
Lee Schavrien
Sr. Vice President
Regulatory Affairs

Date Filed Jan 4, 2007

Effective

Resolution No. E-3982

TABLE OF CONTENTS

SCHEDULE OF RATES

SCHEDULE NUMBER	SERVICE	CAL. P.U.C. SHEET NO	
	Commodity Rates		
EECC	Electric Energy Commodity Cost................................	19632, 19633, 18203, 16978, 19747-E	
EECC-TBS	Electric Energy Commodity Cost – Transitional Bundled Service...	19748, 19749, 16432, 19750-E	
EECC-CPP	Electric Energy Commodity Cost – Critical Peak Pricing...	19638, 19938, 19174, 19175, 19176-E	T
EECC-CPP-E	Electric Energy Commodity Cost – Critical Peak Pricing Emergency.....................................	19639, 19178, 19179, 19180-E	
LIST OF CONTRACTS AND DEVIATIONS..		14296, 5488, 5489, 6205, 6206, 5492-E 16311, 6439, 5495, 6208, 6209, 8845-E 6109, 5902, 5750, 8808, 8809, 6011-E 8001, 8891, 16403-E	

(Continued)

Advice Ltr. No. 1861-E

Decision No.

Issued by
Lee Schavrien
Sr. Vice President
Regulatory Affairs

Date Filed Jan 4, 2007

Effective

Resolution No. E-3982

TABLE OF CONTENTS

Sheet 7

RULES

(Continued)

TABLE OF CONTENTS

Sheet 8

SAMPLE FORMS

(Continued)

TABLE OF CONTENTS

Sheet 9

SAMPLE FORMS

(Continued)

TABLE OF CONTENTS

SAMPLE FORMS

Form No.	Date	Applications, Agreements & Contracts	Cal. P.U.C. Sheet No.	
142-859	03-94	Request for Service on Schedule NJ - New Job Incentive Rate Service	8100-E	
142-959	06-96	Standard Form Contract for Service New Job Incentive Rate Service	9129-E	
142-1059	06-96	Standard Form Contract for Service New Job Connection Credit	9130-E	
142-1159	03-94	Standard Form Contract - Use of Rule 20A Conversion Funds to Fund New Job Connection Credit	8103-E	
142-1359	05-95	Request for Contract Minimum Demand	8716-E	
142-1459	05-95	Agreement for Contact Closure Service	8717-E	
142-1559	05-95	Request for Conjunctive Billing	8718-E	
142-1659	05-95	Standard Form Contract - Credits for Reductions in Overhead to Underground Conversion Funding Levels	8719-E	
142-01959	01-01	Consent Agreement	14172-E	
142-02559	01-98	Contract to Permit the Billing of a Customer on Schedule AV-1 Prior to Installation of all Metering and Equipment Required to Provide a Contract Closure in Compliance With Special Condition 12 of Schedule AV-1	11023-E	
142-02760	02-02	Interconnection Agreement for Net Energy Metering Solar or Wind Electric Generating Facilities for Other than Residential or Small Commercial of 10 Kilowatts or Less	16707-E	
142-02761	10-03	Biogas Digester Generating Facility Net Energy Metering and Interconnection Agreement	16697-E	
142-3201	- - -	Residential Hotel Application for Residential Rates	5380-E	
142-3242		Agreement for Exemption from Income Tax Component on Contributions and Refundable Advances	6041-E	
142-4032	06-05	Application for California Alternate Rates for Energy (CARE) Program for Qualified Agricultural Employee Housing Facilities	18414-E	
142-4035	06-05	Application for California Alternate Rates for Energy (CARE) Program for Migrant Farm Worker Housing Centers	18415-E	
142-05202	01-01	Generating Facility Interconnection Application Agreement	14152-E	D
142-05203	01-05	Generating Facility Interconnection Application	14698-E	
142-05205	07-02	Optional Binding Mandatory Curtailment Plan Contract	17729-E	
142-05207	04-06	Base Interruptible Program Contract	19198-E	
142-05209	04-01	No Insurance Declaration	15476-E	
142-05210	06-04	Rolling Blackout Reduction Program Contract	18273-E	
142-05211	06-04	Bill Protection Application	18273-E	
142-05212	07-03	Demand Bidding Program Non-Disclosure Agreement	17152-E	
142-05215	04-06	Third Party Marketer Agreement for BIP	19199-E	
142-05216	04-06	Notice to Add, Change or Terminate Third Party Marketer for BIP	19200-E	
142-05300	10-06	Capacity Bidding Program Customer Contract	19664-E	
142-05301	10-06	Aggregator Agreement for Capacity Bidding Program (CBP)	19665-E	
142-05302	10-06	Notice to Add, Change, or Terminate Aggregator for Capacity Bidding Program	19666-E	
142-05303	10-06	Notice by Aggregator to Add or Delete Customer	19667-E	

(Continued)

TABLE OF CONTENTS

Sheet 11 T

SAMPLE FORMS

(Continued)

TABLE OF CONTENTS

Sheet 12 T

SAMPLE FORMS

(Continued)

TABLE OF CONTENTS

Sheet 13 T

SAMPLE FORMS

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

Rate Impact	Current Rate (cents/kWh)	Proposed Rate (cents/kWh)	Change (cents/kWh)	Change %
Residential	15.960	16.079	0.118	0.74%
Small Commercial	16.795	16.889	0.094	0.56%
Med. & Large C&I	13.152	13.210	0.058	0.44%
Agriculture	15.881	15.975	0.095	0.60%
Lighting	15.175	15.240	0.064	0.42%
System Total	14.505	14.589	0.084	0.58%

Revenue Impact	Current Rate ($)	Proposed Rate ($)	Change ($)	Change %
Residential	1,161,232,271	1,169,861,363	8,629,092	0.74%
Small Commercial	344,440,070	346,381,085	1,941,015	0.56%
Med. & Large C&I	1,070,897,237	1,076,331,558	5,434,321	0.51%
Agriculture	13,299,457	13,381,064	81,607	0.61%
Lighting	16,119,256	16,187,585	68,329	0.42%
System Total	2,605,988,291	2,622,142,655	16,154,363	0.62%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
1	SCHEDULE DR				
2	Basic Service Fee	0.00	0.00	0.00	0.0%
3	Summer				
4	Baseline Energy	0.05754	0.05856	0.00102	1.8%
5	101% to 130% of Baseline	0.07068	0.07170	0.00102	1.4%
6	131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
7	201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
8	Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
9	Winter				
10	Baseline Energy	0.05754	0.05856	0.00102	1.8%
11	101% to 130% of Baseline	0.06295	0.06397	0.00102	1.6%
12	131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
13	201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
14	Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
15	Minimum Bill	0.000	0.000	0.00000	0.0%
16					
17	SCHEDULE DR-LI				
18	Basic Service Fee	0.00	0.00	0.00	0.0%
19	Summer				
20	Baseline Energy	0.05460	0.05561	0.00101	1.8%
21	101% to 130% of Baseline	0.06774	0.06875	0.00101	1.5%
22	131% to 200% of Baseline	0.06774	0.06875	0.00101	1.5%
23	201% to 300% of Baseline	0.06774	0.06875	0.00101	1.5%
24	Above 300% of Baseline	0.06774	0.06875	0.00101	1.5%
25	Winter				
26	Baseline Energy	0.05460	0.05561	0.00101	1.8%
27	101% to 130% of Baseline	0.06001	0.06102	0.00101	1.7%
28	131% to 200% of Baseline	0.06001	0.06102	0.00101	1.7%
29	201% to 300% of Baseline	0.06001	0.06102	0.00101	1.7%
30	Above 300% of Baseline	0.06001	0.06102	0.00101	1.7%
31	Minimum Bill	0.000	0.000	0.000	0.0%
32					
33	SCHEDULE DM (CLOSED)				
34	Basic Service Fee	0.00	0.00	0.00	0.0%
35	Summer				
36	Baseline Energy	0.05754	0.05856	0.00102	1.8%
37	101% to 130% of Baseline	0.07068	0.07170	0.00102	1.4%
38	131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
39	201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
40	Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
41	Winter				
42	Baseline Energy	0.05754	0.05856	0.00102	1.8%
43	101% to 130% of Baseline	0.06295	0.06397	0.00102	1.6%
44	131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
45	201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
46	Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
47	Minimum Bill	0.000	0.000	0.000	0.0%
48					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
49	SCHEDULE DS (CLOSED)				
50	Basic Service Fee	0.00	0.00	0.00	0.0%
51	Summer				
52	Baseline Energy	0.05754	0.05856	0.00102	1.8%
53	101% to 130% of BL	0.07068	0.07170	0.00102	1.4%
54	131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
55	201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
56	Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
57	Winter				
58	Baseline Energy	0.05754	0.05856	0.00102	1.8%
59	101% to 130% of BL	0.06295	0.06397	0.00102	1.6%
60	131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
61	201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
62	Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
63	Basic Service Fee	0.00	0.00	0.00	0.0%
64	Summer				
65	Baseline Energy CARE	0.05460	0.05561	0.00101	1.8%
66	101% to 130% of BL - CARE	0.06774	0.06875	0.00101	1.5%
67	131% to 200% of BL - CARE	0.06774	0.06875	0.00101	1.5%
68	201% to 300% of BL - CARE	0.06774	0.06875	0.00101	1.5%
69	Over 300% of BL - CARE	0.06774	0.06875	0.00101	1.5%
70	Winter				
71	Baseline Energy CARE	0.05460	0.05561	0.00101	1.8%
72	101% to 130% of BL - CARE	0.06001	0.06102	0.00101	1.7%
73	131% to 200% of BL - CARE	0.06001	0.06102	0.00101	1.7%
74	201% to 300% of BL - CARE	0.06001	0.06102	0.00101	1.7%
75	Over 300% of BL - CARE	0.06001	0.06102	0.00101	1.7%
76	Unit Discount	(0.130)	(0.130)	0.000	0.0%
77	Minimum Bill				
78					
89	SCHEDULE DT (CLOSED)				
90	Basic Service Fee	0.00	0.00	0.00	0.0%
91	Summer				
92	Baseline Energy	0.05754	0.05856	0.00102	1.8%
93	101% to 130% of Baseline	0.07068	0.07170	0.00102	1.4%
94	131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
95	201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
96	Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
97	Winter				
98	Baseline Energy	0.05754	0.05856	0.00102	1.8%
99	101% to 130% of Baseline	0.06295	0.06397	0.00102	1.6%
100	131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
101	201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
102	Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
103	Basic Service Fee	0.00	0.00	0.00	0.0%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
104	SCHEDULE DT (CLOSED) (Continued)				
105	Summer				
106	Baseline Energy CARE	0.05460	0.05561	0.00101	1.8%
107	101% to 130% of BL - CARE	0.06774	0.06875	0.00101	1.5%
108	131% to 200% of BL - CARE	0.06774	0.06875	0.00101	1.5%
109	201% to 300% of BL - CARE	0.06774	0.06875	0.00101	1.5%
110	Over 300% of BL - CARE	0.06774	0.06875	0.00101	1.5%
111	Winter				
112	Baseline Energy CARE	0.05460	0.05561	0.00101	1.8%
113	101% to 130% of BL - CARE	0.06001	0.06102	0.00101	1.7%
114	131% to 200% of BL - CARE	0.06001	0.06102	0.00101	1.7%
115	201% to 300% of BL - CARE	0.06001	0.06102	0.00101	1.7%
116	Over 300% of BL - CARE	0.06001	0.06102	0.00101	1.7%
117	Space Discount	(0.272)	(0.272)	0.000	0.0%
118	Minimum Bill	0.000	0.000	0.000	0.0%
119					
120	SCHEDULE DT-RV				
121	Basic Service Fee	0.00	0.00	0.00	0.0%
122	Summer				
123	Baseline Energy	0.05754	0.05856	0.00102	1.8%
124	101% to 130% of Baseline	0.07068	0.07170	0.00102	1.4%
125	131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
126	201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
127	Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
128	Winter				
129	Baseline Energy	0.05754	0.05856	0.00102	1.8%
130	101% to 130% of Baseline	0.06295	0.06397	0.00102	1.6%
131	131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
132	201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
133	Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
134	Basic Service Fee	0.00	0.00	0.00	0.0%
135	Summer				
136	Baseline Energy CARE	0.05460	0.05561	0.00101	1.8%
137	101% to 130% of BL - CARE	0.06774	0.06875	0.00101	1.5%
138	131% to 200% of BL - CARE	0.06774	0.06875	0.00101	1.5%
139	201% to 300% of BL - CARE	0.06774	0.06875	0.00101	1.5%
140	Over 300% of BL - CARE	0.06774	0.06875	0.00101	1.5%
141	Winter				
142	Baseline Energy CARE	0.05460	0.05561	0.00101	1.8%
143	101% to 130% of BL - CARE	0.06001	0.06102	0.00101	1.7%
144	131% to 200% of BL - CARE	0.06001	0.06102	0.00101	1.7%
145	201% to 300% of BL - CARE	0.06001	0.06102	0.00101	1.7%
146	Over 300% of BL - CARE	0.06001	0.06102	0.00101	1.7%
147	Minimum Bill	0.000	0.000	0.000	0.0%
148					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
159	SCHEDULE DR-TOU / DR-TOU-DER				
160	Minimum Bill	0.00	0.00	0.00	0.0%
161	Metering Charge	3.81	3.81	0.00	0.0%
162	Summer				
163	On-Peak: Baseline Energy	0.07068	0.07170	0.00102	1.4%
164	On-Peak: 101% to 130% of Baseline	0.07068	0.07170	0.00102	1.4%
165	On-Peak: 131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
166	On-Peak: 201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
167	On-Peak: Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
168	Off-Peak: Baseline Energy	0.07068	0.07170	0.00102	1.4%
169	Off-Peak: 101% to 130% of Baseline	0.07068	0.07170	0.00102	1.4%
170	Off-Peak: 131% to 200% of Baseline	0.07068	0.07170	0.00102	1.4%
171	Off-Peak: 201% to 300% of Baseline	0.07068	0.07170	0.00102	1.4%
172	Off-Peak: Above 300% of Baseline	0.07068	0.07170	0.00102	1.4%
173	Winter				
174	On-Peak: Baseline Energy	0.06295	0.06397	0.00102	1.6%
175	On-Peak: 101% to 130% of Baseline	0.06295	0.06397	0.00102	1.6%
176	On-Peak: 131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
177	On-Peak: 201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
178	On-Peak: Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
179	Off-Peak: Baseline Energy	0.06295	0.06397	0.00102	1.6%
180	Off-Peak: 101% to 130% of Baseline	0.06295	0.06397	0.00102	1.6%
181	Off-Peak: 131% to 200% of Baseline	0.06295	0.06397	0.00102	1.6%
182	Off-Peak: 201% to 300% of Baseline	0.06295	0.06397	0.00102	1.6%
183	Off-Peak: Above 300% of Baseline	0.06295	0.06397	0.00102	1.6%
184	Baseline Adjustment-Summer	(0.01314)	(0.01314)	0.00000	0.0%
185	101% to 130% of BL - Summer	0.00000	0.00000	0.00000	0.0%
186	Baseline Adjustment-Winter	(0.00541)	(0.00541)	0.00000	0.0%
187	101% to 130% of BL - Winter	0.00000	0.00000	0.00000	0.0%
188					
189	SCHEDULE DR-TOU-SES				
190	Minimum Bill	0.00	0.00	0.00	0.0%
191	Metering Charge	3.81	3.81	0.00	0.0%
192	On-Peak: Summer	0.07047	0.07173	0.00126	1.8%
193	Off-Peak: Summer	0.07047	0.07173	0.00126	1.8%
194	On-Peak: Winter	0.06287	0.06398	0.00111	1.8%
195	Off-Peak: Winter	0.06287	0.06398	0.00111	1.8%
196					
197	SCHEDULE EV-TOU				
198	Minimum Bill	0.00	0.00	0.00	0.0%
199	Metering Charge	3.81	3.81	0.00	0.0%
200	On-Peak: Summer	0.05680	0.05775	0.00095	1.7%
201	Off-Peak: Summer	0.05680	0.05775	0.00095	1.7%
202	Super Off-Peak: Summer	0.05680	0.05775	0.00095	1.7%
203	On-Peak: Winter	0.05680	0.05775	0.00095	1.7%
204	Off-Peak: Winter	0.05680	0.05775	0.00095	1.7%
205	Super Off-Peak: Winter	0.05680	0.05775	0.00095	1.7%
206					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
207	SCHEDULE EV-TOU-2				
208	Minimum Bill	0.00	0.00	0.00	0.0%
209	Metering Charge	3.81	3.81	0.00	0.0%
210	On-Peak: Summer	0.05680	0.05775	0.00095	1.7%
211	Off-Peak: Summer	0.05680	0.05775	0.00095	1.7%
212	Super Off-Peak: Summer	0.05680	0.05775	0.00095	1.7%
213	On-Peak: Winter	0.05680	0.05775	0.00095	1.7%
214	Off-Peak: Winter	0.05680	0.05775	0.00095	1.7%
215	Super Off-Peak: Winter	0.05680	0.05775	0.00095	1.7%
216					
217	SCHEDULE EV-TOU-3				
218	Minimum Bill	0.00	0.00	0.00	0.0%
219	Metering Charge	13.13	13.13	0.00	0.0%
220	On-Peak: Summer	0.05680	0.05775	0.00095	1.7%
221	Off-Peak: Summer	0.05680	0.05775	0.00095	1.7%
222	Super Off-Peak: Summer	0.05680	0.05775	0.00095	1.7%
223	On-Peak: Winter	0.05680	0.05775	0.00095	1.7%
224	Off-Peak: Winter	0.05680	0.05775	0.00095	1.7%
225	Super Off-Peak: Winter	0.05680	0.05775	0.00095	1.7%
226					
307	SCHEDULE A				
308	Basic Service Fee	9.10	9.10	0.00	0.0%
309	Energy Charge				
310	Summer				
311	Secondary	0.04454	0.04541	0.00087	2.0%
312	Primary	0.04037	0.04116	0.00079	2.0%
313	Winter				
314	Secondary	0.03601	0.03671	0.00070	1.9%
315	Primary	0.03268	0.03332	0.00064	2.0%
316					
317	SCHEDULE A-TC				
318	Basic Service Fee	9.10	9.10	0.00	0.0%
319	Energy Charge	0.01733	0.01765	0.00032	1.8%
320					
321	SCHEDULE A-TOU				
322	Basic Service Fee				
323	Basic	9.10	9.10	0.00	0.0%
324	Metering	3.81	3.81	0.00	0.0%
325	Energy				
326	Summer On-Peak	0.04135	0.04216	0.00081	2.0%
327	Winter On-Peak	0.04135	0.04216	0.00081	2.0%
328	Semi-Peak	0.04135	0.04216	0.00081	2.0%
329	Off-Peak	0.04135	0.04216	0.00081	2.0%
330					
331	SCHEDULE AD (CLOSED)				
332	Basic Service Fee	23.09	23.09	0.00	0.0%
333	Demand Charge				
334	Secondary	9.80	9.96	0.16	1.6%
335	Primary	9.32	9.48	0.16	1.7%
336	Power Factor	0.25	0.25	0.00	0.0%
337	Energy Charge				
338	Secondary	0.00000	0.00000	0.00000	0.0%
339	Primary	0.00000	0.00000	0.00000	0.0%
340	On-Peak Rate Limiter: Summer	23.09	23.09	0.00000	0.0%
341	On-Peak Rate Limiter: Winter	0.00	0.00	0.00000	0.0%

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
342					
353	SCHEDULE AL-TOU / AL-TOU-DER				
354	Basic Service Fee				
355	Less than or equal to 500 kW				
356	Secondary	48.52	48.52	0.00	0.0%
357	Primary	48.52	48.52	0.00	0.0%
358	Secondary Substation	13,858.43	13,858.43	0.00	0.0%
359	Primary Substation	13,858.43	13,858.43	0.00	0.0%
360	Transmission	70.56	70.56	0.00	0.0%
361	Greater than 500 kW				
362	Secondary	194.06	194.06	0.00	0.0%
363	Primary	194.06	194.06	0.00	0.0%
364	Secondary Substation	13,858.43	13,858.43	0.00	0.0%
365	Primary Substation	13,858.43	13,858.43	0.00	0.0%
366	Transmission	282.31	282.31	0.00	0.0%
367	Greater than 12 MW				
368	Secondary Substation	21,820.90	21,820.90	0.00	0.0%
369	Primary Substation	21,820.90	21,820.90	0.00	0.0%
370	Transmisson Multiple Bus	3,000.00	3,000.00	0.00	0.0%
371	Distance Adjustment Fee OH - Sec. Sub.	1.23	1.23	0.00	0.0%
372	Distance Adjustment Fee UG - Sec. Sub.	3.17	3.17	0.00	0.0%
373	Distance Adjustment Fee OH - Pri. Sub.	1.22	1.22	0.00	0.0%
374	Distance Adjustment Fee UG - Pri. Sub.	3.13	3.13	0.00	0.0%
375	Non-Coincident Demand				
376	Secondary	6.77	6.89	0.12	1.8%
377	Primary	6.66	6.78	0.12	1.8%
378	Secondary Substation	0.00	0.00	0.00	0.0%
379	Primary Substation	0.00	0.00	0.00	0.0%
380	Transmission	0.00	0.00	0.00	0.0%
381	Maximum On-Peak Demand: Summer				
382	Secondary	4.12	4.19	0.07	1.7%
383	Primary	3.99	4.06	0.07	1.8%
384	Secondary Substation	0.00	0.00	0.00	0.0%
385	Primary Substation	0.00	0.00	0.00	0.0%
386	Transmission	0.00	0.00	0.00	0.0%
387	Maximum On-Peak Demand: Winter				
388	Secondary	3.50	3.57	0.07	2.0%
389	Primary	3.50	3.56	0.06	1.7%
390	Secondary Substation	0.00	0.00	0.00	0.0%
391	Primary Substation	0.00	0.00	0.00	0.0%
392	Transmission	0.00	0.00	0.00	0.0%
393	Power Factor				
394	Secondary	0.25	0.25	0.00	0.0%
395	Primary	0.25	0.25	0.00	0.0%
396	Secondary Substation	0.25	0.25	0.00	0.0%
397	Primary Substation	0.25	0.25	0.00	0.0%
398	Transmission	0.00	0.00	0.00	0.0%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE				Change	
NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
381	SCHEDULE AL-TOU / AL-TOU-DER (Continued)				
410	On-Peak Energy: Summer				
411	Secondary	0.00000	0.00000	0.00000	0.0%
412	Primary	0.00000	0.00000	0.00000	0.0%
413	Secondary Substation	0.00000	0.00000	0.00000	0.0%
414	Primary Substation	0.00000	0.00000	0.00000	0.0%
415	Transmission	0.00000	0.00000	0.00000	0.0%
416	Semi-Peak Energy: Summer				
417	Secondary	0.00000	0.00000	0.00000	0.0%
418	Primary	0.00000	0.00000	0.00000	0.0%
419	Secondary Substation	0.00000	0.00000	0.00000	0.0%
420	Primary Substation	0.00000	0.00000	0.00000	0.0%
421	Transmission	0.00000	0.00000	0.00000	0.0%
422	Off-Peak Energy: Summer				
423	Secondary	0.00000	0.00000	0.00000	0.0%
424	Primary	0.00000	0.00000	0.00000	0.0%
425	Secondary Substation	0.00000	0.00000	0.00000	0.0%
426	Primary Substation	0.00000	0.00000	0.00000	0.0%
427	Transmission	0.00000	0.00000	0.00000	0.0%
428	On-Peak Energy: Winter				
429	Secondary	0.00000	0.00000	0.00000	0.0%
430	Primary	0.00000	0.00000	0.00000	0.0%
431	Secondary Substation	0.00000	0.00000	0.00000	0.0%
432	Primary Substation	0.00000	0.00000	0.00000	0.0%
433	Transmission	0.00000	0.00000	0.00000	0.0%
434	Semi-Peak Energy: Winter				
435	Secondary	0.00000	0.00000	0.00000	0.0%
436	Primary	0.00000	0.00000	0.00000	0.0%
437	Secondary Substation	0.00000	0.00000	0.00000	0.0%
438	Primary Substation	0.00000	0.00000	0.00000	0.0%
439	Transmission	0.00000	0.00000	0.00000	0.0%
440	Off-Peak Energy: Winter				
441	Secondary	0.00000	0.00000	0.00000	0.0%
442	Primary	0.00000	0.00000	0.00000	0.0%
443	Secondary Substation	0.00000	0.00000	0.00000	0.0%
444	Primary Substation	0.00000	0.00000	0.00000	0.0%
445	Transmission	0.00000	0.00000	0.00000	0.0%
446	On-Peak Rate Limiter: Summer	0.00	0.00	0.00	0.0%
447	On-Peak Rate Limiter: Winter	0.00	0.00	0.00	0.0%
448	Average Rate Limiter	0.00	0.00	0.00	0.0%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
553					
564	SCHEDULE AY-TOU (CLOSED)				
565	Basic Service Fee				
566	Secondary	48.52	48.52	0.00	0.0%
567	Primary	48.52	48.52	0.00	0.0%
568	Transmission	70.56	70.56	0.00	0.0%
569	Non-Coincident Demand				
570	Secondary	7.38	7.50	0.12	1.6%
571	Primary	7.26	7.38	0.12	1.7%
572	Transmission	0.00	0.00	0.00	0.0%
573	Maximum On-Peak Demand				
574	Secondary	4.14	4.21	0.07	1.7%
575	Primary	4.08	4.15	0.07	1.7%
576	Transmission	0.00	0.00	0.00	0.0%
577	Power Factor				
578	Secondary	0.25	0.25	0.00	0.0%
579	Primary	0.25	0.25	0.00	0.0%
580	Transmission	0.00	0.00	0.00	0.0%
581	On-Peak Energy				
582	Secondary	0.00000	0.00000	0.00000	0.0%
583	Primary	0.00000	0.00000	0.00000	0.0%
584	Transmission	0.00000	0.00000	0.00000	0.0%
585	Semi-Peak Energy				
586	Secondary	0.00000	0.00000	0.00000	0.0%
587	Primary	0.00000	0.00000	0.00000	0.0%
588	Transmission	0.00000	0.00000	0.00000	0.0%
589	Off-Peak Energy				
590	Secondary	0.00000	0.00000	0.00000	0.0%
591	Primary	0.00000	0.00000	0.00000	0.0%
592	Transmission	0.00000	0.00000	0.00000	0.0%
593	On-Peak Rate Limiter	0.00000	0.00000	0.00000	0.0%
594	Average Rate Limiter	0.00000	0.00000	0.00000	0.0%
595					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
606	SCHEDULE A6-TOU				
607	Basic Service Fee				
608	Greater than 500 kW				
609	Primary	194.06	194.06	0.00	0.0%
610	Primary Substation	13,858.43	13,858.43	0.00	0.0%
611	Transmission	1,058.70	1,058.70	0.00	0.0%
612	Greater than 12 MW -- Pri. Sub.	21,820.90	21,820.90	0.00	0.0%
613	Distance Adjustment Fee OH	1.22	1.22	0.00	0.0%
614	Distance Adjustment Fee UG	3.13	3.13	0.00	0.0%
615	Non-Coincident Demand				
616	Primary	6.61	6.73	0.12	1.8%
617	Primary Substation	0.00	0.00	0.00	0.0%
618	Transmission	0.00	0.00	0.00	0.0%
619	Maximum Demand at Time of System Peak: Summer				
620	Primary	4.58	4.67	0.09	2.0%
621	Primary Substation	0.00	0.00	0.00	0.0%
622	Transmission	0.00	0.00	0.00	0.0%
623	Maximum Demand at Time of System Peak: Winter				
624	Primary	4.03	4.10	0.07	1.7%
625	Primary Substation	0.00	0.00	0.00	0.0%
626	Transmission	0.00	0.00	0.00	0.0%
627	Power Factor				
628	Primary	0.25	0.25	0.00	0.0%
629	Primary Substation	0.25	0.25	0.00	0.0%
630	Transmission	0.00	0.00	0.00	0.0%
631	On-Peak Energy: Summer				
632	Primary	0.00000	0.00000	0.00000	0.0%
633	Primary Substation	0.00000	0.00000	0.00000	0.0%
634	Transmission	0.00000	0.00000	0.00000	0.0%
635	Semi-Peak Energy: Summer				
636	Primary	0.00000	0.00000	0.00000	0.0%
637	Primary Substation	0.00000	0.00000	0.00000	0.0%
638	Transmission	0.00000	0.00000	0.00000	0.0%
639	Off-Peak Energy: Summer				
640	Primary	0.00000	0.00000	0.00000	0.0%
641	Primary Substation	0.00000	0.00000	0.00000	0.0%
642	Transmission	0.00000	0.00000	0.00000	0.0%
643	On-Peak Energy: Winter				
644	Primary	0.00000	0.00000	0.00000	0.0%
645	Primary Substation	0.00000	0.00000	0.00000	0.0%
646	Transmission	0.00000	0.00000	0.00000	0.0%
647	Semi-Peak Energy: Winter				
648	Primary	0.00000	0.00000	0.00000	0.0%
649	Primary Substation	0.00000	0.00000	0.00000	0.0%
650	Transmission	0.00000	0.00000	0.00000	0.0%
651	Off-Peak Energy: Winter				
652	Primary	0.00000	0.00000	0.00000	0.0%
653	Primary Substation	0.00000	0.00000	0.00000	0.0%
654	Transmission	0.00000	0.00000	0.00000	0.0%
655	On-Peak Rate Limiter: Summer	0.00000	0.00000	0.00000	0.0%
656	On-Peak Rate Limiter: Winter	0.00000	0.00000	0.00000	0.0%
657	Average Rate Limiter	0.00000	0.00000	0.00000	0.0%
658					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - DISTRIBUTION

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
670	SCHEDULE S				
671	Contracted Demand				
672	Secondary	3.31	3.31	0.00	0.0%
673	Primary	3.22	3.22	0.00	0.0%
674	Secondary Substation	0.00	0.00	0.00	0.0%
675	Primary Substation	0.00	0.00	0.00	0.0%
676	Transmission	0.00	0.00	0.00	0.0%
677					
689	SCHEDULE PA-T-1				
690	Basic Service Fee	48.52	48.52	0.00	0.0%
691	Demand: On-Peak				
700	Option C				
701	Secondary	5.27	5.27	0.00	0.0%
702	Primary	5.23	5.23	0.00	0.0%
703	Transmission	0.00	0.00	0.00	0.0%
704	Option D				
705	Secondary	5.27	5.27	0.00	0.0%
706	Primary	5.23	5.23	0.00	0.0%
707	Transmission	0.00	0.00	0.00	0.0%
708	Option E				
709	Secondary	5.27	5.27	0.00	0.0%
710	Primary	5.23	5.23	0.00	0.0%
711	Transmission	0.00	0.00	0.00	0.0%
712	Option F				
713	Secondary	5.27	5.27	0.00	0.0%
714	Primary	5.23	5.23	0.00	0.0%
715	Transmission	0.00	0.00	0.00	0.0%
716	Demand: Semi-Peak				
717	Secondary	1.48	1.55	0.07	4.7%
718	Primary	1.48	1.55	0.07	4.7%
719	Transmission	0.00	0.00	0.00	0.0%
720	Energy: On-Peak				
721	Secondary	0.00000	0.00000	0.00000	0.0%
722	Primary	0.00000	0.00000	0.00000	0.0%
723	Transmission	0.00000	0.00000	0.00000	0.0%
724	Energy: Semi-Peak				
725	Secondary	0.00000	0.00000	0.00000	0.0%
726	Primary	0.00000	0.00000	0.00000	0.0%
727	Transmission	0.00000	0.00000	0.00000	0.0%
728	Energy: Off-Peak				
729	Secondary	0.00000	0.00000	0.00000	0.0%
730	Primary	0.00000	0.00000	0.00000	0.0%
731	Transmission	0.00000	0.00000	0.00000	0.0%
732					
744	SCHEDULE PA				
745	Basic Service Fee	12.15	12.15	0.00	0.0%
746	Energy	0.04059	0.04138	0.00079	1.9%
747					
748	LIGHTING	0.07046	0.07100	0.00054	0.8%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
1	SCHEDULE DR				
2	Basic Service Fee	0.00	0.00	0.00	0.0%
3	Summer				
4	Baseline Energy	0.08608	0.08628	0.00020	0.2%
5	101% to 130% of Baseline	0.08608	0.08628	0.00020	0.2%
6	131% to 200% of Baseline	0.08608	0.08628	0.00020	0.2%
7	201% to 300% of Baseline	0.08608	0.08628	0.00020	0.2%
8	Above 300% of Baseline	0.08608	0.08628	0.00020	0.2%
9	Winter				
10	Baseline Energy	0.05911	0.05925	0.00014	0.2%
11	101% to 130% of Baseline	0.05911	0.05925	0.00014	0.2%
12	131% to 200% of Baseline	0.05911	0.05925	0.00014	0.2%
13	201% to 300% of Baseline	0.05911	0.05925	0.00014	0.2%
14	Above 300% of Baseline	0.05911	0.05925	0.00014	0.2%
15	Minimum Bill	0.000	0.000	0.00000	0.0%
16					
17	SCHEDULE DR-LI				
18	Basic Service Fee	0.00	0.00	0.00	0.0%
19	Summer				
20	Baseline Energy	0.08608	0.08628	0.00020	0.2%
21	101% to 130% of Baseline	0.08608	0.08628	0.00020	0.2%
22	131% to 200% of Baseline	0.08608	0.08628	0.00020	0.2%
23	201% to 300% of Baseline	0.08608	0.08628	0.00020	0.2%
24	Above 300% of Baseline	0.08608	0.08628	0.00020	0.2%
25	Winter				
26	Baseline Energy	0.05911	0.05925	0.00014	0.2%
27	101% to 130% of Baseline	0.05911	0.05925	0.00014	0.2%
28	131% to 200% of Baseline	0.05911	0.05925	0.00014	0.2%
29	201% to 300% of Baseline	0.05911	0.05925	0.00014	0.2%
30	Above 300% of Baseline	0.05911	0.05925	0.00014	0.2%
31	Minimum Bill	0.000	0.000	0.000	0.0%
32					
33	SCHEDULE DM (CLOSED)				
34	Basic Service Fee	0.00	0.00	0.00	0.0%
35	Summer				
36	Baseline Energy	0.08608	0.08628	0.00020	0.2%
37	101% to 130% of Baseline	0.08608	0.08628	0.00020	0.2%
38	131% to 200% of Baseline	0.08608	0.08628	0.00020	0.2%
39	201% to 300% of Baseline	0.08608	0.08628	0.00020	0.2%
40	Above 300% of Baseline	0.08608	0.08628	0.00020	0.2%
41	Winter				
42	Baseline Energy	0.05911	0.05925	0.00014	0.2%
43	101% to 130% of Baseline	0.05911	0.05925	0.00014	0.2%
44	131% to 200% of Baseline	0.05911	0.05925	0.00014	0.2%
45	201% to 300% of Baseline	0.05911	0.05925	0.00014	0.2%
46	Above 300% of Baseline	0.05911	0.05925	0.00014	0.2%
47	Minimum Bill	0.000	0.000	0.000	0.0%
48					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
49	SCHEDULE DS (CLOSED)				
50	Basic Service Fee	0.00	0.00	0.00	0.0%
51	Summer				
52	Baseline Energy	0.08608	0.08628	0.00020	0.2%
53	101% to 130% of BL	0.08608	0.08628	0.00020	0.2%
54	131% to 200% of Baseline	0.08608	0.08628	0.00020	0.2%
55	201% to 300% of Baseline	0.08608	0.08628	0.00020	0.2%
56	Above 300% of Baseline	0.08608	0.08628	0.00020	0.2%
57	Winter				
58	Baseline Energy	0.05911	0.05925	0.00014	0.2%
59	101% to 130% of BL	0.05911	0.05925	0.00014	0.2%
60	131% to 200% of Baseline	0.05911	0.05925	0.00014	0.2%
61	201% to 300% of Baseline	0.05911	0.05925	0.00014	0.2%
62	Above 300% of Baseline	0.05911	0.05925	0.00014	0.2%
63	Basic Service Fee	0.00	0.00	0.00	0.0%
64	Summer				
65	Baseline Energy CARE	0.08608	0.08628	0.00020	0.2%
66	101% to 130% of BL - CARE	0.08608	0.08628	0.00020	0.2%
67	131% to 200% of BL - CARE	0.08608	0.08628	0.00020	0.2%
68	201% to 300% of BL - CARE	0.08608	0.08628	0.00020	0.2%
69	Over 300% of BL - CARE	0.08608	0.08628	0.00020	0.2%
70	Winter				
71	Baseline Energy CARE	0.05911	0.05925	0.00014	0.2%
72	101% to 130% of BL - CARE	0.05911	0.05925	0.00014	0.2%
73	131% to 200% of BL - CARE	0.05911	0.05925	0.00014	0.2%
74	201% to 300% of BL - CARE	0.05911	0.05925	0.00014	0.2%
75	Over 300% of BL - CARE	0.05911	0.05925	0.00014	0.2%
76	Unit Discount	0.000	0.000	0.000	0.0%
77	Minimum Bill				
78					
89	SCHEDULE DT (CLOSED)				
90	Basic Service Fee	0.00	0.00	0.00	0.0%
91	Summer				
92	Baseline Energy	0.08608	0.08628	0.00020	0.2%
93	101% to 130% of Baseline	0.08608	0.08628	0.00020	0.2%
94	131% to 200% of Baseline	0.08608	0.08628	0.00020	0.2%
95	201% to 300% of Baseline	0.08608	0.08628	0.00020	0.2%
96	Above 300% of Baseline	0.08608	0.08628	0.00020	0.2%
97	Winter				
98	Baseline Energy	0.05911	0.05925	0.00014	0.2%
99	101% to 130% of Baseline	0.05911	0.05925	0.00014	0.2%
100	131% to 200% of Baseline	0.05911	0.05925	0.00014	0.2%
101	201% to 300% of Baseline	0.05911	0.05925	0.00014	0.2%
102	Above 300% of Baseline	0.05911	0.05925	0.00014	0.2%
103	Basic Service Fee	0.00	0.00	0.00	0.0%
104	Summer				
105	Baseline Energy CARE	0.08608	0.08628	0.00020	0.2%
106	101% to 130% of BL - CARE	0.08608	0.08628	0.00020	0.2%
107	131% to 200% of BL - CARE	0.08608	0.08628	0.00020	0.2%
108	201% to 300% of BL - CARE	0.08608	0.08628	0.00020	0.2%
109	Over 300% of BL - CARE	0.08608	0.08628	0.00020	0.2%
110	Winter				
111	Baseline Energy CARE	0.05911	0.05925	0.00014	0.2%
112	101% to 130% of BL - CARE	0.05911	0.05925	0.00014	0.2%
113	131% to 200% of BL - CARE	0.05911	0.05925	0.00014	0.2%
114	201% to 300% of BL - CARE	0.05911	0.05925	0.00014	0.2%
115	Over 300% of BL - CARE	0.05911	0.05925	0.00014	0.2%
116	Space Discount	0.000	0.000	0.000	0.0%
117	Minimum Bill	0.000	0.000	0.000	0.0%
118					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
119	SCHEDULE DT-RV				
120	Basic Service Fee	0.00	0.00	0.00	0.0%
121	Summer				
122	Baseline Energy	0.08608	0.08628	0.00020	0.2%
123	101% to 130% of Baseline	0.08608	0.08628	0.00020	0.2%
124	131% to 200% of Baseline	0.08608	0.08628	0.00020	0.2%
125	201% to 300% of Baseline	0.08608	0.08628	0.00020	0.2%
126	Above 300% of Baseline	0.08608	0.08628	0.00020	0.2%
127	Winter				
128	Baseline Energy	0.05911	0.05925	0.00014	0.2%
129	101% to 130% of Baseline	0.05911	0.05925	0.00014	0.2%
130	131% to 200% of Baseline	0.05911	0.05925	0.00014	0.2%
131	201% to 300% of Baseline	0.05911	0.05925	0.00014	0.2%
132	Above 300% of Baseline	0.05911	0.05925	0.00014	0.2%
133	Basic Service Fee	0.00	0.00	0.00	0.0%
134	Summer				
135	Baseline Energy CARE	0.08608	0.08628	0.00020	0.2%
136	101% to 130% of BL - CARE	0.08608	0.08628	0.00020	0.2%
137	131% to 200% of BL - CARE	0.08608	0.08628	0.00020	0.2%
138	201% to 300% of BL - CARE	0.08608	0.08628	0.00020	0.2%
139	Over 300% of BL - CARE	0.08608	0.08628	0.00020	0.2%
140	Winter				
141	Baseline Energy CARE	0.05911	0.05925	0.00014	0.2%
142	101% to 130% of BL - CARE	0.05911	0.05925	0.00014	0.2%
143	131% to 200% of BL - CARE	0.05911	0.05925	0.00014	0.2%
144	201% to 300% of BL - CARE	0.05911	0.05925	0.00014	0.2%
145	Over 300% of BL - CARE	0.05911	0.05925	0.00014	0.2%
146	Minimum Bill	0.000	0.000	0.000	0.0%
147					
158	SCHEDULE DR-TOU / DR-TOU-DER				
159	Minimum Bill	0.00	0.00	0.00	0.0%
160	Metering Charge	0.00	0.00	0.00	0.0%
161	Summer				
162	On-Peak: Baseline Energy	0.14417	0.14450	0.00033	0.2%
163	On-Peak: 101% to 130% of Baseline	0.14417	0.14450	0.00033	0.2%
164	On-Peak: 131% to 200% of Baseline	0.14417	0.14450	0.00033	0.2%
165	On-Peak: 201% to 300% of Baseline	0.14417	0.14450	0.00033	0.2%
166	On-Peak: Above 300% of Baseline	0.14417	0.14450	0.00033	0.2%
167	Off-Peak: Baseline Energy	0.06877	0.06893	0.00016	0.2%
168	Off-Peak: 101% to 130% of Baseline	0.06877	0.06893	0.00016	0.2%
169	Off-Peak: 131% to 200% of Baseline	0.06877	0.06893	0.00016	0.2%
170	Off-Peak: 201% to 300% of Baseline	0.06877	0.06893	0.00016	0.2%
171	Off-Peak: Above 300% of Baseline	0.06877	0.06893	0.00016	0.2%
172	Winter				
173	On-Peak: Baseline Energy	0.07074	0.07090	0.00016	0.2%
174	On-Peak: 101% to 130% of Baseline	0.07074	0.07090	0.00016	0.2%
175	On-Peak: 131% to 200% of Baseline	0.07074	0.07090	0.00016	0.2%
176	On-Peak: 201% to 300% of Baseline	0.07074	0.07090	0.00016	0.2%
177	On-Peak: Above 300% of Baseline	0.07074	0.07090	0.00016	0.2%
178	Off-Peak: Baseline Energy	0.06303	0.06317	0.00014	0.2%
179	Off-Peak: 101% to 130% of Baseline	0.06303	0.06317	0.00014	0.2%
180	Off-Peak: 131% to 200% of Baseline	0.06303	0.06317	0.00014	0.2%
181	Off-Peak: 201% to 300% of Baseline	0.06303	0.06317	0.00014	0.2%
182	Off-Peak: Above 300% of Baseline	0.06303	0.06317	0.00014	0.2%
183	Baseline Adjustment-Summer	0.00000	0.00000	0.00000	0.0%
184	101% to 130% of BL - Summer	0.00000	0.00000	0.00000	0.0%
185	Baseline Adjustment-Winter	0.00000	0.00000	0.00000	0.0%
186	101% to 130% of BL - Winter	0.00000	0.00000	0.00000	0.0%
187					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
188	SCHEDULE DR-TOU-SES				
189	Minimum Bill	0.00	0.00	0.00	0.0%
190	Metering Charge	0.00	0.00	0.00	0.0%
191	On-Peak: Summer	0.15350	0.15386	0.00036	0.2%
192	Off-Peak: Summer	0.07027	0.07044	0.00017	0.2%
193	On-Peak: Winter	0.05584	0.05598	0.00014	0.3%
194	Off-Peak: Winter	0.05370	0.05383	0.00013	0.2%
195					
196	SCHEDULE EV-TOU				
197	Minimum Bill	0.00	0.00	0.00	0.0%
198	Metering Charge	0.00	0.00	0.00	0.0%
199	On-Peak: Summer	0.12581	0.12610	0.00029	0.2%
200	Off-Peak: Summer	0.06365	0.06379	0.00014	0.2%
201	Super Off-Peak: Summer	0.04124	0.04133	0.00009	0.2%
202	On-Peak: Winter	0.12581	0.12610	0.00029	0.2%
203	Off-Peak: Winter	0.06365	0.06379	0.00014	0.2%
204	Super Off-Peak: Winter	0.04124	0.04133	0.00009	0.2%
205					
206	SCHEDULE EV-TOU-2				
207	Minimum Bill	0.00	0.00	0.00	0.0%
208	Metering Charge	0.00	0.00	0.00	0.0%
209	On-Peak: Summer	0.12581	0.12610	0.00029	0.2%
210	Off-Peak: Summer	0.06365	0.06379	0.00014	0.2%
211	Super Off-Peak: Summer	0.04124	0.04133	0.00009	0.2%
212	On-Peak: Winter	0.12581	0.12610	0.00029	0.2%
213	Off-Peak: Winter	0.06365	0.06379	0.00014	0.2%
214	Super Off-Peak: Winter	0.04124	0.04133	0.00009	0.2%
215					
216	SCHEDULE EV-TOU-3				
217	Minimum Bill	0.00	0.00	0.00	0.0%
218	Metering Charge	0.00	0.00	0.00	0.0%
219	On-Peak: Summer	0.12581	0.12610	0.00029	0.2%
220	Off-Peak: Summer	0.06365	0.06379	0.00014	0.2%
221	Super Off-Peak: Summer	0.04124	0.04133	0.00009	0.2%
222	On-Peak: Winter	0.12581	0.12610	0.00029	0.2%
223	Off-Peak: Winter	0.06365	0.06379	0.00014	0.2%
224	Super Off-Peak: Winter	0.04124	0.04133	0.00009	0.2%
225					
306	SCHEDULE A				
307	Basic Service Fee	0.00	0.00	0.00	0.0%
308	Energy Charge				
309	Summer				
310	Secondary	0.10346	0.10367	0.00021	0.2%
311	Primary	0.10346	0.10367	0.00021	0.2%
312	Winter				
313	Secondary	0.07278	0.07292	0.00014	0.2%
314	Primary	0.07278	0.07292	0.00014	0.2%
315					
316	SCHEDULE A-TC				
317	Basic Service Fee	0.00	0.00	0.00	0.0%
318	Energy Charge	0.08558	0.08576	0.00018	0.2%
319					
320	SCHEDULE A-TOU				
321	Basic Service Fee				
322	Basic	0.00	0.00	0.00	0.0%
323	Metering	0.00	0.00	0.00	0.0%
324	Energy				
325	Summer On-Peak	0.14411	0.14439	0.00028	0.2%
326	Winter On-Peak	0.14411	0.14439	0.00028	0.2%
327	Semi-Peak	0.08510	0.08528	0.00018	0.2%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE	DESCRIPTION	Present	Proposed	Change	
				$	%
NO.	(A)	(B)	(C)	(D)	(E)
328	Off-Peak	0.05964	0.05976	0.00012	0.2%
329					
330	SCHEDULE AD (CLOSED)				
331	Basic Service Fee	0.00	0.00	0.00	0.0%
332	Demand Charge				
333	Secondary	0.00	0.00	0.00	0.0%
334	Primary	0.00	0.00	0.00	0.0%
335	Power Factor	0.00	0.00	0.00	0.0%
336	Energy Charge				
337	Secondary	0.08554	0.08571	0.00017	0.2%
338	Primary	0.08554	0.08571	0.00017	0.2%
341					
352	SCHEDULE AL-TOU / AL-TOU-DER				
353	Basic Service Fee				
354	Less than or equal to 500 kW				
355	Secondary	0.00	0.00	0.00	0.0%
356	Primary	0.00	0.00	0.00	0.0%
357	Secondary Substation	0.00	0.00	0.00	0.0%
358	Primary Substation	0.00	0.00	0.00	0.0%
359	Transmission	0.00	0.00	0.00	0.0%
360	Greater than 500 kW				
361	Secondary	0.00	0.00	0.00	0.0%
362	Primary	0.00	0.00	0.00	0.0%
363	Secondary Substation	0.00	0.00	0.00	0.0%
364	Primary Substation	0.00	0.00	0.00	0.0%
365	Transmission	0.00	0.00	0.00	0.0%
366	Greater than 12 MW				
367	Secondary Substation	0.00	0.00	0.00	0.0%
368	Primary Substation	0.00	0.00	0.00	0.0%
369	Transmisson Multiple Bus	0.00	0.00	0.00	0.0%
370	Distance Adjustment Fee OH - Sec. Sub.	0.00	0.00	0.00	0.0%
371	Distance Adjustment Fee UG - Sec. Sub.	0.00	0.00	0.00	0.0%
372	Distance Adjustment Fee OH - Pri. Sub.	0.00	0.00	0.00	0.0%
373	Distance Adjustment Fee UG - Pri. Sub.	0.00	0.00	0.00	0.0%
374	Non-Coincident Demand				
375	Secondary	0.00	0.00	0.00	0.0%
376	Primary	0.00	0.00	0.00	0.0%
377	Secondary Substation	0.00	0.00	0.00	0.0%
378	Primary Substation	0.00	0.00	0.00	0.0%
379	Transmission	0.00	0.00	0.00	0.0%
380	Maximum On-Peak Demand: Summer				
381	Secondary	0.00	0.00	0.00	0.0%
382	Primary	0.00	0.00	0.00	0.0%
383	Secondary Substation	0.00	0.00	0.00	0.0%
384	Primary Substation	0.00	0.00	0.00	0.0%
385	Transmission	0.00	0.00	0.00	0.0%
386	Maximum On-Peak Demand: Winter				
387	Secondary	0.00	0.00	0.00	0.0%
388	Primary	0.00	0.00	0.00	0.0%
389	Secondary Substation	0.00	0.00	0.00	0.0%
390	Primary Substation	0.00	0.00	0.00	0.0%
391	Transmission	0.00	0.00	0.00	0.0%
392	Power Factor				
393	Secondary	0.00	0.00	0.00	0.0%
394	Primary	0.00	0.00	0.00	0.0%
395	Secondary Substation	0.00	0.00	0.00	0.0%
396	Primary Substation	0.00	0.00	0.00	0.0%
397	Transmission	0.00	0.00	0.00	0.0%
398					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
410	SCHEDULE AL-TOU / AL-TOU-DER (Continued)				
411	On-Peak Energy: Summer				
412	Secondary	0.14411	0.14439	0.00028	0.2%
413	Primary	0.14411	0.14439	0.00028	0.2%
414	Secondary Substation	0.14411	0.14439	0.00028	0.2%
415	Primary Substation	0.14411	0.14439	0.00028	0.2%
416	Transmission	0.14411	0.14439	0.00028	0.2%
417	Semi-Peak Energy: Summer				
418	Secondary	0.08510	0.08528	0.00018	0.2%
419	Primary	0.08510	0.08528	0.00018	0.2%
420	Secondary Substation	0.08510	0.08528	0.00018	0.2%
421	Primary Substation	0.08510	0.08528	0.00018	0.2%
422	Transmission	0.08510	0.08528	0.00018	0.2%
423	Off-Peak Energy: Summer				
424	Secondary	0.05964	0.05976	0.00012	0.2%
425	Primary	0.05964	0.05976	0.00012	0.2%
426	Secondary Substation	0.05964	0.05976	0.00012	0.2%
427	Primary Substation	0.05964	0.05976	0.00012	0.2%
428	Transmission	0.05964	0.05976	0.00012	0.2%
429	On-Peak Energy: Winter				
430	Secondary	0.14411	0.14439	0.00028	0.2%
431	Primary	0.14411	0.14439	0.00028	0.2%
432	Secondary Substation	0.14411	0.14439	0.00028	0.2%
433	Primary Substation	0.14411	0.14439	0.00028	0.2%
434	Transmission	0.14411	0.14439	0.00028	0.2%
435	Semi-Peak Energy: Winter				
436	Secondary	0.08510	0.08528	0.00018	0.2%
437	Primary	0.08510	0.08528	0.00018	0.2%
438	Secondary Substation	0.08510	0.08528	0.00018	0.2%
439	Primary Substation	0.08510	0.08528	0.00018	0.2%
440	Transmission	0.08510	0.08528	0.00018	0.2%
441	Off-Peak Energy: Winter				
442	Secondary	0.05964	0.05976	0.00012	0.2%
443	Primary	0.05964	0.05976	0.00012	0.2%
444	Secondary Substation	0.05964	0.05976	0.00012	0.2%
445	Primary Substation	0.05964	0.05976	0.00012	0.2%
446	Transmission	0.05964	0.05976	0.00012	0.2%
554					

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
565	SCHEDULE AY-TOU (CLOSED)				
566	Basic Service Fee				
567	Secondary	0.00	0.00	0.00	0.0%
568	Primary	0.00	0.00	0.00	0.0%
569	Transmission	0.00	0.00	0.00	0.0%
570	Non-Coincident Demand				
571	Secondary	0.00	0.00	0.00	0.0%
572	Primary	0.00	0.00	0.00	0.0%
573	Transmission	0.00	0.00	0.00	0.0%
574	Maximum On-Peak Demand				
575	Secondary	0.00	0.00	0.00	0.0%
576	Primary	0.00	0.00	0.00	0.0%
577	Transmission	0.00	0.00	0.00	0.0%
578	Power Factor				
579	Secondary	0.00	0.00	0.00	0.0%
580	Primary	0.00	0.00	0.00	0.0%
581	Transmission	0.00	0.00	0.00	0.0%
582	On-Peak Energy				
583	Secondary	0.14411	0.14439	0.00028	0.2%
584	Primary	0.14411	0.14439	0.00028	0.2%
585	Transmission	0.14411	0.14439	0.00028	0.2%
586	Semi-Peak Energy				
587	Secondary	0.08510	0.08528	0.00018	0.2%
588	Primary	0.08510	0.08528	0.00018	0.2%
589	Transmission	0.08510	0.08528	0.00018	0.2%
590	Off-Peak Energy				
591	Secondary	0.05964	0.05976	0.00012	0.2%
592	Primary	0.05964	0.05976	0.00012	0.2%
593	Transmission	0.05964	0.05976	0.00012	0.2%
596					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
607	SCHEDULE A6-TOU				
608	Basic Service Fee				
609	Greater than 500 kW				
610	Primary	0.00	0.00	0.00	0.0%
611	Primary Substation	0.00	0.00	0.00	0.0%
612	Transmission	0.00	0.00	0.00	0.0%
613	Greater than 12 MW -- Pri. Sub.	0.00	0.00	0.00	0.0%
614	Distance Adjustment Fee OH	0.00	0.00	0.00	0.0%
615	Distance Adjustment Fee UG	0.00	0.00	0.00	0.0%
616	Non-Coincident Demand				
617	Primary	0.00	0.00	0.00	0.0%
618	Primary Substation	0.00	0.00	0.00	0.0%
619	Transmission	0.00	0.00	0.00	0.0%
620	Maximum Demand at Time of System Peak: Summer				
621	Primary	0.00	0.00	0.00	0.0%
622	Primary Substation	0.00	0.00	0.00	0.0%
623	Transmission	0.00	0.00	0.00	0.0%
624	Maximum Demand at Time of System Peak: Winter				
625	Primary	0.00	0.00	0.00	0.0%
626	Primary Substation	0.00	0.00	0.00	0.0%
627	Transmission	0.00	0.00	0.00	0.0%
628	Power Factor				
629	Primary	0.00	0.00	0.00	0.0%
630	Primary Substation	0.00	0.00	0.00	0.0%
631	Transmission	0.00	0.00	0.00	0.0%
632	On-Peak Energy: Summer				
633	Primary	0.14411	0.14439	0.00028	0.2%
634	Primary Substation	0.14411	0.14439	0.00028	0.2%
635	Transmission	0.14411	0.14439	0.00028	0.2%
636	Semi-Peak Energy: Summer				
637	Primary	0.08510	0.08528	0.00018	0.2%
638	Primary Substation	0.08510	0.08528	0.00018	0.2%
639	Transmission	0.08510	0.08528	0.00018	0.2%
640	Off-Peak Energy: Summer				
641	Primary	0.05964	0.05976	0.00012	0.2%
642	Primary Substation	0.05964	0.05976	0.00012	0.2%
643	Transmission	0.05964	0.05976	0.00012	0.2%
644	On-Peak Energy: Winter				
645	Primary	0.14411	0.14439	0.00028	0.2%
646	Primary Substation	0.14411	0.14439	0.00028	0.2%
647	Transmission	0.14411	0.14439	0.00028	0.2%
648	Semi-Peak Energy: Winter				
649	Primary	0.08510	0.08528	0.00018	0.2%
650	Primary Substation	0.08510	0.08528	0.00018	0.2%
651	Transmission	0.08510	0.08528	0.00018	0.2%
652	Off-Peak Energy: Winter				
653	Primary	0.05964	0.05976	0.00012	0.2%
654	Primary Substation	0.05964	0.05976	0.00012	0.2%
655	Transmission	0.05964	0.05976	0.00012	0.2%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - ELECTRIC ENERGY COMMODITY COST (EECC)

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
659					
671	SCHEDULE S				
672	Contracted Demand				
673	Secondary	0.00	0.00	0.00	0.0%
674	Primary	0.00	0.00	0.00	0.0%
675	Secondary Substation	0.00	0.00	0.00	0.0%
676	Primary Substation	0.00	0.00	0.00	0.0%
677	Transmission	0.00	0.00	0.00	0.0%
678					
690	SCHEDULE PA-T-1				
691	Basic Service Fee	0.00	0.00	0.00	0.0%
692	Demand: On-Peak				
701	Option C				
702	Secondary	0.00	0.00	0.00	0.0%
703	Primary	0.00	0.00	0.00	0.0%
704	Transmission	0.00	0.00	0.00	0.0%
705	Option D				
706	Secondary	0.00	0.00	0.00	0.0%
707	Primary	0.00	0.00	0.00	0.0%
708	Transmission	0.00	0.00	0.00	0.0%
709	Option E				
710	Secondary	0.00	0.00	0.00	0.0%
711	Primary	0.00	0.00	0.00	0.0%
712	Transmission	0.00	0.00	0.00	0.0%
713	Option F				
714	Secondary	0.00	0.00	0.00	0.0%
715	Primary	0.00	0.00	0.00	0.0%
716	Transmission	0.00	0.00	0.00	0.0%
717	Demand: Semi-Peak				
718	Secondary	0.00	0.00	0.00	0.0%
719	Primary	0.00	0.00	0.00	0.0%
720	Transmission	0.00	0.00	0.00	0.0%
721	Energy: On-Peak				
722	Secondary	0.14411	0.14439	0.00028	0.2%
723	Primary	0.14411	0.14439	0.00028	0.2%
724	Transmission	0.14411	0.14439	0.00028	0.2%
725	Energy: Semi-Peak				
726	Secondary	0.08510	0.08528	0.00018	0.2%
727	Primary	0.08510	0.08528	0.00018	0.2%
728	Transmission	0.08510	0.08528	0.00018	0.2%
729	Energy: Off-Peak				
730	Secondary	0.05964	0.05976	0.00012	0.2%
731	Primary	0.05964	0.05976	0.00012	0.2%
732	Transmission	0.05964	0.05976	0.00012	0.2%
733					
745	SCHEDULE PA				
746	Basic Service Fee	0.00	0.00	0.00	0.0%
747	Energy	0.08167	0.08184	0.00017	0.2%
748					
749	LIGHTING	0.06172	0.06184	0.00012	0.2%
750					
751	E-LI	0.08608	0.08628	0.00020	0.2%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change	
				$ (D)	% (E)
1	SCHEDULE DR				
2	Basic Service Fee	0.00	0.00	0.00	0.0%
3	Summer				
4	Baseline Energy	0.12867	0.12867	0.00000	0.0%
5	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
6	131% to 200% of Baseline	0.24405	0.24813	0.00408	1.7%
7	201% to 300% of Baseline	0.25312	0.25720	0.00408	1.6%
8	Above 300% of Baseline	0.26895	0.27303	0.00408	1.5%
9	Winter				
10	Baseline Energy	0.12867	0.12867	0.00000	0.0%
11	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
12	131% to 200% of Baseline	0.22843	0.23247	0.00404	1.8%
13	201% to 300% of Baseline	0.23725	0.24129	0.00404	1.7%
14	Above 300% of Baseline	0.25533	0.25937	0.00404	1.6%
15	Minimum Bill	0.170	0.170	0.00000	0.0%
16					
17	SCHEDULE DR-LI				
18	Basic Service Fee	0.00	0.00	0.00	0.0%
19	Summer				
20	Baseline Energy	0.12867	0.12867	0.00000	0.0%
21	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
22	131% to 200% of Baseline	0.22447	0.22830	0.00383	1.7%
23	201% to 300% of Baseline	0.22447	0.22830	0.00383	1.7%
24	Above 300% of Baseline	0.22447	0.22830	0.00383	1.7%
25	Winter				
26	Baseline Energy	0.12867	0.12867	0.00000	0.0%
27	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
28	131% to 200% of Baseline	0.20989	0.21367	0.00378	1.8%
29	201% to 300% of Baseline	0.20989	0.21367	0.00378	1.8%
30	Above 300% of Baseline	0.20989	0.21367	0.00378	1.8%
31	Minimum Bill	0.170	0.170	0.000	0.0%
32					
33	SCHEDULE DM (CLOSED)				
34	Basic Service Fee	0.00	0.00	0.00	0.0%
35	Summer				
36	Baseline Energy	0.12867	0.12867	0.00000	0.0%
37	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
38	131% to 200% of Baseline	0.24405	0.24813	0.00408	1.7%
39	201% to 300% of Baseline	0.25312	0.25720	0.00408	1.6%
40	Above 300% of Baseline	0.26895	0.27303	0.00408	1.5%
41	Winter				
42	Baseline Energy	0.12867	0.12867	0.00000	0.0%
43	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
44	131% to 200% of Baseline	0.22843	0.23247	0.00404	1.8%
45	201% to 300% of Baseline	0.23725	0.24129	0.00404	1.7%
46	Above 300% of Baseline	0.25533	0.25937	0.00404	1.6%
47	Minimum Bill	0.170	0.170	0.000	0.0%
48					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
49	SCHEDULE DS (CLOSED)				
50	Basic Service Fee	0.00	0.00	0.00	0.0%
51	Summer				
52	Baseline Energy	0.12867	0.12867	0.00000	0.0%
53	101% to 130% of BL	0.14884	0.14884	0.00000	0.0%
54	131% to 200% of Baseline	0.24405	0.24813	0.00408	1.7%
55	201% to 300% of Baseline	0.25312	0.25720	0.00408	1.6%
56	Above 300% of Baseline	0.26895	0.27303	0.00408	1.5%
57	Winter				
58	Baseline Energy	0.12867	0.12867	0.00000	0.0%
59	101% to 130% of BL	0.14884	0.14884	0.00000	0.0%
60	131% to 200% of Baseline	0.22843	0.23247	0.00404	1.8%
61	201% to 300% of Baseline	0.23725	0.24129	0.00404	1.7%
62	Above 300% of Baseline	0.25533	0.25937	0.00404	1.6%
63	Basic Service Fee	0.00	0.00	0.00	0.0%
64	Summer				
65	Baseline Energy CARE	0.12867	0.12867	0.00000	0.0%
66	101% to 130% of BL - CARE	0.14884	0.14884	0.00000	0.0%
67	131% to 200% of BL - CARE	0.22447	0.22830	0.00383	1.7%
68	201% to 300% of BL - CARE	0.22447	0.22830	0.00383	1.7%
69	Over 300% of BL - CARE	0.22447	0.22830	0.00383	1.7%
70	Winter				
71	Baseline Energy CARE	0.12867	0.12867	0.00000	0.0%
72	101% to 130% of BL - CARE	0.14884	0.14884	0.00000	0.0%
73	131% to 200% of BL - CARE	0.20989	0.21367	0.00378	1.8%
74	201% to 300% of BL - CARE	0.20989	0.21367	0.00378	1.8%
75	Over 300% of BL - CARE	0.20989	0.21367	0.00378	1.8%
76	Unit Discount	(0.130)	(0.130)	0.000	0.0%
77	Minimum Bill				
78					
89	SCHEDULE DT (CLOSED)				
90	Basic Service Fee	0.00	0.00	0.00	0.0%
91	Summer				
92	Baseline Energy	0.12867	0.12867	0.00000	0.0%
93	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
94	131% to 200% of Baseline	0.24405	0.24813	0.00408	1.7%
95	201% to 300% of Baseline	0.25312	0.25720	0.00408	1.6%
96	Above 300% of Baseline	0.26895	0.27303	0.00408	1.5%
97	Winter				
98	Baseline Energy	0.12867	0.12867	0.00000	0.0%
99	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
100	131% to 200% of Baseline	0.22843	0.23247	0.00404	1.8%
101	201% to 300% of Baseline	0.23725	0.24129	0.00404	1.7%
102	Above 300% of Baseline	0.25533	0.25937	0.00404	1.6%
103	Basic Service Fee	0.00	0.00	0.00	0.0%
104	Summer				
105	Baseline Energy CARE	0.12867	0.12867	0.00000	0.0%
106	101% to 130% of BL - CARE	0.14884	0.14884	0.00000	0.0%
107	131% to 200% of BL - CARE	0.22447	0.22830	0.00383	1.7%
108	201% to 300% of BL - CARE	0.22447	0.22830	0.00383	1.7%
109	Over 300% of BL - CARE	0.22447	0.22830	0.00383	1.7%
110	Winter				
111	Baseline Energy CARE	0.12867	0.12867	0.00000	0.0%
112	101% to 130% of BL - CARE	0.14884	0.14884	0.00000	0.0%
113	131% to 200% of BL - CARE	0.20989	0.21367	0.00378	1.8%
114	201% to 300% of BL - CARE	0.20989	0.21367	0.00378	1.8%
115	Over 300% of BL - CARE	0.20989	0.21367	0.00378	1.8%
116	Space Discount	(0.272)	(0.272)	0.000	0.0%
117	Minimum Bill	0.170	0.170	0.000	0.0%

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
118					
119	SCHEDULE DT-RV				
120	Basic Service Fee	0.00	0.00	0.00	0.0%
121	Summer				
122	Baseline Energy	0.12867	0.12867	0.00000	0.0%
123	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
124	131% to 200% of Baseline	0.24405	0.24813	0.00408	1.7%
125	201% to 300% of Baseline	0.25312	0.25720	0.00408	1.6%
126	Above 300% of Baseline	0.26895	0.27303	0.00408	1.5%
127	Winter				
128	Baseline Energy	0.12867	0.12867	0.00000	0.0%
129	101% to 130% of Baseline	0.14884	0.14884	0.00000	0.0%
130	131% to 200% of Baseline	0.22843	0.23247	0.00404	1.8%
131	201% to 300% of Baseline	0.23725	0.24129	0.00404	1.7%
132	Above 300% of Baseline	0.25533	0.25937	0.00404	1.6%
133	Basic Service Fee	0.00	0.00	0.00	0.0%
134	Summer				
135	Baseline Energy CARE	0.12867	0.12867	0.00000	0.0%
136	101% to 130% of BL - CARE	0.14884	0.14884	0.00000	0.0%
137	131% to 200% of BL - CARE	0.22447	0.22830	0.00383	1.7%
138	201% to 300% of BL - CARE	0.22447	0.22830	0.00383	1.7%
139	Over 300% of BL - CARE	0.22447	0.22830	0.00383	1.7%
140	Winter				
141	Baseline Energy CARE	0.12867	0.12867	0.00000	0.0%
142	101% to 130% of BL - CARE	0.14884	0.14884	0.00000	0.0%
143	131% to 200% of BL - CARE	0.20989	0.21367	0.00378	1.8%
144	201% to 300% of BL - CARE	0.20989	0.21367	0.00378	1.8%
145	Over 300% of BL - CARE	0.20989	0.21367	0.00378	1.8%
146	Minimum Bill	0.170	0.170	0.000	0.0%
147					
158	SCHEDULE DR-TOU / DR-TOU-DER				
159	Minimum Bill	0.17	0.17	0.00	0.0%
160	Metering Charge	3.81	3.81	0.00	0.0%
161	Summer				
162	On-Peak: Baseline Energy	0.15639	0.15639	0.00000	0.0%
163	On-Peak: 101% to 130% of Baseline	0.15376	0.15376	0.00000	0.0%
164	On-Peak: 131% to 200% of Baseline	0.24499	0.24920	0.00421	1.7%
165	On-Peak: 201% to 300% of Baseline	0.31207	0.31628	0.00421	1.3%
166	On-Peak: Above 300% of Baseline	0.32790	0.33211	0.00421	1.3%
167	Off-Peak: Baseline Energy	0.13939	0.13939	0.00000	0.0%
168	Off-Peak: 101% to 130% of Baseline	0.13676	0.13676	0.00000	0.0%
169	Off-Peak: 131% to 200% of Baseline	0.22086	0.22461	0.00375	1.7%
170	Off-Peak: 201% to 300% of Baseline	0.23503	0.23907	0.00404	1.7%
171	Off-Peak: Above 300% of Baseline	0.25086	0.25490	0.00404	1.6%
172	Winter				
173	On-Peak: Baseline Energy	0.13365	0.13365	0.00000	0.0%
174	On-Peak: 101% to 130% of Baseline	0.13875	0.13875	0.00000	0.0%
175	On-Peak: 131% to 200% of Baseline	0.20903	0.21283	0.00380	1.8%
176	On-Peak: 201% to 300% of Baseline	0.24829	0.25235	0.00406	1.6%
177	On-Peak: Above 300% of Baseline	0.26637	0.27043	0.00406	1.5%
178	Off-Peak: Baseline Energy	0.13166	0.13166	0.00000	0.0%
179	Off-Peak: 101% to 130% of Baseline	0.13676	0.13676	0.00000	0.0%
180	Off-Peak: 131% to 200% of Baseline	0.20634	0.21009	0.00375	1.8%
181	Off-Peak: 201% to 300% of Baseline	0.24039	0.24443	0.00404	1.7%
182	Off-Peak: Above 300% of Baseline	0.25847	0.26251	0.00404	1.6%
183	Baseline Adjustment-Summer	(0.01314)	(0.01314)	0.00000	0.0%
184	101% to 130% of BL - Summer	0.00000	0.00000	0.00000	0.0%
185	Baseline Adjustment-Winter	(0.00541)	(0.00541)	0.00000	0.0%
186	101% to 130% of BL - Winter	0.00000	0.00000	0.00000	0.0%
187					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE	DESCRIPTION	Present	Proposed	Change	
NO.	(A)	(B)	(C)	$ (D)	% (E)
188	SCHEDULE DR-TOU-SES				
189	Minimum Bill	0.17	0.17	0.00	0.0%
190	Metering Charge	3.81	3.81	0.00	0.0%
191	On-Peak: Summer	0.25573	0.25735	0.00162	0.6%
192	Off-Peak: Summer	0.17250	0.17393	0.00143	0.8%
193	On-Peak: Winter	0.15047	0.15172	0.00125	0.8%
194	Off-Peak: Winter	0.14833	0.14957	0.00124	0.8%
195					
196	SCHEDULE EV-TOU				
197	Minimum Bill	0.17	0.17	0.00	0.0%
198	Metering Charge	3.81	3.81	0.00	0.0%
199	On-Peak: Summer	0.20173	0.22028	0.01855	9.2%
200	Off-Peak: Summer	0.13807	0.15647	0.01840	13.3%
201	Super Off-Peak: Summer	0.11548	0.13383	0.01835	15.9%
202	On-Peak: Winter	0.20047	0.21902	0.01855	9.3%
203	Off-Peak: Winter	0.13807	0.15647	0.01840	13.3%
204	Super Off-Peak: Winter	0.11548	0.13383	0.01835	15.9%
205					
206	SCHEDULE EV-TOU-2				
207	Minimum Bill	0.17	0.17	0.00	0.0%
208	Metering Charge	3.81	3.81	0.00	0.0%
209	On-Peak: Summer	0.20171	0.22026	0.01855	9.2%
210	Off-Peak: Summer	0.13808	0.15648	0.01840	13.3%
211	Super Off-Peak: Summer	0.11548	0.13383	0.01835	15.9%
212	On-Peak: Winter	0.20045	0.21900	0.01855	9.3%
213	Off-Peak: Winter	0.13808	0.15648	0.01840	13.3%
214	Super Off-Peak: Winter	0.11548	0.13383	0.01835	15.9%
215					
216	SCHEDULE EV-TOU-3				
217	Minimum Bill	0.16	0.16	0.00	0.0%
218	Metering Charge	13.13	13.13	0.00	0.0%
219	On-Peak: Summer	0.20171	0.22026	0.01855	9.2%
220	Off-Peak: Summer	0.13804	0.15644	0.01840	13.3%
221	Super Off-Peak: Summer	0.11544	0.13379	0.01835	15.9%
222	On-Peak: Winter	0.20038	0.21893	0.01855	9.3%
223	Off-Peak: Winter	0.13804	0.15644	0.01840	13.3%
224	Super Off-Peak: Winter	0.11544	0.13379	0.01835	15.9%
225					
306	SCHEDULE A				
307	Basic Service Fee	9.10	9.10	0.00	0.0%
308	Energy Charge				
309	Summer				
310	Secondary	0.18522	0.18630	0.00108	0.6%
311	Primary	0.18100	0.18200	0.00100	0.6%
312	Winter				
313	Secondary	0.14601	0.14685	0.00084	0.6%
314	Primary	0.14263	0.14341	0.00078	0.5%
315					
316	SCHEDULE A-TC				
317	Basic Service Fee	9.10	9.10	0.00	0.0%
318	Energy Charge	0.13940	0.13990	0.00050	0.4%
319					
320	SCHEDULE A-TOU				
321	Basic Service Fee				
322	Basic	9.10	9.10	0.00	0.0%
323	Metering	3.81	3.81	0.00	0.0%
324	Energy				
325	Summer On-Peak	0.21903	0.22012	0.00109	0.5%
326	Winter On-Peak	0.21668	0.21777	0.00109	0.5%
327	Semi-Peak	0.15539	0.15638	0.00099	0.6%
328	Off-Peak	0.12984	0.13077	0.00093	0.7%
329					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
330	SCHEDULE AD (CLOSED)				
331	Basic Service Fee	23.09	23.09	0.00	0.0%
332	Demand Charge	0.00	0.00		
333	Secondary	13.91	14.07	0.16	1.2%
334	Primary	13.30	13.46	0.16	1.2%
335	Power Factor	0.25	0.25	0.00	0.0%
336	Energy Charge				
337	Secondary	0.10042	0.10059	0.00017	0.2%
338	Primary	0.10038	0.10055	0.00017	0.2%
341					
352	SCHEDULE AL-TOU / AL-TOU-DER				
353	Basic Service Fee				
354	Less than or equal to 500 kW				
355	Secondary	48.52	48.52	0.00	0.0%
356	Primary	48.52	48.52	0.00	0.0%
357	Secondary Substation	13,858.43	13,858.43	0.00	0.0%
358	Primary Substation	13,858.43	13,858.43	0.00	0.0%
359	Transmission	70.56	70.56	0.00	0.0%
360	Greater than 500 kW				
361	Secondary	194.06	194.06	0.00	0.0%
362	Primary	194.06	194.06	0.00	0.0%
363	Secondary Substation	13,858.43	13,858.43	0.00	0.0%
364	Primary Substation	13,858.43	13,858.43	0.00	0.0%
365	Transmission	282.31	282.31	0.00	0.0%
366	Greater than 12 MW				
367	Secondary Substation	21,820.90	21,820.90	0.00	0.0%
368	Primary Substation	21,820.90	21,820.90	0.00	0.0%
369	Transmisson Multiple Bus	3,000.00	3,000.00	0.00	0.0%
370	Distance Adjustment Fee OH - Sec. Sub.	1.23	1.23	0.00	0.0%
371	Distance Adjustment Fee UG - Sec. Sub.	3.17	3.17	0.00	0.0%
372	Distance Adjustment Fee OH - Pri. Sub.	1.22	1.22	0.00	0.0%
373	Distance Adjustment Fee UG - Pri. Sub.	3.13	3.13	0.00	0.0%
374	Non-Coincident Demand				
375	Secondary	10.70	10.82	0.12	1.1%
376	Primary	10.47	10.59	0.12	1.1%
377	Secondary Substation	3.93	3.93	0.00	0.0%
378	Primary Substation	3.81	3.81	0.00	0.0%
379	Transmission	3.76	3.76	0.00	0.0%
380	Maximum On-Peak Demand: Summer				
381	Secondary	4.72	4.79	0.07	1.5%
382	Primary	4.55	4.62	0.07	1.5%
383	Secondary Substation	0.60	0.60	0.00	0.0%
384	Primary Substation	0.29	0.29	0.00	0.0%
385	Transmission	0.28	0.28	0.00	0.0%
386	Maximum On-Peak Demand: Winter				
387	Secondary	3.59	3.66	0.07	1.9%
388	Primary	3.59	3.65	0.06	1.7%
389	Secondary Substation	0.09	0.09	0.00	0.0%
390	Primary Substation	0.05	0.05	0.00	0.0%
391	Transmission	0.05	0.05	0.00	0.0%
392	Power Factor				
393	Secondary	0.25	0.25	0.00	0.0%
394	Primary	0.25	0.25	0.00	0.0%
395	Secondary Substation	0.25	0.25	0.00	0.0%
396	Primary Substation	0.25	0.25	0.00	0.0%
397	Transmission	0.00	0.00	0.00	0.0%
398					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
410	SCHEDULE AL-TOU / AL-TOU-DER (Continued)				
411	On-Peak Energy: Summer				
412	Secondary	0.15889	0.15917	0.00028	0.2%
413	Primary	0.15885	0.15913	0.00028	0.2%
414	Secondary Substation	0.15889	0.15917	0.00028	0.2%
415	Primary Substation	0.15880	0.15908	0.00028	0.2%
416	Transmission	0.15879	0.15907	0.00028	0.2%
417	Semi-Peak Energy: Summer				
418	Secondary	0.09926	0.09944	0.00018	0.2%
419	Primary	0.09924	0.09942	0.00018	0.2%
420	Secondary Substation	0.09926	0.09944	0.00018	0.2%
421	Primary Substation	0.09922	0.09940	0.00018	0.2%
422	Transmission	0.09921	0.09939	0.00018	0.2%
423	Off-Peak Energy: Summer				
424	Secondary	0.07362	0.07374	0.00012	0.2%
425	Primary	0.07361	0.07373	0.00012	0.2%
426	Secondary Substation	0.07362	0.07374	0.00012	0.2%
427	Primary Substation	0.07359	0.07371	0.00012	0.2%
428	Transmission	0.07359	0.07371	0.00012	0.2%
429	On-Peak Energy: Winter				
430	Secondary	0.15864	0.15892	0.00028	0.2%
431	Primary	0.15861	0.15889	0.00028	0.2%
432	Secondary Substation	0.15864	0.15892	0.00028	0.2%
433	Primary Substation	0.15857	0.15885	0.00028	0.2%
434	Transmission	0.15856	0.15884	0.00028	0.2%
435	Semi-Peak Energy: Winter				
436	Secondary	0.09926	0.09944	0.00018	0.2%
437	Primary	0.09924	0.09942	0.00018	0.2%
438	Secondary Substation	0.09926	0.09944	0.00018	0.2%
439	Primary Substation	0.09922	0.09940	0.00018	0.2%
440	Transmission	0.09922	0.09940	0.00018	0.2%
441	Off-Peak Energy: Winter				
442	Secondary	0.07362	0.07374	0.00012	0.2%
443	Primary	0.07361	0.07373	0.00012	0.2%
444	Secondary Substation	0.07362	0.07374	0.00012	0.2%
445	Primary Substation	0.07360	0.07372	0.00012	0.2%
446	Transmission	0.07359	0.07371	0.00012	0.2%
554					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

				Change	
LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	$ (D)	% (E)
565	SCHEDULE AY-TOU (CLOSED)				
566	Basic Service Fee				
567	Secondary	48.52	48.52	0.00	0.0%
568	Primary	48.52	48.52	0.00	0.0%
569	Transmission	70.56	70.56	0.00	0.0%
570	Non-Coincident Demand				
571	Secondary	11.31	11.43	0.12	1.1%
572	Primary	11.07	11.19	0.12	1.1%
573	Transmission	3.76	3.76	0.00	0.0%
574	Maximum On-Peak Demand				
575	Secondary	4.48	4.55	0.07	1.6%
576	Primary	4.41	4.48	0.07	1.6%
577	Transmission	0.16	0.16	0.00	0.0%
578	Power Factor				
579	Secondary	0.25	0.25	0.00	0.0%
580	Primary	0.25	0.25	0.00	0.0%
581	Transmission	0.00	0.00	0.00	0.0%
582	On-Peak Energy				
583	Secondary	0.15882	0.15910	0.00028	0.2%
584	Primary	0.15879	0.15907	0.00028	0.2%
585	Transmission	0.15872	0.15900	0.00028	0.2%
586	Semi-Peak Energy				
587	Secondary	0.09928	0.09946	0.00018	0.2%
588	Primary	0.09926	0.09944	0.00018	0.2%
589	Transmission	0.09923	0.09941	0.00018	0.2%
590	Off-Peak Energy				
591	Secondary	0.07363	0.07375	0.00012	0.2%
592	Primary	0.07362	0.07374	0.00012	0.2%
593	Transmission	0.07361	0.07373	0.00012	0.2%
596					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE	DESCRIPTION	Present	Proposed	Change	
				$	%
NO.	(A)	(B)	(C)	(D)	(E)
607	SCHEDULE A6-TOU				
608	Basic Service Fee				
609	Greater than 500 kW				
610	Primary	194.06	194.06	0.00	0.0%
611	Primary Substation	13,858.43	13,858.43	0.00	0.0%
612	Transmission	1,058.70	1,058.70	0.00	0.0%
613	Greater than 12 MW -- Pri. Sub.	21,820.90	21,820.90	0.00	0.0%
614	Distance Adjustment Fee OH	1.22	1.22	0.00	0.0%
615	Distance Adjustment Fee UG	3.13	3.13	0.00	0.0%
616	Non-Coincident Demand				
617	Primary	10.42	10.54	0.12	1.2%
618	Primary Substation	3.81	3.81	0.00	0.0%
619	Transmission	3.76	3.76	0.00	0.0%
620	Maximum Demand at Time of System Peak: Summer				
621	Primary	5.32	5.41	0.09	1.7%
622	Primary Substation	0.32	0.32	0.00	0.0%
623	Transmission	0.33	0.33	0.00	0.0%
624	Maximum Demand at Time of System Peak: Winter				
625	Primary	4.13	4.20	0.07	1.7%
626	Primary Substation	0.06	0.06	0.00	0.0%
627	Transmission	0.06	0.06	0.00	0.0%
628	Power Factor				
629	Primary	0.25	0.25	0.00	0.0%
630	Primary Substation	0.25	0.25	0.00	0.0%
631	Transmission	0.00	0.00	0.00	0.0%
632	On-Peak Energy: Summer				
633	Primary	0.15877	0.15905	0.00028	0.2%
634	Primary Substation	0.15873	0.15901	0.00028	0.2%
635	Transmission	0.15872	0.15900	0.00028	0.2%
636	Semi-Peak Energy: Summer				
637	Primary	0.09920	0.09938	0.00018	0.2%
638	Primary Substation	0.09918	0.09936	0.00018	0.2%
639	Transmission	0.09917	0.09935	0.00018	0.2%
640	Off-Peak Energy: Summer				
641	Primary	0.07358	0.07370	0.00012	0.2%
642	Primary Substation	0.07356	0.07368	0.00012	0.2%
643	Transmission	0.07356	0.07368	0.00012	0.2%
644	On-Peak Energy: Winter				
645	Primary	0.15855	0.15883	0.00028	0.2%
646	Primary Substation	0.15851	0.15879	0.00028	0.2%
647	Transmission	0.15850	0.15878	0.00028	0.2%
648	Semi-Peak Energy: Winter				
649	Primary	0.09920	0.09938	0.00018	0.2%
650	Primary Substation	0.09918	0.09936	0.00018	0.2%
651	Transmission	0.09918	0.09936	0.00018	0.2%
652	Off-Peak Energy: Winter				
653	Primary	0.07358	0.07370	0.00012	0.2%
654	Primary Substation	0.07357	0.07369	0.00012	0.2%
655	Transmission	0.07357	0.07369	0.00012	0.2%
659					
671	SCHEDULE S				
672	Contracted Demand				
673	Secondary	5.36	5.36	0.00	0.0%
674	Primary	5.20	5.20	0.00	0.0%
675	Secondary Substation	1.99	1.99	0.00	0.0%
676	Primary Substation	1.93	1.93	0.00	0.0%
677	Transmission	1.90	1.90	0.00	0.0%
678					

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
COST OF CAPITAL (A.07-05-___)

PRESENT AND PROPOSED UNBUNDLED UNIT CHARGES - TOTAL

LINE NO.	DESCRIPTION (A)	Present (B)	Proposed (C)	Change $ (D)	Change % (E)
690	SCHEDULE PA-T-1				
691	Basic Service Fee	48.52	48.52	0.00	0.0%
692	Demand: On-Peak				
701	Option C				
702	Secondary	5.50	5.50	0.00	0.0%
703	Primary	5.45	5.45	0.00	0.0%
704	Transmission	0.22	0.22	0.00	0.0%
705	Option D				
706	Secondary	5.51	5.51	0.00	0.0%
707	Primary	5.46	5.46	0.00	0.0%
708	Transmission	0.22	0.22	0.00	0.0%
709	Option E				
710	Secondary	5.51	5.51	0.00	0.0%
711	Primary	5.46	5.46	0.00	0.0%
712	Transmission	0.22	0.22	0.00	0.0%
713	Option F				
714	Secondary	5.49	5.49	0.00	0.0%
715	Primary	5.45	5.45	0.00	0.0%
716	Transmission	0.21	0.21	0.00	0.0%
717	Demand: Semi-Peak				
718	Secondary	5.42	5.49	0.07	1.3%
719	Primary	5.30	5.37	0.07	1.3%
720	Transmission	3.77	3.77	0.00	0.0%
721	Energy: On-Peak				
722	Secondary	0.15916	0.15944	0.00028	0.2%
723	Primary	0.15911	0.15939	0.00028	0.2%
724	Transmission	0.15907	0.15935	0.00028	0.2%
725	Energy: Semi-Peak				
726	Secondary	0.09967	0.09985	0.00018	0.2%
727	Primary	0.09963	0.09981	0.00018	0.2%
728	Transmission	0.09962	0.09980	0.00018	0.2%
729	Energy: Off-Peak				
730	Secondary	0.07372	0.07384	0.00012	0.2%
731	Primary	0.07371	0.07383	0.00012	0.2%
732	Transmission	0.07371	0.07383	0.00012	0.2%
733					
745	SCHEDULE PA				
746	Basic Service Fee	12.15	12.15	0.00	0.0%
747	Energy	0.15354	0.15450	0.00096	0.6%
748					
749	LIGHTING	0.15204	0.15270	0.00066	0.4%

Appendix B

TABLE OF CONTENTS

Sheet 1

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

Cal. P.U.C. Sheet No.

PRELIMINARY STATEMENT

IV. Balancing Accounts

(Continued)

TABLE OF CONTENTS

Sheet 2

(Continued)

TABLE OF CONTENTS

SCHEDULE OF RATES

(Continued)

TABLE OF CONTENTS

Sheet 4

(Continued)

4C6

Advice Ltr. No. 1688-G

Decision No.

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Apr 23, 2007

Effective Apr 23, 2007

Resolution No.

TABLE OF CONTENTS

RULES

(Continued)

TABLE OF CONTENTS

Sheet 6

SAMPLE FORMS

(Continued)

TABLE OF CONTENTS

Sheet 7 T

SAMPLE FORMS
(Continued)

(Continued)

TABLE OF CONTENTS

Sheet 8 T

SAMPLE FORMS
(Continued)

(Continued)

TABLE OF CONTENTS

Sheet 9 T

SAMPLE FORMS
(Continued)

TABLE G-1

Summary of Annual Gas Transportation Revenues

SAN DIEGO GAS & ELECTRIC

2007 Cost of Capital application A.07-05-0xx

2007 Rate Model Adjusted for Cost of Capital related revenue requirement

				At Present Rates		At Proposed Rates		Changes			
			BCAP Volumes	Jan-1-07 Revenues	Average Rate	Jan-1-07 Revenues	Average Rate	Revenues	Rates	Percent	
			A	B	C	D	E	F	G	H	
			mtherms	*$1,000* *1/*	*¢/therm*	*$1,000* *1/*	*¢/therm*	*$1,000*	*¢/therm*		
1	Residential	1/	326,207	$187,762	57.559	$189,741	58.166	$1,978	0.606	1.1%	1
2	Comml & Industrial	1/	129,794	$39,439	30.386	$39,823	30.682	$385	0.296	1.0%	2
3	NGV	1/	4,030	$3,716	92.203	$3,734	92.652	$18	0.449	0.5%	3
4	**Total CORE**		460,031	$230,917	50.196	$233,298	50.714	$2,381	0.518	1.0%	4
5											5
6	Comml & Industrial	1/	86,211	$9,546	11.073	$9,617	11.156	$71	0.083	0.7%	6
7	Elec Generation :										7
8	Pre-Semprawide	1, 2/	897,926	$54,246	6.041	$54,478	6.067	$232	0.026	0.4%	8
9	Adjustment	1, 3/		($16,041)	(1.786)	($16,209)	(1.805)	($167)	(0.019)	1.0%	9
10	EG Totals		897,926	$38,205	4.255	$38,270	4.262	$64	0.007	0.2%	10
11											11
12	**Total NCORE**		984,137	$47,751	4.852	$47,887	4.866	$136	0.014	0.3%	12
13											13
14	**TRANSPORT RATE REV**		**1,444,168**	**$278,668**	**19.296**	**$281,185**	**19.470**	**$2,517**	**0.174**	**0.9%**	14

Notes 1/ Present Rates reflect gas rates filed in AL 1664-G, effective January 1, 2007.
Both Present and Proposed Rates exclude all costs related to SDG&E procurement, including CITCS charges.

2/ The Pre-Semprawide reflects a "stand-alone" EG rate for transportation service through both SDG&E and SoCalGas.

3/ The Adjustment reflects the Semprawide rate adjustment to equalize the EG rates of SDG&E and SoCalGas.

TABLE G-2

Summary of Residential Rates

SAN DIEGO GAS & ELECTRIC

2007 Cost of Capital application A.07-05-0xx

2007 Rate Model Adjusted for Cost of Capital related revenue requirement

	CUSTOMER GROUP		Units	Present Rates Jan-1-07	**Proposed Rates Jan-1-07**	Rate Change	%Change	
			A	B	C	D	E	
1	***Bundled Services 1/***							1
2	Regular Baseline	**Sch. GR,GM,GS,GT**	¢/therm	126.101	**126.630**	0.529	0.4%	2
3	Regular Non-Baseline		¢/therm	150.119	**150.895**	0.777	0.5%	3
4	Average Rate (excluding CARE customers)		¢/therm	133.910	134.519	0.609	0.5%	4
5	NBL/BL Difference		¢/therm	24.018	24.266			5
6	NBL/BL Ratio			1.190	1.192			6
7	*CARE Baseline*	*Illustrative 2/* 20%	¢/therm	*100.881*	*101.304*	*0.423*	*0.4%*	7
8	*CARE NBL*	*Illustrative 2/* 20%	¢/therm	*120.095*	*120.716*	*0.621*	*0.5%*	8
9	GS Unit Discount	**Schedule GS**	¢/day	(25.493)	(25.493)	0.000	0.0%	9
10	GT Unit Discount	**Schedule GT**	¢/day	(34.064)	(34.064)	0.000	0.0%	10
11	**Schedule GL-1**							11
12	LNG Facility Charge, domestic use		$/month	$14.79	$14.79	$0.00	0.0%	12
13	LNG Facility Charge, non-domestic use		¢/mth/1000 btu	5.480	5.480	0.000	0.0%	13
14	LNG Volumetric Surcharge		¢/therm	16.571	16.571	0.000	0.0%	14
15	Average Full Service LNG Rate 3/		¢/therm	198.792	199.396	0.604	0.3%	15
16	***Consolidated Transport-Only (SDG&E + SoCalGas) 4/***					*equal pct of rev + EP Credit*		16
17	Regular Baseline	**Sch. GTC & GTCA**	¢/therm	48.127	48.656	0.529	1.1%	17
18	Regular Non-Baseline		¢/therm	72.145	72.921	0.777	1.1%	18
19	Average Rate (excluding CARE customers)		¢/therm	55.936	56.545	0.609	1.1%	19
20	*CARE Baseline*	*Illustrative 2/*	¢/therm	*22.907*	*23.330*	*0.423*	*1.8%*	20
21	*CARE NBL*	*Illustrative 2/*	¢/therm	*42.121*	*42.742*	*0.621*	*1.5%*	21
22	***SDG&E Transport-Only 4,5/***							22
23	Regular Baseline	**Schedule GTC-SD**	¢/therm	45.404	**45.932**	0.529	1.2%	23
24	Regular Non-Baseline		¢/therm	69.421	**70.198**	0.777	1.1%	24
25	Average Rate (excluding CARE customers)		¢/therm	53.213	53.822	0.609	1.1%	25
26	*CARE Baseline*	*Illustrative 2/*	¢/therm	*20.183*	*20.606*	*0.423*	*2.1%*	26
27	*CARE NBL*	*Illustrative 2/*	¢/therm	*39.398*	*40.019*	*0.621*	*1.6%*	27
28	***Other Core Rates***							28
29	Schedule GPC - Procurement Price 1/		¢/therm	74.900	74.900	0.000	0.0%	29
30	FERC Settlement Refund (embedded in Transport-Only rates) 4/			(3.074)	(3.074)	0.000	0.0%	30
31	CORE ITCS (embedded in rates)		¢/therm	(0.033)	(0.033)	0.000	0.0%	31

Notes

1/ Reflects actual WACOG effective Dec 11, 2006. Actual tariff rates reflect monthly changing Schedule GPC prices.

2/ CARE rates are 20% less than regular fully bundled services rates (i.e., net of the CARE surcharge) and change monthly due to monthly changing changing procurement prices.

3/ Reflects total LNG bill that includes both Schedule GR charges in addition to Schedule GL-1 charges.

4/ FERC Settlement refund is applicable to GTC, GTCA, and GT-SD customers .

5/ These rates reflect an equal cent per therm removal of SCGas costs from consolidated transport-only rates (i.e., SDG&E + SCGas).

TABLE G-3

Summary of NGV Rates

SAN DIEGO GAS & ELECTRIC

2007 Cost of Capital application A.07-05-0xx

2007 Rate Model Adjusted for Cost of Capital related revenue requirement

	CUSTOMER GROUP		Units	Present Rates Jan-1-07	**Proposed Rates Jan-1-07**	Rate Change	%Change	
			A	B	**C**	D	E	
1	***Bundled Services 1/***							1
2	Vehicles	**Schedule G-NGV**	¢/therm	166.812	167.258	0.446	0.3%	2
3	Bus Fleets		¢/therm	166.812	167.258	0.446	0.3%	3
4	Uncompressed Gas		¢/therm	86.749	87.195	0.446	0.5%	4
5	Co-Funded		¢/therm	126.780	127.227	0.446	0.4%	5
6								6
7								7
8	***Consolidated Transport-Only (SDG&E + SoCalGas) 2/***							8
9	Vehicles	**Schedule GT-NGV**	¢/therm	91.912	**92.358**	0.446	0.5%	9
10	Bus Fleets		¢/therm	91.912	**92.358**	0.446	0.5%	10
11	Uncompressed Gas		¢/therm	11.849	**12.295**	0.446	3.8%	11
12	Co-funded		¢/therm	51.880	**52.327**	0.446	0.9%	12
13								13
14								14
15	***SDG&E Transport-Only 2,3/***							15
16	Vehicles	**Schedule GTC-SD**	¢/therm	89.188	**89.635**	0.446	0.5%	16
17	Bus Fleets		¢/therm	89.188	**89.635**	0.446	0.5%	17
18	Uncompressed Gas		¢/therm	9.125	**9.572**	0.446	4.9%	18
19	Co-funded		¢/therm	49.157	**49.603**	0.446	0.9%	19

Notes

1/ Reflects actual WACOG effective Dec 11, 2006. Actual tariff rates reflect monthly changing Schedule GPC prices.

2/ Present and proposed rates exclude an amount for Core Interstate Transition Cost Surcharges (CITCS).

3/ These rates reflect an equal cent per therm removal of SCGas costs from consolidated transport-only rates (i.e., SDG&E + SCGas). The SCGas costs are billed under their Schedule GT-SD, which includes the customer charge.

TABLE G-4

Summary of Core Commercial & Industrial Rates

Transportation Service Rates for GN-3 Customers

SAN DIEGO GAS & ELECTRIC

2007 Cost of Capital application A.07-05-0xx

2007 Rate Model Adjusted for Cost of Capital related revenue requirement

	CUSTOMER GROUP		Units	Present Rates Jan-1-07	**Proposed Rates Jan-1-07**	Rate Change	%Change	
			A	B	**C**	D	E	
1	***Bundled Services 1/***							1
2	Service Fees	1,000 therms	$/month	$5.58	**$5.58**	$0.00	0.0%	2
3	**Schedule GN-3**	21,000 therms	$/month	$11.16	**$11.16**	$0.00	0.0%	3
4		Over	$/month	$111.61	**$111.61**	$0.00	0.0%	4
5								5
6	Volumetric Charges	1,000 therms	¢/therm	118.722	**119.193**	0.470	0.4%	6
7	Winter	21,000 therms	¢/therm	92.454	**92.643**	0.188	0.2%	7
8		Over therms	¢/therm	86.891	**87.019**	0.129	0.1%	8
9								9
10	Summer	1,000 therms	¢/therm	109.368	**109.738**	0.370	0.3%	10
11		21,000 therms	¢/therm	91.946	**92.129**	0.183	0.2%	11
12		Over therms	¢/therm	85.168	**85.278**	0.110	0.1%	12
13								13
14	***Consolidated Transport-Only (SDGE+SCG) 2,4/***							14
15	Service Fees	1,000 therms	$/month	$5.58	**$5.58**	$0.00	0.0%	15
16	**Schedule GTC**	21,000 therms	$/month	$11.16	**$11.16**	$0.00	0.0%	16
17		Over	$/month	$111.61	**$111.61**	$0.00	0.0%	17
18						***equal pct of rev + EP Credit***		18
19	Volumetric Charges	1,000 therms	¢/therm	40.748	**41.219**	0.470	1.2%	19
20	Winter	21,000 therms	¢/therm	14.480	**14.669**	0.188	1.3%	20
21		Over therms	¢/therm	8.917	**9.045**	0.129	1.4%	21
22								22
23	Summer	1,000 therms	¢/therm	31.394	**31.764**	0.370	1.2%	23
24		21,000 therms	¢/therm	13.972	**14.155**	0.183	1.3%	24
25		Over therms	¢/therm	7.194	**7.304**	0.110	1.5%	25
26	**Avg Rate for Small Core C&I + FERC Refund**		¢/therm	28.152	28.453	0.302	1.1%	26
27	**Avg Rate for Large Core C&I + FERC Refund**		¢/therm	11.661	11.815	0.154	1.3%	27
28								28
29	***SDG&E Transport-Only 2,3,4/***							29
30	Service Fees	1,000 therms	$/month	$5.58	**$5.58**	$0.00	0.0%	30
31	**Schedule GTC-SD**	21,000 therms	$/month	$11.16	**$11.16**	$0.00	0.0%	31
32		Over	$/month	$111.61	**$111.61**	$0.00	0.0%	32
33								33
34	Volumetric Charges	1,000 therms	¢/therm	38.025	**38.495**	0.470	1.2%	34
35	Winter	21,000 therms	¢/therm	11.757	**11.946**	0.188	1.6%	35
36		Over therms	¢/therm	6.193	**6.322**	0.129	2.1%	36
37								37
38	Summer	1,000 therms	¢/therm	28.670	**29.040**	0.370	1.3%	38
39		21,000 therms	¢/therm	11.249	**11.432**	0.183	1.6%	39
40		Over therms	¢/therm	4.471	**4.581**	0.110	2.5%	40

1/ Reflects actual WACOG effective Dec 11, 2006. Actual tariff rates reflect monthly changing Schedule GPC prices.

2/ Present and proposed rates exclude an amount for Core Interstate Transition Cost Surcharges (CITCS).

3/ These rates reflect an equal cent per therm removal of SCGas costs from consolidated transport-only rates (i.e., SDG&E + SCGas).

4/ FERC Settlement refund is applicable to GTC, GTCA, and GT-SD customers .

TABLE G-5

Summary of Consolidated Noncore Transportation Rates

Transport Service through SDG&E & SoCalGas

SAN DIEGO GAS & ELECTRIC

2007 Cost of Capital application A.07-05-0xx

2007 Rate Model Adjusted for Cost of Capital related revenue requirement

	CUSTOMER GROUP				Units	Present Rates Jan-1-07	**Proposed Rates Jan-1-07**	Rate Change	%Change	
					A	B	C	D	E	
1	**COMMERCIAL/INDUSTRIAL:**		***Schedule GTNC***					***equal pct of rev alloc***		1
2	**Volumetric**	**MPS**	Winter		¢/therm	15.283	**15.402**	0.119	0.8%	2
3	**Charges**		Summer		¢/therm	12.290	**12.385**	0.096	0.8%	3
4										4
5		**HPS**	Winter		¢/therm	10.285	**10.365**	0.080	0.8%	5
6			Summer		¢/therm	8.045	**8.107**	0.063	0.8%	6
7										7
8		**Transm**	Winter		¢/therm	7.135	**7.190**	0.055	0.8%	8
9			Summer		¢/therm	5.642	**5.686**	0.044	0.8%	9
10										10
11	**Customer Charges:**									11
12	0 to	3,000	therms		$/month	$17.86	**$17.86**	$0.00	0.0%	12
13	3,001 to	7,000	therms		$/month	$92.64	**$92.64**	$0.00	0.0%	13
14	7,001 to	21,000	therms		$/month	$168.54	**$168.54**	$0.00	0.0%	14
15	21,001 to	126,000	therms		$/month	$338.19	**$338.19**	$0.00	0.0%	15
16	126,001 to	1,000,000	therms		$/month	$678.61	**$678.61**	$0.00	0.0%	16
17	Over	1,000,000	therms		$/month	$1,439.82	**$1,439.82**	$0.00	0.0%	17
18	**AMR Charges**				$/month	$137	**$137**	$0	0.0%	18
19										19
20	**AVERAGE TARIFF RATE**				¢/therm	10.993	**11.075**	0.082	0.7%	20
21										21
22	**ELECTRIC GENERATORS**		***Schedule EG***			***Sempra-wide***				22
23	**Group A**									23
24	Customer Charge, per meter				$/month	$50	**$50**	$0	0.0%	24
25	Single Volumetric Rate, all volumes				¢/therm	8.062	**8.087**	0.025	0.3%	25
26	(includes ITCS)									26
27	**Group B**									27
28	Single Volumetric Rate, all volumes				¢/therm	3.859	**3.865**	0.005	0.1%	28
29	(includes ITCS)									29
30	**AVERAGE TARIFF RATE**				¢/therm	4.255	**4.262**	0.007	0.2%	30
31										31
32	**OTHER RATES:**									32
33	ITCS Rate	(embedded in rates)			¢/therm	(0.033)	(0.033)	0.000	0.0%	33

TABLE G-6

Summary of Noncore Transportation Rates

Transport Service through SDG&E Only

SAN DIEGO GAS & ELECTRIC

2007 Cost of Capital application A.07-05-0xx

2007 Rate Model Adjusted for Cost of Capital related revenue requirement

	CUSTOMER GROUP			Units	Present Rates Jan-1-07	**Proposed Rates Jan-1-07**	Rate Change	%Change	
				A	B	C	D	E	
1	**COMMERCIAL/INDUSTRIAL**		***Schedule GTNC-SD***						1
2	**Volumetric**	**MPS**	Winter	¢/therm	12.489	**12.608**	0.119	1.0%	2
3	**Charges**		Summer	¢/therm	9.496	**9.592**	0.096	1.0%	3
4									4
5		**HPS**	Winter	¢/therm	7.491	**7.571**	0.080	1.1%	5
6			Summer	¢/therm	5.251	**5.313**	0.063	1.2%	6
7									7
8		**Trans**	Winter	¢/therm	4.341	**4.396**	0.055	1.3%	8
9			Summer	¢/therm	2.848	**2.892**	0.044	1.5%	9
10									10
11	**Customer Charges:**								11
12	0 to	3,000	therms	$/month	$17.86	**$17.86**	$0.00	0.0%	12
13	3,001 to	7,000	therms	$/month	$92.64	**$92.64**	$0.00	0.0%	13
14	7,001 to	21,000	therms	$/month	$168.54	**$168.54**	$0.00	0.0%	14
15	21,001 to	126,000	therms	$/month	$338.19	**$338.19**	$0.00	0.0%	15
16	126,001 to	1,000,000	therms	$/month	$678.61	**$678.61**	$0.00	0.0%	16
17	Over	1,000,000	therms	$/month	$1,439.82	**$1,439.82**	$0.00	0.0%	17
18	**AMR Charges**			$/month	$137	**$137**	$0	0.0%	18
19									19
20									20
21	**ELECTRIC GENERATORS**		***Schedule EG-SD***						21
22	**Group A**								22
23	Customer Charge, per meter			$/month	**$50**	**$50**	$0	0.0%	23
24	Single Volumetric Rate, all volumes			¢/therm	5.444	**5.469**	0.025	0.5%	24
25									25
26	**Group B**								26
27	Single Volumetric Rate, all volumes			¢/therm	1.241	**1.246**	0.005	0.4%	27
28									28

Appendix C

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 2006

(a) Amounts and Kinds of Stock Authorized:

Preferred Stock	1,375,000 shares	Par Value $27,500,000
Preferred Stock	10,000,000 shares	Without Par Value
Preferred Stock	Amount of shares not specified	$80,000,000
Common Stock	255,000,000 shares	Without Par Value

Amounts and Kinds of Stock Outstanding:

PREFERRED STOCK		
5.0%	375,000 shares	$7,500,000
4.50%	300,000 shares	6,000,000
4.40%	325,000 shares	6,500,000
4.60%	373,770 shares	7,475,400
$1.7625	750,000 shares	18,750,000
$1.70	1,400,000 shares	35,000,000
$1.82	640,000 shares	16,000,000
COMMON STOCK	116,583,358 shares	291,458,395

(b) Terms of Preferred Stock:
Full information as to this item is given in connection with Application Nos. 93-09-069 and 04-01-009 to which references are hereby made.

(c) Brief Description of Mortgage:
Full information as to this item is given in Application Nos. 93-09-069, 96-05-066, 00-01-016 and 04-01-009 to whic references are hereby made.

(d) Number and Amount of Bonds Authorized and Issued

First Mortgage Bonds:	Nominal Date of Issue	Int. Paid A/C	Par Value Authorized and Issued	Outstanding	Interest Paid in 2005	
6.8% Series KK, due 2015	12-01-91	2183052	14,400,000	14,400,000	979,200	
Var% Series OO, due 2027	12-01-92	2183042, 46, 50	250,000,000	150,000,000	11,550,000	
5.9% Series PP, due 2018	04-29-93	2183006	70,795,000	68,295,000	4,029,405	
5.85% Series RR, due 2021	06-29-93	2183024	60,000,000	60,000,000	3,510,000	
5.9% Series SS, due 2018	07-29-93	2183030	92,945,000	92,945,000	5,483,755	
2.539% Series VV, due 2034	06-17-04	2183078	43,615,000	43,615,000	1,045,327	(1)
2.539% Series WW, due 2034	06-17-04	2183079	40,000,000	40,000,000	973,283	(1)
2.516% Series XX, due 2034	06-17-04	2183080	35,000,000	35,000,000	843,908	(1)
2.832% Series YY, due 2034	06-17-04	2183081	24,000,000	24,000,000	651,360	(1)
2.832% Series ZZ, due 2034	06-17-04	2183082	33,650,000	33,650,000	913,261	(1)
2.8275% Series AAA, due 2039	06-17-04	2183083	75,000,000	75,000,000	2,049,937	(1)
5.35% Series BBB, due 2035	05-19-05	2183085	250,000,000	250,000,000	6,538,889	(1)
5.30% Series CCC, due 2015	11-17-05	2183086	250,000,000	250,000,000	0	
Unsecured Bonds:						
5.9% CPCFA96A, due 2014	06-01-96	2183044	129,820,000	129,820,000	7,659,380	
Var% CV96A, due 2021	08-02-96	2183010	38,900,000	38,900,000	2,061,700	
Var% CV96B, due 2021	11-21-96	2183011	60,000,000	60,000,000	3,300,000	
Var% CV97A, due 2023	10-31-97	2183012	25,000,000	25,000,000	1,225,000	

(1) San Diego Gas & Electric Company swapped floating to fixed. Interest paid on bonds includes effect of interest rate swaps

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
DECEMBER 31, 2006

Other Indebtedness:	Date of Issue	Date of Maturity	Interest Rate	Outstanding	Interest Paid 2005
Commercial Paper & ST Bank Loans	Various	Various	Various	0	$356,948

Amounts and Rates of Dividends Declared:
The amounts and rates of dividends during the past five fiscal years are as follows:

Preferred Stock	Shares Outstanding 12-31-05	Dividends Declared 2001	2002	2003	2004	2005
5.0%	375,000	$375,000	$375,000	$375,000	$375,000	$375,000
4.50%	300,000	270,000	270,000	270,000	270,000	270,000
4.40%	325,000	286,000	286,000	286,000	286,000	286,000
4.60%	373,770	343,868	343,868	343,868	343,868	343,868
$ 1.7625	750,000	1,762,500	1,762,500	1,674,375	1,498,125	1,321,875
$ 1.70	1,400,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000
$ 1.82	640,000	1,164,800	1,164,800	1,164,800	1,164,800	1,164,800
	4,163,770	$6,582,168	$6,582,168	$6,494,043	$6,317,793	$6,141,543 [2]
Common Stock						
Amount		$400,000,000	$150,000,000	$200,000,000	$200,000,000	$75,000,000 [1]

A balance sheet and a statement of income and retained earnings of Applicant for the twelve months ended December 31, 2006, are attached hereto.

[1] San Diego Gas & Electric Company dividend to parent.

[2] Includes $1,321,875 of interest expense related to redeemable preferred stock.

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2006

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	1. UTILITY PLANT	2006
101	UTILITY PLANT IN SERVICE	$7,870,443,520
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	4,390,999
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	252,702,271
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,701,864,393)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(192,223,156)
118	OTHER UTILITY PLANT	486,827,649
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(124,874,747)
120	NUCLEAR FUEL - NET	32,570,154
	TOTAL NET UTILITY PLANT	4,627,972,297

2. OTHER PROPERTY AND INVESTMENTS

121	NONUTILITY PROPERTY	3,033,446
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(405,046)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	3,290,000
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	702,047,021
	TOTAL OTHER PROPERTY AND INVESTMENTS	707,965,421

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
DECEMBER 31, 2006

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3. CURRENT AND ACCRUED ASSETS

		2006
131	CASH	9,098,938
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	79,350
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	160,185,686
143	OTHER ACCOUNTS RECEIVABLE	25,725,742
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(2,065,661)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	40,356,391
151	FUEL STOCK	(39)
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	53,500,977
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	43,292,092
165	PREPAYMENTS	39,187,727
171	INTEREST AND DIVIDENDS RECEIVABLE	14,983,986
173	ACCRUED UTILITY REVENUES	48,119,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	23,717,363
175	DERIVATIVE INSTRUMENT ASSETS	31,065,652
	TOTAL CURRENT AND ACCRUED ASSETS	487,247,204

4. DEFERRED DEBITS

		2006
181	UNAMORTIZED DEBT EXPENSE	19,256,586
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,340,679,991
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	24,753,993
184	CLEARING ACCOUNTS	146,853
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	4,636,833
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	38,494,069
190	ACCUMULATED DEFERRED INCOME TAXES	241,603,872
	TOTAL DEFERRED DEBITS	1,669,572,197
	TOTAL ASSETS AND OTHER DEBITS	$7,492,757,119

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2006

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5. PROPRIETARY CAPITAL

		2006
201	COMMON STOCK ISSUED	$291,458,395
204	PREFERRED STOCK ISSUED	78,475,400
207	PREMIUM ON CAPITAL STOCK	592,222,753
210	GAIN ON RETIRED CAPITAL STOCK	-
211	MISCELLANEOUS PAID-IN CAPITAL	279,618,042
214	CAPITAL STOCK EXPENSE	(25,990,045)
216	UNAPPROPRIATED RETAINED EARNINGS	797,169,413
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	(18,733,960)
	TOTAL PROPRIETARY CAPITAL	1,994,219,998

6. LONG-TERM DEBT

221	BONDS	1,386,905,000
223	ADVANCES FROM ASSOCIATED COMPANIES	-
224	OTHER LONG-TERM DEBT	269,970,000
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	(2,251,951)
	TOTAL LONG-TERM DEBT	1,654,623,049

7. OTHER NONCURRENT LIABILITIES

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	27,160,783
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	2,621,000
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	894,881
230	ASSET RETIREMENT OBLIGATIONS	483,090,471
	TOTAL OTHER NONCURRENT LIABILITIES	513,767,135

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
DECEMBER 31, 2006

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8. CURRENT AND ACCRUED LIABILITES

		2006
231	NOTES PAYABLE	72,000,000
232	ACCOUNTS PAYABLE	303,875,511
233	NOTES PAYABLE TO ASSOCIATED COMPANIES	58,804,288
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	1,488,394
235	CUSTOMER DEPOSITS	47,020,520
236	TAXES ACCRUED	882,307
237	INTEREST ACCRUED	10,921,039
238	DIVIDENDS DECLARED	1,204,917
241	TAX COLLECTIONS PAYABLE	2,184,461
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	201,182,997
243	OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244	DERIVATIVE INSTRUMENT LIABILITIES	436,274,280
245	DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	TOTAL CURRENT AND ACCRUED LIABILITIES	1,135,838,714

9. DEFERRED CREDITS

252	CUSTOMER ADVANCES FOR CONSTRUCTION	27,306,815
253	OTHER DEFERRED CREDITS	426,973,500
254	OTHER REGULATORY LIABILITIES	988,724,452
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	31,282,509
257	UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	5,201,256
282	ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	513,638,323
283	ACCUMULATED DEFERRED INCOME TAXES - OTHER	201,181,368
	TOTAL DEFERRED CREDITS	2,194,308,223
	TOTAL LIABILITIES AND OTHER CREDITS	$7,492,757,119

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2006

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1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		$2,817,703,305
401	OPERATING EXPENSES	$1,831,534,622	
402	MAINTENANCE EXPENSES	164,471,298	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	291,426,808	
408.1	TAXES OTHER THAN INCOME TAXES	56,102,754	
409.1	INCOME TAXES	255,132,916	
410.1	PROVISION FOR DEFERRED INCOME TAXES	200,676,848	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(329,749,163)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(2,800,000)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	(1,178,589)	
	TOTAL OPERATING REVENUE DEDUCTIONS		2,465,617,494
	NET OPERATING INCOME		352,085,811

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORI	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(1,462,278)	
418	NONOPERATING RENTAL INCOME	910,080	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	19,050,127	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	10,380,114	
421	MISCELLANEOUS NONOPERATING INCOME	1,209,650	
421.1	GAIN ON DISPOSITION OF PROPERTY	73,319	
	TOTAL OTHER INCOME	30,161,012	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	1,891,913	
	TOTAL OTHER INCOME DEDUCTIONS	1,891,913	
408.2	TAXES OTHER THAN INCOME TAXES	407,609	
409.2	INCOME TAXES	26,358,762	
410.2	PROVISION FOR DEFERRED INCOME TAXES	2,082,082	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	0	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	28,848,453	
	TOTAL OTHER INCOME AND DEDUCTIONS		3,204,472
	INCOME BEFORE INTEREST CHARGES		355,290,283
	NET INTEREST CHARGES*		113,109,880
	NET INCOME		$242,180,403

**NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (4,715,519)*

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SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2006

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3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	$559,808,678
NET INCOME (FROM PRECEDING PAGE)	242,180,403
DIVIDEND TO PARENT COMPANY	0
DIVIDENDS DECLARED - PREFERRED STOCK	(4,819,668)
OTHER RETAINED EARNINGS ADJUSTMENTS	0
RETAINED EARNINGS AT END OF PERIOD	$797,169,413

Appendix D

SAN DIEGO GAS & ELECTRIC COMPANY

COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETC
AS OF DECEMBER 31, 2006

No.	Account	Original Cost	Reserve for Depreciation and Amortization
ELECTRIC DEPARTMENT			
302	Franchises and Consents	$ 222,841	$ 202,900
303	Misc. Intangible Plant	25,021,883	18,909,732
	TOTAL INTANGIBLE PLANT	25,244,725	19,112,632
310.1	Land	12,046,518	46,518
310.2	Land Rights	0	0
311	Structures and Improvements	40,032,392	8,647,521
312	Boiler Plant Equipment	115,423,771	15,040,487
314	Turbogenerator Units	99,703,580	9,716,784
315	Accessory Electric Equipment	33,364,110	2,935,168
316	Miscellaneous Power Plant Equipment	18,770,212	685,304
	Steam Production Decommissioning	0	0
	TOTAL STEAM PRODUCTION	319,340,584	37,071,782
320.1	Land	0	0
320.2	Land Rights	283,677	283,677
321	Structures and Improvements	267,956,127	265,261,098
322	Boiler Plant Equipment	393,571,884	393,571,884
323	Turbogenerator Units	135,444,115	135,444,115
324	Accessory Electric Equipment	166,879,651	166,722,518
325	Miscellaneous Power Plant Equipment	251,718,075	202,227,872
107	ICIP CWIP	0	5,764,397
	TOTAL NUCLEAR PRODUCTION	1,215,853,530	1,169,275,561
340.1	Land	143,476	0
340.2	Land Rights	2,428	2,428
341	Structures and Improvements	4,421,921	180,244
342	Fuel Holders, Producers & Accessories	15,295,980	412,068
343	Prime Movers	20,824,413	1,216,712
344	Generators	161,413,389	3,982,089
345	Accessory Electric Equipment	8,780,970	395,674
346	Miscellaneous Power Plant Equipment	359,058	20,978
	TOTAL OTHER PRODUCTION	211,241,635	6,210,194
	TOTAL ELECTRIC PRODUCTION	1,746,435,749	1,212,557,537

No.	Account	Original Cost	Reserve for Depreciation and Amortization
350.1	Land	$ 21,562,097	$ 0
350.2	Land Rights	59,681,047	8,866,812
352	Structures and Improvements	75,376,719	25,598,474
353	Station Equipment	507,222,587	115,551,033
354	Towers and Fixtures	102,233,925	73,975,167
355	Poles and Fixtures	109,482,769	40,351,524
356	Overhead Conductors and Devices	203,210,160	140,198,174
357	Underground Conduit	44,769,469	7,426,915
358	Underground Conductors and Devices	32,764,509	10,400,233
359	Roads and Trails	18,541,761	4,751,874
	TOTAL TRANSMISSION	1,174,845,042	427,120,205
360.1	Land	16,848,098	0
360.2	Land Rights	64,745,948	24,933,734
361	Structures and Improvements	3,218,296	1,876,579
362	Station Equipment	288,878,786	67,607,315
364	Poles, Towers and Fixtures	347,705,785	184,807,543
365	Overhead Conductors and Devices	281,451,921	95,626,363
366	Underground Conduit	741,155,836	284,071,652
367	Underground Conductors and Devices	973,724,520	511,988,672
368.1	Line Transformers	346,188,812	59,283,057
368.2	Protective Devices and Capacitors	22,617,362	2,007,104
369.1	Services Overhead	91,946,310	115,183,528
369.2	Services Underground	252,209,752	146,598,554
370.1	Meters	83,960,682	31,035,503
370.2	Meter Installations	40,557,153	9,837,017
371	Installations on Customers' Premises	6,024,981	8,637,052
373.1	St. Lighting & Signal Sys.-Transformers	0	0
373.2	Street Lighting & Signal Systems	23,520,558	16,738,768
	TOTAL DISTRIBUTION PLANT	3,584,754,798	1,560,232,440
389.1	Land	7,510,993	0
389.2	Land Rights	0	0
390	Structures and Improvements	28,786,081	10,244,533
392.1	Transportation Equipment - Autos	0	49,884
392.2	Transportation Equipment - Trailers	175,979	126,734
393	Stores Equipment	54,331	45,592
394.1	Portable Tools	12,062,344	3,868,453
394.2	Shop Equipment	572,160	312,736
395	Laboratory Equipment	438,662	77,120
396	Power Operated Equipment	92,162	149,134
397	Communication Equipment	96,254,398	41,880,504
398	Miscellaneous Equipment	384,974	(75,910)
	TOTAL GENERAL PLANT	146,332,085	56,678,781
101	TOTAL ELECTRIC PLANT	6,677,612,398	3,275,701,595

No.	Account	Original Cost	Reserve for Depreciation and Amortization
GAS PLANT			
302	Franchises and Consents	$ 86,104	$ 86,104
303	Miscellaneous Intangible Plant	713,559	574,758
	TOTAL INTANGIBLE PLANT	799,663	660,862
360.1	Land	0	0
361	Structures and Improvements	412,998	554,836
362.1	Gas Holders	989,283	1,012,573
362.2	Liquefied Natural Gas Holders	0	0
363	Purification Equipment	0	0
363.1	Liquefaction Equipment	0	0
363.2	Vaporizing Equipment	0	0
363.3	Compressor Equipment	558,651	612,455
363.4	Measuring and Regulating Equipment	0	0
363.5	Other Equipment	0	0
363.6	LNG Distribution Storage Equipment	407,546	341,801
	TOTAL STORAGE PLANT	2,368,477	2,521,665
365.1	Land	4,649,144	0
365.2	Land Rights	2,217,185	975,124
366	Structures and Improvements	10,832,602	7,182,933
367	Mains	121,932,831	45,007,051
368	Compressor Station Equipment	60,425,506	35,911,512
369	Measuring and Regulating Equipment	16,586,604	9,442,778
371	Other Equipment	0	0
	TOTAL TRANSMISSION PLANT	216,643,872	98,519,399
374.1	Land	102,187	0
374.2	Land Rights	7,825,858	4,754,869
375	Structures and Improvements	43,447	61,253
376	Mains	481,587,485	257,425,124
378	Measuring & Regulating Station Equipment	8,241,009	5,416,734
380	Distribution Services	225,302,897	242,558,320
381	Meters and Regulators	70,662,359	30,695,404
382	Meter and Regulator Installations	57,612,452	22,167,111
385	Ind. Measuring & Regulating Station Equipment	1,516,811	720,777
386	Other Property On Customers' Premises	0	0
387	Other Equipment	4,446,936	3,950,289
	TOTAL DISTRIBUTION PLANT	857,341,440	567,749,882

No.	Account	Original Cost	Reserve for Depreciation and Amortization
392.1	Transportation Equipment - Autos	$ 0	$ 25,503
392.2	Transportation Equipment - Trailers	74,501	74,501
394.1	Portable Tools	6,459,714	1,909,431
394.2	Shop Equipment	84,597	(1,157)
395	Laboratory Equipment	344,813	(137,988)
396	Power Operated Equipment	246,939	58,349
397	Communication Equipment	2,950,836	1,433,617
398	Miscellaneous Equipment	310,534	39,014
	TOTAL GENERAL PLANT	10,471,934	3,401,270
101	TOTAL GAS PLANT	1,087,625,387	672,853,078
COMMON PLANT			
303	Miscellaneous Intangible Plant	166,532,508	132,559,224
350.1	Land	0	0
360.1	Land	0	0
389.1	Land	5,654,409	0
389.2	Land Rights	1,489,409	27,275
390	Structures and Improvements	132,942,586	47,021,816
391.1	Office Furniture and Equipment - Other	23,541,132	10,250,646
391.2	Office Furniture and Equipment - Computer Equipm	44,365,554	21,118,974
392.1	Transportation Equipment - Autos	33,942	(338,930)
392.2	Transportation Equipment - Trailers	41,567	(89,559)
393	Stores Equipment	140,123	(193,316)
394.1	Portable Tools	168,535	(5,800)
394.2	Shop Equipment	313,717	127,166
394.3	Garage Equipment	2,624,818	561,360
395	Laboratory Equipment	2,001,015	844,221
396	Power Operated Equipment	0	(192,979)
397	Communication Equipment	77,245,752	44,888,805
398	Miscellaneous Equipment	3,061,525	926,648
118.1	TOTAL COMMON PLANT	460,156,591	257,505,552
	TOTAL ELECTRIC PLANT	6,677,612,398	3,275,701,595
	TOTAL GAS PLANT	1,087,625,387	672,853,078
	TOTAL COMMON PLANT	460,156,591	257,505,552
101 & 118.1	TOTAL	8,225,394,376	4,206,060,224
101	PLANT IN SERV-SONGS FULLY RECOVERED	$ (1,167,685,825)	$ (1,167,685,825)

No.	Account	Original Cost	Reserve for Depreciation and Amortization
101	Accrual for Retirements		
	Electric	$ (6,148,867)	$ (6,148,867)
	Gas	(185,058)	(185,058)
	TOTAL PLANT IN SERV-NON RECON ACCTS	(6,333,924)	(6,333,924)
	Electric	0	0
	Gas	0	0
	TOTAL PLANT PURCHASED OR SOLD	0	0
105	Plant Held for Future Use		
	Electric	4,390,999	0
	Gas	0	0
	TOTAL PLANT HELD FOR FUTURE USE	4,390,999	0
107	Construction Work in Progress		
	Electric	255,905,435	
	Gas	(2,000,867)	
	Common	26,463,671	
	TOTAL CONSTRUCTION WORK IN PROGRESS	280,368,239	0
108	Accum. Depr SONGS Mitigation/Spent Fuel Disallowance		
	Electric	0	6,294,735
108.5	Accumulated Nuclear Decommissioning		
	Electric	0	598,664,722
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	0	598,664,722
114	ELECTRIC PLANT ACQUISITION ADJUSTMENT	0	0
120	NUCLEAR FUEL FABRICATION	68,199,160	36,831,303
143	FAS 143 ASSETS - Legal Obligation	71,027,918	(553,283,870)
	FIN 47 ASSETS - Legal Obligation	34,385,204	14,389,618
143	FAS 143 ASSETS - Non-legal Obligation	0	(1,022,069,543)
	TOTAL FAS 143	105,413,122	(1,560,963,795)
	UTILITY PLANT TOTAL	$ 7,509,746,147	$ 2,112,867,440

Appendix E

SAN DIEGO GAS & ELECTRIC COMPANY
SUMMARY OF EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2006
(DOLLARS IN MILLIONS)

Line No.	Item	Amount
1	Operating Revenue	$2,818
2	Operating Expenses	2,466
3	Net Operating Income	$352
4	Weighted Average Rate Base	$3,475
5	Rate of Return*	8.23%

*Authorized Cost of Capital

Appendix F

SEMPRA ENERGY

FORM DEF 14A
(Proxy Statement (definitive))

Filed 3/13/2007 For Period Ending 4/26/2007

Address	101 ASH STREET P O BOX 129400 SAN DIEGO, California 92101
Telephone	619-696-2000
CIK	0001032208
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SEMPRA ENERGY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Notes:

Reg. (S) 240.14a-101.
SEC 1913 (3-99)

SEMPRA ENERGY
101 Ash Street
San Diego, California 92101-3017
(877) 736-7721

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time and Date

10:00 a.m., local time, on Thursday, April 26, 2007

Place

The Hilton Orange County/Costa Mesa, 3050 Bristol Street, Costa Mesa, California

Items of Business

(1) Elect three directors for a one-year term.
(2) Ratify independent registered public accounting firm.
(3) Vote upon three shareholder proposals, if properly presented at the meeting.
(4) Consider other matters that may properly come before the meeting.

Adjournments and Postponements

The items of business to be considered at the Annual Meeting may be considered at the meeting or at any adjournment or postponement of the meeting.

Record Date

You are entitled to vote only if you were a Sempra Energy shareholder at the close of business on March 2, 2007.

Meeting Admission

You are entitled to attend the Annual Meeting only if you were a Sempra Energy shareholder at the close of business on March 2, 2007 or you hold a valid proxy to vote at the meeting. You should be prepared to present photo identification to be admitted to the meeting.

If you are a shareholder of record or hold shares through our Direct Registration Plan or Employee Savings Plans, an admission ticket is attached to your proxy card. If you plan to attend the meeting, please bring the admission ticket with you. If you do not bring the admission ticket, your name must be verified against our list of registered shareholders and plan participants.

If your shares are not registered in your name but are held in "street name" through a broker, trustee or other nominee, you must provide proof of beneficial ownership at the record date, such as your most recent account statement prior to March 2, 2007, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership.

The meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:00 a.m. and you should allow ample time for the check-in procedures.

Voting

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to read this proxy statement and promptly vote your shares. You may vote by completing, signing and dating the enclosed proxy or voting instruction card and returning it in the enclosed envelope or, in most cases, by using the telephone or the Internet. For specific instructions on how to vote your shares, please refer to the section entitled "*Questions and Answers—How You Can Vote*" beginning on page 2 of this proxy statement and to the instructions on your proxy or voting instruction card.

This Notice of Annual Meeting and Proxy Statement and the accompanying form of proxy or voting instruction are being mailed to shareholders beginning March 13, 2007.

Catherine C. Lee
Corporate Secretary

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT
TABLE OF CONTENTS

The Board of Directors of Sempra Energy is providing these proxy materials to you in connection with our Annual Meeting of Shareholders. The meeting will be held on Thursday, April 26, 2007. As a shareholder, you are invited to attend the meeting and you are being requested to vote on the items of business described in this proxy statement.

QUESTIONS AND ANSWERS

Proposals to be Voted on

1. What items of business will be voted on at the Annual Meeting?

The items of business expected to be voted on at the Annual Meeting are:

- The election of three directors for a term of one year.
- The ratification of Deloitte & Touche as our independent registered public accounting firm for 2007.
- Three shareholder proposals, if they are properly presented at the meeting.

2. What are my voting choices?

In electing directors, you may vote "FOR" all or some of the nominees or you may "WITHHOLD" your vote from one or more nominees. For the other items of business, you may vote "FOR" or "AGAINST" or you may "ABSTAIN" from voting.

Your shares will be voted as you specifically instruct. If you sign your proxy or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of our Board of Directors and in the discretion of the proxy holders on any other matters that properly come before the meeting. If voting instructions for shares that you hold in our Employee Savings Plans are not timely received, the shares will be voted in the same manner and proportion as shares for which instructions are received from other plan participants.

3. How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote your shares "FOR" each of its three nominees for election to the board; "FOR" the ratification of our independent registered public accounting firm for 2007; and "AGAINST" each of the shareholder proposals.

4. What vote is required to approve each item?

To conduct business at the Annual Meeting, a quorum consisting of a majority of our shares must be present in person or represented by proxy.

In electing directors, the three director nominees who receive the highest number of "FOR" votes will be elected. Approval of the other proposals requires the "FOR" vote of a majority of the shares voting on the proposal, and the majority approval must also represent more than 25% of our outstanding shares.

If your shares are held in the name of a broker and you do not provide instructions as to how your shares are to be voted, your broker may have authority to vote them in its discretion on some of the proposals to be voted on at the Annual Meeting. Your broker may be prohibited from voting your shares on other proposals, and these "broker non-votes" and abstentions will be counted only for the purpose of determining whether a quorum is present and not as votes cast.

5. What happens if additional items are presented at the Annual Meeting?

We are not aware of any item that may be voted upon at the Annual Meeting that is not described in this proxy statement. However, shareholder proponents of proposals that have been excluded from this proxy statement in accordance with the rules of the Securities and Exchange Commission may seek to present them at the meeting. The holders of the proxies that we are soliciting will have the discretion to vote them in accordance with their best judgment on the excluded proposals and any additional matters that may be voted on at the meeting, including matters incidental to the conduct of the meeting. If for any reason any of the nominees for election as directors is unavailable to serve, the Board of Directors may reduce the number of directors to be elected or the proxy holders may vote for another candidate nominated by the board.

6. Is my vote confidential?

Our Employee Savings Plans automatically provide confidential voting. Other shareholders may elect that their identity and individual vote be held confidential by marking the appropriate box on their proxy card, voting instruction or ballot. Confidentiality elections will not apply to the extent that voting disclosure is required by law or is appropriate to assert or defend any claim relating to voting. They also will not apply with respect to any matter for which votes are solicited in opposition to the director nominees or voting recommendations of our Board of Directors, unless the persons engaged in the opposing solicitation provide shareholders with voting confidentiality comparable to that which we provide.

7. Where can I find the results of the voting?

We intend to announce preliminary voting results at the Annual Meeting and to publish final results in our Quarterly Report on Form 10-Q for the first quarter of 2007 that we will file with the Securities and Exchange Commission. The report will be available on our website at *www . shareholder.com/sre/edgar2.cfm.*

How You Can Vote

8. What shares can I vote?

Shares of our common stock that are outstanding as of the close of business on March 2, 2007, the *Record Date* for the Annual Meeting, are entitled to one vote per share on each item voted upon at the meeting. You may vote all shares owned by you on *the Record Date* , including (a) shares held directly in your name as the *shareholder of record* , and (b) shares held for you as the *beneficial owner* through a broker, trustee or other nominee. On the *Record Date,* 264,961,417 shares of our common stock were outstanding.

9. What is the difference between holding shares as a shareholder of record and as a beneficial owner ?

Most of our shareholders hold their shares through a broker, trustee or other nominee rather than having the shares registered directly in their own name. There are some distinctions between shares held of record and those owned beneficially that are summarized below.

Shareholder of Record

If your shares are registered directly in your name with our transfer agent, you are the *shareholder of record* of the shares and these proxy materials are being sent directly to you by the company. As the *shareholder of record* , you have the right to grant a proxy to vote your shares to the company or another person, or to vote your shares in person at the Annual Meeting. We have enclosed a proxy card for you to use in voting your shares.

Beneficial Owner

If your shares are held through a broker, trustee or other nominee, it is likely that they are registered in the name of the nominee and you are the *beneficial owner* of shares held *in street name.* As the beneficial owner of shares held for your account, you have the right to direct the registered holder to vote your shares as you instruct, and you also are invited to attend the Annual Meeting. Your broker, trustee or other nominee has forwarded these proxy materials to you and enclosed a voting instruction card for you to use in directing how your shares are to be voted. However, since a *beneficial owner* is not the *shareholder of record* , you may not vote your shares in person at the meeting unless you obtain a *legal proxy* from the registered holder of the shares giving you the right to do so.

10. How can I vote in person at the Annual Meeting?

You may vote in person at the Annual Meeting those shares that you hold in your name as the shareholder of record. You may vote in person shares for which you are the beneficial owner only by obtaining a legal proxy giving you the right to vote the shares from the broker, trustee or other nominee that is the registered holder of your shares.

Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend.

11. How can I vote without attending the Annual Meeting?

Whether you hold your shares as the shareholder of record or as the beneficial owner, you may direct how your shares are to be voted without attending the Annual Meeting. If you are a shareholder of record, you may vote by submitting a proxy. If you hold shares as the beneficial owner, you may vote by submitting voting instructions to your broker, trustee or other nominee.

For directions on how to vote, please refer to the following instructions and those included on your enclosed proxy or voting instruction card.

Voting by Internet —Shareholders of record may submit proxies through the Internet by following the "Vote by Internet" instructions on their proxy cards. Most shareholders who hold shares as the beneficial owner also may vote through the Internet by accessing the website specified on their voting instruction card or in other information provided by their brokers, trustees or nominees. Please check this information for Internet voting availability.

Voting by Telephone —Shareholders of record who live in the United States, Canada or Puerto Rico may submit proxies by telephone by following the "Vote by Telephone" instructions on their proxy card. Most shareholders who hold shares as the beneficial owner who live in the United States, Canada or Puerto Rico also may vote by telephone by calling the number specified on their voting instruction card or in other information provided by their brokers, trustees or nominees. Please check this information for telephone voting availability.

Voting by Mail —Shareholders of record and shareholders who hold shares as the beneficial owner may vote by mail by signing and dating their enclosed proxy or voting instruction card and returning it in the accompanying envelope.

12. What is the deadline to vote?

If you hold shares as the shareholder of record, your vote by proxy must be received before the polls close at the Annual Meeting.

If you hold shares in our Employee Savings Plans, your voting instructions must be received by 9:00 a.m. Eastern time on Monday April 23, 2007 for the plan trustee to vote your shares.

If you hold shares as the beneficial owner, please follow the voting instructions provided by your broker, trustee or other nominee.

13. May I change my vote?

Yes. You may change your vote at any time prior to the vote at the Annual Meeting, except that any change to your voting instructions for shares held in our Employee Savings Plans must be received by 9:00 a.m. Eastern time on Monday, April 23, 2007.

If you are a shareholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to our Corporate Secretary at the address below in Question 16 prior to your shares being voted, or by attending the Annual Meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically make that request.

For shares you hold as the beneficial owner, you may change your vote by submitting new voting instructions to your broker, trustee or other nominee, or, if you have obtained a legal proxy from the nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

14. Who will serve as inspector of elections?

The inspector of elections will be Computershare Trust Company.

Attending the Annual Meeting

15. How can I attend the Annual Meeting?

You are entitled to attend the Annual Meeting only if you were a Sempra Energy shareholder at the close of business on March 2, 2007 or you hold a valid proxy to vote at the meeting. You should be prepared to present photo identification to be admitted to the meeting.

If you are a *shareholder of record* or hold shares through our Direct Stock Purchase Plan or Employee Savings Plans, an admission ticket is attached to the enclosed proxy or voting instruction card. If you plan to attend the meeting, please bring the admission ticket with you. If you do not bring your admission ticket, your name must be verified against our list of shareholders of record and plan participants.

If you are not a shareholder of record but hold shares *in street name* through a broker, trustee or other nominee, you must provide proof of beneficial ownership on the record date, such as your most recent account statement prior to March 2, 2007, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership.

The meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:00 a.m., and you should allow ample time for the check-in procedures.

Shareholder Proposals and Director Nominations

16. What is the deadline to submit shareholder proposals to be included in the proxy materials for next year's Annual Meeting of Shareholders?

Shareholder proposals that are intended to be included in company-sponsored proxy materials for next year's Annual Meeting must be received by our Corporate Secretary no later than November 13, 2007. They should be submitted to the following address:

Corporate Secretary Sempra Energy 101 Ash Street San Diego, California 92101-3017 Fax: (619) 696-4508

Shareholder proponents must meet the eligibility requirements of the Securities and Exchange Commission's Shareholder Proposal Rule (Rule 14a-8), and their proposals must comply with the requirements of the rule to be included in our proxy materials.

17. How may I nominate director candidates or present other business for consideration at an Annual Meeting?

Shareholders who wish to present director nominations or other business at an Annual Meeting must give written notice of their intention to do so to our Corporate Secretary at the address set forth in Question 16. We must receive the notice at least 60 days but not more than 120 days before the date corresponding to the date of the last meeting. The notice also must include the information required by our bylaws, which may be obtained as provided in Question 24.

The time for us to receive nominations and proposals for the 2007 Annual Meeting has expired. The period for the receipt of nominations and proposals for the 2008 Annual Meeting will begin on December 27, 2007 and end on February 25, 2008.

These requirements do not apply to shareholder proposals intended for inclusion in our proxy materials that are described in Question 16 or to questions that a shareholder may wish to ask at the Annual Meeting.

18. How may I recommend candidates to serve as directors?

Shareholders may recommend director candidates for consideration by the Corporate Governance Committee of the Board of Directors by writing to our Corporate Secretary at the address set forth in Question 16. A recommendation must be accompanied by a statement from the candidate that he or she would give favorable consideration to serving on the board and should include sufficient biographical and other information concerning the candidate and his or her qualifications to permit the committee to make an informed decision as to whether further consideration of the candidate would be warranted.

Proxy Materials and Solicitation of Proxies

19. Who pays the cost of soliciting votes for the Annual Meeting?

Sempra Energy is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. If you choose to access the proxy materials or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur.

Our directors, officers and employees also may solicit votes in person, by telephone or by electronic communication. They will not receive any additional compensation for these activities.

We also have hired Morrow & Co., Inc. to assist us in distributing proxy materials and soliciting votes. We will pay a base fee of $13,000 plus customary costs and expenses for these services.

We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy and solicitation materials to beneficial shareholders.

20. How may I obtain a separate set of proxy materials?

If you share an address with another shareholder, you may receive only one set of our proxy materials (including our Annual Report to Shareholders and proxy statement) unless you have provided contrary instructions. If you wish to receive a separate set of proxy materials now, please request the additional copies by contacting our proxy solicitor, Morrow & Co., at:

Morrow & Co., Inc.
(800) 654-2468
sempra.info@morrowco.com

If you are a shareholder of record and wish to receive a separate set of proxy materials in the future, please call our transfer agent, Computershare Investor Services, at:

(877) 773-6772 (U.S. and Canada)
(781) 575-2726 (International)

If you hold shares beneficially in street name and you wish to receive a separate set of proxy materials in the future, please call Automatic Data Processing at:

(800) 542-1061

All shareholders also may write to us at the address below to request a separate copy of these materials:

Sempra Energy
Attn: Shareholder Services
101 Ash Street
San Diego, CA 92101-3017
www.investor@sempra.com

21. How may I request a single set of proxy materials for my household?

If you share an address with another shareholder and have received multiple copies of our proxy materials, you may write us at the address in Question 20 to request delivery of a single copy of these materials.

22. How may I request an electronic copy of the proxy materials?

If you are a record shareholder and wish to request electronic delivery of proxy materials in the future, please sign up at:

www.eTree.com/SempraEnergy

If you hold shares through our Employee Saving Plans and wish to request electronic delivery, please sign up at:

www.econsent.com/sre

23. What should I do if I receive more than one set of proxy materials?

You may receive more than one set of proxy materials, including multiple proxy or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy and voting instruction card that you receive.

Obtaining Additional Information

24. How may I obtain financial information and other information about Sempra Energy?

Our consolidated financial statements are included in our Annual Report to Shareholders that is being mailed to you together with this proxy statement.

Additional information regarding the company is included in our Annual Report on Form 10-K, which we file with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Our Form 10-K and other information that we file with the Securities and Exchange Commission are available on our website at *www.shareholder.com/sre/edgar2.cfm.* We will also furnish a copy of our 2006 Form 10-K (excluding exhibits except those that are specifically requested) without charge to any shareholder who so requests by writing to us at the address set forth in Question 20.

By writing to us shareholders also may obtain, without charge, a copy of our bylaws, corporate governance guidelines, codes of conduct and charters of our board committees. These are also available on our website at *www . sempra.com/aboutUs/governance* .

25. What if I have questions for Sempra Energy's transfer agent?

If you have questions concerning share certificates, dividend checks, transfer of ownership or other matters relating to your share account, please contact our transfer agent at the following address or phone number:

Computershare Trust Company, N.A.
P.O. Box 43069
Providence, RI 02940-3069
(877) 773-6772 (U.S. and Canada)
(781) 575-2726 (International)

A dividend reinvestment and direct stock purchase program is also available through Computershare. For information about this program, please contact Computershare at the address or the phone number listed above.

26. Who can help answer any additional questions?

If you have any additional questions about the Annual Meeting or how to vote or revoke your proxy, you should contact our proxy solicitor:

Morrow & Co., Inc.
470 West Avenue
Stamford, CT 06902

Shareholders Call:
(800) 607-0088 (U.S. and Canada)
(203) 658-9400 (International)

Banks and Brokers Call Collect:
(203) 658-9400

If you need additional copies of this proxy statement or voting materials, please contact Morrow & Co. as described above or send an e-mail to sempra.info@morrowco.com.

CORPORATE GOVERNANCE

Our business and affairs are managed and all corporate powers are exercised under the direction of our Board of Directors. The board establishes fundamental corporate policies and oversees the performance of the company and our chief executive officer and the other officers to whom the board has delegated day-to-day business operations.

The board has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions, and other policies for the governance of the company. It has also adopted a Code of Business Conduct and Ethics for Directors and Officers, and officers are also subject to Business Conduct Guidelines that apply to all employees.

Several standing committees assist the board in carrying out its responsibilities. Each operates under a written charter adopted by the board.

Our governance guidelines, committee charters and codes of conduct are posted on our website at *www.sempra.com.* Printed copies may be obtained upon request by writing to: Corporate Secretary, Sempra Energy, 101 Ash Street, San Diego, California 92101-3017.

Board of Directors

Functions

In addition to its oversight role, our Board of Directors performs a number of specific functions, including:

- Selecting the chief executive officer and overseeing his or her performance and that of other senior management in the operation of the company.
- Reviewing and monitoring strategic, financial and operating plans and budgets and their development and implementation by management.
- Assessing and monitoring risks and risk-management strategies.
- Reviewing and approving significant corporate actions.
- Reviewing and monitoring processes designed to maintain the integrity of the company, including financial reporting, compliance with legal and ethical obligations, and relationships with shareholders, employees, customers, suppliers and others.
- Planning for management succession.
- Selecting director nominees, appointing board committee members and overseeing effective corporate governance.

Director Independence

The Board of Directors determines the independence of our directors by applying the independence principles and standards established by the New York Stock Exchange. These provide that a director is "independent" only if the board affirmatively determines that the director has no direct or indirect material relationship with the company. They also specify various relationships that preclude a determination of director independence. Material relationships may include commercial, industrial, consulting, legal, accounting, charitable, family and other business, professional and personal relationships.

Applying these standards, the board annually reviews the independence of the company's directors. In its most recent review, the board considered, among other things, the absence of any current or previous employment relationships between the company and its directors (other than its two officer directors) and their families, the absence of any affiliation of the company's directors and their families with the company's independent registered public accounting firm, compensation consultants, legal counsel and other consultants and advisors, the insignificant nature and amount of the company's business with and contributions to profit and non-profit organizations with which the directors and members of their families are associated, and the absence of any transactions with directors and members of their families that would require disclosure in this proxy statement under Securities and Exchange Commission rules regarding related party transactions.

Based upon this review, the board has affirmatively determined that, other than Donald Felsinger and Neal Schmale who are also executive officers of the company, all of the company's directors are independent. The independent directors are:

James G. Brocksmith, Jr.	Richard A. Collato
Wilford D. Godbold, Jr.	William D. Jones
Richard G. Newman	William G. Ouchi
William C. Rusnack	William P. Rutledge

Board and Committee Meetings; Executive Sessions; Annual Meetings of Shareholders

At regularly scheduled board and committee meetings, directors review and discuss management reports regarding the company's performance, prospects and plans, as well as immediate issues facing the company. At least once a year, the board also reviews management's long-term strategic and financial plans and management's expectations regarding strategic and financial issues that the company may face in the foreseeable future.

The Chairman of the Board establishes the agenda for each board meeting. Directors are encouraged to suggest agenda items, and any director also may raise at any meeting subjects that are not on the agenda.

Information and other materials important to understanding the business to be conducted at board and committee meetings are distributed in writing to the directors in advance of the meeting. Additional information may be presented at the meeting.

An executive session of non-management board members is held at each regularly scheduled board meeting, and any director may call for an executive session at any special meeting. During 2006, the board held eight executive sessions. Executive sessions are presided over by the Chair of the Compensation Committee.

During 2006, the board held eight meetings and committees of the board held 18 meetings. Directors, on an aggregate basis, attended over 97% of the combined number of these meetings. Each director attended at least 94% of the combined number of meetings of the board and each committee of which he was a member, other than Luis Téllez who attended 71% of the combined number of meetings.

The board encourages attendance at the Annual Meeting of Shareholders by all nominees for election as directors and all directors whose terms of office will continue after the meeting. Last year, all of the nominees and directors attended the meeting.

Evaluation of Board and Director Performance

Our Corporate Governance Committee annually reviews and evaluates the performance of the Board of Directors. The committee assesses the board's contribution as a whole and identifies areas in which the board or senior management believes a better contribution may be made. The purpose of the review is to increase the effectiveness of the board, and the results are reviewed with the board and its committees.

The Board of Directors annually reviews the individual performance and qualifications of each director whose term of office will expire at the next Annual Meeting of Shareholders and who may wish to be considered for nomination to an additional term. The evaluations are reviewed by the Corporate Governance Committee, which makes recommendations to the board regarding nominees for election as directors.

Succession Planning and Management Development

Our Compensation Committee annually reports to the Board of Directors on succession planning, including policies and principles for executive officer selection. In accordance with the board's previously announced succession plan, Donald E. Felsinger succeeded Stephen L. Baum as Chairman of the Board and Chief Executive Officer upon Mr. Baum's retirement from those positions on January 31, 2006 and December 31, 2005, respectively. Neal E. Schmale succeeded Mr. Felsinger as President and Chief Operating Officer, and Mark A. Snell succeeded Mr. Schmale as Executive Vice President and Chief Financial Officer.

Review of Related Party Transactions

Securities and Exchange Commission rules require disclosure of certain transactions involving more than $120,000 in which the company is a participant and any of its directors, nominees as directors or executive officers, or any members of their immediate families, has or will have a direct or indirect material interest. The charter of our Corporate Governance Committee requires the committee to review any such "related party transaction" before the company enters into the transaction. There have been no transactions or proposed transactions requiring such review during 2006 or 2007.

Director Orientation and Education Programs

Every new director participates in an orientation program and receives materials and briefings to acquaint him or her with our business, industry, management and corporate governance policies and practices. Continuing education is provided for all directors through board materials and presentations, discussions with management, visits to corporate facilities and other sources.

Board Access to Senior Management, Independent Auditors and Counsel

Directors have complete access to our independent registered public accounting firm, and to senior management and other employees. They also have complete access to counsel, advisors and experts of their choice with respect to any issues relating to the board's discharge of its duties.

Board Committees

Audit Committee

James G. Brocksmith, Jr.,
Chair

Wilford D. Godbold, Jr.
William D. Jones
Richard G. Newman
William C. Rusnack

Compensation Committee

William C. Rusnack,
Chair

Richard A. Collato
William G. Ouchi
William P. Rutledge

Corporate Governance Committee

William G. Ouchi,
Chair

James G. Brocksmith, Jr.
Richard A. Collato
Richard G. Newman
William P. Rutledge

Environmental and Technology Committee

William P. Rutledge,
Chair

Donald E. Felsinger
Wilford D. Godbold, Jr.
William D. Jones

Executive Committee

Donald E. Felsinger,
Chair

James G. Brocksmith, Jr.
William G. Ouchi
William C. Rusnack
William P. Rutledge

Audit Committee

Our Audit Committee is comprised entirely of independent directors. It is directly responsible and has sole authority for selecting, appointing, compensating, retaining and overseeing the work of our independent registered public accounting firm, which reports directly to the committee. The committee pre-approves all services provided by the accounting firm and prepares the report reprinted under the caption "Audit Committee Report." It also assists the Board of Directors in fulfilling oversight responsibilities regarding:

- The integrity of our financial statements.
- Our compliance with legal and regulatory requirements.
- Our internal audit function.

The Board of Directors has determined that each member of the Audit Committee is financially literate. It has also determined that Mr. Brocksmith, who chairs the committee, is an audit committee financial expert (as defined by the rules of the Securities and Exchange Commission) and his service on the audit committees of three other public companies does not impair his ability to serve effectively on our audit committee.

During 2006, the Audit Committee held six meetings.

Compensation Committee

Our Compensation Committee is comprised entirely of independent directors. It assists the Board of Directors in the evaluation and compensation of executives. It establishes our compensation principles and policies, oversees our executive compensation program and prepares the report on executive compensation reprinted under the caption "Compensation Committee Report." The committee has direct responsibility for:

- Reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer.
- Evaluating our Chief Executive Officer's performance in light of these goals and objectives and approving (subject to ratification by the board acting solely through the independent directors) his compensation based on the committee's performance evaluation.
- Recommending to the board the compensation program for other executive officers, incentive compensation plans and equity-based plans.

During 2006, the Compensation Committee held four meetings.

Additional information regarding the Compensation Committee's principles, polices and practices is set forth under the caption "Compensation Discussion and Analysis."

Corporate Governance Committee

Our Corporate Governance Committee is comprised entirely of independent directors. The committee's responsibilities include:

- Identifying individuals qualified to become directors.
- Recommending nominees for election as directors and candidates to fill board vacancies.
- Recommending directors for appointment as members of board committees.
- Developing and recommending corporate governance principles.

The committee reviews with the board the skills and characteristics required of directors in the context of current board membership, and develops and maintains a pool of qualified director candidates. It solicits the names of candidates from various sources, including board members and search firms and considers candidates submitted by shareholders.

The committee reviews biographical data and other relevant information regarding potential board candidates, may request additional information from the candidates or other sources and, if the committee deems it appropriate, may interview candidates, references of candidates and others who may assist in candidate evaluation. It evaluates all candidates in the same manner whether identified by shareholders or through other sources.

In considering potential director candidates, the committee evaluates each candidate's integrity, independence, judgment, knowledge, experience and other relevant factors to develop an informed opinion of his or her qualifications and ability and commitment to meet the board's expectations for directors set forth in our Corporate Governance Guidelines.

The committee's deliberations reflect the board's requirement that substantially all director nominees (other than current or former company officers) should be independent and that all directors must be financially literate or must become financially literate within a reasonable time after appointment or election to the board. They also reflect the board's view regarding the appropriate number of directors and the composition of the board, including its belief that the membership of the board should reflect diversity.

During 2006, the Corporate Governance Committee held five meetings.

Executive Committee

Our Executive Committee meets on call by the Chairman of the Board during the intervals between meetings of the Board of Directors when scheduling or other requirements make it difficult to convene the full board. The committee did not meet during 2006.

Environmental and Technology Committee

Our Environmental and Technology Committee is responsible for:

- Reviewing laws, regulations and developments relating to the environment at the global, national and regional level, and evaluating ways to address them as part of the company's business strategy and operations.
- Reviewing and evaluating technology developments and related issues that advance the company's overall business strategy.

During 2006, the Environmental and Technology Committee held three meetings.

Shareholder Communications with the Board

Shareholders who wish to communicate with the board, non-management directors as a group, a committee of the board or a specific director may do so by letters addressed to the care of our Corporate Secretary. These letters are reviewed by the Corporate Secretary and provided to the addressees consistent with a screening policy providing that routine items and items unrelated to the duties and responsibilities of the board not be relayed on to directors. Any communication that is not relayed is recorded in a log and made available to the directors.

The address for these communications is: Corporate Secretary, Sempra Energy, 101 Ash Street, San Diego, California 92101-3017.

Director Compensation

Directors who are not employees of Sempra Energy receive an annual base retainer of $40,000 and board meeting fees of $1,000 and committee meeting fees varying from $1,000 to $3,000 (depending upon committee and committee position) for each board or committee meeting that the director attends. They also receive an additional $14,500 each quarter which is deferred into phantom shares of our common stock that are retained until retirement as a director when they are paid out in cash at the then fair market value of our shares. Directors also may elect to receive the balance of their fees in shares of our common stock or to defer the balance into an interest-bearing account, phantom investment funds or phantom shares of our common stock.

Upon becoming a director, each non-employee director is granted a ten-year option to purchase 15,000 shares of our common stock. At each annual meeting (other than the annual meeting that coincides with or first follows the director's election to the board), each non-employee director who continues to serve as a director is granted an additional ten-year option for 5,000 shares. Each option is granted with an exercise price at the closing price of our common stock on the date the option is granted and becomes fully exercisable commencing with the first annual meeting following that date or upon the director's earlier death, disability, retirement or involuntary termination of board service other than for cause.

The following table summarizes our 2006 compensation for each of our non-employee directors.

Name	Fees Earned or Paid in Cash	Stock Awards (A)	Option Awards (B)(C)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (D)	Total (E)
James G. Brocksmith, Jr.	$ 74,000	$ 58,000	$ 50,775	—	$182,775
Richard A. Collato	$ 61,000	$ 58,000	$ 50,775	$ 16,183	$185,958
Wilford D. Godbold, Jr.	$ 63,000	$ 58,000	$ 50,775	$ 7,509	$179,284
William D. Jones	$ 63,000	$ 58,000	$ 50,775	$ 74	$171,849
Richard G. Newman	$ 64,500	$ 58,000	$ 50,775	—	$173,275
William G. Ouchi	$ 66,000	$ 58,000	$ 50,775	$ 41,318	$216,093
William C. Rusnack	$ 68,000	$ 58,000	$ 50,775	$ 2,468	$179,243
William P. Rutledge	$ 65,000	$ 58,000	$ 50,775	—	$173,775
Luis Téllez (F)	$ 29,333	$ 33,833	—	—	$ 63,166

(A) Compensation required to be deferred into phantom shares of our common stock that are valued at the fair market value of our shares at the deferral date without reduction for phantom share non-transferability. The total number of our phantom shares subject to mandatory deferrals (including shares subject to mandatory deferral in prior years and additional phantom shares accrued as reinvested dividends) at December 31, 2006 was 6,085 shares for each director other than Mr. Newman for whom the number was 5,896 shares.

(B) Amount recognized as compensation expense for stock options granted in 2006 and 2005 disregarding forfeitures related to service-based vesting conditions. The grant date fair value of option awards (calculated in accordance with generally accepted accounting principles for financial reporting purposes as described in Note 9 of Notes to Consolidated Financial Statements included in our Annual Report to Shareholders but disregarding service-based vesting conditions) is $10.59 for 2006 option awards and $8.85 for 2005 option awards. Grant date fair value of the 2006 option awards is based upon assumptions of 22.74% share volatility, 2.61% dividend yield, 5.04% risk-free rate of return and a 5.5 year outstanding term. Grant date fair value of the 2005 option awards is based upon assumptions of 23.68% share volatility, 2.87% dividend yield, 4.20% risk-free rate of return, and a 6 year outstanding term.

(C) The number of our shares subject to non-employee director stock options that were outstanding at December 31, 2006 was 35,000 shares for Mr. Brocksmith, 40,000 shares for Mr. Collato, 55,000 shares for Mr. Godbold, 55,000 shares for Mr. Jones, 30,000 shares for Mr. Newman, 55,000 shares for Dr. Ouchi, 35,000 shares for Mr. Rusnack, and 35,000 shares for Mr. Rutledge.

(D) Consists of (i) above-market interest (interest in excess of 120% of the federal long-term rate) on deferred compensation and (ii) the aggregate change in the actuarial value of accumulated benefits under defined benefit pension plans. Only those four directors who were also directors of our predecessor companies (Messrs. Collato, Godbold and Jones and Dr. Ouchi) are entitled to receive pension benefits and all but Dr. Ouchi have attained maximum years of service credit. The annual benefit is an amount equal to the sum of the annual director retainer and ten times the board meeting fee at the date the benefit is paid. It commences upon the later of the conclusion of board service or attaining age 65 and continues for a period not to exceed the director's years of service as a director of the predecessor companies and up to ten years of service as a director of the company. The actuarial equivalent of the total retirement benefit is paid to the retiring director in a single lump-sum upon the conclusion of board service unless the director has elected to receive the annual benefit.

(E) Does not include our charitable contributions to match those of directors on a dollar-for-dollar basis up to an annual maximum match of $20,000 for each director.

(F) Dr. Téllez resigned as a director in November 2006 upon the announcement of his appointment as the Minister of Communication and Transport of Mexico. Upon his resignation, the stock option for 15,000 shares granted to him upon becoming a director was cancelled and the $38,636 then market value of the 700 phantom shares into which he had deferred director compensation was paid to him in cash.

Directors who are also employees of the company (Donald E. Felsinger, Chairman and Chief Executive Officer, and Neal Schmale, President and Chief Operating Officer) are not additionally compensated for their services as directors. Their compensation is summarized in the Summary Compensation Table appearing under the caption "Executive Compensation."

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of the five directors named below, all of whom have been determined by the board to be independent directors. The board also has determined that all members of the committee are financially literate and the chair of the committee is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission. The committee's charter, adopted by the board, is posted on the company's website at *www.sempra.com/aboutUs/gov_charterAudit.htm* .

The committee's responsibilities include appointing the company's independent registered public accounting firm, pre-approving both audit and non-audit services to be provided by the firm, and assisting the board in providing oversight to the company's financial reporting process. In fulfilling its oversight responsibilities, the committee meets with the company's independent registered public accounting firm, internal auditors and management to review accounting, auditing, internal controls and financial reporting matters.

It is not the committee's responsibility to plan or conduct audits or to determine that the company's financial statements and disclosures are complete, accurate and in accordance with accounting principles generally accepted in the United States and applicable laws, rules and regulations. Management is responsible for the company's financial statements, including the estimates and judgments on which they are based, as well as the company's financial reporting process, accounting policies, internal audit function, internal accounting controls, and disclosure controls and procedures. The company's independent registered public accounting firm, Deloitte & Touche LLP, is responsible for performing an audit of the company's annual financial statements, expressing an opinion as to the conformity of the annual financial statements with accounting principles generally accepted in the United States, expressing opinions as to the effectiveness of the company's internal controls over financial reporting and management's assessment of internal controls, and reviewing the company's quarterly financial statements.

The committee has discussed with Deloitte & Touche the matters required to be discussed by Statement of Auditing Standards 61 (Communications with Audit Committees), which requires the independent registered public accounting firm to provide the committee with information regarding the scope and results of its audit of the company's financial statements, including information with respect to the firm's responsibilities under auditing standards generally accepted in the United States, significant accounting policies, management judgments and estimates, any significant audit adjustments, any disagreements with management and any difficulties encountered in performing the audit.

The committee also has received from Deloitte & Touche a letter providing the disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) with respect to any relationships between Deloitte & Touche and the company that in the professional judgment of Deloitte & Touche may reasonably be thought to bear on its independence. Deloitte & Touche also has discussed its independence with the committee and confirmed in the letter that, in its professional judgment, it is independent of the company within the meaning of the federal securities laws. The committee also considered whether Deloitte & Touche's provision of non-audit services to the company and its affiliates is compatible with its independence.

The committee also has reviewed and discussed with the company's senior management the audited financial statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2006 and management's reports on the financial statements and internal controls. Management has confirmed to the committee that the financial statements have been prepared with integrity and objectivity and that management has maintained an effective system of internal controls. Deloitte & Touche has expressed its professional opinions that the financial statements conform with accounting principles generally accepted in the United States, management has maintained an effective system of internal controls and management's report on internal controls is fairly stated. In addition, the company's Chief Executive Officer and Chief Financial Officer have reviewed with the committee the certifications that each will file with the Securities and Exchange Commission pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and the policies and procedures management has adopted to support the certifications.

Based on these considerations, the Audit Committee has recommended to the Board of Directors that the company's audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2006.

AUDIT COMMITTEE

James G. Brocksmith, Jr., *Chair*

Wilford D. Godbold, Jr.
William D. Jones
Richard G. Newman
William C. Rusnack

February 14, 2007

SHARE OWNERSHIP

The following table shows the number of shares of our common stock beneficially owned at February 15, 2007 by each of our directors, by each of our executive officers named in the executive compensation tables in this proxy statement, and by all of our directors and executive officers as a group. These shares, upon giving effect to the exercise of exercisable options, total approximately 1.6% of our outstanding shares.

Name	Current Beneficial Holdings	Shares Subject To Exercisable Options (A)	Phantom Shares (B)	Total
James G. Brocksmith, Jr.	235	30,000	10,007	40,242
Javade Chaudhri	122,014	28,300	1,074	151,388
Richard A. Collato	6,629	35,000	6,379	48,008
Donald E. Felsinger	481,166	934,925	57,463	1,473,554
Wilford D. Godbold, Jr.	3,006	50,000	11,329	64,335
Edwin A. Guiles	251,126	486,020	30,160	767,306
William D. Jones	3,504	50,000	6,966	60,470
Richard G. Newman	7,418	25,000	6,189	38,607
William G. Ouchi	15,720	50,000	6,841	72,561
William C. Rusnack	4,457	30,000	6,747	41,204
William P. Rutledge	2,732	30,000	6,919	39,651
Neal E. Schmale	378,088	529,325	65,753	973,166
Mark A. Snell	158,856	67,375	2,127	228,358
Directors and Executive Officers as a group (17 persons)	1,658,373	2,740,389	231,286	4,630,048

(A) Shares which may be acquired through the exercise of stock options that are currently exercisable or will become exercisable within 60 days.

(B) Represents deferred compensation deemed invested in shares of our common stock. The phantom shares cannot be voted or transferred but track the performance of our shares.

Sempra Energy has approximately 260,000 shareholders. The only persons known to us to beneficially own more than 5% of our outstanding shares are Barclays Global Investors, N.A., 45 Fremont Street, San Francisco, California 94105, and UBS AG, Bahnhofstrasse 45, Zurich, Switzerland.

Barclays Global Investors has reported that as of December 31, 2006, it and related entities beneficially owned 28,762,892 shares for which they had sole dispositive power, including 25,482,293 shares for which they had sole voting power. UBS has reported that at December 30, 2006, it and related entities beneficially owned 15,459,287 shares for which they had shared dispositive power, including 13,646,571 shares for which they had sole voting power. The shares reported as beneficially owned by Barclay's Global and UBS represent 10.9% and 5.8%, respectively, of our shares outstanding at February 15, 2007.

Our employee savings and stock ownership plans held 18,855,177 shares of our common stock (approximately 7.1% of the outstanding shares) for the benefit of employees at February 15, 2007.

Our directors and executive officers are required to file reports with the Securities and Exchange Commission regarding their ownership of our shares. Based solely on a review of copies of the reports that have been furnished to us and written representations from directors and officers that no other reports were required, we believe that all filing requirements were timely met during 2006.

Information regarding share ownership guidelines applicable to our directors and officers is set forth under the caption "Compensation Discussion and Analysis."

PROPOSALS TO BE VOTED ON

Board of Directors Proposals

Proposals 1 and 2 below have been included in this proxy statement at the direction of the Board of Directors. The board recommends that you vote for each of these proposals.

Proposal 1: Election of Directors

At the 2006 Annual Meeting, shareholders approved an amendment to our Articles of Incorporation phasing in annual elections of all directors. Directors who are elected after the effective date of the amendment hold office until the next annual meeting and until a successor has been elected and qualified. Directors elected prior to the effective date of the amendment, including those elected at the 2006 Annual Meeting, continue to hold office until the expiration of the staggered three-year terms for which they were elected.

Our Board of Directors currently consists of ten directors, all of whom were elected for three-year terms. The term of office of three directors expires at the 2007 Annual Meeting and the term of office of the remaining seven directors expires as to three directors in 2008 and four directors in 2009. As the terms of these incumbent directors expire, their successors as well as any directors elected to fill vacancies in the board are elected for terms expiring at the next annual meeting.

At the 2007 Annual Meeting, three directors will be elected for a one-year term. The board has determined that each of its non-officer nominees for election as a director and each non-officer director whose term of office will continue after the meeting is an independent director. Information concerning the board's independence standards is contained under the caption "Corporate Governance—Director Independence."

The Corporate Governance Committee has recommended and the Board of Directors has nominated the following three individuals, all of whom are currently directors, for election as directors:

Wilford D. Godbold, Jr.
Richard G. Newman
Neal E. Schmale

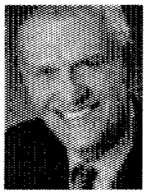
The proxies and voting instructions solicited by the board will be voted for these three nominees unless other instructions are specified. If any nominee should become unavailable to serve, the proxies may be voted for a substitute nominee designated by the board or the board may reduce the authorized number of directors. If you do not want your shares to be voted for one or more of these nominees, you may so indicate in the space provided on your proxy or voting instruction card.

Information concerning each director nominee and the directors serving unexpired terms that will continue after the Annual Meeting is shown below. The year shown as election as a director is the year that the director was first elected as a director of Sempra Energy or a predecessor corporation. Unless otherwise indicated, each director has held his principal occupation or other positions with the same or predecessor organizations for at least the last five years.

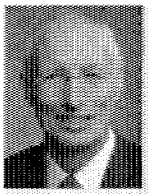
THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" EACH OF ITS THREE NOMINEES FOR ELECTION TO THE BOARD.

Nominees for election for terms expiring in 2008:

Wilford D. Godbold, Jr., 68, has been a director since 1990. He is the retired President and Chief Executive Officer of ZERO Corporation, an international manufacturer primarily of enclosures and thermal management equipment for the electronics market. He is a director emeritus of The Wellness Community, a past President of the Board of Trustees of Marlborough School and a past Chairman of the Board of Directors of the California Chamber of Commerce and The Employers Group.



Richard G. Newman , 72, has been a director since 2002. He is the Chairman of AECOM Technology Corporation. Mr. Newman is a director of Southwest Water Company and of 14 mutual funds under Capital Research and Management Company. He serves on the boards of directors of the YMCA of Metropolitan Los Angeles and Boy Scouts of America Western Council and on the Board of Visitors for Pepperdine University's George L. Graziado School of Business & Management.



Neal E. Schmale, 60, has been a director since 2004. He is the President and Chief Operating Officer of the company. He is also a director of Murphy Oil Corporation and WD-40 Company.

Directors whose terms expire in 2008:

Richard A. Collato, 63, has been a director since 1993. He is President and Chief Executive Officer of the YMCA of San Diego County. He is currently a trustee of the YMCA Retirement Fund and the William & Sharon Bauce Family Foundation, and a director of Project Design Consultants, WD-40 Company and Surge Global Energy.

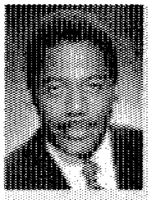
William C. Rusnack, 62, has been a director since 2001. He was the President and Chief Executive Officer and a director of Premcor, Inc from 1998 to 2002. Prior to 1998, he was an executive of Atlantic Richfield Company. He is also a director of Flowserve and Peabody Energy. He is a member of the American Petroleum Institute, the Dean's Advisory Council of the Graduate School of Business at the University of Chicago and the National Council of the Olin School of Business at the Washington University in St. Louis.

William P. Rutledge, 65, has been a director since 2001. He was Chairman of Communications and Power Industries from 1999 to 2004. Prior to 1998, he was President and Chief Executive Officer of Allegheny Teledyne. He is also a director of AECOM Technology Corporation, Communications and Power Industries, and FirstFed Financial Corporation. He is a Trustee of Lafayette College, St. John's Hospital and Health Center Foundation, and the Los Angeles World Affairs Council.

Directors whose terms expire in 2009:

James G. Brocksmith, Jr., 66, has been a director since 2001. He is an independent financial consultant and the former Deputy Chairman and Chief Operating Officer for the U.S. operations of KPMG Peat Marwick LLP. He is a director of AAR Corp., Alberto-Culver Co. and Nationwide Financial Services.

Donald E. Felsinger, 59, has been a director since 2004. He is the Chairman of the Board and Chief Executive Officer of the company. He is also a director of Northrop Grumman Corporation.



William D. Jones, 51, has been a director since 1994. He is the President and Chief Executive Officer and a director of CityLink Investment Corporation and City Scene Management Company. From 1989 to 1993, he served as General Manager/Senior Asset Manager and Investment Manager with certain real estate subsidiaries of The Prudential. Prior to joining The Prudential, he served as a San Diego City Council member from 1982 to 1987. Mr. Jones is a director of Southwest Water Company, the San Diego Padres baseball club and certain funds under management by Capital Research and Management Company. He is also a trustee of the Francis Parker School and the San Diego Regional Economic Development Corporation. He is a former director of The Price Real Estate Investment Trust and former Chairman of the Board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco.

William G. Ouchi, Ph.D., 62, has been a director since 1998. He is the Sanford and Betty Sigoloff Distinguished Professor in Corporate Renewal in the Anderson Graduate School of Management at UCLA. Dr. Ouchi is a director of AECOM Technology Corporation and FirstFed Financial Corp. He is a director of The Alliance for College Ready Public Schools, the California Heart Center Foundation, the Japanese American National Museum, and the Conrad N. Hilton Foundation.

Proposal 2: Ratification of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP as the independent registered public accounting firm to audit our financial statements and the effectiveness of our internal controls over financial reporting for 2007. Representatives of Deloitte & Touche are expected to attend the Annual Meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from shareholders.

The following table shows the fees that we paid Deloitte & Touche for 2005 and 2006.

	2005		2006	
	Fees	% of Total	Fees	% of Total
Audit Fees				
Sempra Energy Consolidated Financial Statement and Internal Control Audit	$ 6,025,000		$ 6,255,000	
Subsidiary, Statutory and Other Audits	3,045,000		3,191,000	
SEC Filings and Related Services	161,000		72,000	
Total Audit Fees	9,231,000	80%	9,518,000	85%
Audit-Related Fees				
Employee Benefit Plan Audits	460,000		468,000	
Accounting Consultation	332,000		562,000	
Other Audit-Related Services	90,000		—	
Total Audit-Related Fees	882,000	8%	1,030,000	9%
Tax Fees				
Tax Planning and Compliance	1,089,000		444,000	
Other Tax Services	281,000		184,000	
Total Tax Fees	1,370,000	12%	628,000	6%
All Other Fees	—		—	
Total Fees	$11,483,000		$11,176,000	

The Audit Committee is directly responsible and has sole authority for selecting, appointing, compensating, retaining and overseeing the work of our independent registered public accounting firm and pre-approves all audit and permissible non-audit services provided by Deloitte & Touche. The committee's pre-approval policies and procedures provide for the general pre-approval of specific types of services, give detailed guidance to management as to the specific services that are eligible for general pre-approval and provide specific cost limits for each service on an annual basis. They require specific pre-approval of all other permitted services. For both types of pre-approval, the committee considers whether the services to be provided are consistent with maintaining the firm's independence. The policies and procedures also delegate authority to the chair of the committee to address any requests for pre-approval of services between committee meetings, with any pre-approval decisions to be reported to the committee at its next scheduled meeting.

At the Annual Meeting, shareholders will be asked to ratify the appointment of Deloitte & Touche as our independent registered public accounting firm for 2007. Ratification would be advisory only, but the Audit Committee would reconsider the appointment if it were not ratified. Ratification requires the favorable vote of a majority of the votes cast, and the approving majority also must represent more than 25% of our outstanding shares.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" PROPOSAL 2

Shareholder Proposals

The following three proposals have been submitted by shareholders and are included in this proxy statement in accordance with the Securities and Exchange Commission's shareholder proposal rule. They are presented as submitted by the shareholder proponents, whose names and addresses will be promptly provided to any shareholder who orally or in writing requests that information from our Corporate Secretary.

Each proposal will be voted upon at the Annual Meeting only if it is properly presented by the shareholder proponent or the proponent's qualified representative. To be approved by shareholders, a proposal must receive the favorable vote of a majority of the votes cast on the proposal, and the approving majority must also represent more than 25% of our outstanding shares.

FOR THE REASONS STATED BELOW, THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "AGAINST" EACH OF THE SHAREHOLDER PROPOSALS

Proposal 3: Shareholder Proposal Entitled "Adopt Simple Majority Vote"

The Proposal

ADOPT SIMPLE MAJORITY VOTE

Resolved: Shareholders recommend adoption of a simple majority shareholder vote requirement applicable to the greatest number of shareholder voting issues feasible. This proposal is focused on adoption of the lowest possible majority vote requirements to the fullest extent feasible. This proposal is not intended to unnecessarily limit our Board's judgment in crafting the requested change to the fullest extent feasible in accordance with applicable laws and existing governance documents.

Earlier editions of this proposal topic won the following votes of support at our annual meeting (based on yes and no votes).

54% in 2001
59% in 2003

Thus this proposal is a contender for its 3rd majority supporting vote. The Council of Institutional Investors *www.cii.org* recommends adoption of a proposal when it wins its first majority shareholder vote. This topic also won a 66% yes-vote average at 20 major companies in 2006. Our current rule allows a small minority to frustrate the will of our shareholder majority. For example, in requiring a 67%-vote to make certain key governance changes, if our vote is an overwhelming 66%-yes and only 1%-no—only 1% could force their will on our 67%-majority.

It is important to take one step forward and support this proposal since our 2006 governance standards were not impeccable. For instance in 2006 it was reported (and certain concerns are noted):

- The Corporate Library (TCL) *http://www.thecorporatelibrary.com/* an independent research firm rated our company:
  "Very High Concern" in Executive Compensation.
  "D" in corporate governance.
- We had no Independent Chairman—Independent oversight concern.
- Our directors could be elected with only one yes-vote from our 260 million shares.

- We had to marshal a 67% shareholder vote to make certain key governance improvements – Entrenchment concern.
- Cumulative voting was not allowed.

Additionally:

- Our board had 2-insiders—Independence concern.
- Our directors still had a retirement plan—Independence concern.

Our audit committee was made up of the following directors with concerns:

- Mr. Godbold had 16-years director tenure—Independence concern.
- Mr. Brocksmith had 5 board seats total—Over-commitment concern.
- Mr. Jones and Mr. Newman, both CEOs—Over-commitment concern.
- Our lead director, Mr. Rusnack, served on the Peabody Energy board (BTU) rated "D" by The Corporate Library.
- The compensation rating at Sempra was designated a very high concern by The Corporate Library, due to excessive compensation and a significant decrease in shares held by Stephen Baum, the former CEO. Mr. Baum's total 2005 compensation was more than $19 million, and his exclusive shares held fell from 486,000 in 2004 to 0 in 2005.

The above status shows there is room for improvement and reinforces the reason to take one step forward now and vote yes for simple majority vote.

Adopt Simple Majority Vote Yes on 3

The Board of Directors Position

Our Articles of Incorporation require the approval by at least two-thirds of our outstanding shares before certain fundamental changes can be made in the company's governing instruments. For example, this "supermajority" approval is required for the adoption, amendment or repeal by shareholders of our bylaws, including those relating to the number of directors. It is also required to amend or repeal provisions of our articles relating to the annual election of directors, provisions eliminating the liability of directors for monetary damages and permitting indemnification of corporate agents, and provisions requiring, unless waived by two-thirds of the authorized number of directors, that shareholder action be taken only at an annual or special meeting of shareholders or by shareholder unanimous written consent.

Our articles and bylaws comprise the fundamental framework of our governance structure. Two-thirds or even higher vote requirements for changing them are included in the governing instruments of many public corporations.

These supermajority voting requirements, of course, do not preclude changes to our articles or bylaws. But they do ensure that fundamental changes can only be made when a broad consensus of shareholders agrees that a change is prudent. Consequently, the Board of Directors believes that these requirements promote corporate stability and serve the best interests of shareholders.

Approval of the shareholder proposal would recommend the elimination of our supermajority voting requirements, but it would not eliminate them. To eliminate them would require both board approval of an amendment to our articles of incorporation and the approval of that amendment by two-thirds of our outstanding shares.

Similar shareholder proposals to recommend the elimination of supermajority voting have been considered at three annual meetings of our shareholders. A proposal in 2000 was disapproved and proposals in 2001 and 2003 were approved by a majority of the shares voting on the proposals. However, in both years in which the recommendation was approved, the approving vote fell far short of the two-thirds of our outstanding shares that would be necessary to eliminate supermajority voting and even short of the majority of our outstanding shares that would otherwise generally be required to amend our articles under the California corporation law to which the company is subject.

Our shareholders have not considered a shareholder proposal recommending the elimination of supermajority voting since 2003. If shareholders approve the current shareholder proposal, the board will once again consider the continued advisability of supermajority voting in light of the level of shareholder support for its elimination.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "AGAINST" PROPOSAL 3

Proposal 4: Shareholder Proposal Entitled "Director Election Majority Vote Standard Proposal"

The Proposal

DIRECTOR ELECTION MAJORITY VOTE STANDARD PROPOSAL

Resolved: That the shareholders of Sempra Energy ("Company") hereby request that the Board of Directors initiate the appropriate process to amend the Company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

Supporting Statement:

In order to provide shareholders a meaningful role in director elections, our company's director election vote standard should be changed to a majority vote standard. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be elected. The standard is particularly well-suited for the vast majority of director elections in which only board nominated candidates are on the ballot. We believe that a majority vote standard in board elections would establish a challenging vote standard for board nominees and improve the performance of individual directors and entire boards. Our Company presently uses a plurality vote standard in all director elections. Under the plurality vote standard, a nominee for the board can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are "withheld" from the nominee.

In response to strong shareholder support for a majority vote standard in director elections, an increasing number of companies, including Intel, Dell, Motorola, Texas Instruments, Safeway, Home Depot, Gannett, and Supervalu, have adopted a majority vote standard in company by-laws. Additionally, these companies have adopted director resignation policies in their bylaws or corporate governance policies to address post-election issues related to the status of director nominees that fail to win election. Other companies have responded only partially to the call for change by simply adopting post-election director resignation policies that set procedures for addressing the status of director nominees that receive more "withhold" votes than "for" votes. At the time of the submission of this proposal, our Company and its board had not taken either action.

We believe the critical first step in establishing a meaningful majority vote policy is the adoption of a majority vote standard in Company governance documents. Our Company needs to join the growing list of companies that have taken this action. With a majority vote standard in place, the board can then consider action on developing post election procedures to address the status of directors that fail to win election. A combination of a majority vote standard and a post-election director resignation policy would establish a meaningful right for shareholders to elect directors, while reserving for the board an important post-election role in determining the continued status of an unelected director. We feel that this combination of the majority vote standard with a post-election policy represents a true majority vote standard.

The Board of Directors Position

Shareholders of Sempra Energy elect directors by plurality voting—the overwhelmingly predominate method for corporate director elections in the United States. Under plurality voting, the director nominees receiving the highest number of votes are elected even though the votes to elect them may be less than a majority of the votes cast.

The shareholder proposal, if implemented, would require that in an uncontested election a director nominee receive a majority of the votes cast to be elected. It would impose upon the company a different voting standard than used by most other public companies and establish unnecessarily high voting requirements that could significantly increase the influence of special interest groups and lead to board instability.

Under the majority voting regime contemplated by the proposal, the failure of one or more nominees to obtain a majority vote in an uncontested election would result in vacancies in the board and could even result in no directors being elected. Any resulting vacancies in the board would likely be filled by individuals selected and appointed by the remaining board members without any shareholder consideration of the successor director until the next annual meeting.

Moreover, the majority vote requirement contemplated by the proposal would significantly increase the influence of larger shareholders and their advisors, whose interests may differ from those of our shareholders generally. It would enable them at an annual meeting effectively to remove incumbent directors and to preclude the election of successor nominees, all without incurring the effort and expense of nominating qualified replacements and seeking their election by shareholders.

The company's shareholders have a history of electing strong and independent directors, not only by a plurality, but also by a substantial majority of the votes cast. In the event, however, that any director were to receive less than a majority of the votes cast in an uncontested election, the Board of Directors would endeavor to determine the reasons for the failure to obtain majority support and, in appropriate circumstances, consider requesting that the director resign.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "AGAINST" PROPOSAL 4

Proposal 5: Shareholder Proposal Entitled "Supplemental Executive Retirement Plan Policy Proposal"

The Proposal

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN POLICY PROPOSAL

Resolved: That the shareholders of Sempra Energy ("Company") hereby urge that the Board of Director's executive compensation committee establish a policy limiting the benefits provided under the Company's supplemental executive retirement plan ("SERP Policy"). The SERP Policy should provide for the following: (1) a limitation of covered compensation to a senior executive's annual salary, and (2) the exclusion of all incentive or bonus pay from inclusion in the plan's definition of covered compensation used to establish benefits. The SERP Policy should be implemented in a manner so as not to interfere with existing contractual rights of any supplemental plan participant.

Supporting Statement: We believe that one of the most troubling aspects of the sharp rise in executive compensation is the excessive pension benefits provided to senior corporate executives through the use of supplemental executive retirement plans ("SERPs"). Our Company has established a SERP. The SERP provides the Company's chief executive officer ("CEO") and other senior executives retirement benefits far greater than those permitted under the Company's tax-qualified pension plan. Our proposal seeks to limit excessive pension benefits by limiting the type of compensation used to calculate pension benefits under the SERP plan.

At present, U.S. tax law maintains a $220,000 limit on the level of compensation used to determine a participant's retirement benefit under a tax-qualified pension plan. Our Company has established a SERP as a complement to its tax-qualified plan in order to provide senior executives increased retirement benefits. This is accomplished by raising the level of compensation used in the pension formula to calculate retirement benefits. The SERP establishes a higher compensation level on which to calculate senior executives' pension benefits. Pension benefits are based on average salary for the highest two years of service and the average of the three highest annual bonuses during the last ten years. The Company's 2006 proxy statement indicates that the CEO's combined salary and bonus figure was $4,128,526, indicating that the compensation figure used under the Company's SERP well exceeds the $220,000 compensation limit in the Company's tax-qualified pension plan.

Our position is that the inclusion of an executive's annual bonus along with his or her full salary in the pension calculation is overly generous and unjustifiable. The only type of compensation used in the SERP for establishing the level of additional pension benefits should be an executive's annual salary. No variable incentive pay should be included in a senior executive's pension calculation under the SERP. The inclusion of annual bonus or incentive payments in determining increased pension benefits can dramatically increase the pension benefit afforded senior executives and has the additional undesirable effect of converting one-time incentive compensation into guaranteed lifetime pension income.

The proposal's limitation on the type of compensation that can be considered in determining senior executives' retirement benefits to only the executive's salary is a necessary and reasonable restriction on the excessiveness of supplemental retirement benefits.

The Board of Directors Position

We provide substantially all of our non-represented employees with annual performance-based bonus opportunities. We include the bonuses that they earn in the calculation of their retirement benefits through tax-qualified retirement plans and, to the extent their compensation exceeds tax-qualification limitations, through supplemental retirement plans. Indeed, including annual bonuses in the definition of pay for calculating retirement benefits is a very common business practice.

Our supplemental retirement plan for executives provides executives who have completed five or more years of continuous service with greater benefits than those provided to other employees, but it does not discriminate in favor of executives with respect to the type or amount of compensation used in calculating employee retirement benefits. Substantially all of our non-represented employees, not just executives, may earn annual bonuses, and their bonuses, not just those of executives, are included in calculating retirement benefits.

Moreover, executive retirement benefits are an integral part of any sound executive compensation program and properly can be considered only in the context of the objectives and reasonableness of the entire program. We believe our executive compensation program, which is described under the caption "Compensation Discussion and Analysis," is fair and reasonable and has contributed significantly to superior corporate performance and shareholder returns.

Our executive compensation program is designed to attract, retain and motivate a talented and experienced executive team to produce strong company performance and shareholder returns. To accomplish this, we provide overall compensation at competitive levels but place substantially less emphasis on executive salaries than on performance-based compensation.

We include, as do most companies, performance-based annual bonuses that are earned by our executives in calculating retirement benefits. If, as urged by the shareholder proposal, we did not do so we would be at a significant competitive disadvantage in attracting and retaining highly qualified executives, particularly in light of our emphasis on incentive compensation and pay-for-performance over base salaries. In addition, since a significantly higher percentage of executive pay is at risk based on annual performance in comparison to the pay of other employees, there would be a disproportional impact on executives if annual bonuses were excluded from retirement benefit calculations. We could perhaps overcome these disadvantages by increasing other forms of executive compensation, including increasing base salaries (which under the proposal would be included in calculating retirement benefits), but doing so would decrease the performance incentives provided by our bonus program.

Quite simply, in a highly competitive marketplace we are not free to decrease executive compensation by excluding performance-based bonuses for retirement benefit calculations without providing offsetting compensation benefits or suffering adverse consequences in the quality of our management, corporate performance and shareholder returns. We believe that our existing executive compensation program, which includes pay-for-performance bonuses in retirement benefit calculations, is appropriately designed to achieve our corporate objectives and, accordingly, shareholders should vote against approval of the shareholder proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "AGAINST" PROPOSAL 5

COMPENSATION DISCUSSION AND ANALYSIS

Overview

In this section we review our plans and programs for compensating the company's executive officers who are named in the Summary Compensation Table that appears under the caption "Executive Compensation." These "named executive officers" are Donald E. Felsinger, Chairman and Chief Executive Officer; Neal E. Schmale, President and Chief Operating Officer; Edwin A. Guiles, Executive Vice President—Corporate Development; Mark A. Snell, Executive Vice President and Chief Financial Officer; and Javade Chaudhri, Executive Vice President, General Counsel and Chief Environmental Officer.

Compensation Committee Responsibilities

The Compensation Committee of our Board of Directors has the central role in determining all aspects of executive compensation. The committee makes recommendations to the board with respect to the overall compensation program for officers, including incentive compensation plans, equity-based plans, severance plans, deferred compensation arrangements, retirement benefits, perquisites and any other compensation programs that primarily benefit officers. The committee reviews and approves corporate goals and objectives relevant to the compensation of the company's Chief Executive Officer (CEO) and the other named executive officers. The committee also evaluates the CEO's performance in light of these goals and objectives. Based on individual and company performance, competitive compensation information and other considerations, the committee makes recommendations on CEO pay for approval by the board. The committee tracks the total compensation of each named executive officer by reviewing, at least once a year, tally sheets that summarize the major elements of compensation. In addition, the committee is responsible for reviewing and making recommendations to the board with respect to new or amended broad-based, "qualified" benefit plans and programs and for reporting to the board annually on succession planning.

The committee establishes its upcoming meeting dates and agenda items annually. The committee's chair approves the agenda prior to each meeting. The committee operates under a charter that it reviews annually. Changes to the charter are recommended by the committee and must be approved by the board. The most recent review was in June 2006, at which time no changes were made. The charter may be found on our website at www.sempra.com/aboutUs/gov_charterCompensation.htm.

The committee is currently comprised of four directors, each of whom has been determined by the board to be an independent director under independence standards established by the New York Stock Exchange, an outside director under Section 162 (m) of the Internal Revenue Code, and a non-employee director under Rule 16b-3 under the Securities Exchange Act of 1934. For 2006, the members of the committee were William C. Rusnack, committee chair, Richard A. Collato, William G. Ouchi and William P. Rutledge.

Advisors to the Committee

The Compensation Committee has sole authority for compensating, retaining and terminating outside consultants and advisors who assist the committee in performing its responsibilities. Since the creation of Sempra Energy in 1998, the committee has retained an outside consultant to advise it on matters of executive compensation. Hewitt Associates, an internationally recognized compensation and benefits consulting firm, has filled the role of outside consultant to the committee since 2001. A representative of Hewitt attended all committee meetings in 2006 and met in executive session with the committee members several times during 2006 as well as in previous years. Management provides all material for each committee meeting to the consultant, and he is available to consult with the committee and address any questions, concerns or other issues.

Hewitt Associates provides competitive data on compensation and relative performance of peer group companies, recommends pay programs and salary increase budgets, makes presentations on regulatory and legislative matters affecting executive compensation, provides opinions on the reasonableness of compensation and consults on other related matters as needed.

Additional support for the committee is provided by the Executive Compensation group in the company's Human Resources department.

Management's Role in Establishing Compensation

Our Chairman and CEO and our other named executive officers do not determine or approve any element or component of their own base salary, annual incentive awards, long-term incentives or other aspects of compensation. The named executive officers do provide input and make recommendations to the Compensation Committee with respect to the compensation of officers who report to them. These recommendations are based on various factors including individual contribution and performance, company performance, labor market conditions, complexity and importance of roles and responsibilities, reporting relationships, retention needs and internal pay relationships.

Key Activities of the Compensation Committee in 2006

The Compensation Committee holds four regularly scheduled meetings each year, with additional meetings scheduled when required. At each meeting the committee considers standing agenda items and other pertinent topics are addressed as they arise. The Chairman and CEO attends each meeting as does our Senior Vice President of Human Resources. Other executives and employees attend the meetings to discuss operating, financial or legal matters when relevant to the topics being considered or as otherwise requested by the committee. The committee typically meets in executive session at each meeting without management. In the four meetings held in 2006, some of the key items discussed and actions taken included:

- Analyzed and discussed executive compensation market data, including base salaries, annual bonuses, long-term incentives and pay mix as well as executive compensation principles, strategies and current programs.
- Reviewed tally sheets delineating the accumulated compensation and benefits for the named executive officers.
- Reviewed and certified company financial performance for 2005 annual incentive award purposes, and discussed and approved financial measures and targets for 2006 annual incentive plans.
- Reviewed and approved the Report of the Compensation Committee for inclusion in the 2006 proxy statement.
- Completed annual self-evaluation of the committee's performance.
- Discussed legislative and regulatory matters pertaining to executive compensation, including proposed Securities and Exchange Commission disclosure rules, and reviewed drafts for expanded executive compensation disclosures required in 2007 proxy statement.
- Reviewed the Compensation Committee Charter and the schedule of recurring agenda items for each regular meeting of the committee.
- Compared stock ownership levels for executives and directors against guidelines.
- Discussed and adopted 2007 long-term incentive awards structure, including performance criteria for vesting of restricted stock, and analyzed incentive plan overall dilution and current burn rates.
- Conducted performance review of Chairman and CEO based on input from all directors.
- Established 2007 base salaries and bonus opportunities (percentages of base salary) for named executive officers.

- Discussed and approved performance metrics for the 2007—2010 long-term incentive plan.
- Reviewed succession planning and identified candidates for officer-level positions.

Compensation Philosophy

We use our compensation programs to attract, retain and motivate a talented and experienced management team dedicated to strong company performance and shareholder returns. We believe that the right strategies for rewarding employees, including executives, help create and sustain competitive advantage. To this end, our plans are designed to align compensation with the creation of shareholder value and to achieve a balance between short-term and long-term performance with a substantial portion of pay "at risk."

Specifically, in developing compensation principles and strategies, the Compensation Committee considers the current and prospective business environment for the company and takes into account numerous factors, including:

- Attracting and retaining executives of outstanding ability and proven experience who demonstrate the highest standards of integrity and ethics.
- Aligning compensation with the performance of the company and the interests of shareholders.
- Motivating executives to achieve superior performance.
- Strongly linking executive compensation to both annual and long-term corporate, business unit and individual performance.

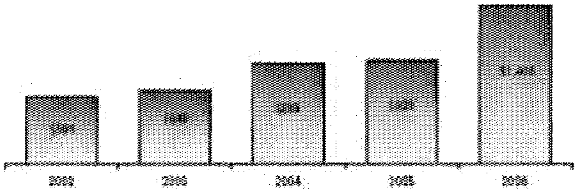
To reflect these factors and assist us in realizing our objective of creating superior shareholder value, the Compensation Committee has developed policies and programs that include the following elements:

- An emphasis on total compensation and "pay-for-performance," with a substantial portion of total compensation reflecting corporate, business unit and individual performance.
- An emphasis on performance-based incentives that closely align the interests of executives and shareholders.
- A balance between short-term and long-term compensation that rewards long-term strategic results and encourages share ownership.
- An emphasis on placing at risk, through equity and other performance-based incentives, a greater portion of executive compensation as levels of responsibilities increase.

Program Effectiveness

The most important consideration in determining whether our compensation programs are effective is company performance. Since the creation of the company, performance has been strong and consistent. This is true with respect to both net income growth and total return to shareholders. The following five-year view of net income growth and shareholder returns illustrates these positive results.

Sempra Energy Net Income Growth



Total Return to Shareholders

	Sempra Energy	S&P 500 Utilities	S&P 500
2002	1%	(30%)	(22%)
2003	32%	26%	29%
2004	26%	24%	11%
2005	26%	17%	5%
2006	28%	21%	16%
Five-Year Cumulative	168%	55%	35%

Benchmarking

We use benchmarking as one consideration in forming decisions regarding competitive levels of pay for various positions. We also use benchmarking in determining our "pay mix"—the percentage of the total compensation package that should be dedicated to each component of pay.

Specifically, we annually engage in competitive benchmarking to ensure that pay levels in total, and by component, are aligned with the market. In 2006, the Compensation Committee reviewed two data sources in evaluating the positioning of our executive compensation. The labor market for our senior-most talent includes a broad cross-section of companies in various industries. Consequently, the primary data source considered by the committee is broad general industry information. This data is provided by Hewitt Associates and represents the Fortune 500 companies (we rank 197 in the Fortune 500) that participate in Hewitt's Total Compensation Database. In 2006, 194 companies were included in this analysis. Summary statistics from the analysis were presented to the committee in an unadjusted manner and in a size-adjusted manner through regression analysis. The committee generally attempts to manage total pay opportunities to the median of this data, with the recognition and expectation that actual pay levels may be above or below that standard due to company performance.

In addition to the general industry evaluation, the Compensation Committee also reviews pay and performance data disclosed in proxy statements and other public filings of a selected group of energy and utility companies. While these companies are not our primary executive labor market, relative performance within a peer group is pertinent to our executive compensation programs. Thus, this review serves as a secondary reference point to a general industry analysis and allows the committee to review company-specific pay data as disclosed in public information. The companies included in the 2006 review were: AES Corp., Centerpoint Energy, CMS Energy, Consolidated Edison, Dominion Resources, DTE Energy, Duke Energy, Edison International, Exelon, FPL Group, Nicor, NiSource, PG&E, Public Service Enterprises Group, Southern

Company, TXU and Williams Companies. The measures reviewed included return on equity, return on assets, return on sales, return on net assets, cash flow return on investment, return on capital, total shareholder return, earnings per share, and growth in revenues and earnings per share.

Compensation Program

The primary components of our compensation program are base salaries, annual cash incentive opportunities and long-term equity-based incentives. Other elements include health and welfare benefits, retirement and savings plan benefits, perquisites and severance pay.

Pay Mix

The percentage of our annual total compensation represented by base salary, annual incentive compensation and long-term incentives, respectively, is shown in the table below for each named executive officer. This distribution of pay reflects our philosophy of pay-for-performance, our emphasis on aligning pay with shareholder interests and our desire to balance short-term and long-term incentives. For the purposes of the table, total compensation is defined as base salary plus annual incentive opportunity at target plus long-term incentive opportunity.

Pay Components of Total Compensation

	Base Salary	Annual Incentive Compensation At Target	Long-term Incentive Compensation
Donald E. Felsinger	17.5%	17.5%	65.0%
Neal E. Schmale	20.8%	16.7%	62.5%
Edwin A. Guiles	22.2%	15.6%	62.2%
Mark A. Snell	22.2%	15.6%	62.2%
Javade Chaudhri	26.7%	16.0%	57.3%

Base Salaries

While our compensation programs place more emphasis on annual and long-term incentives for executives, base salaries are a necessary component of compensation and important to attracting and retaining outstanding employees at all levels.

The Compensation Committee generally targets salaries at the median of those for the Fortune 500 general industry peer group described under the benchmarking section above. We believe that using national, general industry comparisons facilitates the attraction and retention of top-quality executive talent from a broad range of relevant backgrounds.

The committee annually reviews base salaries for executive officers, taking into consideration the approximate mid-range of peer group salary data, individual contribution and performance, company performance, labor market conditions, complexity and importance of roles and responsibilities, reporting relationships, retention needs, experience, market characteristics, succession planning, internal equity and other pertinent factors. For 2006 base salaries for the named executive officers generally approximate the median of the market.

Consistent with its prior practice, in November of 2006 the committee reviewed and considered the most current executive compensation benchmarking data presented by Hewitt Associates. Based on that review and discussion of market data, and considering other relevant factors described above, an overall budget of 3.8% for officer base salary adjustments was approved in December 2006. This percentage is consistent with projections of average base salary increases in the executive labor market.

Base salary adjustments were effective on January 1, 2007 for the named executive officers. Increases for the named executive officers other than Mr. Felsinger ranged from 3.8% to 10% based on performance, internal equity and market data for their respective positions. Based on performance and market data for similarly situated CEO's, Mr. Felsinger's base salary was increased from $950,000 to $1,000,000, an adjustment of 5.26%.

Performance-Based Annual Incentives

Incentive Compensation Pool

Annual performance-based incentive awards are granted to executive officers under an Executive Incentive Plan approved by shareholders in 2003. Under the terms of the Executive Incentive Plan, a performance-based incentive compensation pool is established for each year. The plan is designed to preserve the tax deductibility of awards under Section 162(m) of the Internal Revenue Code while providing flexibility to the Compensation Committee in administering the plan. See "Executive Compensation—Incentive Plans" for additional details regarding the plan.

The committee regularly exercises negative discretion by imposing additional conditions and terms on the payment of awards. The additional performance measures that have been used by the committee to determine the award payments are described below.

Additional Performance Measures and Award Payments

The Compensation Committee determines the amount of each executive officer's potential award payment, within the overall pool limits described above, and selects performance goals that it believes will produce superior company performance. Consistent with our pay-for-performance philosophy, no bonuses are paid unless a threshold performance level is attained for the year. Bonus opportunities increase for performance above the threshold or minimum level. Performance at target is intended to produce bonuses at the mid-point of those for executives with comparable levels of responsibility at Fortune 500 companies. Both the target bonus percentages and the upside opportunity described below are consistent with the leverage typically found in bonus plans within general industry. As a result of the company's excellent performance, bonus payouts have approximated the 75th percentile of bonus payouts among peer companies.

The potential award payments at target and maximum are expressed as a percentage of each named executive officer's base salary. These percentages vary with the individual officer's position and prospective contribution to the attainment of goals. In 2006 and 2007, bonuses for targeted earnings performance were 100% of base salary for Mr. Felsinger, 80% for Mr. Schmale, 70% for Mr. Guiles, 70% for Mr. Snell and 60% for Mr. Chaudhri. The maximum percentages are twice the target for each named executive officer, subject to discretionary adjustments by the committee within the overall shareholder approved cap for incentives.

While many different performance measures, such as return on equity, return on invested capital, cash flow measures, and return on asset measures, have been discussed or considered over the years, the Compensation Committee has selected net income or earnings per share as the bases for the measurement of annual corporate performance. These have been selected because the committee believes that they provide an accurate and comprehensive measure of annual company performance that is clearly understood by plan participants, shareholders and analysts. The measures have typically been defined or modified to exclude certain known or possible impacts such as changes in accounting rules.

Executive Incentive Plan bonuses for 2006 were based on an earnings target of $913 million, an increase of 14% over the earnings target for the prior year, with maximum bonuses available for earnings of $1,004 million or greater. In establishing the earnings target of $913 million, the 2006 anticipated earnings for the business units (a three-year average for Sempra Commodities because of the volatility of this business) were employed. No gains or losses for the sale or write-down of assets were considered in setting the target; however, the committee determined that only 10% of the value of asset sales or losses would be considered in the calculation of annual performance results.

Actual 2006 earnings for incentive plan purposes were $1,178 million, exceeding the level required for payment of maximum bonuses to the named executive officers. Based on financial performance and the committee's consideration of the contributions of each named executive officer, the actual bonuses paid to each named officer in 2007 for 2006 performance were $1,900,000 for Mr. Felsinger, $1,200,000 for Mr. Schmale, $833,700 for Mr. Guiles, $665,000 for Mr. Snell and $703,100 for Mr. Chaudhri. Mr. Chaudhri's bonus includes recognition for the conclusion of important litigation and regulatory matters in 2006.

Long-Term Incentives

The Compensation Committee provides equity-based long-term incentives to our executive officers to emphasize multi-year performance and to create a strong link between executive pay and shareholder returns. To underscore this relationship, equity-based long-term incentives are the largest single component of each named executive officer's compensation package. Equity awards are made pursuant to our shareholder approved 1998 Long Term Incentive Plan at levels consistent with market data and internal equity. Based on these considerations, the estimated grant date values for 2006 and 2007 awards as a percentage of base salary were 370% for Mr. Felsinger, 300% for Mr. Schmale, 280% for Messrs. Guiles and Snell, and 215% for Mr. Chaudhri.

Since the creation of the company, the committee's practice has been to provide long-term incentives only in the form of equity in order to achieve the greatest linkage with shareholder interests. For the last three years, including 2007, grants have been comprised of stock options (20% of total) and performance-based restricted stock (80% of total). This mix of stock options and performance-based restricted stock was determined after considering many variables, such as plan expense, share usage and market trends.

Specifically, while stock options are an important component of shareholder-aligned executive compensation, a more direct link to performance relative to indices and peers was desired. Thus, the committee uses performance-based restricted stock as the major component of our equity grants. An additional advantage of performance-based restricted stock is that, in comparison to options, fewer shares are required to deliver the same economic value. This results in lower dilution. While playing a lesser role in our current program, stock options are still an appropriate and highly motivating vehicle for delivering long-term incentives. Options provide a direct link with shareholder interests as they have zero value unless our stock price increases above the grant date price. Through the combination of these vehicles, the committee believes that both absolute stock price growth and stock price growth relative to the company's industry peers are being encouraged and appropriately rewarded.

As is its annual practice, in November 2006 the committee reviewed market data on total compensation for officers, including our named executive officers, provided by Hewitt Associates. This review included long-term incentive compensation with market data indicating that long-term incentives take many forms, including long-term cash plans or various types of equity grants that are either performance-based or service-vested. In December, the committee authorized the grant on the first trading day of the upcoming New Year of equity incentive awards consisting of performance-based restricted stock and service-based stock options. The committee specified a dollar value (based on a percentage of base salary) and other terms for the awards to be granted to each named executive officer. The dollar value was divided between restricted stock and stock options. On the January grant date, the committee's compensation consultants calculated the precise number of shares to be granted to each executive officer for each type of award by applying Black-Scholes and other valuation models previously authorized by the committee and the closing price for shares of our common stock on that date. The closing price on the grant date also establishes the exercise price for stock options.

The performance-based restricted stock, including reinvestment of dividends, is earned four years from grant if the performance requirements are met. Specifically, the performance requirements are met if at the end of the four-year performance period the company has achieved a cumulative total return to shareholders that places it among the top 50% of the companies in a Standard & Poor's Utility Index or the Standard & Poor's 500 Composite Stock Price Index. If neither of these performance criteria is satisfied, a portion of the shares may be earned based on performance relative to the Standard & Poor's Utility Index. Any performance-based restricted stock that is not earned is forfeited to the company and canceled.

Our relative total shareholder return from 2003 to 2006 was at the 73 rd percentile of the Standard & Poor's Utility Index. As a result, 100% of the performance-based restricted stock for the 2003-2006 Long-term Incentive Plan cycle were released to plan participants upon the committee's certification of performance results.

The stock options vest over four years, with one-quarter vesting on each anniversary date of the grant. To the extent that the stock price rises above the price at which the options were granted (the closing price on the date of grant), participants will receive compensation upon the exercise of any vested options. Because this increase in value is also available to shareholders, alignment of shareholder value creation and participant compensation is achieved.

Change in Control/Severance Pay Agreements

We have entered into severance pay agreements, which include change in control features, with all of our executive officers. These provide for cash severance payments and the continuation of certain other benefits for a limited period when the company terminates an executive's employment other than for cause, death or disability or when the executive terminates for "good reason" as defined in the agreement. The executive's receipt of a portion of the benefits contemplated by the agreements imposes upon the executive contractual confidentiality, non-competition and non-disparagement obligations. In addition, under our shareholder-approved long-term incentive plan all stock options vest and all performance and time restrictions are lifted for outstanding restricted stock grants upon a change in control of the company. To the extent our executive officers would incur excise taxes upon the acceleration of equity awards, their severance agreements provide that they will be made whole for these taxes.

Severance arrangements such as those that we provide are a prevalent market practice, and we believe that they are an effective device for attracting executives who are leaving an existing employer, for mitigating legal issues upon a separation and in serving as a retention vehicle during uncertain times. Specifically, we believe that they effectively reinforce management continuity, objectivity and focus on shareholder value with respect to actual or potential changes in control by mitigating the effects of potential job loss. With respect to the change in control acceleration of equity awards, this is the predominant practice for existing equity plans within general industry. This approach creates a clean slate for the emerging organization and allows for alignment with metrics that are forward looking and appropriate to a newly created company.

See "Executive Compensation—Severance Pay and Change in Control Agreements" for additional information regarding these agreements.

Other Compensation and Benefits

Retirement, Savings and Deferred Compensation Plans

Our named executive officers are eligible to participate in qualified and non-qualified pension and savings plans available to substantially all employees. They also participate in our Supplemental Executive Retirement and Deferred Compensation Plans.

We believe that retirement, savings and deferred compensation plans in general and the Supplemental Executive Retirement Plan in particular are important elements of an overall compensation package designed to recruit and retain executive talent, especially mid-career executives, as well as for the retention of longer-term executive participants. Supplemental retirement plans, savings plans and deferred compensation plans are all prevalent benefits within Fortune 500 companies.

Retirement Plans

Named executive officers participate in a Cash Balance Plan—a tax-qualified pension plan available to most employees of the company. They also participate with numerous employees in an Excess Cash Balance Plan—a non-qualified "restoration" of benefits plan that provides the benefits that would have been payable under the Cash Balance Plan but for Internal Revenue Code limitations on the amount of compensation that can be considered for calculating benefits under tax-qualified pension plans.

Our named executive officers also participate in a Supplemental Executive Retirement Plan that provides retirement benefits based on final average compensation (defined as the average of the two highest years' of base salary and average of the three highest annual incentive awards), years of service and age at time of retirement. Upon retirement at age 62, the minimum benefit is 20% of final average earnings after five years of service, increasing to a maximum of 65% of final average earnings after 40 years of service. Lesser benefits are provided for retirement before age 62. The benefits provided by the plan are reduced by the benefits payable under the broad-based Cash Balance Plan and Excess Cash Balance Plan.

Each retirement plan uses base salary and annual incentive bonuses in determining plan benefits. The value of long-term incentive awards is not included in the calculation of benefits payable under these plans.

Savings and Deferred Compensation Plans

Our named executive officers also participate in a broad-based tax-qualified 401(k) Savings Plan to which employees may contribute a portion of their compensation for investment on a tax-deferred basis. The company matches one-half of the first 6% of the employee's contributions and makes an additional company contribution of up to 1% of base pay if annual earnings targets are met or exceeded. Benefits that would have been provided under the plan but for Internal Revenue Code limitations on the amount of compensation that can deferred under tax-qualified plans, are restored through a deferred compensation plan. All employee contributions, matching company contributions and investment earnings are immediately fully vested.

The named executive officers are also eligible to defer up to 100% of base salary and bonus under a deferred compensation plan. These deferrals may be directed into funds that parallel the investments available under the 401(k) Savings Plan, including Sempra Energy phantom stock accounts, or into a fund providing interest at the greater of 110% of the Moody's Corporate Bond Yield or Moody's plus 1%.

See "Executive Compensation—Retirement Plans" and "Executive Compensation—Nonqualified Deferred Compensation" for additional details.

Health, Life Insurance, Disability and Similar Benefits

Other benefits that we provide to our named executive officers include the life, disability, medical and dental insurance group plans available to virtually all employees. These are common benefits essential to attracting a high-quality workforce.

In addition to the basic group plans, the named executive officers, and certain other senior executives, participate in the following programs: an Executive Medical Insurance Plan providing up to $20,000 (the annual aggregate maximum) in additional coverage for medically necessary care for the officer or covered dependents; an Executive Life Insurance Plan providing additional life insurance death benefits (two times base salary and bonus for active employees and one times base salary and bonus for retired employees); and an Executive Long Term Disability Plan providing additional protection upon disability (60% of base salary and average bonus) and restoring benefits otherwise capped under the company's basic Long Term Disability Plan.

Upon retirement, the named executive officers participate in the health insurance plans generally provided to virtually all employees.

Perquisites and Other Benefits

We provide certain other benefits to our executives, including our named executive officers, which are typical within general industry. These include financial planning services and excess personal liability insurance. In lieu of reimbursement for mileage and other automobile expenses, the company provides car allowances and provides the Chairman and CEO with an executive security specialist for personal and business driving in the context of an overall security plan. The cost of these benefits is income or imputed income to the executives and is reported in the Summary Compensation Table with detail provided in the footnotes to that table.

The Compensation Committee reviews the level and types of these benefits and perquisites each year and believes that they are important elements to attracting and retaining executive talent.

Evaluation and Compensation of the Chief Executive Officer

The Compensation Committee annually reviews and approves corporate goals and objectives relevant to the compensation of our CEO. These are based primarily upon objective criteria, including business performance, accomplishment of strategic and financial objectives, development of management, and other matters relevant to the short-term and long-term success of the company and the creation of shareholder value.

The committee also annually evaluates the CEO's performance in light of these criteria, reports the results of its evaluation to our Board of Directors for its consideration and communicates the results of the committee's evaluation and the board's consideration to him. Based upon this evaluation and subject to ratification by the board acting solely through the independent directors, the committee determines the CEO's compensation level, including base salary and performance standards and awards under annual and long-term incentive plans. In determining the long-term component of his compensation, the committee considers the company's performance and relative shareholder return, the value of incentive awards to chief executive officers at comparable companies and the awards granted in past years.

In 2006, Mr. Felsinger's objectives included meeting or exceeding the 2006 earnings target as approved by the board; effectively managing the 2006 capital budget; growing the company by completing major projects; developing the organization and ensuring management continuity; creating an even better public image for the company and strengthening relationships with key stakeholders; and concluding key litigation and regulatory proceedings. The board determined that Mr. Felsinger's overall performance during 2006 was outstanding.

Equity Award Practices

As described under the Long-Term Incentives section, equity-based grants are a key component of our overall compensation program. We do not backdate grants of awards nor do we coordinate the grant of awards with the release of material information to result in favorable pricing. All grants of stock options are made at 100% of fair market value—the closing price of our common stock on the date of grant—and grants are not repriced.

For current employees the Compensation Committee's longstanding practice has been to make grants on the first trading day of each new year using the methodology approved by the committee. The number of shares granted each year is based on a dollar value, as opposed to a fixed-share approach allowing us to maintain our desired pay mix. Restricted stock and stock options also may be granted upon the hiring or promotion of executive officers with the approval of the committee.

These awards are summarized and further described under the captions "Executive Compensation—Incentive Plans."

Share Ownership Guidelines

Our Board of Directors has established share ownership guidelines for directors and officers to further strengthen the link between company performance and compensation. The guidelines set forth minimum levels of share ownership that our directors and officers are encouraged to achieve and maintain. For non-employee directors, the guideline is ownership of a number of shares having a market value equal to four times the annual retainer. For officers, the guidelines are:

Executive Level	Share Ownership Guideline
Chief Executive Officer	4 × Base Salary
President	3 × Base Salary
Executive Vice Presidents	3 × Base Salary
Senior Vice Presidents	2 × Base Salary
Other Vice Presidents	1 × Base Salary

The guidelines are expected to be met within five years of becoming a director or officer, and all of our directors and officers who have completed five years of service exceed the share ownership levels established by the guidelines. For purposes of the guidelines, shares owned include phantom shares into which compensation is deferred and the vested portion of certain in-the-money stock options as well as shares owned directly or through benefit plans.

The company prohibits employees and directors from trading in puts, calls, options, or other future rights to purchase or sell shares of the company because of the speculative nature of such transactions.

Impact of Regulatory Requirements

Tax Deductibility of Pay

Section 162(m) of the Internal Revenue Code places a limit of $1,000,000 on the annual amount of compensation (other than compensation that qualifies as "qualified performance-based compensation") that publicly held companies may deduct for federal income tax purposes for certain executive officers.

The Compensation Committee believes that tax deductibility is an important factor, but only one factor, to be considered in evaluating a compensation program. Thus, while our performance-based incentive plans have generally been designed and administered to maintain tax deductibility, including shareholder approval of the plans, the committee believes competitive and other circumstances may require that the interests of the company and its shareholders are best served by providing compensation that is not fully tax deductible. Accordingly, the committee may continue to exercise discretion to provide base salaries or other compensation that may not be fully tax deductible by the company. In 2006, all of the compensation of our named executive officers was fully tax deductible by the company except for $226,773 received by Mr. Felsinger.

Other Tax, Accounting and Regulatory Considerations

Many other Internal Revenue Code provisions, Securities and Exchange Commission regulations and accounting rules affect the delivery of executive pay and are generally taken into consideration as programs are developed. Our goal is to create and maintain plans that are efficient and in full compliance with these requirements.

Conclusion

We have structured our executive compensation programs to provide competitive levels of benefits as found in the marketplace. Our direct compensation is consistent with our labor market, performance-based and strongly aligned with the interests of our shareholders. This includes a bonus plan that pays for achievement of net income targets, and long-term incentive programs that emphasize both absolute and relative shareholder value creation.

Consistent with our 2006 performance, the total direct compensation (base salaries, bonuses paid and the grant-date value of long-term incentives) of our named executive officers fell within the third quartile (between the 50th percentile and the 75th percentile) of the Fortune 500 market data with the exception of Mr. Felsinger who, as a new CEO, was below the CEO median. This third quartile positioning is primarily attributable to our performance-based bonus payments in 2006. We will continue to actively monitor our competitive labor markets to ensure that we are able to offer the types of programs necessary to attract, retain and motivate top executive talent.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of Sempra Energy's Board of Directors has reviewed and discussed with management of the company the Compensation Discussion and Analysis included in this proxy statement and, based upon that review and discussion, recommended to the board that it be so included.

COMPENSATION COMMITTEE

William C. Rusnack, *Chair*

Richard A. Collato
William G. Ouchi
William P. Rutledge

February 14, 2007

EXECUTIVE COMPENSATION

The table below summarizes our 2006 compensation for each of our five most highly compensated executive officers.

Summary Compensation Table

	Salary	Stock Awards (Restricted Stock) (A)	Option Awards (Service-Based Stock Options) (A)	Non-Equity Incentive Plan Compensation (Performance-Based Annual Bonus) (B)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (C)	All Other Compensation (D)	Total
Donald E. Felsinger Chairman and Chief Executive Officer	$943,320	$ 5,890,426	$ 1,137,034	$ 1,900,000	$ 1,900,859	$ 404,040	$ 12,175,679
Neal E. Schmale President and Chief Operating Officer	$745,039	$ 4,989,642	$ 681,902	$ 1,200,000	$ 1,634,609	$ 322,631	$ 9,573,823
Edwin A. Guiles Executive Vice President— Corporate Development	$594,669	$ 2,953,751	$ 564,115	$ 833,700	$ 1,414	$ 234,854	$ 5,182,503
Mark A. Snell Executive Vice President and Chief Financial Officer	$473,815	$ 964,669	$ 176,029	$ 665,000	$ 388,748	$ 123,040	$ 2,791,301
Javade Chaudhri Executive Vice President and General Counsel	$460,259	$ 783,203	$ 148,879	$ 703,100	$ 413,540	$ 152,819	$ 2,661,800

(A) Amount recognized as 2006 compensation expense for awards granted in 2006 and prior years calculated in accordance with generally accepted accounting principles for financial reporting purposes as described in Note 9 of Notes to Consolidated Financial Statements included in our Annual Report to Shareholders but disregarding estimates of forfeitures related to service-based vesting conditions.

Compensation expense for service-based stock options is based on the Black-Scholes value of the award. The Black-Scholes values of the stock options for which compensation expense is reported in the Summary Compensation Table are:

Stock Option Award Date	Black-Scholes Value	Volatility	Dividend Yield	Risk-Free Rate of Return	Expected Term (Number of Years)
1/02/03	$ 4.30	24.91%	4.10%	3.42%	6.00
9/29/03	$ 5.89	25.37%	3.38%	3.34%	6.00
1/02/04	$ 6.25	25.32%	3.31%	3.68%	6.00
6/08/04	$ 7.67	24.88%	2.95%	4.26%	6.00
1/03/05	$ 8.11	24.66%	2.75%	3.85%	6.00
12/06/05	$ 10.18	23.10%	2.60%	4.41%	6.00
1/03/06	$ 10.78	23.31%	2.51%	4.28%	6.25

Compensation expense for restricted stock is based on the fair market value of the shares subject to the award on the date of grant less a discount for performance-based restricted stock to reflect the risk associated with the market-based performance measures. The discount from fair market value for performance-based restricted stock awards for which compensation expense is reflected in the Summary Compensation Table is 0.17% for awards granted in 2003; 5.28% for awards granted in 2004; 15.84% and 31.91% for awards granted in 2005; and 31.91% for awards granted in 2006.

For additional information regarding stock awards and option awards, see "Executive Compensation—Incentive Plans" and the tables of Grants of Plan-Based Awards and Outstanding Equity Awards at Year-End appearing under that caption.

(B) Amount earned for the year and paid in 2007.

(C) Represents (i) the aggregate change in the actuarial present value of accumulated benefits under defined benefit and actuarial pension plans at year-end over the prior year-end and (ii) above-market interest (interest in excess of 120% of the federal long-term rate) on compensation deferred on a basis that is not tax-qualified. The respective amounts are $1,825,231 and $75,628 for Mr. Felsinger; $1,584,671 and $49,938 for Mr. Schmale; $(335,736) and $1,414 for Mr. Guiles; $387,467 and $1,281 for Mr. Snell; and $411,656 and $1,884 for Mr. Chaudhri. In accordance with Securities and Exchange Commission rules, the decrease in Mr. Guiles' pension benefits has not been reflected in the Summary Compensation Table.

(D) Includes (i) company contributions to defined contribution plans and related supplemental plans, (ii) executive medical, disability, life and personal liability insurance premiums, (iii) car allowances and the incremental cost to us (mileage at IRS reimbursement rate and hourly rate of drivers) of commuting and other personal use of company cars and drivers, (iv) financial and estate planning services and (v) reimbursement of personal income taxes related to certain amounts included in this column. The respective amounts are $73,316, $143,158, $23,975, $7,445 and $155,697 for Mr. Felsinger; $54,635, $122,026, $14,839, $7,317 and $123,375 for Mr. Schmale; $47,677, $78,143, $19,618, $7,396 and $81,273 for Mr. Guiles; $37,306, $40,438, $14,397, $0 and $30,459 for Mr. Snell; and $34,237, $50,008, $14,306, $8,695 and $45,133 for Mr. Chaudhri. Also includes holiday, business meeting and event gifts and mementos, and residential security alarm services provided to executive officers. Does not include our charitable contributions under programs that match the charitable contributions of our employees on a dollar-for-dollar basis subject to annual maximums that vary by employee position, including contributions of executive officers up to annual maximum match of $20,000 for each officer. Also does not include parking at company offices and the occasional personal use by executive officers of company property or services (including club memberships and tickets for sporting and entertainment events which at the time of personal use would not otherwise be used for the business purposes for which they are provided) for which we incur no more than nominal incremental costs or for which we are reimbursed by the officer for the incremental cost of personal use.

Incentive Plans

Our executive officers participate in shareholder-approved incentive compensation plans that are designed to encourage high levels of performance on both a short-term and a long-term basis. Shorter-term incentives, typically annual performance-based cash bonuses, are provided under our Executive Incentive Plan. Longer-term incentives, typically performance-based restricted stock and service-based stock options, are provided under our Long Term Incentive Plan.

Our Executive Incentive Plan permits the payment of performance-based cash bonuses from an incentive compensation performance pool based on our operating income. The Compensation Committee establishes a performance period (typically a fiscal year) to measure performance; the maximum percentage (not to exceed 1.5%) of our performance period operating income that will comprise the performance pool; the maximum percentage of the performance pool (not to exceed 30% for the chief executive officer and 17.5% for each other plan participant) that may be paid as a bonus to each participant; and any additional terms and conditions (including the achievement of additional financial, strategic or individual goals) for the payment of bonuses. For each performance period, the committee typically establishes specific earnings or other objective financial targets as guidelines for the payment of bonuses and bonus opportunities (expressed as a percentage of base salary) that vary with the participant's position and prospective contributions to the attainment of these targets. These guidelines anticipate that the committee will apply downward discretion as permitted by the plan to reduce bonuses paid from plan maximums to the lower amounts contemplated by the guidelines. However, extraordinary corporate or individual performance may result in the payment of bonuses that exceed those contemplated by the guidelines to the extent the amounts paid are consistent with performance pool limitations.

Our Long Term Incentive Plan permits the Compensation Committee to grant a wide variety of equity and equity-based incentive awards including stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares and stock awards. However, the only incentive awards that we have granted under the plan are restricted stock and stock options. All restricted stock granted to executive officers, with a single exception, has been subject to performance-based vesting typically at the end of a four-year performance period. All stock options granted to executive officers have been service-based options to purchase shares of our common stock (at the closing price of our shares on the date the option was granted) for a maximum term of ten years and become exercisable in equal annual installments over four years from the date of grant.

The table below summarizes our 2006 grants of annual performance-based bonus awards, restricted stock and stock options to each of our executive officers named in the Summary Compensation Table.

Grants of Plan-Based Awards

			Estimated Payouts Under Non-Equity Incentive Plan Awards (Performance-Based Annual Bonus) (B)			Estimated Future Payouts Under Equity Incentive Plan Awards (Number of Shares of Performance-Based Restricted Stock) (C)			Option Awards (Service-Based Stock Options) (D)		
	Grant Date (A)	Authorization Date (A)	Threshold	Target	Maximum	Threshold	Target	Maximum	Number of Shares	Exercise Price Per Share	Grant Date Fair Value of Stock and Option Awards (E)
Donald E. Felsinger	1/03/06	12/05/05	$ 0	$ 950,000	$ 1,900,000	22,980	114,900	114,900	75,500	$ 46.14	$ 4,423,884
Neal E. Schmale	1/03/06	12/05/05	$ 0	$ 600,000	$ 1,200,000	12,020	60,100	60,100	48,300	$ 46.14	$ 2,408,930
Edwin A. Guiles	1/03/06	12/05/05	$ 0	$ 416,850	$ 833,700	8,900	44,500	44,500	35,800	$ 46.14	$ 1,784,050
Mark A. Snell	1/03/06	12/05/05	$ 0	$ 332,500	$ 665,000	7,100	35,500	35,500	28,600	$ 46.14	$ 1,423,653
Javade Chaudhri	1/03/06	12/05/05	$ 0	$ 276,540	$ 553,100	5,300	26,500	26,500	21,300	$ 46.14	$ 1,062,196

(A) Grant and authorization dates applicable to equity incentive awards, which consist of performance-based restricted stock and service-based stock options, The Compensation Committee authorizes equity incentive awards as part of annual compensation planning that is typically completed in December with salary adjustments becoming effective on January 1 and equity-based incentive awards granted on the first trading day of January. The committee specifies a dollar value and other terms for the awards to be granted to each executive officer and the percentage of that value to be allocated between performance-based restricted stock and service-based stock options. On the January grant date, the committee's compensation consultants calculate the precise number of shares to be granted to each executive officer applying valuation models previously authorized by the committee and the closing price for shares of our common stock on that date. The closing price on the grant date also establishes the exercise price for the stock options. Restricted stock and stock options also may be granted upon the hiring or promotion of executive officers.

(B) Non-equity incentive plan awards consist of annual bonuses payable under our Executive Incentive Plan from a performance pool equal to 1.5% of operating income for the year with maximum bonuses not to exceed 30% of the performance pool for the Chief Executive Officer and 17.5% of the performance pool for each other plan participant. Amounts reported in the table represent estimates at the beginning of 2006 of bonuses expected to be paid under earnings performance guidelines established by the Compensation Committee. These guidelines anticipate that the committee will apply downward discretion as permitted by the plan to reduce bonuses paid from plan maximums to the lower amounts contemplated by the guidelines. However, extraordinary corporate or individual performance may result in the payment of bonuses that exceed those contemplated by the guidelines to the extent the amounts paid are consistent with performance pool limitations.

Bonus guidelines for 2006 were based on an earnings target of $913 million, with no bonuses payable for earnings of less than $882 million and maximum bonuses payable for earnings of $1,004 million. Bonuses for targeted earnings performance were set at levels ranging from 100% of base salary for the Chairman and Chief Executive Officer to 60% of base salary for the Executive Vice President and General Counsel, with maximum bonuses ranging from 200% to 120% of base salary. Earnings for the year for bonus purposes (determined by excluding from earnings 90% of net gains from asset sales) were $1,178 million. In February 2007, the Compensation Committee authorized the payment of bonuses at the maximum amounts estimated at the beginning of 2006 for Messrs. Felsinger, Schmale, Guiles and Snell and, in recognition of the conclusion of important litigation and regulatory matters, a bonus of $703,100 to Mr. Chaudhri. These bonuses are reported in the Summary Compensation Table as non-equity incentive plan compensation earned in 2006.

(C) Equity incentive plan awards consist of performance-based restricted stock—shares of our common stock issued subject to forfeiture conditions that terminate on the satisfaction of long-term performance criteria. During the performance period, the executive is entitled to vote the shares but they cannot be sold or otherwise transferred and dividends are reinvested to purchase additional shares, at then fair market value, which become subject to the same forfeiture conditions and transfer restrictions as the shares to which the dividends relate. If the performance criteria are not satisfied or the executive's employment is terminated during the performance period (other than by death or retirement after attaining age 55), the restricted shares are forfeited to the company and canceled subject to earlier vesting upon a change in control of the company or various events specified in the executive's severance pay agreement. We typically permit each holder of restricted shares the opportunity to sell to us (at the market price of our shares at the end of the performance period) a sufficient number of the shares to pay the minimum amount of withholding taxes that becomes payable upon satisfaction of the performance conditions.

The forfeiture conditions on restricted shares granted in 2006 will terminate at the end of 2009 if we have then achieved a cumulative total return to shareholders for a four-year performance period (beginning January 1, 2006 and ending December 31, 2009) that places us among the top 50% of the companies in the Standard & Poor's 500 Utility Index or the Standard & Poor's 500 Composite Stock Price Index. If neither of these performance criteria is satisfied, the forfeiture conditions will terminate as to 80% of the shares for performance among the top 55% of the companies in the S&P 500 Utility Index with the percentage of shares as to which the restrictions may terminate declining ratably to 20% for performance among the top 70% of the companies in the S&P 500 Utility Index. Any restricted shares for which performance criteria are not satisfied at the end of the four-year performance period will be forfeited to the company. Due to the nature of the performance criteria, we are unable to determine a "target" payout and have reported as the target payout the entire number of shares subject to each grant based upon maximum payouts in 2006 of restricted stock granted in 2003 with similar four-year performance criteria.

(D) All stock options are service-based options to purchase shares of our common stock granted under our Long-term Incentive Plan. They were granted at an exercise price equal to the closing market price of our common stock on the date of the grant and for a ten-year term subject to earlier expiration following termination of employment. They become exercisable in cumulative installments of one-fourth of the shares initially subject to the option on each of the first four anniversaries of the date of grant, with immediate exercisability upon a change in control of the company or various events specified in the executive's severance pay agreement.

(E) The respective amounts of grant date fair value attributable to performance-based restricted stock and service-based stock options are $3,609,994 and $813,890 for Mr. Felsinger; $1,888,256 and $520,674 for Mr. Schmale; $1,398,126 and $385,924 for Mr. Guiles; $1,115,348 and $308,305 for Mr. Snell; and $832,584 and $229,612 for Mr. Chaudhri. Grant date fair value is calculated in accordance with generally accepted accounting principles for financial reporting purposes as described in Note 9 of Notes to Consolidated Financial Statements included in our Annual Report to Shareholders but disregarding estimates of forfeitures related to service-based vesting conditions and based upon the assumptions set forth in Note A to the Summary Compensation Table.

The table below summarizes for each of the executive officers named in the Summary Compensation Table our grants of stock options and restricted stock outstanding at December 31, 2006.

Outstanding Equity Awards at Year-End

		Option Awards (Service-Based Stock Options)				Stock Awards (Restricted Stock)			
		Number of Shares Underlying Unexercised Options				Service-Based Restricted Stock		Performance-Based Restricted Stock (A)	
	Grant Date	Exercisable	Unexercisable (B)	Option Exercise Price	Option Expiration Date	Number of Unvested Shares (C)	Market Value of Unvested Shares	Number of Unearned/ Unvested Shares (C)	Market Value of Unearned/ Unvested Shares
Donald E. Felsinger	1/03/06	—	75,500	$ 46.14	1/02/16	—	—	117,116	$ 6,563,162
	12/06/05	15,250	45,750	$ 44.64	12/05/15	—	—	22,972	$ 1,287,352
	1/03/05	14,325	42,975	$ 36.30	1/02/15	—	—	82,725	$ 4,635,930
	6/08/04	11,200	11,200	$ 33.89	6/07/14	—	—	20,422	$ 1,144,442
	1/02/04	37,900	37,900	$ 30.20	1/01/14	—	—	70,701	$ 3,962,088
	1/02/03	76,350	25,450	$ 24.37	1/01/13	—	—	—	—
	1/02/02	344,400	—	$ 24.77	1/01/12	—	—	—	—
	3/06/01	80,000	—	$ 22.65	3/05/11	—	—	—	—
	1/02/01	277,900	—	$ 22.50	1/01/11	—	—	—	—
		857,325	238,775	$ 27.75(D)		—	—	313,936	$17,592,974
Neal E. Schmale	1/03/06	—	48,300	$ 46.14	1/02/16	—	—	61,259	$ 3,432,951
	1/03/05	10,700	32,100	$ 36.30	1/02/15	—	—	61,782	$ 3,462,277
	6/08/04	—	—	—	—	106,921(E)	$ 5,991,841	—	—
	1/02/04	23,300	23,300	$ 30.20	1/01/14	—	—	43,434	$ 2,434,026
	1/02/03	46,500	15,500	$ 24.37	1/01/13	—	—	—	—
	1/02/02	205,900	—	$ 24.77	1/01/12	—	—	—	—
	1/02/01	193,000	—	$ 22.50	1/01/11		—	—	—
		479,400	119,200	$ 26.97(D)		106,921(E)	$ 5,991,841	166,475	$ 9,329,254
Edwin A. Guiles	1/03/06	—	35,800	$ 46.14	1/02/16	—	—	45,358	$ 2,541,869
	1/03/05	9,875	29,625	$ 36.30	1/02/15	—	—	57,070	$ 3,198,205
	1/02/04	32,000	32,000	$ 30.20	1/01/14	—	—	59,708	$ 3,346,031
	1/02/03	64,500	21,500	$ 24.37	1/01/13	—	—	—	—
	1/02/02	290,800	—	$ 24.77	1/01/12	—	—	—	—
	7/23/98	22,020	—	$ 26.31	7/22/08	—	—	—	—
	7/23/98	10,500	—	$ 26.31	7/22/08	—	—	—	—
		429,695	118,925	$ 27.66(D)		—	—	162,136	$ 9,086,105
Mark A. Snell	1/03/06	—	28,600	$ 46.14	1/02/16	—	—	36,185	$ 2,027,783
	1/03/05	7,650	22,950	$ 36.30	1/02/15	—	—	44,190	$ 2,476,408
	1/02/04	10,750	10,750	$ 30.20	1/01/14	—	—	20,046	$ 1,123,397
	1/02/03	21,600	7,200	$ 24.37	1/01/13	—	—	—	—
		40,000	69,500	$ 34.53(D)		—	—	100,421	$ 5,627,588
Javade Chaudhri	1/03/06	—	21,300	$ 46.14	1/02/16	—	—	27,011	$ 1,513,697
	1/03/05	5,875	17,625	$ 36.30	1/02/15	—	—	33,928	$ 1,901,318
	1/02/04	—	17,750	$ 30.20	1/01/14	—	—	33,087	$ 1,854,209
	9/29/03	—	2,350	$ 29.60	1/01/13	—	—	—	—
		5,875	59,025	$ 37.62(D)		—	—	94,026	$ 5,269,224

(A) Performance-based restricted stock that will vest or will be forfeited in whole or in part at the end of a four-year performance period, based upon our total return to shareholders compared to market and peer group indexes and subject to earlier vesting upon a change in control of the company or various events specified in the executive's severance pay agreement. We have reported the entire number of the shares subject to the awards and the market value of the shares at December 31, 2006 based upon maximum payouts in 2006 of performance-based restricted stock granted in 2003 with similar four-year performance-based vesting criteria.

(B) Stock options became exercisable as to one-quarter of the shares originally subject to the option grant on each of the first four anniversaries of the grant date, with immediate exercisability upon a change in control of the company or various events specified in the executive's severance pay agreement. They remain exercisable until they expire ten years from the date of grant subject to earlier expiration following termination of employment. The number of unexercisable option shares that will become exercisable in 2007, 2008, 2009 and 2010 are, respectively, 98,450 shares, 73,000 shares, 48,450 shares and 18,875 shares for Mr. Felsinger; 49,925 shares, 34,425 shares, 22,775 shares and 12,075 shares for Mr. Schmale; 56,325 shares, 34,825 shares, 18,825 shares and 8,950 shares for Mr. Guiles; 27,375 shares, 20,175 shares, 14,800 shares and 7,150 shares for Mr. Snell and 22,425 shares, 20,075 shares 11,200 shares and 5,325 shares for Mr. Chaudhri.

(C) Includes shares purchased with reinvested dividends on restricted stock that become subject to the same forfeiture conditions as the shares to which the dividends relate.

(D) Weighted average exercise price of all exercisable and unexercisable option shares. The weighted average exercise prices of exercisable option shares and unexercisable option shares are, respectively, $24.71 and $38.66 for Mr. Felsinger; $24.34 and $37.54 for Mr. Schmale; $25.50 and $35.46 for Mr. Guiles; $28.22 and $38.17 for Mr. Snell; and $36.30 and $37.75 for Mr. Chaudhri.

(E) Of the original 100,000 share grant, one-half (together with reinvested dividends) will vest in 2008 and the remaining one-half (together with reinvested dividends) will vest in 2010 subject only to Mr. Schmale's continued employment at the vesting date and to earlier vesting upon a change in control of the company or various other events specified in the grant or Mr. Schmale's severance pay agreement.

The table below summarizes information regarding the stock options that were exercised and restricted stock that vested during 2006 for each of our executive officers named in the Summary Compensation Table.

Option Exercises and Stock Vested

	Option Awards (Service-Based Stock Options)		Stock Awards (Performance-Based Restricted Stock)	
	Number of Shares Acquired on Exercise	Value Realized on Exercise (A)	Number of Shares Acquired on Vesting	Value Realized on Vesting (B)
Donald E. Felsinger	160,960	$ 4,211,383	87,316	$ 4,902,339
Neal E. Schmale	109,334	$ 2,724,931	53,149	$ 2,984,033
Edwin A. Guiles	171,200	$ 4,456,420	73,694	$ 4,137,524
Mark A. Snell	—	—	24,676	$ 1,385,444
Javade Chaudhri	24,800	$ 407,344	8,585	$ 481,990

(A) Represents the difference between the market value of the option shares on the exercise date and the option exercise price, and for Mr. Schmale also includes $421,003 paid as dividend equivalents upon the exercise of options for 45,114 shares that were granted in 1998.

(B) Represents the market value of the vesting shares at the December 31, 2006 vesting date.

Retirement Plans

Our Cash Balance Plan is a broad-based tax-qualified retirement plan supplemented by an Excess Cash Balance Plan that provides participants with the additional benefits to which they would have been entitled under the Cash Balance Plan but for limitations on benefits earned under tax-qualified pension plans. Under the Cash Balance Plan and Excess Cash Balance Plan, we annually credit to a notional account for each participant an amount equal to 7.5% of the participant's salary and bonus. Account balances earn interest and are fully vested after five years of service. Upon retirement or other termination of employment, plan participants may elect to receive the full amount of their vested account balance as a lump sum.

Our Supplemental Executive Retirement Plan provides our executive officers with retirement benefits that supplement those provided by the Cash Balance Plan and the Excess Cash Balance Plan in which they also participate. Under the supplemental plan, benefits are based upon final average earnings (average base salary for the 24 consecutive months of highest base salary prior to retirement plus the average of the three highest annual bonuses during the ten years prior to retirement), years of service and age at retirement. Benefits begin to vest after five years of service and attainment of age 55 with full vesting when age plus years of service total 70 or the executive attains age 60.

Under the Supplemental Executive Retirement Plan, an executive may retire without any reduction in benefits at age 62 upon the completion of five years of service. The unreduced benefit as a percentage of final average earnings is 20% after five years of service, 40% after ten years of service, 50% after 15 years of service, 60% after 20 years of service, 62.5% after 30 years of service, and 65% after 40 years of service. Reduced benefits based on age and years of service are provided for retirement as early as age 55 and the completion of five years of service. Benefits payable under the plan are reduced by benefits payable under the Cash Balance Plan and the Excess Cash Balance Plan.

The table below summarizes for each of our executive officers named in the Summary Compensation Table information regarding the present value of accumulated benefits under our various retirement plans at December 31, 2006.

Pension Benefits

	Plan	Number of Years Credited Service	Present Value of Accumulated Benefit (A)
Donald E. Felsinger	Cash Balance Plan		$ 1,149,735
	Excess Cash Balance Plan	35	6,444,551
	Supplemental Executive Retirement Plan		8,893,363
			$ 16,487,649(B)
Neal E. Schmale	Cash Balance Plan		$ 281,962
	Excess Cash Balance Plan	9	1,460,442
	Supplemental Executive Retirement Plan		4,806,676
			$ 6,549,080(B)
Edwin A. Guiles	Cash Balance Plan		$ 979,557
	Excess Cash Balance Plan	35	3,943,524
	Supplemental Executive Retirement Plan		4,867,642
			$ 9,790,723(B)
Mark A. Snell	Cash Balance Plan		$ 75,107
	Excess Cash Balance Plan	6	172,279
	Supplemental Executive Retirement Plan		1,217,580
			$ 1,464,966(C)
Javade Chaudhri	Cash Balance Plan		$ 55,804
	Excess Cash Balance Plan	3	138,586
	Supplemental Executive Retirement Plan		742,021
			$ 936,411(D)

(A) Based upon the assumptions used for financial reporting purposes set forth in Note 8 of the Notes to Consolidated Financial Statements contained in our Annual Report to Shareholders except retirement age has been assumed to be the earliest time at which the executive could retire under each of the plans without any benefit reduction due to age. Also assumes that the executive will remain employed until retirement age.

Amounts shown for the Cash Balance and Excess Cash Balance Plans are based on the greater of the amounts payable under those plans or the present value of the accumulated benefit payable under a predecessor plan for which benefits have been frozen. Messrs. Felsinger, Schmale and Guiles have frozen minimum single life annuity benefits of $46,230, $12,618 and $35,599 per month, respectively, payable at age 62. Reduced benefits are payable as early as age 55 with five years of service and, as of December 31, 2006, Messrs. Felsinger, Schmale and Guiles were entitled to receive reduced benefits of approximately 91%, 68% and 82% of their minimum benefits, respectively. As of December 31, 2007, Mr. Schmale's reduced benefit will increase to approximately 98% as he will have attained 10 years of service. The benefits are payable in various equivalent annuity forms or in a lump sum. Upon termination of employment, including retirement, plan participants receive the greater of the benefit derived from the cash balance account or these minimum benefits. A portion of these minimum benefits is payable from the Cash Balance Plan with the remaining amount payable from the Excess Cash Balance Plan. Messrs. Felsinger and Guiles' minimum benefits include an annual automatic cost-of-living adjustment.

The amount shown for the Excess Cash Balance Plan is the present value of the incremental benefit over that provided by the Cash Balance Plan, and the amount shown for the Supplemental Executive Retirement Plan is the present value of the incremental benefit (based on a 50% joint and survivor annuity) over that provided by both the Cash Balance Plan and the Excess Cash Balance Plan.

(B) Messrs. Felsinger, Schmale and Guiles, who at year-end were ages 59, 60 and 57, respectively, are eligible for early retirement benefits. Had they retired at December 31, 2006, their early retirement benefits would have exceeded the amounts shown in the accompanying table due to early retirement provisions of the plans and increases in the discount rate for lump sum calculations that will become applicable under the Pension Protection Act. Had they retired at December 31, 2006 and received their benefits under the plans as a lump sum, their early retirement benefits would have been $18,573,781 for Mr. Felsinger, $7,282,028 for Mr. Schmale and $14,444,019 for Mr. Guiles.

(C) Mr. Snell is vested in benefits under the Cash Balance and Excess Cash Balance Plans but not under the Supplemental Executive Retirement Plan. Had his employment terminated at December 31, 2006, he would have received benefits of $312,768.

(D) Mr. Chaudhri is not yet vested in benefits under any of the plans. Had his employment terminated at December 31, 2006, he would have received no benefits under the plans.

Nonqualified Deferred Compensation

Our nonqualified deferred compensation and excess savings plans permit executives to elect on a year-by-year basis to defer the receipt of all or a portion of their annual salary and bonus for payment in installments or in a lump sum at a future date selected by the employee at the time of the deferral election. Deferred amounts are fully vested and earn interest at a rate reset annually to the higher of 110% of the Moody's Corporate Bond Yield Average Rate or the Moody's Rate plus 1% (6.3% for 2006) or, at the election of the executive, are deemed invested in investment accounts that mirror the investment accounts available under our tax-qualified 401(k) Savings Plans in which all employees may elect to participate.

The table below summarizes for each of the executive officers named in the Summary Compensation Table information relating to their participation in our nonqualified deferred compensation and excess savings plans.

Nonqualified Deferred Compensation

	Executive Contributions in 2006 (A)	Company Contributions in 2006 (B)	Aggregate Earnings in 2006 (C)	Aggregate Balance at December 31, 2006 (D)
Donald E. Felsinger	$ 56,599	$ 64,616	$ 1,570,616	$ 14,545,012
Neal E. Schmale	$ 44,702	$ 45,935	$ 1,127,324	$ 9,036,921
Edwin A. Guiles	$ 83,890	$ 38,977	$ 548,379	$ 3,216,577
Mark A. Snell	$ 28,429	$ 28,606	$ 43,644	$ 361,660
Javade Chaudhri	$ 179,301	$ 25,537	$ 23,183	$ 301,643

(A) Executive contributions consist of deferrals of salary and bonus that also are reported as compensation in the Summary Compensation Table. However, timing differences between reporting bonus compensation in the Summary Compensation Table (which reports bonus amounts in the year for which they were earned) and related deferral dates (the date on which the bonuses would otherwise have been paid to the executive) may in any year result in lesser or greater amounts reported as executive contributions in the accompanying table than the amounts that have been included in compensation reported in the Summary Compensation Table. Executive contributions in 2006 that are also included as salary and bonus compensation reported in the Summary Compensation Table total $56,599 for Mr. Felsinger, $44,702 for Mr. Schmale, $35,680 for Mr. Guiles, $28,429 for Mr. Snell and $46,026 for Mr. Chaudhri.

(B) Company contributions are identical to the amounts that the executive would have received under our tax-qualified 401(k) Savings Plan but for maximum dollar limitations on amounts that may be deferred under tax-qualified plans. These contributions are also reported as compensation in the Summary Compensation Table.

(C) Earnings are measured as the difference in deferred account balances between the beginning and the end of the year minus executive and company contributions during the year. Earnings on deferred compensation (other than above-market interest) are not reported in the Summary Compensation Table. Earnings not reported in the Summary Compensation Table total $1,494,988 for Mr. Felsinger, $1,077,386 for Mr. Schmale, $546,965 for Mr. Guiles, $42,362 for Mr. Snell and $21,299 for Mr. Chaudhri.

(D) Year-end balances consist of executive and company contributions and earnings on contributed amounts. All contributions and all earnings that consist of above-market interest have been included in the Summary Compensation Table for 2006 or prior years or would have been so included had the current reporting requirements been applicable to the executive. Such amounts that have or would have been reported in Summary Compensation Tables are $4,454,372 for Mr. Schmale, $254,662 for Mr. Snell and $276,224 for Mr. Chaudhri. They are estimated to be no less than $8,460,596 for Mr. Felsinger and $1,421,865 for Mr. Guiles.

Severance Pay and Change in Control Agreements

We have a severance pay agreement with each of our executive officers named in the Summary Compensation Table. Each agreement is for a term of two years and is automatically extended for an additional year upon each anniversary of the agreement unless we or the executive elect not to extend the term.

The severance pay agreements provide for the payment of severance benefits in the event that we were to terminate the executive's employment during the term of the agreement for reasons other than cause, death or disability or the executive were to do so for "good reason" as defined in his agreement. They also provide for enhanced severance benefits if the termination of employment were to occur within two years of a "change in control" of the company.

In addition, our stock option and restricted stock agreements provide that all stock options would become immediately exercisable and all forfeiture and transfer conditions on restricted stock would immediately terminate upon a change in control of the company, whether or not accompanied or followed by a termination of the executive's employment.

A change in control is defined to include the acquisition by one person or group of 20% or more of our share voting power, the election of a new majority of the board comprised of individuals who are not recommended for election by two-thirds of the current directors or successors to the current directors who were so recommended for election, certain mergers, consolidations or sales of assets that result in our shareholders owning less than 60% of the voting power of the company or of the surviving entity or its parent, and approval by our shareholders of the liquidation or dissolution of the company.

Donald E. Felsinger

Mr. Felsinger's severance pay agreement provides that if we were to terminate his employment (other than for cause, death or disability) during the term of the agreement or he were to do so for good reason, he would receive a lump-sum payment equal to (i) the sum of his annual base salary and the greater of his target bonus for the year of termination or the average of the three years' highest gross annual bonus awards in the five years preceding the year of termination, and in the event of termination within two years following a change in control of the company the payment would be multiplied by two, and (ii) a pro rata portion for the year of termination of the target amount payable under any annual incentive compensation awards for that year or, if greater, the average of the three years' highest gross bonus awards paid to him in the five years preceding the year of termination. In addition, (i) all equity-based incentive compensation awards would immediately vest and become exercisable or payable and all restrictions on the awards would immediately lapse with any performance criteria assumed to have been achieved at target levels, (ii) all cash-based long-term incentive awards would be paid pro rata at target amounts, (iii) life, disability, accident and health insurance benefits would be continued for two years, (iv) executive life insurance benefits would be continued until age 65, and (v) financial planning and outplacement services would be provided for two years, and an additional one year in the event of termination following a change in control. Mr. Felsinger's agreement also provides for two additional years of age and service credit (three additional years in the event of termination within two years following a change in control) for purposes of the calculation of retirement benefits.

Mr. Felsinger's agreement also provides that in the event we were to terminate his employment (other than for cause, death or disability) during the term of the agreement or he were to do so for good reason and he were to agree to provide consulting services to us for two years and abide by certain covenants regarding non-solicitation of employees and information confidentiality, he would receive an additional lump-sum payment equal to the sum of his annual base salary and the greater of his target bonus for the year of termination or the average of the three years' highest gross annual bonus awards in the five years preceding the year of termination, and life, disability, accident and health insurance benefits would also be continued for an additional year.

The agreement also provides that if Mr. Felsinger's employment were to be terminated as a result of disability, he would be credited with two additional years of age and service credits (three years following a change in control) for purposes of the calculation of retirement benefits.

The agreement provides for a gross-up payment to offset the effects of any excise taxes imposed on Mr. Felsinger under Section 4999 of the Internal Revenue Code.

Good reason is defined in Mr. Felsinger's agreement to include an adverse change in his title, authority, duties, responsibilities or reporting lines, a reduction in his annual base salary or aggregate annualized compensation and benefit opportunities other than across-the-board reductions prior to a change in control of the company that similarly affect all executives whose compensation is directly determined by our Compensation Committee, and a substantial increase in his business travel obligations. It also defines good reason to include a relocation of Mr. Felsinger's principal place of employment that occurs following a change in control.

Cause is defined in Mr. Felsinger's agreement to include a willful and continued failure to substantially perform his duties with the company and the commission of one or more acts of moral turpitude that constitute a violation of applicable law which result in an adverse affect on the company or significant acts of dishonesty.

Other Named Executive Officers

The severance pay agreements of our other executive officers named in the Summary Compensation Table provide that in the event we were to terminate the executive's employment (other than for cause, death or disability) during the term of the agreement or the executive were to do so for good reason, the executive would receive (i) a lump-sum cash payment equal to the executive's annual base salary and the greater of the executive's average annual bonus or average annual target bonus for the two years prior to termination, (ii) continuation of health insurance benefits for a period of one year, and (iii) financial planning and outplacement services for two years. If the termination were to occur within two years after a change in control of the company (i) the lump-sum cash payment would be multiplied by two, (ii) an additional lump-sum payment would be paid equal to the pro rata portion for the year of termination of the target amount payable under any annual incentive compensation award for that year or, if greater, the average of the three highest gross annual bonus awards paid to the executive in the five years preceding the year of termination, (iii) all equity-based incentive compensation awards would immediately vest and become exercisable or payable and any restrictions on the awards would automatically lapse, (iv) a lump-sum cash payment would be made equal to the present value of the executive's benefits under our supplemental executive retirement plan calculated on the basis of the greater of actual years of service and years of service that would have been completed upon attaining age 62 and applying certain early retirement factors, or in the case of Neal Schmale calculated with three additional years of age and service credits, (v) life, executive life, disability, accident and health insurance benefits would be continued for two years, and (vi) financial planning and outplacement services would be provided for three years.

The agreements also provide that in the event we were to terminate the executive's employment (other than for cause, death or disability) or the executive were to do so for good reason and the executive agrees to provide consulting services to us for two years and abide by certain covenants regarding non-solicitation of employees and information confidentiality, the executive would receive an additional lump-sum payment equal to the executive's annual base salary and the greater of the executive's target bonus for the year of termination or the average of the two or three highest gross annual bonus awards paid to the executive in the five years prior to termination, and health insurance benefits that would be continued for an additional year.

Mr. Schmale's agreement also provides that if his employment were to be terminated as a result of disability, he would be credited with three additional years of age and service credits for purposes of the calculation of retirement benefits.

The agreements provide for a gross-up payment to offset the effects of any excise tax imposed on the executive under Section 4999 of the Internal Revenue Code.

Good reason is defined in the severance agreements to include the assignment to the executive of duties materially inconsistent with those appropriate to a senior executive of the company, a material reduction in the executive's overall standing and responsibilities within the company, and a material reduction in the executive's annualized compensation and benefit opportunities, other than across-the-board reductions affecting all similarly situated executives of comparable rank. Following a change in control of the company, good reason is defined to include an adverse change in the executive's title, authority, duties, responsibilities or reporting lines, a reduction in the executive's annualized compensation opportunities other than across-the-board reductions of less than 10% similarly affecting all similarly situated executives of comparable rank, a relocation of the executive's principal place of employment by more than 30 miles, and a substantial increase in business travel obligations.

Prior to a change in control of the company, cause is defined in the agreements to include a willful failure to substantially perform the executive's duties, grossly negligent performance of the executives duties, gross insubordination, and the commission of one or more acts of moral turpitude that constitute a violation of applicable law which result in an adverse affect on the company or significant acts of dishonesty. Following a change of control, cause is defined as in Mr. Felsinger's agreement.

Estimated Severance and Change in Control Benefits

The following table shows the benefits to which each executive officer named in the Summary Compensation Table would have been entitled had we terminated his employment (other than for cause, death or disability) at December 31, 2006 or had the executive done so for good reason, and the benefits to which the executive would have been entitled had the termination occurred within two years following a change in control of the company. These amounts assume the executive had entered into a two-year consulting, non-solicitation and confidentiality agreement providing for enhanced severance benefits and the enhanced benefits would not be subject to excise taxes for which the executive would be entitled to reimbursement. The table also shows the benefits to which the executive would have been entitled (accelerated vesting of stock options and restricted stock) had a change in control of the company occurred on December 31, 2006 whether or not accompanied or followed by a termination of the executive's employment.

Severance and Change in Control Benefits

	Termination by the Company Without Cause or by the Executive Officer for Good Reason		
	Unrelated to a Change in Control	After a Change in Control	Change in Control
Donald E. Felsinger			
Lump Sum Cash Payment (A)	$ 4,073,866	$ 6,110,800	$ —
Stock Option/Restricted Stock Vesting (B)	25,401,116	25,401,116	25,401,116
Enhanced Retirement Benefits (C)	1,019,840	1,400,416	—
Health & Welfare Benefits (D)	1,618,947	1,618,947	—
Financial Planning (E)	30,000	45,000	—
Outplacement (F)	50,000	50,000	—
Excise Tax Gross-Up (G)	—	12,646,941	8,954,704
	$ 32,193,769	$ 47,273,220	$ 34,355,820
Neal E. Schmale			
Lump Sum Cash Payment (A)	$ 3,157,200	$ 4,735,800	$ —
Stock Option/Restricted Stock Vesting (B)	2,802,000	19,409,063	19,409,063
Enhanced Retirement Benefits (C)	—	1,984,017	—
Health & Welfare Benefits (D)	30,776	711,957	—
Financial Planning (E)	20,000	30,000	—
Outplacement (F)	50,000	50,000	—
Excise Tax Gross-Up (G)	—	8,580,845	5,423,546
Total	$ 6,059,976	$ 35,501,682	$ 24,832,609
Edwin A. Guiles			
Lump Sum Cash Payment (A)	$ 2,770,700	$ 4,156,050	$ —
Stock Option/Restricted Stock Vesting (B)	—	14,798,220	14,798,220
Enhanced Retirement Benefits (C)	—	—	—
Health & Welfare Benefits (D)	30,776	446,865	—
Financial Planning (E)	20,000	30,000	—
Outplacement (F)	50,000	50,000	—
Excise Tax Gross-Up (G)	—	5,809,568	4,062,173
Total	$ 2,871,476	$ 25,290,703	$ 18,860,393

	Termination by the Company Without Cause or by the Executive Officer for Good Reason		
	Unrelated to a Change in Control	After a Change in Control	Change in Control
Mark A. Snell			
Lump Sum Cash Payment (A)	$ 2,031,200	$ 3,046,800	$ —
Stock Option/Restricted Stock Vesting (B)	—	7,877,113	7,877,113
Enhanced Retirement Benefits (C)	—	1,851,460	—
Health & Welfare Benefits (D)	37,046	234,483	—
Financial Planning (E)	20,000	30,000	—
Outplacement (F)	50,000	50,000	—
Excise Tax Gross-Up (G)	—	5,309,195	2,769,348
Total	$ 2,138,246	$ 18,399,051	$ 10,646,461
Javade Chaudhri			
Lump Sum Cash Payment (A)	$ 1,970,900	$ 2,956,350	$ —
Stock Option/Restricted Stock Vesting (B)	—	6,543,485	6,543,485
Enhanced Retirement Benefits (C)	—	1,106,166	—
Health & Welfare Benefits (D)	37,046	303,263	—
Financial Planning (E)	20,000	30,000	—
Outplacement (F)	50,000	50,000	—
Excise Tax Gross-Up (G)	—	4,691,260	2,588,147
Total	$ 2,077,946	$ 15,680,524	$ 9,131,632

(A) Severance payment equal to two times (three times following a change in control) the sum of annual base salary and the average of three highest incentive bonuses paid in last five years. Excludes payment of bonus earned in the year of termination.

(B) Fair market value at December 31, 2006 of unvested performance-based restricted stock for which forfeiture restrictions would terminate, and the difference between the fair market value at that date and the exercise price of unvested stock options that would become exercisable.

(C) For Mr. Felsinger, the amount shown for termination unrelated to a change in control is the incremental actuarial value of the supplemental executive retirement plan benefit assuming two additional years of age and service. For Messrs. Felsinger and Schmale, the amount shown for termination after a change in control is the incremental actuarial value assuming three additional years of age and service. For Messrs. Guiles, Snell and Chaudhri, the amount shown for termination after a change of control is the incremental actuarial value assuming that they had attained age 62, but reduced for applicable early retirement factors.

(D) Estimated value associated with continuation of health, life, disability and accident benefits for two years for termination unrelated to a change in control and three years for termination after a change in control. For Mr. Felsinger, also includes the six additional years of executive life insurance benefits. For the other named executive officers includes three additional years of executive life insurance benefits for termination after a change of control.

(E) Estimated value associated with continuation of financial planning services for two years for termination unrelated to a change in control, and three years for termination after a change in control.

(F) Estimated value associated with outplacement services for two years for termination unrelated to a change in control, and three years for termination after a change in control.

(G) Gross-up payment covering the full cost of excise tax under Internal Revenue Code Sections 280G and 4999.

Our Severance Agreements with Messrs. Felsinger and Schmale also provide that if their employment were to be terminated as a result of disability, they would be credited with an additional two and three years, respectively, of age and service credits for purposes of the calculation of retirement benefits. Had their employment terminated at December 31, 2006 as a result of disability, the additional benefits to which they would have become entitled would have been $1,019,840 for Mr. Felsinger and $1,984,017 for Mr. Schmale.

Executive officers who voluntarily terminate their employment (other than for good reason) or whose employment is terminated by death or by the company for cause are not entitled to enhanced benefits.

This Notice of Annual Meeting and Proxy Statement are sent by order of the Sempra Energy Board of Directors.

Catherine C. Lee
Corporate Secretary

Dated: March 2, 2007

Sempra Energy

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Admission Ticket

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Electronic Voting Instructions
You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!
Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.
VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.
If you vote by telephone or the Internet, please DO NOT mail back this proxy card.

Vote by Internet

- Log on to the Internet and go to **www.investorvote.com**
- Follow the steps outlined on the secured website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.
- Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. ☒

Sempra Energy Annual Meeting Proxy Card **123456** **C0123456789** **12345**

∀ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ∀

A Proposals — This Proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this Proxy will be voted FOR Items 1 and 2 and AGAINST items 3, 4 and 5.

The Board of Directors recommends a vote FOR the Election of Directors.

+

1. Election of Directors:

☐ **Mark here to vote FOR all nominees**

☐ **Mark here to WITHHOLD vote from all nominees**

☐ **For All EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the appropriately numbered box from the list on the reverse side.
01 — ☐ 02 — ☐ 03 — ☐

The Board of Directors recommends a vote FOR Proposal 2.

	For	**Against**	**Abstain**
2. Ratification of Independent Registered Public Accounting Firm	☐	☐	☐

The Board of Directors recommends a vote AGAINST Proposals 3.4 and 5.

	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
3. Adopt Simple Majority Vote Proposal	☐	☐	☐	4. Director Election Majority Vote Standard Proposal	☐	☐	☐	5. Supplemental Executive Retirement Plan Policy Proposal	☐	☐	☐

B Options

Meeting Attendance

Mark the box to the right if you plan to attend the Annual Meeting. ☐

Confidential Voting

Mark the box to the right if you want confidential voting. ☐

Discontinue Duplicate Annual Reports

Mark the box to the right if you receive more than one Annual Report and do not wish to receive extra copy(ies). This will not affect the distribution of dividends or proxy statements. ☐

Change of Address — Print your new address below.

C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) — Please print date below.	Signature 1 — Please keep signature within the box.	Signature 2 — Please keep signature within the box.
/ /		

C 1234567890 JNT

1UPX 0122341

MR A SAMPLE (THIS AREA IS SET UP TO ACCOMMODATE 140 CHARACTERS) MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND

<STOCK#> 000CEG

Sempra Energy

ADMISSION TICKET
ADMIT ONE SHAREHOLDER AND GUEST

2007 Annual Meeting of
Sempra Energy Shareholders
Thursday, April 26, 2007 • 10:00 a.m.
The Hilton Costa Mesa
Costa Mesa, California

Upon arrival, please present this admission ticket and photo identification at the registration desk.

Doors will open at 9:00 A.M.
Cameras, tape recorders and similar devices will not be allowed in the meeting rooms.

YOUR VOTE IS IMPORTANT:
Even if you plan to attend the Annual Meeting in person please vote your shares.

∨ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ∨

Sempra Energy

Proxy — Sempra Energy

Annual Meeting of Shareholders — April 26, 2007
Solicited on Behalf of the Board of Directors

DONALD E. FELSINGER and JAVADE CHAUDHRI jointly or individually and with full power of substitution, are authorized to represent and vote the shares of the undersigned at the 2007 Annual Meeting of Shareholders of Sempra Energy, and at any adjournment or postponement thereof, in the manner directed on the reverse side of this card and in their discretion on all other matters that may properly come before the meeting.

This card also provides voting instructions for shares held in the Sempra Energy Direct Stock Purchase Plan and Employee Savings Plans of Sempra Energy and its subsidiaries.

Election of Directors, Nominees:
01. Wilford D. Godbold, Jr.
02. Richard G. Newman
03. Neal E. Schmale

(Continued and to be signed on other side)

Sempra Energy

Using a **black ink** pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. ☒

Sempra Energy Annual Meeting Proxy Card

▼ PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

A Proposals — This Proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this Proxy will be voted FOR Items 1 and 2 and AGAINST Items 3, 4 and 5.

The Board of Directors recommends a vote FOR the Election of Directors.

+

1. Election of Directors:

☐ **Mark here to vote FOR all nominees**

☐ **Mark here to WITHHOLD vote from all nominees**

☐ **For All EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the appropriately numbered box from the list on the reverse side.
01 — ☐ 02 — ☐ 03 — ☐

The Board of Directors recommends a vote FOR Proposal 2.

	For	Against	Abstain
2. Ratification of Independent Registered Public Accounting Firm	☐	☐	☐

The Board of Directors recommends a vote AGAINST Proposals 3, 4 and 5.

	For	Against	Abstain
3. Adopt Simple Majority Vote Proposal	☐	☐	☐
4. Director Election Majority Vote Standard Proposal	☐	☐	☐
5. Supplemental Executive Retirement Plan Policy Proposal	☐	☐	☐

B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) — Please print date below.	Signature 1 — Please keep signature within the box.	Signature 2 — Please keep signature within the box.
/ /		

C 1234567890 JNT

1UPX 0122342

MR A SAMPLE (THIS AREA IS SET UP TO ACCOMMODATE
140 CHARACTERS) MR A SAMPLE AND MR A SAMPLE AND
MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND
MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND

<STOCK#> 00OCNG

Sempra Energy®

2007 Annual Meeting of
Sempra Energy Shareholders
Thursday, April 26, 2007 • 10:00 a.m.
The Hilton Costa Mesa
Costa Mesa, California

▼ PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

Sempra Energy®

Proxy — Sempra Energy

Annual Meeting of Shareholders — April 26, 2007
Solicited on Behalf of the Board of Directors

DONALD E. FELSINGER and JAVADE CHAUDHRI jointly or individually and with full power of substitution, are authorized to represent and vote the shares of the undersigned at the 2007 Annual Meeting of Shareholders of Sempra Energy, and at any adjournment or postponement thereof, in the manner directed on the reverse side of this card and in their discretion on all other matters that may properly come before the meeting.

This card also provides voting instructions for shares held in the Sempra Energy Direct Stock Purchase Plan and Employee Savings Plans of Sempra Energy and its subsidiaries.

Election of Directors, Nominees:
01.Wilford D.Godbold, Jr.
02. Richard G. Newman
03. Neal E. Schmale

(Continued and to be signed on other side)

Appendix G

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Navy Rate Intervention
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Washing Navy Yard, DC 20374-5018

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Los Angeles, CA 90012

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Appendix H

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A0505006 LIST
A0505011/A0505012

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CALIFORNIA PUBLIC UTILITIES COMMISSION
Service Lists

Proceeding: A0612009 - SDG&E - TO UPDATE IT
Filer: San Diego Gas & Electric Company
List Name: LIST
Last changed: May 7, 2007

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About Comma-delimited Files

Back to Service Lists Index

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Top of Page
Back to INDEX OF SERVICE LISTS

Notice of Availability

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-M) for Authority to: (i) Increase its Authorized Return on Common Equity, (ii) Adjust its Authorized Embedded Costs of Debt and Preferred Stock, (iii) Increase its Overall Rate of Return, and (iv) Revise its Electric Distribution and Gas Rates Accordingly, and for Related Substantive and Procedural Relief.	Application 07-05-____

NOTICE OF AVAILABILITY OF SAN DIEGO GAS & ELECTRIC COMPANY'S COST OF CAPITAL APPLICATION, TESTIMONY, AND OTHER EXHIBITS

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May 8, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-M) for Authority to: (i) Increase its Authorized Return on Common Equity, (ii) Adjust its Authorized Embedded Costs of Debt and Preferred Stock, (iii) Increase its Overall Rate of Return, and (iv) Revise its Electric Distribution and Gas Rates Accordingly, and for Related Substantive and Procedural Relief.	Application 07-05-____

NOTICE OF AVAILABILITY OF SAN DIEGO GAS & ELECTRIC COMPANY'S COST OF CAPITAL APPLICATION, TESTIMONY, AND OTHER EXHIBITS

PLEASE TAKE NOTICE THAT on May 8, 2007, San Diego Gas & Electric Company (SDG&E) electronically filed its Cost of Capital Application titled ("Cost of Capital Application of San Diego Gas & Electric Company"). SDG&E is serving this Notice of Availability because the Application and related attachments exceed 50 pages in length. SDG&E is serving this Notice of Availability on all parties of record in Commission proceedings A.05-05-006, A.05-05-11, A.05-05-012, and A.06-12-009. In summary, SDG&E's Cost of Capital Application requests Commission authorization to recover, *inter alia*, a fair and reasonable cost of capital for SDG&E's CPUC-jurisdictional ratebase, consisting of an 11.60% return on common equity, an embedded cost of long-term debt of 5.55%, an embedded cost of preferred stock of 6.77%, an overall rate of return of 8.58%, as well as the resulting revenue requirements and rate changes, effective January 1, 2008. In addition, SDG&E seeks Commission authorization of its proposed equity rebalancing mechanism, to be effective May 8, 2007, to mitigate the adverse credit effects of debt equivalence and FIN 46(R) impacts on SDG&E's balance sheet, so that SDG&E can continue to maintain its currently authorized capital structure of 45.25% long-term debt, 5.75% preferred stock, and 49.00% common equity for its CPUC-jurisdictional ratebase.

Pursuant to Rule 1.9 of the Commission's Rules of Practice and Procedure, SDG&E's Application, testimony and related exhibits were made available on May 8, 2007, by 5:00 p.m. on SDG&E's website at:

http://www.sdge.com/regulatory/tariff/cpuc_openProceedings.shtml

Upon request, SDG&E will provide a copy of the Application or any part thereof in either electronic format via email or in hard copy form, if requested. Copies of SDG&E's Cost of Capital Application, testimony and other exhibits can be obtained by contacting:

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May 8, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **NOTICE OF AVAILABILITY OF THE COST OF CAPITAL APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY** on each party named in the official service list for proceedings A.05-05-006, A.05-05-11, A.05-05-012, and A.06-12-009 by electronic service, and by U.S. Mail to those parties who have not provided an electronic address.

Dated at San Diego, California, this 8th day of May, 2007.

Deanna M. Gutierrez