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SAN DIEGO GAS & ELECTRIC COMPANY
NOTIFICATION OF PROPOSED RATE INCREASE
COST OF CAPITAL PROCEEDING
APPLICATION NO. A.19-04-017

On April 22, 2019, San Diego Gas & Electric Company (SDG&E®) filed its Cost of Capital Application No. A.19-04-017 (Application) with the California Public Utilities Commission (CPUC) seeking approval of its proposed cost of capital for 2020. In this proceeding, SDG&E requests that the CPUC determine the appropriate rate of return necessary to attract capital at reasonable rates and compensate the utility for business, regulatory, and financial risks. Rate of return is the weighted average cost of debt, preferred stock, and common equity. SDG&E also requests adjustments to its capital structure, the cost of debt, and return on equity.

If the CPUC approves this Application, the overall authorized rate of return will increase from 7.55% to 10.03%, and SDG&E's rates for electric and gas service will be revised accordingly, effective January 1, 2020. Additionally, SDG&E proposes to continue its cost of capital mechanism until the next Cost of Capital Application is filed and approved.

ESTIMATED IMPACT ON ELECTRIC RATES AND BILLS

If the CPUC approves SDG&E's request, a typical non-CARE residential customer living in the inland climate zone and using 500 kilowatt-hours per month could see a monthly summer bill increase of 3.9%, or \$5.59. The percentages shown do not necessarily reflect the changes that you may see on your bill. Changes in individual bills will also depend on how much electricity each customer uses.

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**SAN DIEGO GAS & ELECTRIC COMPANY® -
ELECTRIC DEPARTMENT
ESTIMATED INCREASE IN CLASS AVERAGE
ELECTRIC RATES DUE TO PROPOSED AUTHORIZED
COST OF CAPITAL EFFECTIVE JANUARY 1, 2020**

Customer Class	3/1/2019 Class Average Rates (¢/kWh)	Class Average Rates Reflecting Proposed Revenue Changes (¢/kWh)		
		Total Rate Change (¢/kWh)	% Change Rates	
Residential	26.251	27.442	(1.191)	4.54%
Small Commercial	24.963	26.083	(1.120)	4.49%
Medium & Large C&I*	22.205	22.941	(0.736)	3.31%
Agricultural	17.459	18.161	(0.702)	4.02%
Lighting	21.850	23.111	(1.261)	5.77%
System Total	23.738	24.675	(0.937)	3.95%

* C&I stands for Commercial and Industrial

ESTIMATED IMPACT ON GAS RATES AND BILLS

In this Application, SDG&E proposes an increase in overall gas transportation revenues of \$26.52 million, or 5.6% for 2020. This overall increase would only apply to the transportation component of a total gas bill. A summary of the proposed rates for the various customer classes for 2020 are shown below:

**SAN DIEGO GAS & ELECTRIC COMPANY -
GAS DEPARTMENT
ESTIMATED INCREASE IN CLASS AVERAGE
GAS RATES DUE TO PROPOSED AUTHORIZED
COST OF CAPITAL EFFECTIVE JANUARY 1, 2020**

Customer Class	Present Rates (¢/therm)	Proposed Rates for 2020 (¢/therm)	¢/therm Change (¢/therm)	% Change Rates
Residential (Core)*	111.3	118.5	7.3	6.5%
Average Residential Bill \$/month	\$34.60	\$36.29	\$1.68	4.9%
Commercial/Industrial (Core)*	0.4	0.5	0.0	3.6%
(Noncore Distribution Level Service)** Commercial/Industrial	21.4	22.0	0.6	2.6%
Electric Generation	3.8	3.8	0.0	0.6%
(Transmission Level Service) *** Commercial/Industrial	3.6	3.7	0.0	0.1%
Backbone Transmission Service****	27.8	27.8	0.0	0.1%
System Total	38.4	40.6	2.1	5.6%

* Core customers generally use smaller quantities of gas and the Utility purchases their gas.

** Noncore customers are generally large gas users who purchase their own natural gas supplies for SDG&E to transport.

*** Transmission Level Service is for noncore service on the Local Transmission System from the SoCalGas Citygate.

**** Backbone Transmission Service are rights that customers may purchase to transport gas over the backbone system to the SoCalGas Citygate. Core customers who purchase gas supplies from SDG&E will have this charge included in the gas commodity rate. Customers that do not purchase gas supplies from SDG&E may purchase these rights directly from SoCalGas. Present rates are ¢/dth/day.

A typical residential customer using 24 therms per month will see a \$1.68 monthly bill increase, or a 4.9% increase in 2020.⁽¹⁾

(1) These monthly bill estimates include charges for transportation, Public Purpose Program Surcharges natural gas commodity, and Backbone Transmission Service.

The impact on each customer and each customer class could vary depending on individual usage and the CPUC's final decision.

FOR FURTHER INFORMATION

You may view a copy of the Application at the address listed below or obtain a copy of the Application and related exhibits by writing to: Jamie York, 2020 Cost of Capital Program Manager, San Diego Gas & Electric Company, 8330 Century Park Court, CP31E, San Diego, CA 92123-1530.

Additionally, a copy of the Application and related exhibits may be inspected at the following SDG&E business offices:

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

The Application and related exhibits are also available electronically on the SDG&E website at www.sdge.com/proceedings.

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

A hard copy can be reviewed at the CPUC's Central Files Office by appointment at the CPUC office located at 505 Van Ness Ave., San Francisco, CA 94102. For more information, contact aljcentralfilesid@cpuc.ca.gov or (415) 703-2045.

CPUC PROCESS

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

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

As a party of record, the California Public Advocates Office (CalPA) will review this application. CalPA is the independent consumer advocate within the CPUC with a legislative mandate to represent investor-owned utility customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. CalPA has a multi-disciplinary staff with expertise in economics, finance, accounting and engineering. For more information about CalPA, please call (415) 703-1584, email PublicAdvocatesOffice@cpuc.ca.gov or visit CalPA's website at <http://www.publicadvocates.cpuc.ca.gov>.

STAY INFORMED

If you would like to follow this proceeding, or any other issue before the CPUC, you may use the CPUC's free subscription service. Sign up at: <http://subscribecpuc.cpuc.ca.gov/>. If you would like to learn how you can participate in the proceeding, have informal comments about the Application, or questions about the CPUC processes, you may access the CPUC's Public Advisor's Office (PAO) webpage at www.cpuc.ca.gov/puc and click on "Public Advisor" from the CPUC Information Menu. You may also contact the PAO as follows:

Email: public.advisor@cpuc.ca.gov

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

Call: 1-866-849-8390 (toll-free) or 1-415-703-2074
TTY 1-866-836-7825 (toll-free) or 1-415-703-5282

Please reference **SDG&E Cost of Capital Application No. A.19-04-017** in any communications you have with the CPUC regarding this matter. All public comments will become part of the public correspondence file for this proceeding and made available for review for the assigned Judge, the Commissioners, and appropriate CPUC staff.

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