
2002
California
Gas
Report

**SAN DIEGO
GAS & ELECTRIC COMPANY**

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San Diego Gas & Electric Company (SDG&E), a Sempra Energy company, is a combined gas and electric distribution utility serving more than three million people in San Diego and southern Orange counties. SDG&E delivers natural gas to over 770,000 customers in San Diego County, including the power plants and turbines previously owned and operated by the company. Total gas sales and transportation through SDG&E's system for 2001 was approximately 156 billion cubic feet (Bcf), which is an average of over 425 million cubic feet per day (MMcf/day). These 2001 deliveries corresponded to the increase in gas usage by power generators.

GAS DEMAND

This projection of natural gas requirements reflects the forecast and planning assumptions from the Biennial Cost Allocation Proceeding (BCAP) filing of March 2002. The outlook for gas sales and transportation demand excluding cogeneration and electric generation (EG) is projected to increase by 10% between 2002 and 2010. Compared to the last long-term forecast in the *2000 California Gas Report*, this is 3% lower than the anticipated growth over the same period, resulting from higher gas supply costs impacting gas customer usage. Assumptions for SDG&E's gas transport requirements for cogeneration and EG are included as part of the wholesale market sector description for Southern California.

SDG&E projects core and noncore sales and transportation customer gas consumption and peak demand for its service territory, with the exception of gas requirements for the fossil fuel power plants. Customer gas usage forecasts are derived from models that integrate demographic assumptions, economics, energy prices, conservation, marketing programs, building and appliance standards, weather, and other factors. These forecasting models use econometric techniques and end-use forecasting methodologies.

The projection for compressed natural gas vehicle (NGV) requirements assumes moderate growth due to federal, state and local incentives for the purchase of school and transit buses. The Metropolitan Transit Development Board expects to add a significant number of new NGV buses, going from 290 to at least 600 vehicles over the next four to five years. The planned addition of several new refueling sites with public access will offset a reduction to the local public fueling infrastructure resulting from the closure of several retail stations. There are now a total of 21 NGV stations currently serving about 2,500 NGVs in San Diego County.

GAS SUPPLY

Approval of Application 01-01-021 allows SDG&E and the Southern California Gas Company (SoCalGas) to consolidate their gas supply portfolios and related interstate pipeline and storage capacities under common management. The resulting gas supply mix will be less weighted toward spot market purchases at the California border for SDG&E customers than in the past. Gas procurement for the consolidated portfolio will continue to be subject to a performance-based incentive mechanism that allows for the reasonableness of gas purchases to be judged against a market benchmark.

SDG&E has two long-term contracts with El Paso Natural Gas Company for total of 13.6 MMcf/day of firm transportation capacity and for 52.5 MMcf/day on the PGT/PG&E (1993 Expansion) pipeline system from Canada. Underground storage inventory rights for SDG&E's core gas customers totaling 4,500,000 Decatherms (Dth) are specified in the current one-year natural gas service contract with SoCalGas. In accordance with the Gas Industry Restructuring (GIR) Decision 01-12-018, SDG&E may elect to obtain an amount of storage inventory proportional to SoCalGas for core reliability and balancing service in 2003.

There is expected to be sufficient supply deliverability to SDG&E's gas system from the SoCalGas pipeline system and storage facilities. Gas delivery is made primarily through the Moreno-to-San Diego transmission pipeline.

PEAK DAY DEMAND AND DELIVERABILITY

SDG&E's design peak day gas demand consists of projected requirements for its core market of residential and small commercial customers, as well as a limited amount of retail noncore gas requirements. The peak day is expected to occur during the winter season due to demand for gas space heating. SDG&E plans to meet its design peak day gas demand from a combination of flowing gas supplies and withdrawing gas storage inventory.

SDG&E's gas transmission system is designed to provide a 100 percent level of service to all core customers under design peak day conditions. Because this design peak day is expected to occur only once every 35 years, the remaining capacity during non-peak conditions is available to serve noncore customers. During periods of cold weather or extremely high electric generation demand, however, it may not always be possible to maintain a 100% level of service to all noncore customers under the current system design criteria.

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The following table shows SDG&E's core gas demand forecast for the 1-in-35-year design peak day for the winter periods. This assumes that supplies from storage withdrawal are at SDG&E's maximum allowable rate under the terms of the current SoCalGas service contract and are used before out-of-state flowing gas supply purchases for the peak day core requirements. SDG&E supplies from storage withdrawal after the current storage contract expires are assumed to be proportional to storage withdrawal rights determined in the GIR decision for SoCalGas. Any reduction in firm storage inventory withdrawal will result in an increased requirement for out-of-state flowing gas supplies.

**SAN DIEGO GAS & ELECTRIC COMPANY
Design Peak Day Forecast
for Core Demand and Supplies
(MMCF/DAY)**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
PEAK DAY DEMAND:	415	414	414
AVAILABLE SUPPLY			
Storage Withdrawal	225	281	281
Out-of-State Supply	<u>190</u>	<u>133</u>	<u>133</u>
TOTAL CORE SUPPLY:	415	414	414

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**SAN DIEGO GAS & ELECTRIC COMPANY
TABULAR DATA**

SAN DIEGO GAS AND ELECTRIC

**Annual Gas Supply and Requirements
Recorded Years 1997-2001
MMCF/Day**

GAS SUPPLY AVAILABLE	1997	1998	1999	2000	2001
California Source Gas					
Regular Purchases					
Received for Exchange/Transport					
Total California Source Gas					
Purchases from Other Utilities					
Out-of-State Gas					
Pacific Interstate Companies					
Additional Core Supplies					
Supplemental Supplies-Utility					
Out-of-State Transport-Others					
Total Out-of-State Gas					
GAS SUPPLY AVAILABLE					
Underground Storage Withdrawal					
Gas Supply Taken					
California Source Gas					
Regular Purchases	26	34	18	10	10
Received for Exchange/Transport	0	0	0	0	0
Total California Source Gas	26	34	18	10	10
Purchases from Other Utilities	0	0	0	0	0
Out-of-State Gas					
Pacific Interstate Companies	0	0	0	0	0
Additional Core Supplies	0	0	0	0	0
Supplemental Supplies-Utility	253	279	200	145	130
Out-of-State Transport-Others	49	51	131	233	284
Total Out-of-State Gas	302	330	331	378	414
TOTAL Gas Supply Taken & Transported	329	364	349	388	424

SAN DIEGO GAS AND ELECTRIC

Annual Gas Supply and Requirements Recorded Years 1997-2001 MMCF/Day

Actual Deliveries by End-Use		1997	1998	1999	2000	2001
CORE	Residential	86	96	104	92	93
	Commercial	35	37	41	40	46
	Industrial	0	0	0	0	0
<i>Subtotal - CORE</i>		120	134	144	132	139
NONCORE	Commercial	0	0	0	0	0
	Industrial	29	26	22	21	12
	Non-EOR Cogen/EG	44	47	128	228	276
	Electric Utilities	134	157	51	0	0
<i>Subtotal - NONCORE</i>		207	229	201	250	288
WHOLESALE	All End Uses	0	0	0	0	0
<i>Subtotal - Co Use & LUAF</i>		1	1	4	7	-2
SYSTEM TOTAL THROUGHPUT		329	364	349	388	424
Actual Transport & Exchange						
CORE	Residential	1	0	0	0	0
	Commercial	3	4	5	5	6
NONCORE	Industrial	8	8	6	5	6
	Non-EOR Cogen/EG	37	39	120	222	272
	Electric Utilities	0	0	0	0	0
<i>Subtotal - RETAIL</i>		49	51	131	233	284
WHOLESALE	All End Uses	0	0	0	0	0
TOTAL TRANSPORT & EXCHANGE		49	51	131	233	284
Storage						
	<i>Storage Injection</i>	19	18	15	17	12
	<i>Storage Withdrawal</i>	23	9	27	20	7
Actual Curtailment						
	Residential	0	0	0	0	0
	Com/Indl & Cogen	0	0	0	0	0
	Electric Utilities	0	0	0	1	3
TOTAL CURTAILMENT		0	0	0	1	3
REFUSAL		1	0	0	0	0

ACTUAL DELIVERIES BY END-USE includes sales and transportation volumes

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**Annual Gas Supply and Requirements
Forecast Years 2002-2006
MMCF/Day
Average Temperature Year**

<u>GAS SUPPLY AVAILABLE</u>	2002	2003	2004	2005	2006
California Source Gas					
Regular Purchases	0	0	0	0	0
Received for Exchange/Transport	0	0	0	0	0
Total California Source Gas	0	0	0	0	0
Purchases from Other Utilities	0	0	0	0	0
Out-of-State Gas					
Pacific Interstate Companies	0	0	0	0	0
Additional Core Supplies	0	0	0	0	0
Incremental Supplies (Utility)	139	140	139	140	141
Out-of-State Transport (for others)	208	108	122	135	194
Total Out-of-State Gas	347	248	261	275	335
GAS SUPPLY AVAILABLE	347	248	261	275	335
Underground Storage Withdrawal	14	14	14	14	14
<u>GAS SUPPLY TAKEN</u>					
California Source Gas					
Regular Purchases	0	0	0	0	0
Received for Exchange/Transport	0	0	0	0	0
Total California Source Gas	0	0	0	0	0
Purchases from Other Utilities	0	0	0	0	0
Out-of-State Gas					
Pacific Interstate Companies	0	0	0	0	0
Additional Core Supplies	0	0	0	0	0
Incremental Supplies (Utility)	139	140	139	140	141
Out-of-State Transport (for others)	208	108	122	135	194
Total Out-of-State Gas	347	248	261	275	335
TOTAL Gas Supply Taken & Transported	347	248	261	275	335
Underground Storage Withdrawal	14	14	14	14	14

SAN DIEGO GAS AND ELECTRIC

Annual Gas Supply and Requirements Forecast Years 2002-2006 MMCF/Day

Average Temperature Year

<u>Requirements Forecast by End-Use</u>		2002	2003	2004	2005	2006
CORE	Residential	90	90	89	90	90
	Commercial	48	49	49	50	50
	NGV	2	2	2	2	2
	Industrial	0	6	6	6	6
<i>Subtotal - CORE</i>		140	147	146	147	148
NONCORE	Commercial	0	0	0	0	0
	Industrial	9	6	6	6	6
	Electric Generation	179	88	86	116	117
<i>Subtotal - NONCORE</i>		188	94	93	122	123
WHOLESALE	All End Uses	0	0	0	0	0
	<i>Co Use & LUAF</i>	3	2	2	2	2
SYSTEM TOTAL - THROUGHPUT		331	243	241	271	274
<i>Storage Injection</i>		14	14	14	14	14
<u>Transportation & Exchange</u>						
CORE	All End Uses	9	9	9	10	10
NONCORE	Commercial/Industrial	6	6	6	6	6
	Electric Generation	176	88	86	116	117
<i>Subtotal - RETAIL</i>		192	103	102	131	133
WHOLESALE	All End Uses	0	0	0	0	0
TOTAL TRANSPORT & EXCHANGE		192	103	102	131	133
<u>CURTAILMENT (Retail & Wholesale)</u>						
Core		0	0	0	0	0
Com/Ind		0	0	0	0	0
Electric Generation		0	0	0	0	0
<i>Total - CURTAILMENT</i>		0	0	0	0	0
REFUSAL		0	0	0	0	0

NOTE:

Requirement forecast by end-use includes sales, transportation, and exchange volumes.

ADDITIONAL NOTES:

SDG&E end-use sales service to noncore customers is eliminated per GIR D.01-12-018, and SDG&E noncore requirements are included here with the SDG&E core requirements forecast from 2003. As projected with this forecast, SDG&E has an option per GIR D.01-12-018 to obtain core reliability and balancing storage service for proportional core usage with SoCalGas. The heating value (MMBtu/Mcf) used for this forecast is from the 2003 BCAP filing assumptions.

**Annual Gas Supply And Requirements
Forecast years 2007-2022
MMCF/Day
Average Temperature Year**

<u>GAS SUPPLY AVAILABLE</u>	2007	2010	2015	2020	2022
California Source Gas					
Regular Purchases	0	0	0	0	0
Received for Exchange/Transport	0	0	0	0	0
Total California Source Gas	0	0	0	0	0
Purchases from Other Utilities	0	0	0	0	0
Out-of-State Gas					
Pacific Interstate Companies	0	0	0	0	0
Additional Core Supplies	0	0	0	0	0
Incremental Supplies (Utility)	143	150	160	170	175
Out-of-State Transport (for others)	218	249	269	290	299
Total Out-of-State Gas	361	400	429	460	474
GAS SUPPLY AVAILABLE	361	400	429	460	474
Underground Storage Withdrawal	14	14	14	14	14
 <u>GAS SUPPLY TAKEN</u>					
California Source Gas					
Regular Purchases	0	0	0	0	0
Received for Exchange/Transport	0	0	0	0	0
Total California Source Gas	0	0	0	0	0
Purchases from Other Utilities	0	0	0	0	0
Out-of-State Gas					
Pacific Interstate Companies	0	0	0	0	0
Additional Core Supplies	0	0	0	0	0
Incremental Supplies (Utility)	143	150	160	170	175
Out-of-State Transport (for others)	218	249	269	290	299
Total Out-of-State Gas	361	400	429	460	474
TOTAL Gas Supply Taken & Transported	361	400	429	460	474
Underground Storage Withdrawal	14	14	14	14	14

**Annual Gas Supply and Requirements
Forecast Years 2007-2022
MMCF/Day**

Average Temperature Year

<u>Requirements Forecast by End-Use</u>		2007	2010	2015	2020	2022
CORE	Residential	92	97	106	114	119
	Commercial	51	53	54	55	55
	NGV	2	2	2	2	2
	Industrial	6	6	6	6	6
<i>Subtotal - CORE</i>		<hr/> 151	<hr/> 158	<hr/> 168	<hr/> 178	<hr/> 182
NONCORE	Commercial	0	0	0	0	0
	Industrial	6	6	6	7	7
	Electric Generation	119	126	199	215	221
<i>Subtotal - NONCORE</i>		<hr/> 125	<hr/> 132	<hr/> 206	<hr/> 221	<hr/> 228
WHOLESALE	All End Uses	0	0	0	0	0
	<i>Co Use & LUAF</i>	2	2	3	3	3
SYSTEM TOTAL - THROUGHPUT		<hr/> 278	<hr/> 293	<hr/> 376	<hr/> 402	<hr/> 413
<i>Storage Injection</i>		14	14	14	14	14
 <u>Transportation & Exchange</u>						
CORE	All End Uses	10	10	10	11	10
NONCORE	Commercial/Industrial	6	6	6	7	7
	Electric Generation	119	126	199	215	221
<i>Subtotal - RETAIL</i>		<hr/> 135	<hr/> 142	<hr/> 216	<hr/> 232	<hr/> 239
WHOLESALE	All End Uses	0	0	0	0	0
TOTAL TRANSPORT & EXCHANGE		<hr/> 135	<hr/> 142	<hr/> 216	<hr/> 232	<hr/> 239
 <u>CURTAILMENT (Retail & Wholesale)</u>						
	Core	0	0	0	0	0
	Com/Ind	0	0	0	0	0
	Electric Generation	0	0	0	0	0
<i>Total - CURTAILMENT</i>		<hr/> 0	<hr/> 0	<hr/> 0	<hr/> 0	<hr/> 0
REFUSAL		0	0	0	0	0

NOTE:

Requirement forecast by end-use includes sales, transportation and exchange volumes.

ADDITIONAL NOTES:

SDG&E end-use sales service to noncore customers is eliminated per GIR D>01-12-018, and SDG&E noncore requirements are included here with the SDG&E core requirements forecast from 2003. As projected with this forecast, SDG&E has an option per GIR D.01-12-018 to obtain core reliability and balancing storage service for proportional core usage with SoCalGas. The heating value (MMBtu/Mcf) used for this forecast is from the 2003 BCAP filing assumptions.