Q4 2025 Electric Rates Report

The Public Advocates Office at the California Public Utilities Commission

February 2026

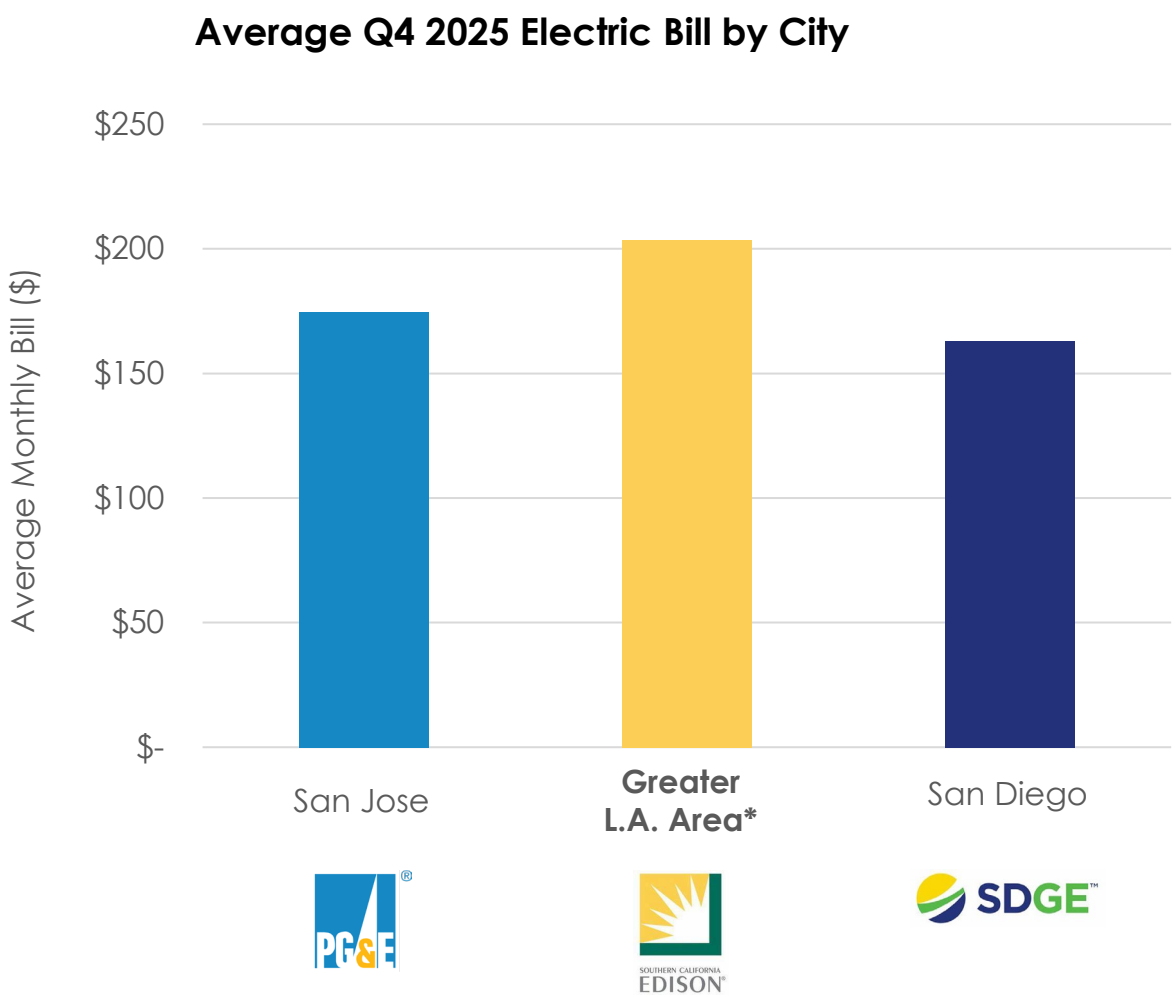
About

- The Public Advocates Office represents utility customers' interests primarily by participating in proceedings before the California Public Utilities Commission and engaging in other policymaking forums.

- The California electric utilities recover their operational and investment costs through the rates they charge their customers. These rates regularly change due to many factors. We track the rates and develop recommendations to minimize costs to ratepayers.

- This report summarizes residential electric rate changes across Pacific Gas and Electric (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison (SCE) service territories through **January 1, 2026**.

Bills compound affordability challenges across the state



- Over the last few years electric bills are generally rising due to **higher electricity use** (e.g., air conditioning) and **higher overall electricity prices ("rates").**

- Low-income households are most disproportionately impacted from higher rates and bills.

Source: Public Advocates Office analysis of utility data and household consumption for unsubsidized (Non-CARE) customers
**Los Angeles Department of Water and Power services the City of Los Angeles.*

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More than 1 in 5 households are behind on their energy bills

	# of Customers in Arrears	% of Customers in Arrears	Average Amount Owed
PG&E	1,063,475	19%	$656
SCE	833,823	18%	$829
SDG&E	240,167	17%	$500
Combined	2,137,465	18.2%	$705

Source: December 2025 utility compliance filings in the CPUC's disconnection proceeding (R.18-07-005)
Note: SDG&E and PG&E data includes both electric and natural gas customers

Main electricity rate drivers

	10-Year Change Jan 2016 to Jan 2026
PG&E	↑ 76%
SCE	↑ 101%
SDG&E	↑ 98%

Primary Statewide Drivers

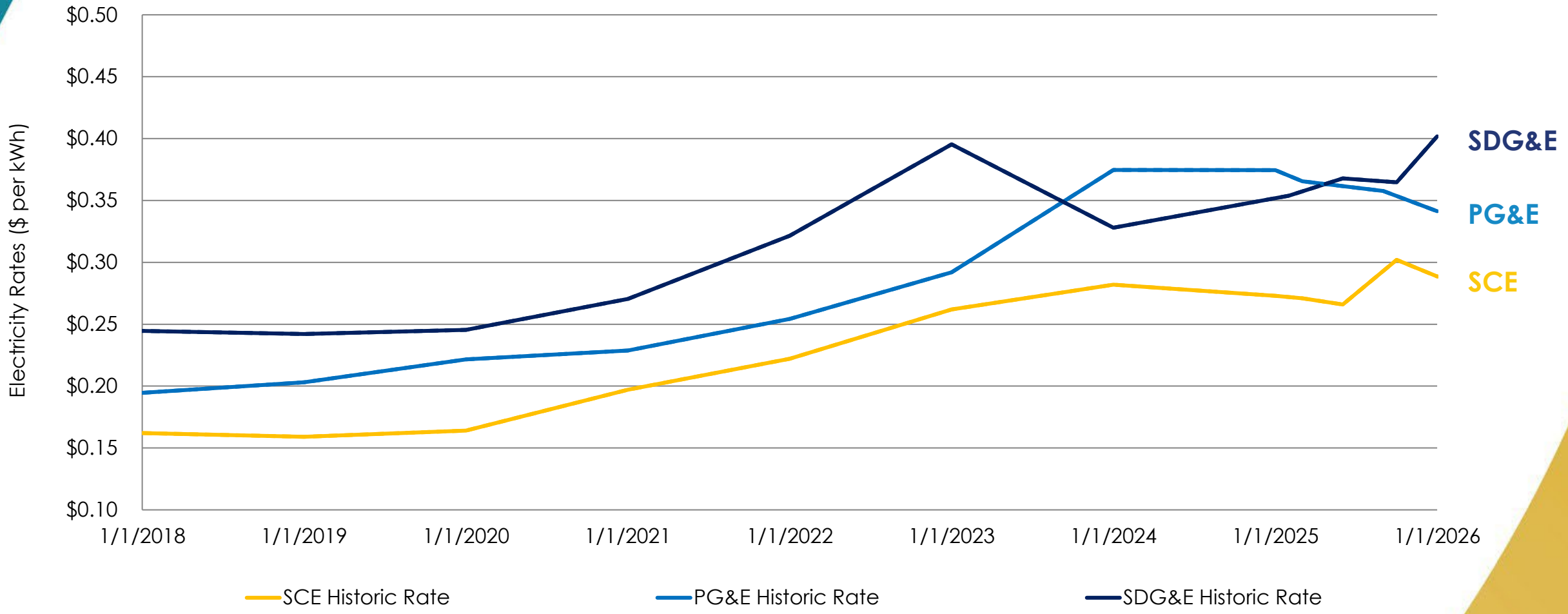
1. Wildfire mitigation and insurance
2. Transmission & distribution investments
3. Rooftop solar incentives ("net energy metering")

Source: California Public Utilities Commission SB 695 report: Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases... (2023)

Source: Investor-Owned Utility Advice Letters (California Residential Average Rates)

Bundled System Average Rates (SAR)

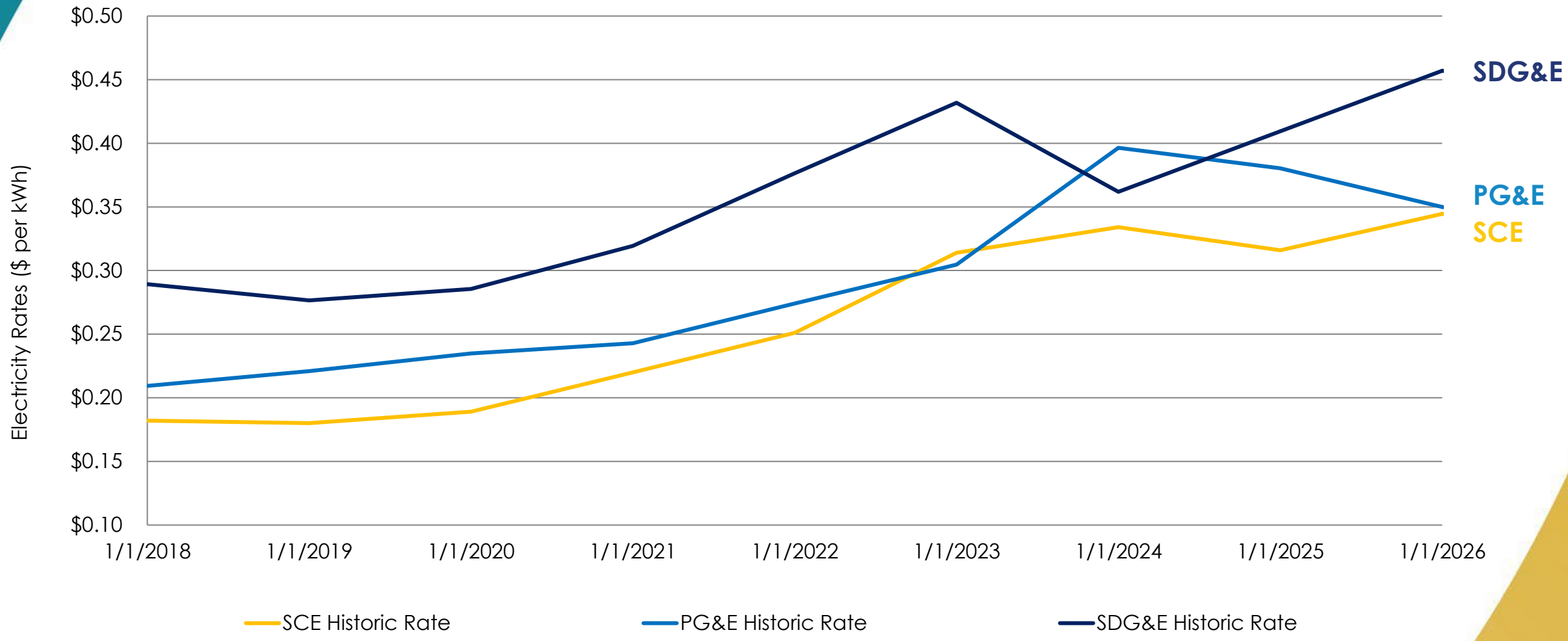
System Average Rate (SAR) is the average amount paid per kilowatt-hour ($/kWh) by customers who receive both electricity generation and delivery from their utility. It is calculated by dividing the utility's total electric revenues by the total electricity sold to bundled customers. Customer classes include residential, commercial, industrial, agricultural, street lighting, and public agencies.



*System Average Rate Formula: Bundled customer authorized and pending revenue requirement ($)/Bundled authorized forecasted sales (kWh).

Source: *Investor-Owned Utility Advice Letters (California Rates) for historic rates.*

Average Residential Electricity Rates (RAR)



CA rates represent residential average rates excluding California Climate Credit.

Source: *Investor-Owned Utility Advice Letters (California Rates) for historic rates and utility submitted Cost and Rate Trackers for forecasted rates.*

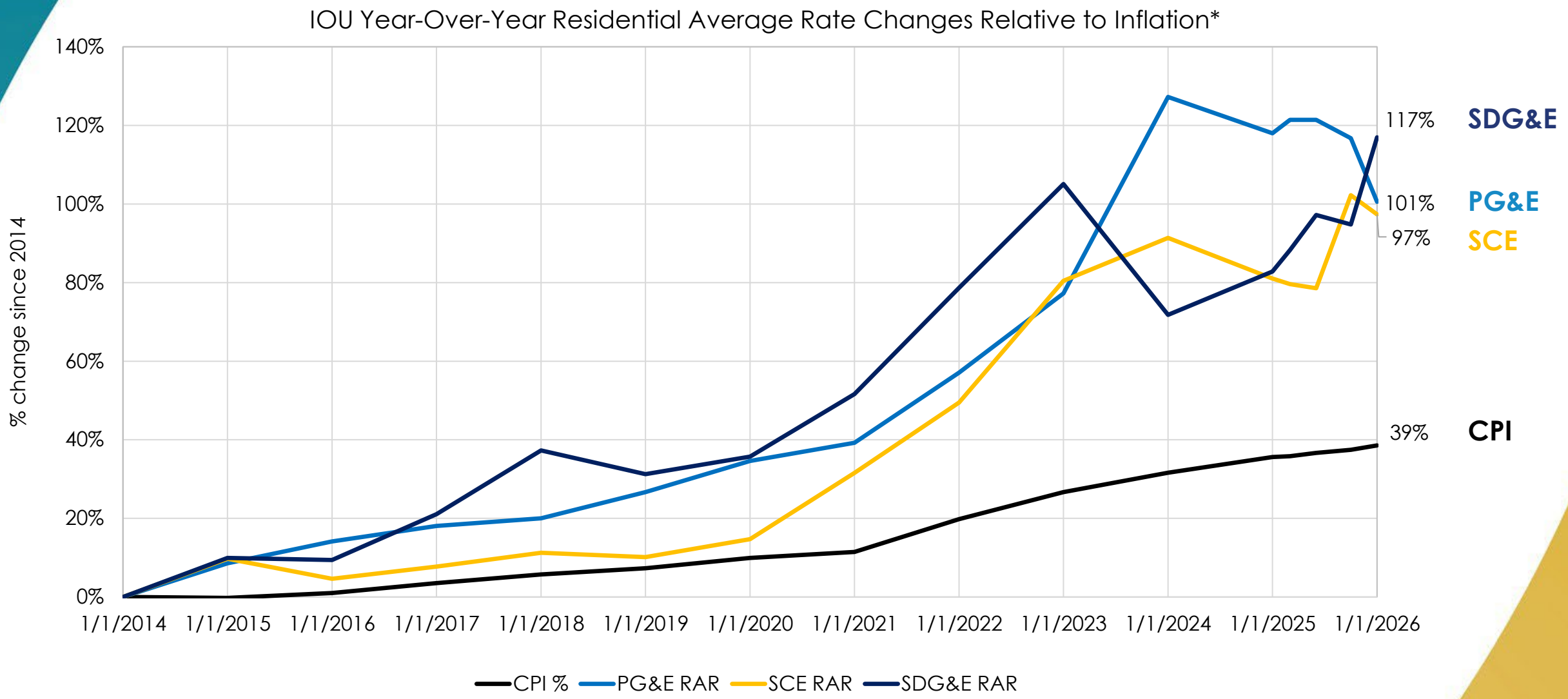
Residential average rates have significantly increased

	Average Rate ($ per kWh)	**3-year Change** Jan 2023 to Jan 2026	**10-year Change** Jan 2016 to Jan 2026
PG&E	$0.350	↑ 15%	↑ 76%
SCE	$0.345	↑ 10%	↑ 101%
SDG&E	$0.457	↑ 6%	↑ 98%

Utility rates represent residential average rates excluding the California Climate Credit.
Source: *Investor-Owned Utility Advice Letters*

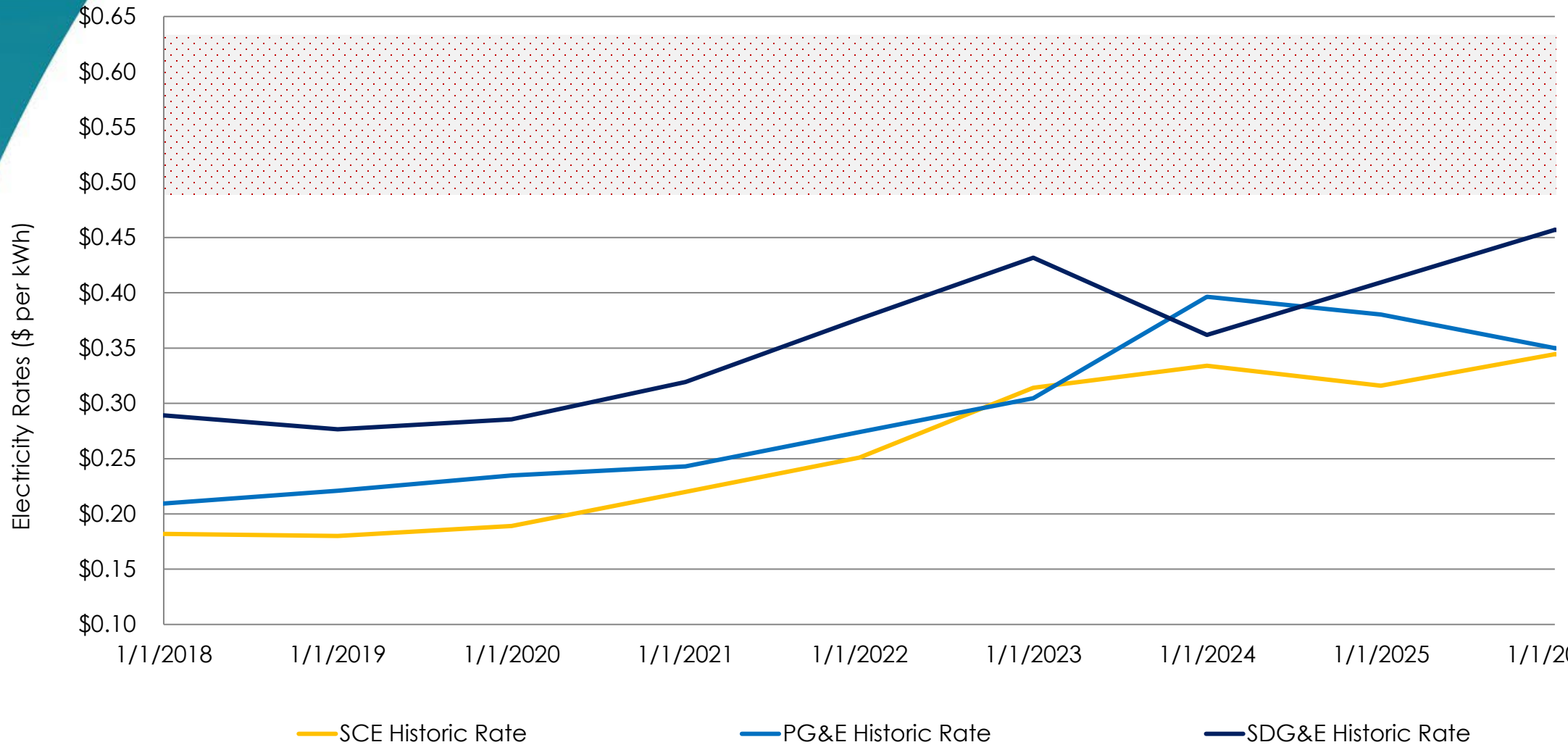
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Rates have increased substantially since 2014, surpassing inflation



*Showing latest Bundled Residential Average Rates (RAR) and Consumer Price Index (CPI) for All Urban Consumers (CPI-U) found at https://data.bls.gov/cgi-bin/dsrv?cu, as of January 1, 2026.
**For details on primary drivers of rate changes in Q4 2025, see Appendix Slides 18 through 23.

EV Fuel Price Parity w/ Bundled Residential Average Rate



Est. rates when fuel costs are more expensive than driving a gas car from $4.60 to $6.00 per gallon.

SDG&E

PG&E

SCE

Assumptions for this slide found in Appendix on Slide 18.
Avg residential rates represent average residential rate customers excluding California Climate Credit.
Source: Investor-Owned Utility Advice Letters (California Residential Average Rates) for historic rates.

Wildfire-Related Revenue Requirement* (RRQ) by Utility

	Jan 2023	% of Total RRQ 2023	June 2024	% of Total RRQ 2024	Oct 2025	% of Total RRQ 2025
PG&E	$2,398,830,000	15%	$5,326,645,000	25%	$3,638,277,000	19%
SCE	$1,447,261,000	9%	$2,026,051,000	11%	$2,582,118,000	15%
SDG&E	$372,233,000	9%	$595,578,000	15%	$760,797,000	18%

The chart above is based on latest figures as of October 2025 and includes wildfire-related insurance and the Wildfire Fund Charge. Some historical data for Jan 2023 or June 2024 may have been updated by the IOUs and reflected in any change from the figures presented in the Q2 2025 Report. For more context, please visit our website and related memo: https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/wildfire-cost-increases-of-california-electric-ious

*A revenue requirement is the total amount a utility is authorized to collect from customers to cover its costs – including operations, maintenance, taxes, depreciation, and a return on investment.

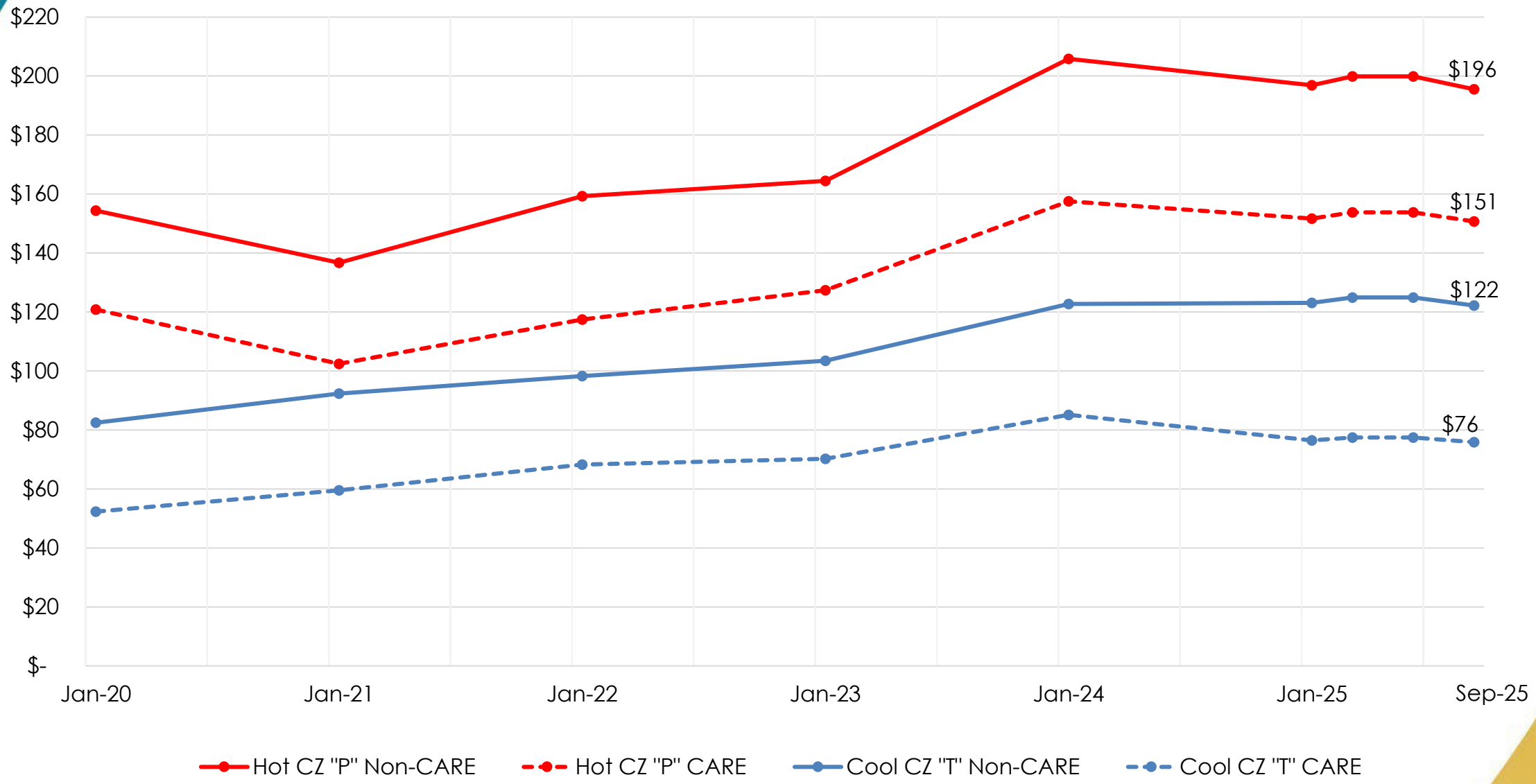
Historic Trend of Average Electricity Bills for CARE* and Non-CARE Customers

Using a Sample of Hot & Cool Climate Zones from each IOU's Service Territory

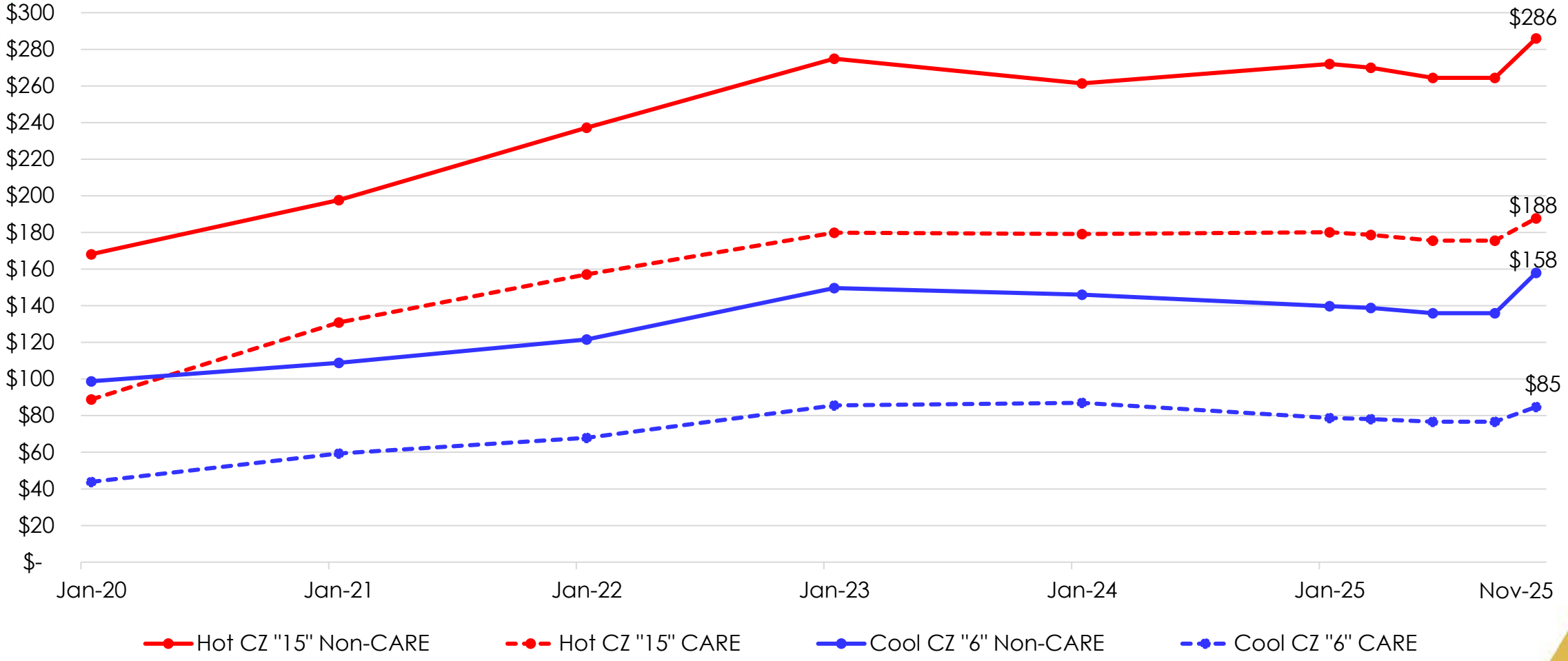
*CARE customers are those households with incomes at or below 200% of the Federal Poverty Level and enrolled in the California Alternate Rates for Energy (CARE) program, which provides them a 30-35% discount on their energy bills. With exemptions from certain costs and implementation of the Base Services Charge, CARE customers will see total discounts of approximately 40%.

The IOUs report estimated bills to Cal Advocates on a quarterly basis. These slides include the latest quarterly rate change from each IOU and resulting bill estimates as of December 2, 2025.

PG&E's Average Monthly Electricity Bills for CARE & Non-CARE Customers in Hot and Cool Climate Zones

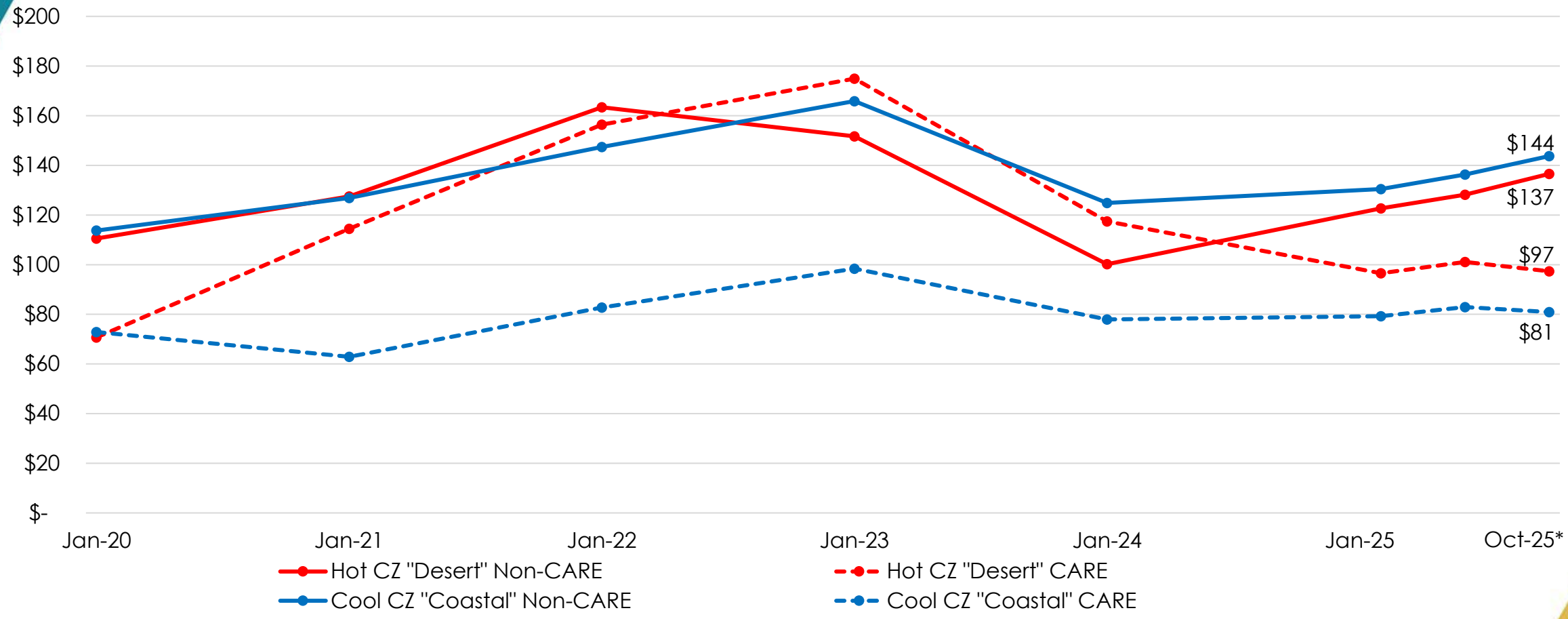


SCE's Average Monthly Electricity Bills for CARE & Non-CARE Customers in Hot and Cool Climate Zones



SCE's 15 hot climate zone has relatively high average usage of around 785 kWh monthly usage across Non-CARE & CARE customers. For Comparison, 6 cool CZ customers average around 385 kWh of monthly electricity usage.

SDG&E's Average Monthly Electricity Bills for CARE & Non-CARE Customers in Hot and Cool Climate Zones



SDG&E's Non-CARE customers in its Coastal Climate Zone use more electricity on average in the Winter season than Non-CARE customers in SDG&E's Desert Climate Zone.

*SDG&E's data reflects the implementation of the Base Services Charge that occurred on 10/1/2025. SDG&E reports that CARE-eligible customers in all baseline territories realized bill savings upon implementation as required by Decision 24-05-028 (see SDG&E Advice Letter 4701-E).

More information

We develop recommendations to ensure that energy, water, and communications services provided by investor-owned utilities are affordable, safe, and reliable.

Visit our website at www.publicadvocates.cpuc.ca.gov

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Appendix

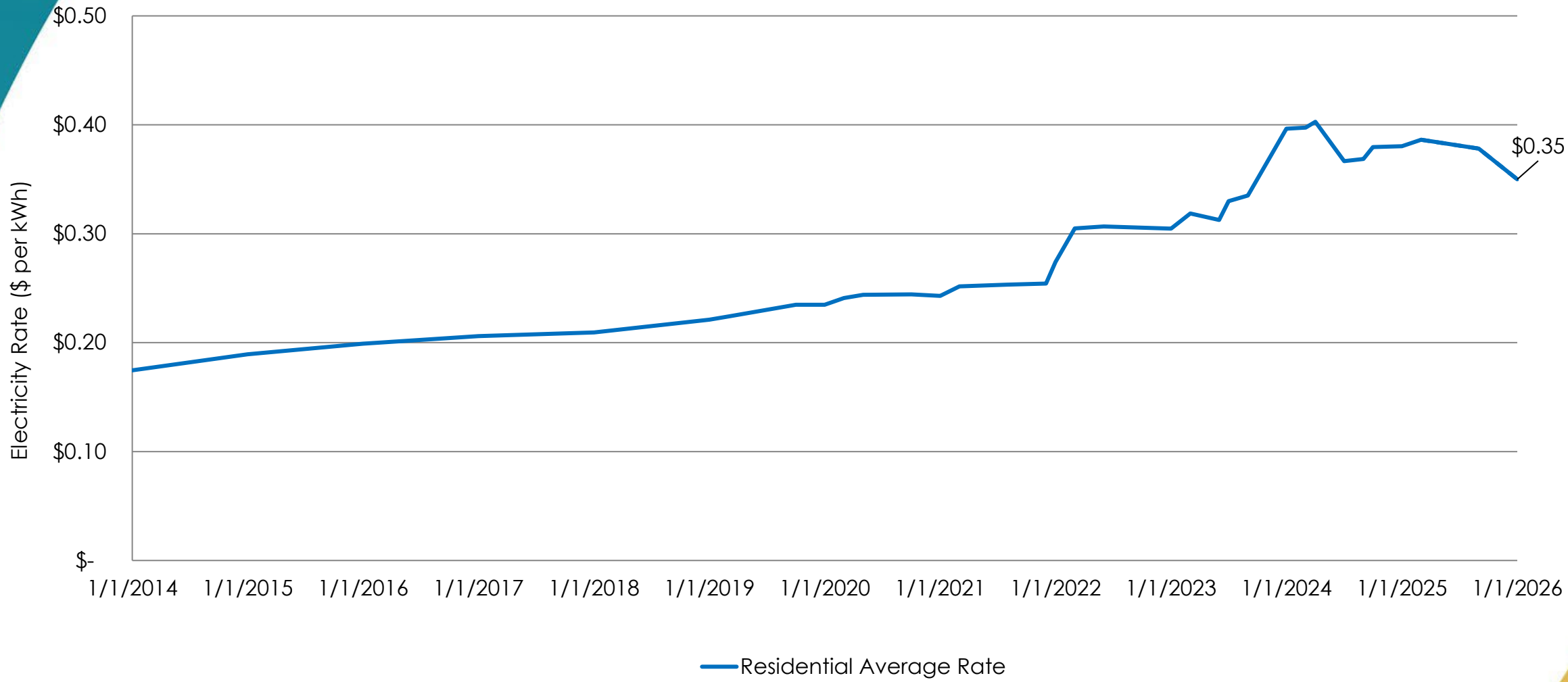
Assumptions & Additional Utility Data

Electric Vehicle (EV) Fuel Price Parity Assumptions (Slide 10)

- Internal Combustion Engine (ICE) MPG: 28
- EV MPGe: 100
- $/Gallon Range: 4.60 – 6.00
- kWh/Gallon (EPA est.): 33.7

((EV MPGe / ICE MPG) * $/Gallon) ÷ kWh/Gallon
= $0.487 to $0.636 $/ kWh equivalent

PG&E Rate Change | Residential Average Rate



*Excludes Climate Credit (CCC reduces RAR by around 2-3 cents).

PG&E Q4 2025 Changes to Revenue Requirement

On December 30, 2025, PG&E submitted Advice Letter 7797-E, to update electric rates effective January 1, 2026. Noteworthy changes include:

PG&E's 2026 Energy Resource Recovery Account (ERRA)

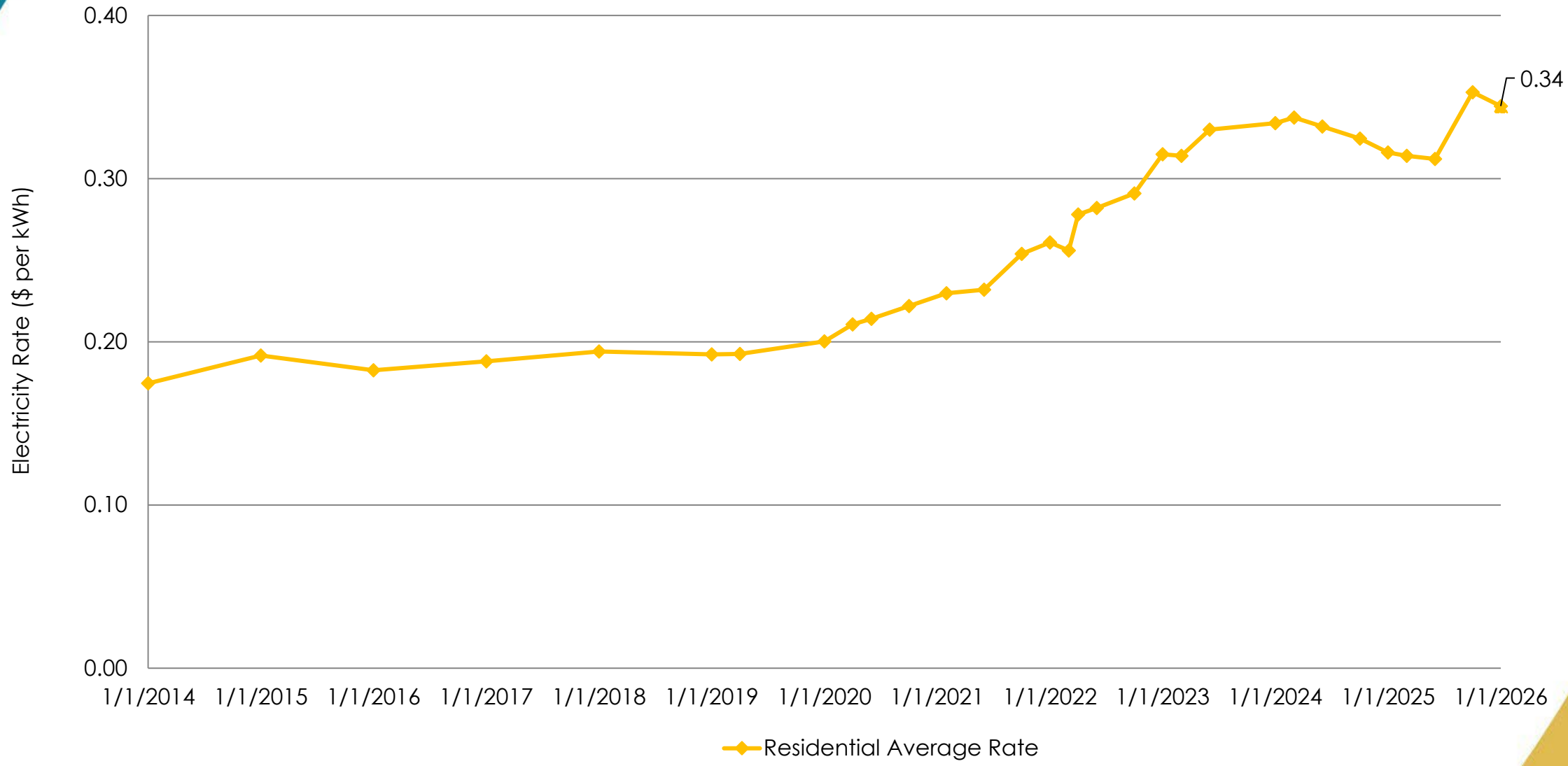
Approved in D.25-12-027

- PG&E's **updated sales forecast for 2026** results in a 2.5% increase in forecasted bundled residential sales due to a 4.3% decrease in expected CCA residential sales (net a slight decrease from the original forecast for bundled residential sales). Increased bundled residential sales means allocated costs will be spread over more kWhs reducing the volumetric rate.

- PG&E's bundled residential customers see a **significant decrease in generation revenue requirement** driven by a roughly $1 billion decrease in Power Charge Indifference Adjustment (PCIA) Resource Adequacy (RA) value between the 2025 and 2026 ERRA Forecasts. This decrease in RA value is ultimately recovered from unbundled customers, lowering the amount collected from bundled customers.

January 1, 2026, Rate Change: The changes in AL 7797-E results in a residential average rate (RAR) *decrease* of approximately **7.5%** for bundled service customers relative to rates in effect on September 1, 2025.

SCE Rate Change | Residential Average Rate



*Excludes Climate Credit (CCC reduces RAR by around 2-3 cents).

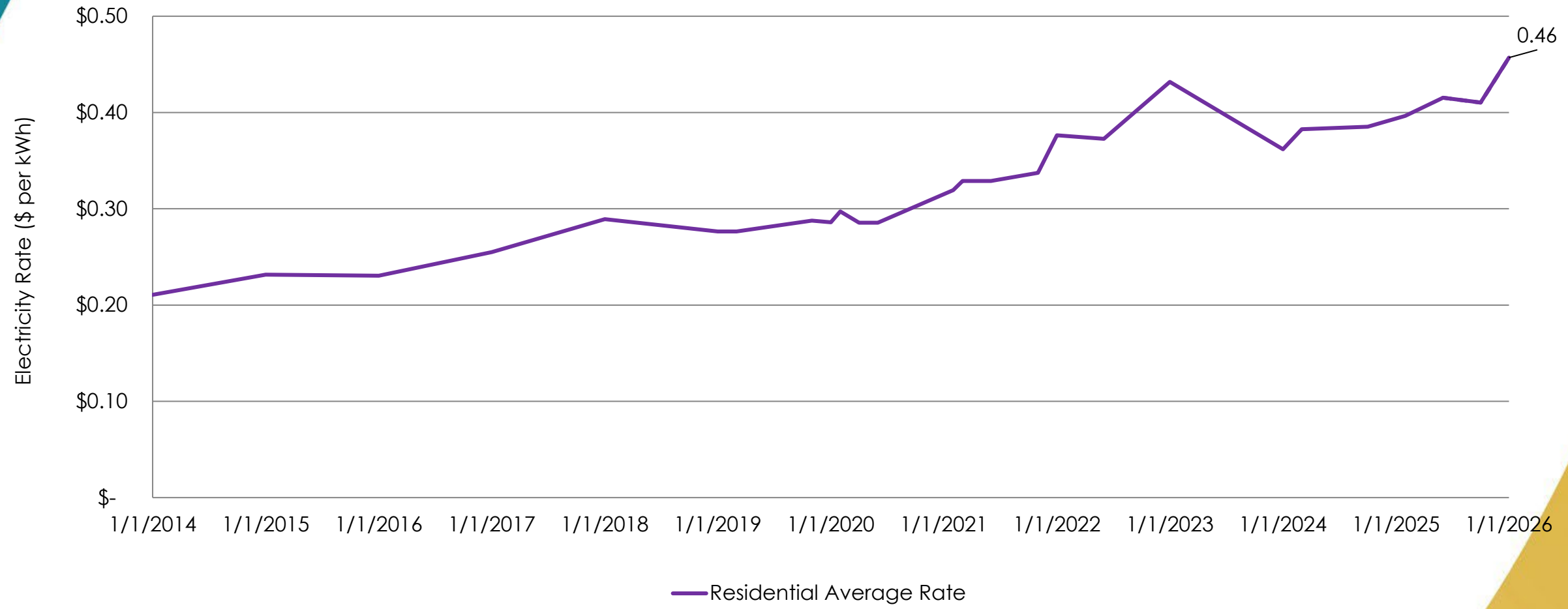
SCE Q4 2025 Changes to Revenue Requirement

On December 30, 2025, SCE submitted Advice Letter (AL) 5725-E, to update electric rates effective January 1, 2026. Noteworthy changes include:

- **Authorized Base Revenue Requirement (ABRR)** – The GRC revenue requirement adopted in D.25-09-030 results in an ABRR of $10.187 billion, an increase relative to the 2025 Test Year adjusted ABRR of $9.660 billion. This increase includes a $449.0 million increase in distribution O&M and capital compared to October 1, 2025.
- **2026 Energy Resource Recovery Account (ERRA) Forecast Proceeding** – D.25-12-028 authorized a 2026 ERRA Forecast revenue requirement of $4.689 billion, which AL 5725-E updates to $4.716 billion based on November recorded balances. The ERRA RRQ includes a $494.3 million increase in the Portfolio Allocation Balancing Account (PABA) and a $509.8 million decrease in the ERRA Balancing Account, as well as a $188.4 million increase in fuel and purchased power and a $198.3 million increase in GHG revenue return.

January 1, 2026, Rate Change: The changes in AL 5725-E result in a residential average rate (RAR) *decrease* of approximately **2.3%** for bundled service customers relative to rates in effect on November 15, 2025. Though bundled residential rates decreased, the total revenue requirement increased by $444.228 million.

SDG&E Rate Change | Residential Average Rate



* Rates from 10/1/2025 forward include the Base Service Charge.

** Excludes Climate Credit (CCC reduces RAR by around 2-3 cents).

SDG&E Q4 2025 Changes to Revenue Requirement

On December 31, 2025, SDG&E submitted Advice Letter (AL) 4757-E, to update electric rates effective January 1, 2026. Noteworthy changes include:

- **2026 Energy Resource Recovery Account (ERRA)** – An increase of $613.8 million in revenue requirement due to the implementation of the authorized 2026 ERRA forecast. The two largest drivers are:
  - **2026 Portfolio Allocation Balancing Account (PABA) revenue requirement**: $184.6 million increase in Generation revenues.
  - **Recovery of the 2025 year-end balance recorded to PABA**: $621.0 million increase in generation revenues. This increase is a result of SDG&E's 2025 actual market revenues being lower than forecasted, leaving an under-collection balance to be recovered starting January 1, 2026.
- **Transmission Access Charge Balancing Account Adjustment (TACBAA)** – The inclusion of the TACBAA will result in a $172.2 million increase in revenue requirement.

January 1, 2026, Rate Change: The changes in AL 4757-E results in a residential average rate (RAR) *increase* of approximately **11.4%** for bundled service customers relative to rates in effect on October 1, 2025.