**PG&E Advice Letter –** PG&E annually submits its “Annual Electric True-Up” (AET) advice letter to implement electric rate changes and their associated tariffs from previously authorized decisions, resolutions, and advice letters. This year, the AET resulted in two rate changes through the filing of two separate advice letters; the first one (advice letter 6004-E-C) was implemented on January 1, 2021 and the second one (advice letter 6090-E) will result in rate and bill impacts beginning on March 1, 2021.

**Estimated Bill Impacts of All Requested Electric Rate Changes Effective March 1, 2021:**

|  |  |
| --- | --- |
| Estimated Electric Bill Impacts[[1]](#footnote-1) | PG&E as of March 1, 2021 |
| * Average Residential Non-CARE electric bill | $141.70 |
| * Average Residential Non-CARE electric bill increase | $5.12 (3.7%) |
| * Average Residential CARE electric bill | $90.90 |
| * Average Residential CARE electric bill increase | $3.32 (3.8%) |

Below are the primary drivers of PG&E’s March 1, 2021 electric rate changes, which involve an increase of $482 million in the revenues the company needs for its electric utility operations and capital investments. This rate/bill increase is attributable to rate increases authorized in PG&E’s 2020 General Rate Case (GRC), School Energy Efficiency program costs established by legislation, and adjustments to regulatory accounts. Dollar amounts shown below represent the increase or decrease in revenue authorized to be collected from customers in rates; *not* total program costs:

* The primary drivers of the March 1st rate change are:
  + 2020 GRC Decision (D.) 20-12-005 ($858 million): In December 2020, the Commission authorized additional funding ($858 million) to support continuing safety and compliance programs to mitigate wildfire risks, additional mitigation programs identified through the Risk Assessment Mitigation Phase, and Community Wildfire Safety Program (CWSP) operation and maintenance activities and capital costs. CWSP includes activities such as enhanced vegetation management, system hardening, and enhance operational practices.
  + Assembly Bill (AB 841) School Energy Efficiency Stimulus Program ($76.8 million): D.21-01-004 authorized PG&E to implement this program, resulting in a revenue increase of $76.8 million.
  + Adjustments to regulatory accounts “Balancing accounts” ($104 million):
    - Generally speaking, regulatory and balancing accounts track the difference between the amount the CPUC authorized a utility to collect from customers through rates for a particular service, project, etc., and how much the utility actually collected for it in rates from customers. In 2020, PG&E under-collected $64 million for insurance costs and $40 million for residential rate reform program expenses.
  + The increases to authorized revenues described above are mitigated by several factors that reduced PG&E’s overall costs for 2020 and 2021, including a decrease in pension cost, lower borrowing cost, and a significant over-collection in Federal Energy Regulatory Commission (FERC) transmission rates.
  + PG&E maintains a Transmission Access Charge Balancing Account Adjustment (TACBAA) to record the difference between the pass-through transmission rate it bills customers and the rate set by FERC. In February 2021, FERC accepted PG&E’s annual updates to the TACBAA, which resulted in a reduction of $413 million in revenue needed for Commission jurisdictional rates.
  + PG&E’s exit from Chapter 11 through its Plan of Reorganization allowed the utility access to lower long-term debt. PG&E’s current cost of long-term debt is 4.17%, resulting in a cost reduction of $128.7 million.
  + D.20-12-005 in PG&E’s 2020 GRC reduced pension cost in 2020 by $34.1 million.

1. Based on a “typical” residential bundled customer using, on average, 500 kilowatt-hours per month. [↑](#footnote-ref-1)