



# CPUC Fact Sheet – PG&E General Rate Case

Pacific Gas and Electric Company

Application 21-06-021

(updated as of December 9, 2022)

## What is the PG&E General Rate Case Application About?

Every four years, the California Public Utilities Commission (CPUC) requires Pacific Gas and Electric Company (PG&E) to file an Application, referred to as a General Rate Case (GRC) Application. The CPUC reviews this Application to take an in-depth look at PG&E's forecasted costs, its forecasted services and projects, and other factors, and decides whether to modify the rates PG&E is authorized to charge its customers and whether to require other changes in PG&E's future operations.<sup>1</sup>

In this Application, PG&E is requesting the CPUC to approve rate increases for its electric and gas customers for the calendar years 2023 through 2026. PG&E initially submitted its GRC Application on June 30, 2021 and submitted modifications on March 10, 2022 and September 6, 2022. PG&E's March 10, 2022 request incorporates its proposal to underground approximately 3300 miles of overhead electrical facilities. PG&E's September 6, 2022 update reflects inflation and tax changes. The CPUC heard comments from the public during Public Participation Hearings in March 2022 and held evidentiary hearings in August 2022. The CPUC anticipates a final decision on PG&E's request in the third quarter of 2023.

## How will PG&E's Requested Rate Increase Impact You?

Based on PG&E's request, as modified, the estimated monthly PG&E bill for the typical residential customer and typical customer enrolled in California Alternate Rates for Energy (CARE) would increase approximately 18% on January 1, 2023 (as compared to January 1, 2022 rates), as shown below:

PG&E Request - 2023 Monthly Residential Bill Impact <sup>2</sup>				
Customer/Typical Monthly Usage <sup>3</sup>	Current Bill	PG&E Proposed Increase	Estimated 2023 Bill	% Increase
<u>Residential Customer</u>				
Electric: 500 kWh per month	\$151.53	\$28.78	\$180.31	19.0%
Gas: 33 therms per month	\$65.17	\$9.95	\$75.12	15.3%
Combined Total	\$216.70	\$38.73	\$255.43	17.9%
<u>CARE Residential Customer</u>				
Electric: 500kWh per month	\$97.56	\$18.71	\$116.27	19.2%
Gas: 29 therms per month	\$43.91	\$6.87	\$50.78	15.7%
Combined Total	\$141.47	\$25.58	\$167.05	18.1%

<sup>1</sup> In this PG&E GRC case, the CPUC reviews PG&E's expected costs for gas and electric distribution, gas transmission and storage, and electric generation. PG&E's electric rates include additional costs, such as fuel costs, purchased electric power, and electric transmission costs. These additional costs are not addressed in this case. This GRC also does not address the costs of natural gas.

For information on recent PG&E rate changes, see the Energy Division Rate Change Advisory here: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/rate-change-advisories/20220101rate-alertpge-updated.pdf>.

<sup>3</sup> Residential customers are billed by PG&E based primarily on their energy usage. Electric usage is measured in kilowatt-hours (kWh) and gas usage is measured in therms.

PG&E's request also proposes increases for the years 2024-2026. The monthly PG&E electric and gas bill for a typical residential customer would increase by an additional \$10.88 in 2024, \$10.19 in 2025, \$9.15 in 2026.

Based on PG&E's request, rates for residential Direct Access and Community Choice Aggregation customers are estimated to increase by approximately 25.7% in 2023 (as compared to January 1, 2022 rates) and approximately a total of 35.9% in 2026.

### **What Type of Electric Costs Does PG&E Request to Recover?**

For 2023, PG&E is requesting a reduction of revenue for anticipated operations and maintenance (O&M) expenses and an increase of revenue for administration costs, new capital investments to replace and upgrade its facilities, and wildfire risk mitigation activities. Some of the major components of PG&E's request for electric operations are listed below. The below amounts include escalation rates in PG&E's September 6, 2022 update testimony but not the additional amounts requested by PG&E for 2024-2026.

- Electric Distribution operating expense: \$2.708 billion
- Electric Generation and Procurement expense: \$662.6 million
- Customer Accounts expense: \$228.8 million
- Administrative and General expense: \$1,641 million
- Electric Depreciation expense: \$2,831 million
- Electric Taxes: \$856.2 million
- 2023 capital expenditure forecast is \$4.5 billion, a \$1.4 billion increase over 2020 recorded capital.<sup>4</sup>
- Return: \$2.337 billion<sup>5</sup>

The key drivers for the increase in electric distribution expenses in 2023 (over 2020 recorded) are in the program areas of Maintenance and Compliance (\$46 million increase), driven primarily by increased in PG&E's Routine Vegetation Maintenance Program to reduce potential vegetation contact with overhead electric lines and other equipment; Operational Coordination (\$76 million increase), driven by increased work in, for example, Integrated Grid Platform and Grid Modernization; and Emergency Preparedness and Response (\$42 million increase).<sup>6</sup> PG&E's electric distribution forecast for 2023 capital expenditures reflects an approximately 45 percent increase relative to 2020 recorded expenditures.<sup>7</sup> This increase is driven primarily by the program area of Risk Reduction (\$1.064 billion increase), which reflects PG&E's plans to underground additional miles as part of the System Hardening Program and the Community Rebuild Program in Paradise.<sup>8</sup> These amounts do not reflect the September 6, 2022 escalation rates.

### **What Type of Gas Costs Does PG&E Request to Recover?**

PG&E requests the CPUC approve operating expenses, taxes, and capital via depreciation and return amount for its gas operations. PG&E's gas operations' costs related to its gas distribution, gas transmission, and storage systems. Some of the major components of PG&E's request for gas operations are listed below. These amounts reflect the requested revenue requirement for 2023 but not the additional amounts requested by PG&E for 2024-2026.

- Gas Distribution operating expense: \$629.6 million
- Gas Transmission and Storage operating expense: \$787.5 million
- Customer Accounts expense: \$161.3 million
- Administrative and General expense: \$523.1 million
- Depreciation expense: \$1.063 billion

<sup>4</sup> PG&E Ex-1 at 1-18.

<sup>5</sup> Information regarding PG&E's rate of return is available in A.22-04-008 and on the CPUC's website at the following link: [498526018.PDF \(ca.gov\)](#). The November 9, 2022 proposed decision recommends that the CPUC adopt a 2023 rate of return of 7.32%. PG&E requested a rate of return of 7.78%.

<sup>6</sup> PG&E Ex-4 at 2-5 and 2-6.

<sup>7</sup> PG&E Ex-4 at 2-7.

<sup>8</sup> PG&E Ex-4 at 2-7 and 2-8.

- Taxes: \$410.7 million
- 2023 capital expenditure forecast is \$2.3 billion, a \$571 million increase over 2020 recorded capital.<sup>9</sup>
- Return: \$1.373 billion

The key drivers for the increase in gas expenses are in the program areas of In-line Inspection, Direct Assessment, and Strength Testing.<sup>10</sup> The key drivers of the increase in gas capital are in the program areas of Main Replacement, Strength Test Capital, Shallow and Exposed Pipe, and GT Station Over Pressure Protection Enhancements.<sup>11</sup> These amounts do not reflect the September 6, 2022 escalation rates.

## How Can My Opinion Be Heard?

The CPUC Public Advisor's Office <https://www.cpuc.ca.gov/pao/> provides information to assist the public to participate in proceedings. Specifically:

- The CPUC held six remote Public Participation Hearings (PPHs) in March 2022. These hearings were transcribed by a court reporter and placed into the formal record for this proceeding. Additional information is available at [CPUC Public Participation Hearings \(ca.gov\)](#).
- Customers can submit electronic public comments specific to this proceeding and review all other public comments submitted by using the "Add Public Comment" button on the Public Comment tab of the Docket for A.21-06-021 at: [CPUC-Public Comments](#).
- Customers can mail a letter to the CPUC Public Advisor and include this proceeding number, A.21-06-021, to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov) or CPUC, Public Advisor, 505 Van Ness Ave., San Francisco, CA 94102.
- The CPUC Public Advisor's Office may be reached by phone at 866-849-8390.

## Further Information on GRC Proceeding and Related Proceedings:

- The PG&E June 30, 2021 Application, the March 10, 2022 amended Application, and other filings in this proceeding, as well as hearing transcripts and future documents, such as the proposed decision, are available at following link on the CPUC website: [Proceeding Details \(ca.gov\)](#).
- PG&E's GRC testimony, including the March 2022 amendment and September 6, 2022 update testimony, are available at the following link on PG&E's website: [PG&E Document Search](#). Select "GRC 2023 Ph1 [A.21-06-021]" from the "Case" drop-down menu.
- To receive notice of all formal documents filed in A.21-06-021, go to [Welcome to the CPUC Subscription Service \(ca.gov\)](#).
- The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) is an independent consumer advocate within the CPUC that will review, audit, and submit formal testimony on PG&E's Application. Its website is available at the following link: [Public Advocates Office](#).
- The CPUC Energy Division posts information on this proceeding as well as other major proceedings related to PG&E at on the CPUC's website at the following link: [CPUC Energy Division - PG&E](#). In addition, Energy Division provides information on the general rate case process at [CPUC - GRC](#) and information on natural gas in California at [CPUC - Natural Gas](#).
- To learn more about PG&E's costs to purchase electricity and related issues, see Application 22-05-029, PG&E's "ERRA" proceeding. In this proceeding, parties have agreed to 2023 net revenue requirement of approximately \$1,995,957,000 (\$1.55 monthly bill increase for an average residential customer).
- Regarding Diablo Canyon Nuclear Power Plant, PG&E is working toward obtaining approval from the state and federal government to extend plant operations consistent with Senate Bill (SB) 846. The CPUC is establishing a process to support SB 846 in Application 16-08-006. This General Rate Case does not

<sup>9</sup> PG&E Ex-1 at 1-19.

<sup>10</sup> PG&E Ex-3 at 2-3.

<sup>11</sup> PG&E Ex-3 at 2-6.

address additional costs that may result from extending Diablo Canyon's operations. These costs will be addressed by the CPUC in a different proceeding.

- The CPUC's April 2021 *Affordability Report* highlights trends in affordability of combined essential services and can be viewed at [CPUC - Affordability Report](https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability). For information on the CPUC proceeding developing a framework and processes for assessing the affordability of utility services, see <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>.
- PG&E offers a variety of assistance to help residential customers and small businesses analyze their usage, rebates, other savings programs, and programs to help pay gas and electric bills. For information on these programs, go to: [www.pge.com](http://www.pge.com) – click links for residential or small and medium business.
- For more information on the wide variety of CPUC proceedings impacting customer rates, see the 2021 CPUC Annual Report to the California Legislature at: [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/annual-reports/annual\\_report\\_2021\\_web.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/annual-reports/annual_report_2021_web.pdf).
- Because regional restructuring has the potential to improve PG&E's safety performance and responsiveness to local communities, the CPUC ordered PG&E to file a request for regional restructuring in proceeding A.20-06-011. More information on this proceeding is at: <https://www.cpuc.ca.gov/industries-and-topics/pge/pge-regionalization>.