



CPUC Frequently Asked Questions: PG&E's General Rate Case Proposal – What are the Impacts and How will this Affect Me?

Proceeding [A.21-06-021](#) | www.cpuc.ca.gov/pgegr2023 | Sept. 13, 2023

1. What is a General Rate Case?

A General Rate Case, or GRC, is a review that investor-owned utility companies regulated by the California Public Utilities Commission (CPUC) undergo every four years. During this review, the utility presents its four-year budget, including its plans for the various activities it needs to deliver safe and reliable electric and natural gas services to customers. PG&E submits its GRC application to the CPUC and the CPUC opens a proceeding that is managed as a litigated process before an Administrative Law Judge (ALJ). It is a highly transparent process to the public. The CPUC gets input during this process from a diverse set of stakeholders representing consumers, environmental organizations, business and industry associations, and other stakeholder groups. Stakeholders weigh in on the proposal – the type of services proposed, and how much money it costs – and party comments become part of the case record. The CPUC's job by the end of the proceeding is to reach a proposed decision about what services and activities the utility should undertake over the next four years, and the amount of money it can collect from its customers to cover the cost.

2. Why is PG&E proposing to increase costs?

PG&E's GRC application for 2023-2026 claims that it needs to make several changes to ensure the safety and reliability of its energy services. The top drivers of PG&E's proposed increases are inflation and significant investments in undergrounding electric lines to decrease wildfire risk.

3. There are two proposals in this GRC – why is that, and what is the difference?

In each formal proceeding at the CPUC, there's a designated Commissioner and an assigned Administrative Law Judge (ALJ); or, in this case, two ALJs. The ALJ(s) issues a Proposed Decision in the case. If any Commissioner desires, they may issue an Alternate Proposed Decision that is different from the ALJ's.

Both proposals in PG&E's GRC set out a pathway for critical investments in PG&E's system. As with all energy GRCs that the CPUC undertakes, the proposals aim to strike a balance between strengthening the electric grid, strengthening the natural gas system, and ensuring affordability for customers.

There are two key areas where the proposals differ. The first is related to PG&E's request to move electric distribution lines underground to reduce wildfire risk: The ALJs put forward a Proposed Decision that approves 200 miles of undergrounding, whereas Commissioner John Reynolds' Alternate Proposed Decision approves 973 miles of undergrounding. The second area where the two proposals differ relates to PG&E's escalation request, which increased costs due to inflation.



The Proposed Decision approves the full amount of PG&E's requested increase due to inflation, whereas the Alternate Proposed Decision approves only 25 percent of PG&E's request.

At the same time, both proposals reduce PG&E's request for ratepayer funds.

4. Why do utility rates seem to change frequently?

Utility rates can change due to numerous factors and are subject to different CPUC review processes. When it comes to electricity rates, the CPUC is responsible for overseeing two main proceedings that examine proposed rate adjustments. The GRC focuses on the costs of operations and infrastructure. Additionally, there's an annual application called the Energy Resource Recovery Account (ERRA) proceeding, which forecasts energy supply costs, including the market expenses associated with purchasing electricity. GRCs are submitted every four years to the CPUC by utilities, while ERRAs are submitted each year.

Although GRCs and ERRAs are the main processes that approve costs included in rates, there are other specific requests related to certain issues that are considered in separate proceedings. It's important to note that a relatively small portion of electric costs are not overseen by the CPUC, specifically electric transmission costs, which are instead reviewed and approved by the Federal Energy Regulatory Commission.

For natural gas, this GRC application covers costs related to transmission, distribution, and storage. This is the main process where the CPUC reviews infrastructure expenses for the natural gas system. Customers may notice more frequent variations in their natural gas bills. This is because the market cost of the natural gas itself isn't regulated, and can change based on market conditions, many of which are influenced by the time of year.

5. How will my energy costs be affected by this GRC?

The CPUC knows how important it is to understand and prepare for a change to your monthly energy bill. All PG&E customers are supporting the effort to build a resilient electric grid. The impact on your bill will vary depending on your usage, what part of the state you live in, and other programs in which you choose to enroll. An estimated impact for the average residential customer will be provided soon. Once approved by the CPUC, any changes to your bill will go into effect January 1, 2024.

6. What can I do to reduce my energy costs?

There are many steps you can take to try to reduce your energy costs. First, find out if you are eligible for California's main bill discount programs, [California Alternate Rates for Energy \(CARE\)](#) and [Family Electric Rate Assistance Program \(FERA\)](#), which provide 30-35 percent discounts on rates.

Additionally, the [Energy Savings Assistance \(ESA\) program](#) offers free energy efficiency and weatherization services to more than 200,000 income-qualified households annually in the state.



These services range from installing more efficient light bulbs to advanced upgrades like energy-saving air conditioners, which not only cut utility bills but also enhance comfort during extreme heat events.

7. What are the next steps, and how can I weigh in?

The announcement of these proposals marks the beginning of the next phase of public participation in this proceeding. Parties to the proceeding have 30 days to submit their comments on these proposals, which will be on the agenda for the CPUC's Nov. 2 Voting Meeting. Members of the public can submit their comments on the proceeding's [Docket Card](#).

Public Input

The [CPUC Public Advisor's Office](#) helps parties and the public engage in proceedings. In this GRC, the CPUC listened to a diverse set of voices, including gathering input from more than 30 groups such as ratepayer advocates, small business advocates, commercial and industrial associations, agricultural representatives, and environmental experts.

These parties presented information in several ways, including written testimony, appearing at Evidentiary Hearings and both cross-examining other witnesses and being cross-examined, and through legal briefs.

PG&E customers and members of the public engaged in the process as well. The CPUC required PG&E to notify customers through bill inserts, which customers received in 2022. The CPUC also held six Public Forums in March 2022, which attracted more than 1,400 participants and 875 public commenters. In addition, the CPUC received more than 2,000 public comments, which are on the proceeding's Docket Card.