



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA

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ALICE BUSCHING REYNOLDS
PRESIDENT

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February 1, 2023

RE: Consumer Natural Gas Prices

By ELECTRONIC TRANSMISSION

Dear Assemblymember Ta, Assemblymember Chen, and Assemblymember Davies,

Thank you for your January 12, 2023, letter regarding the unusually high gas prices California customers are facing this winter.

In your letter you urge us to investigate this issue, requesting that the California Public Utilities Commission (CPUC) provide information on the current state of natural gas prices in California along with an analysis of the drivers potentially causing the increase in prices. You also call on us to accelerate the California Climate Credit to provide relief to customers on their energy bills as soon as possible.

We are indeed concerned with the dramatic increase in natural gas prices that are impacting customer energy bills in California this winter. While the CPUC does not regulate gas prices or gas producers, given the impact of these high prices on ratepayers, we are taking actions to closely look into the causes behind the extraordinary prices and provide immediate relief to customers.

The CPUC is hosting an en banc on February 7, 2023 in coordination with the California Energy Commission and California Independent System Operator to convene market experts, regulators, and ratepayer advocates to highlight publicly what we are seeing with gas prices and electric prices, examining all the possible drivers behind the gas price spikes. The en banc will cover interstate gas pipeline operations, impacts of pipeline outages, role of gas storage, impacts on the electric market from high gas prices, and potential actions that can be taken. Please see the attached en banc media advisory for more details on the event, and the attached fact sheets for more details on the natural gas price increases.

The CPUC has also issued a Proposed Decision that would advance the California Climate Credit of roughly \$90 to \$120 to Pacific Gas and Electric, Southern California Edison, San Diego Gas & Electric, and Southern California Gas residential customers as soon as practicable. The California Climate Credit is a bill credit distributed to customer bills from the auction proceeds of California's Cap-and-Trade Program. Under the Proposed Decision, Bear Valley, Liberty, and Pacificorp residential customers would also receive accelerated credits to offset their energy bills. The CPUC is set to vote on the Proposed Decision on February 2, 2023.

Thank you for your attention to this critical issue that impacts California ratepayers. Should you have further questions please contact Grant Mack, Director of Governmental Affairs, at grant.mack@cpuc.ca.gov and (415) 918-1757.

Sincerely,

A handwritten signature in blue ink that reads "Alice Busching Reynolds". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Alice Busching Reynolds
President
California Public Utilities Commission



California Public Utilities Commission
505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE

MEDIA ADVISORY

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

CPUC TO HOLD HEARING ON NATURAL GAS AND ELECTRICITY PRICES

SAN FRANCISCO, Jan. 30, 2023 - The California Public Utilities Commission (CPUC) will hold an En Banc to discuss recent high natural gas prices this winter, examine possible drivers and impacts on electric markets, and explore potential measures to mitigate the impact of natural gas and electric market volatility.

WHEN: February 7, 2023, 9 a.m. – 1 p.m.

WHERE: This is a virtual only event. Access the En Banc virtually via webcast or phone, as follows:

- Live video broadcast with English or Spanish captions via webcast:
www.adminmonitor.com/ca/cpuc
 - Participants who choose to participate via webcast will only have audio and video capabilities but will not be able to make verbal comments. If you would like to make a comment during the public comment portion of the En Banc, the phone-in information is below.
 - For captions, after clicking on the name of the En Banc, click the green button at the bottom of the video for captions. Then select captions by clicking on the white icon next to the word “live” at the bottom of the video.
 - The En Banc will also be recorded and archived for future viewing.
- Phone: 800-857-1917, passcode: 1767567#
 - Participants will have audio in English and will be able to make comments during the comment portion of the En Banc. (To make a comment during the public comment period, press *1 to be placed in a queue by the operator, unmute your phone, and record your name. If you wish to cancel, press *2.)

- Participants will be placed on mute in “listen-only” mode until the public comment portion of the En Banc.
- Wait times depend on the number of speakers in the public comment queue. During times of high call volumes, wait times will be longer. The operator will call on you when it is your turn to speak.

WHAT: This En Banc will examine the causes and impacts of recent high natural gas prices that are impacting customer bills this winter. The CPUC is hosting this En Banc in coordination with the California Energy Commission and the California Independent System Operator. The discussion will address: 1) How natural gas prices work in the California context; 2) Understanding interstate gas pipeline operations and impacts of outages; 3) Impacts on the electric market from high natural gas prices; and 4) Strategies to mitigate high natural gas and electric market prices. There will be an opportunity for public comment at the En Banc. The most updated information related to the En Banc, including an agenda, will be available at www.cpuc.ca.gov/events-and-meetings/en-banc-2023-02-07.

WHY: Rising natural gas prices, which are passed through at cost directly to utility customers, are causing residents throughout the state to face higher energy bills this winter. While the CPUC does not regulate natural gas prices or natural gas producers, given the impact of these high prices on ratepayers, the CPUC acted quickly to schedule the En Banc to gain greater understanding on the issue and explore solutions by convening market experts. Separately, the CPUC is consider accelerating the Climate Credit that customers receive on their bills in order to provide much needed support to those experiencing unusually high natural gas bills. Accelerating the Climate Credit will be considered at the CPUC’s Feb. 2 Voting Meeting. More information is available at www.cpuc.ca.gov/events-and-meetings/cpuc-voting-meeting-2023-02-02.

While a quorum of Commissioners and/or their staff may attend the remote En Banc, no official action will be taken on this matter.

If special accommodations are needed to attend, such as non-English or sign language interpreters, please contact the CPUC’s Public Advisor’s Office at public.advisor@cpuc.ca.gov or toll-free at 866-849-8390 at least three business days in advance of the En Banc.

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

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Fact Sheet

Southern California Gas Company: 2023 Gas Rates

January 2023

The **California Public Utilities Commission (CPUC)** regulates electric and gas rates and services of the state's investor-owned utilities (IOUs). This fact sheet provides information on the 2023 gas rates of Southern California Gas Company (SoCalGas).

Gas Rates

A typical residential SoCalGas gas bill is comprised of three components. The 2021 costs by components are as follows:¹

1. **Procurement Costs** (cost of gas purchased by SoCalGas for customers): 25% of costs
2. **Transportation Costs**: 69% of costs
3. **Public Purpose Programs**: 6% of costs

SoCalGas annually submits its Annual Gas True-Up Advice Letter (i.e., action request) in October, which is supplemented by its Consolidated Gas Rate Change Advice Letter implementing new gas rates from previously authorized CPUC Decisions, Resolutions, and Advice Letters. In December 2022, SoCalGas submitted [Advice Letter 6071-G](#) with consolidated gas rate changes, which resulted in rate and bill impacts beginning on January 1, 2023.

SoCalGas Rate Increase Starting January 1, 2023

The primary drivers of SoCalGas January 1, 2023, gas rate increase includes –

1. **Procurement Costs:**

- Procurement rates change each month through Advice Letter filings. Gas IOUs purchase largely fossil natural gas through wholesale markets, the costs of which fluctuate month-to-month based on national and global demand and supply for fossil natural gas. These costs are passed through to customers without markup.

¹ Note that the allocation of bill components varies based on time of year. When there is high gas usage and high commodity prices, like conditions in winter 2022-2023, bills are higher due to higher procurement costs. The market price for natural gas is extremely volatile and has increased significantly since December 2022 and is two to four times more from what it was a year ago. The cost component breakdown reported here is from the [2021 AB 67 Report](#) (May 2022).

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- Fossil natural gas commodity prices in winter 2022-2023 have been significantly more expensive than winter 2021-2022, which has led to large increases in bills. Volatility in the fossil natural gas wholesale market resulted in seasonally high prices caused by expanding global demand with tight supplies.
- The January 2023 procurement rate is \$ 3.44/therm, which is 313% percent more than the procurement rate in January 2022, and 62 percent higher than the December 2022 rate. In contrast, the January 2022 procurement rate was 110 percent higher than the January 2021 rate and 30 percent higher than the December 2021 rate.

2. Transportation Costs:

- \$258 million increase in gas revenue requirement due to the amortization of gas regulatory account balances, as authorized by [AL 6045-G](#).
- \$109 million increase for SoCalGas’s 2023 General Rate Case (GRC) Adjustment and cost of capital adjustment authorized by [D.19-09-051](#), [D.21-05-003](#), [D.22-12-031](#), and [AL 6044-G](#).
- \$57 million increase in revenue requirement adjustment pursuant to Internal Revenue Service Private Letter Ruling,² as authorized by [D.19-09-051](#) and [AL 6018-G](#).
- \$40 million increase in Storage integrity management program, on bill financing³ as authorized by [D.22-08-011](#), [AL 6023-G](#), and [AL 5853-G](#).
- \$36 million increase in other adjustments (updated embedded cost studies transmission, SoCalGas/SDG&E system wide rate adjustment) as authorized by [D.21-07-019](#) and [AL 5907-G](#).

3. Public Purpose Programs (PPP):

- \$110.7 million increase for PPP funding due to adjustments to Energy Efficiency (EE), Energy Savings Assistance (ESA), California Alternative Rates for Energy (CARE), Research, Demonstration and Development (RD&D), and Board of Equalization (BOE) administrative costs per [AL 6052-G](#).

Estimated Gas Bill Impacts ⁴	SoCalGas as of January 1, 2023
Average monthly residential non-CARE gas bill	\$75.84
Average monthly residential non-CARE gas bill increase	\$5.42 (8%)
Average monthly residential CARE gas bill	\$44.21
Average monthly residential CARE gas bill increase	\$3.51 (9%)

² SoCalGas is adjusting the revenue requirement to include or exclude certain costs from the Average Rate Assumption Method (ARAM) calculation to be consistent with the IRS’s tax normalization rules.

³ On-bill financing charge: modified the loan limits for business customers, aligned multifamily loan limits between energy efficiency (EE) and low-income Energy efficiency programs and increased the on-bill financing loan pool.

⁴ The estimated gas bill impacts above are for illustrative purposes. Because commodity prices and usage vary monthly, the annual average natural gas usage and price were used to illustrate the average estimated bill impacts of the gas transportation rate change. For this purpose, an average of 36 therms for non-CARE residential customers, 27 therms for CARE customers and an annual average procurement cost of gas of \$0.2885per therm was used.



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***Note:** In April 2023, SoCalGas residential customers will receive a Greenhouse Gas (GHG) climate credit of \$50.77 to offset GHG program costs included in the transportation rate, per [AL 6045-G](#). Actual customers' bills in January 2023 would be significantly greater than the illustrative bills shown above due to higher usage and higher prices of natural gas. The estimated monthly bill for non-CARE SoCalGas residential customers who will consume 64 therms in January 2023 is \$300. In comparison, in January 2022, the actual non-CARE residential bill for the same consumption was \$124. The monthly bill for CARE residential customers who will consume 46 therms in January 2023 is \$167. In comparison, in January 2022, the actual CARE residential bill for the same consumption was \$66.

Background – Gas Costs & Rates

The CPUC determines the reasonableness of gas IOU operational costs, gas cost allocation among customer classes, and gas rate design. Unlike the process for electric utilities, the CPUC does not set an annual authorized revenue requirement for gas IOU procurement costs. Gas IOUs procure gas supplies for core gas customers (primarily residential and small commercial) only. Gas IOU procurement is subject to a sharing incentive under which they receive a financial benefit if they procure gas at costs below certain benchmarks and incur a penalty if procured at costs above the benchmarks. This mechanism provides gas IOUs with a financial incentive to purchase fossil natural gas at prices that are close to or lower than average market prices. Core gas procurement costs are recovered in gas IOU procurement rates, which are adjusted monthly. The wholesale fossil natural gas price is the cost component with the greatest variability. Monthly changes in these prices on customer bills provide consumers with immediate price signals that they can use to adjust their fossil natural gas consumption.

Additional Information

Fossil Natural Gas Price Increases

Fossil natural gas supply is increasingly a global commodity. Exports of liquefied natural gas (LNG) have increased significantly due to the war between Russia and Ukraine and the realignment of global fossil natural gas markets. This realignment put pressure on United States fossil natural gas markets in 2022, increasing prices overall. Then, the Pacific region had its sixth coldest November since 1950 followed by a cold December.

The [U.S. Energy Information Administration \(EIA\)](#) attributes recent very high gas prices in the West to several factors, including:

- Widespread, below-normal temperatures
- High natural gas consumption
- Reduced natural gas flows
- Pipeline constraints, including maintenance in West Texas
- Lower fossil natural gas storage levels in the Pacific region

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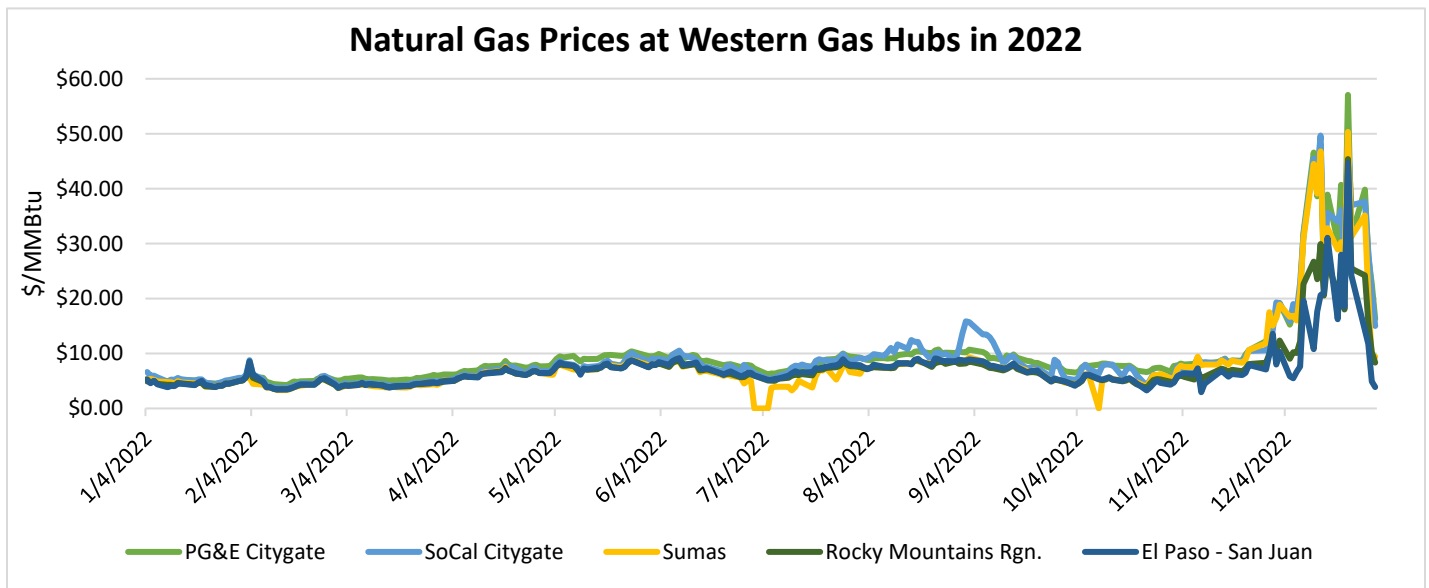


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High prices were not limited to California but were experienced at gas hubs in Washington, Oregon, Wyoming, Arizona, Nevada, and Colorado.

Unlike previous years, when pipeline outages and storage constraints on the SoCalGas/SDG&E system caused high fossil natural gas prices in Southern California, 2022 saw a significant impact on prices from external pressures. The figure illustrates fossil natural gas wholesale prices at PG&E Citygate, a secondary marketplace inside Northern California and SoCal Citygate, a secondary marketplace in Southern California. The Citygate is any point at which the backbone transmission system connects to the local transmission and distribution system. The Citygate is not one specific, physical location and represents a virtual trading point on the natural gas system. The three other hubs in the figure also serve California.



Graph Source: [NGI](#)

As shown in the figure, the PG&E and SoCal Citygate fossil natural gas prices trended very closely with regional prices. Between 2021 and 2022, average December fossil natural gas wholesale prices increased by 514% at PG&E Citygate and 416% at SoCal Citygate. The fossil natural gas wholesale price drives California’s retail fossil natural gas price trends and gas procurement rates.

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Low-Income Energy Management & Bill Assistance Programs

1. **California Alternate Rates for Energy (CARE)** – This program offers a 30-35% discount on electric bills and a 20% discount on gas bills. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy>
2. **Family Electric Rate Assistance (FERA)** – This program offers an 18% discount on electric bills if household income slightly exceeds CARE allowances. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/family-electric-rate-assistance-program>
3. **Energy Savings Assistance (ESA)** – This program provides no-cost weatherization services to customers who meet the CARE income limits. Services include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weatherstripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs which reduce air infiltration. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/energy-savings-assistance>
4. **Low-Income Home Energy Assistance Program (LIHEAP)** – This program provides weatherization services and cash to help low-income customers pay their bills. LIHEAP can offer a one-time payment to help customers pay heating or cooling bills or in an emergency, such as a utility disconnection. LIHEAP can also provide in-home weatherization services for improved energy efficiency, and health and safety. More information - <https://www.csd.ca.gov/Pages/Assistance-PayingMyEnergyBills.aspx>
5. **Emergency Assistance Programs** - Some gas and electric IOUs offer cash assistance and special payment plans to consumers facing financial hardship. Programs vary based on electric and gas IOU. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/utility-company-emergency-assistance>

Customer Energy Management Programs

In addition to the low-income energy programs outlined above, the CPUC oversees dozens of customer programs offered in the electric and gas IOU territories by providers. These programs are aimed at reducing electric and gas bill costs, greenhouse gas emissions and criteria air pollution, while improving electric and gas service reliability and resiliency. Customers should contact their local electric and gas IOU and/or their community choice aggregator for a comprehensive suite of customer energy management program offerings that may include direct incentives, low-cost financing and other opportunities.

More information can be found here - <https://www.cpuc.ca.gov/consumer-support/consumer-programs-and-services/electrical-energy-and-energy-efficiency>

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Fact Sheet

Pacific Gas and Electric Company: 2023 Electric & Gas Rates

January 2023

The **California Public Utilities Commission (CPUC)** regulates electric and gas rates and services of the state's investor-owned utilities (IOUs). This fact sheet provides information on the 2023 electric and gas rates of Pacific Gas and Electric Company (PG&E).

Electric Rates

A typical residential PG&E electric bill is comprised of three components:

1. **Procurement Costs** (cost of electricity): 48% of costs
2. **Transmission & Distribution:** 48% of costs
3. **Public Purpose Programs & Other:** 4% of costs

PG&E annually submits its Electric Regulatory Account Update Advice Letter (i.e., action request) implementing new electric rates from previously authorized CPUC Decisions, Resolutions, and Advice Letters. In December 2022, PG&E submitted [Advice Letter 6805-E](#) with consolidated electric rate changes, which resulted in rate and bill impacts beginning on January 1, 2023.

PG&E Electric Rate Increase Effective January 1, 2023

The primary drivers of PG&E's January 1, 2023, electric rate increase includes -

1. **Electric Power Procurement Costs**
 - \$133.4 million increase for electric power procurement costs attributable to forecasted rising wholesale fossil natural gas prices impacting the cost of electric generation, as authorized by [D.22-12-044](#).
2. **Public Purpose Programs (PPP) & Other:**
 - \$248 million increase for 2023 public purpose program costs such as energy efficiency procurement and the California Alternate Rates for Energy (CARE) program, as authorized by [D.21-06-015](#).
 - \$130 million increase due to an adjustment to the revenue requirement associated with the treatment cost of removal under the tax normalization rules and the average rate assumption method in compliance with the findings from the Internal Revenue Service, as authorized in [D.20-12-005](#).
 - \$287 million increase associated with PG&E's Energy Recovery Bond Balancing Account, as authorized by [D.04-11-015](#).

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Estimated Electric Bill Impacts	PG&E as of January 1, 2023
Average Residential Non-CARE electric bill	\$179.24
Average Residential Non-CARE electric bill increase	\$5.45 (3.1%)
Average Residential CARE electric bill	\$116.56
Average Residential CARE electric bill increase	\$3.51 (3.1%)

*Note: PG&E customers will receive a \$38.39 climate credit on their April and October electric bills.

Background – Electric Costs & Rates

The CPUC reviews and approves electric IOU costs and revenues through a variety of the public decision-making processes. The most notable processes include the [Energy Resource and Recovery Account \(ERRA\)](#) and the [General Rate Case \(GRC\)](#) proceedings. ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The electric IOUs do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecasted, then the electric IOU gives money back to customers, and vice versa. GRC proceedings are used to address the costs of operating and maintaining the electric system and the allocation of those costs among customer classes. For California’s electric IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the electric IOU is authorized to collect, while Phase II determines the share of the cost each customer class is responsible for and the rate schedules for each class.

Gas Rates

A typical residential PG&E gas bill is comprised of three components. In 2021, the revenue requirement breakdown by components was as follows:¹

1. **Procurement Costs** (cost of gas purchased by PG&E for customers): 18% of costs
2. **Transportation Costs:** 77% of costs
3. **Public Purpose Programs:** 5% of costs

PG&E submits its Annual Gas True-Up Advice Letter in October, which is supplemented by its Consolidated Gas Rate Change Advice Letter implementing new gas rates from previously authorized CPUC Decisions, Resolutions,

¹ Note that the allocation of bill components varies based on time of year. When there is high gas usage and high commodity prices, like conditions in winter 2022-2023, bills are higher due to higher procurement and transportation costs. The market price for natural gas has been volatile and significantly increased this winter and is nearly double compared to a year ago. The percentage breakdown is from the [2021 AB 67 Report](#) (May 2022).



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and Advice Letters (i.e., action request). In December 2022, PG&E submitted [Advice Letter 4693-G](#) with consolidated gas rate changes, which resulted in rate and bill impacts beginning on January 1, 2023.

PG&E Gas Rate Change Starting January 1, 2023

The primary drivers of PG&E’s January 1, 2023, gas rate change includes –

1. Procurement Costs:

- Gas commodity procurement rates change each month through Advice Letter (AL) filings. Gas IOUs purchase largely fossil gas through wholesale markets, the costs of which fluctuate month-to-month based on regional, national, and even global, demand and supply for fossil gas. These costs are passed through to customers without markup.
- The January 2023 procurement rate was \$1.37/therm, which is 80 percent more than the procurement rate in January 2022.

2. Transportation Costs:

- \$81 million decrease for PG&E’s 2023 GRC Adjustment, authorized by [D.20-12-005](#), including Cost of Capital adjustment per [D.22-12-031](#)
- \$17 million increase recorded to the Adjustment Mechanism for Costs Determined in Other Proceedings (AMCDOP) per [D.19-09-025](#), [D.21-11-036](#), [AL 4162-G](#), and [AL 4544-G](#)
- \$3.8 million decrease for Internal Revenue Service (IRS) Private Letter Rulings per [D.19-08-023](#), [D.19-08-021](#), [D.20-12-005](#), and [AL 4579-G](#)
- \$16.8 million increase for 2023 Cost of Capital per [D.22-12-031](#)
- \$2.7 million increase for the Wildfire Mitigation Balancing Account per [D.20-12-005](#) and [AL 4657-G](#)

3. Public Purpose Programs (PPP):

- \$60.9 million increase for PPP funding due to adjustments to Energy Efficiency (EE), Energy Savings Assistance (ESA), California Alternative Rates for Energy (CARE), Research, Demonstration and Development (RD&D), California Hub for Energy Efficiency Financing (CHEEF), School Energy Efficiency Stimulus Program (SEESP), and Board of Equalization (BOE) administrative costs per [AL 4675-G](#)

Estimated Gas Bill Impacts ²	PG&E as of January 1, 2023
Average monthly residential non- CARE gas bill	\$70.10
Average monthly residential non-CARE gas bill decrease	(\$5.99) or (7.9%)
Average monthly residential CARE gas bill	\$55.27
Average monthly residential CARE gas bill decrease	(\$4.88) or (8.1%)

² The estimated gas bill impacts above are for illustrative purposes. Because commodity prices and usage vary monthly, the annual average natural gas usage and price were used to illustrate the average estimated bill impacts of the gas transportation rate change. For this purpose, an average of 32 therms for residential customers was used.



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***Note:** In April 2023, PG&E residential customers will receive a greenhouse gas (GHG) climate credit of \$52.78 to offset GHG program costs included in the transportation rate, per [AL 4693-G](#). Actual customers' bills in January 2023 may be significantly greater than the illustrative bills shown above due to higher usage and higher prices of fossil gas. The estimated monthly bill for non-CARE PG&E residential customers who will consume 67 therms in January 2023 is \$195.56. In comparison, the bill for non-CARE residential customers for the same consumption in January 2022 was \$151.20. The estimated monthly bill for CARE residential customers who will consume of 59 therms in January 2023 is \$136.29. In comparison, the bill for CARE residential customers for the same consumption in January 2022 was \$104.60.

Background – Gas Costs & Rates

The CPUC determines the reasonableness of gas IOU operational costs, gas cost allocation among customer classes, and gas rate design. Unlike the process for electric IOUs, the CPUC does not set an annual authorized revenue requirement for gas IOU procurement costs. Gas IOUs procure gas supplies for core gas customers (primarily residential and small commercial) only. While gas procurement costs are passed onto customers without a mark-up, gas IOU procurement is subject to a sharing incentive. The utility receives a financial benefit if it procures gas at costs below certain benchmarks and incurs a penalty if it procures at costs above the benchmarks. This mechanism provides gas IOUs with a financial incentive to purchase gas at prices that are close to or lower than average market prices. Core gas procurement costs are recovered in gas IOU procurement rates, which are adjusted monthly. The wholesale fossil natural gas price is the cost component with the greatest variability. Monthly changes in these prices on customer bills provide consumers with immediate price signals that they can use to adjust their gas consumption.

Additional Information

Fossil Natural Gas Price Increases

Fossil natural gas supply is increasingly a global commodity. Exports of liquefied natural gas (LNG) have increased significantly due to the war between Russia and Ukraine and the global realignment of fossil natural gas markets. This realignment put pressure on United States fossil natural gas markets in 2022, increasing prices overall. Then, the Pacific region had its sixth coldest November since 1950 followed by a cold December

The [U.S. Energy Information Administration \(EIA\)](#) attributes recent very high gas prices in the West to several factors, including:

- Widespread, below-normal temperatures
- High natural gas consumption
- Reduced natural gas flows
- Pipeline constraints, including maintenance in West Texas
- Lower fossil natural gas storage levels in the Pacific region

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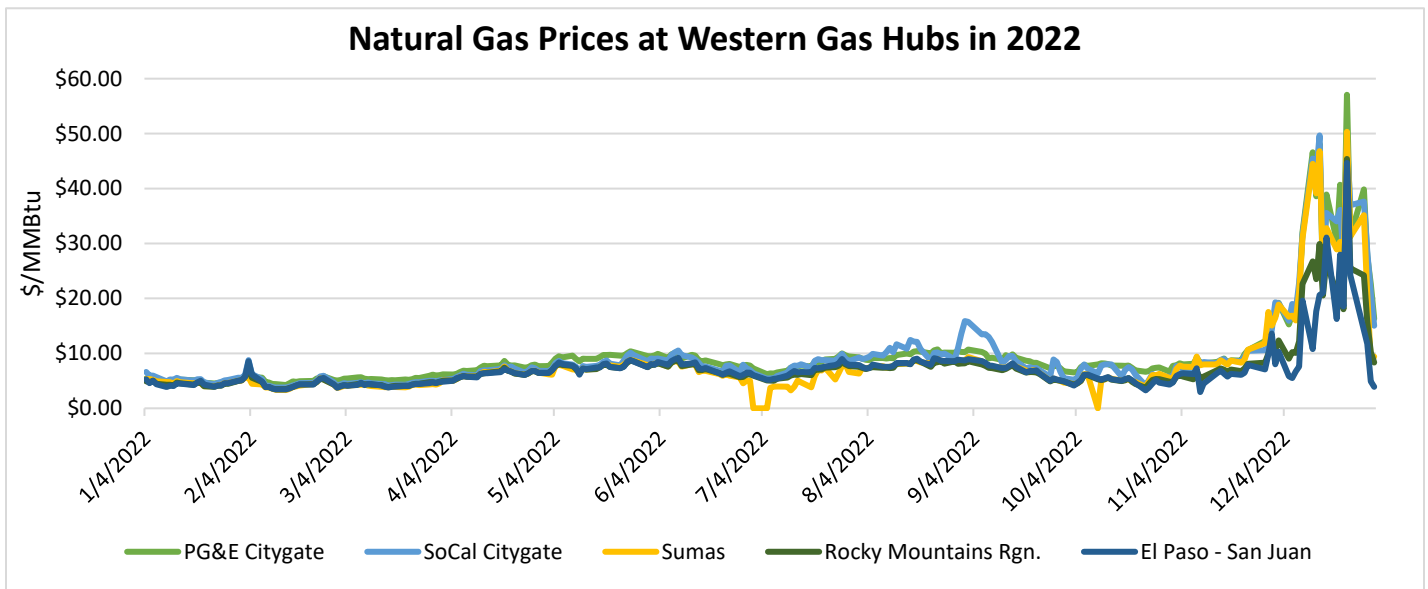


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High prices were not limited to California but were experienced at fossil natural gas trading hubs in Washington, Oregon, Wyoming, Arizona, Nevada, and Colorado.

The figure illustrates fossil natural gas wholesale prices at PG&E Citygate, a secondary marketplace inside Northern California and SoCal Citygate, a secondary marketplace in Southern California. The Citygate is any point at which the backbone transmission system connects to the local transmission and distribution system. The Citygate is not one specific, physical location and represents a virtual trading point on the natural gas system. The three other hubs in the figure also serve California. As shown in the figure, the PG&E and SoCal Citygate fossil natural gas prices trended very closely with regional prices.



Graph Source: [NGI](#)

Between 2021 and 2022, average December fossil natural gas wholesale prices increased by 514% at PG&E Citygate and 416% at SoCal Citygate. The fossil natural gas wholesale price drives California’s retail fossil natural gas price trends and gas procurement rates.

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Low-Income Energy Management & Bill Assistance Programs

1. **California Alternate Rates for Energy (CARE)** – This program offers a 30-35% discount on electric bills and a 20% discount on gas bills. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy>
2. **Family Electric Rate Assistance (FERA)** – This program offers an 18% discount on electric bills if household income slightly exceeds CARE allowances. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/family-electric-rate-assistance-program>
3. **Energy Savings Assistance (ESA)** – This program provides no-cost weatherization services to customers who meet the CARE income limits. Services include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weatherstripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs which reduce air infiltration. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/energy-savings-assistance>
4. **Low-Income Home Energy Assistance Program (LIHEAP)** – This program provides weatherization services and cash to help low-income customers pay their bills. LIHEAP can offer a one-time payment to help customers pay heating or cooling bills or in an emergency, such as a utility disconnection. LIHEAP can also provide in-home weatherization services for improved energy efficiency, and health and safety. More information - <https://www.csd.ca.gov/Pages/Assistance-PayingMyEnergyBills.aspx>
5. **Emergency Assistance Programs** - Some gas and electric IOUs offer cash assistance and special payment plans to consumers facing financial hardship. Programs vary based on electric and gas IOU. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/utility-company-emergency-assistance>

Customer Energy Management Programs

In addition to the low-income energy programs outlined above, the CPUC oversees dozens of customer programs offered in the electric and gas IOU territories by providers. These programs are aimed at reducing electric and gas bill costs, GHG emissions and criteria air pollution, while improving electric and gas service reliability and resiliency. Customers should contact their local electric and gas IOU and/or their community choice aggregator for a comprehensive suite of customer energy management program offerings that may include direct incentives, low-cost financing, and other opportunities.

More information can be found here - <https://www.cpuc.ca.gov/consumer-support/consumer-programs-and-services/electrical-energy-and-energy-efficiency>

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Fact Sheet

Southern California Edison Company: 2023 Electric Rates

January 2023

The **California Public Utilities Commission (CPUC)** regulates electric and gas rates and services of the state's investor-owned utilities (IOUs). This fact sheet provides information on the 2023 electric rates of Southern California Edison Company (SCE).

Electric Rates

A typical residential SCE electric bill is comprised of three components:

1. **Procurement Costs** (cost of electricity): 49% of costs
2. **Transmission & Distribution:** 44% of costs
3. **Public Purpose Programs & Other:** 7% of costs

SCE annually submits its Consolidated Revenue Requirement and Rate Change Advice Letter (i.e., action request) implementing new electric rates from previously authorized CPUC Decisions, Resolutions, and [Advice Letters](#). In December 2022, SCE submitted Advice Letter 4929-E with consolidated electric rate changes, which resulted in rate and bill impacts beginning on January 1, 2023.

SCE Electric Rate Increase Effective on January 1, 2023

The primary drivers of SCE's January 1, 2023, electric rate increase include -

1. **Electric Fuel and Purchased Power Costs:**
 - \$1.15 billion increase for electric power procurement costs, as authorized by [D.22-12-012](#).
2. **Transmission & Distribution:**
 - \$533 million increase for continuing safety and compliance programs to mitigate wildfire risks, including enhanced vegetation management, system hardening, and enhanced operational practices; modernizing and maintaining safe and reliable distribution and transmission grids; and purchasing up to \$1 billion of liability insurance for wildfire-related claims, as authorized by [D.21-08-036](#).
3. **Public Purpose Programs (PPP) & Other:**
 - \$31.6 million increase for billing system to enhance customer service functions, per [D.22-09-015](#).

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Estimated Electric Bill Impacts	SCE as of January 1, 2023
Average Residential Non-CARE electric bill	\$175.39
Average Residential Non-CARE electric bill increase	\$11.80 (7.2%)
Average Residential CARE electric bill	\$114.94
Average Residential CARE electric bill increase	\$8.35 (7.8%)

*Note: SCE customers will receive a \$71.00 climate credit on their April and October 2023 electric bills.

Background – Electric Costs & Rates

The CPUC reviews and approves electric IOU costs and revenues through a variety of the public decision-making process. The most notable processes include the [Energy Resource and Recovery Account](#) (ERRA) and the [General Rate Case](#) (GRC) proceedings. ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The electric IOUs do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the electric IOU gives money back to customers, and vice versa. GRC proceedings are used to address the costs of operating and maintaining the electric system and the allocation of those costs among customer classes. For California’s electric IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the electric IOU is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class.

Additional Information

Fossil Natural Gas Price Increases

Fossil natural gas supply is increasingly a global commodity. Exports of liquified natural gas (LNG) have increased significantly due to the war between Russia and Ukraine and the realignment of global fossil natural gas markets. This realignment put pressure on United States fossil natural gas markets in 2022, increasing prices overall. Then, the Pacific region had its sixth coldest November since 1950 followed by a cold December.

The [U.S. Energy Information Administration \(EIA\)](#) attributes recent very high gas prices in the West to several factors, including:

- Widespread, below-normal temperatures
- High natural gas consumption
- Reduced natural gas flows
- Pipeline constraints, including maintenance in West Texas
- Lower fossil natural gas storage levels in the Pacific region

High prices were not limited to California but were experienced at fossil natural gas trading hubs in Washington, Oregon, Wyoming, Arizona, Nevada, and Colorado.

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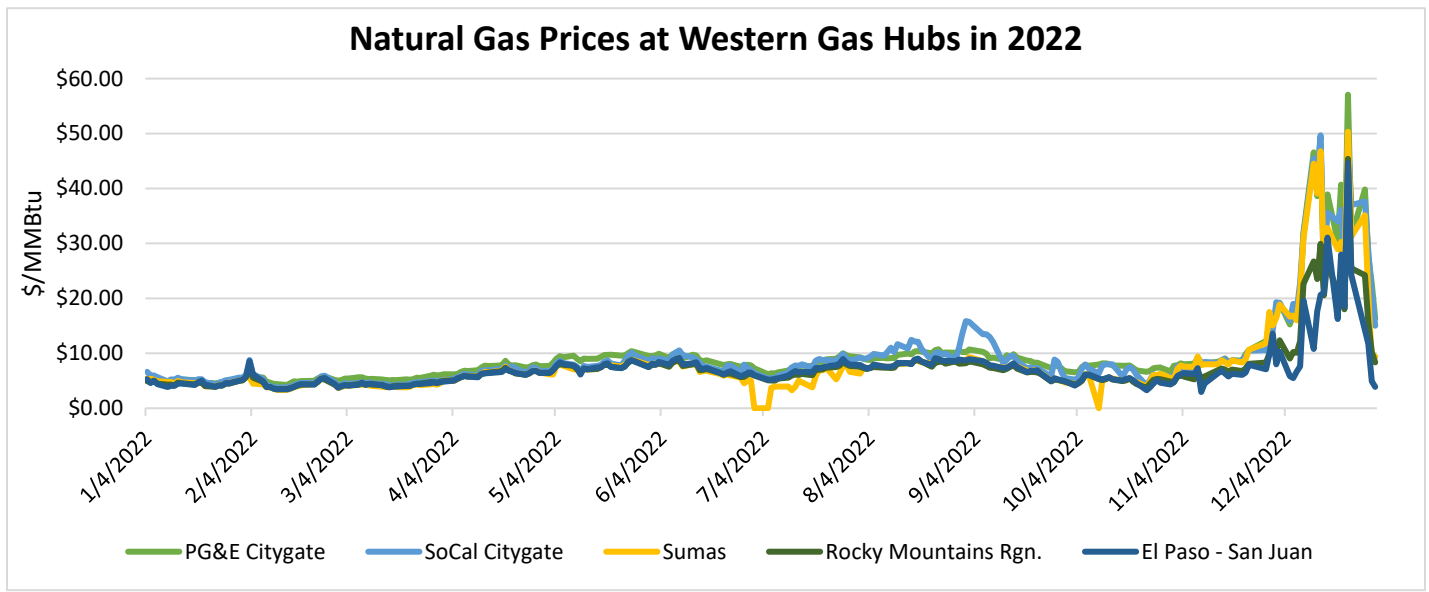
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Unlike previous years, when pipeline outages and storage constraints on the SoCalGas/SDG&E system caused high fossil natural gas prices in Southern California, 2022 saw a significant impact on prices from external pressures. The figure illustrates fossil natural gas wholesale prices at PG&E Citygate, a secondary marketplace inside Northern California and SoCal Citygate, a secondary marketplace in Southern California. The Citygate is any point at which the backbone transmission system connects to the local transmission and distribution system. The Citygate is not one specific, physical location and represents a virtual trading point on the natural gas system. The three other hubs in the figure also serve California. As shown in the figure, the PG&E and SoCal Citygate fossil natural gas prices trended very closely with regional prices.



Graph Source: [NGI](#)

Between 2021 and 2022, average December fossil natural gas wholesale prices increased by 514% at PG&E Citygate and 416% at SoCal Citygate. The fossil natural gas wholesale price drives California’s retail fossil natural gas price trends and gas procurement rates. Fossil natural gas provides fuel for approximately 15% of SCE’s electric generation facilities. In 2021, fossil natural gas-fired electric generators constituted 38% of California’s electricity mix.

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Low-Income Energy Management & Bill Assistance Programs

1. **California Alternate Rates for Energy (CARE)** – This program offers a 30-35% discount on electric bills and a 20% discount on gas bills. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy>
2. **Family Electric Rate Assistance (FERA)** – This program offers an 18% discount on electric bills if household income slightly exceeds CARE allowances. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/family-electric-rate-assistance-program>
3. **Energy Savings Assistance (ESA)** – This program provides no-cost weatherization services to customers who meet the CARE income limits. Services include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weatherstripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs which reduce air infiltration. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/energy-savings-assistance>
4. **Low-Income Home Energy Assistance Program (LIHEAP)** – This program provides weatherization services and cash to help low-income customers pay their bills. LIHEAP can offer a one-time payment to help customers pay heating or cooling bills or in an emergency, such as a utility disconnection. LIHEAP can also provide in-home weatherization services for improved energy efficiency, and health and safety. More information - <https://www.csd.ca.gov/Pages/Assistance-PayingMyEnergyBills.aspx>
5. **Emergency Assistance Programs** - Some gas and electric IOUs offer cash assistance and special payment plans to consumers facing financial hardship. Programs vary based on electric and gas IOU. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/utility-company-emergency-assistance>

Customer Energy Management Programs

In addition to the low-income energy programs outlined above, the CPUC oversees dozens of customer programs offered in the electric and gas IOU territories by providers. These programs are aimed at reducing electric and gas bill costs, greenhouse gas emissions and criteria air pollution, while improving electric and gas service reliability and resiliency. Customers should contact their local electric and gas IOU and/or their community choice aggregator for a comprehensive suite of customer energy management program offerings that may include direct incentives, low-cost financing and other opportunities.

More information can be found here - <https://www.cpuc.ca.gov/consumer-support/consumer-programs-and-services/electrical-energy-and-energy-efficiency>

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Fact Sheet

San Diego Gas & Electric Company: 2023 Electric & Gas Rates

January 2023

The **California Public Utilities Commission (CPUC)** regulates electric and gas rates and services of the state's investor-owned utilities (IOUs). This fact sheet provides information on the 2023 electric and gas rates of San Diego Gas & Electric Company (SDG&E).

Electric Rates

A typical residential SDG&E electric bill is comprised of three components:

1. **Procurement Costs** (cost of electricity): 30% of costs
2. **Transmission & Distribution:** 57% of costs
3. **Public Purpose Surcharge & Other:** 13% of costs

SDG&E annually submits its Electric Regulatory Account Update Advice Letter (i.e., action request) implementing new electric rates from previously authorized CPUC Decisions, Resolutions, and Advice Letters. In December 2022, SDG&E submitted [Advice Letter 4129-E](#) with consolidated electric rate changes, which resulted in rate and bill impacts beginning on January 1st, 2023.

SDG&E Electric Rate Increase Starting January 1, 2023

The primary drivers of SDG&E's January 1, 2023, electric rate increase include -

1. **Procurement Costs:** A roughly 36% increase in commodity (generation) costs attributable to forecasted rising fossil natural gas wholesale prices impacting the cost of electric generation, as authorized by Decision [\(D\).22-12-042](#).
2. **Electric Transmission & Distribution:**
 - \$87.0 million increase for electric transmission costs, as authorized by the Federal Energy Regulatory Commission (FERC).
 - \$48.5 million increase for electric distribution costs to cover construction services, electric distribution operations, project management, substation construction and operations and distribution and engineering, as authorized by [D.21-05-003](#).

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3. Public Purpose Surcharge & Other:

- \$47.4 million increase for the upgrade of SDG&E’s Customer Information System to support its business processes and customer engagement functions, as authorized by [D.18-08-008](#).
- \$49.8 million increase due to an adjustment of the revenue requirement to comply with the findings from the Internal Revenue Service, as authorized in [D.19-09-051](#).
- \$18.8 million increase to fund the installation of Level 2 electric vehicle charge ports at workplaces and multi-unit dwellings, as authorized in [D.21-04-014](#).
- \$3.2 million increase due to residential customer uncollectible costs from nonpayment of bills, as authorized in [D.20-06-003](#).

Estimated Electric Bill Impacts	SDG&E as of January 1, 2023
Average Residential Non-CARE electric bill	\$182.82
Average Residential Non-CARE electric bill increase	\$25.32 (15.9%)
Average Residential CARE electric bill	\$118.67
Average Residential CARE electric bill increase	\$15.66 (15.1%)

***Note:** SDG&E customers will receive a \$60.70 climate credit on their August and September 2023 electric bills.

Background – Electric Costs & Rates

The CPUC reviews and approves electric IOU costs and revenues through a variety of the public decision-making process. The most notable processes include the [Energy Resource and Recovery Account](#) (ERRA) and the [General Rate Case](#) (GRC) proceedings. ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The electric IOUs do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the electric IOU gives money back to customers, and vice versa. GRC proceedings are used to address the costs of operating and maintaining the electric system and the allocation of those costs among customer classes. For California’s electric IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the electric IOU is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class.

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Gas Rates

A typical residential SDG&E gas bill is comprised of three components. The 2021 costs by components are as follows:¹

1. **Procurement Costs** (cost of gas purchased by SDG&E for customers): 24% of costs
2. **Transportation Costs:** 73% of costs
3. **Public Purpose Programs:** 3% of costs

SDG&E annually submits its Annual Gas True-Up Advice Letter in October, which is supplemented by its Consolidated Gas Rate Change Advice Letter implementing new gas rates from previously authorized CPUC Decisions, Resolutions, and Advice Letters. In December 2022, SDG&E submitted [Advice Letter 3149-G](#) with consolidated gas rate changes, which resulted in rate and bill impacts beginning on January 1, 2023.

SDG&E Gas Rate Increase Starting January 1, 2023

The primary drivers of SDG&E's January 1, 2023, gas rate increase includes –

1. Procurement Costs:

- Procurement rates change each month through Advice Letter filings. Gas IOUs purchase largely fossil natural gas through wholesale markets, the costs of which fluctuate month-to-month based on national and global demand and supply for fossil natural gas. These costs are passed through to customers without markup.
- Fossil natural gas wholesale prices in winter 2022-2023 have been significantly more expensive than winter 2021-2022, which has led to increases in bills. Volatility in the fossil natural gas wholesale market resulted in seasonally high prices caused by expanding global demand with tight supplies.
- The January 2023 procurement rate is \$3.44/therm, which is 313 percent more than the procurement rate in January 2022, and 62 percent higher than the December 2022 rate. In contrast, the January 2022 procurement rate was 110 percent higher than the January 2021 rate and 30 percent higher than the December 2021 rate.

2. Transportation Costs:

- \$32.4 million revenue increase due to amortization of regulatory account balances, as authorized by [Advice Letter 3129-G](#).

¹ Note that the allocation of bill components varies based on time of year. When there is high gas usage and high commodity prices, like conditions in winter 2022-2023, bills are higher due to higher procurement costs. The market price for natural gas is extremely volatile and has increased significantly since December 2022 and is two to four times more from what it was a year ago. The cost component breakdown reported here is from the [2021 AB 67 Report](#) (May 2022).



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- \$18 million increase due to implementation of revenue requirement adjustments for 2023 GRC with cost of capital adjustment, as authorized by [D.19-09-051](#), [D.21-05-003](#), [D.22-12-031](#) and [Advice Letter 3128-G](#).
- \$4.5 million increase due to revenue requirement adjustment pursuant to Internal Revenue Service Private Letter Ruling, as authorized by [D.19-09-051](#) and [AL 3113-G](#).
- \$28.6 million increase due to cost recovery of Customer Information System Balancing Account (CISBA) costs, as authorized by [AL 3039-G](#).
- \$10.8 million increase due to Transition, Stabilization, and Organizational Change Management (OCM) Balancing Account (TSOBA) costs, as authorized by [AL 3040-G](#) and Resolution E-5214.
- \$11 million decrease due to Other Adjustments (updated embedded cost studies transmission, SoCalGas/SDG&E system wide rate adjustments), as authorized by [D.21-07-019](#) and [AL 3042-G](#).

3. Public Purpose Programs (PPP):

- \$5.4 million decrease for PPP funding due to adjustments to Energy Efficiency (EE), Energy Savings Assistance (ESA), California Alternative Rates for Energy (CARE), Research, Demonstration and Development (RD&D), School Energy Efficiency Stimulus Program (SEESP), and Board of Equalization (BOE) administrative costs per [AL 3137-G](#).

Estimated Gas Bill Impacts ²	SDG&E as of January 1, 2023
Average monthly residential non-CARE gas bill	\$59.83
Average monthly residential non-CARE gas bill increase	\$3.85 (7%)
Average monthly residential CARE gas bill	\$37.98
Average monthly residential CARE gas bill increase	\$2.20 (6%)

***Note:** In April 2023, SDG&E residential customers will receive a GHG climate credit of \$43.40 to offset GHG program costs included in the transportation rate, per [AL 3129-G-A](#).

Actual customers' bills in January 2023 would be significantly higher than the illustrative bills shown above due to higher usage and higher prices of natural gas. The estimated monthly bill for non-CARE SDG&E residential customers who will consume 44 therms in January 2023 is \$225. In comparison, in January 2022 the actual bill for non-CARE residential customers for the same consumption was \$104. The estimated monthly bill for CARE residential customers who will consume 32 therms in January 2023 is \$131. In comparison, in January 2022 the actual bill for CARE residential customers for the same consumption was \$59.

² The estimated gas bill impacts above are for illustrative purposes. Because commodity prices and usage vary monthly, the annual average natural gas usage and price were used to illustrate the average estimated bill impacts of the gas transportation rate change. For this purpose, an average of 24 therms for non-CARE residential customers, 20 therms for CARE customers, and an annual average procurement cost of gas of \$0.1915 per therm was used.



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Background – Gas Costs & Rates

The CPUC determines the reasonableness of gas IOU operational costs, gas cost allocation among customer classes, and gas rate design. Unlike the process for electric utilities, the CPUC does not set an annual authorized revenue requirement for gas IOU procurement costs. Gas IOUs procure gas supplies for core gas customers (primarily residential and small commercial) only. Gas IOU procurement is subject to a sharing incentive under which they receive a financial benefit if they procure gas at costs below certain benchmarks and incur a penalty if procured at costs above the benchmarks. This mechanism provides gas IOUs with a financial incentive to purchase gas at prices that are close to or lower than average market prices. Core gas procurement costs are recovered in gas IOU procurement rates, which are adjusted monthly. The wholesale fossil gas price is the cost component with the greatest variability. Monthly changes in these prices on customer bills provide consumers with immediate price signals that they can use to adjust their gas consumption.

Additional Information

Fossil Natural Gas Price Increases

Fossil natural gas supply is increasingly a global commodity. Exports of liquified natural gas (LNG) have increased significantly due to the war between Russia and Ukraine and the realignment of global fossil natural gas markets. This realignment put pressure on United States fossil natural gas markets in 2022, increasing prices overall. Then, the Pacific region had its sixth coldest November since 1950 followed by a cold December.

The [U.S. Energy Information Administration \(EIA\)](#) attributes the recent very high fossil natural gas prices in the West to several factors, including:

- Widespread, below-normal temperatures
- High natural gas consumption
- Reduced natural gas flows
- Pipeline constraints, including maintenance in West Texas
- Lower fossil natural gas storage levels in the Pacific region

High prices were not limited to California but were experienced at gas hubs in Washington, Oregon, Wyoming, Arizona, Nevada, and Colorado.

Unlike previous years, when pipeline outages and storage constraints on the SoCalGas/SDG&E system caused high fossil natural gas prices in Southern California, 2022 saw a significant impact on prices from external pressures. The figure below illustrates fossil natural gas wholesale prices at PG&E Citygate, a secondary marketplace inside Northern California and SoCal Citygate, a secondary marketplace in Southern California. The Citygate is any point at which the backbone transmission system connects to the local transmission and distribution system. The Citygate is not one specific, physical location and represents a virtual trading point on the natural gas system. The three other hubs in the figure also serve California.

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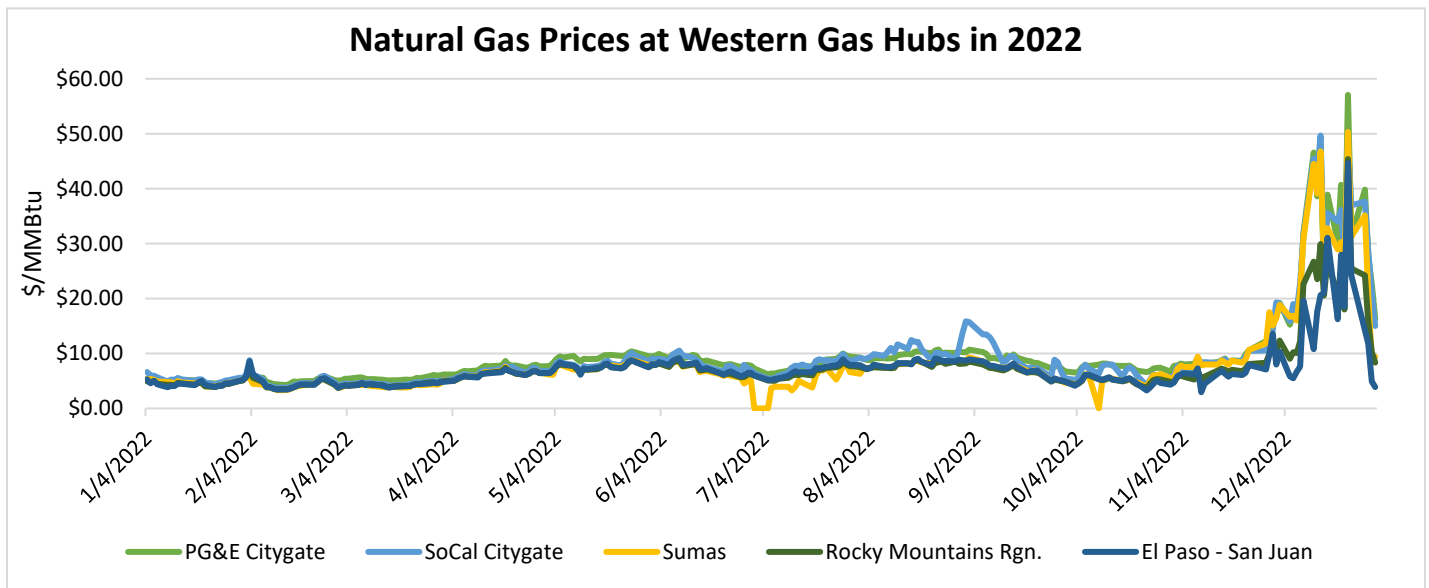
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As shown in the figure, the PG&E and SoCal Citygate fossil natural gas prices trended very closely with regional prices. Between 2021 and 2022, average December fossil natural gas wholesale prices increased by 514% at PG&E Citygate and 416% at SoCal Citygate. The fossil natural gas wholesale price drives California’s retail fossil natural gas price trends and gas procurement rates.



Graph Source: [NGI](#)

Low-Income Energy Management & Bill Assistance Programs

1. **California Alternate Rates for Energy (CARE)** – This program offers a 30-35% discount on electric bills and a 20% discount on gas bills. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy>
2. **Family Electric Rate Assistance (FERA)** – This program offers an 18% discount on electric bills if household income slightly exceeds CARE allowances. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/family-electric-rate-assistance-program>
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building envelope repairs which reduce air infiltration. More information -

<https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/energy-savings-assistance>

- 4. Low-Income Home Energy Assistance Program (LIHEAP)** – This program provides weatherization services and cash to help low-income customers pay their bills. LIHEAP can offer a one-time payment to help customers pay heating or cooling bills or in an emergency, such as a utility disconnection. LIHEAP can also provide in-home weatherization services for improved energy efficiency, and health and safety. More information - <https://www.csd.ca.gov/Pages/Assistance-PayingMyEnergyBills.aspx>
- 5. Emergency Assistance Programs** - Some gas and electric IOUs offer cash assistance and special payment plans to consumers facing financial hardship. Programs vary based on electric and gas IOU. More information - <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/utility-company-emergency-assistance>

Customer Energy Management Programs

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