

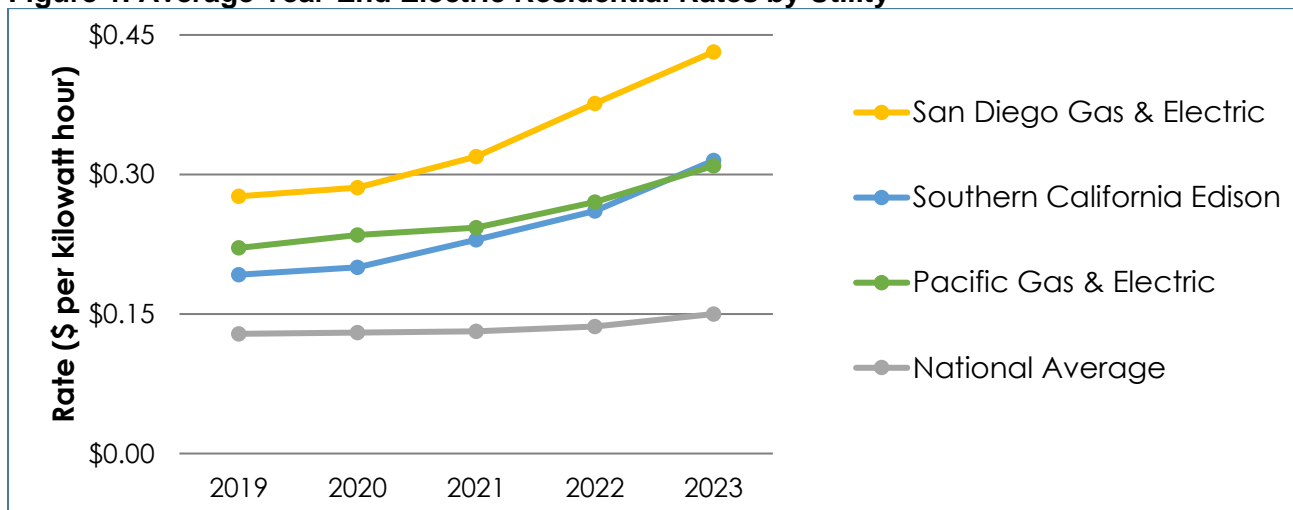
# Assembly U&E Committee: Energy Affordability Hearing

**SUMMARY:** From January 2022 to January 2023, the average household’s monthly bill in analyzed regions<sup>1</sup> grew from \$161 to \$180 in Pacific Gas & Electric (PG&E), \$191 to \$225 in Southern California Edison (SCE), and from \$148 to \$171 in San Diego Gas & Electric (SDG&E). These increases are part of a larger trend: residential electric rate increases ranged between 77% to 105% across the utilities since 2014. Power line investments and operations, wildfire management activities, higher natural gas prices in the winter months, and the state’s rooftop solar program (“net energy metering”) were the main cost drivers for the majority of customers.

## BACKGROUND

Residential electricity rates and power bills in California have significantly grown over the past decade. California’s residential electric rates are consistently among the highest in the continental United States, more than 67% the national average. The graph below shows each major utility’s residential rate increases have outpaced the national average.

**Figure 1. Average Year-End Electric Residential Rates by Utility**



Sources: PG&E, SDG&E, SCE data (Public Advocates Office) & National (U.S. Energy Information Administration)

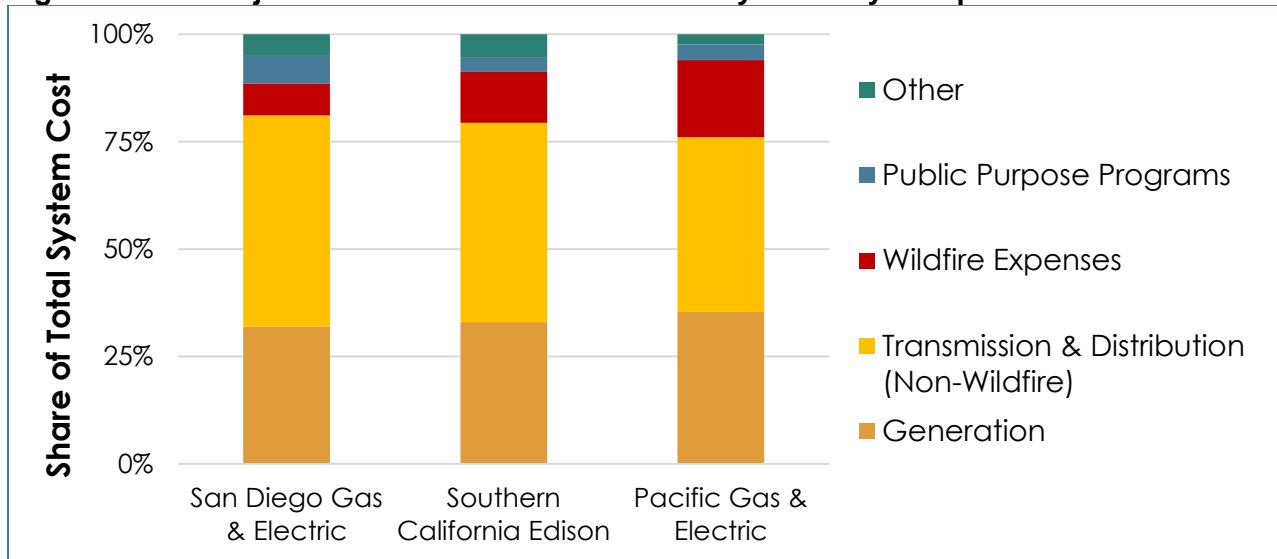
Note: A kilowatt-hour is a common unit of electricity, about the amount used to run a microwave for one hour.

Contrary to its name, a power bill covers many more costs than those necessary for making electricity and only a portion of the average bill pays for generation costs. Although much higher than average natural gas prices were a contributor to outsized generation costs this past winter, the majority of bill increases are associated with long-standing state priorities such as power line investments (“transmission and distribution”) and wildfire mitigation. The state’s main rooftop solar program, known as net energy metering, also constitutes a significant and growing share of bills for households that do

<sup>1</sup> Bills vary by region, or “climate zone”. The listed changes in monthly bills are calculated based on historic consumption and bills of non-CARE customers in warm or hot climate zones: SCE (Riverside area), PG&E (Fresno area), and SDG&E (San Diego area).

not go solar, about 10 to 20%. Although short-term costs may vary due to fuel costs and other factors, long-term costs are expected to increase without additional, strategic actions.

**Figure 2. 2021 Major California Investor-Owned Utility Rates by Components**



Source: California Public Utilities Commission. Energy Division analysis. *2022 Senate Bill 695 Report*.

Note: The graph displays total system costs, which include the costs covered by all customer types (residential, industrial, agricultural, and commercial)

## IMPACT

Rising electric rates increase financial strains on customers and businesses. Today, approximately three million income-qualifying customers<sup>2</sup> benefit from subsidized energy bills. These subsidies are funded by additional charges paid for by non-qualifying ratepayers and cannot be universally applied. High electric costs also challenge meeting the state’s climate targets. For middle- and upper-class customers, whose utility bills make up a lower share of their incomes, increasing rates discourage electrification solutions, such as the purchase of electric cars.

The Public Advocates Office actively works to hold utilities accountable and develop actionable policy solutions that maximize affordability for utility customers. We analyze utility proposals to determine if they are reasonable and cost effective. We also develop recommendations that advance the state’s energy policy goals while protecting customers from unreasonable cost burdens.

## MORE INFORMATION

For more detailed information, we encourage you to contact Tara Dias-Andress at [Tara.Andress@cpuc.ca.gov](mailto:Tara.Andress@cpuc.ca.gov) or visit our website at [www.publicadvocates.cpuc.gov](http://www.publicadvocates.cpuc.gov)

The Public Advocates Office represents utility customer interests before the California Public Utilities Commission and other forums. We develop recommendations that advance the state’s climate goals in the most affordable ways for ratepayers.

<sup>2</sup> Number of households receiving subsidized bills (CARE and FERA accounts) in each major utility service territory as of December, 2022: 352,119 (San Diego Gas & Electric), 1,473,505 (Pacific Gas & Electric), and 1,161,676 (Southern California Edison).