

Affordability Concerns in the Electric Sector

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We advocate for the lowest possible customer bills consistent with safety, reliability, and the state's climate goals

Energy






Water



Comms

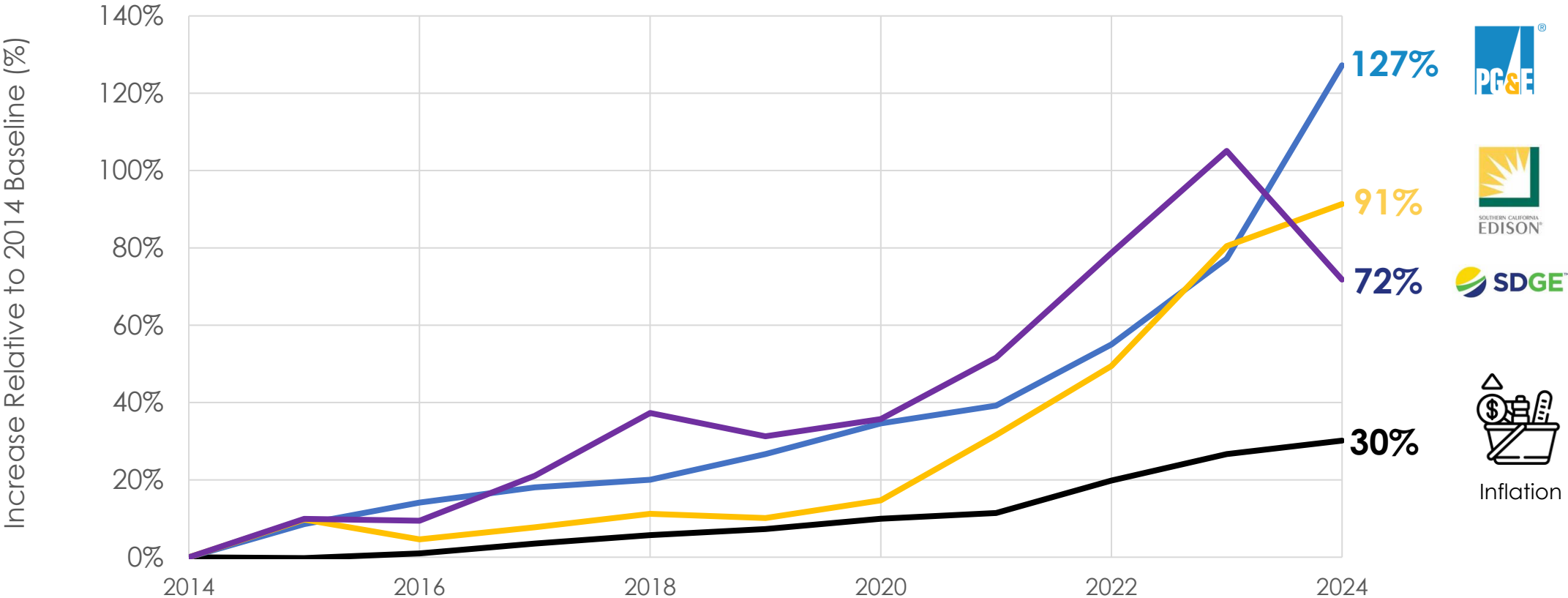


Millions of households are behind on their bills today

	# of Customers in Arrears	% of Customers in Arrears	Average Amount Owed
	1,215,433	22%	\$550
	876,121	19%	\$986
	355,551	26%	\$737
Combined	2,447,105	21%	\$733

California electric rates are far outpacing inflation

Residential Average Rate Increases by Utility



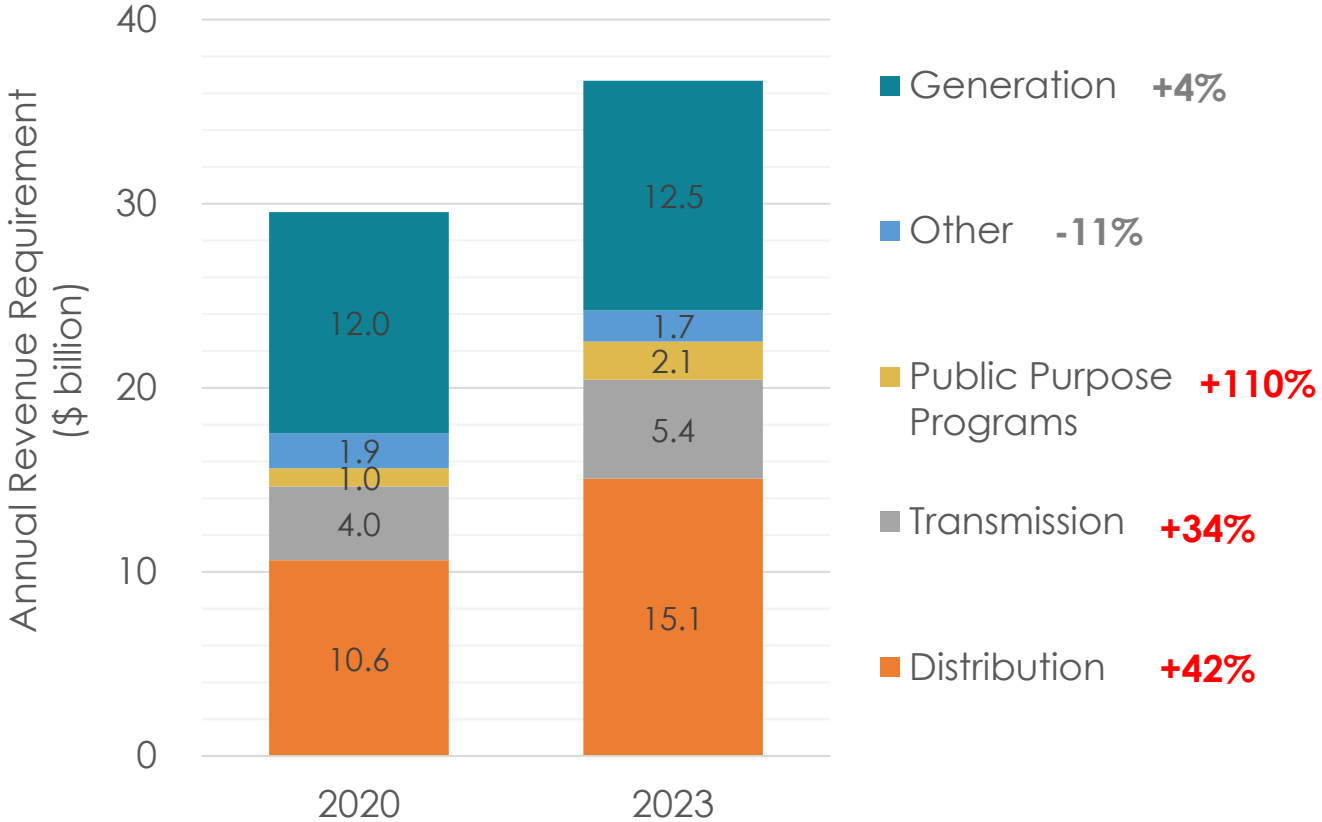
Inflation

2024 USA Average Values Based on Q3 2023 data, the latest for which there was available information at the time of publication. Source: Investor-Owned Utility Advice Letters (California Rates) & Consumer Price Index (Inflation)

Grid investments have rapidly increased in recent years

What are customer bills paying for?

Combined revenue requirement (PG&E, SCE, SDG&E)



Notable Cost Drivers

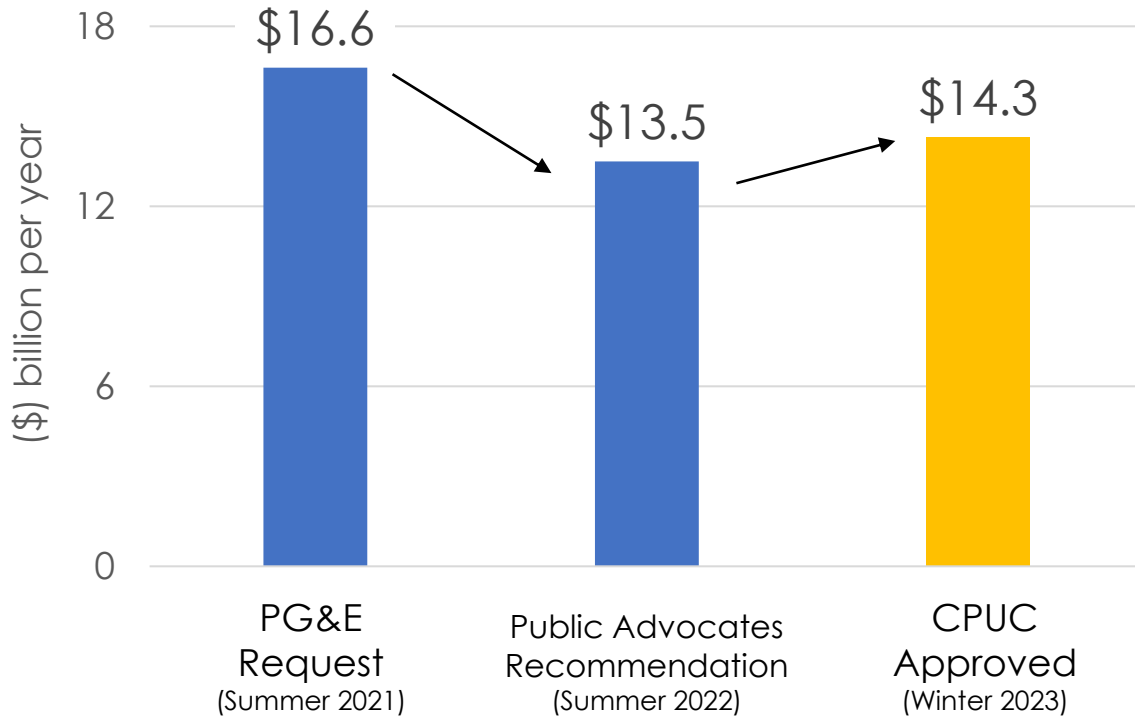
- Wildfire-related expenses
- Distribution system maintenance & upgrades
- Transmission buildout

Source: California Public Utilities Commission. Recreated from data in 2023 Senate Bill 695 Report: Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases Pursuant to PUC Code Section 913.1. (May 2023)

We scrutinize utility requests to find ratepayer savings

“the Commission must ensure that PG&E focuses its revenue requirement request on the most realistic, practical, and necessary projects...” – *Public Advocates Office filing (November 4, 2022)*

PG&E General Rate Case Revenue Requirement

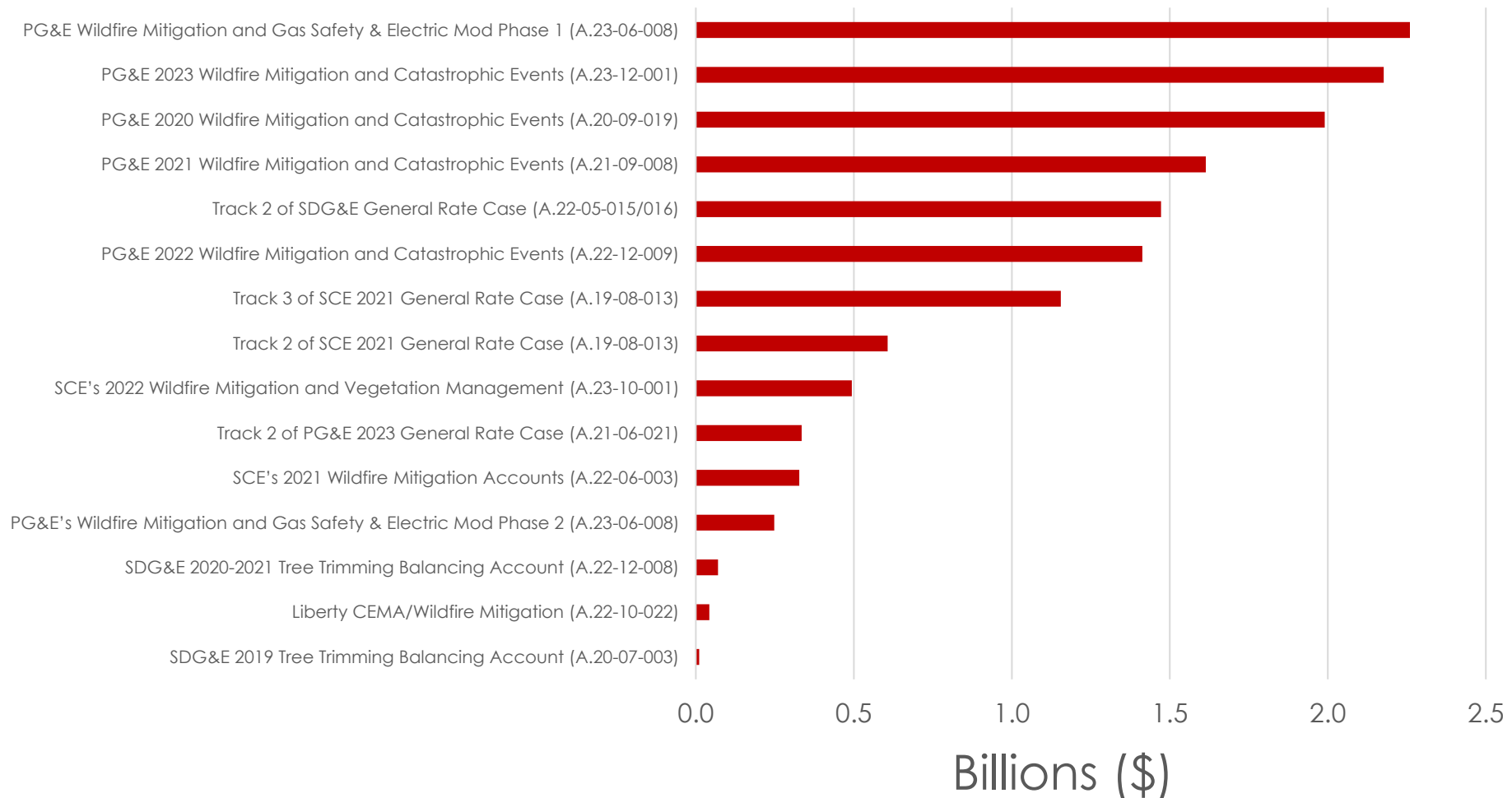


Where we found over \$3 billion per year

- **Electric grid capital.** System Hardening, Emergency Recovery, Distribution Substation Capacity, Distribution Transformer Replacements, etc.
- **Natural gas system operations.** Transmission Pipeline, Corrosion Control, and Leak Management, etc.
- **Human resources & IT.** HR Service Delivery and Inclusion, Benefits, 401k Retirement Savings Plan, Transportation & Aviation Services, Land & Environmental Management etc.
- And more... ([link](#))

Note: The above bars represent the average amount over PG&E's TY 2023 General Rate Case Application from 2023 to 2026

We reviewed **\$14+ billion** of utility wildfire-related requests since 2020

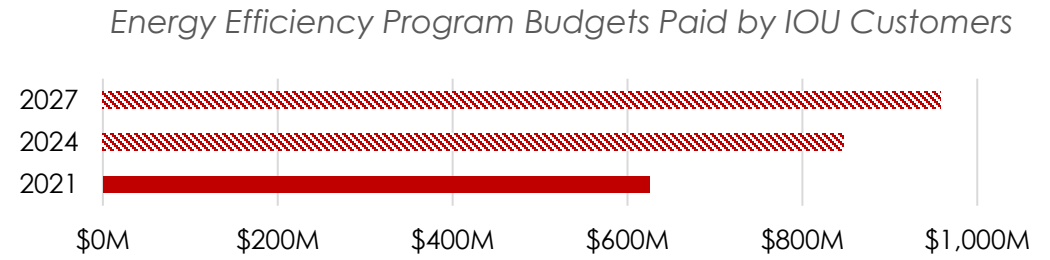
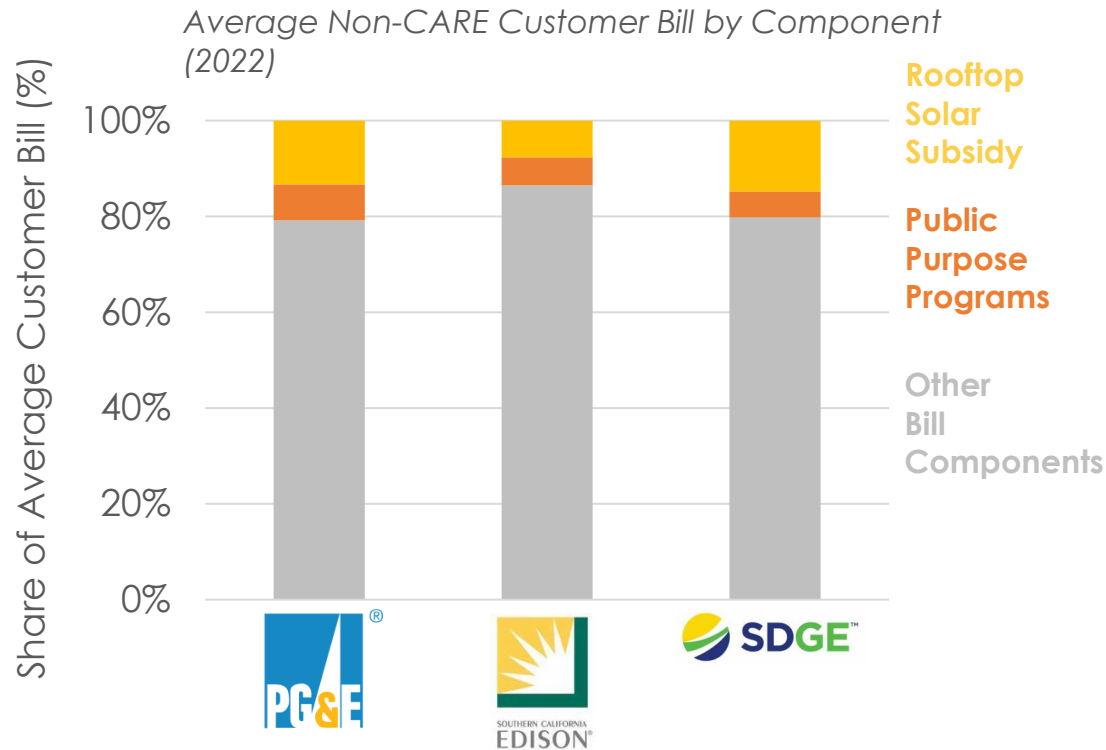


Note: These represent the major, incremental wildfire-related applications to increase revenue requirements reviewed by the Public Advocates Office

Utility spending is not the only driver of increases

Reason 1. Subsidies are driving rates up faster than how much utilities can collect alone

Reason 2. Bills pay hundreds of millions for non-cost effective programs each year



3P-IDEEA, EM&V-Evaluation Measurement & Verification, WET&O-HERS Rater Training Advancement, SOL-IDEEA365 Solicitations - Commercial, SOL-IDEEA365 Solicitations - Residential, SOL-IDEEA365 Solicitations - Industrial, SOL-IDEEA365 Solicitations - Agricultural, SOL-IDEEA365 Solicitations - Public, EM&V-Evaluation Measurement & Verification, Workforce Education & Training, PUB-Regional Energy Pathways, PUB-REN Fiscal Management & Coordination, Emerging Technologies Program, Electric, EE New Program Design Pilots, EE Contractor Demand Building Program, Public Sector Performance-Based Retrofit High Opportunity Program, Water Infrastructure Systems Energy Efficiency Program, IOU REN Administrative Costs, UC/CSU Energy Efficiency Partnership, California Community Colleges Energy Efficiency Partnership, WET Opportunity HUB, SCE EM&V, CPUC EM&V, Residential Market Support Placeholder, Resiliency Support Placeholder (Residential), Online Marketplace Program, Resiliency Support Placeholder (Public), San Francisco Local Government Partnership, Residential Load Management Placeholder, Central California Local Government Partnership, Sierra Local Government Partnership, San Mateo Local Government Partnership, Redwood Local Government Partnership, Sonoma Local Government Partnership, Central Coast Local Government Partnership, IOU REN/CCA Admin Costs, Marin Local Government Partnership, PGE EM&V, Codes and Standards Program, Water/Energy Nexus, Evaluation Measurement and Verification - BAYREN, Green Labeling, Targeted Decarbonization Services, Industrial Normalized Metered Energy Consumption, Agricultural Normalized Metered Energy Consumption, CPUC EM&V, MCE EM&V, Agriculture Project Delivery Program, California Green Business Network, Small & Medium Business Energy Advisory (SMBEA), Codes and Standards Compliance Enhancement Program, Rural-HTR Agriculture Finance Assistance Program, Energy Efficiency Project Delivery Program, Water Infrastructure Program, Energy Resiliency Action Plan, Regional Partner Initiatives, ACES Pathway, Agriculture WET, E-Contractor Academy, Agriculture Technical Assistance, Energy Assurance Services (EAS), Energy Assurance Services (EAS), Codes & Standards, TCR EM&V, Integrated Energy Services, Workforce Education and Training (WET), SW-FIN-On-Bill Finance, SW C&S - Compliance Enhancement, SW C&S - Reach Codes, SW C&S - Planning Coordination, SW WET Career Connections, SW Emerging Technologies - Electric, SW Emerging Technologies - Gas, WET&O-Integrated Energy Efficiency Training, WET&O-Retail Partnering Training Program, FIN-On-Bill Financing, RES-Residential Energy Advisor, RES-RNC, CDM-Savings By Design, CC-Nonresidential Energy Advisor Program, WET&O-SW-WET Career Connections, CC-Nonresidential Energy Advisor Program - Public, CC-Nonresidential Energy Advisor Program - Industrial, CC-Nonresidential Energy Advisor Program - Agricultural, ET-SW-Emerging Technologies, Gas, New Finance Offerings, New Finance Offerings Credit Enhancements, Commercial Energy Advisor Program, On-Bill Financing, Technology Assessments, Technology Introduction Support, CATALNEA/Energy Atlas, Savings By Design, Residential New Construction Program, Technology Development Support, On-Bill Financing Loan Pool, Compliance Improvement, Reach Codes, Planning and Coordination, WET Integrated Energy Education and Training, WET Career Connections, Emerging Technologies Program, Electric, Emerging Technologies Program, Gas, Commercial Energy Advisor, Agricultural Energy Advisor, California Analysis Tool for Locational Energy Assessment (CATALNEA), Industrial Energy Advisor, Statewide Marketing Education and Outreach, Compliance Improvement, Reach Codes, Planning and Coordination, Code Readiness, C&S Decarbonization Support Placeholder, WET Integrated Energy Education and Training, WET Career Connections, Industrial Calculated Incentives, Commercial Calculated Incentives, Residential, Agricultural Deemed Incentives, Virtual Energy Audit Program, Water & Wastewater Strategic Energy Management, Multifamily Energy Savings, Agricultural Deemed, Public Agency NMEC Program, RES-Residential Energy Efficiency Program, SW New Construction NonRes Com - All Electric, SW New Construction Non Residential - Commercial - All Electric, SW New Construction NonRes Com - All Electric, Small HTR Multifamily Direct Install, RES-Marketplace, Residential KitsKids, Commercial Deemed, RES-Multifamily Energy Alliance Program (Resource Acquisition), Wastewater Process Efficiency Program.

(Partial list of non-cost effective energy efficiency programs)

Source: California Public Utilities Commission. Recreated from data in 2023 Senate Bill 695 Report: Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases Pursuant to PUC Code Section 913.1. (Rooftop Solar Subsidy "Cost Shift"), Public Advocates Office analysis, including proposed program budgets (energy efficiency programs)

Our framework for solving the electric rates crisis

	Principle 1 Hold utilities accountable to budgets & priorities	Principle 2 Make clean energy investments more affordable	Principle 3 Prepare for more climate and natural disasters
<i>Immediate solutions</i>	<ul style="list-style-type: none"> • No new “credit cards” • Scrutinize utility spending 	<ul style="list-style-type: none"> • Residential rate & tariff reform 	<ul style="list-style-type: none"> • Scrutinize utility operations & plans
<i>Longer-term solutions</i>	<ul style="list-style-type: none"> • General Rate Case fidelity 	<ul style="list-style-type: none"> • Remove non-cost effective programs from rates & bills • Strategic electrification • Alternative financing 	<ul style="list-style-type: none"> • Equitably share disaster recovery costs



More information

We develop recommendations to ensure that energy, water, and communications services provided by investor-owned utilities are affordable, safe, and reliable.

View our annual report to the legislature on our website at www.publicadvocates.cpuc.gov