



The Public
ADVOCATES
OFFICE

Q2 2024 Electric Rates Report

The Public Advocates Office at the California Public Utilities Commission

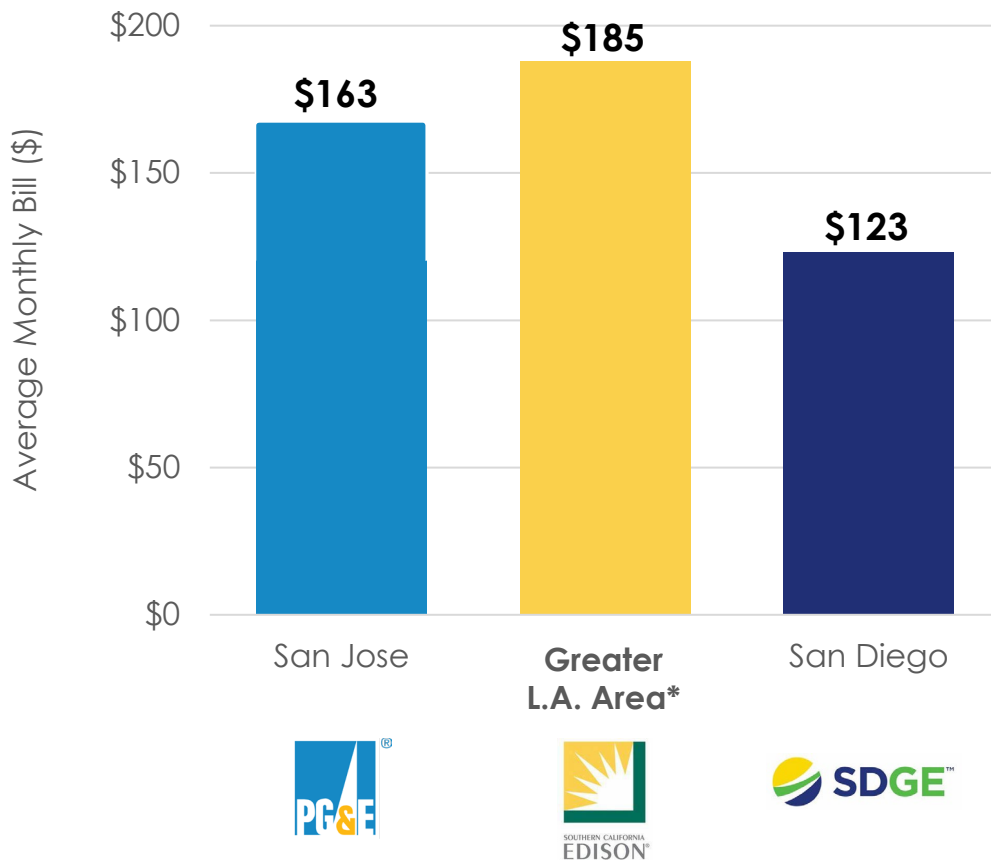
July 22, 2024

About

- The Public Advocates Office represents utility customers' interests primarily by participating in proceedings before the California Public Utilities Commission and engaging in other policymaking forums.
- The California electric utilities recover their operational and investment costs through the rates they charge their customers. These rates regularly change due to many factors. We track the rates and develop recommendations to minimize costs to ratepayers.
- This report summarizes residential electric rate changes across Pacific Gas and Electric (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison (SCE) service territories through July 1, 2024.




Bills compound affordability challenges across the state

Average July 1, 2024 Electric Bill by City






- Over the last few years, electric bills are generally rising due to **higher electricity use** (e.g., air conditioning) and **higher overall electricity prices ("rates")**.
- Low-income households are most disproportionately impacted from higher rates and bills.

Nearly 1 in 5 households are behind on their energy bills

	# of Customers in Arrears	% of Customers in Arrears	Average Amount Owed
	1,086,689	19%	\$571
	727,985	16%	\$1,013
	314,105	23%	\$737
Combined	2,128,779	18.4%	\$747

Source: May 2024 utility compliance filings in the CPUC's disconnection proceeding (R.18-07-005)
 Note: SDG&E and PG&E data includes both electric and natural gas customers

Residential average rates have significantly increased

	Average Rate (\$ per kWh)	3-year Change Jan 2021 to Jul 2024	10-year Change Jan 2014 to Jul 2024
	\$0.367	↑ 51%	↑ 110%
	\$0.332	↑ 51%	↑ 90%
	\$0.383	↑ 20%	↑ 82%

Main electricity rate drivers

10-Year Change

Jan 2014 to July 2024

Primary Statewide Drivers



↑ 110%



SOUTHERN CALIFORNIA
EDISON

↑ 90%

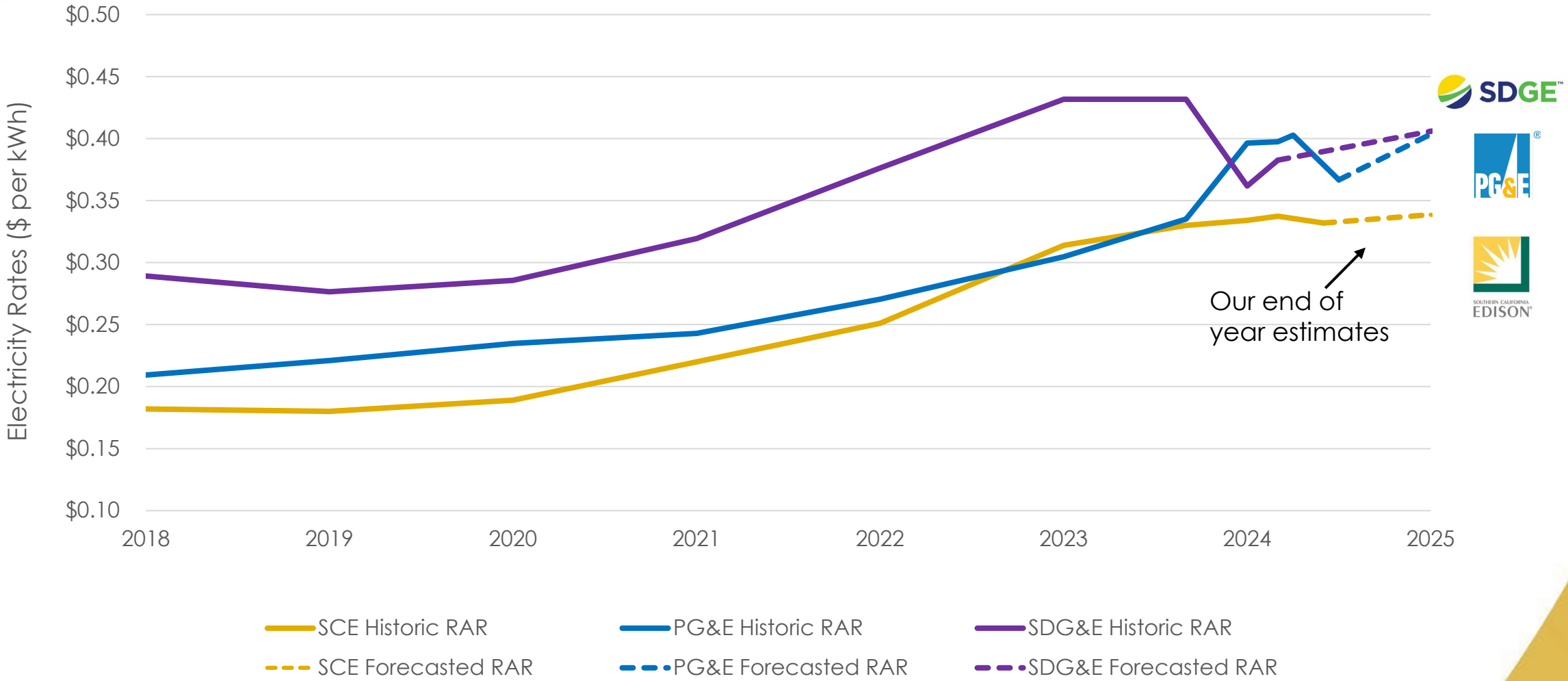


↑ 82%

1. Wildfire mitigation
2. Transmission and distribution investments
3. Rooftop solar incentives ("net energy metering")

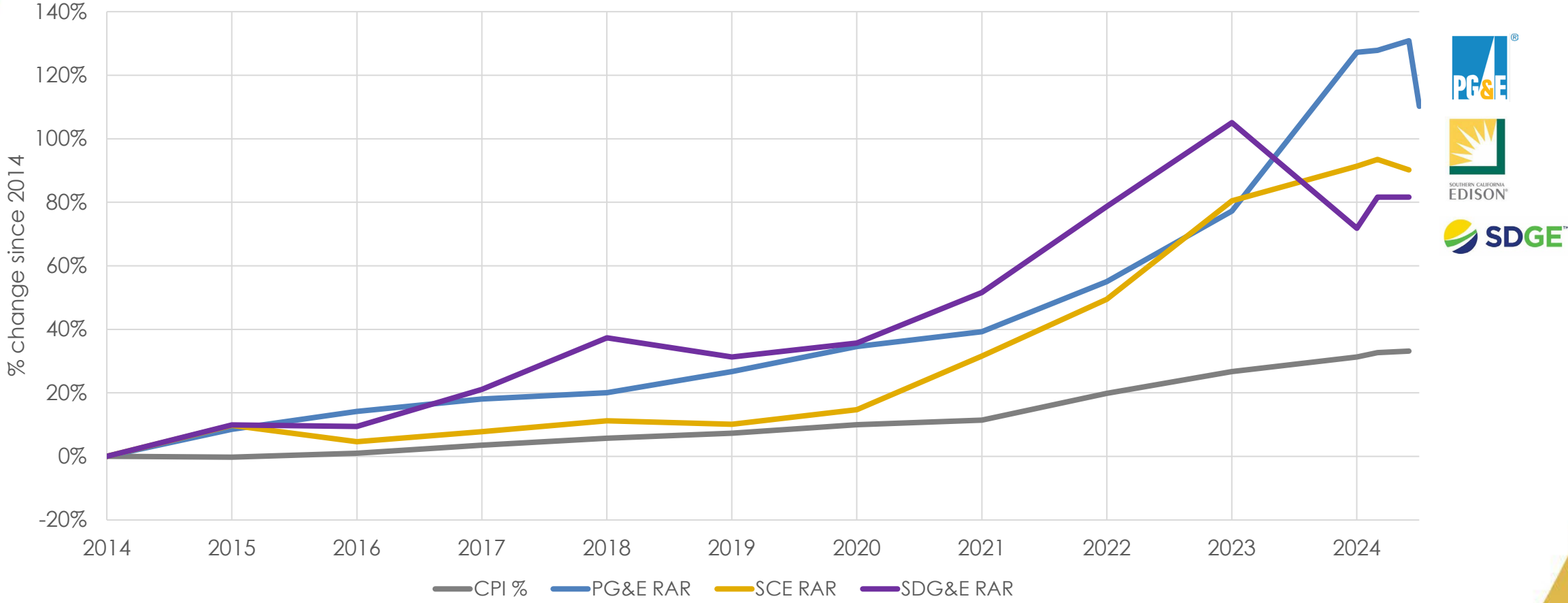
Source: California Public Utilities Commission SB 695 report: Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases... (2023)

Average Residential Electricity Rates (RAR)



PG&E's pending 2023 WMCE (Wildfire-related Distribution) revenue requirement of \$1.6 billion to recover in 2024, from A.23-12-001, is the primary cause of rates returning to higher levels by 1/1/2025. CA rates represent residential average rates excluding California Climate Credit. Future estimates may be conservative as they only include pending applications. Source: Investor-Owned Utility Advice Letters (California Rates)

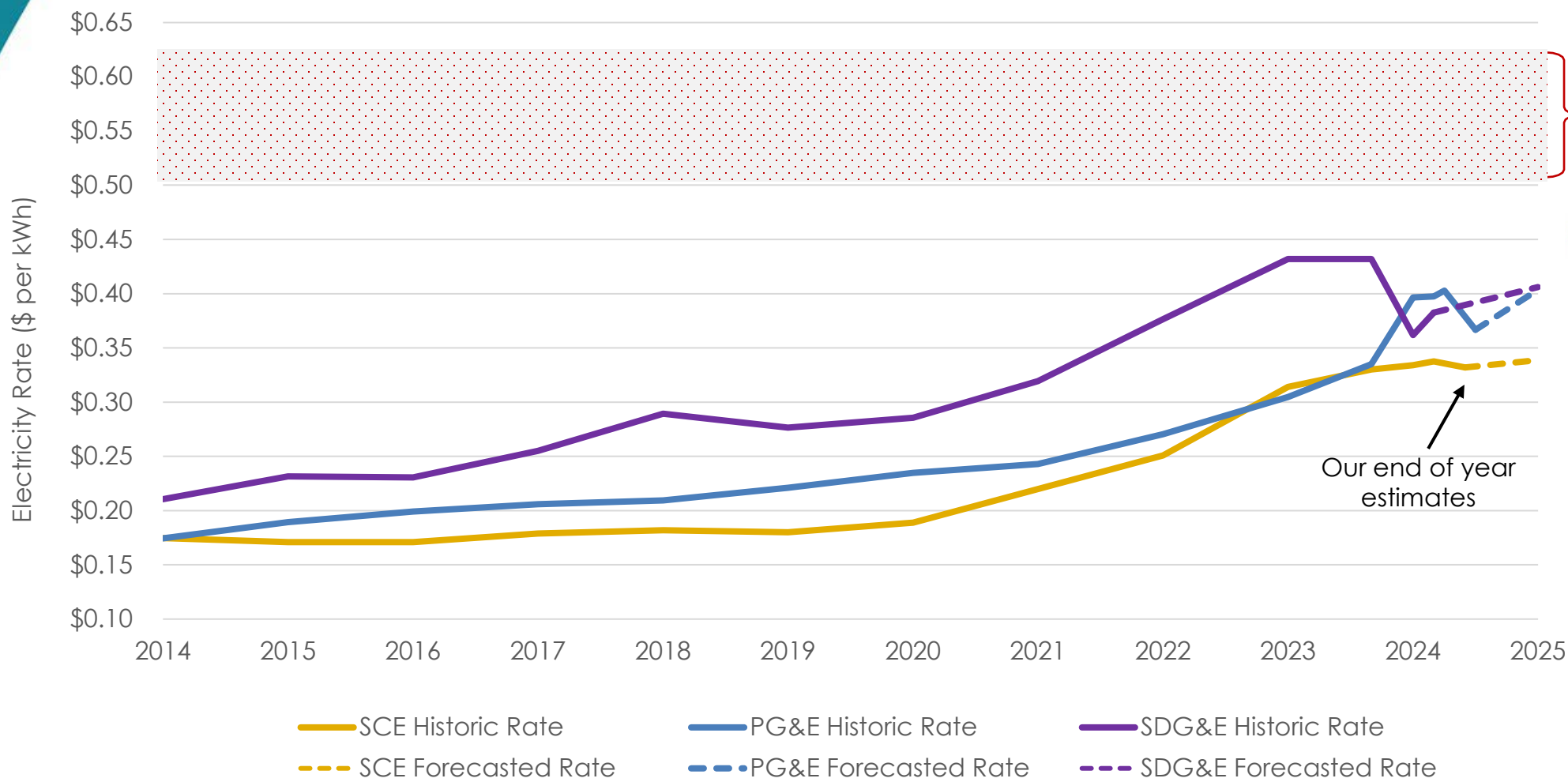
Rates have increased substantially since 2014, surpassing inflation



PG&E's residential rates declined this quarter mainly because the recovery costs for certain past wildfires concluded and charges decreased in the Energy Resource Recovery Account (ERRA), which has to do with electric procurement costs. Similarly, SCE's rates decreased due to reductions in wildfire-related expenses (through the Wildfire Expense Memorandum Account (WEMA)) and ERRA. We expect these reductions to be temporary as future adjustments and rising costs may drive rates back up.

CA rates represent latest bundled residential average rates (RAR) as of July 1, 2024, excluding California Climate Credit. Future estimates may be conservative as they only include pending applications. Source: *Investor-Owned Utility Advice Letters (California Rates)*. Additional information can be found in on Slides 18-23 in the Appendix.

EV Fuel Price Parity w/ Bundled Residential Average Rate



Est. rates when fuel costs are **more expensive** than driving a gas car from \$4.60 to \$6.00 per gallon.



Our end of year estimates

Assumptions for this slide found in Appendix on Slide 23. Avg residential rates represent average residential rate customers excluding California Climate Credit. Future estimates may be conservative as they only include pending applications. Source: Investor-Owned Utility Advice Letters (California Residential Average Rates)

Wildfire-Related Revenue Requirements (RRQ) by Utility

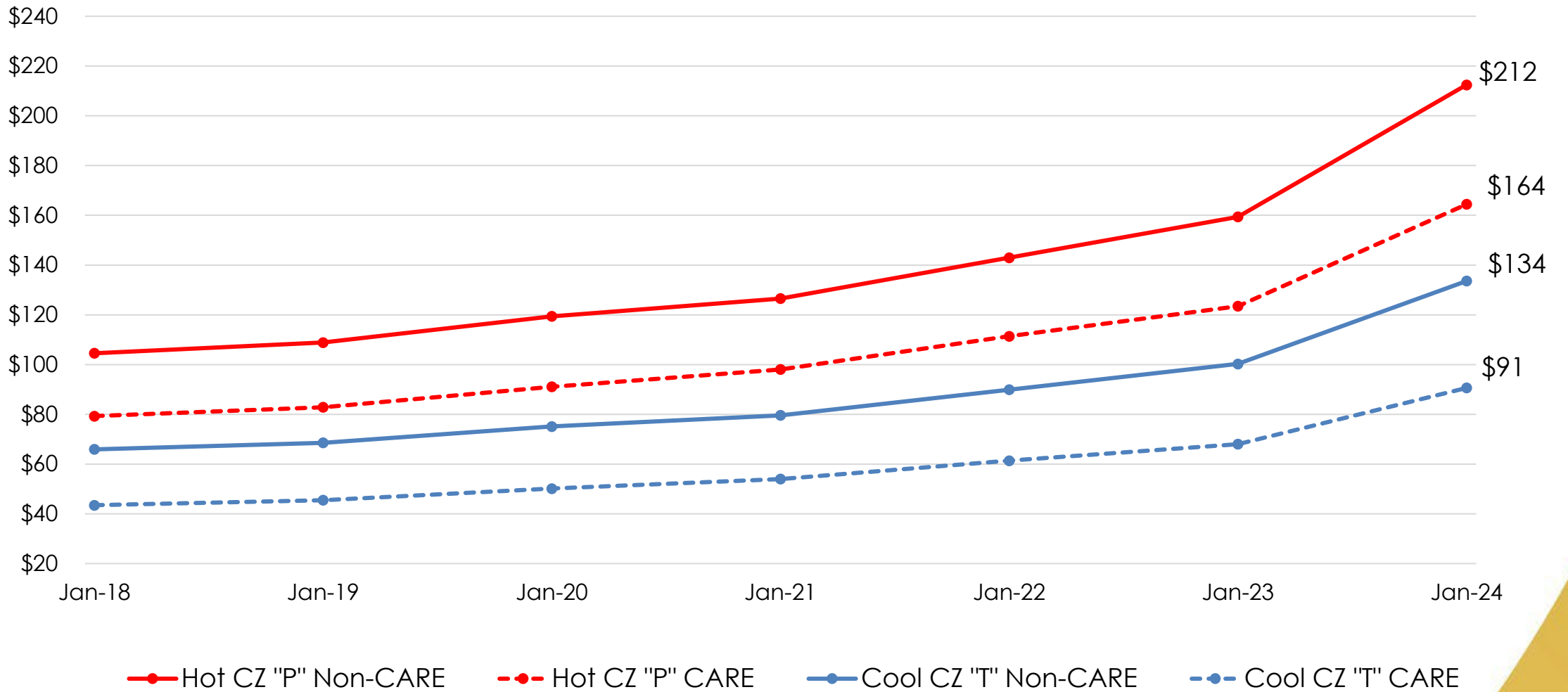
	Jan 2023 (in billions)	% of Total RRQ 2023	Latest 2024 (in billions)	% of Total RRQ 2024
PG&E	\$2,398,830	15%	\$5,213,266	24%
SCE	\$1,447,261	9%	2,026,051	11%
SDG&E	\$249,636	6%	483,870	12%

Based on latest figures as of June 2024, includes wildfire-related insurance and the Wildfire Fund Charge. For more context, please visit our website and related memo: <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/wildfire-cost-increases-of-california-electric-ious>.

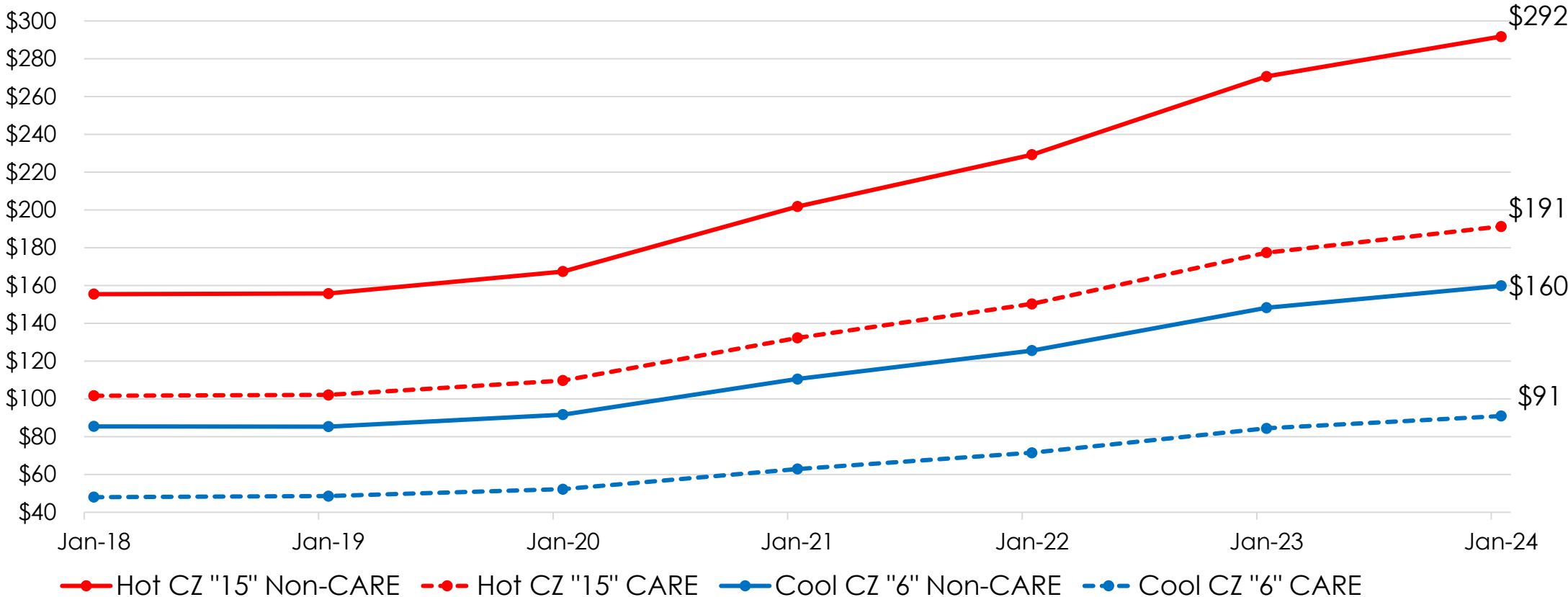
Historic Trends of Average Electricity Bills

Using a Sample of Hot & Cool Climate Zones
from each IOU's Service Territory

PG&E's Average Monthly Electricity Bills for CARE & Non-CARE Customers in Hot and Cool Climate Zones

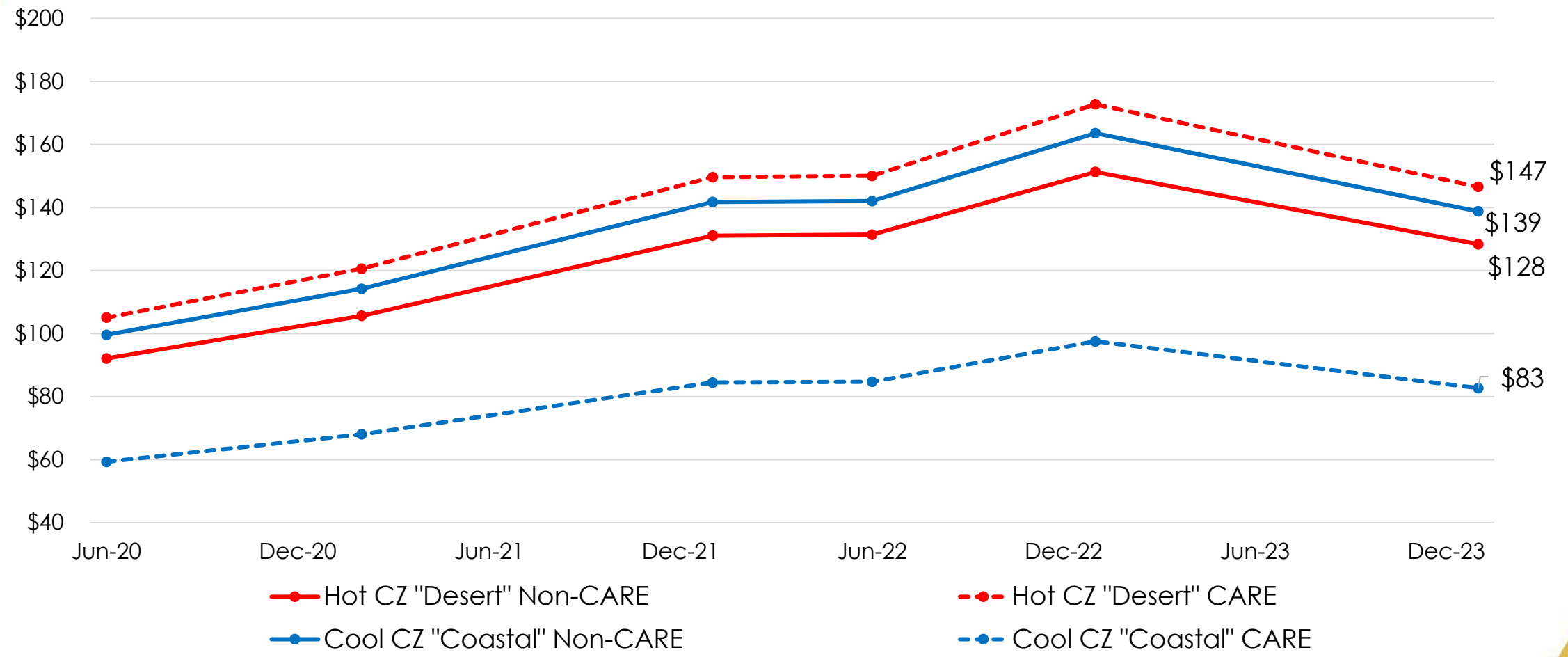


SCE's Average Monthly Electricity Bills for CARE & Non-CARE Customers in Hot and Cool Climate Zones



SCE's 15 hot climate zone has relatively high average usage of around 830 kWh monthly usage across Non-CARE & CARE customers. For Comparison, 6 cool CZ customers average around 400 kWh of monthly electricity usage.

SDG&E's Average Monthly Electricity Bills for CARE & Non-CARE Customers in Hot and Cool Climate Zones



SDG&E's CARE customers in its Desert Climate Zone use more electricity on average than both their Non-CARE counterparts and SDG&E's Coastal customers. Condensed range (from June 2020 to June 2022) to reflect when SDG&E converted to 2 tiered rates.

More information

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

Visit our website at www.publicadvocates.cpuc.ca.gov

Contact us

- Mary Flannelly, Policy & Communications Advisor
mary.flannelly@cpuc.ca.gov
- Tara Dias-Andress, Legislative Advisor
tara.andress@cpuc.ca.gov



Appendix

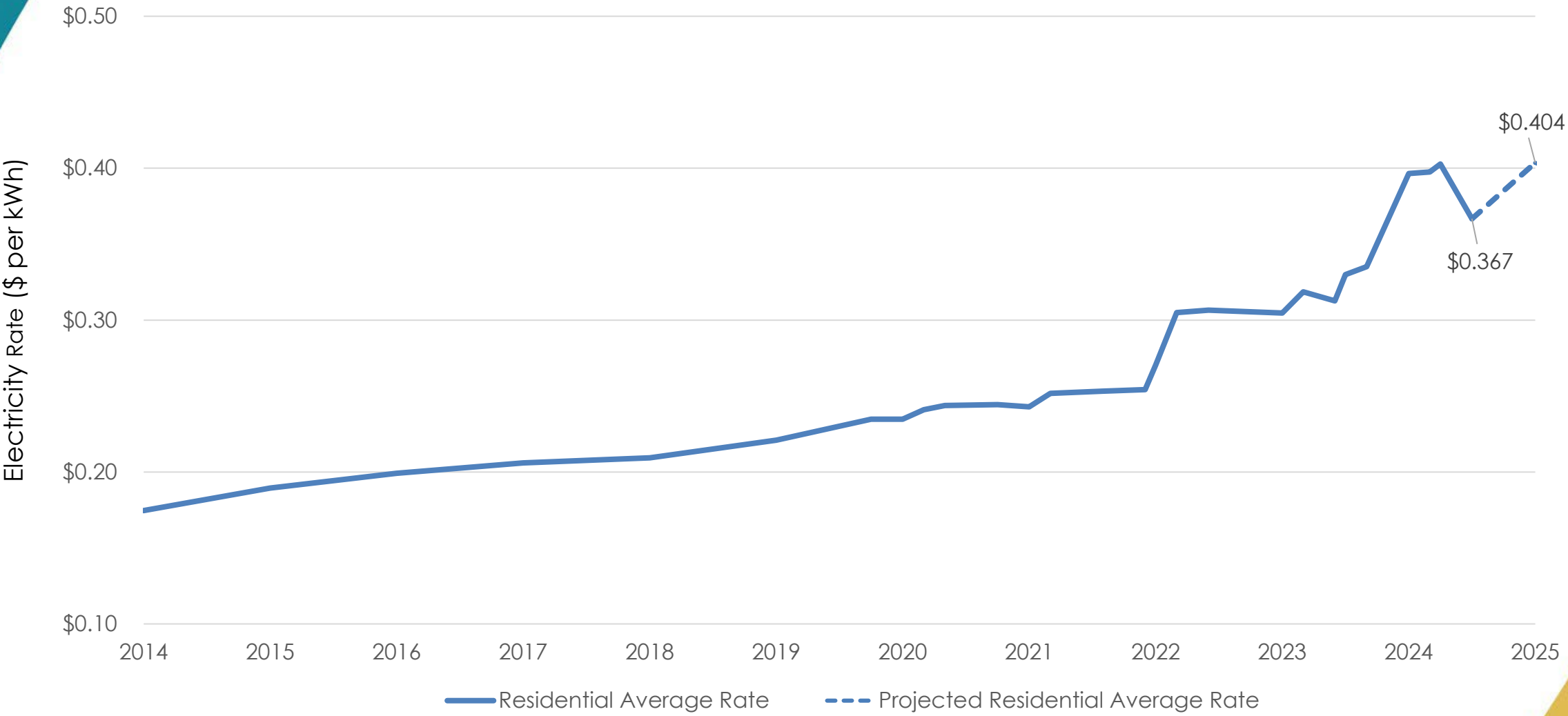
Assumptions & Additional Utility Data

Electric Vehicle (EV) Fuel Price Parity Assumptions (Slide 9)

- Internal Combustion Engine (ICE) MPG: 28
- EV MPGe: 100
- \$/Gallon Range: 4.60 – 6.00
- kWh/Gallon (EPA est.): 33.7

$((\text{EV MPGe} / \text{ICE MPG}) * \text{\$/Gallon}) \div \text{kWh/Gallon}$
= \$0.487 to \$0.635 \$/ kWh equivalent

PG&E Rate Change | Residential Average Rate



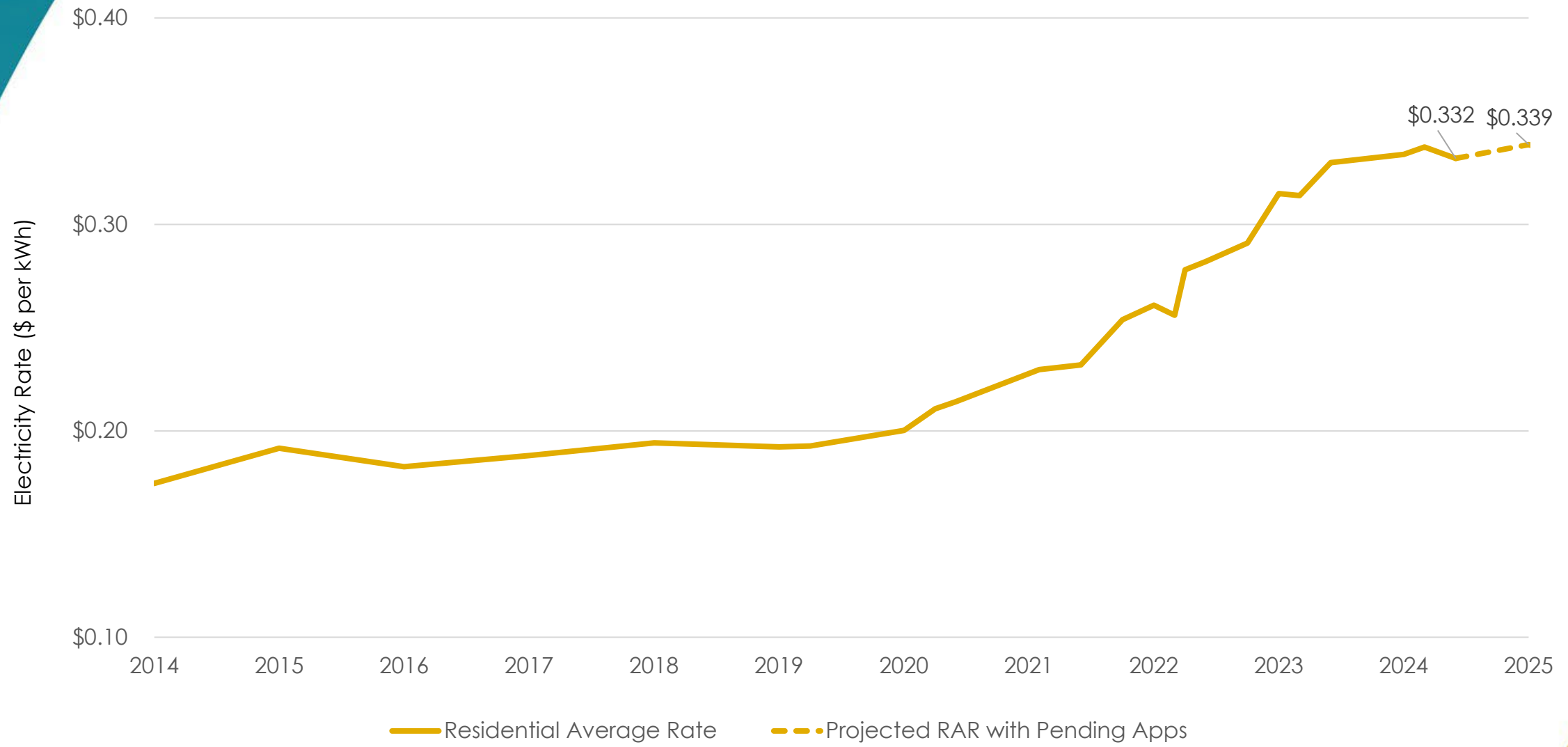
PG&E's pending 2023 WMCE (Wildfire-related Distribution) revenue requirement of \$1.6 billion to recover in 2024, from A.23-12-001, is the primary cause of rates returning to higher levels by 1/1/2025. Avg residential rates represent average residential rate customers excluding California Climate Credit. Future estimates may be conservative as they only include pending applications. Source: Investor-Owned Utility Advice Letters (California Residential Average Rates)

July 1, 2024, Changes to Revenue Requirement: PG&E

On June 27, 2024, PG&E submitted Advice Letter (AL) 7307-E, to update electric rates effective July 1, 2024.

- The largest revenue change includes:
 - End of Recovery of PG&E's 2022 Wildfire Mitigation and Catastrophic Events (WMCE) Interim Rate Relief - **\$1.104 billion out of electric distribution rates.**
 - End of Recovery of 2023 Energy Resource Recovery Account (ERRA) Trigger Adjustment - **\$571.6 million out of electric generation rates.**
- As a result of the changes submitted in this AL, PG&E's total authorized revenue requirement in rates will decrease by approximately \$1.7 billion, or 7.9%.
- *July 1, 2024, Rate Change:* The authorized revenue requirement changes resulted in a residential average rate (RAR) decrease of approximately **8.9%** for bundled service customers relative to rates in effect on April 1, 2024.

SCE Rate Change | Residential Average Rate



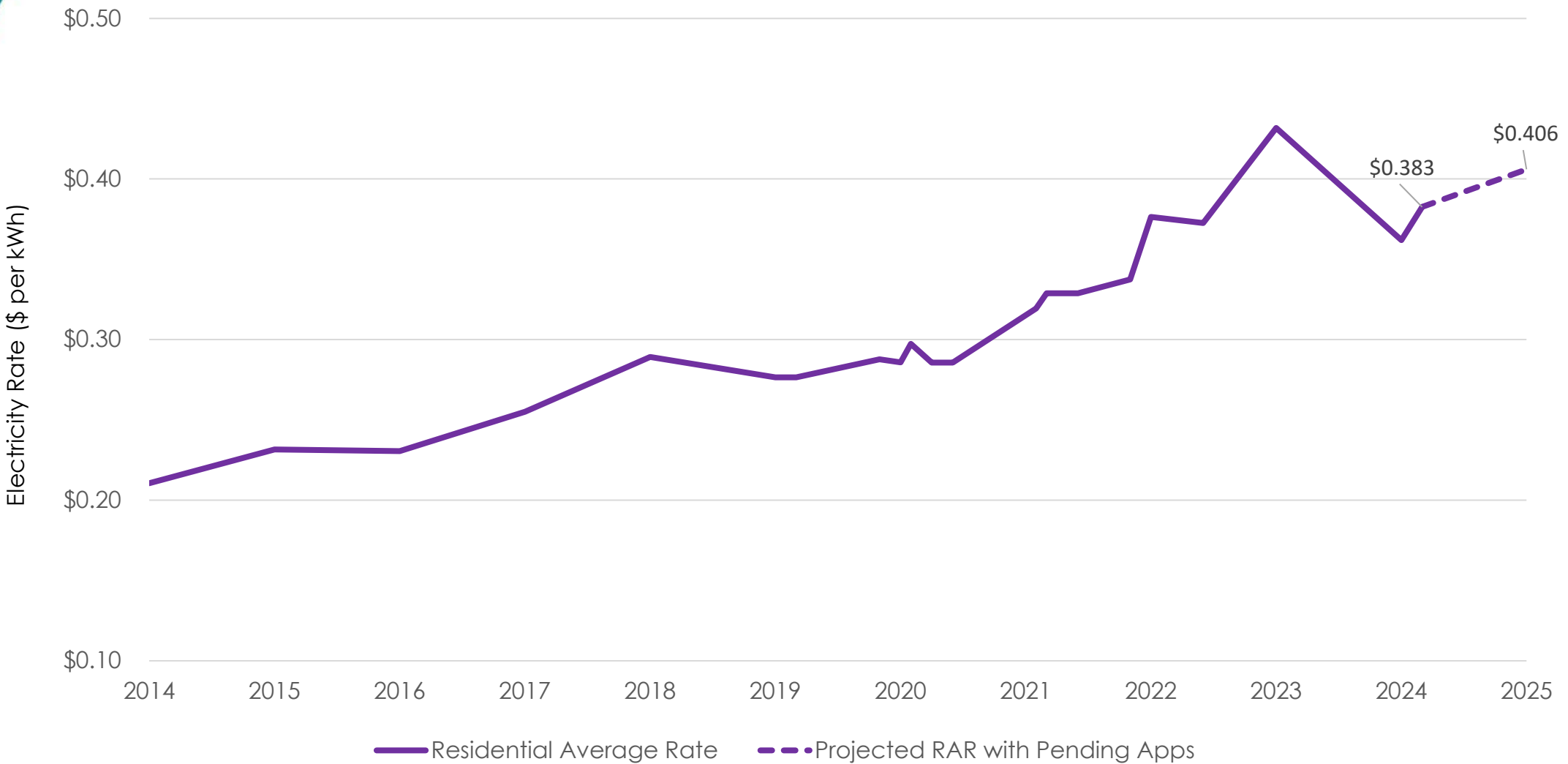
Avg residential rates represent average residential rate customers excluding California Climate Credit. Future estimates may be conservative as they only include pending applications.
Source: Investor-Owned Utility Advice Letters (California Residential Average Rates)

Largest Q2 2024 Changes to Revenue Requirement: SCE

From Advice Letter 5307-E, effective June 1, 2024:

- Overall decrease of \$190 million from March 1, 2024, rate levels.
- Main sources of decrease in revenue requirement:
 - Decrease of \$459 million from 2023 ERRA Trigger account
 - Decrease of \$214 million from WEMA 2 account
 - Increase of \$379 million from 2021 Wildfire Mitigation account
 - Increase of \$172 million from FERC Transmission Balancing Accounts
- *Quarterly Rate Change*: The authorized revenue requirement changes will result in a residential average rate (RAR) decrease of approximately -1.6% for bundled service customers relative to rates in effect on March 1, 2024.

SDG&E Rate Change | Residential Average Rate



Avg residential rates represent average residential rate customers excluding California Climate Credit. Future estimates may be conservative as they only include pending applications.
Source: Investor-Owned Utility Advice Letters (California Residential Average Rates)

No Change in Q2: Largest Q1 2024 Changes to Revenue Requirement: SDG&E

From Advice Letter 4366-E, rates effective March 1, 2024:

- Average Rate increases driven primarily by:
 - Implementation of interim rate recovery of Wildfire Mitigation Plan Memorandum Account through distribution rates (\$232.6 million over a 10-month period)
 - Implementation of increases in previously authorized cost of capital (from 4.367% to 5.777% per Advice Letter 4300-E)
- *Quarterly Rate Change*: The authorized revenue requirement changes result in a residential average rate (RAR) increase of approximately **5.73%** for bundled service customers relative to rates in effect on January 1, 2024.