



# CPUC Frequently Asked Questions: PG&E's General Rate Case Proposal – Customer Impacts

Proceeding [A.21-06-021](#) | [www.cpuc.ca.gov/pgegrc2023](http://www.cpuc.ca.gov/pgegrc2023) | Updated Nov. 13, 2023

## 1. What is a General Rate Case?

A General Rate Case, or GRC, is a review that investor-owned utilities (IOUs) 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 which opens a regulatory proceeding that is managed as a litigated process before an Administrative Law Judge (ALJ). It is a highly transparent public process. The CPUC receives 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 IOU should undertake over the next four years, and the amount of money it can collect from its customers to cover those costs.

## 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 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 among strengthening the electric grid, and natural gas system, improving safety, 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 in areas with a high propensity for catastrophic wildfire. The ALJs put forward a Proposed Decision in September 2023 that approves 2,000 miles of system hardening, with 200 miles of undergrounding and 1,800 miles of covered conductor (insulation on overhead lines). Commissioner John Reynolds' Alternate Proposed



Decision initially approved 2,000 miles of system hardening, but with more undergrounding: 973 miles of undergrounding and 1,027 miles of covered conductor. 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 the increase in PG&E's request.

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

**UPDATE: On Oct. 31, following a public comment period, the [APD was modified](#) to approve 1,230 miles of undergrounding -- up from 973 miles -- as well as 778 miles of covered conductor. This change increases the total hardened miles to 2,008. This increase in undergrounding miles boosts forecasted risk reduction, with an added cost of \$454 million, but it's still less expensive than PG&E's proposal and is forecast to reduce more risk than PG&E's proposal, while also providing PG&E with an opportunity to achieve economies of scale. The 1,230 approved undergrounding miles represent an historic opportunity for PG&E to invest in safer, reliable improvements; the revised total nearly equals the number of miles PG&E requested to complete through the end of 2025. The [first revision of the PD was further modified](#) on Nov. 13, 2023. Additionally, on Nov. 13, 2023, the [first revision of the APD was further modified](#), amending the adoption of 25 percent escalation to instead adopt 50 percent of the requested adjustments associated with PG&E's update testimony, as applied to 2023 and post-test years.**

#### 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, excluding supply costs. Energy supply costs, including the market expenses associated with purchasing electricity, are addressed separately in an annual application called the Energy Resource Recovery Account (ERRA) proceeding. GRCs are submitted every four years to the CPUC by the IOUs, 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 is important to note that a 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 is not 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?**

We know 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.

Below are illustrative monthly bill increases that will go into effect January 1, 2024 on the electric and natural gas portion of PG&E bills for the average residential customer, based on the Second Revised Proposed Decision and Second Revised Alternate Proposed Decision (released Nov. 13, 2023)

	<u>Second Revised Proposed Decision</u> Bill Impacts		
	Electric-only Customers	Natural Gas-only Customers	Electric and Gas Customers
<b>Average residential customer bill increase</b>	+\$20.56	+\$10.71	+\$31.27 or an increase of 12.2%
<b>Average residential CARE customer bill increase</b>	+\$13.36	+\$7.43	+\$20.79 or an increase of 12.6%

	<u>Second Revised Alternate Proposed Decision</u> Bill Impacts		
	Electric-only Customers	Natural Gas-only Customers	Electric and Gas Customers
<b>Average residential customer bill increase</b>	+\$22.20	+\$10.43	+\$32.62 or an increase of 12.8%
<b>Average residential CARE customer bill increase</b>	+\$14.43	+\$7.23	+\$21.66 or an increase of 13.1%

In terms of percentage, these bill impacts reflect an increase of 12.2% for the average residential customer from the second revised PD, and an increase of 12.8% for the average residential customer from the second revised APD. Overall, for the entire four-year period of this GRC, the second revised PD increases bills by 15%, and the second revised APD increases them by 11.3%.



Once approved by the CPUC, any changes to your bill are anticipated to 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.

[PG&E's website](#) also provides links to a variety of energy efficiency rebates, alternative rate programs, and other tips to save energy that can help reduce and/or lower the cost of a customer's energy usage.

## 7. Will the proposals change before the CPUC votes on November 16?

Following a comment period, revisions to the PD ([Here](#)) and APD ([Here](#)) were issued in October.

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

These proposals are on the agenda for the CPUC's Nov. 16 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 are encouraged to engage in the process as well. With previous bill changes, 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.