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NOTICE OF PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO INCREASE RATES FOR ITS 2023 COST OF CAPITAL APPLICATION (A.22-04-008)

Acronyms you need to know

PG&E: Pacific Gas and Electric Company

CPUC: California Public Utilities Commission

Why am I receiving this notice?

On April 20, 2022, PG&E filed its 2023 Cost of Capital Application with the CPUC. The “cost of capital” is the financial rate of return on invested capital that PG&E collects on its capital assets used to provide safe and reliable service.

Setting the appropriate cost of capital helps ensure PG&E can secure the financing necessary to continue providing safe and reliable service for customers.

In this application, PG&E is requesting to establish its authorized cost of capital for utility operations beginning in 2023 and is also requesting recovery for its actual short-term borrowing costs based on the prior year.

	CURRENT		PROPOSED	
	Cost	Capital structure	Cost	Capital structure
Common equity	10.25%	52.00%	11.00%	52.00%
Preferred stock	5.52%	00.50%	5.52%	00.50%
Long-term debt	4.17%	47.50%	4.27%	47.50%
Total weighted cost¹ and capital structure	7.34%	100%	7.78%	100%

¹Weighted cost is calculated by multiplying cost and capital structure for each type of capital.

In total, the proposed changes in the COC application would increase PG&E's current authorized revenues by \$295.5 million, or 1.5%. If approved, PG&E's request would become effective beginning January 1, 2023.

Why is PG&E requesting this rate change?

Utilities like PG&E fund the upfront costs of its capital assets with corporate loans (Long-term Debt) and equity/stock (Common Equity and Preferred Stock). The cost of capital changes over time as interest rates change, and with this application PG&E is updating its cost of capital. Capital assets include, but are not limited to, electric distribution poles and wires, natural gas pipelines, utility owned power plants and information technology systems.

How could this affect my monthly electric rates?

Many customers receive bundled electric service from PG&E, meaning they receive electric generation, transmission and distribution services. A summary of the proposed rate impact for these customers is provided below.



PROPOSED ELECTRIC RATE INCREASE

Customer Class	Current Average (¢/kWh) as of 3/1/2022	Proposed Average (¢/kWh) as of 1/1/2023	Total Increase (¢/kWh)	Total Percentage Increase
Bundled Service				
Residential	29.16	29.47	0.32	1.1%
Small Commercial	31.93	32.29	0.36	1.1%
Medium Commercial	29.75	30.01	0.26	0.9%
Large Commercial	25.73	25.95	0.22	0.9%
Streetlights	35.57	35.88	0.31	0.9%
Standby	19.25	19.39	0.14	0.7%
Agriculture	29.19	29.47	0.28	1.0%
Industrial	20.08	20.21	0.13	0.6%
Average System Rate Increase	27.76	28.03	0.27	1.0%

The bill for a typical residential customer using 500 kWh per month would increase from \$165.35 to \$167.12 or 1.1% compared to rates currently in effect.

Direct Access and Community Choice Aggregation customers only receive electric transmission and distribution services from PG&E. On average, rates for services provided by PG&E to these customers would increase by 1.7% if this application is approved. DA providers and CCAs set their own generation rates. Check with your DA provider or CCA to learn how this would impact your overall bill.

Another category of nonbundled customers is Departing Load. These customers do not receive electric generation, transmission or distribution services from PG&E. However, these customers are required to pay certain charges by law or CPUC decision. On average, existing Departing Load customers would see a rate increase of 0.6%.

Actual impacts will vary depending on usage and are subject to CPUC regulatory approval.

How could this affect my monthly gas rates?

Bundled gas customers receive transmission, distribution and procurement services from PG&E. A summary of the proposed rate increase for these customers is provided below.



PROPOSED GAS RATE INCREASE

Customer Class	Current Average (\$ per therm) as of 4/1/22	Proposed Average (\$ per therm) as of 1/1/23	Percent Increase
Core bundled customers who receive gas supplies from PG&E			
Residential ²	2.098	2.129	1.5%
Small Commercial ²	1.531	1.551	1.3%
Large Commercial	1.129	1.142	1.1%
Natural Gas Vehicle Customer Compression	1.110	1.122	1.1%
Natural Gas Vehicle PG&E Compression	2.680	2.688	0.3%
Core customers who purchase gas from a third party			
Residential ²	1.595	1.627	2.0%
Small Commercial ²	1.052	1.072	1.9%
Large Commercial	0.694	0.706	1.8%
Natural Gas Vehicle Customer Compression	0.680	0.692	1.8%
Natural Gas Vehicle PG&E Compression	2.250	2.258	0.4%
Noncore customers (NonCovered entities)³ who purchase gas from a third party			
Industrial Distribution	0.583	0.595	2.0%
Industrial Transmission	0.314	0.320	1.9%
Industrial Backbone	0.185	0.187	1.0%
Electric Generation: Distribution/Transmission	0.249	0.254	2.3%
Electric Generation: Backbone	0.129	0.131	1.4%
Natural Gas Vehicle: Distribution	0.564	0.576	2.1%
Natural Gas Vehicle: Transmission	0.298	0.303	1.9%
Wholesale transport services			
Alpine Natural Gas	0.145	0.151	4.0%
Coalinga	0.145	0.151	3.9%
Island Energy	0.154	0.160	3.7%
Palo Alto	0.143	0.148	4.0%
West Coast Gas: Castle	0.460	0.473	2.8%
West Coast Gas: Mather Distribution	0.681	0.700	2.7%
West Coast Gas: Mather Transmission	0.146	0.152	3.9%

² CARE customers receive a 20% discount on transportation and procurement and are exempt from PG&E's Public Purpose Program Surcharge and CSI Solar Water Heater rate components.

³ Covered entities pay certain allowances directly to the Air Resources Board and will see an exemption credit on their bill.

Based on rates currently in effect, the bill for a typical residential customer averaging 33 therms per month would increase from \$65.24 to \$66.28, or 1.6%.

Actual impacts will vary depending on usage and are subject to CPUC regulatory approval.

How does the rest of this process work?

This application will be assigned to a CPUC Administrative Law Judge who will consider proposals and evidence presented during the formal hearing process. The Administrative Law Judge will issue a proposed decision that may adopt PG&E's application, modify it or deny it. Any CPUC Commissioner may sponsor an alternate decision with a different outcome. The proposed decision, and any alternate decisions, will be discussed and voted upon by the CPUC Commissioners at a public CPUC Voting Meeting.

Parties to the proceeding may review PG&E's application, including the Public Advocates Office. The Public Advocates Office is an independent consumer advocate within the CPUC that represents customers to obtain the lowest possible rate for service consistent with reliable and safe service levels. For more information about the Public Advocates Office, please call **1-415-703-1584**, email: PublicAdvocatesOffice@cpuc.ca.gov or visit PublicAdvocates.cpuc.ca.gov.

Where can I get more information?

CONTACT PG&E

If you have questions about PG&E's filing, please contact PG&E at **1-800-743-5000**. For TTY, call **1-800-652-4712**.

If you would like an electronic copy of the filing and exhibits, please write to the address below:

Pacific Gas and Electric Company
2023 Cost of Capital Application (A.22-04-008)
P.O. Box 7442
San Francisco, CA 94120

CONTACT CPUC

Please visit apps.cpuc.ca.gov/c/A2204008 to submit a comment about this proceeding on the CPUC Docket Card. Here you can also view documents and other public comments related to this proceeding. Your participation by providing your thoughts on PG&E's request can help the CPUC make an informed decision.

If you have questions about CPUC processes, you may contact the CPUC's Public Advisor's Office at:

Email: Public.Advisor@cpuc.ca.gov

Mail: CPUC
Public Advisor's Office
505 Van Ness Avenue
San Francisco, CA 94102

Call: **1-866-849-8390** (toll-free) or **1-415-703-2074**

Please reference the **2023 Cost of Capital Application (A.22-04-008)** in any communications you have with the CPUC regarding this matter.