

DATE: April 7, 2025

TO: STATE, CITY AND LOCAL OFFICIALS

NOTICE OF PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO CHANGE RATES FOR ITS 2026 COST OF CAPITAL APPLICATION (A.25-03-010)

RECEIVED

Acronyms you need to know

PG&E: Pacific Gas and Electric Company

CPUC: California Public Utilities Commission

APR 14 2025

JULIE BUSTAMANTE
LASSEN COUNTY

Why am I receiving this notice?

On March 20, 2025, PG&E filed its 2026 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 2026 and is also requesting recovery for its actual short-term borrowing costs based on the prior year. In total, the proposed changes in the Cost of Capital application would increase PG&E's current authorized revenues by \$546 million, or 3.7%. If approved, PG&E's request would become effective beginning January 1, 2026.

By _____ Deputy

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). Rather than requiring customers to pay upfront for infrastructure projects, investor-owned utilities like PG&E raise funds through capital markets, allowing customers to benefit from safe and reliable service at a lower immediate cost. PG&E is updating its cost of capital in this application to reflect changes in interest rates and other factors. 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. Detailed rate information will be sent directly to customers in a bill insert in April 2025.

The bill for a typical residential customer using 500 kWh per month would increase from \$214.93 to \$218.30, or 1.6% compared to rates currently in effect.

Direct Access (DA) and Community Choice Aggregation (CCA) 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 2.2% 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 non-bundled 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 0.0%.

~~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. Detailed rate information will be sent directly to customers in a bill insert in April 2025.

Based on rates currently in effect, the bill for a typical Non-CARE bundled residential customer averaging 31 therms per month would increase from \$83.86 to \$86.01, or 2.6%. 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 **711**. Para obtener más información sobre cómo este cambio podría afectar su pago mensual, llame al **1-800-660-6789** • 詳情請致電 **1-800-893-9555**.

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

Pacific Gas and Electric Company
2026 Cost of Capital Application (A.25-03-010)
P.O. Box 1018
Oakland, CA 94604-1018

CONTACT CPUC

Please visit **apps.cpuc.ca.gov/c/A2503010** 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 **2026 Cost of Capital Application A.25-03-010** in any communications you have with the CPUC regarding this matter.