



Clean Water SoCal

2024 California Electric Rate Trends & Drivers

BB&A

Bell Burnett &
Associates

2024 Trends and Rate Drivers

- Commodity/Generation prices projected to remain relatively flat
- Increased wire charges next 5-10 years
 - CAISO 20-Year Transmission Outlook estimates \$45.8 to \$63.2 billion bulk transmission projects
 - SCE, PG&E and SDG&E capital budgets projected to increase between 25% and 50%
 - Grid modernization and wildfire mitigation
 - Higher fixed, lower kWh charges
 - Affordability



20-Year Transmission Outlook - CAISO

Unprecedented need for new renewable resources, driven by customer demand for clean energy, continuing electrification, and the requirements of SB100 that renewable energy and zero-carbon resources supply 100% of retail sales by 2045.

This transformation will require significant transmission to accommodate the new capacity being added.

Transmission Development	Est. Cost (\$billions)
Upgrades to existing ISO footprint	\$9.3 to \$11.5
Off-Shore wind integration	\$25.0 to \$36.5
<u>Out of State wind</u>	<u>\$11.6 to \$15.2</u>
Total	\$45.8 to \$63.2

Source: CAISO 20-Year Transmission Outlook Update July 31, 2024

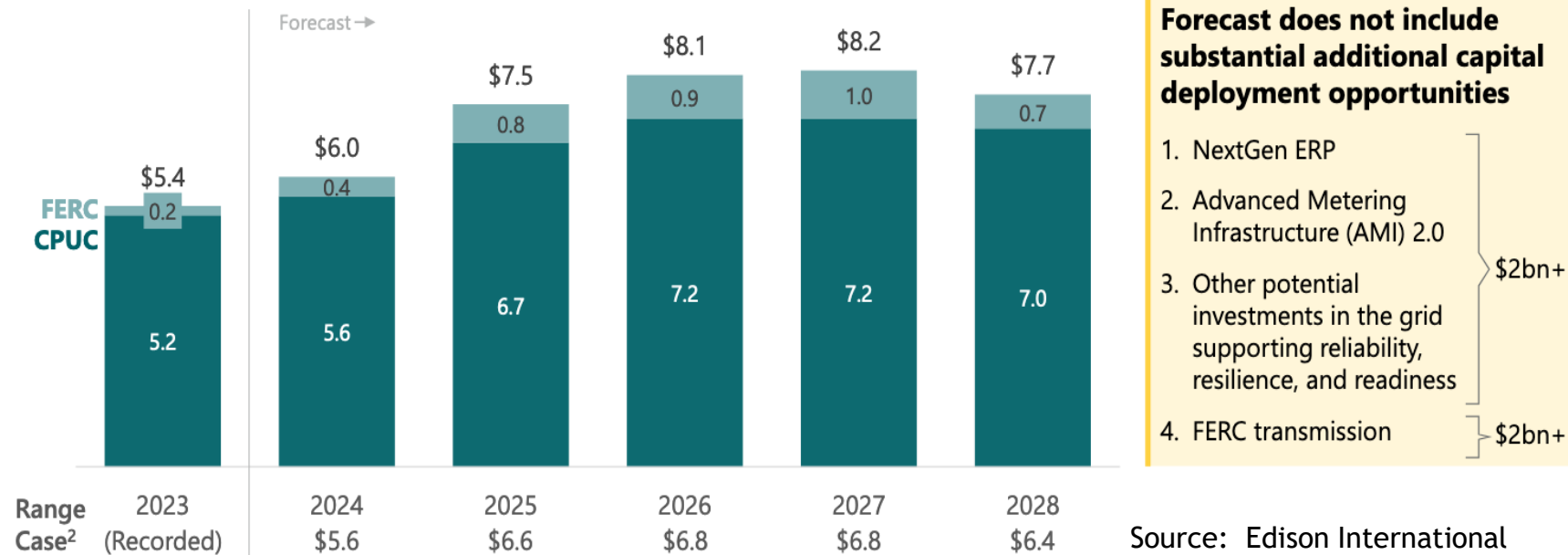


Capital Investments - Indicative Example

GRC underpins ~\$38–43 billion 2023–2028 capex forecast; substantial additional investment opportunities offer upside

Capital deployment expected to increase in 2025–2028¹

Capital Expenditures, \$ in Billions



¹ Forecast for 2025 includes amounts requested in SCE's 2025 GRC filing. Additionally, reflects non-GRC spending subject to future regulatory requests beyond GRC proceedings and FERC Formula Rate updates
² Annual Range Case capital reflects variability associated with future requests based on management judgment, potential for permitting delays and other operational considerations

Source: Edison International
Third Quarter 2024 Earnings
Call




Wildfire Funding - Indicative Example

- **TKM and Woolsey Fires - SCE**
 - CPUC approval of securitization of \$1.6 billion for TKM
 - Securitization of \$5.4 billion for Woolsey under review and expected to be approved
 - Estimated impact of \$4.44 per month on average residential bills
 - Eaton Fire Lawsuits Filed



Affordability

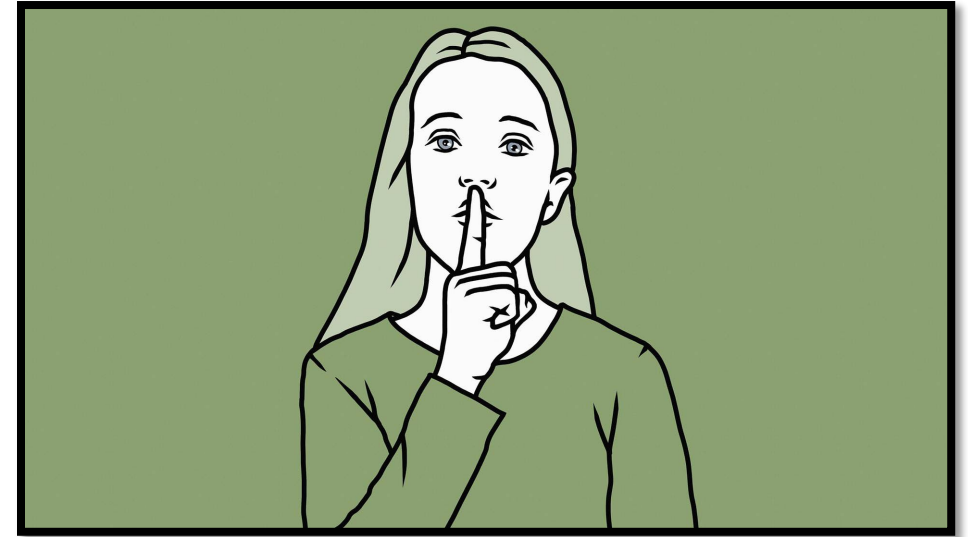
Nearly 1 in 5 households are behind on their energy bills

	# 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

IOU Affordability Message

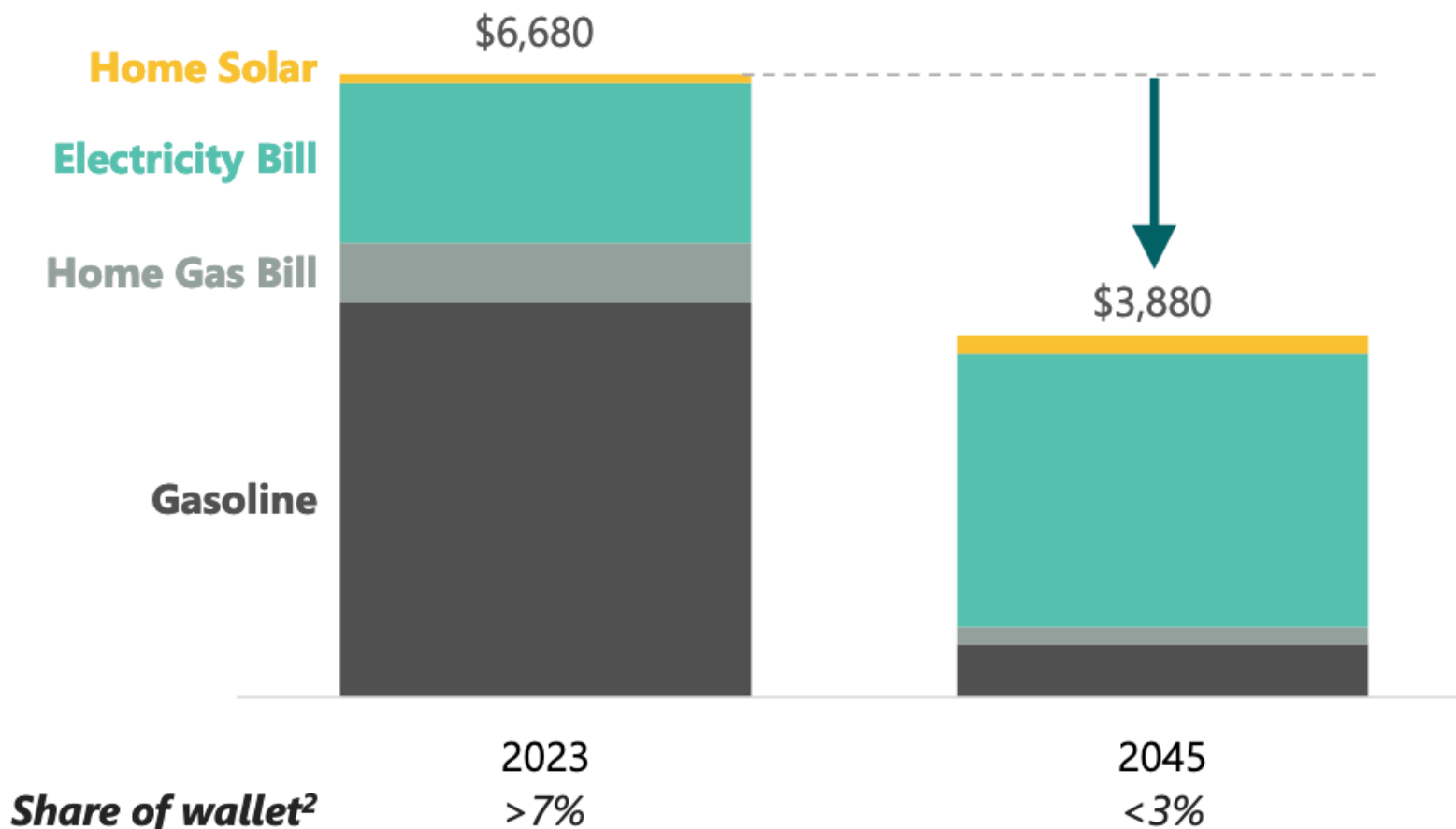
- Electrification will lower energy bills
- Rate increases will be less than inflation
- Electricity is more affordable in California than other parts of the country (total energy)



Affordability (SCE)

Total annual energy expenses for the average SCE customer household decreases by ~40% by 2045

Annual residential household energy expenses (2023\$)¹



Source: Edison International Third Quarter 2024 Earnings Call

Affordability Argument

Introduction

Clean Energy Transition Leadership

Wildfire Mitigation

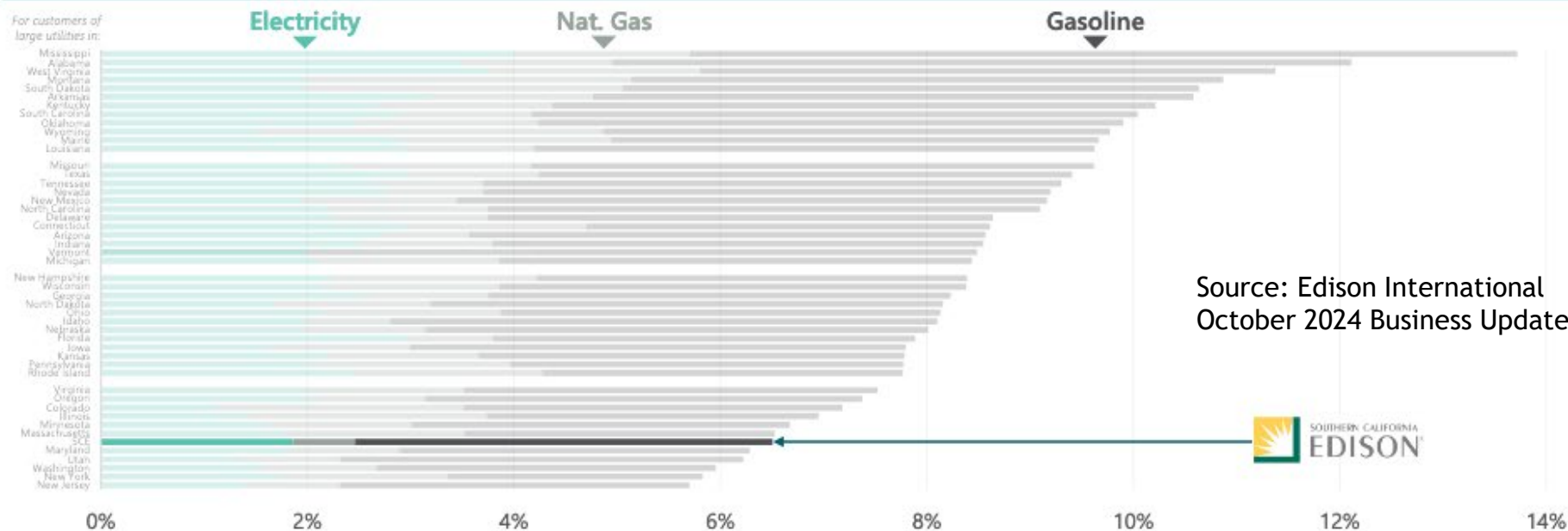
Financial Information

Appendix

Total energy share of wallet in SCE's service area below median and can decrease with higher levels of electrification

Electricity and energy share of wallet in SCE's service area compare favorably to those in other states

2023 Est. Avg. Residential Customer Share of Wallet (% of Income)¹

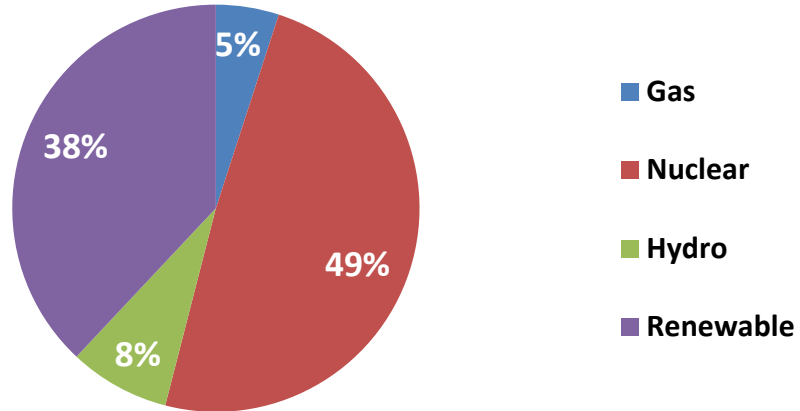


Source: Edison International
October 2024 Business Update

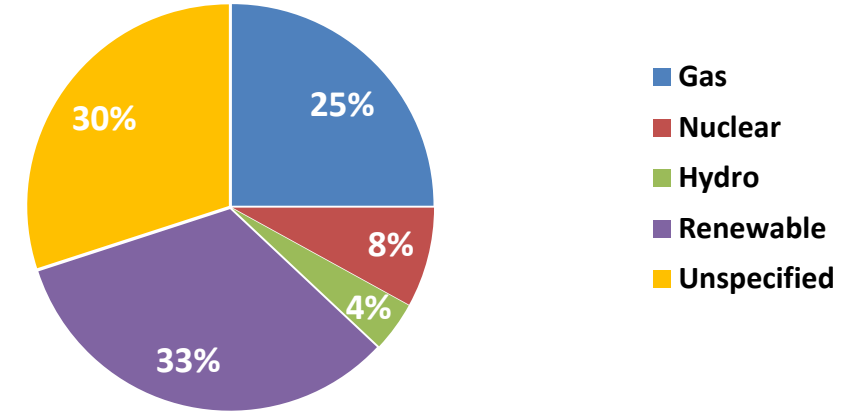
¹ EDI analysis and assumptions based on representative utilities in each state, median household income data from U.S. Census Bureau, electricity expenditure data from EIA, natural gas expenditure data from AGA and EIA, gasoline price data from EIA, and gasoline consumption calculated from vehicles per household from the US Census, vehicle-miles traveled per vehicle from FHWA Highway Statistics Series, and gas mileage from Bureau of Transportation Statistics

IOU Power Content

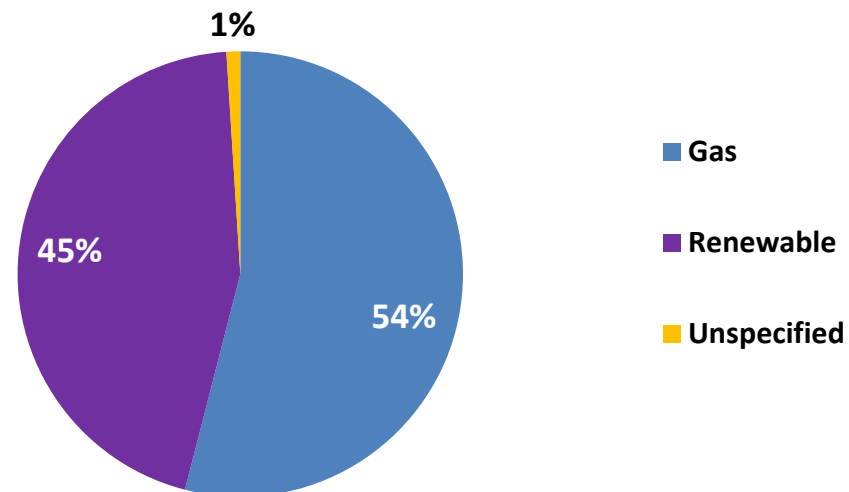
PG&E



SCE



SDG&E



PG&E 2023 General Rate Case (GRC)

- Application filed June 30, 2021
- CPUC final decision November 17, 2023
 - PG&E requested a 26% increase for 2023
 - CPUC Authorized 11% increase for 2023
 - Current authorized Revenue Requirement is \$13.5 billion
- CPUC Authorized additional \$2.5 billion capital investments for 2024 - 2026
 - Vegetation management
 - Undergrounding 1,230 circuit miles
 - Covered conductor - 778 circuit miles



PG&E 2023 General Rate Case (GRC)

- CPUC Jurisdictional Rates
- Current Authorized Revenue Requirement is approximately \$9 billion



Year	Distribution	Generation	Total	Proposed Increase
2024	\$450 million	\$(16) million	\$434 million	+ 5%
2025	\$600 million	\$(418 million)	\$182 million	+2%
2026	\$617 million	\$(677) million	\$(60) million	0%

SCE 2025 General Rate Case (GRC)

- CPUC Jurisdictional Rates
- Current Authorized Revenue Requirement is approximately \$8.5 billion



<u>Year</u>	<u>SCE Proposed Change</u>	<u>SCE Proposed</u>	<u>Intervenor Proposed</u>
2025	\$1.9 billion	+ 23%	~ 12%
2026	\$619 million	+6%	~ 5-6%
2027	\$664 million	+6%	~ 5-6%
2028	\$705 million	+6%	~ 5-6%

SDG&E 2024 General Rate Case (GRC)

- CPUC decision delayed
- Current Authorized Revenue Requirement is approximately \$2.1 billion



<u>Year</u>	<u>Proposed Change</u>	<u>Proposed Increase</u>
2024	\$286 million	+ 7%
2025	\$364 million	+12%
2026	\$339 million	+10%
2027	\$307 million	+8%

Conclusion and Key Take-Aways

- The regulatory environment will continue to present challenges
 - Residential affordability, cost allocation and rate design
 - Bulk transmission cost
 - Resource adequacy
 - Wildfire, resilience
- Continued pressure on reducing NEM credits due to distribution/transmission costs and decreasing generation rates



QUESTIONS?

BB&A

Bell Burnett & Associates

Michael Bell
209-217-6358
mike@bbaconsult.net

Drew Atwater
818-935-0205
drew@bbaconsult.net

Appendix



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General Rate Cases (GRC)

- **PG&E 2023 GRC**
 - Application filed June 30, 2021
 - CPUC final decision November 16, 2023
- **SDG&E 2024 GRC**
 - Application filed May 16, 2022
 - Final Decision just extended to March 31, 2025
- **SCE 2025 GRC**
 - Application filed May 12, 2023
 - Settlement discussions underway (Cal Advocates & TURN)
 - Final Decision possible in December 2024



PG&E Balancing Accounts/Automatic Adjustments

2023 Balancing Account Adjustments

	\$ Amount
Distribution Revenue Adjustment Mechanism	\$ 882,975,708
Nuclear Decommissioning Adjustment Mechanism	\$-220,833,708
Residential Uncollectible Balancing Account	\$282,433,597
Other	<u>\$24,367,300</u>
Total	\$920,208,297

Southern California Bill Comparisons

Methodology

- Average of winter and summer months
- Average baseline for IOUs, except where noted (inland comparison)
- All applicable local charges (includes adders and UUT)
- Average UUT for IOUs

Results

- Average POU bills are 45 - 60% less than IOUs
- Residential class has largest savings
- POUs likely to retain favorable comparison

The image is a screenshot of a utility bill from Southern California Edison. The header includes the Edison logo and the text 'SOUTHERN CALIFORNIA EDISON' and 'An EDISON INTERNATIONAL Company'. The page number 'Smith, John / Page 5 of 6' is in the top right. The bill details include: Service account X-XX-XXX-XXXX, Service address 555 STREET K, APPLE VALLEY, CA, and Rotating outage Group N001. A section titled 'Details of your new charges' for 'APPLE VALLEY CHOICE ENERGY' shows a Service Account of X-XX-XXX-XXXX, a rate of CCA, and a billing period from Feb 29 '16 to Mar 30 '16 (30 days). A 'Billing Summary' table lists: CCA energy charge (1) at \$22.68, CCA State Tax charge (2) at \$0.10, a subtotal of \$22.78, and 'Your New Charges' at \$22.78. The table also includes meter information: (1) GEN:349.79KWH@0.07454 and (2) ENERGY SURCHARGE. A 'Things you should know' section at the bottom provides contact information and the current rate plan: DOMESTIC.

SOUTHERN CALIFORNIA
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Smith, John / Page 5 of 6

Service account X-XX-XXX-XXXX
Service address 555 STREET K
APPLE VALLEY, CA
Rotating outage Group N001

Details of your new charges
APPLE VALLEY CHOICE ENERGY
Service Account: X-XX-XXX-XXXX
Your rate: CCA
Billing period: Feb 29 '16 to Mar 30 '16 (30 days)

Billing Summary		
CCA energy charge (1)	\$22.68	(1) GEN:349.79KWH@0.07454
CCA State Tax charge (2)	\$0.10	(2) ENERGY SURCHARGE
Subtotal of APPLE VALLEY CHOICE ENERGY charges	\$22.78	
Your New Charges	\$22.78	

Things you should know

FOR MORE DETAIL ON YOUR APPLE VALLEY CHOICE ENERGY BILL, CALL US AT 760-573-AVCE.

YOUR CURRENT APPLE VALLEY CHOICE ENERGY RATE PLAN: DOMESTIC