Ava Community Energy

Understanding the Drivers of PG&E Rate and Cost Growth

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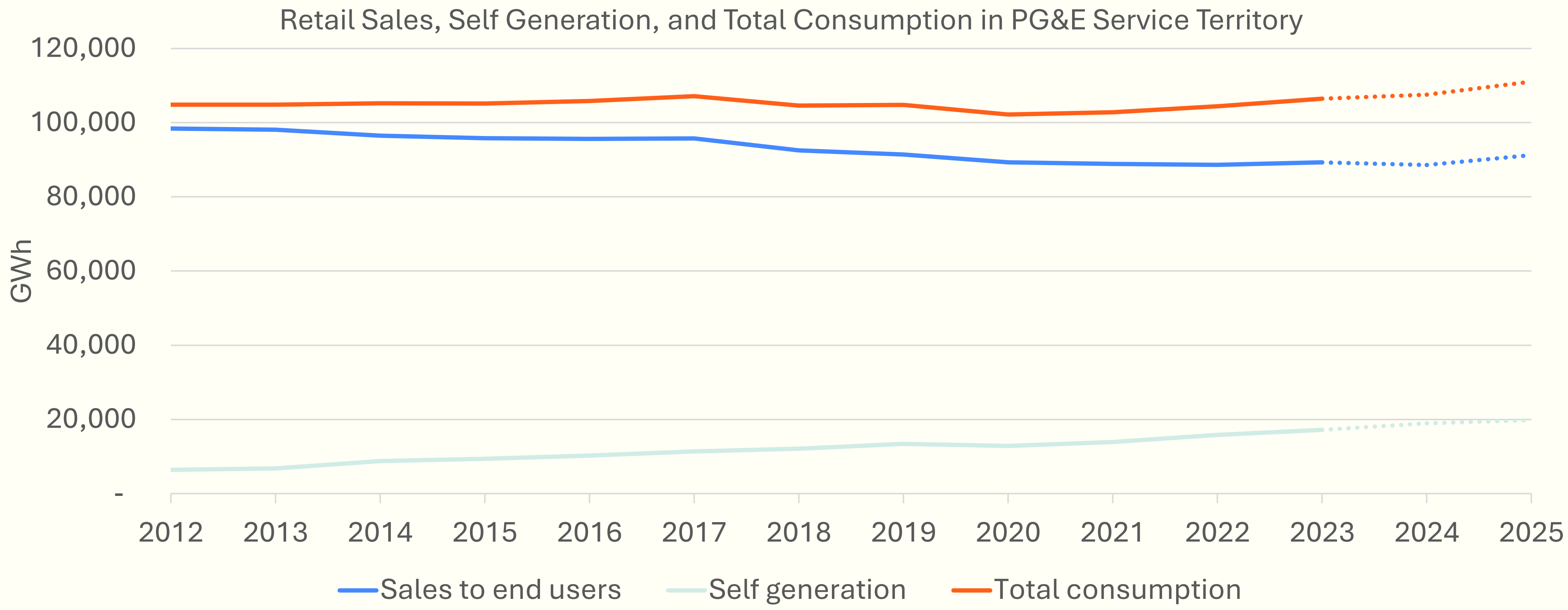
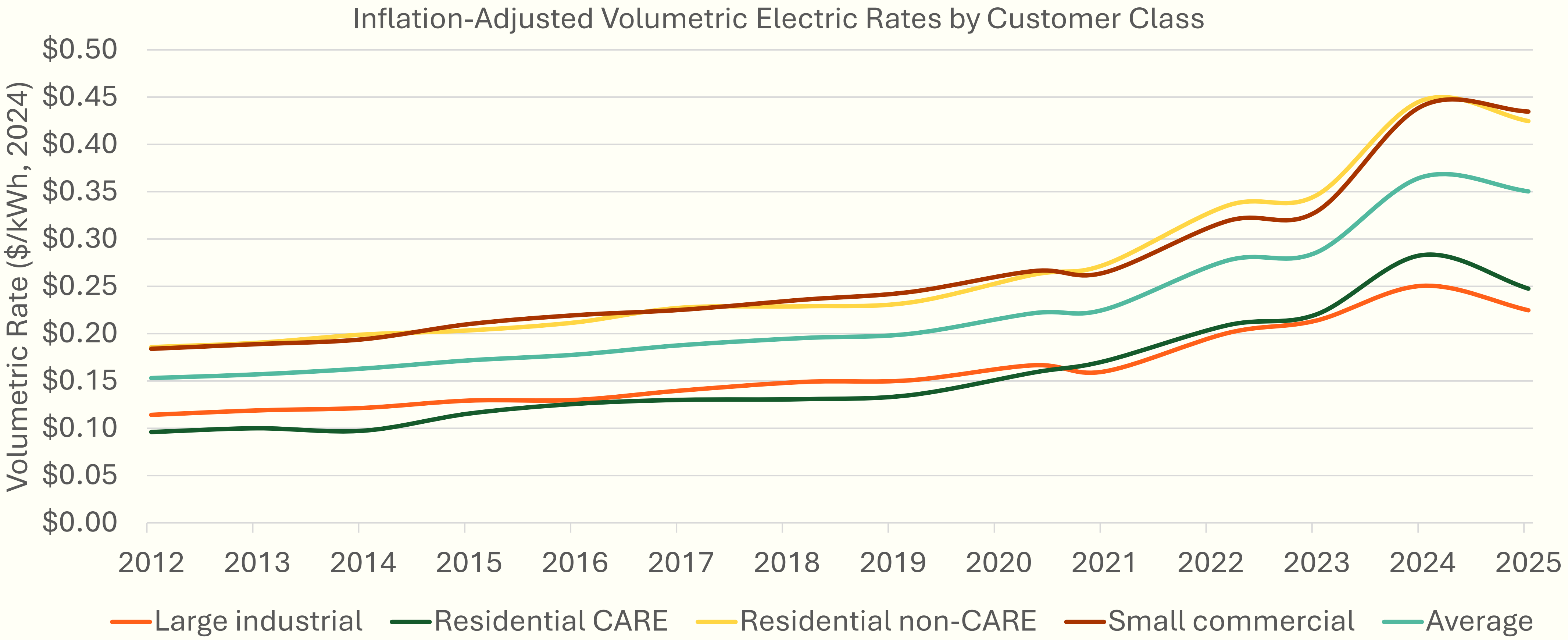
Energy Consumption Has Remained Constant



- Self generation has grown significantly since 2012, primarily driven by rooftop solar capacity
- Retail sales have decreased, leading to stability in total consumption
- Rates driven by interplay of load composition, costs trends, and NEM policy

Source: 2024 Baseline California Energy Demand Forecast, Form 1.1 and 1.1b. Last historical year is 2023

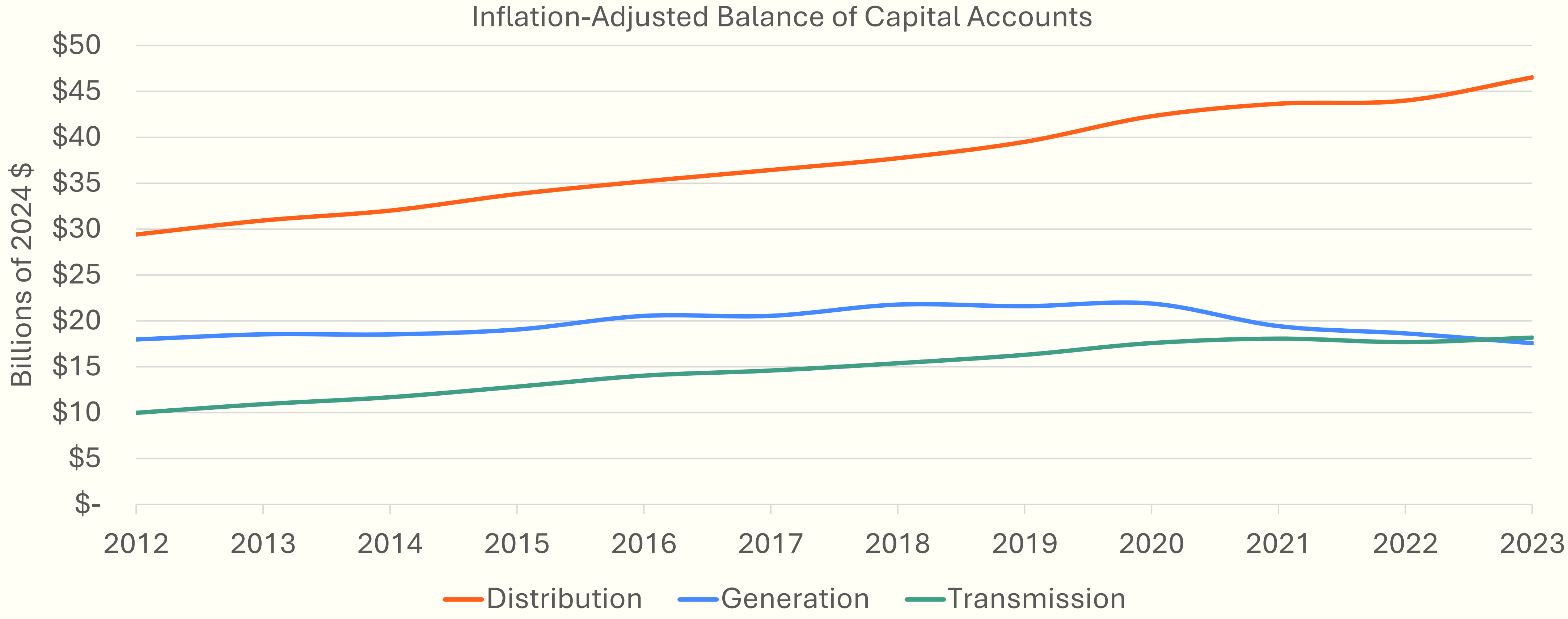
Rate Increases are Outpacing Inflation



- Rates gradually outpace inflation through 2020, then increase more rapidly 2021-2024
- Moderate year-over-year decrease in 2025 following spike in 2024
- Volumetric rate changes are generally consistent across customer classes

Source: PG&E's Annual Electric True-up Advice Letters, Revenue Allocation and Rate Design Tables

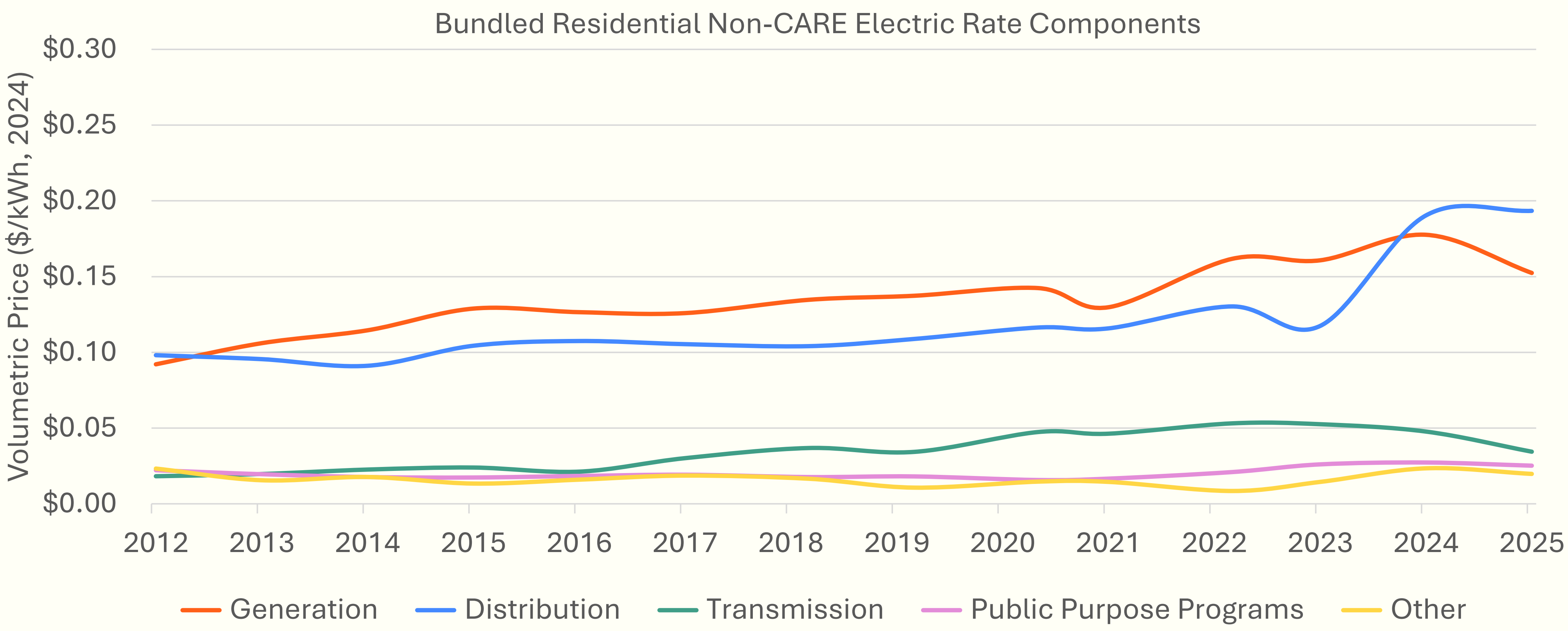
T&D Capital Account Balances are Growing Substantially



- Balance of capital accounts is a proxy for total capital costs left to be recovered
- Year-over-year change reflects additions to rate base and reductions from depreciation/amortization
- Linear growth in distribution and transmission accounts; generation peaks in 2018-2020 then falls

Source: PG&E's FERC Form 1 filings, Electric Plant in Service schedule

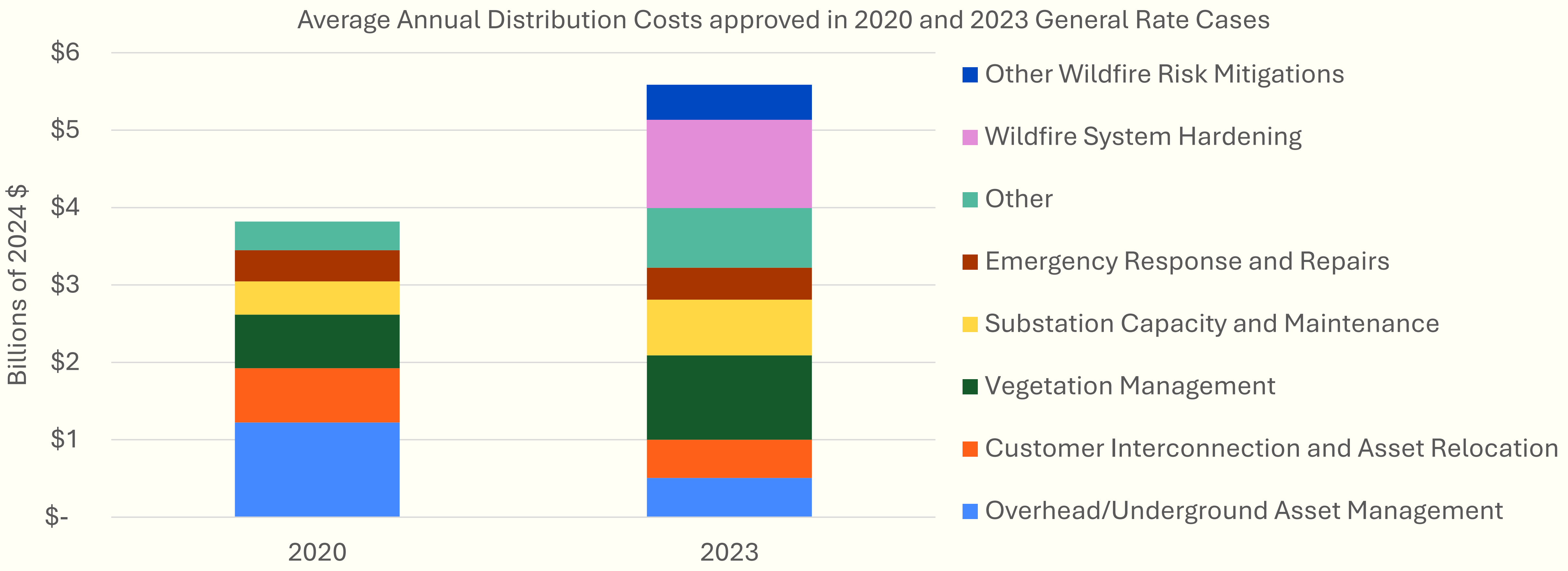
Distribution Rates Rose Sharply from 2023 to 2024



- Generation and transmission rate components gradually outpace inflation
- Distribution component increases gradually and then spikes between 2023 and 2024
- Public purpose programs and other nonbypassable charges are relatively constant

Source: PG&E's Annual Electric True-up Advice Letters, Revenue Allocation and Rate Design Tables

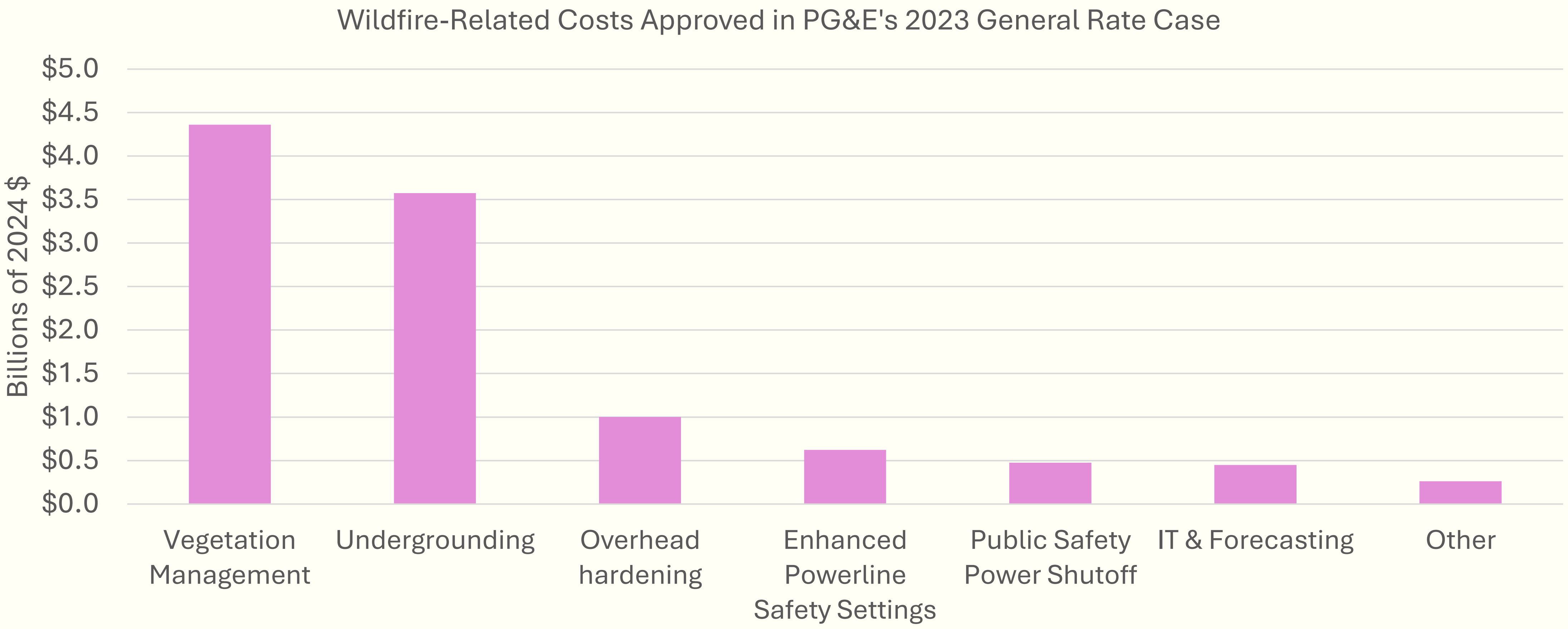
Distribution Costs Approved in GRCs are Increasing



- Increase of $1.8 billion (46%) in average annual costs approved from 2020 GRC to 2023 GRC
- Increased spending largely due to vegetation management and new wildfire cost categories
- Inconsistent cost categorization between GRC cycles makes direct comparison difficult

Source: 2020 GRC Settlement Agreement, Decision on Test Year 2020 GRC, and Decision on Test Year 2023 GRC

Breaking Down Wildfire Mitigation Costs in the 2023 GRC



- Wildfire-related costs comprise 48% of PG&E's approved distribution budget in the 2023 GRC
- Vegetation management and undergrounding investments dominate over fast-trip settings

Source: Decision on Test Year 2023 GRC

Key Takeaways

Rate and Cost Trends

- Generation, transmission, and distribution costs/rates outpaced inflation from 2012-2024
- Distribution rates rose substantially from 2023-2024, largely due to increased wildfire spending
  - Annual approved distribution spending increased 46% from the 2020 GRC to the 2023 GRC
- Rates will likely continue to rise due to increasing capital account balances, particularly for distribution and transmission

Process Improvements

- Transparency and standardization: should be easier for the public to understand and interrogate costs/rates
  - Many costs are “found reasonable” or approved by CPUC but not addressed in the GRC Decision Conclusions of Law
  - Many costs are not directly stated in the decision but buried in testimony and exhibits
- A significant portion of costs are uncontested by other parties and approved as-is by CPUC