



SDG&E Advice Letters – SDG&E submits its annual year end consolidated electric revenue and January 1 rate change advice letters (ALs) in accordance with Resolution E-5217. SDG&E's preliminary and final ALs provide information on the implementation of new electric rates and their associated tariffs from previously authorized decisions, resolutions, and advice letters, most significantly the recent Energy Resource Recovery Account (ERRA) Forecast Proceeding decision for SDG&E issued in December 2022. The changes set forth in these ALs will result in an electric rate and bill increase beginning on January 1, 2023.

Estimated Bill Impacts of All Requested Electric Rate Changes Effective January 1, 2023:

Estimated Electric Bill Impacts ¹	SDG&E as of January 1, 2023
➤ Average Residential Non-CARE electric bill	\$182.82
➤ Average Residential Non-CARE electric bill increase	\$25.32 (15.9%)
➤ Average Residential CARE ² electric bill	\$118.67
➤ Average Residential CARE electric bill increase	\$15.66 (15.1%)

Below are the primary drivers of SDG&E's January 1, 2023 electric rate changes, which involve a revenue increase for its electric utility operations and capital investments. This rate/bill increase is attributable to changes authorized in SDG&E's ERRA Forecast decision, recent General Rate Case (GRC) decision, and regulatory account adjustments and recoveries.

- ✚ The primary drivers of the January 1st rate increase are:
 - ERRA Forecast Decision 22-12-042
 - The combined effect of an increase in forecast 2023 power costs (including those related to high gas prices), a decrease in forecast sales, and the recovery of under-collected amounts in the ERRA and other power-related regulatory accounts (all of which are pass-through costs for which the utility receives no profit) contributed to much of the increase.
 - The ERRA increase raises SDG&E's average residential bills by 12.8%, which is equivalent to a bill impact of \$13.22 for the average CARE customer and \$20.36 for the average non-CARE customer.

¹ Based on a "typical" residential bundled customer using, on average, 400 kilowatt-hours per month.

² The California Alternate Rates for Energy (CARE) program provides discounts to qualifying low-income residents on their utility bills.



- 2019 GRC Decision 21-05-003
 - The Commission authorized spending of \$1.842 billion in 2023 for:
 - Continuing safety and compliance programs to mitigate wildfire risks, including enhanced vegetation management, system hardening, and enhanced operational practices;
 - Modernizing and maintaining safe and reliable distribution and transmission grids;
 - The 2023 revenue increase raises SDG&E's average residential bills by 2.2%, which is equivalent to \$2.29 for the average CARE customer and \$3.52 for the average non-CARE customer.
 - Recovery of Customer Information System (CIS) Upgrade Project Costs Decision 18-08-008
 - SDG&E replaced its legacy CIS in 2021 to support its business processes and customer engagement functions.
 - 1.5% of the increase to SDG&E's average residential bills is attributed to the recovery of costs for the CIS project. This is equivalent to a bill impact of \$1.51 for the average CARE customer and \$2.33 for the average non-CARE customer.
- ✚ In addition to the increases noted above, the combined effect of updating regulatory account balances, implementation of authorized programs (Public Purposes, Energy Efficiency, Electric Program Investment Charge, etc.) with some at 2022 levels, bond charge recovery, and FERC Transmission Costs increases resulted in revenue reductions in these areas with corresponding bill decreases of 1.3% for CARE Residential customers and 0.6% for Non-CARE Residential customers. These reductions are incorporated into the overall rate/bill impacts in the table above.