

A man with glasses and a blue shirt is looking at a smartphone. The background is a blurred office setting. The image has a blue tint.

NATURAL GAS AND ELECTRIC RATES UPDATE

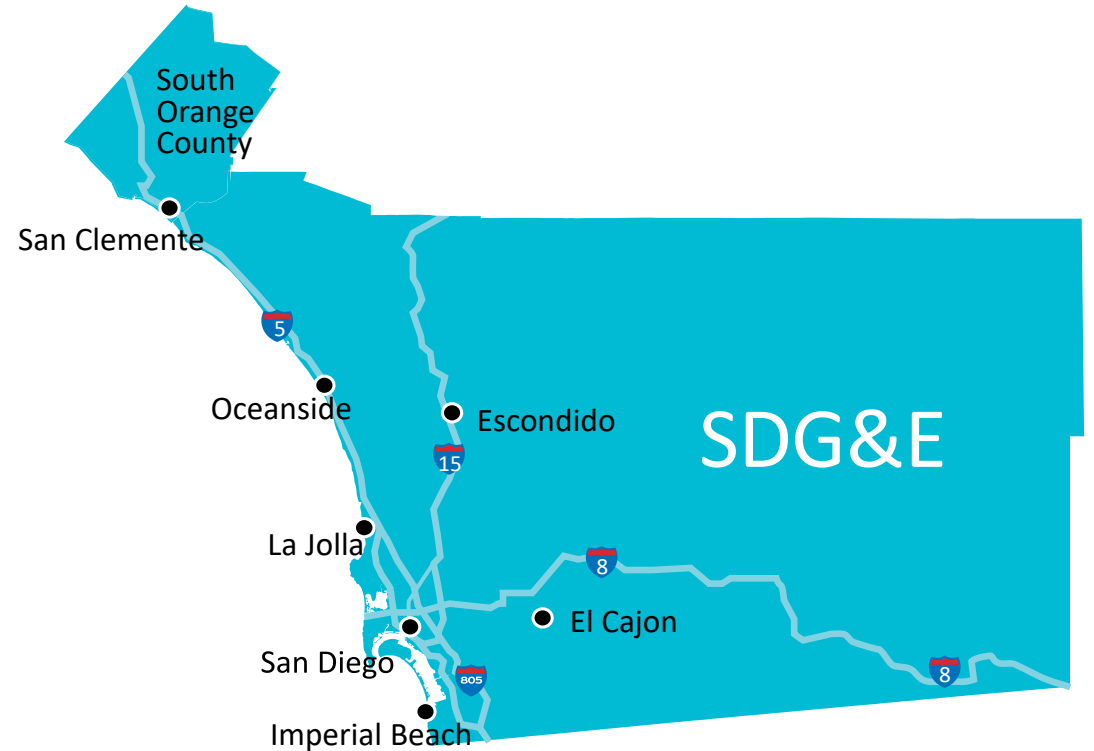
November 2022

AGENDA

1. SDG&E overview
2. Preliminary electricity rates outlook
3. Preliminary natural gas rates outlook
4. Customer support offerings
5. Upcoming proceedings with potential rate impacts

SDG&E OVERVIEW

- ✓ Most reliable utility in Western U.S. for 16 years
- ✓ National leader in wildfire safety innovation
- ✓ ~60% electric system underground
- ✓ Nearly 20% residential customers with installed solar
- ✓ ~3,500 SDG&E EV charger ports installed
- ✓ Leading regional labor supporter with 1,400 highly-skilled union employees
- ✓ 53% of employees people of color
- ✓ 39% of SDG&E spend with diverse business enterprises in 2021
- ✓ Millions reinvested in local non-profits over past decade



PRELIMINARY ELECTRICITY RATES OUTLOOK

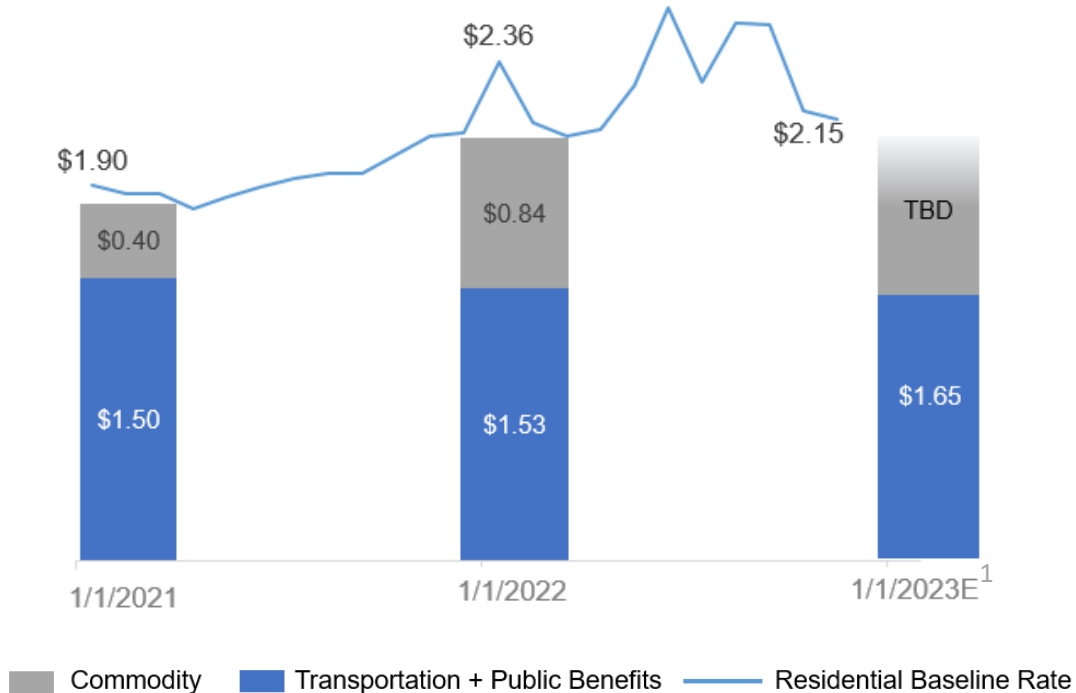
- Electric rates generally consist of the cost of electricity and the cost to deliver electricity
- For customers that receive their electricity from Clean Energy Alliance (CEA), SDG&E only sets electric delivery rates
- Electric delivery rates are currently estimated to increase January 1 driven by investments such as grid updates for safety and reliability, new customer service technologies and helping support the energy transition
- The monthly ***electric delivery portion*** of the electric bill is ***preliminarily estimated to increase ~\$15*** in January 2023 for an average residential customer¹
- Total 2023 average electric bill forecast for CEA customers can be calculated following final CPUC approval of SDG&E rates in December, and after CEA publishes rates for 2023



¹ Preliminary estimate as of October 2022. Average winter bill for an inland/coastal non-CARE, residential customer using 400 kWh/month on SDG&E's default residential rate (TOU-DR1) is preliminarily estimated to increase from ~\$124/month to ~\$139/month in January 2023. Bill impact excludes any impact of Power Charge Indifference Adjustment (PCIA) rates that vary by customer vintage. All estimates are preliminary and subject to final analysis and CPUC rate approval. Bill results may vary based on customer usage, underlying rate schedule and PCIA vintage.

PRELIMINARY NATURAL GAS RATES OUTLOOK

Monthly SDG&E Residential Natural Gas Baseline Rates (\$/Therm)



- Natural gas prices have remained elevated because of supply constraints and geopolitical instability
- Gas transportation rates are preliminarily estimated to increase January 1 primarily due to replacement of aging infrastructure to maintain safety and reliability¹
- Natural gas commodity rate will not be set for January until late December
- Average January 2023 residential gas bill is ***preliminarily estimated to increase ~\$6*** relative to January 2022^{1,2}

¹ All 2023 rate and bill estimates are preliminary as of October 2022 and subject to final analysis and CPUC approvals.

² January bill is preliminarily estimated to increase from ~\$104/month in January 2022 to ~\$110/month in January 2023 assuming typical January usage of 44 therms. While bill impacts assume typical January usage, weather and other factors may influence customer usage. Estimated January 2023 bill assumes natural gas commodity rates as of January 2022. The natural gas commodity rate is a function of several factors including weather, supply constraints and geopolitical events. While similar market conditions exist, these market conditions may change before January 2023 natural gas commodity rates are finalized, potentially impacting January 2023 bill estimates.



CUSTOMER SUPPORT OFFERINGS

CARE

~30%+ monthly bill discount on electric bills and ~20% discount on natural gas bills to qualifying residential customers

FERA

18% discount on electric use each month to qualifying households of 3+

Energy Savings Assistance Program

free installation of energy efficient improvements

Medical Baseline

Provides households with critical medical devices discounted electric rates

Arrearage Management Program (AMP)

Debt forgiveness plan for CARE / FERA customers
Forgives 1/12 of customer debt w/ each monthly on-time payment

Utility COVID-19 Assistance Programs

Over \$100M distributed or estimated to be provided in utility bill forgiveness for debt incurred during COVID-19¹

¹ Includes funds from the Emergency Rental Assistance Program (ERAP) and the California Arrearage Payment Program (CAPP). ERAP funding of ~\$20M. CAPP funding includes ~\$60M already distributed. 2022 CAPP funds filed and pending.

UPCOMING PROCEEDINGS WITH POTENTIAL RATE IMPACTS

- **General Rate Case Phase 1:** Filed every four years to help determine budget required to deliver safe, reliable and sustainable energy; filed May 2022 and decision expected in 2024
- **General Rate Case Phase 2:** Determines rate design and cost allocations among customer groups; scheduled to file Q4-22
- **Residential Rate Reform:** Redesigning residential rates as required by new California legislation to better support equitability and electrification; scheduled to file Q1-23
- **Natural Gas Cost Allocation:** Determines cost allocation among natural gas customers and expected usage; filed Q3-22
- **Tree Trimming Account:** Account that tracks costs associated with clearing vegetation near power lines to support safe and reliable operations; expect to file Q4-22
- **Catastrophic Events Account:** Account that tracks operating costs associated with pandemic related measures; filed Q4-22
- **Electricity Costs:** Costs associated with providing customers electricity and setting departed load indifference fee; scheduled to file 1H-23
- **Wildfire Mitigation:** Operating costs associated with wildfire safety investments; expect to file in 2023