



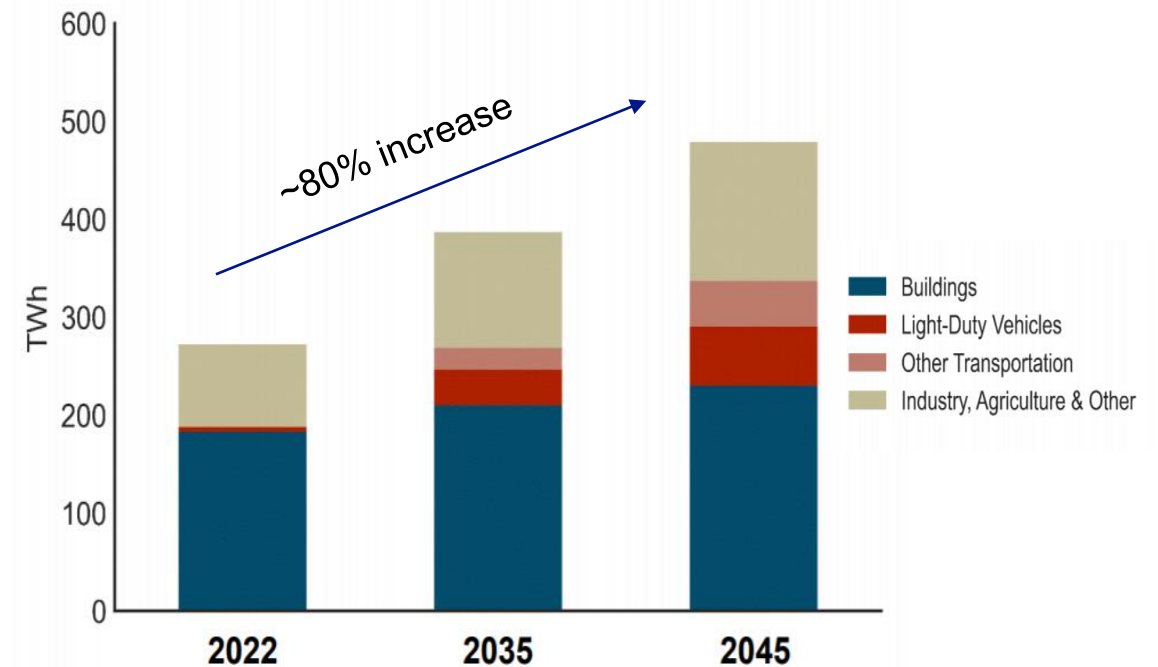
Residential Electric Rate Reform June 2023



Residential Rate Reform Mandated by CA Law

- California requiring adoption of electric space and water heating and zero-emission vehicles to help combat climate change
- Households in general will use less natural gas and gasoline and more electricity in future
- AB 205 requires CPUC to authorize residential rate reform by mid-2024
- AB 205 requires new income-based fixed charge with at least three income brackets

State Policy Expected to Increase Electric Load



Proposal Overview

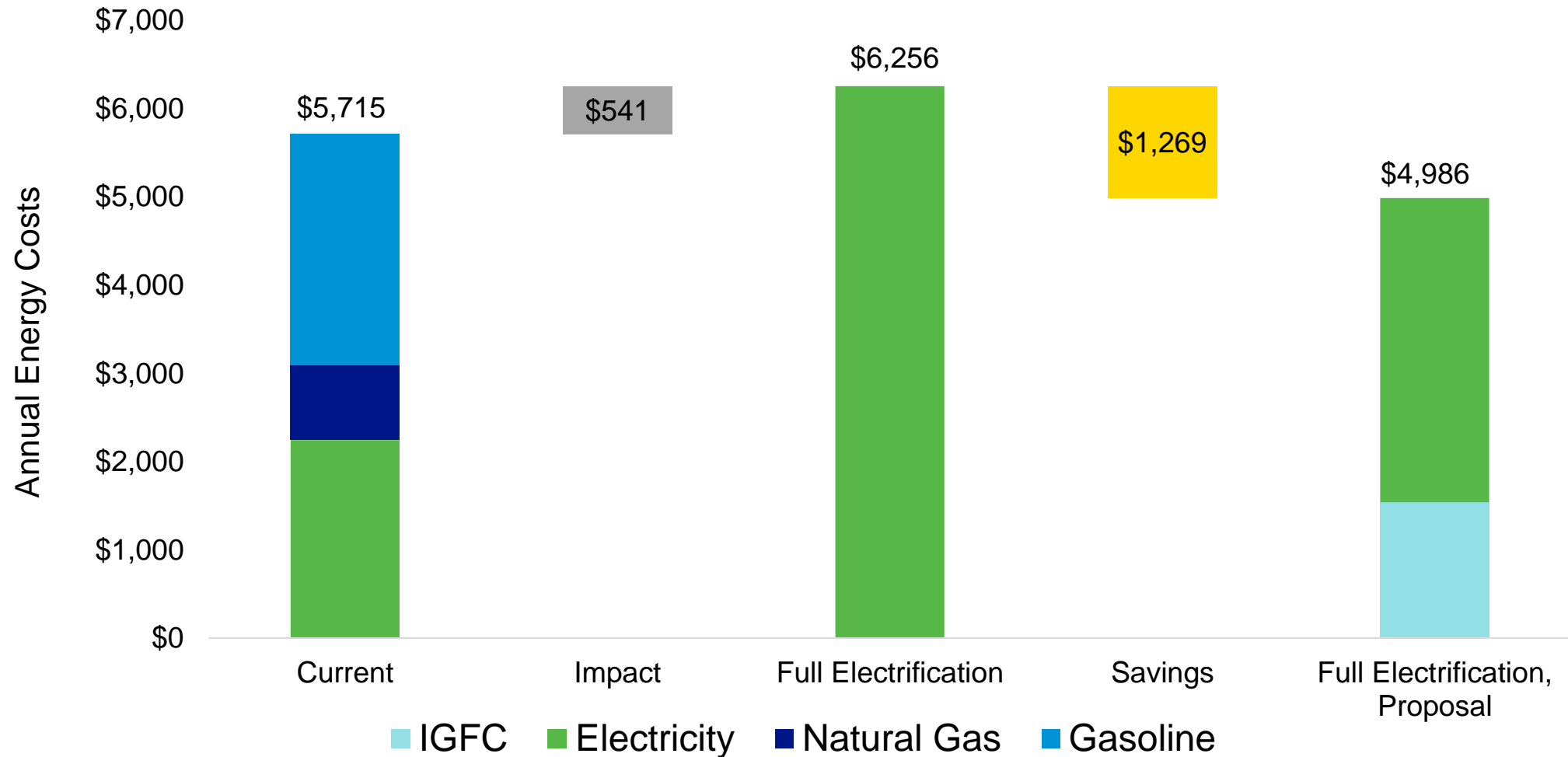
- ✓ Support annual bill savings for average low-to-moderate income customers
- ✓ Increased transparency and bill predictability
- ✓ Reduction in volumetric rates to make electrification adoption more affordable

Income Bracket	Illustrative Household Income**	Fixed Charge	Current Avg. Rate	Proposed Avg. Rate
Bracket 1*	~\$28k	\$24	~47 cents	~27 cents
Bracket 2*	~\$28k - \$69k	\$34		
Bracket 3	~\$69k - \$180k	\$73		
Bracket 4	\$180k+	\$128		

* Brackets 1 and 2 for customers currently enrolled in CARE/FERA; these customers will still receive a discount per their respective low-income program

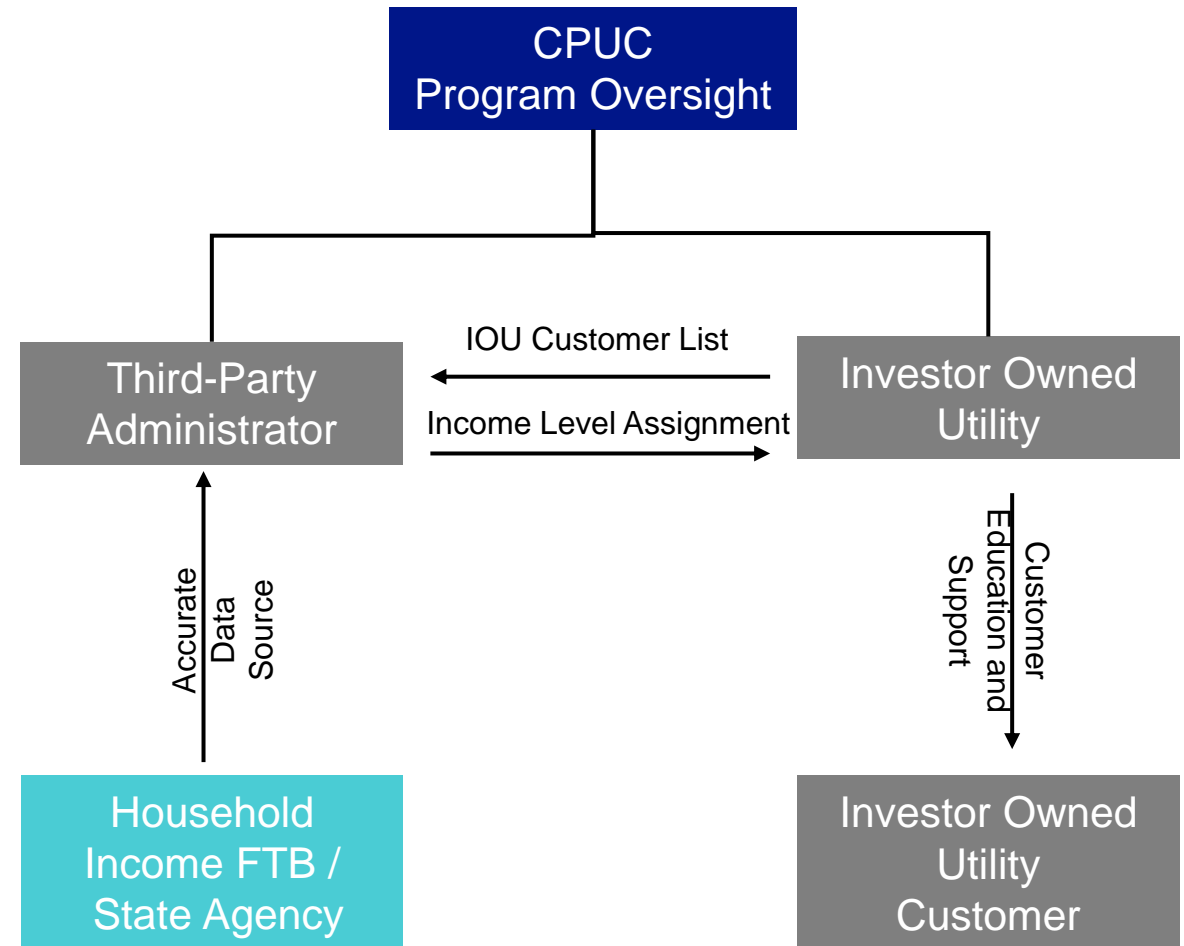
** Income thresholds will vary based on household income and people in household. Illustrative household incomes based on a household of four

Illustrative Example: Electrification Impact Bracket 4 Customer



Income Verification Proposal

- CPUC oversees program and policy objectives (income brackets and appeals)
- Franchise Tax Board / state agency provides income information to third-party administrator
- Third-party administrator provides the income level assignment to IOU



Procedural Timeline Summary

- April 7: Proposals submitted
- Late August: Hearings if required
- Q1-2024: Proposed decision expected
- July 1, 2024: Statutory deadline for final decision

