

Your PG&E bill will rise in 2015: Here's how much

By David R. Baker

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Photo: Liz Hafalia / The Chronicle

Image 1 of 1

PG&E's smart meters have been installed across the Bay Area.

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Prepare to pay more to PG&E.



Starting Thursday, the rates that Pacific Gas and Electric Co. charges for electricity and natural gas service will rise, pushing up monthly bills by 5.9 percent for the average home. The money will pay for replacing old gas distribution lines, installing more “smart grid” equipment to minimize blackouts, and hiring more workers for the giant utility’s call centers, among other things.

The rate hike is PG&E’s largest since 2006, and it has been looming for months.

In August, the [California Public Utilities Commission](#) gave PG&E permission to collect an extra \$2.37 billion from its customers over three years. Although not directly tied to the deadly 2010 explosion of a PG&E natural gas pipeline beneath San Bruno, much of the extra revenue was earmarked for projects to improve the safety of PG&E’s gas lines and power grid. The utility, the state’s largest, serves about 16 million people across Northern and Central California.

“There’s a lot of work to do on the system that the commission agreed was important for safe and reliable service,” said PG&E spokesman [Jonathan Marshall](#).

The commission and its president at the time, [Michael Peevey](#), had been under intense criticism for being too lenient with PG&E. But the extra income authorized by the commission was only about half of the \$4.84 billion the company had requested. Peevey stepped down from the commission in December.

Consumer advocates fume that January rate hikes have become an unwelcome tradition with PG&E.

Mark Toney, director of The Utility Reform Network, noted that PG&E has also asked the commission for extra money to improve the company’s long-distance gas transmission network, a request that could add more than \$5 to monthly gas bills. The utility also wants major changes in California’s “tiered” electricity rate system, which charges higher rates to people who use more electricity. Instead of four usage tiers, PG&E wants two.

“Most people will get more than a 6 percent increase if those rate design changes are adopted,” Toney said.

Gov. [Jerry Brown](#) last month shook up the five-member utilities commission, nominating one of his former top advisers — [Michael Picker](#) — to be its new president. He also nominated [Liane Randolph](#) from the state’s [Natural Resources Agency](#) to join the commission. Both moves require state Senate approval. Toney isn’t sure how those changes will affect PG&E’s requests for more income.

“It’s so hard to say,” he said. “What we’re hopeful for is that the backroom deals will stop. I don’t think Michael Picker is a backroom deals kind of guy.”

One of the main reasons for this month’s relatively steep PG&E rate increase has to do with timing.

The commission sets the basis for most utility rates using a process called a “general rate case,” which determines how much revenue each utility can collect from its customers over a three-year period. The commission vote in August resolved PG&E’s latest rate case, which covered the years 2014 through 2016.

But 2014 was already more than halfway through when the commission finally voted. Rather than sock PG&E customers with a massive bill increase in September to make up for all the lost months, the commission let PG&E defer some of the 2014 income into 2015. The utility boosted average monthly bills, for electricity and gas combined, by more than \$7 in the fall and will add another \$7.97 this month.

The typical homeowner using 500 kilowatt hours of electricity per month will see electricity bills rise to \$88.39, up from \$83.16. The average residential gas bill will increase by \$2.74, from \$52.65 to \$55.39.

Many businesses will also see an increase, although it will be less. The typical electricity bill for a small business buying power from PG&E will inch up 1.8 percent, to \$272.35.

Although oil and gasoline prices have been tumbling for months, natural gas prices haven’t followed. Instead, their

average has increased since 2013. And the vast majority of California power plants burn natural gas.

California's aggressive move to renewable power also adds to the electricity rates that residents pay. The state requires that all utilities get one third of the electricity from renewable sources by the end of 2020, a goal that the companies are well on their way toward meeting. PG&E on Wednesday did not offer a specific figure for how much the switch to renewable power would boost electricity rates in 2015. But in the past, the utility has said that rates will rise 1 percent to 2 percent each year as a result.

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