



April 8, 2022 | San Francisco Public Utilities Commission

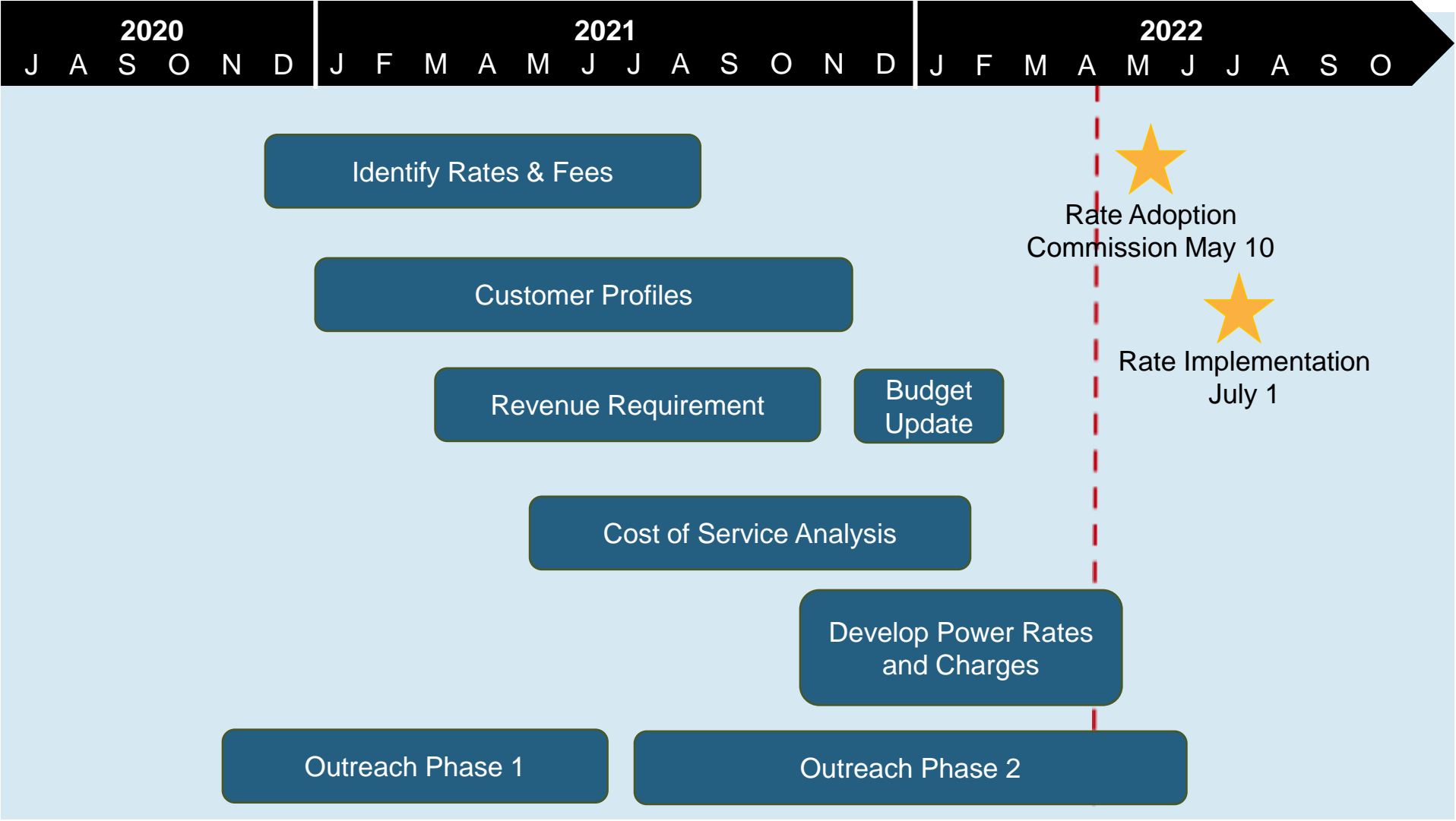
RATE FAIRNESS BOARD MEETING



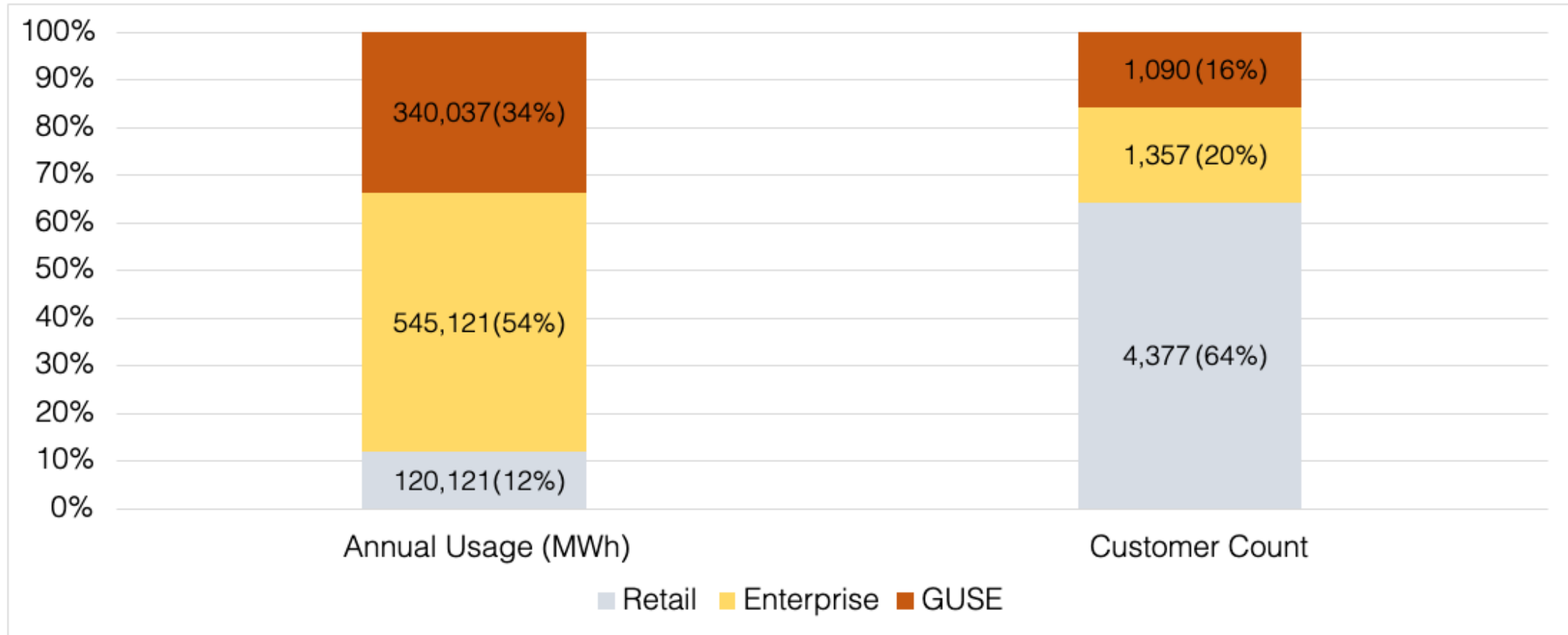
AGENDA

- 1 • Project Schedule
- 2 • Customer Distribution
- 3 • Hetch Hetchy Rate Design – Tiers
- 4 • Rate Design – Customer Charge
- 5 • CleanPowerSF – Proposed Rates
- 4 • Hetch Hetchy – Rate Transition Plan

POWER RATE STUDY TIMELINE

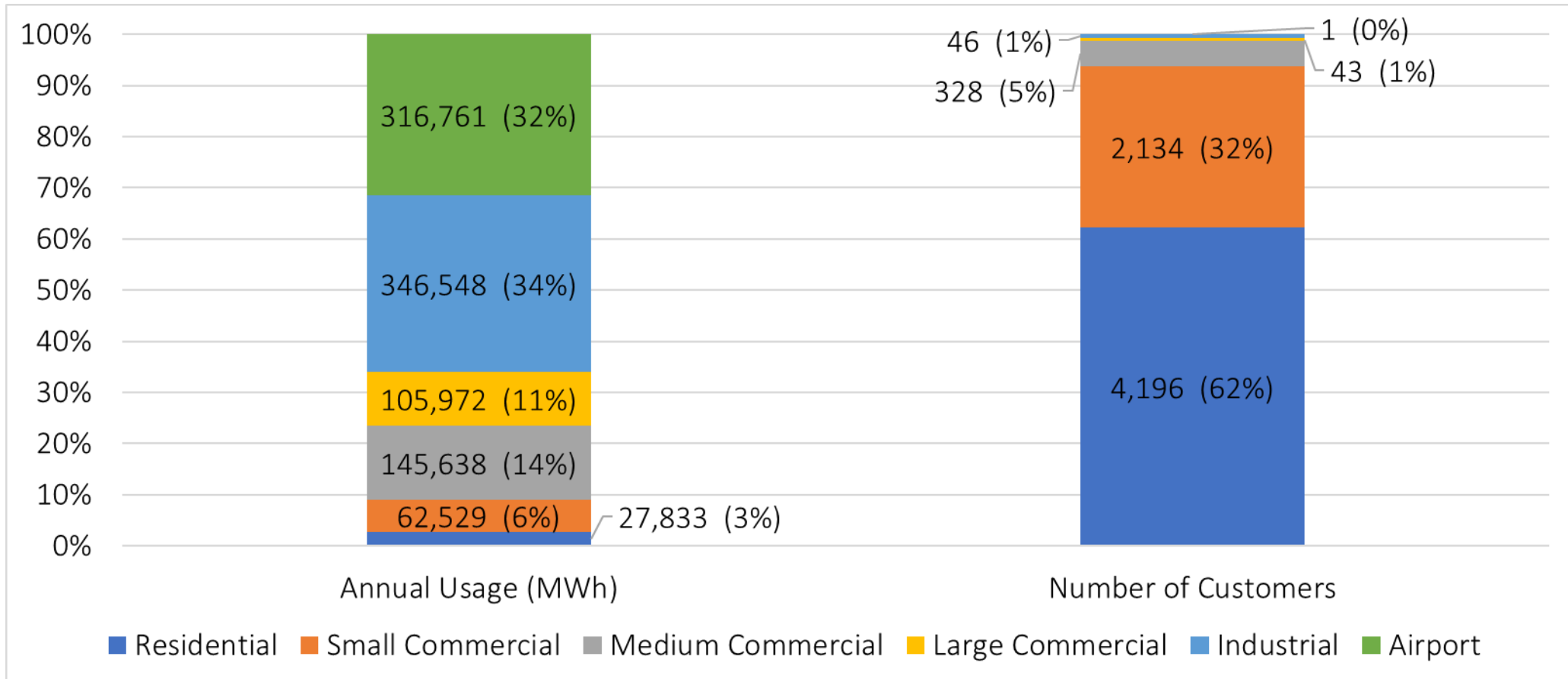


CUSTOMER DISTRIBUTION HETCH HETCHY POWER RATE CLASS

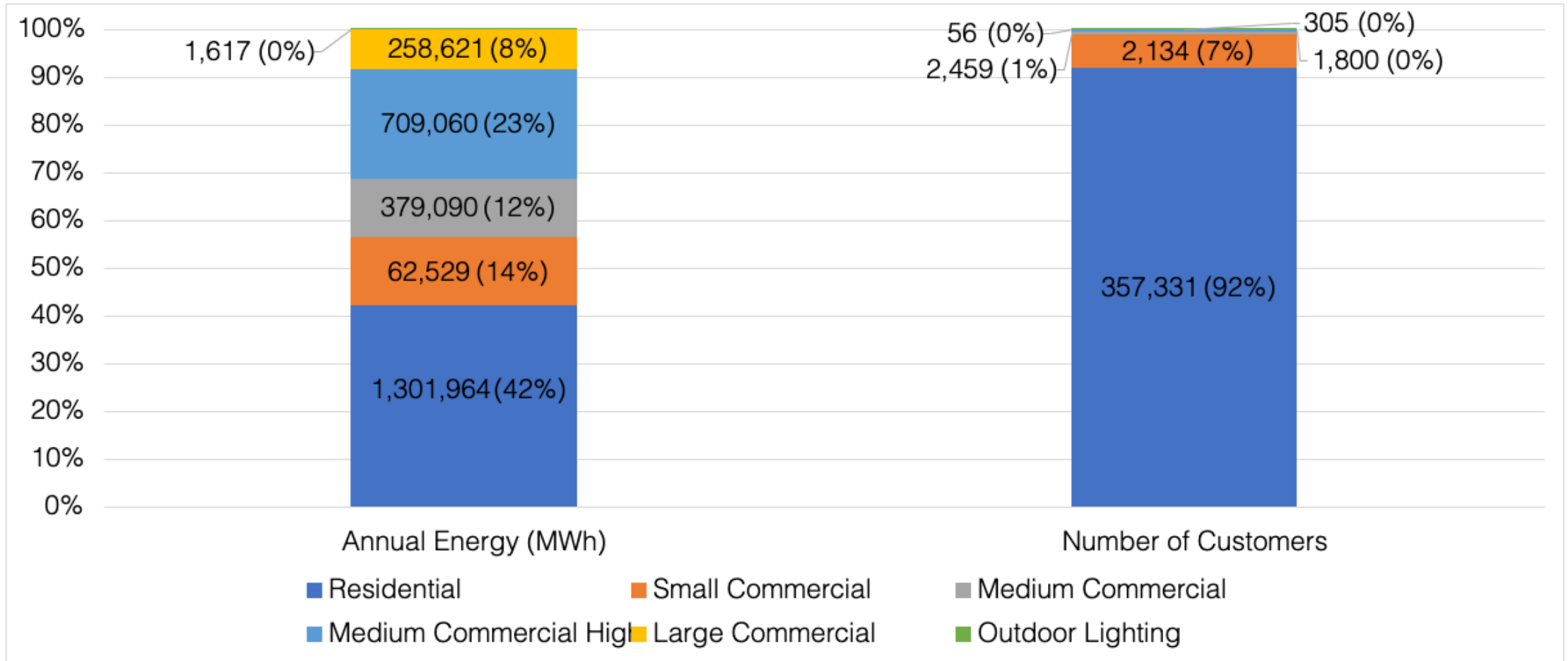


CUSTOMER DISTRIBUTION

HETCH HETCHY POWER CUSTOMER CLASS



CUSTOMER DISTRIBUTION CLEANPOWERSF



HETCHY POWER RATES

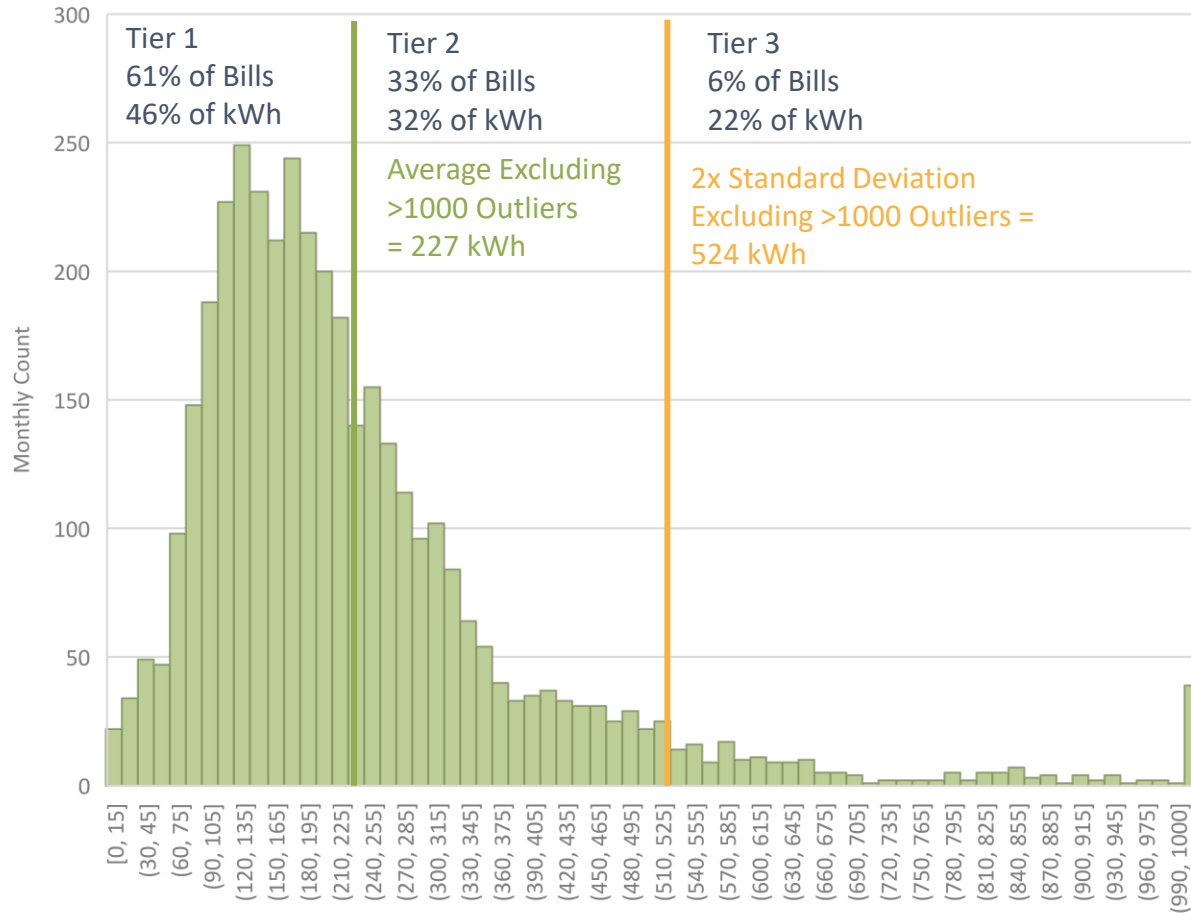
RESIDENTIAL TIERED RATES

- Current Retail and Enterprise Hetchy Residential Rates
 - Three tiers based on Energy (kWh)
 - Tier breaks/size varies in Summer vs. Winter
 - Energy rate same for Summer and Winter
- Issues:
 - Tier 2 very small, most customers shoot right through it
 - New all-electric buildings have higher energy usage than gas and electric, and always hit Tier 3
- Methodology for New Tiers
 - Distribution analysis of 2019 actual usage by season for gas & electric rate
 - Applied PG&E “baseline” ratio to develop tiers for new all-electric rate
- Recommendation:
 - Tier 1 is “below average” user, Tier 2 is “above average” user, Tier 3 is “very high” user
 - Rates will be set by COS analysis

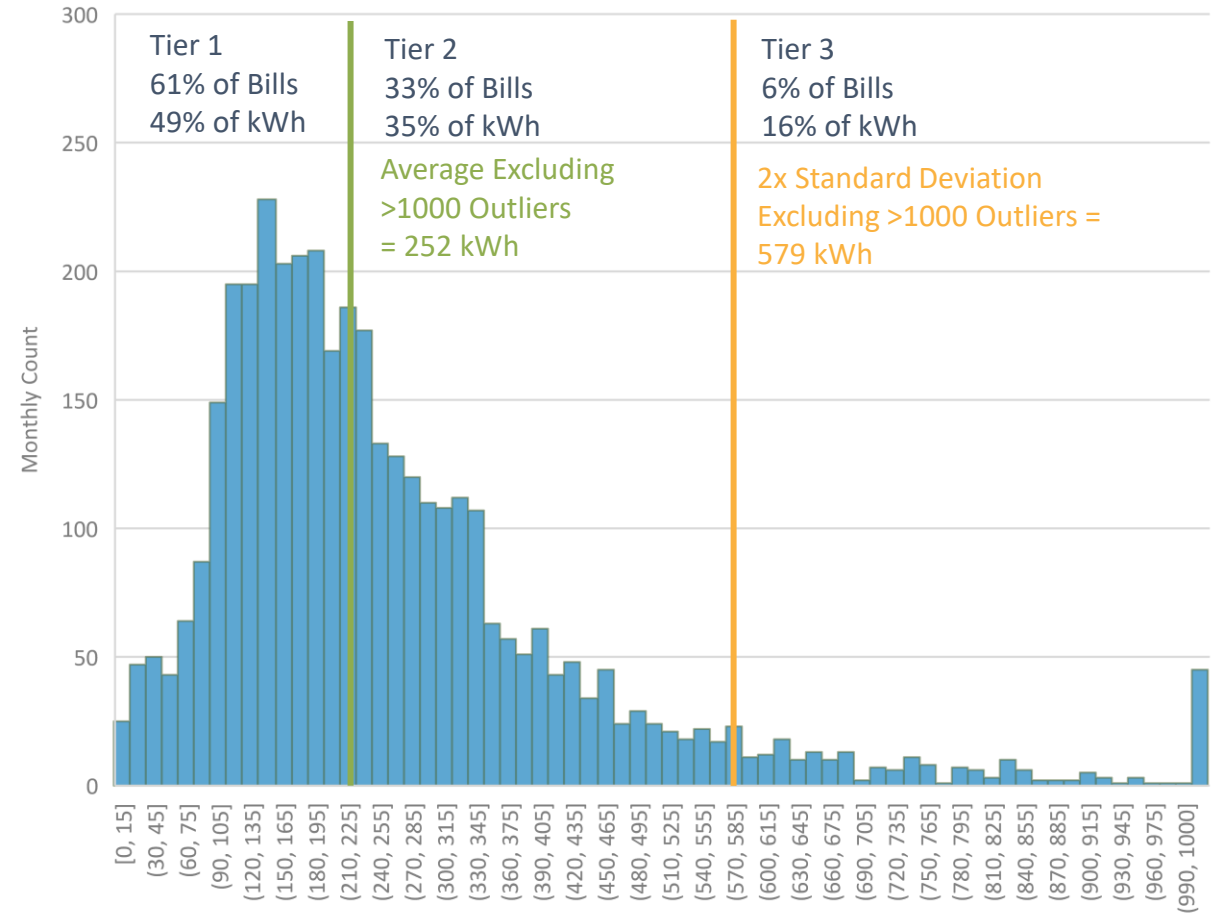
HETCHY POWER RATES

RESIDENTIAL TIERED RATES : GAS & ELECTRIC TIERS ANALYSIS

Monthly Customer Count by Usage - Summer



Monthly Customer Count by Usage - Winter



HETCHY POWER RATES

RESIDENTIAL TIERED RATES: ALL-ELECTRIC TIER BREAKS

PG&E E-1 Tiers (kWh/Month) Zone T (SF)				
	Gas & Electric		All-Electric Heating	
Daily	Summer	Winter	Summer	Winter
Baseline	0-206	0-250	0-228	0-414
101-400%	207-829	250-999	229-914 (110% summer gas & electric)	415-1,658 (166% winter gas & electric)
Over 400%	830+	1,000+	915+	1,659+

- Small sample size of Hetchy customer data for all-electric heating, so can't use our data
- Instead, modelled ratio between gas & electric vs. all-electric for PG&E Zone T (SF) baseline
- Applied to Electric vs Gas Heating for both Summer and Winter
- Held relationship constant for Tier 3

HETCHY POWER RATES

RESIDENTIAL TIERED RATES: PROPOSED TIER BREAKS

Current R-1 Tiers (Monthly kWh)		
Tier	Summer	Winter
Tier 1	0-228	0-277
Tier 2	229-296	278-360
Tier 3	297+	361+

Proposed Tiers - Gas and Electric (Monthly kWh)		
Tier	Summer	Winter
Tier 1	0-226	0-252
Tier 2	227-523	252-578
Tier 3	524+	579+

Proposed Tiers – All-Electric Heating (Monthly kWh)		
Tier	Summer	Winter
Tier 1	0-249	0-417
Tier 2	250-577	418-959
Tier 3	578+	960+

HETCHY POWER RATES

RESIDENTIAL TIERED RATES: PROPOSED TIER RATES

Tiered Rates as a % of Tier 1 Rates				
Tier	Rate (\$/kWh)	Current	Proposed	PG&E E-1 Rate
Tier 1	\$0.1778	100%	100%	100%
Tier 2	\$0.2021	114%	120%	125%
Tier 3	\$0.4137	233%	180%	157%

Note that PG&E's E-1 rate has a much higher kWh cutoff for Tier 3, so not exactly comparable

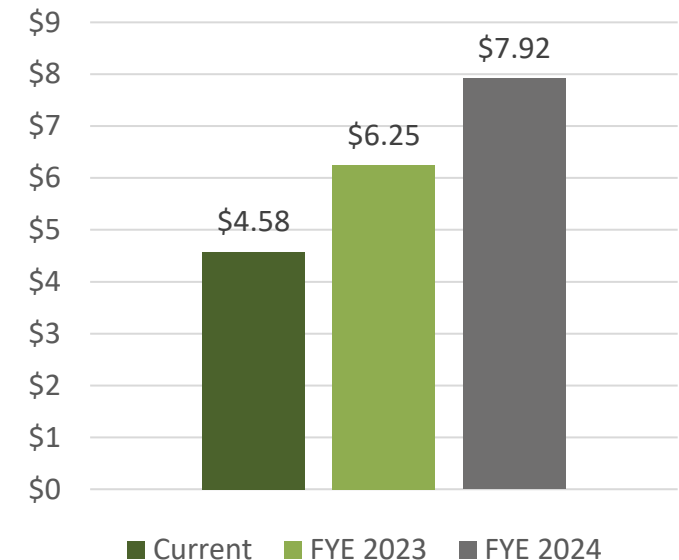
- Current tiers place significant cost recovery in Tier 3, relying on high usage to cover our costs
- Proposed tiers have lower differences
 - Environment: maintains cost increase for highest usage
 - Financial stability: Does not rely on high usage to meet revenue targets
 - Equity: Research suggests lower usage primarily by higher income households with modernized homes and energy efficient appliances

CLEANPOWERSF AND HETCHY POWER RATES

MONTHLY CUSTOMER SERVICE CHARGES

- Cost of Service (COS) allocated to Customer Costs:
 - Hetchy: Customer Service, Customer Accounting, Customer Programs (Non-Municipal)
 - CleanPowerSF: Data Mgmt & Service Fees, Customer Accounting, Energy Programs, Bad Debt
- COS could justify high potential charge (residential example)
 - Hetchy: \$156.77/month
 - CleanPowerSF: \$4.68/month
- Recommendation
 - Hetchy: continue with customer charge
 - Implement phased increase to for each customer class to cost of service, but cap for residential where COS charges would be very high
 - Commercial classes use same methodology, would have higher customer charges than residential (and are already closer to COS)
 - CleanPowerSF: stand by for ongoing CPUC regulatory process for NEM customers; consider/plan for down the road

Proposed Hetch Hetchy Residential Monthly Customer Charges



CLEANPOWERSF PROPOSED RATES METHODOLOGY

- COS rate lower than comparable PG&E current effective (March) rates
 - CleanPowerSF Gen Rate + PCIA & FFS = comparable PG&E Gen Rate
- Proposal: decrease rates in Year 1 and Year 2
 - Set year 1 rates to 50% between current rates and cost of service rates in Year 2
- Goal: meet policy reserve to build to 180 days cash on hand in Year 3, on right path to build to 150 days cash on hand in Year 2

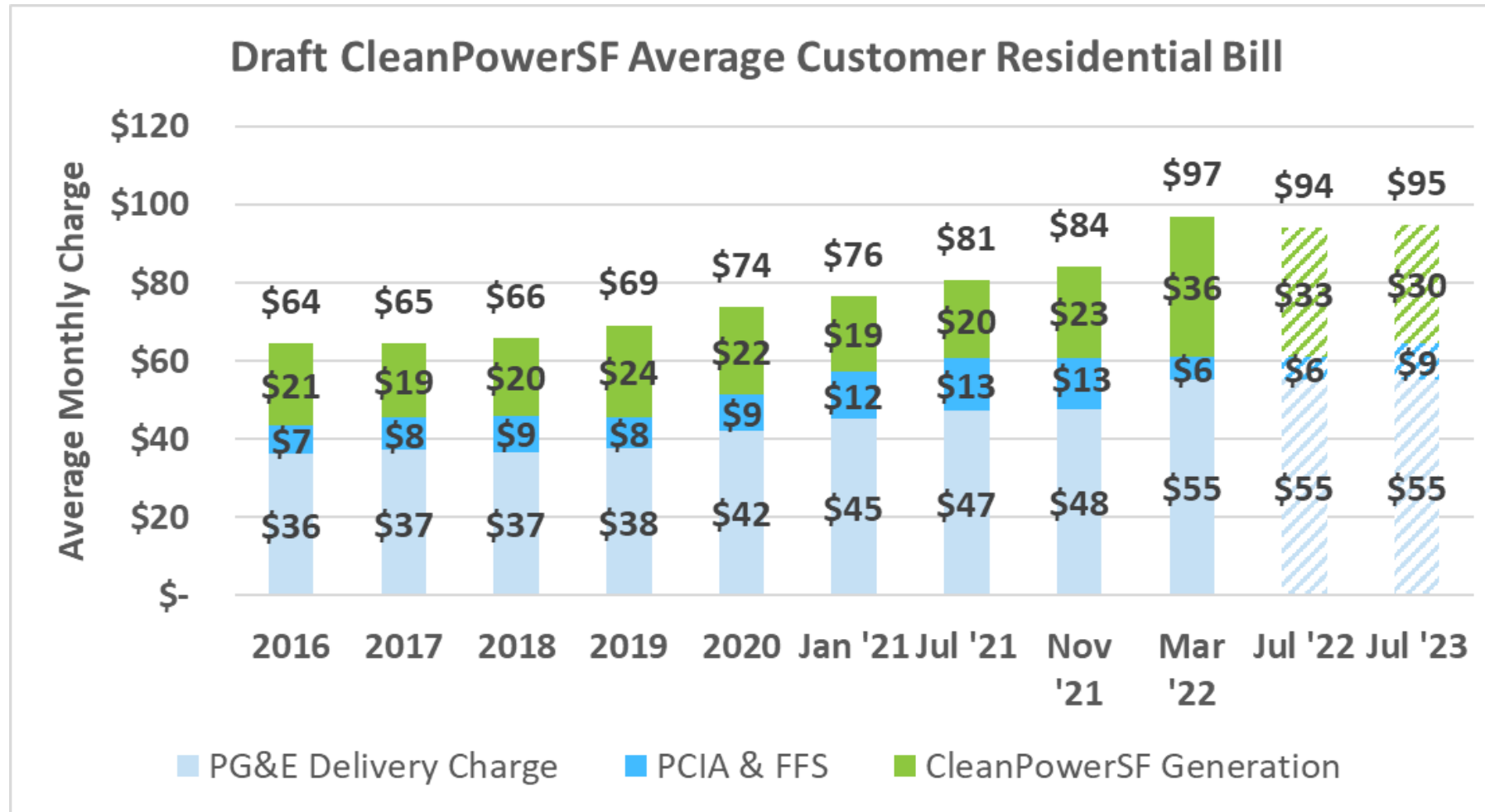
CLEANPOWERSF DRAFT RATES

FYE 2023	Residential	Sm Comm	Med Comm (Low)	Med Comm (High)	Large Comm
CleanPowerSF Gen Rate	\$0.1191	\$0.1102	\$0.1122	\$0.1048	\$0.0984
% Rate Change	-8%	-11%	-15%	-11%	-12%
Average Bill Impact	-\$3	-\$18	-\$236	-\$397	-\$5,116
Average Total Bill	\$96	\$403	\$3,866	\$9,695	\$83,220

FYE 2024	Residential	Sm Comm	Med Comm (Low)	Med Comm (High)	Large Comm
CleanPowerSF Gen Rate	\$0.1090	\$0.0960	\$0.0925	\$0.0925	\$0.0842
% Rate Change	-8%	-13%	-18%	-12%	-14%
Average Bill Impact	-\$3	-\$18	-\$237	-\$412	-\$5,163
Average Total Bill	\$97	\$401	\$3,794	\$9,707	\$82,734

Draft numbers subject to change

CLEANPOWERSF DRAFT RESIDENTIAL RATES



Draft numbers subject to change. PG&E and PCIA delivery charges are a forecast and may be different than shown

CLEANPOWERSF: SUPERGREEN PREMIUM

- Evaluated cost to serve SuperGreen customers, and determined existing premiums meet cost of service
- Proposal: keep current premiums, standardizing commercial
 - Residential: \$0.01/kWh
 - Commercial: \$0.005/kWh
- Maintains affordable option for 100% renewable energy

SuperGreen Premium (\$/kWh)	Residential	Sm Comm	Med Comm (Low)	Med Comm (High)	Large Comm
Current	\$0.01	\$0.0075	\$0.005	\$0.005	\$0.0075
Proposed	\$0.01	\$0.005	\$0.005	\$0.005	\$0.005

HETCH HETCHY POWER: COST OF SERVICE PHASED TRANSITION

- Hetch Hetchy’s “messy” existing rates require a period of phase-in we transition to cost of service for all customers
- Various parts of the Hetchy rate design create a short-term subsidy that must be recovered from other customers to ensure we collect the full revenue requirement
 - Limiting retail residential customers rate increase to max 10% (COS requires a higher increase)
 - Phasing out subsidized rates for GUSE customers over time
 - Continuing current low-income discounts for residential customers
- Prioritizing program financial sustainability, recovery of cost of service
- Evaluating plan of recovery, taking into account of change impact on customer classes – proposal to spread among all other customers, smooth change over two years

NEXT STEPS

- Final areas to cover
 - Magnitude of annual Hetch Hetchy rate change by customer and rate class
 - Potential changes to seasonal and time-of-use pricing
 - Example bill impacts for CleanPowerSF and Hetch Hetchy customers
- Need to schedule another RFB meeting, discuss dates