

DRAFT

Rate Fairness Board

Name	Position / Title	Appointed by
Reese Isbell (vice-chair)	Residential Ratepayer	Mayor
VACANT	Large Business Representative	Mayor
Howard Ash (chair)	Residential Ratepayer	Bd. Of Supervisors
VACANT	Small Business Owner	Bd. Of Supervisors
Trisha McMahon	Budget & Planning Manager	City Administrator
Edward de Asis	Asst. Citywide Budget Manager	Controller
Vishal Trivedi	Financial Analyst	Mayor's Office of Public Finance

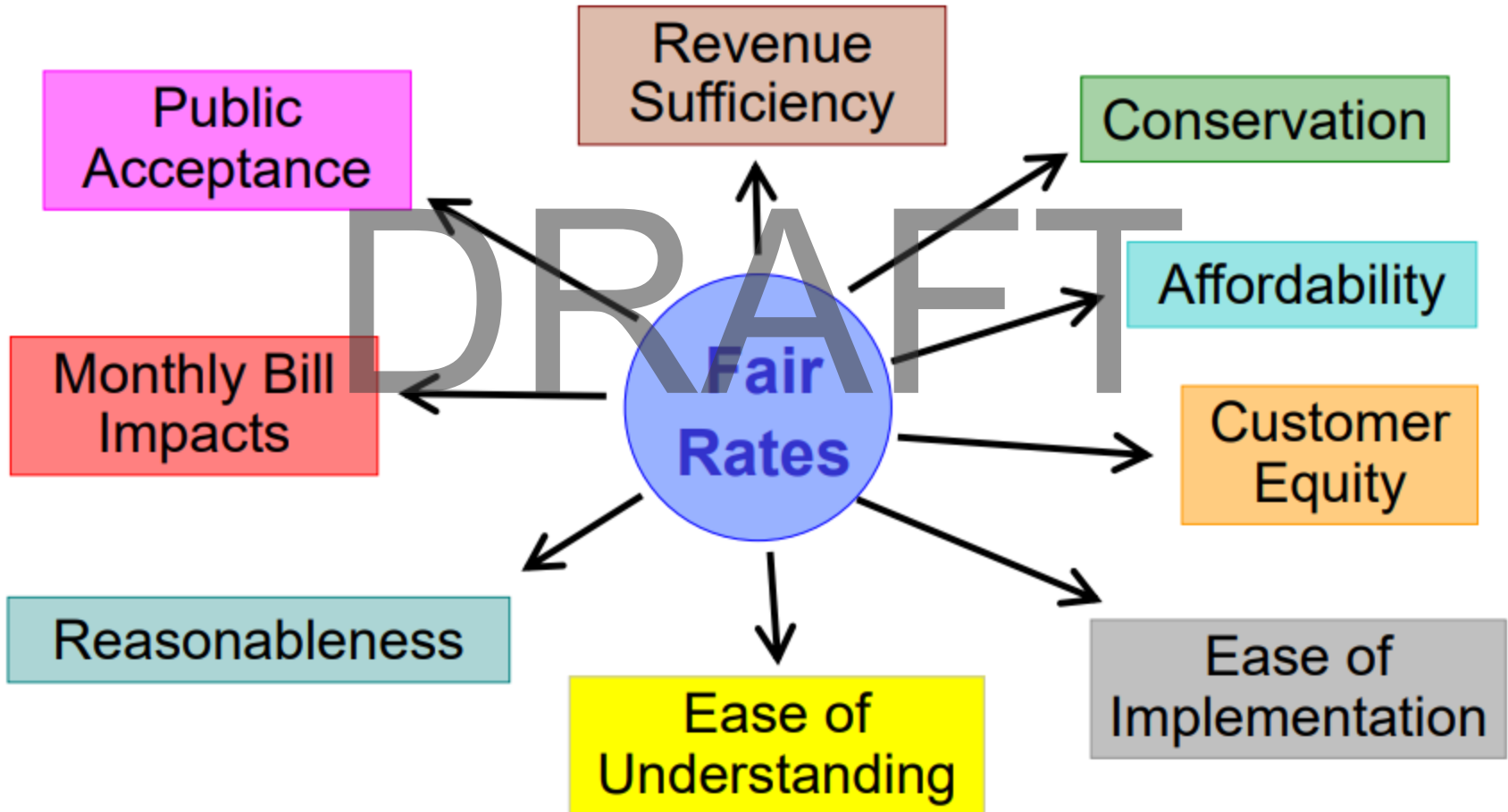
Rate Fairness Board

- The Rate Fairness Board was established by Proposition E which was passed by San Francisco voters in 2002
- The Rate Fairness Board, as specified by Article 8B of the Charter of the City and County of San Francisco, may:
 - Review the five-year rate forecast;
 - Hold one or more public hearings on annual rate recommendations before the Public Utilities Commission adopts rates;
 - Provide a report and recommendations to the Public Utilities Commission on the rate proposal; and
 - In connection with periodic rate studies, submit to the Public Utilities Commission rate policy recommendations for the Commission's consideration, including recommendations to reallocate costs among various retail utility customer classifications, subject to any outstanding bond requirements

Role of the Rate Fairness Board

- In 2002, the SFPUC was probably the last city department without civilian “oversight” or “sunshine”
- RFB functions: Not simply to rubber-stamp the Staff’s proposals.
 - “Eyes and ears” of the customers
 - Initial screen on SFPUC staff proposals
 - Press the staff for clarity, completeness, justifications for rate proposals
 - Suggestions for improvement, additional analyses
 - Advocate for “fairness”
 - Forum for public comment
 - Process for “sunshine” and public oversight
 - Reduce the workload of the Commissioners (maybe)

Multiple Rate Objectives



Two decades of change

SFPUC moves toward traditional utility service role

- Financial independence and integrity
- Rates reflect Cost of Service
- Traditional utility customer classes
- Simplification

SFPUC function/attribute	2001	2022
General Fund departments pay for water	NO	YES
SFPUC \$ transfers to General Fund	YES	NO
SFPUC \$ transfers among departments	Probably	NO
Independent rate studies	NO	YES
Low-income rates (water, sewer, power)	NO	YES
Rates designed to encourage conservation	Not really	YES
SFPUC bonding authority	Voters	Bd. Of Sups.
Power enterprise using Uniform System of Accounts	NO	YES

Views on Current Power Rate Proposal

- One-year (2-year) rate proposal, rather than 4 or 5 ✓ or ✗
- Separate rate-setting for Hetch Hetchy and Clean Power SF
- Trend all rates toward Cost of Service, subject to reasonable caps on annual increases
- Continue low-income rate programs
- Hetch Hetchy Power
 - Move away from GUSE / Enterprise / Retail customer classes to regular utility classes: residential, commercial, industrial, etc.
 - Residential:
 - New tiers for residential: size of blocks (below average, above average, very high)
 - Different summer v. winter block sizes
 - Use PG&E blocks for Hetch Hetchy customers – electric/gas and all-electric
 - Expand Tier 2 to be of meaningful size
 - Maintain monthly customer charge (and the programs funded with these dollars), with phased increase toward Cost of Service
 - No change to current seasonal or Time-of-Use periods (pending further analysis)
 - Discounts for high-voltage customers
 - Pilot for EV-only rate equivalent to small commercial energy rate

Views on Current Power Rate Proposal

■ Clean Power SF

- Move to rates that are independent of PG&E rate changes, but still comparable to PG&E rates
- New tiers for residential: size of blocks
- Different summer v winter block sizes
- Different rates for all-electric v. gas/electric customers
- Delay implementation of fixed residential customer charge until CPUC process sorts out (energy charge will compensate for this, for now)
- Energy rate will trend over 2 years to Cost-of-Service (which is currently lower than comparable PG&E rate)
- Super Green program: simplify to a standard rate premium
- Rates build fund reserve towards SFPUC target