

Power Rate Study Update

Rate Fairness Board

December 21, 2020

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Agenda

1. Ratepayer Assurance Policy Principles
2. Current Hetch Hetchy Rate Structure
3. Current CleanPowerSF Rate Structure
4. Applying the Ratepayer Assurance Policy to Power Rates

Ratepayer Assurance Policy

Revenue Sufficiency

- The Commission will aim to establish rates sufficient to cover the full cost of all SFPUC activities.

Customer Equity

- The Commission will establish rates based on cost of service in compliance with the San Francisco Charter and California Proposition 218

Environmental Sustainability

- The Commission will aim to establish rates in a manner that values environmental sustainability and preserves the natural resources entrusted to the SFPUC's care.

Ratepayer Assurance Policy

Affordability

- The Commission will consider SFPUC service affordability for all its customers.

Predictability

- The Commission will aim to establish rates designed to minimize bill fluctuations, enabling ratepayers to plan ahead for their personal finances.

Simplicity

- The Commission will aim to establish rates that are easy for ratepayers to understand

Current Hetch Hetchy Rate Structure

General Use (GUSE) Rates

- General Fund departments, education districts, governmental agencies, some private customers
- Flat rate \$/kWh for all customers
- Eligibility and subsidy levels historically based upon Mayor, budget negotiation
- Less than cost of service (subsidized)
- Increasing annually by ½-1 cent/kWh

Hetch Hetchy Retail Rates

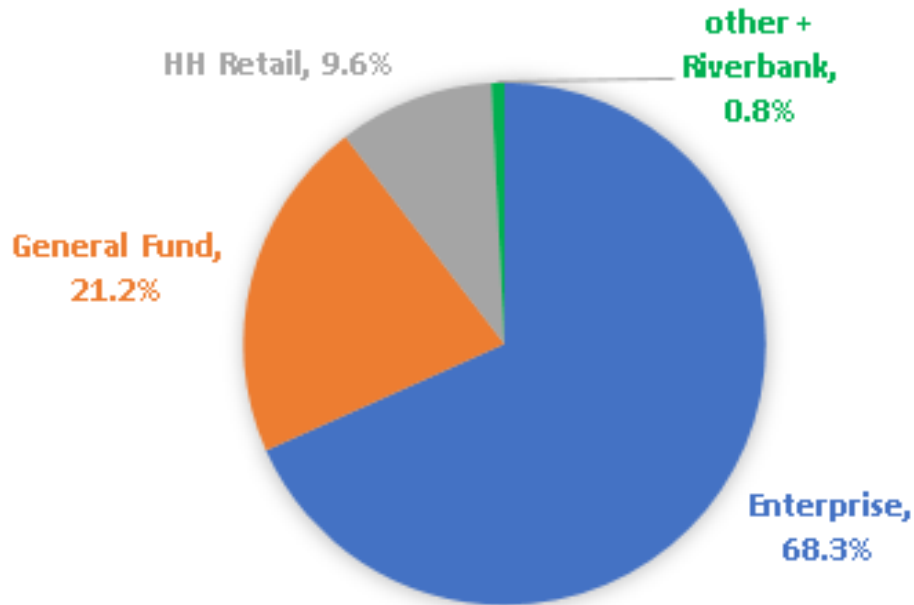
- Private customers, mostly in redevelopment areas
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Default rate for new customers
- Set to 10% below PG&E rates
- Generally slightly above cost of service
- Increase annually by PG&E rate % change

Enterprise Rates

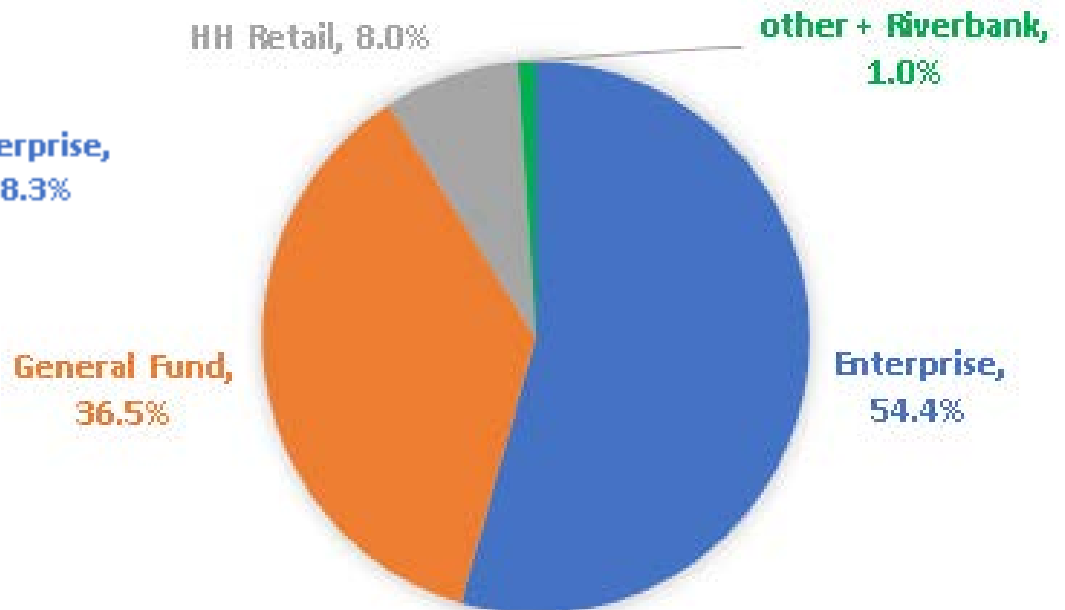
- Airport, Enterprise departments, Port tenants, some private customers
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Set exactly at PG&E rates
- Higher than cost of service
- Change throughout the year to exactly follow PG&E

Hetch Hetchy Rate Classes

Share of Total Revenue (\$)



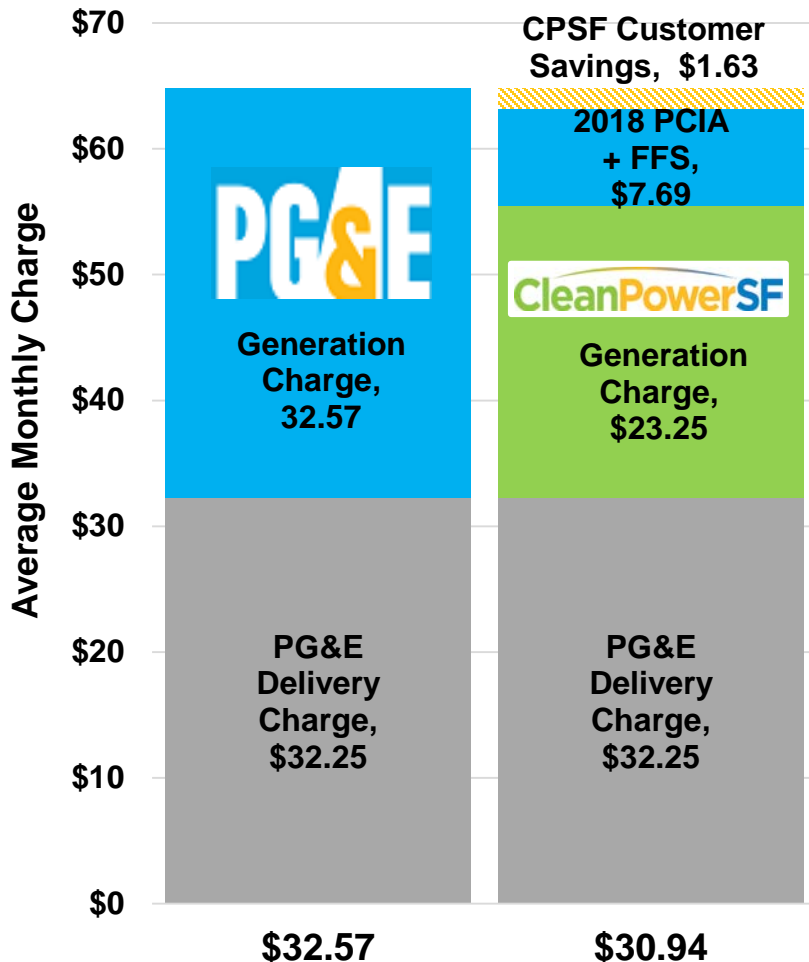
Share of Total Load (kWh)



All data from Calendar Year 2019

Current CleanPowerSF Rate Structure

CPSF vs. PG&E Residential Bill Comparison (Feb 2020)



- CPSF rate classes exactly match to PG&E
 - ex. 8 different residential rates
- CleanPowerSF only collects the generation portion of the bill
 - CPSF customers also pay “Power Choice Indifference Adjustment” and “Franchise Fee Surcharges” to PG&E
 - CPSF sets rates comparing to the (PG&E generation rate) – (PCIA + FFS)
- CleanPowerSF current rate adjustment methodology
 - Rates set within +/- 1% of equivalent PG&E rates
 - Must recover program costs
 - No more than 10% increase from 2020 rate



Applying the Ratepayer Assurance Policy to Power Rates

- Rates should cover our costs
 - We cannot operate at a loss (*revenue sufficiency*)
 - Customers should pay a fair amount related to what it costs to serve them (*customer equity*)
- Subsidies should be intentional
 - Someone has to pay for subsidies (*revenue sufficiency*)
 - Which customers are currently subsidized (and who pays for the subsidies) is mostly historical (*affordability, customer equity*)
 - Power operates in a competitive environment, so we need to consider customer retention
- Rate changes should be planned and strategic
 - Ensures rates support policy goals (*environmental sustainability*)
 - Helps communicate with customers about their budgets (*predictability*)