



March 18, 2022 | San Francisco Public Utilities Commission

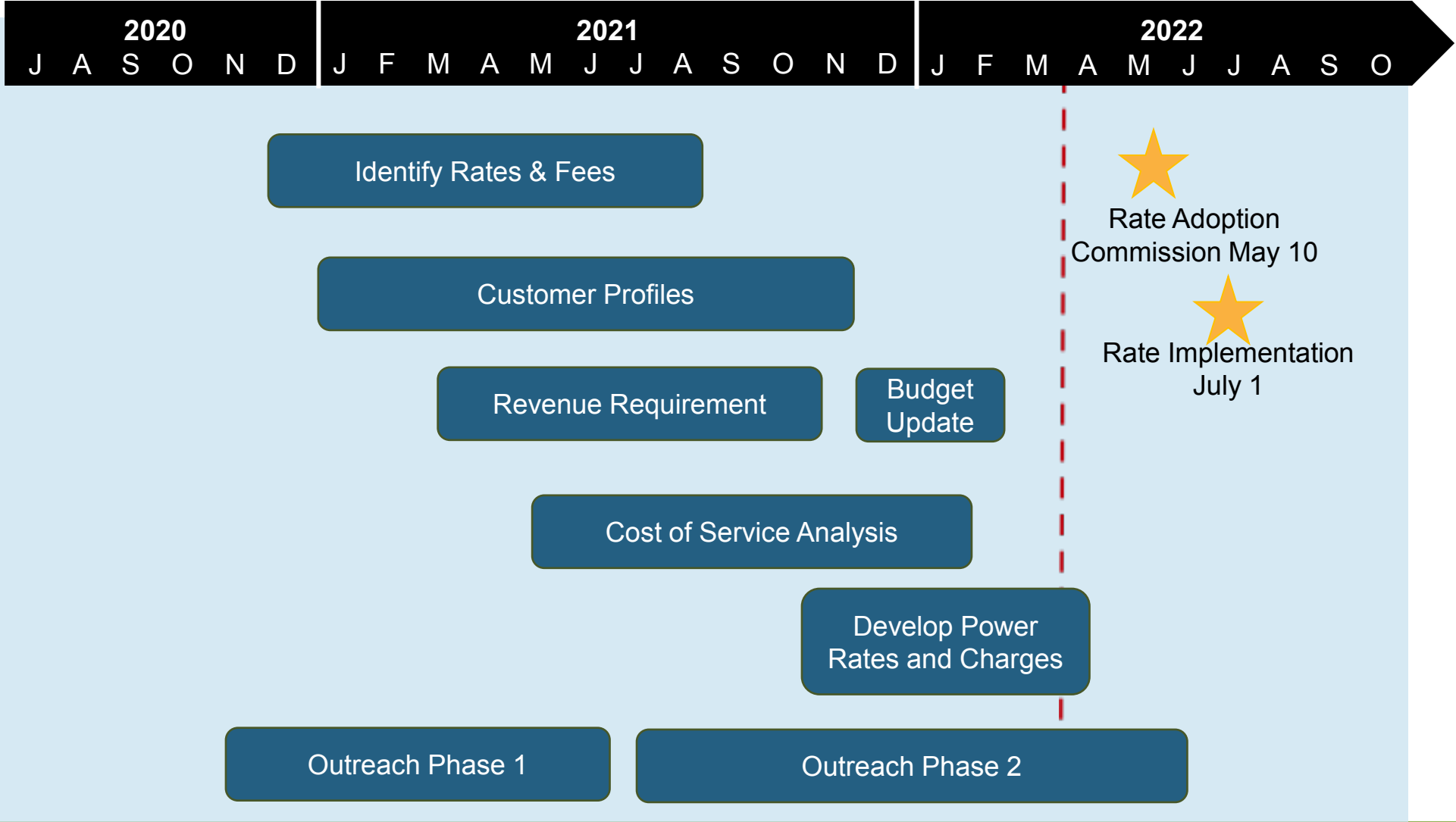
RATE FAIRNESS BOARD MEETING



AGENDA

- 1 Upcoming Meetings and Objectives
- 2 CleanPowerSF Power Rate Design
- 3 Hetch Hetchy Power Rate Design
- 4 Wrap-Up/To Finish Line

POWER RATE STUDY TIMELINE



UPCOMING MEETINGS AND OBJECTIVES

- Today's Meeting:
 - Rate Strategy/Rate Design Update
- Next Rate Fairness Board meeting:
 - April 8: Final proposed rates
- SFPUC Commission Approval:
 - May 10 Meeting
- Rates effective July 1, 2022

CLEANPOWERSF RATES

PG&E'S MANY RATES LIMIT OUR FLEXIBILITY

TOU Periods for Small General Rates		B-1	B-6	A-1-A	A-1-B	A-6	B-1-ST
Summer	Peak	4–9 pm	4–9 pm	All hours	8:30 am–9:30 pm M-F except holidays	Noon–6 pm M-F except holidays	4–9 pm
	Part Peak	2–4 pm and 9–11 pm	N/A			8:30 am–noon and 6–9:30 pm M-F except holidays	2–4 pm and 9–11 pm
	Off Peak	All other times	All other times		All other times	All other times	All other times
Winter	Peak	4–9 pm	4–9 pm	All hours	N/A	N/A	4–9 pm
	Part Peak	N/A	N/A		8:30 am–9:30 pm M-F except holidays	8:30 am–9:30 pm M-F except holidays	2–4 pm and 9–11 pm
	Off Peak	All other times	All other times		All other times	All other times	All other times
	Super Off Peak	9 am–2 pm in Mar, April, and May	9 am–2 pm in Mar, April, and May		N/A	N/A	9 am–2 pm in Mar, April, and May

CLEANPOWERSF RATES

STRATEGY FOR PG&E'S MANY RATES

- Issues to consider:
 - Billing data only comes as ex. “total kWh during peak period the entire month,” so no ability to regroup time period.
 - Many “legacy” rates are closed to new customers, but will continue to exist for several years.
 - If we try to skip/consolidate rates with different time periods, we can accidentally make one rate schedule flat-out cheaper than another (ex. B-1 vs. B-6).
- Cost of service plan:
 - Keep all rate schedules that are open to new customers or have CPSF legacy customers.
 - For default/active rates or those with significant customers, develop cost of service-based rates for the time of use periods.
 - For legacy rates or ones with few customers, use the data from the default rates and some kind of scaling to create tariffs.

CLEANPOWERSF RATES

STRATEGY FOR DEALING WITH PG&E'S MANY RATES

TOU Periods for Small General Rates		B-1	B-6	A-1-A	A-1-B	A-6	B-1-ST
Summer	Peak	4-9 pm	4-9 pm	All hours	8:30 am-9:30 pm M-F except holidays	noon-6 pm M-F except holidays	4-9 pm
	Part Peak	2-4 pm and 9-11 pm	N/A			8:30 am-noon and 6-9:30 pm M-F except holidays	2-4 pm and 9-11 pm
	Off Peak	All other times	All other times		All other times	All other times	All other times
Winter	Peak	4-9 pm	4-9 pm	All hours	N/A	N/A	4-9 pm
	Part Peak	N/A	N/A		8:30 am-9:30 pm M-F except holidays	8:30 am-9:30 pm M-F except holidays	2-4 pm and 9-11 pm
	Off Peak	All other times	All other times		All other times	All other times	All other times
	Super Off Peak	9 am-2 pm in Mar, April, and May	9 am-2 pm in Mar, April, and May		N/A	N/A	9 am-2 pm in Mar, April, and May
Customer Count		21,956	2,100	773 (Legacy)	484 (Legacy)	27 (Legacy)	14

CLEANPOWERSF RATES

MONTHLY CUSTOMER SERVICE CHARGES

- Evaluating monthly fixed Customer Service Charge
 - Currently only Energy or Energy & Demand charges
 - PG&E includes \$/Customer/Day
 - Delivery (wires) charge (not unbundled “generation” service)
 - Customer charge would collect (all or a portion of) fixed Customer Service costs that don’t vary based on usage
- Could tilt small residential user impact compared to PG&E rates
- Very common in monopoly utility operations
 - Less common in competitive utility operations

CLEANPOWERSF RATES

MONTHLY CUSTOMER SERVICE CHARGES

Advantages

- Aligns costs incurred with cost recovery
- “Fair and equitable” rate structure
- Assist in fixed cost recovery for investments made to service customers
- Cannot be avoided with distributed solar and/or battery storage

Example Bill

- Energy Rate: \$0.1225/kWh
- Energy Rate: \$0.1100/kWh
Customer Charge: \$4.70
- Customer A (200 kWh):
\$24.51 to \$26.70 (month)
9% change
- Customer B (350 kWh)
\$42.89 to \$43.20 (month)
1% change

Disadvantages

- Adding “another” charge to customer bill
- Cannot avoid costs with lower usage (not consistent with conservation message)
- Will impact lower use (kWh) customers more than high use customers (% of bill)
- CleanPowerSF is competitive operation

CLEANPOWERSF RATES

PURE COST OR “REBALANCE” CUSTOMER CLASSES VS. PG&E

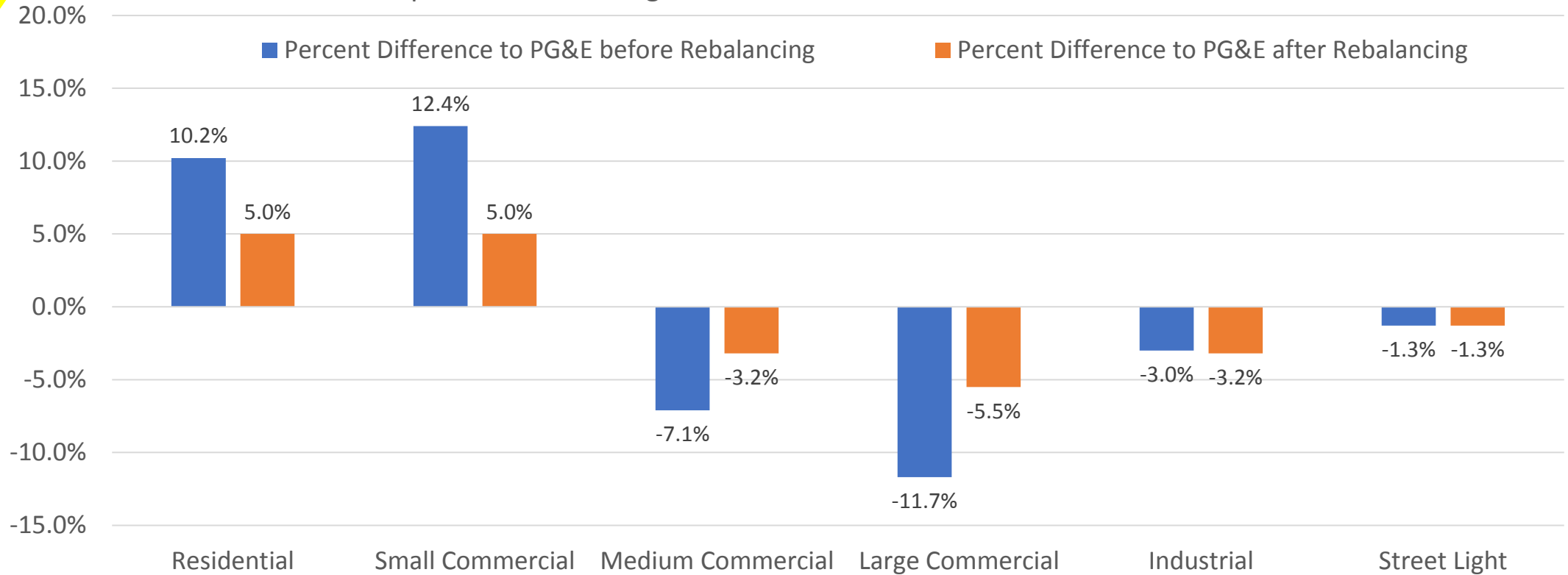
- CleanPowerSF is operating within a competitive environment.
- Our cost of service may be higher or lower than PG&E for a given customer class.
- Options for each class’s rates:
 - Set every class to our cost of service
 - Rebalance rates that are higher than PG&E to be lower by shifting costs to classes that are lower than PG&E
- Both versions cover CleanPowerSF overall costs.

CLEANPOWERSF RATES

PURE COST OR “REBALANCE” CUSTOMER CLASSES VS. PG&E

ILLUSTRATIVE ONLY

Impact of Rebalancing - ILLUSTRATIVE ONLY. NOT SFPUC DATA.



CLEANPOWERSF RATES

PURE COST OR “REBALANCE” CUSTOMER CLASSES VS. PG&E

Advantages

- Maintain policy for difference between CleanPowerSF and PG&E rates
- Lessen impact of going to full “COS” rates
- Meet revenue requirement
- Maintain “competitive” position (even if higher than PG&E)

Rebalance Process

- Develop revenue at COS rates
- Compare revenue at PG&E rates (%)
- Determine if rates should shift cost recovery between classes to maintain system level % to PG&E

Disadvantages

- Creating subsidies between customers
- May become “unbalanced” when/if PG&E raises rates
- May require more rate changes prior to FYE

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)
- Currently increasing annually 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 POWER RATES

RATE EVALUATION

Currently offer different rate choices for Retail vs. Enterprise vs. GUSE.

- Ideally, consistent rate options for all customers in class, with Retail rates as the default structure
- Analyzing system costs for potential seasonal/TOU pricing differential
- Reviewing/adjusting tier levels
 - Based on usage distribution analysis
- Add “All-Electric” to residential retail offering

Rate Class	Small Comm Rate Options	Large Comm Rate Options
Retail	Seasonal Rate (C-1)	TOU Rate (C-3)
Enterprise	Seasonal Rate (A-1) TOU Rate (A-1U)	TOU Rate (E19-U)
GUSE	Flat rate/kWh	Flat rate/kWh

HETCH HETCHY POWER RATES

RECOVERING COST OF “CITY PROGRAMS”

- Hetchy bears the cost of various “city programs”—services we provide that have a general benefit or are not directly part of the cost to provide electric service.

Program	Test Year Annual Value	Beneficiary
Streetlight maintenance	\$13,364,000	All San Francisco residents and businesses
GUSE subsidy	\$15,472,000	General Fund departments
Low-income discounts, community benefits	\$1,859,000	Low-income customers and residents

HETCH HETCHY POWER RATES

RECOVERING COST OF “CITY PROGRAMS” – STREETLIGHTS

- Who pays for Streetlights?
 - Benefit for entire City (Hetchy and CleanPowerSF customers)
 - \$13.4 M in Test Year costs
 - Hetchy residential customers only a fraction of SF
- Proposed solution:
 - Allocate to classes by kWh excluding retail sales

HETCH HETCHY POWER RATES

COST OF SERVICE TRANSITION

- Shift to cost of service will take time
- GUSE historical rates increase:
 - generally/mostly flat for a period of time, with a \$0.01/kWh in FYE 2016
 - \$0.005/kWh in FYE 2017 and FYE 2018
 - class consolidations for across-board \$0.005/kWh in FYE 2019 and FYE 2020
 - \$0.01/kWh in FYE 2021 and current FYE 2022
- GUSE rates increase proposal: \$0.03/kWh annually
 - Compare rates to COS over time
 - Various customer classes will reach COS at different times, FYE 2024 - FYE 2026
 - Rate proposal only for FYE 2023 - FYE 2024

WRAP UP

- Drafting rates this week
- Incorporate into Commission package
 - Commission Meeting May 10
- Next Rate Fairness Board Meeting
 - April 8
- New Rates effective July 1