

May 01, 2023

San Francisco Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102

Commissioners,

In accordance with Article 8B of the Charter of the City and County of San Francisco, the Rate Fairness Board (RFB) offers the following comments and recommendations regarding the Staff's proposed retail electricity rates for Clean Power SF for the period July 1, 2023 to June 30, 2024:

1. We note that the rates for the SFPUC's retail electricity service saw major changes last year, as a result of the first independent cost-of-service study for Power Enterprise. These changes included:
 - a. separate rate-setting for Hetch Hetchy and Clean Power SF;
 - b. trending all rates toward Cost of Service, subject to reasonable caps on annual increases;
 - c. new tiers for residential service and different summer v. winter block sizes; and
 - d. a new all-electric rate schedule and a pilot EV-only rate.
2. The Staff's proposal last year was for rates for a 1-year period, given the then-current volatility and uncertainty in California's electricity market. The RFB recommended approval of those rates at that time.
3. The Staff's current proposed generation rates are based solely on SFPUC costs, and the rates are below the corresponding rates for comparable service from Pacific Gas & Electric (PG&E).
4. Once again, given some continued volatility in California's electricity markets, the Staff has proposed new retail rates for only a one-year period. This approach seems reasonable given the circumstances, and

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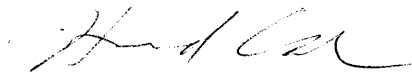
it has served the SFPUC and its customers well in the past year. This one-year rate proposal again seems prudent and reasonable.

Overall, the Staff's current rate proposal is mostly ministerial: adjusting rates to account for current and expected costs, while meeting the twin goals of establishing rates based solely on cost of service and providing service at rates competitive with PG&E. Thus, the RFB recommends that the Commission approve the Staff's electricity rate proposal.

The Staff has also requested a limited delegated authority to be used in cases when PG&E develops a new rate schedule and the corresponding new Clean Power SF rate would be voluntary. While we recognize the administrative convenience of this authority, we recommend that Staff endeavor in all cases to bring new rates and rate schedules before the RFB and the Commission in a timely manner.

We look forward to continued interaction with the Commission on future rate proceedings for water, wastewater and power.

Sincerely,



Howard Ash

Chair, Rate Fairness Board of the San Francisco Public Utilities Commission

On behalf of:

Ken Hinton, Budget & Revenue Analyst, Controller's Office

Trisha McMahon, Budget & Planning Manager, City Administrator's Office

Vishal Trivedi, Financial Analyst, Controller's Office of Public Finance