Fiscal Year 2023-2024
CleanPowerSF Rates

Yee Nwe (Ma Yee) H. Yap
Principal Revenue/Rates Analyst

04.11.2023
1. FY 2023-24 Rates Setting
2. Revenue Requirement
3. Cost of Service Rates
4. Rate Design: Methodology for Base Rates
5. Rate Design: Rebalancing
6. Proposed CleanPowerSF Generation (Green) Rates
7. Bill Impact
8. Delegated Authority: New Rate Schedules
9. Upcoming Milestones
FY 2023-24 Rates Setting

• Revenue Requirement
  • Commission adopted 10-Year Financial Plan

• Cost Functionalization, Classification, and Allocation
  • Leverage 2022 SFPUC Power Rates Study
  • Update FY 2023-24 power supply contracts for classification
  • Update with FY 2021-22 weighted energy price for customer class allocation

• Rate Design
  • Analyze FY 2023-24 bill impact for CleanPowerSF customers
  • Compare bills of CleanPowerSF customers to PG&E customers
  • Analyze rate schedules for rebalancing
## Revenue Requirement

- Exponential changes from time of Rate Study
- Power supply is the biggest driver!

<table>
<thead>
<tr>
<th>Line Item ($M)</th>
<th>FY 2022-23 Rate Study</th>
<th>FY 2022-23 Projection</th>
<th>FY 2022-23 Change</th>
<th>FY 2023-24 Rate Study</th>
<th>FY 2023-24 Projection</th>
<th>FY 2023-24 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supply</td>
<td>$251.3</td>
<td>$273.5</td>
<td>$22.2</td>
<td>$238.1</td>
<td>$305.3</td>
<td>$67.2</td>
</tr>
<tr>
<td>Operating</td>
<td>$29.7</td>
<td>$30.7</td>
<td>$1.0</td>
<td>$30.3</td>
<td>$30.1</td>
<td>$(0.3)</td>
</tr>
<tr>
<td>Non-Debt Capital</td>
<td>$1.6</td>
<td>$1.6</td>
<td>$-</td>
<td>$2.2</td>
<td>$1.6</td>
<td>$(0.6)</td>
</tr>
<tr>
<td>Uncollectible</td>
<td>$3.2</td>
<td>$3.2</td>
<td>$0.0</td>
<td>$2.9</td>
<td>$3.7</td>
<td>$0.8</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$285.8</strong></td>
<td><strong>$308.9</strong></td>
<td><strong>$23.2</strong></td>
<td><strong>$273.5</strong></td>
<td><strong>$340.7</strong></td>
<td><strong>$67.1</strong></td>
</tr>
<tr>
<td>(Less Other Revenues)</td>
<td>$-</td>
<td>$(4.9)</td>
<td>$(4.9)</td>
<td>$-</td>
<td>$(3.0)</td>
<td>$(3.0)</td>
</tr>
<tr>
<td>Deposit to/(Use of) Reserves</td>
<td>$31.5</td>
<td>$13.9</td>
<td>$(17.6)</td>
<td>$14.2</td>
<td>$31.4</td>
<td>$17.2</td>
</tr>
<tr>
<td><strong>Revenue Requirement</strong></td>
<td><strong>$317.2</strong></td>
<td><strong>$317.9</strong></td>
<td><strong>$0.6</strong></td>
<td><strong>$287.7</strong></td>
<td><strong>$369.0</strong></td>
<td><strong>$81.3</strong></td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$66.2</td>
<td>$51.3</td>
<td>$(14.9)</td>
<td>$97.7</td>
<td>$65.2</td>
<td>$(32.5)</td>
</tr>
<tr>
<td>Deposit to/(Use of) Reserves</td>
<td>$31.5</td>
<td>$13.9</td>
<td>$(17.6)</td>
<td>$14.2</td>
<td>$31.4</td>
<td>$17.2</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$97.7</td>
<td>$65.2</td>
<td>$(32.5)</td>
<td>$111.9</td>
<td>$96.6</td>
<td>$(15.3)</td>
</tr>
<tr>
<td>Days Cash on Hand</td>
<td>127</td>
<td>78</td>
<td>(49)</td>
<td>152</td>
<td>105</td>
<td>(47)</td>
</tr>
</tbody>
</table>
Cost of Service Rates

- 15% rate increase for CleanPowerSF generation rates proposed in 10-Year Financial Plan
“Effective rate” = all-in $/kWh or $/kW rate
- Rate schedules with no demand charge allocate all costs to energy effective rate, even if they have different time-of-use or seasonal periods
- Rate schedules with a demand component (kW) have separate energy and demand effective rates

Calculate % change in effective rate for green rates needed for each rate schedule to get to customer class COS
- For example, residential class has energy effective rate; medium commercial (high demand) class has effective energy rate and effective demand rate

Scale effective rate up/down for each line item of rate schedule (i.e. season/TOU)
Rate Design: Rebalancing

- Rate Design: evaluate rebalancing
  - bill impact for CleanPowerSF customers to comparable PG&E rates
    - include generation, PCIA, and FFS for both CleanPowerSF and PG&E bills
  - every rate schedule with CleanPowerSF customers except two has lower bills
    - E-EV (separately metered residential EVs) rebalanced: ~$4K shifted, increased other residential rates by $0.00001/kWh
    - Streetlights not rebalanced: generation (+PCIA/FFS) higher by $0.00130/kWh
- Revenue requirement met!
# Proposed CleanPowerSF Generation (Green) Rates

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>FY 2023-24 Rates ($/kWh)</th>
<th>% Gen Rate Change</th>
<th>% Total Bill Change for Avg Customer*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$0.13748</td>
<td>16%</td>
<td>6%</td>
</tr>
<tr>
<td>Small General Service</td>
<td>$0.12431</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>Medium General Service – Low Demand</td>
<td>$0.12099</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Medium General Service – High Demand</td>
<td>$0.11936</td>
<td>17%</td>
<td>8%</td>
</tr>
<tr>
<td>Large General Service</td>
<td>$0.10586</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>$0.09065</td>
<td>8%</td>
<td>**</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>$0.12559</td>
<td>21%</td>
<td>**</td>
</tr>
<tr>
<td>Traffic Control</td>
<td>$0.12559</td>
<td>14%</td>
<td>**</td>
</tr>
</tbody>
</table>

All average CleanPowerSF customers (except Streetlights) are projected to have **lower total bills than** comparable current (effective March 2023) PG&E rates.

* Shows total bill change for the default rate schedule in each customer class

** Very few customers
Bill Impact: Residential E-TOU-C

Assumes 270 kWh monthly usage on default E-TOU-C rate schedule. Customers’ bills on time-of-use rates can vary significantly based on usage patterns.
Assumes 1304 kWh monthly usage. Customers’ bills on time-of-use rates can vary significantly based on usage patterns.
Assumes 12,941 kWh monthly usage. Customers’ bills on time-of-use rates can vary significantly based on usage patterns.
Bill Impact: Medium Commercial – High (B-19S)

Assumes average of higher demand customers with 335,250 kWh and 673 kW monthly usage. Customers’ bills on time-of-use rates can vary significantly based on usage patterns.
Bill Impact: Large Commercial (B-20S)

Assumes 645.5 MWh and 1,445 kW monthly usage. Customers’ bills on time-of-use rates can vary significantly based on usage patterns.
Delegated Authority for New Rate Schedules

- CleanPowerSF suite of rate schedules matches PG&E
  - New rates arise; e.g., Residential Electric Home (E-ELEC)
- Current options:
  - Wait until the next rates-setting process
  - Take to Commission to adopt new rate schedule
- Proposal: give General Manager delegated authority to adopt new rate schedule and use a “new rate schedule methodology” to set temporary rates until next rates-setting process
  - Efficient use of staff time
  - Alternative power supply provider with cleaner energy
  - Support the City’s climate action goal to reduce emissions and move toward higher renewable content energy
  - Prevent potential opt-outs
Methodology sets the new rate schedule to CleanPowerSF’s applicable customer class effective rate that has been adopted:

1. Calculate ratios of PG&E’s generation rate components of the new rate schedule to PG&E’s default rate schedule in the applicable customer class

2. Apply resulting ratios in Step 1 to CleanPowerSF’s comparable default rate schedule in the same customer class to set CleanPowerSF new rate schedule generation rate components.
Delegated Authority: New Rate Schedule Methodology Example

- Apply time-of-use ratio of PG&E’s residential E-ELEC rates and its standard Electric E-1 rate to CleanPowerSF’s standard E-1 rate

\[
\text{PG&E E-ELEC rates} / \text{PG&E E-1 rate} = \text{E-ELEC Ratio}
\]

\[
\text{CleanPowerSF E-1 rate} \times \text{E-ELEC Ratio} = \text{CleanPowerSF E-ELEC rates}
\]
<table>
<thead>
<tr>
<th>Date</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/14/2023</td>
<td>Commission Staff Report and Resolution Draft</td>
</tr>
<tr>
<td>05/01/2023</td>
<td>Presentation Submission to Commission Secretary</td>
</tr>
<tr>
<td>05/09/2023</td>
<td>SFPUC Commission Meeting</td>
</tr>
<tr>
<td>05/12/2023 (est.)</td>
<td>Board of Supervisors Submission</td>
</tr>
</tbody>
</table>
Thank You