

Services of the San Francisco Public Utilities Commission

Timeline and Scope for Upcoming Power and Water/Sewer Rate Studies

Rate Fairness Board October 9, 2020

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- What is a Rate Study?
- Role of the Rate Fairness Board
- Timeline for 2020-2022
- 2021 Power Rates Study Key Issues
- 2022 Water/Sewer Rates Study Key Issues



- Per California law (Proposition 218), all utility rates must be based on "cost of service"
- SF Charter requires an independent consultant to perform a rate study for each Enterprise at least every 5 years
- Staff recommends actual rates based on consultant study
 - Typically, we adopt multiple years of rates at once
- Rates approved following process mandated by City & State law
 - Proposal submitted to account holders and property owners via "notice and protest" process
 - Rates adopted by San Francisco Public Utilities Commission
 - Board of Supervisors can reject adopted rates



What is a Rate Study: Basic Tasks

Revenue Requirement

• Determines the total revenue required to operate and maintain facilities, cover capital expenses, and support the SFPUC's financial policies

Cost of Service Analysis

 Allocates costs to functional buckets and then allocates functionalized costs to customer classes based on usage factors

Rate Design

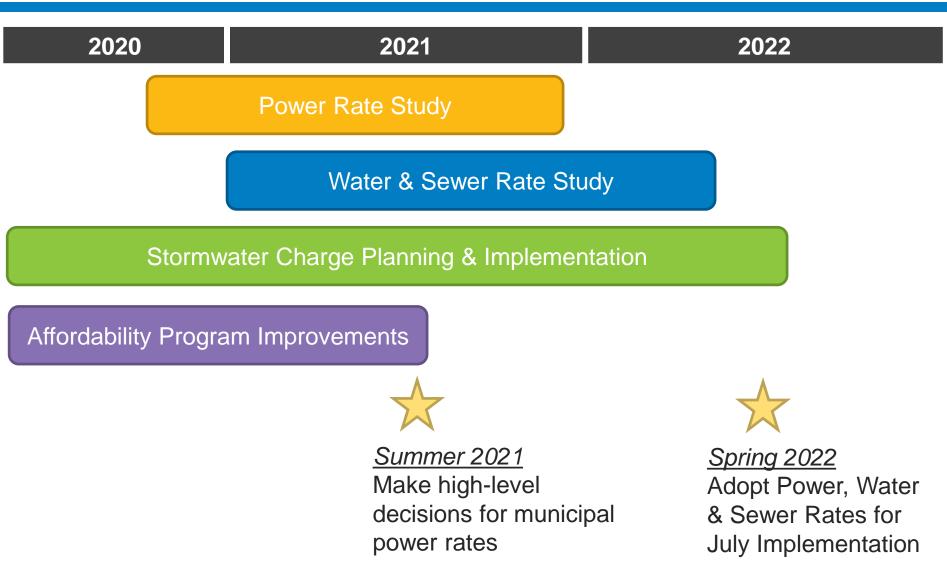
 Develops specific rates and charges for customer classes that achieve SFPUC policy goals while meeting full cost recovery



Role of the Rate Fairness Board

- Responsibilities outlined in SF Charter Section 8B.125
- Staff's perspective on the goals of this body:
 - Provide opportunity for public involvement in rate development
 - Provide oversight of fairness and accuracy of staff and consultant's cost allocation methodology
 - Raise policy questions regarding rates' impacts on financial sustainability
- Board members can set their own priorities and direction for meetings







San Francisco Power Enterprise

Hetch Hetchy POWER

- Publicly owned utility
- Generates power from hydroelectric and solar.
 Fills gaps in supply with market purchases
- Transmission lines from Sierras to Bay Area, some distribution lines in SF
- Serves SF City departments, with growing retail customers in redevelopment areas

CleanPowerSF

- Community Choice Aggregator is a generation alternative to PG&E on an opt-out basis
- Procures power supply no owned facilities yet
- Transmission, distribution, and billing provided by PG&E
- Serves 80% of San Francisco by volume, including most residential



2021 Power Rates Study Key Issues

- CleanPowerSF: first ever rate study
- Hetch Hetchy Power
 - Standardization and modernization of historic rate structures
 - Consider changes to risk and cost sharing between Water and Power Enterprises
 - Developing fees for new development to share costs between new and existing customers
- Both programs
 - Expand and strengthen affordability programs
 - Develop rates to support aggressive climate goals: electric vehicles, battery storage, time of use pricing



- Less far along in project planning than power
- Monitoring status of drought conditions
- Sewer Rates
 - Implementation of stormwater portion of sewer service charge
 - Update methodology for assessing "strengths" of sewer discharges using modern sampling data
- Expand and strengthen affordability programs