



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Update on Power Rates

March 1, 2024
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Agenda

- Overview of the Power Enterprise
- Introduction to Rate Studies
- Fiscal Year 2025 Power Rates
- Future Power Rate Updates



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



SFPUC Power Rate-Setting Process

- Article 8B of the San Francisco Charter requires:
 - “In setting retail rates, fees and charges the Commission shall retain an independent rate consultant to conduct rate and cost of service studies for each utility at least every five years.”*
- Rates approved by Commission and Board
- Last Power Enterprise rate study completed in spring 2022
- Power Rates have been calculated and updated annually



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



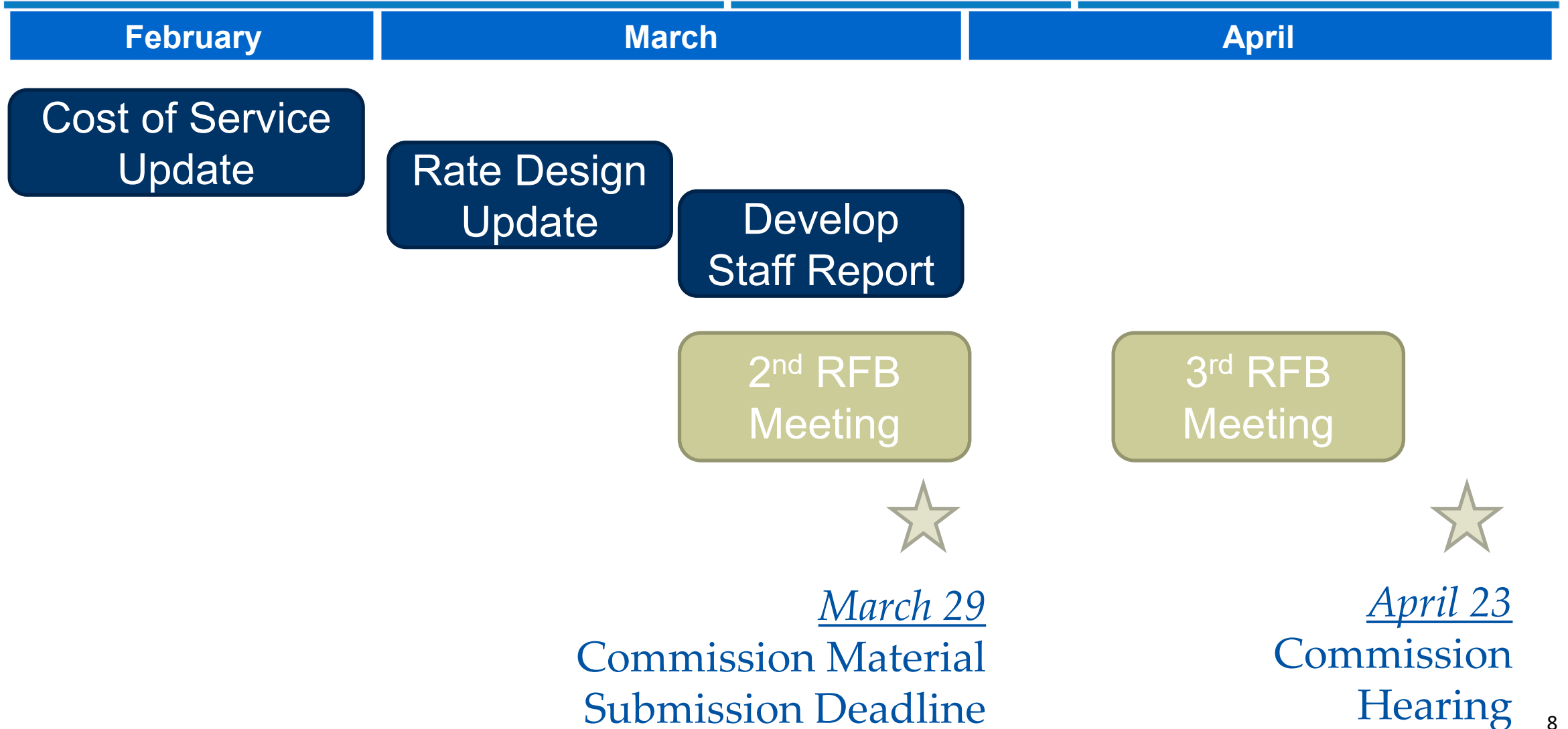
Role of the Rate Fairness Board

- 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

- Implementing rate revenue increases on July 1, 2024
 - 14% for Hetch Hetchy
 - CleanPowerSF change not final, estimated 12%
- Leveraging Cost of Service Analysis from 2022 Rate Study
- Rate Structure Updates:
 - Consolidate Hetch Hetchy Power Enterprise and Retail Rates
 - Update Hetch Hetchy Shoreside Power Rates
- Updating Cost of Service and Rate Design with:
 - FYE 2025 Revenue Requirements
 - Latest billing data to update allocation of costs to customer classes
 - Updated units of service to calculate new rates



Timeline for Spring 2024





FY 2026

- Rates will be updated using the same approach as this year

FY 2027

- A new Rate Study will be initiated Fall of 2024
- Targeting completion of the study in Spring 2026
- New Rates will be implemented July 1, 2026