

6 April 2026

DRAFT

San Francisco Public Utilities Commission
525 Golden Gate Avenue
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 water and wastewater rates for FY 2026/27 and FY 2027/28, and proposed retail electricity rates for Hetch Hetchy Power for FY 2026/27 and FY 2027/28 and for CleanPowerSF for FY 2026/27.

Water and Wastewater

1. We note that the proposed rates for water and wastewater service are the continuation of the rate trends identified in the most recent major rate study completed in 2023.
2. While not insignificant, the proposed rate increases are necessary in order to maintain the financial health of the enterprises, given the substantial long-term capital programs underway, especially for the wastewater enterprise.
3. The proposed wastewater rates also continue the phase-in of the stormwater charge, which this board has previously endorsed.

Retail Electricity

4. We note that the proposed rates for Hetch Hetchy Power are the continuation of the rate trends identified in its first-ever major rate study completed in 2022.
5. The 6% overall rate increase for Hetch Hetchy Power retail customers, and the 3-cent per kilowatt-hour increase for the GUSE rates, are in line with the Staff's goals, established 4 years ago, for a multi-year move toward rates based on cost of service and for rate simplification. Although the proposed rates increases are not insignificant, we continue to believe that the ultimate rate goals are

reasonable, fair, and necessary. The current rate proposals are another important step in this journey.

6. The staff's proposal for no increase in CleanPowerSF rates for FY 2026/27 is welcome news, especially after a rate reduction in March 2026. This outcome is due, in part, to staff use of the enterprise's fund balance. We find this to be an appropriate (and intended) use of fund balance, and find this proposal to be fair and reasonable.
7. We note that the Staff's proposed generation rates for both Hetch Hetchy Power and for CleanPowerSF are based solely on SFPUC costs, and these proposed rates reflect Staff's efforts to remain competitive with the corresponding rates for comparable service from Pacific Gas & Electric (PG&E).

Overall, we find that the Staff's current rate proposals for all four enterprises are a reasoned and measured approach to well-established goals: (1) adjusting rates to account for current and expected costs; (2) establishing all rates based solely on cost of service; (3) maintaining the fiscal health of each enterprise; and (4) providing electricity generations service at rates competitive with PG&E. Thus, the RFB recommends that the Commission approve the Staff's rate proposals.

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:

Ben Becker, Refuse Rates Analyst, Controller's Office
Eric Dew, Residential City Retail Customer

Celeste Middleton, Principal Budget & Planning Analyst, City Administrator's Office

Massood Samerie, Vice-Chair and City Retail Large Business Customer

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