

# **Power Rates Study Update**

Citizens' Advisory Committee

May 04, 2021

Erin Franks

Rates Administrator



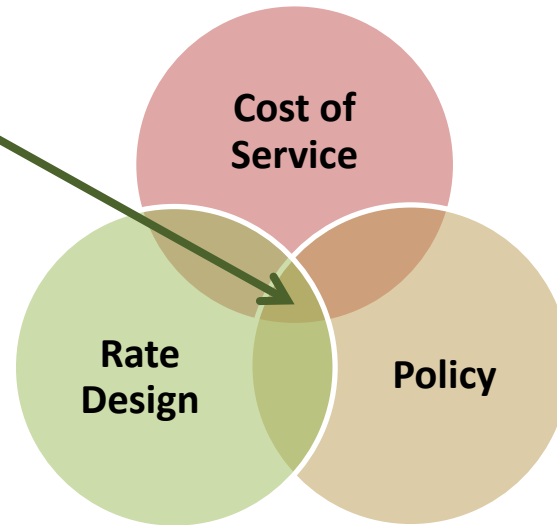
# What is a Rate Study: Legal Framework

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- Per California law (Proposition 218), all utility rates should be based on “cost of service”
  - Some differences for water/wastewater
- 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
  - Water/wastewater: 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: Balancing Competing Goals

Rate making process is an art



## Rate Design Review

- Innovative Rate Survey
- Carbon Free / Renewable
- Customer-Sited Generation
- Locally Provided Supply
- Demand Side Management
- Customer Use Specific Rates
- Affordability
- Public Goods Charge
- Wholesale Power

## Cost of Service Analysis

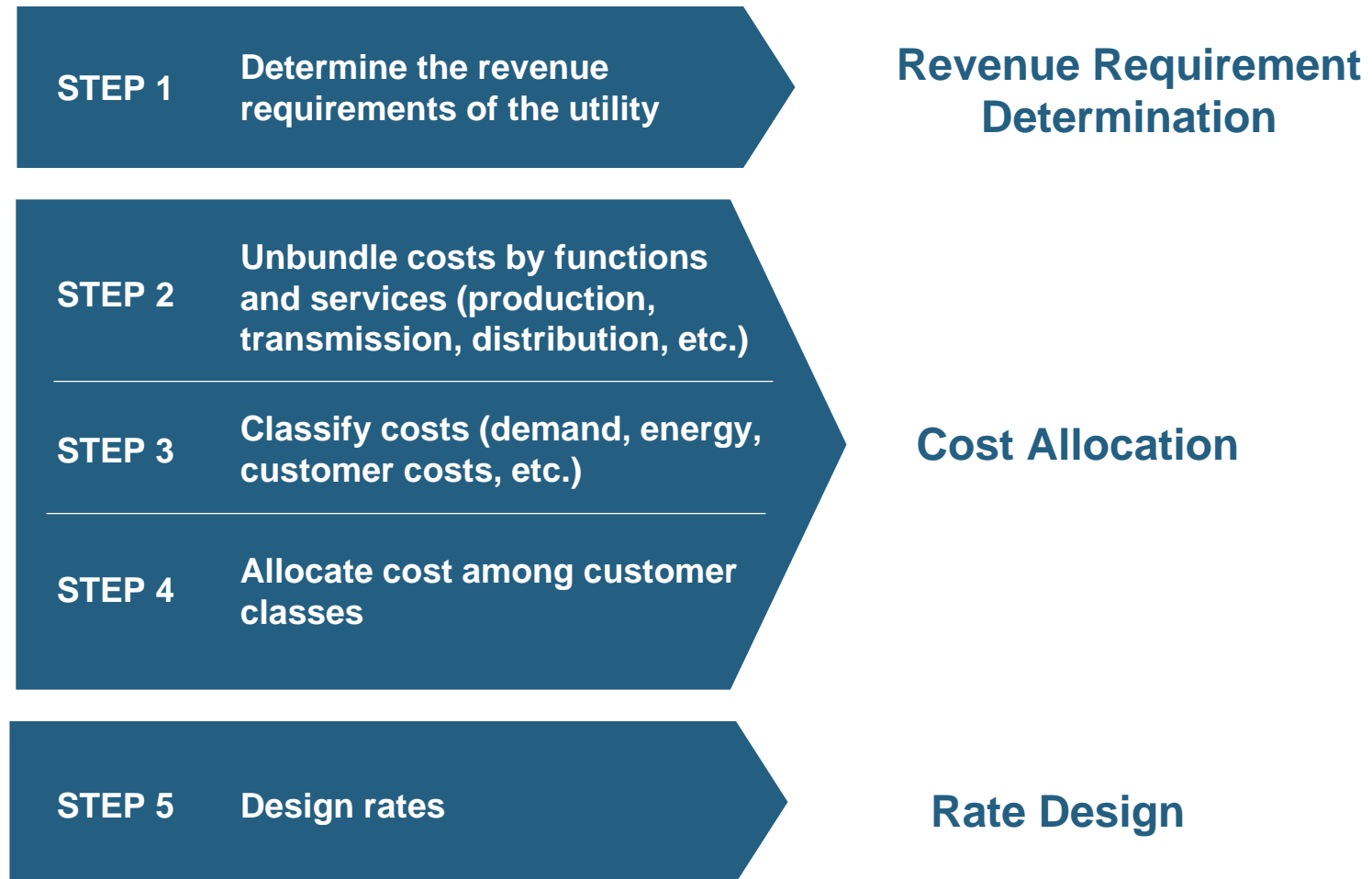
- Development of Revenue Requirement
- Power Supply – Hetch Hetchy, CleanPowerSF
- Operations and Maintenance
- Customer Accounting
- Administrative Costs

## SFPUC Policy Review

- Rate Payer Assurance
- Capital Financing
- Reserves
- Debt Coverage Affordability



# What is a Rate Study: Ratemaking Process



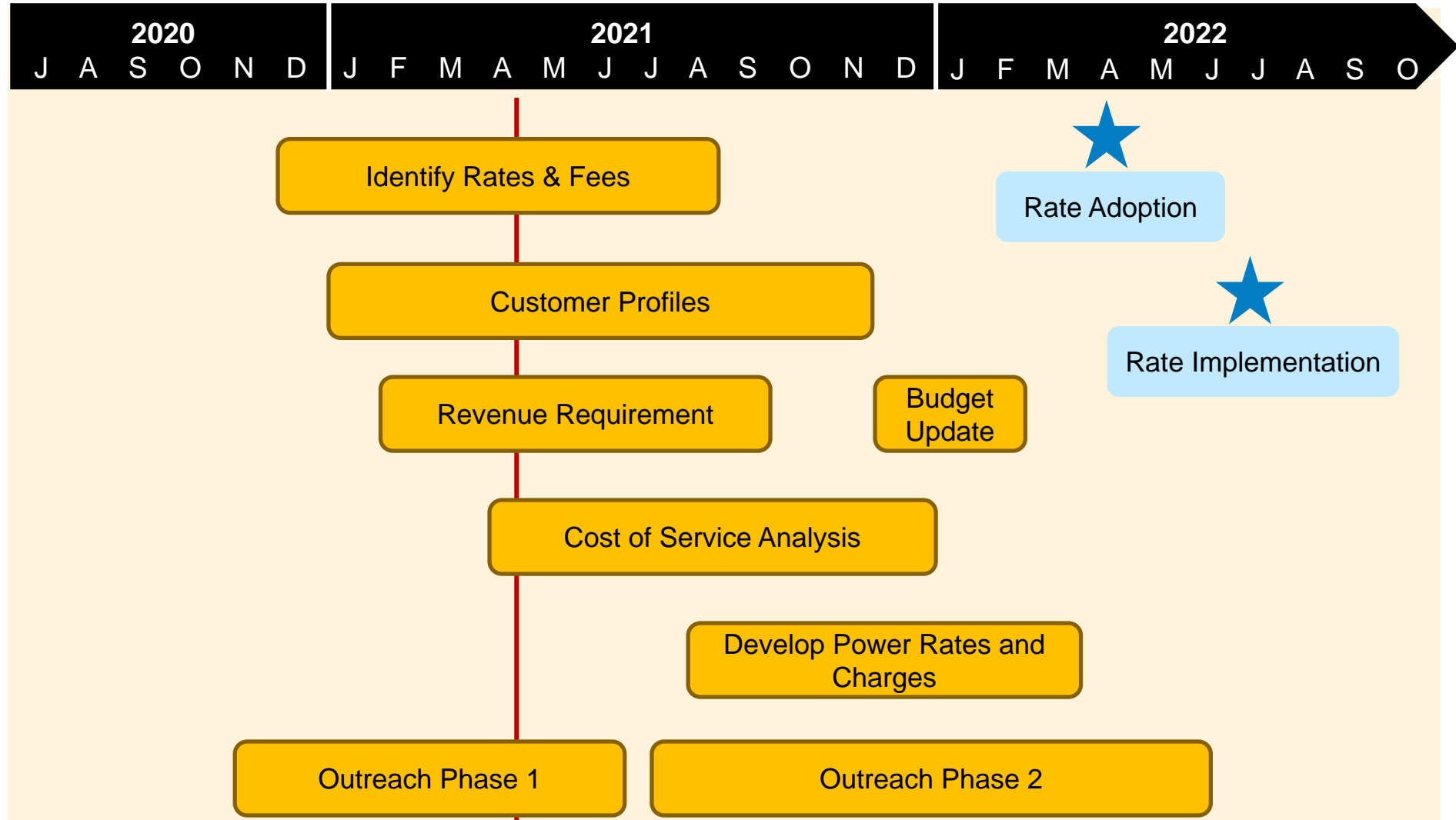


# Power Rate Study Consultant

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- Consultant NewGen Strategies & Solutions and subconsultant Bell Burnett & Edwards started March 5<sup>th</sup>, 2021
- Project management/coordination
  - Consultant kick-off meeting March 18<sup>th</sup>, 2021
- Consultant Project Manager: Scott Burnham

# Power Rate Study Timeline





# 2021 Power Rates Study Key Issues

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- CleanPowerSF
  - First ever rate study – lots to analyze
  - Balancing competition with PG&E with financial sustainability
- Hetch Hetchy Power
  - Standardization and modernization of historic rate structures
  - 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



# Rates Fairness Board (RFB)

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- Public committee designated by SF Charter to review and advise on rate matters
  - Reviews rate study materials in lots of detail
  - Best way to get involved in rates is to attend
- Meets every even month on the fourth Friday, or more often as-needed
  - Most recent meeting held on April 23, 2021
- Schedule, agenda, and documents posted on:  
<https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-board>





# RFB Vacancies

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Three current vacancies - recommendations welcome!

- Residential City Retail Customer
  - Appointed by Mayor's Office
- City Retail Small Business Customer
  - Appointed by Board of Supervisors
- City Retail Large Business Customer
  - Appointed by Mayor's Office

# Discussion