Electric Rates
FYE 2019 - FYE 2020
Rate Fairness Board
March 30, 2018
Agenda

• SFPUC Electric Customer Groups

• Municipal Electric Rate History

• General Use Electric Rates Proposal FYE 2019 - FYE 2020

• Retail Electric Rates
### SFPUC Electric Customer Groups

<table>
<thead>
<tr>
<th>Retail Electric</th>
<th>General Use (GUSE)</th>
<th>Enterprise</th>
</tr>
</thead>
</table>
| • SF retail customers, primarily in redevelopment areas | • Certain municipal customers  
• Simple $/kWh rates by department  
• Increase annually by ½¢/kWh | • All non-GUSE municipal customers  
• Complex rates by customer class  
• Change regularly to exactly follow PG&E |
| • Complex rates by customer class  
• Updated annually to be 10% below PG&E |
SFPUC Electric Customer Groups

**Irrigation Districts**
- Wholesale sales to Modesto and Turlock Irrigation Districts
- Simple $/kWh rate
- Updated annually based on cost of service, per contract

**Wholesale Market**
- WSPP, CAISO, and other wholesale markets
- Simple $/kWh rate
- Price changes constantly based on supply and demand

**CleanPowerSF**
- San Francisco residents enrolled in CleanPowerSF
- Complex Green and SuperGreen rates by customer class
- Updated annually to be at least 2% below PG&E
Municipal Electric Rate History
FY 1988-89 to FY 2004-05

FY 1988-89
• SFPUC Resolution 89-0355
  - Established $0.02921/kWh rate for certain municipal customers
  - Established CPUC authorized rates for all other municipal customers
• BOS Resolution 961-89 affirmed these rates

FY 1998-99
• Rate study concluded $0.02921/kWh rate did not reflect cost-of-service
• 1st of 3 step increases resulted increased rate to $0.03125/kWh
• Other steps not implemented

FY 2001-02
• California energy crisis resulted in General Fund rate increase to $0.0375/kWh

FY 2004-05
• BOS Resolution 431-04
  - General Fund appropriations must be sufficient to cover cost-of-service: Not implemented
Municipal Electric Rate History
FY 2010-11 to FY 2016-17

FY 2010-11
• 5-year, independent rate study determines cost-of-service average of $0.09/kWh
• SFPUC Resolution 11-0203
  - General Use (GUSE) rates for certain municipal customers; $0.0050/kWh to $0.0860/kWh
  - Established annual increases for GUSE rates of $0.0050/kWh from FY 2012-13 to FY 2015-16
  - “the SFPUC intends to apply Charter principles in setting electric rates for municipal agencies that receive electric service at (GUSE) rates based on future determinations of the cost of service”

FY 2014-15 & FY 2015-16
• Average cost-of-service average of $0.1156/kWh
• Hetchy fund balance projected to go below required minimum
• SFPUC Resolution 14-0089
  - Increased annual increases for GUSE rates to $0.0100/kWh for FY 2014-15 & FY 2015-16

FY 2016-17 & FY 2017-18
• 2016 Power Rate Study completed
• 2 year municipal rates approved ½ cent increase in April 2016
• Expanded retail rates in advance of redevelopment
• CleanPowerSF rates implemented
Current GUSE Rates

- Six different rates based on the department
  - Current rates reflect inconsistent historical adjustments tied to budget
  - 2016 Cost of Service Study recommended consolidation into single rate

<table>
<thead>
<tr>
<th>Rate</th>
<th>Departments</th>
<th>FY 2017-18 Rate ($/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GUSE 1</td>
<td>All Other GUSE Departments</td>
<td>0.0775</td>
</tr>
<tr>
<td>GUSE 2</td>
<td>Public Library</td>
<td>0.1113</td>
</tr>
<tr>
<td>GUSE 3</td>
<td>Convention Facilities</td>
<td>0.0970</td>
</tr>
<tr>
<td>GUSE 4</td>
<td>SF General Hospital</td>
<td>0.0470</td>
</tr>
<tr>
<td>GUSE 5</td>
<td>Laguna Honda Hospital</td>
<td>0.0549</td>
</tr>
<tr>
<td>GUSE 6</td>
<td>Streetlights &amp; City Hall</td>
<td>0.0400</td>
</tr>
</tbody>
</table>
Current GUSE Rates

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>FY 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Average Rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>($/kWh)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUSE 1 (All Other GUSE Depts)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUSE 2 (Public Library)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUSE 3 (Convention Facilities)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUSE 4 (SF General Hospital)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUSE 5 (Laguna Honda Hospital)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GUSE 6 (Streetlights &amp; City Hall)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Proposed Single GUSE Rate

- Consolidate into single rate including 1/2 cent per kWh increase

<table>
<thead>
<tr>
<th>Consolidated GUSE Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018-19 ($/kWh)</td>
</tr>
<tr>
<td>$0.0739</td>
</tr>
</tbody>
</table>

- Fund Mayor’s Energy Conservation Account (MECA) with 1/8 cent per kWh increase

<table>
<thead>
<tr>
<th>Consolidated GUSE Rate + MECA (1/8 cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018-19 ($/kWH)</td>
</tr>
<tr>
<td>$0.0739 + $0.0012 = $0.0751</td>
</tr>
</tbody>
</table>
Retail Electric Rates

• Mainly Customers in Redevelopment Areas
  • New customers added as development occurs

• Rates updated in 2016, with annual adjustment based on applicable PG&E tariff
  • Estimated average 1.4% revenue increase effective July 1, 2018
  • 10% savings from PG&E tariffs
Questions