

# Fiscal Year 2026 Draft Hetch Hetchy Power Rate Adjustments

*February 4, 2025*

- Rate Implementation Activities
- Hetch Hetchy Rate Update Overview
- Hetch Hetchy Power Rate Plan
- Billing Data Analysis
- Proposed Rate Increase
- Preliminary Bill Impacts
- Rate Communications Plan

## ***Meeting Objective:***

Rate Fairness Board to provide Financial Planning with any areas for further review or recommended changes to draft Hetch Hetchy Power Rates

# Rate Implementation Updates

## Rate Adoption

Comments from Executive Team (1/31)

Comments from Rates Fairness Board (2/4)

Bill Impacts and Final QC of Models

Finalize Rates (2/14)

Commission Routing (3/4)

Commission Hearing (4/8)

## Implementation

Coordinate with CSB and ESC Starting at Rate Finalization

Last year ESC requested 2 months to Implement Rates

This year is 1.5 months faster than last year

## Communications

Communications Plan has been developed.

Early communications strategies have been implemented

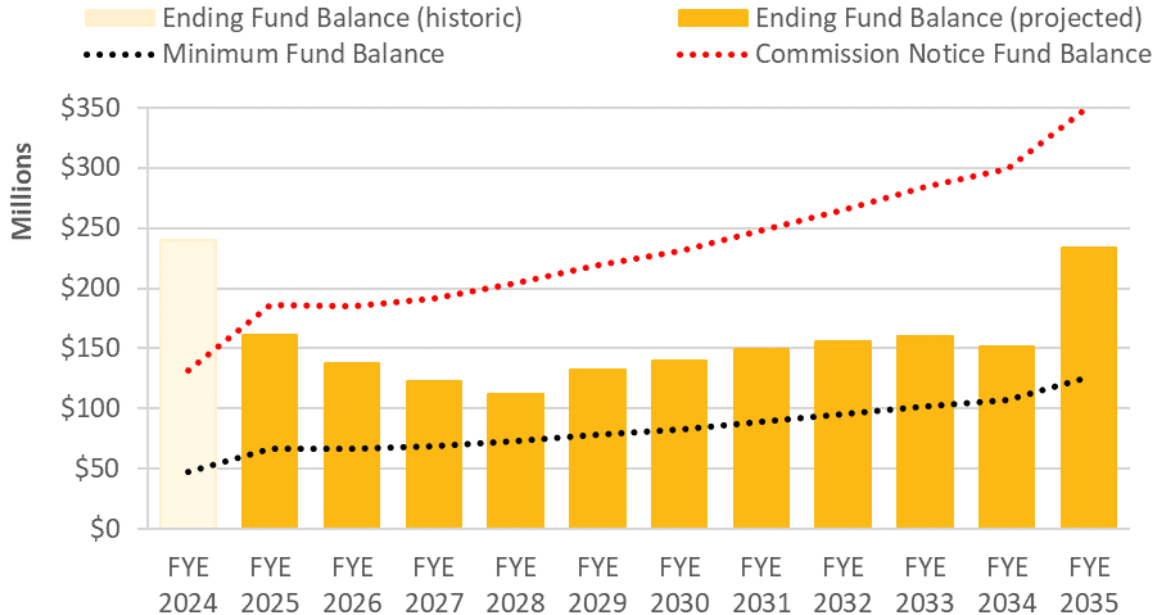
Additional Activities on Next Slide



# Hetch Hetchy Rate Update Process

- **Finalize 10-Year Plan/Revenue Requirement**
  - Update O&M with latest budget proposal
  - Update load growth projections – lower (more conservative) than prior year, reflecting uncertain economy
  - Update power supply and delivery costs with generation forecasts, market prices and new loads
  - Update CIP spending plan, debt issuance assumptions, and balance of debt-and-revenue funding
  - Evaluate financial performance metrics and set higher (more conservative) targets than policy minimums, reflecting bond rating pressures
  - Prepare final rate plan – 10% increase in retail rates for FY 25-26
- **Update Rate Design Model**
  - Preserving existing cost of service allocations
  - Incorporate updated billing data (CY 2024)
  - Add projected load growth by rate class from 10-Year Plan
  - Adjust loads to account for commercial customers moving from one tariff to another
  - Add Riverbank load as a retail customer for FY 25-26

# Hetch Hetchy Power: Rate Plan



<b>Rate <math>\Delta</math></b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.5%</b>	<b>8.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>5.0%</b>
<b>DSC</b>	<b>1.90</b>	<b>3.00</b>	<b>2.36</b>	<b>2.01</b>	<b>2.48</b>	<b>2.37</b>	<b>2.05</b>	<b>2.22</b>	<b>2.06</b>	<b>2.20</b>

## Key Considerations

- Revenue requirement driven by Power Purchase and Debt Service
- Power purchase driven by load growth with offsetting revenues
- **6.4%** average annual rate increase between FYE 2026 and FYE 2035
- Rate plan balances revenue and operating expenditure growth
- Targeting financial metrics higher than in prior plan, in line with highly-rated peer utilities

# Billing Data Analysis

## 10-Year Plan Assumes Significant Growth

- FY 2025 Year End Projection is 3.1% greater than CY 2024 actuals
- FY 2026 projection is another 3.9% increase from FY 2025

## Rate Tariff Updates Incorporated

- 121 accounts identified by Power staff were moved to new tariffs based on an analysis of prior billing data
- Accounts grouped with new rate code for purposes of rate-setting

## Added Riverbank as retail customer

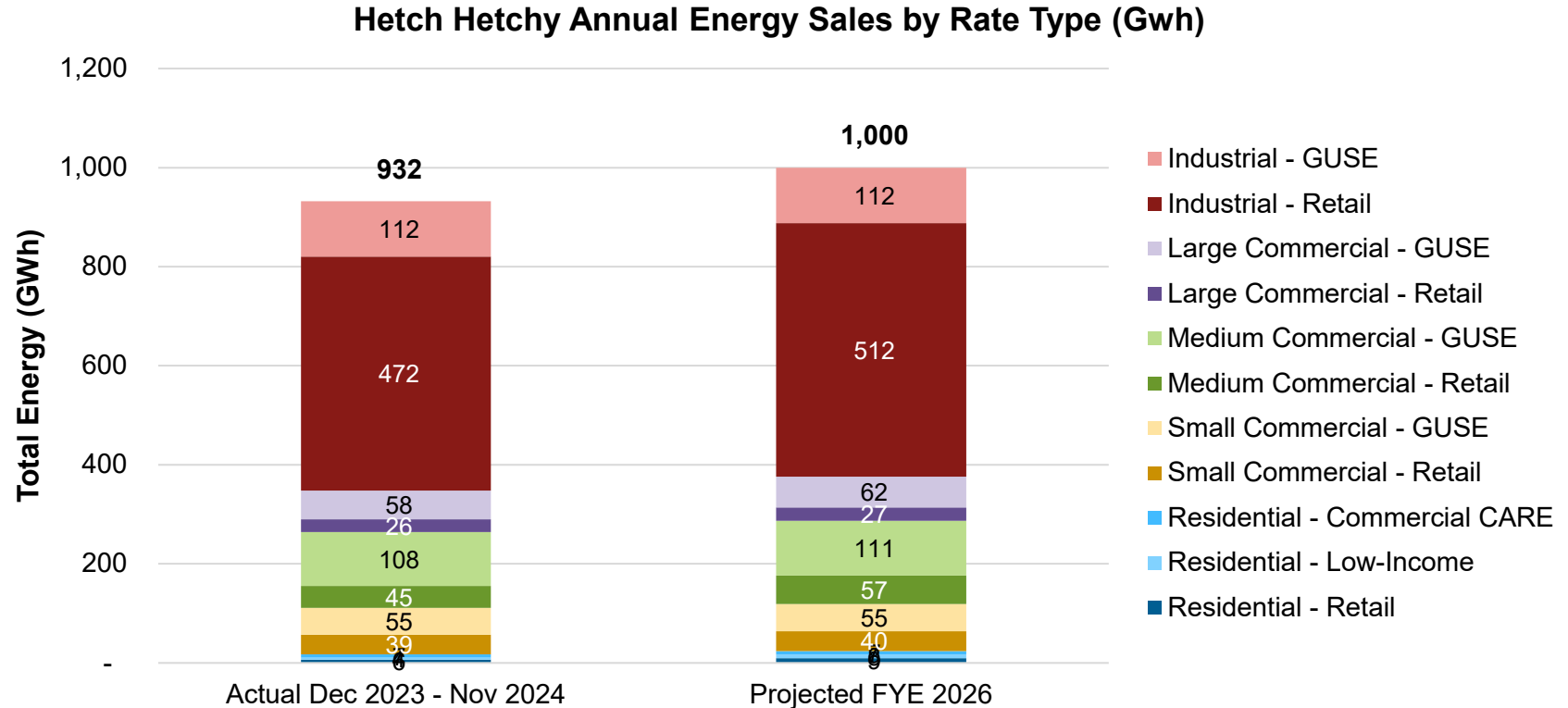
- Assuming ~4gWh of total load
- Load and Demand assumed to follow I-1T distribution
- Rate at 30% discount to I-1T

## Calculated revenue is 0.1% higher (~\$200k) than 10 Year Plan

- 10 Year Plan projected revenues based on effective rates (all-in average \$/kWh) from 2025 Rate Update \* flat kWh per rate code
- We recalculated revenue using:
  - Actual CY 2024 billing data + assumed growth from 10 Year Plan
  - Full seasonal/time-of-use, energy vs. demand rates

*Billing data analysis requires additional data QC before finalization*

# Hetch Hetchy Annual Energy Sales by Rate Type (Gwh)



# Proposed Rate Increase

## Maintain \$0.03/kWh Rate Increase for GUSE and Tuolumne Customers

- Continuation of the approved plan to increase rates until achieving COS
- Rate increases are 11.2% - 16.5% for General Fund Customers
  - Due to differences in Load/Demand characteristics, each rate has its own resulting effective rate for FY 2025
- Rate increase are 28.6% - 38.1% for Tuolumne County Customers
- Bill Impacts for City Departments will be finalized in coming weeks as Utility Work Orders are developed

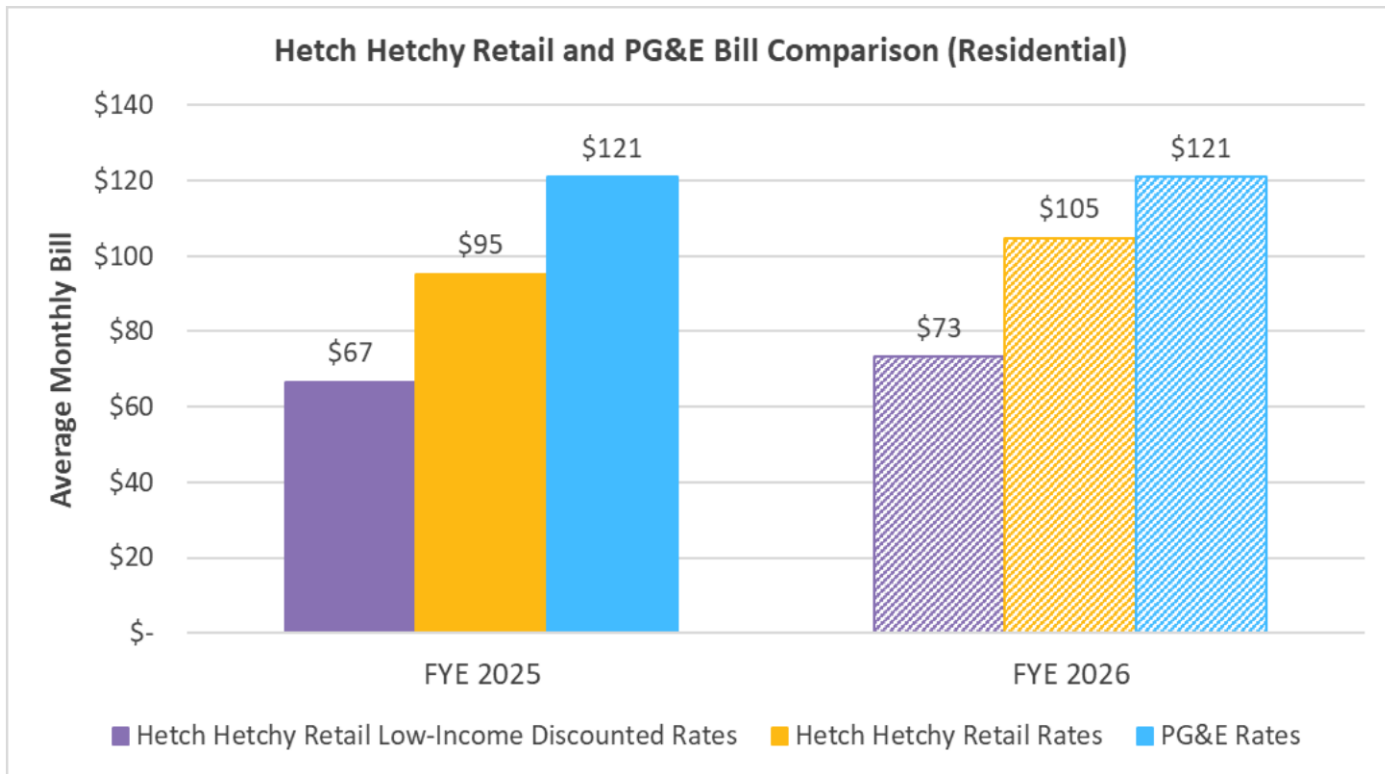
## Advance the 10.0% Retail Rate Increase

- No adjustments to Cost Of Service Allocations
- Uniform rate increase to all rate tariffs
- Bill impacts should be ~10% for the majority of customers assuming
  - Assumes consistent usage and demand year over year
- Bill impacts will be different for customers with different for customers that move customer class





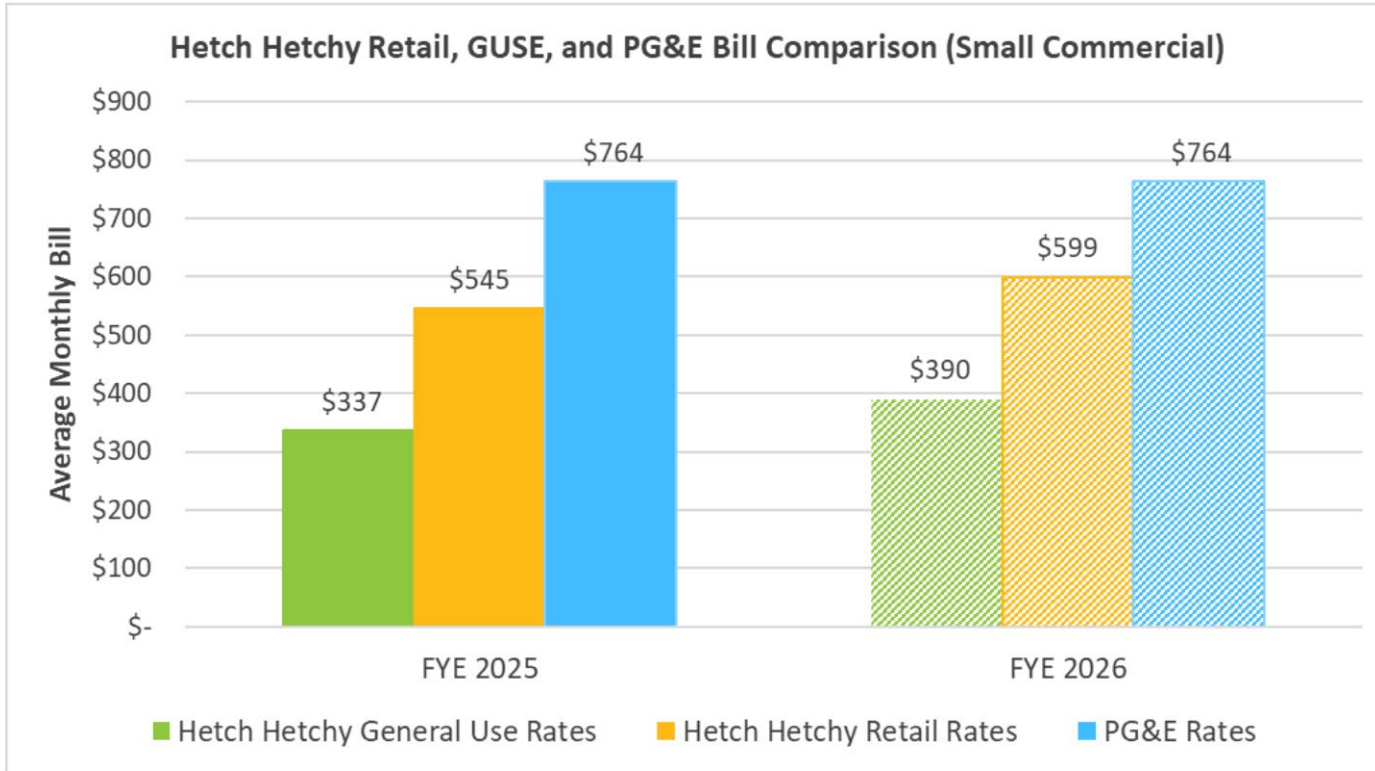
# Hetch Hetchy Average Monthly Bill Comparison Residential (R-1E, R-2E, E-TOU-C)



*Estimates are still draft and need to be updated*



# Hetch Hetchy Average Monthly Bill Comparison Small Commercial (C-1, CG-1, B-1)



*Estimates are still draft and need to be updated*



# Rates Communications Plan (Jan-July)

Clean PowerSF	Hetch Hetchy Power	Communications Tactic	Release Date	Notes
✓	✓	Updated Power rates landing page on SFPUC.gov	January 21	All communications direct customers to one webpage: <a href="http://www.sfpuc.org/powerrates">www.sfpuc.org/powerrates</a>
✓	✓	On-bill message	March-July	On-bill notice of rate process, July 1 rate change, and link to webpage
	✓	Bill insert	March	Multilingual rate notice in March bill
✓	✓	Customer e-newsletters	January, April, July	Provide notice of July 1, 2024 rate change and public process; link to webpage
✓	✓	Direct mail postcard	March	Multilingual notice of July 1, 2024 rate change and public process; link to webpage
✓	✓	Webinar on residential rates	late March	Presentation on residential rates, rate process, and key dates. Recorded and available on website.
	✓	Key account outreach	March-May	Specific notice to customer accounts experiencing rate class changes (Hetch Hetchy Power only)