

Fiscal Year 2026 CleanPowerSF Power Rate Adjustments

February 25, 2025

- Rate Implementation Activities
- CleanPowerSF Rate Update Overview
- CleanPowerSF Power Rate Plan Discussion
- Billing Data Analysis and Revenue Confirmation
- Rate Plan Fundamental Considerations and Rate Plan Alternatives
- Preliminary Bill Impacts
- Rate Communications Plan

Meeting Objective:

Rate Fairness Board to provide Financial Planning with comments and recommendations before we finalize FY 2026 CleanPowerSF rates

Rate Implementation Updates

Rate Adoption

Comments from Executive Team (1/31)

Comments from Rates Fairness Board (2/25)

Bill Impacts and Final QC of Models

Finalize Rates (2/27)

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

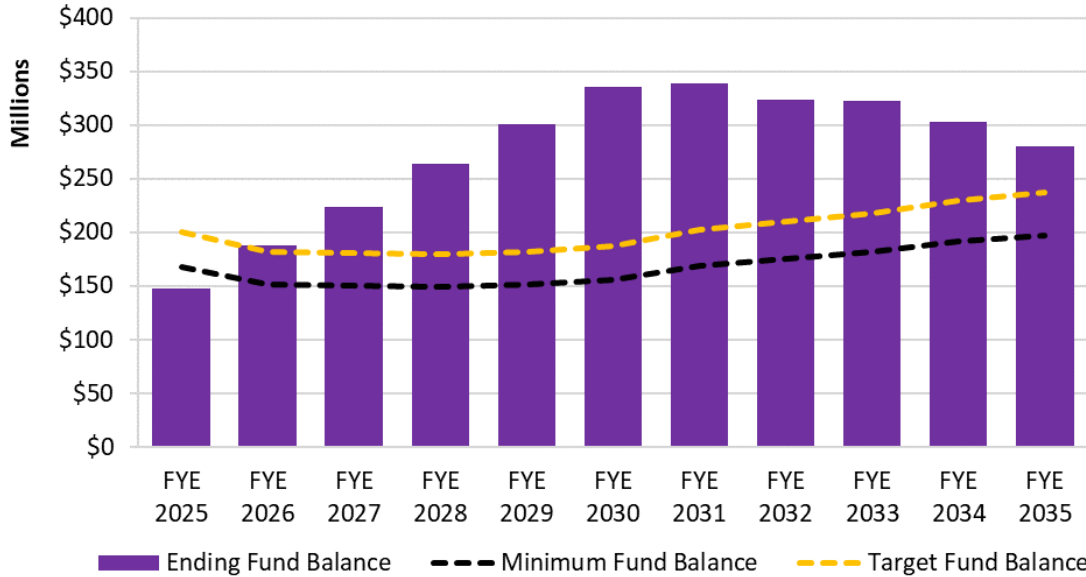
Additional Activities on the Final Slide



CleanPowerSF Rate Update Process

- **Finalize 10-Year Plan/Revenue Requirement**
 - Update O&M with latest budget proposal
 - Update load growth projections – modest increases due to account growth and electrification
 - Update power purchase forecasts, market prices and new loads
 - Evaluating fund balance
 - Prepare final rate plan
- **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
 - Confirmed revenue under new rates meet revenue requirements from the ProForma
 - Evaluated cost competitiveness with PG&E
 - Need consensus around rate setting priorities

CleanPowerSF: 10-Year Plan Rates



Key Points

- **3%** rate increase in FYE 2026 to reach the target fund balance.
- Revenues exceed expenses until FY2031, when Power Purchase costs increase
- Generation rates can remain flat until ~FYE 2030
- Evaluation of beginning fund balance may enable lower rate adjustments

Rate Δ	8.5%	3.0%	0.0%	0.0%	0.0%	1.5%	1.5%	0.0%	0.0%	0.0%	0.0%
DCOH	132	185	223	265	298	323	301	277	266	237	213



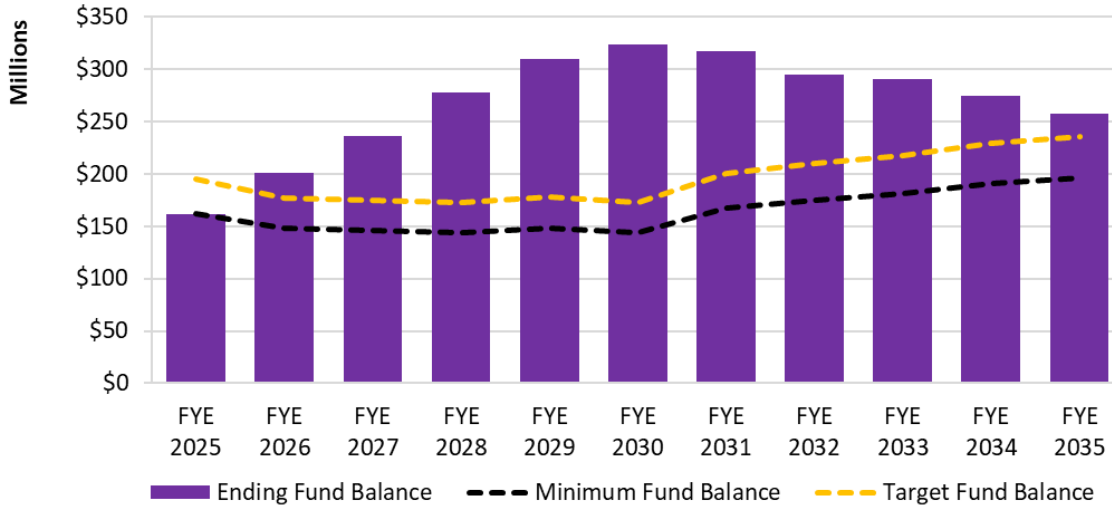
Fund Balance Consideration

			2024	
Fund Type	Fund Code	Fund Title	Sum of Ending Available Fund Balance	Sum of Carryforward Fund Balance
Operating	24750	HH CleanPowerSF Op Annual Acco	17,660,353	\$3,392,952.00
	24751	HH CleanPowerSF TAF Deposits	238,753	\$0.00
	24760	HH CleanPowerSF Workg Captl Fd	9,369,139	\$5,575,000.00
	24870	HH CleanPowerSF Cust Trust Fd	83,059,352	\$39,875,948.00
Operating Total			110,327,597	\$48,843,900.00
Operating Projects	24762	CleanPowerSF Prog Fund	(4,579,056)	\$4,579,056.00
	24765	Clean Pw Annual Authority Ctrl	178,336	\$763,083.40
	25160	HH CPSF Public Purpose Prog	(2,062,708)	\$2,287,597.00
Operating Projects Total			(6,463,428)	\$7,629,736.40
Revenue-Funded Capital	24761	CleanPowerSF Cap Revenue Fund	-	\$3,805,760.20
Revenue-Funded Capital Total			-	\$3,805,760.20
Grand Total			103,864,169	\$60,279,396.60

Budgetary Basis Fund Balance, FYE 2025 Beginning	\$	150,203,544.90	matches to quarterly reports
De-Appropriate workign capital fund	\$	5,575,000.00	
Revised FYE 2025 beginning	\$	155,778,544.90	
Total Cash on Hand, FYE 2025 beginning	\$	164,143,565.30	all fund balance
(less) legally restricted funds		(463,642)	exclude funds with legal restrictions
Unrestricted cash on hand	\$	163,679,923	includes appropriated and unappropriated



CleanPowerSF: 10-Year Plan Rates with \$5.7M added to the FY2024 Fund Balance

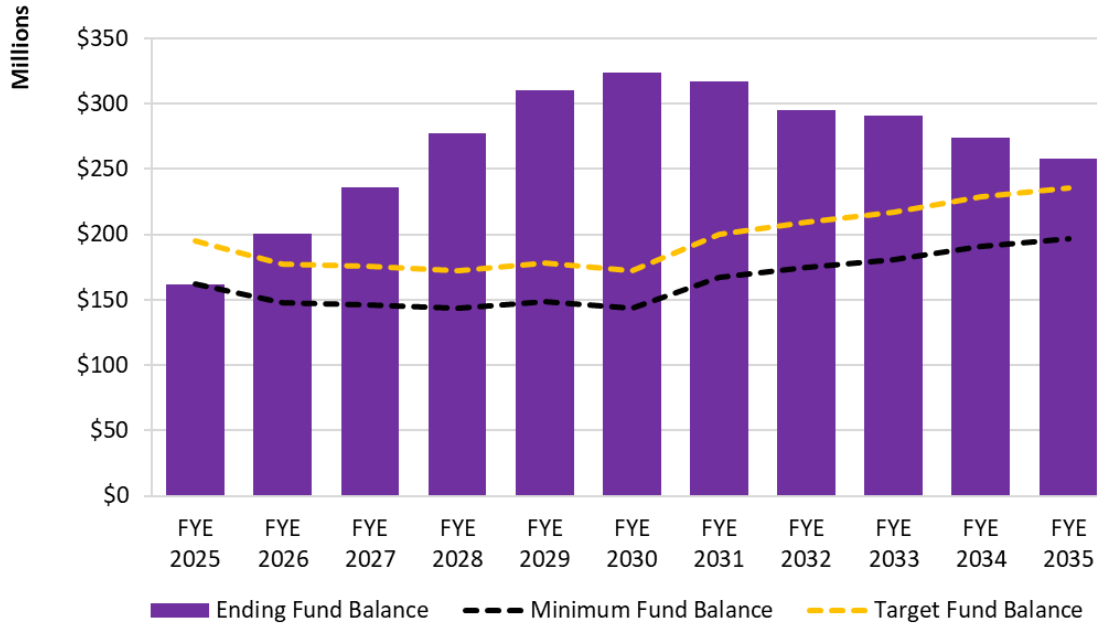


Rate Δ	8.5%	0.5%	0.0%	0.0%	0.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
DCOH	137	181	208	239	262	276	248	221	213	194	183

Key Points

- **0.5%** rate increase in FYE 2026 to reach the target fund balance.
- Revenues exceed expenses until FY2031, when Power Purchase costs increase
- Generation rates can remain flat until ~FYE 2030
- Requires 1.5% rate increases starting in FY 2030 and continuing across ten year plan.

CleanPowerSF: Updated Cash Flow



Key Points

- Updated Power Purchase Projections Resulted in a \$12M decrease in projected expenses in FY 2025
- Offset by \$4M in lower revenues
- Still have \$30M in unused power purchase contingency in FY 2030
- **No** rate increase needed in FYE 2026 to reach the target fund balance.

Rate Δ	8.5%	0.0%	0.0%	0.0%	0.0%	1.5%	1.5%	1.0%	1.0%	1.0%	1.0%
DCOH	149	204	242	290	313	337	285	253	241	215	197



Billing Data And Revenue Confirmation

10-Year Plan Assumes Modest Growth

- CY 2024 actual bill determinants loaded into rate design model
- Load and demand dynamics were assumed remain the same through FY 2026
- FY 2026 projected loads replaced billing data loading and the percent change in usage was used to project demand

Calculated revenue is 0.03% higher (~\$140k) 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

Rate Plan Fundamental Considerations and Rate Plan Alternatives

Rate Setting Prioritization

- Rate Equity Across Customer classes (Setting COS Based Rates)
- Cost Competitiveness with PG&E

When do we NEED to be lower cost than PG&E

- At all times for all rates or just some customer classes or tariffs?
- Ok to be more expensive in the near term if we project future competitiveness?



Rate Plan Alternatives: 3% - Current PG&E Rates (Jan 2025)

Class	CPSF	PG&E	Difference CPSF - PG&E Jan 2025	Percent Difference CPSF/PG&E Jan 2025
	July 1, 2025	Jan 1, 2025		
Residential	\$ 194,011,779	\$ 177,929,247	\$ 16,082,532	9.0%
Small General Service	\$ 55,862,380	\$ 54,212,540	\$ 1,649,840	3.0%
Medium General Service (Low)	\$ 45,969,298	\$ 51,415,515	\$ (5,446,217)	-10.6%
Medium General Service (High)	\$ 84,849,608	\$ 82,240,289	\$ 2,609,319	3.2%
Large General Service	\$ 48,372,062	\$ 57,082,798	\$ (8,710,736)	-15.3%
Agriculture	\$ 514,605	\$ 1,137,454	\$ (622,850)	-54.8%
SuperGreen Revenues	\$ 2,812,519	\$ 2,812,519	\$ -	0.0%
Street Lighting	\$ 150,261	\$ 130,891	\$ 19,370	14.8%
Traffic Control	\$ 33,775	\$ 25,861	\$ 7,915	30.6%
Total	\$ 432,576,288	\$ 426,987,116	\$ 5,589,173	1.3%

- *Current Residential rates are higher than PG&E due to negative PCIA rates*
- *A 3% rate adjustment would increase the discrepancy*



Rate Plan Alternatives: 3% - Projected PG&E Rates (Jan 2026)

Class	CPSF		PG&E		Difference		Percent Difference	
	July 1, 2025		Jan 1, 2026		CPSF - PG&E Jan 2026		CPSF/PG&E Jan 2026	
Residential	\$ 194,011,779	\$ 198,946,756	\$ (4,934,977)					-2.5%
Small General Service	\$ 55,862,380	\$ 59,925,768	\$ (4,063,387)					-6.8%
Medium General Service (Low)	\$ 45,969,298	\$ 56,457,359	\$ (10,488,061)					-18.6%
Medium General Service (High)	\$ 84,849,608	\$ 90,675,681	\$ (5,826,074)					-6.4%
Large General Service	\$ 48,372,062	\$ 62,854,197	\$ (14,482,135)					-23.0%
Agriculture	\$ 514,605	\$ 1,137,454	\$ (622,850)					-54.8%
SuperGreen Revenues	\$ 2,812,519	\$ 2,812,519	\$ -					0.0%
Street Lighting	\$ 150,261	\$ 130,891	\$ 19,370					14.8%
Traffic Control	\$ 33,775	\$ 25,861	\$ 7,915					30.6%
Total	\$ 432,576,288	\$ 472,966,487	\$ (40,390,199)					-8.5%

- *MRW projects large increases to PG&E generation and PCIA rates*
- *If we trust this, we are projected to be cheaper than PG&E by January 2026*



Rate Plan Alternatives: 0.0% - Projected PG&E Rates (Jan 2025)

Class	CPSF July 1, 2025	PG&E Jan 1, 2025	Difference CPSF - PG&E Jan 2025	Percent Difference CPSF/PG&E Jan 2025
Residential	\$ 188,360,951	\$ 177,929,247	\$ 10,431,703	5.9%
Small General Service	\$ 54,235,321	\$ 54,212,540	\$ 22,780	0.0%
Medium General Service (Low)	\$ 44,630,387	\$ 51,415,515	\$ (6,785,129)	-13.2%
Medium General Service (High)	\$ 82,378,260	\$ 82,240,289	\$ 137,971	0.2%
Large General Service	\$ 46,963,167	\$ 57,082,798	\$ (10,119,631)	-17.7%
Agriculture	\$ 499,616	\$ 1,137,454	\$ (637,838)	-56.1%
SuperGreen Revenues	\$ 2,812,519	\$ 2,812,519	\$ -	0.0%
Street Lighting	\$ 145,885	\$ 130,891	\$ 14,993	11.5%
Traffic Control	\$ 32,792	\$ 25,861	\$ 6,931	26.8%
Total	\$ 420,058,897	\$ 426,987,116	\$ (6,928,219)	-1.6%

- *A zero percent rate projection improves but does not solve the near-term cost competitiveness for some classes*

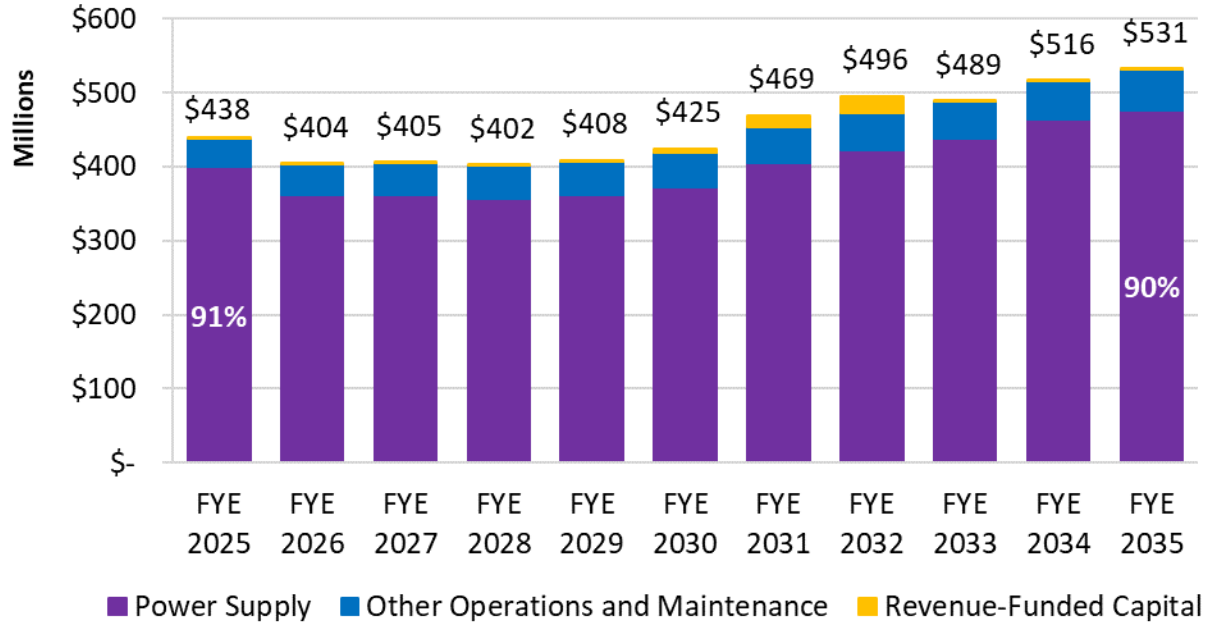


Rates Communications Plan (Jan-July)

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: www.sfpuc.org/powerrates
✓	✓	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)

Backup

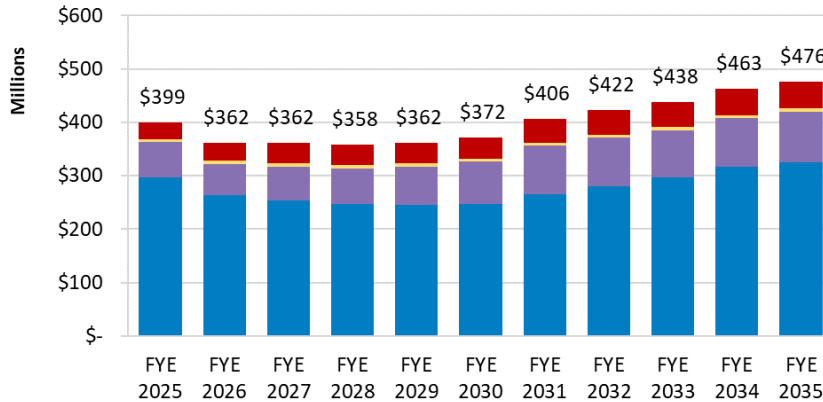
CleanPowerSF: Annual Expenses



- **2.0%** average annual increase in total expenses from FYE 2026-FYE 2035
- Power supply costs remain relatively flat until 2030, when new power contracts are expected to come online at a higher cost per KWh than current contracts.



CleanPowerSF: Power Purchase Expenses



- **1.8%** average annual increase in Power Purchase Expenses FYE 2026 – FYE 2035
- Projections include 10% - 11% expense contingency

Purchased Power Supply

- Power purchases from contracts or open market

Miscellaneous Fees

- CAISO fees not based on volumes

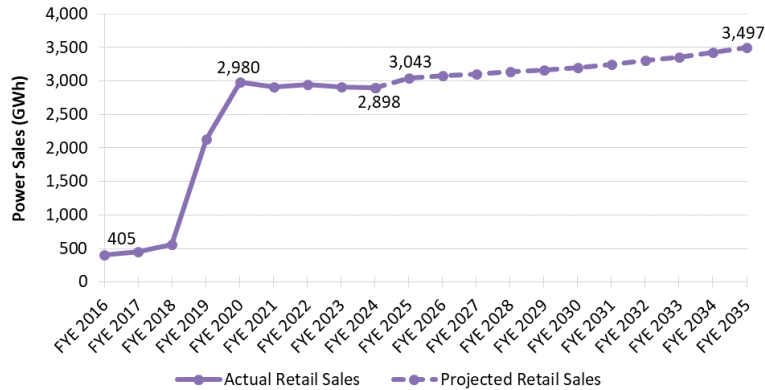
Purchased Resource Adequacy

- Power attribute for local/stable power supply to meet regulatory requirements

Power Supply Contingency

- Budgeted amount to cover cost overages

CleanPowerSF: Revenues (3% Plan)



Power Sales

- Projected power demand mostly flat. Minor increases due to:
 - Retail account growth
 - Electrification

Total Revenues

- **1.6%** average annual growth in revenues FYE 2026 – FYE 2035
- Power Rate revenues comprise the vast majority of the total revenues
- Some non rate revenue and wholesale revenues
- Growth reflects changes in rates and growth in total sales

