

DATE

DRAFT

San Francisco Public Utilities Commission
ADDRESS
San Francisco CA 91XXX

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 retail electricity rates for Clean Power SF and Hetch Hetchy Power, for the period ____ to ____:

1. We note that the rates for the SFPUC's retail electricity service saw major changes last year, as a result of the first independent cost-of-service study for Power Enterprise. These changes included:
 - a. separate rate-setting for Hetch Hetchy and Clean Power SF;
 - b. trending all rates toward Cost of Service, subject to reasonable caps on annual increases;
 - c. new tiers for residential service and different summer v. winter block sizes; and
 - d. a new all-electric rate schedule and a pilot EV-only rate.
2. The Staff's proposal last year was for rates for a 1-year period, given the then-current volatility and uncertainty in California's electricity market. The RFB recommended approval of those rates at that time.
3. The Staff's current proposed generation rates are based solely on SFPUC costs, and the rates are below the corresponding generation rates for comparable service from Pacific Gas & Electric (PG&E). Thus, the rates achieve the twin goals set out in the establishment of Clean Power SF and Hetch Hetchy Power.
4. Once again, given some continued volatility in California's electricity markets, the Staff has proposed new retail rates for only a one-year period. This approach seems reasonable given the circumstances, and it has served the SFPUC and its

customers well in the past year. This one-year rate proposal again seems prudent and reasonable.

Overall, the Staff's current rate proposal is mostly ministerial: adjusting rates to account for current and expected costs, while meeting the twin goals of establishing rates based solely on cost of service and providing service at rates lower than PG&E. Thus, the RFB recommends that the Commission approve the Staff's electricity rate proposal.

We look forward to continued interaction with the Commission on future rate proceedings for water, wastewater and power.

Sincerely,

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Howard Ash
Chair, Rate Fairness Board of the San Francisco Public Utilities Commission

On behalf of:
LIST OTHER BOARD MEMBERS and titles/departments