


City Council
Item #6
RTC 25-1113: Adoption of a Resolution Amending Rate Schedules for Electric Service for All Classes of Customers Effective January 1, 2026
December 16, 2025


1




City of Santa Clara
The Center of What's Possible

Agenda

- Sales and Funding Background
- Outreach and Notices
- Proposed Rate Increase
- Impacts and Comparisons
- Cost Drivers/Responses



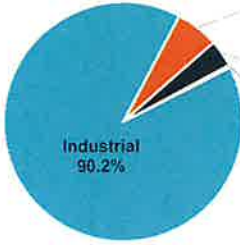
2


City of Santa Clara
 The Center of What's Possible

Retail Sales

- FY 2024/25 - \$763 Million Retail Sales Revenues
 - Residential \$44 million
 - Commercial \$27 million
 - Industrial \$689 million
 - Municipal \$3 million
- Sales expected to double in the next 10 years
- Benefits to having a large customer base


Customer Mix Retail Sales



Customer Mix	Percentage
Industrial	90.2%
Residential	5.8%
Commercial	3.6%
Municipal	0.4%

With projected load growth, 4% increase = \$32M in CY2026 retail sales, with ~\$3M from residential & small commercial customers (<10%)


3


City of Santa Clara
 The Center of What's Possible

Public Outreach

Date	Tactic
June 10, 2025	Presented in proposed budget
November 3, 2025 and December 1, 2025	Notification to Schools and State Agencies
November 3, 2025	Communications to Key Accounts, Commercial customer list serve
November 12, 2025	X (Twitter), Facebook, Nextdoor, Website, Email News blasts to City/SVP subscribers
November 12, 2025 and December 10, 2025	Public Notices <ul style="list-style-type: none"> San Jose Mercury News Santa Clara Weekly
December 3, 2025	City Hall News and Council Newsletters
Ongoing	<ul style="list-style-type: none"> Social media monitoring Directing questions to info@siliconvalleypower.com

4



**City of
Santa Clara**
The Center of What's Possible

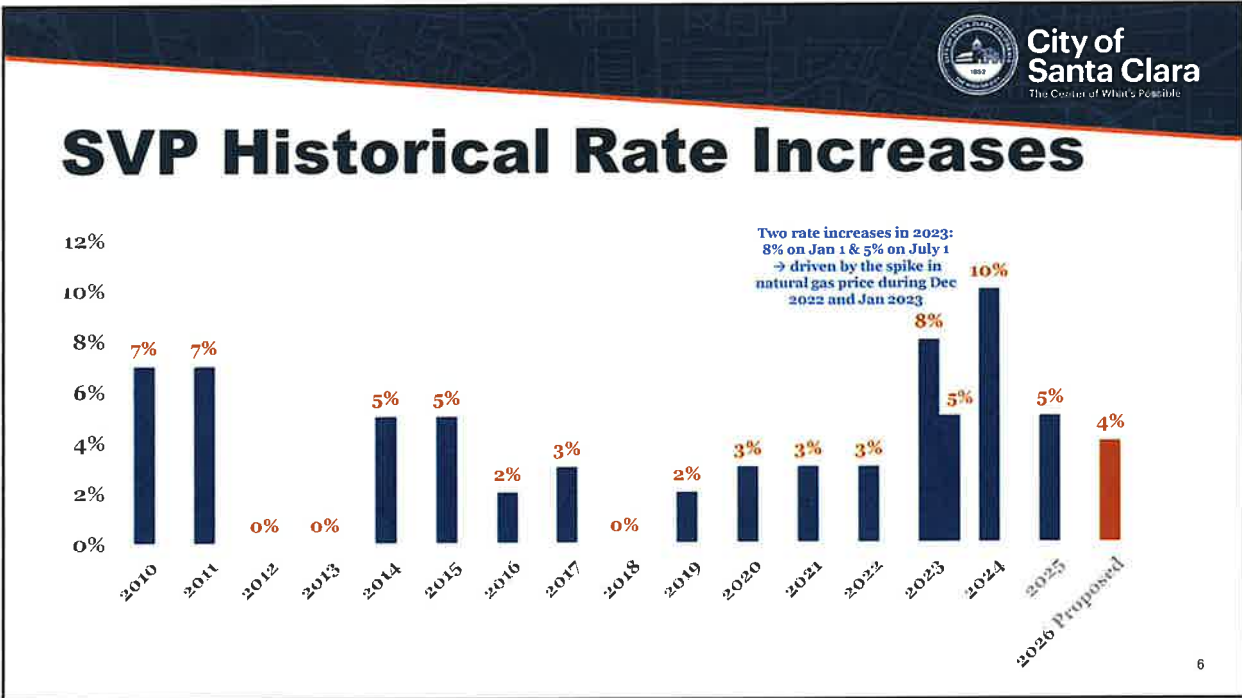
Monthly Bill Comparisons with Proposed 4% Increase

2026 Residential Customer Change			
	Low User (300 kWh)	Average (410 kWh)	High User (1,000 kWh)
Current Rate	\$51.46	\$71.01	\$175.91
Proposed Rate	\$53.52	\$73.85	\$182.93
Increase	\$2.06	\$2.84	\$7.02


2026 Commercial/Industrial Customer Change					
	Small Business C1 (1,000 kWh)	Large Commercial / Small Industrial CB-1 (500,000 kWh)	Large Industrial CB-3 (2,000,000 kWh)	Very Large Industrial CB-6 (20,000,000 kWh)	5 Largest Industrial CB-6 (43,000,000 kWh)
Current Rate	\$264.16	\$93,177	\$349,213	\$3,044,937	\$6,200,997
Proposed Rate	\$274.71	\$96,901	\$363,146	\$3,166,600	\$6,448,790
Increase	\$10.55	\$3,724	\$13,933	\$121,663	\$247,793

5

5



6

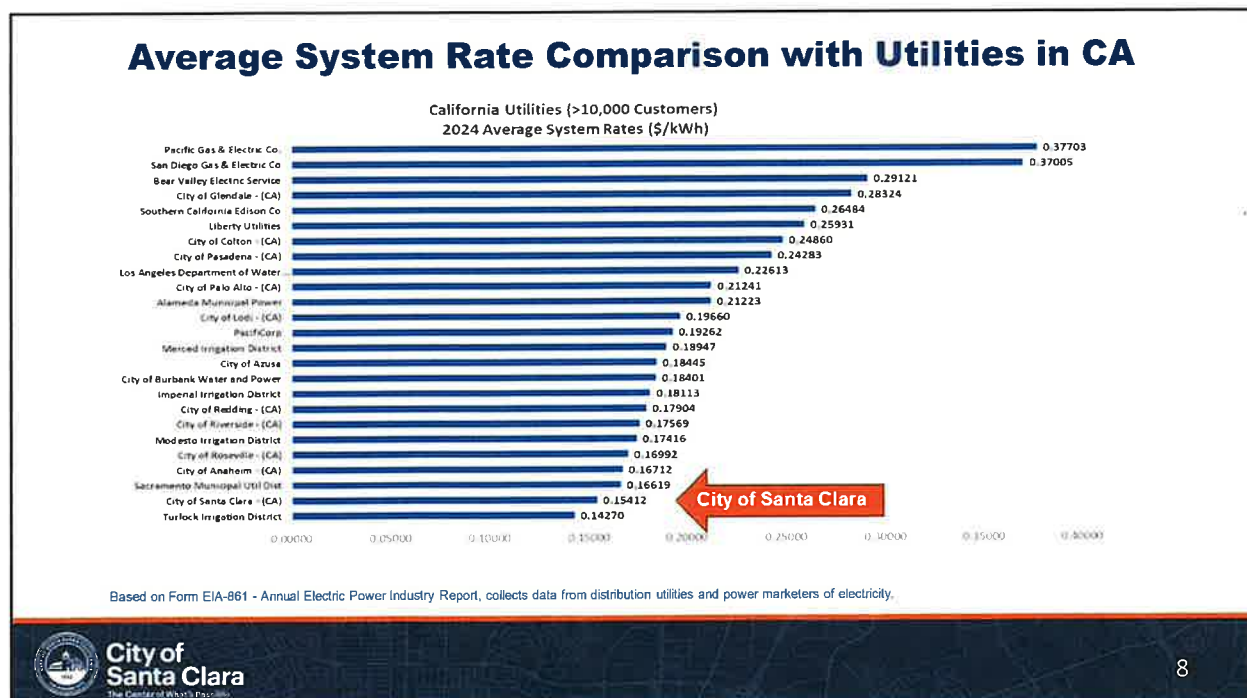

City of Santa Clara
 The Center of What's Possible

Other Utilities Rate Actions and Proposals


SMUD	In June 2025, SMUD approved 3% rate increase for 2026 and 2027 for all residential and non-residential customers.
Palo Alto	In June 2025, Palo Alto approved 5.1% overall increase - distribution rate increase: 11%, Supply cost increase: 1%, Effective date: July 1, 2025.
Alameda	In April 2025, Alameda approved 4% rate increase effective July 1, 2025.
Roseville	No rate increase planned for 2026, after 9% increase on 6/1/2024 and another 9% increase on 1/1/2025.

7

7



8



**City of
Santa Clara**
The Center of What's Possible

Rate Assistance Programs

- 25-40% discount on electric portion of bill for residents who qualify for:
 - Financial Rate Assistance Program (FRAP) - *current total, 787 participants*
 - Under 80% of County Median Income
 - Medical Rate Assistance Program (MRAP) - *current total, 310 participants*
 - High energy use medical device(s)
 - Requires Doctor Certification
- Other Assistance Programs are also available
 - Low-Income Energy Assistance Program (LIHEAP) - *current total, 463 participants*


9

9


**City of
Santa Clara**
The Center of What's Possible


Need for Increase

- Increasing reserves in line with growth projections and to deal with market fluctuations and contingencies.
- Increasing cost of renewable energy
- Increasing equipment, material, labor, and construction costs for required maintenance of electric utility infrastructure and new projects.
- Continuing investment in security for substations in anticipation of large events and for long-term operational system reliability.
- Catastrophic failure of the DVR engine



10

10




**City of
Santa Clara**
The Center of What's Possible

Cash Reserves/SVP's AA- Bond Ratings

- Most important rating agency metrics to maintain AA- rating
 - Balanced budget and adequate reserves to weather future market fluctuation and contingencies
 - Maintains existing reserves at or above the minimum target of approved ranges, and with the proposed rate increase:
 - the Rate Stabilization Reserve is anticipated to be at the minimum target of 10% of sales revenue by June 30, 2026
 - the Operation and Maintenance Reserve is anticipated to be above the target range of 90 – 180 days of operating expenses by June 30, 2026

11

11




**City of
Santa Clara**
The Center of What's Possible

Next Steps

- Bills to start reflecting rate increase effective Jan. 1
- SVP to return in Q2/Q3 with Cost-of-Service results that may result in proposing increase/decrease on rates for different customer classes
- SVP Biannual update pushed to January and will cover regular update and:
 - Tariffs
 - PG&E/CAISO actions

12

12

**City of
Santa Clara**
The Capital of What's Possible

Recommendation

- Staff recommends that Council adopt the Resolution
 - Amending Rate Schedules for All Classes of Customers with a 4% increase effective January 1, 2026

13

13



CITY OF SANTA CLARA CALIFORNIA
1852
THE MISSION CITY


City Council

Item #6

RTC 25-1113: Adoption of a Resolution Amending Rate Schedules for Electric Service for All Classes of Customers Effective January 1, 2026

December 16, 2025

14




**City of
Santa Clara**
The Center of What's Possible

More slides

15

15



**City of
Santa Clara**
The Center of What's Possible

Increase to All Customers

- Cost increases triggering this rate increase proposal have been incurred on behalf of all classes of existing customers
- This approach is proposed for both policy and legal reasons
- Under Proposition 26, a service rate is not a tax if it is imposed for a specific government service provided directly to a ratepayer
- Therefore, it is legally required that the increased cost of service be spread equally among the various classes of ratepayers.

16

16