



City Council

Item #5: Adoption of a Resolution Amending Rate Schedules for Electric Service for All Classes of Customers Effective January 1, 2020 and establishing Rate Schedule PA-E

RTC# 19-298

November 19, 2019



Agenda

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



2



Public Outreach: Rate Increase for 2020

- May/June 2019 – Presented in proposed budget
- Fall 2019 - Edition - 'Inside Santa Clara' residential mailer
 - Scheduled to go out again in the Winter 2020 Edition
- September 10, 2019 – Notification to Schools and State Agencies
- October 17 , 2019 – Presentation to Energy Task Force
- November -Post to Social Media - Twitter, Facebook, Nextdoor, eNotify

3



Outreach Continued

- December 1, 2019 - Edition – 'The Outlet' SVP business mailer
- Notification on all utility bills scheduled for January and February
- Update SVP Website "Did You Know" section
- Update SVP Website "News and Announcements"
- Point customers to info@siliconvalleypower.com for comments & questions
- Monitoring Social Media for questions and comments

4



Proposed Rate Increase

- Recent Rate Increases
 - 2% - January 2016
 - 3% - January 2017
 - No Rate Increase 2018
 - 2% - January 2019
- Proposed Rate Increase
 - 3% increase effective January 2020
 - Equal across all rate schedules/classes
 - Yields ~\$10 million/year in added revenue
 - Continue all other cost reduction efforts



5



What's driving the increases?

- Increasing Transmission Access Charges
- Increased Environmental and Reliability Requirements
- Grizzly Hydroelectric Facility off line due to Camp Fire and PG&E decommissioning transmission line
 - Market replacement \$6 - \$7 Million (3 year project)
- Infrastructure Capital Projects
 - Reinvestment in aging infrastructure
 - Increased construction and materials costs

6



Rates/Cash Reserves SVP's AA- & A+ Bond Ratings

- Most important rating agency metrics
 - Rate changes that closely track cost changes
 - Revenue covers expenses
 - Target \$120M-\$180M Cash reserves unusual events, currently at \$124M
- SVP's customers prefer predictable rate increases
 - Gradual, concurrent with their budget years, and known well in advance
 - Cost impacts and making rate increases gradual

7



Rate Comparisons

SVP vs PG&E Average* Rates

Class of Service	SVP Average Total Rates as of 01/01/20 (\$/kwh)	PG&E Average Total Rate as of 07/01/19** (\$/kwh)	SVP Lower (\$/kwh)	SVP Lower (%)
Residential	D-1 \$0.126	E-1 \$0.245	\$0.119	49%
Small Commercial	C-1 \$0.186	A-1 \$0.252	\$0.066	26%
Large Commercial	CB-1 \$0.137	A-10S \$0.223	\$0.086	39%
Small Industrial	CB-1 \$0.137	E-19S \$0.200	\$0.063	32%
Large Industrial	CB-3 \$0.124	E-20P \$0.165	\$0.041	25%
Very Large Industrial	CB-6 \$0.110	E-20P \$0.165	\$0.054	33%

* Average rates based on estimated forecasts, including surcharges. Average rates are provided for general reference, and individual customer's average rate will depend on it's applicable kw and kwh.

** This comparison does not factor in the additional user tax charge levied in most PG&E service jurisdictions (typically 5%). Santa Clara customers are not charged these additional fees.

8



Monthly Bill Comparisons

2020 Residential Customer Impacts

	Low User (300 kWh)	Average (410 kWh)	High User (1,000 kWh)
Before	\$35.98	\$49.65	\$122.98
Proposed	\$37.06	\$51.13	\$126.67
Increase	\$1.08	\$1.48	\$3.69

Low User = gas heating, or very small apartment with electric heating, no laundry...

Average = gas heating, electric dryer, or gas dryer with other high usage appliances/practices...

High User = electric heating, electric water heater, hot tub or pool, gaming station, 2nd refrigerator...

2020 Commercial/Industrial Customer Impacts

	Small Business CB-1 (1,000 kWh)	Large Business CB-1 (500,000 kWh)	Large Business CB-3 (2,000,000 kWh)
Before	\$184.66	\$66,460	\$244,112
Proposed	\$190.20	\$68,455	\$251,438
Increase	\$5.54	\$1,995	\$7,326

9



Rate Assistance Programs

- 25% discount on electric portion of bill for residents who qualify for:
 - Financial Rate Assistance Program (FRAP)
 - Under 80% of County Median Income
 - Medical Rate Assistance Program (MRAP)
 - High energy use medical device(s)
 - Requires Doctor Certification
- Other Assistance Programs are also available
 - Low-Income Energy Assistance Program (LIHEAP)
 - HELP Your Neighbor
 - Sacred Heart



10



Recommendation

- Staff recommends that Council adopt the Resolution Amending Rate Schedules for All Classes of Customers 3% effective January 1, 2020 and establish Rate Schedule PA-E.
- Questions?

November 19, 2019

Item #5



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408-423-2000

Stella M. Kemp, Ed.D.
Superintendent

November 19, 2019

City of Santa Clara
City Council
1500 Warburton Avenue
Santa Clara, CA 95050

RE: November 19, 2019 City Council Agenda Item 19-298 Public Hearing Action on Resolution Amending Rate Schedules for Electric Service for All Classes of Customers, Effective January 1, 2020 and establishing Rate Schedule PA-E

Dear Mayor Gillmor and Council Members,

Thank you for the opportunity to comment on the City of Santa Clara City Council's item 19-298 Public Hearing Action on the Resolution Amending Rate Schedules for Electric Service for All Classes of Customers, Effective January 1, 2020 and establishing Rate Schedule PA-E. This Resolution increases the cost of the City of Santa Clara Utility Bills for the Santa Clara Unified School District by 3% starting January 1, 2020.

The Santa Clara Unified School District (SCUSD) has already adopted its budget for fiscal year, 2019-2020. The increase of 3% at this late date will create shortfalls in the Operations Budget and thus reduce funds available for use toward the education of our students.

The SCUSD knows the City Council maintains a shared belief with the SCUSD that the education of our youth remains a priority and we request the City Council to consider postponing the proposed 3% rate increase. Providing students with a positive environment, modern educational materials, equipment, and quality teachers are fundamental priorities for the SCUSD. Postponing this increase will enable the Santa Clara Unified School District the ability to account for the increase of utility costs in the upcoming budget of 2020-2021.

It is our commitment to provide the educational experience in a manner that will enable our youth to receive the education they most assuredly deserve. Every additional dollar spent on the overhead of the SCUSD is another dollar that will not find its way to the classroom.

Please consider the education of our youth an investment toward our future and postpone the proposed 3% utility increase until July 1, 2020, when the SCUSD Budget moves to the next fiscal year.

Sincerely,

Michal Healy
Director, Facility Development and Planning

Board
of Education

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Jim Canova
Vickie Fairchild
Albert Gonzalez
Jodi Muirhead
Andrew Ratermann
Mark Richardson
Michele Ryan Ph.D.

POST MEETING MATERIAL