



City Council

Item 6: Adoption of a Resolution Amending Rate Schedules for Electric Service for All Classes of Customers Effective February 1, 2021

January 12, 2021

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Agenda

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



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Public Outreach

- October 20 , 2020 – Presentation to Energy Task Force
- November 13, 2020 – Notification to Schools and State Agencies
- December/January Posts to Social Media - Twitter, Facebook, Nextdoor, eNotify
- December 2020 Edition – “The Outlet” SVP business mailer
- Update SVP Website “Watt’s Up” section
- Send notification on City’s email platform, eNotify
- Point customers to info@siliconvalleypower.com for comments & questions
- Monitoring Social Media for questions and comments

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Reasons for Increase

- Support the maintenance and operations of the utility – SVP is not for profit
- Transmission access charges that apply to all electric energy that SVP receives via the PG&E transmission system.
 - More stringent wildfire safety requirements and insurance costs are expected to continue to add to the rise in these charges.
- Additional renewable energy, reliability, and safety requirements that have been legislated.
- Continuing upgrades and maintenance of aging infrastructure required to maintain SVP’s high service reliability.
- Low interest rates that have eroded interest income from SVP’s cash reserves
- Grizzly Hydroelectric Facility off-line due to Camp Fire and PG&E decommissioning transmission line

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Need for Increase

- Maintenance and operations of the Utility
- Purchase and produce the power to meet the City's needs
- Proactive maintenance of the generation (power plants) and distribution and transmission system (poles and wires) to maintain SVP's high reliability.
- Continue to meet and exceed the State renewable energy requirements
- Proactive tree maintenance to minimize tree related outages

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If Increase is Delayed

- \$1.1M less per month in retail revenue, \$32,000 in Public Benefit Charge, and \$57,000 per month to General Fund
- The City would need to consider items such as:
 - Reduce proactive maintenance of the transmission and distribution system which would increase outages
 - Reduce proactive tree maintenance which would increase outages
 - Reduce maintenance of generation assets which could cause failures or more expensive future Capital projects
 - Reduce renewable power purchases for less costly options and instead to only meet minimum state requirements
 - Reduce reserves which would affect future Bond ratings and would add additional financing costs.

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Proposed Rate Increase

- Recent Rate Increases
 - 3% - January 2017
 - No Rate Increase 2018
 - 2% - January 2019
 - 3% - January 2020
- Proposed Rate Increase
 - 3% increase effective February 2021
 - 29% to 51% Lower than PGE
 - Average residential electric bill will increase by approximate \$1.60 per month
 - Yields ~\$13 million/year additional revenue



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Rate Comparisons

SVP vs PG&E Average* Rates

Class of Service	SVP AVG Rates as of 02/01/21 (\$/kwh)	PG&E Average Total Rate as of 10/01/20 (\$/kwh) ***	SVP Lower (\$/kwh)	SVP lower (%)
Residential	D-1 \$0.129	E-1 \$0.263	\$0.134	51%
Small Commercial	C-1 \$0.192	A-1 \$0.269	\$0.077	29%
Large Commercial	CB-1 \$0.141	A-10S \$0.238	\$0.097	41%
Small Industrial	CB-1 \$0.141	E-19S \$0.210	\$0.069	33%
Large Industrial	CB-3 \$0.127	E-20P \$0.178	\$0.051	29%
Very Large Industrial	CB-6 \$0.114	E-20P \$0.178	\$0.065	36%

* 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.

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Monthly Bill Comparisons

2021 Residential Customer Impacts

	Low User (300 kWh)	Average (430 kWh)	High User (1,000 kWh)
Before	\$37.10	\$53.70	\$126.70
Proposed	\$38.20	\$55.30	\$130.50
Increase	\$1.10	\$1.60	\$3.80

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...

2021 Commercial/Industrial Customer Impacts

	Small Business C1 (1,000 kWh)	Large Commercial/Small Industrial CB-1 (500,000 kWh)	Large Industrial CB-3 (2,500,000 kWh)
Before	\$190.20	\$68,447	\$251,437
Proposed	\$195.90	\$70,493	\$258,994
Increase	\$5.70	\$2,046	\$7,557

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Support for Customers

- Staff has taken every opportunity to partially offset these costs
 - Selling credits and allowances that are not needed in the near-term
 - Negotiated reduction in natural gas transportation costs
 - Reduced cost through debt management and refinancing
- Customer programs and support
 - Existing Rate Assistance Program
 - New Rate Assistance Program for those financially affected by COVID
 - Energy efficiency grant program for small business impacted by COVID
 - Continues to offer various energy efficiency rebates.

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CB-6 and CB-7 Rate Schedules

- Clean-up items: amend TOU rate – optional rate under CB-6 & CB-7
- The On-peak and Off-peak usage periods in CB-6 & CB-7 were originally established to be consistent with the California Independent System Operator's (CAISO) peak hours definition
- If opt in current TOU rate, some CB-6/CB-7 customers would be able to lower their bills without making any change in their usage patterns
- Revise TOU rate to appropriately reflect the On-peak and Off-peak energy use periods defined in both rate schedules
- This change will restore the intent of the TOU option, to encourage and support non-peak energy use
- These are voluntary rate schedules

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Recommendation

- Staff recommends that Council adopt the Resolution
 - Amending Rate Schedules for All Classes of Customers with 3% increase effective February 1, 2021
 - Amending the Time of Use rate under Rate Schedules CB-6 and CB-7 to align peak & off-peak prices with modified peak & off-peak hours.

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The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission-style building with a red roof and a bell tower, set against a blue sky with clouds and a green landscape. The year "1852" is printed below the building. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom, separated by a dotted line.

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