



City of  
Pittsburg

FY 2022-2023

Island Energy Rate Change Proposal

# Utility Rate Making Process



During the Covid-19 Pandemic, Island Energy has

- Kept utility rates flat for 3 years
- Dropped penalty for late payment
- Suspended all service shut-off due to non-payment
- Obtained State assistance on utility arrearage
- Offered payment plan and discounted rate to residents whose incomes were affected by the Pandemic

# Utility Rate Making Process



## Operating Expense Forecast

- Commodity Expenses
- Labor Salary & Benefits
- Administrative & General Overhead (A&G, Insurances & Debt Service)
- Utility Operations and Maintenance (O&M)
- Capital Project Expenses

## Operating Revenue Forecast

- Commodity Sales (Load Demand Forecast)
- Rate Analysis (Price Forecast)
- Revenue Requirement to Cover Cost of Services

# Utility Rate Making Process



## FY 22-23 Data Compared to FY 19-20 Data

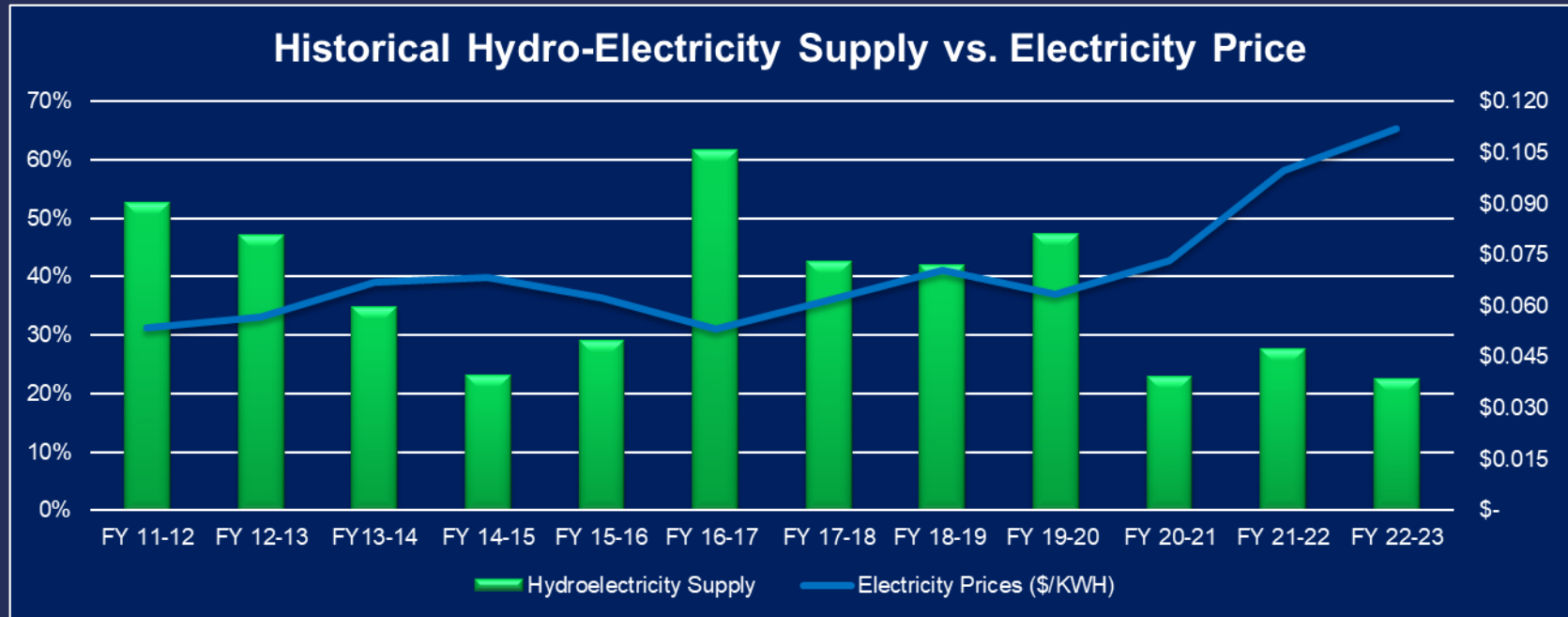
- Electric Load Demand Forecast: 10% Increase
- Base Resources Allocation: 35% Decrease due to Drought
- Custom Market purchase: 78% Increase

Energy Portfolio Purchase	FY 2022-2023	FY 2019-2020	Delta
Base Resource Percentage	20%	56%	-35%
BR Unit Price (\$/kWh)	\$ 0.04915	\$ 0.02576	+91%
CP Unit Price (\$/kWh)	\$ 0.08326	\$ 0.04689	+78%
CAISO Charges (\$/kWh)	\$ 0.03168	\$ 0.02657	+18%
Overall Energy Price (\$/kWh)	\$ 0.11189	\$ 0.06751	+66%

# Utility Rate Making Process



## Historical Hydro-Electricity Supply vs. Electricity Price



# Utility Rate Making Process



FY 22-23 Data Compared to FY 19-20 Data

Natural Gas Load Demand Forecast: Flat

Natural Gas Commodity Price: Skyrocketed

Natural Gas Purchase	FY 22-23	FY 19-20	Delta
Commodity Price (\$/Therm)	\$ 0.5853	\$ 0.2649	+121%
PG&E Transmission (\$/Therm)	\$ 0.2600	\$ 0.1652	+ 57%
Natural Gas Price (\$/Therm)	\$ 0.8549	\$ 0.4379	+ 95%

# Utility Rate Making Process



## Operating Expense Increases and Cost Containments

Operating Costs	FY 22-23	FY 19-20	Delta	Justifications
Electricity Purchase	\$ 3,304,486	\$ 1,809,109	\$ 1,495,377	Low Hydroelectricity & Rising Energy Price
Natural Gas Purchase	\$ 430,957	\$ 218,491	\$ 212,466	Rising NG Price & Transmission Cost
Salaries & Benefits	\$ 2,520,259	\$ 2,206,070	\$ 314,189	1 New Gas Tech Position, Employment Related Insurances, Retirement Related Expenses
Other Operating Expenses	\$ 1,440,333	\$ 1,394,717	\$ 45,616	Kept Mostly Flat from FY 19-20
<b>Total Operating Expense</b>	<b>\$ 7,696,035</b>	<b>\$ 5,628,387</b>	<b>\$ 2,067,648</b>	<b>36.7% Increase Compared to FY 19-20</b>
<b>Cost Containments Taken</b>				
Part-time/Seasonal Workers	\$ -	\$ 92,509	\$ (92,509)	Discontinue Seasonal Workers
Debt Service	\$ 150,051	\$ 241,848	\$ (91,797)	Refinancing PPC Loans
Capital Projects	\$ 40,000	\$ 611,804	\$ (571,804)	Defer New Capital Projects to Later Years
<b>Cost Savings</b>	<b>\$ 190,051</b>	<b>\$ 946,161</b>	<b>\$ (756,110)</b>	<b>Cost Savings from Cost Containments</b>

# Utility Rate Making Process



## Utility Rates Sensitivity & Operational Income Analysis

Utility Rates Increase Range	Operating Revenue Forecast	FY 22-23 Operating Expense	Operating Surplus/(Deficit)
0% Increase	\$ 6,906,358	\$ 7,696,035	\$ (789,677)
5% Increase	\$ 7,230,957	\$ 7,696,035	\$ (465,078)
8% Increase	\$ 7,425,716	\$ 7,696,035	\$ (270,319)
10% Increase	\$ 7,555,556	\$ 7,696,035	\$ (140,479)
12% Increase	\$ 7,685,395	\$ 7,696,035	\$ (10,640)
15% Increase	\$ 7,880,155	\$ 7,696,035	\$ 184,120

\* Natural gas commodity cost does not change in utility rate sensitivity analysis



# Proposed FY22-23 Utility Rates



## Electric Rates

- General Residential \$ 0.22910/kWh +8.5%
- Residential Excess \$ 0.44056/kWh +12%
- General Commercial \$ 0.25527/kWh +12%
- Large Commercial \$ 0.23996/kWh +13%
- Large Industrial Primary \$ 0.21053/kWh +16%
- Streetlight \$ 0.18766/kWh +12%
- Electric Vehicle Charging Monthly Allowance 200 kWh  
@ 0.20956/kWh

## Natural Gas Rates

- Commodity Cost Remains Pass Through
- Delivery Rate Increased by 10%

# Utility Rate Making Process



## Island Energy Proposed Rates Compared to PG&E Rates

Customer Rate Class	Island Energy FY 2019-2020	Island Energy FY 2022-2023	IE Rate Increase	PG&E Avg. Bundled Rate	IE vs. PG&E
Residential General (RES-1)	\$ 0.21116	\$ 0.22910	8.5%	\$ 0.33565	-32%
Residential Excess (RES-X)	\$ 0.39336	\$ 0.44056	12.0%	\$ 0.49318	-11%
General Commercial (CES-1)	\$ 0.23206	\$ 0.25991	12.0%	\$ 0.32241	-19%
Large Commercial (CES-2)	\$ 0.21116	\$ 0.23996	13.6%	\$ 0.29747	-19%
Industrial CES-3 Secondary	\$ 0.20736	\$ 0.24636	18.8%	\$ 0.25933	-5%
Large Industrial CES-4 Secondary	\$ 0.18406	\$ 0.21792	18.4%	\$ 0.22939	-5%
Large Industrial CES4-Primary	\$ 0.17630	\$ 0.21053	19.4%	\$ 0.21593	-3%
Street Light (\$/KWH)	\$ 0.16755	\$ 0.18766	12.0%	\$ 0.22551	-17%

# Utility Rate Making Process



## PG&E Commercial & Residential Rate Plans As of March 2022

Rate Schedule	Rate Design	Delivery Minimum Bill Amount <sup>1/</sup> (\$ per meter per day)	Discount (\$ per dwelling unit per day)	Minimum Average Rate Limiter (\$ per kWh per month)	Energy Charge <sup>2/</sup> (\$/kWh)			D-CARE <sup>3/</sup> Line-Item Discount for California Alternate Rates for Energy (CARE) Customers	California Climate Credit <sup>4/</sup> (April & Oct Bill)	"Average" Bundled Total Rate <sup>5/</sup> (\$ per kWh)	
					ES, ET Only	ES, ET Only	Baseline Usage <sup>6/</sup>				101% - 400% of Baseline
Residential Schedules: E-1, EM, ES, ESR, ET	Tiered Energy Charges	\$0.34810	ES = \$0.02858 ET = \$0.11466	\$0.04892	\$0.31465	\$0.39454	\$0.49318	-34.944%	(\$39.30)	\$0.33565	
A-1	Single-phase	\$0.32854	Summer	-			\$0.33635				
	Poly-phase	\$0.82136	Winter	-			\$0.27938				
A-1 TOU	Single-phase	\$0.32854	Summer	-		On-Peak	\$0.33965	-		\$0.32241	
						Part-Peak	\$0.33965				
	Poly-phase	\$0.82136	Winter	-		Part-Peak	\$0.29205				
						Off-Peak	\$0.29148				
	<b>A-10 (Table A)</b> Customers with high electric use and medium to high load factors generally benefit under Schedule A-10. Part of a customer's bill varies according to the customer's maximum monthly electric demand.										
					Secondary	Primary	Transmission				
		\$5.91042	Summer	\$18.45	\$18.14	\$12.98	\$0.23368	\$0.21700	\$0.16265	\$0.29747	
			Winter	\$18.45	\$18.14	\$12.98	\$0.19607	\$0.18178	\$0.14553		

# Utility Rate Making Process



- PPC Subcommittee Board supported utility rate increases
- Notification of Rate Changes are sent out by mail and on Website
- Mare Island Advisory and town hall meeting to be scheduled
- FY 22-23 utility rates public hearing on June 20<sup>th</sup>, 2022
- New rates will become effective on July 1<sup>st</sup>, 2022