



City of
Pittsburg

FY 2023-2024

Island Energy Utility Rate Changes

Pittsburg Power Company Public Hearing

July 17, 2023

Utility Rate Making Process



Operating Expense Forecast

- Electricity & Natural Gas Procurement & Transmission Expenses
- Regulatory Compliances Expense
- Staff Salary & Benefits
- Administrative & General Overhead (A&G)
- Utility Operational and Maintenance (O&M)
- Capital Improvement Projects

Operating Revenue Forecast

- Utility Sales Forecast (Load Demand Forecast)
- Operating Expenses Forecast (As Part of City Budget Development)
- Revenue Requirement to Cover Costs of Service

Utility Rate Making Process



On June 20, 2022, the PPC Governing Board approved the Electric Rates below.

Island Energy Electricity Rate Schedules	FY 19-20 Island Energy Electricity Rates	FY 22-23 Island Energy Electric Rates	FY 22-23 Island Energy Electricity Rate Changes	FY 22-23 PG&E Avg. Bundled Electricity Rates	Island Energy Electric Rates vs. PG&E Electricity Rates
Residential General (RES-1)	\$ 0.21116	\$ 0.22910	8.50%	\$ 0.33565	-32%
General Commercial (CES-1)	\$ 0.23206	\$ 0.25991	12.00%	\$ 0.32241	-19%
Large Commercial (CES-2)	\$ 0.21116	\$ 0.23996	13.60%	\$ 0.29747	-19%
Industrial CES-3 Secondary	\$ 0.20736	\$ 0.24636	18.80%	\$ 0.25933	-5%
Large Industrial CES-4 Secondary	\$ 0.18406	\$ 0.21792	18.40%	\$ 0.22939	-5%
Street Light (\$/KWH)	\$ 0.16755	\$ 0.18766	12.00%	\$ 0.22551	-17%

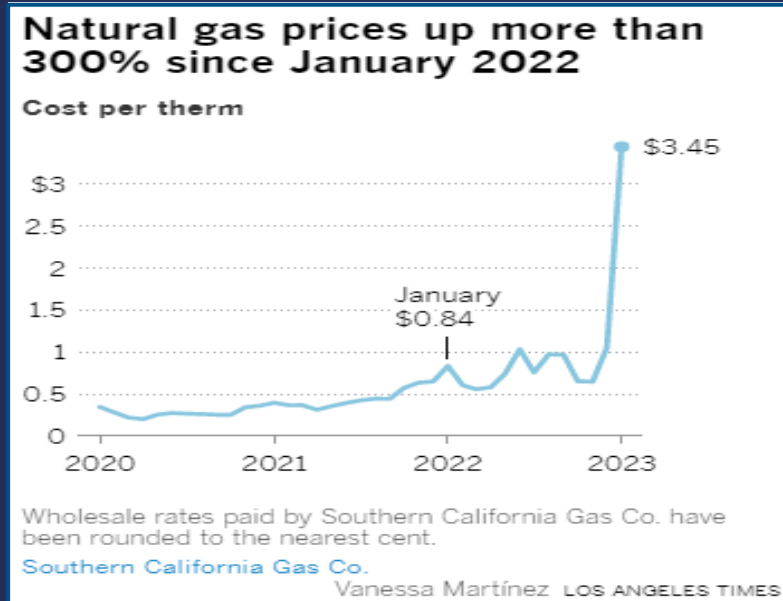
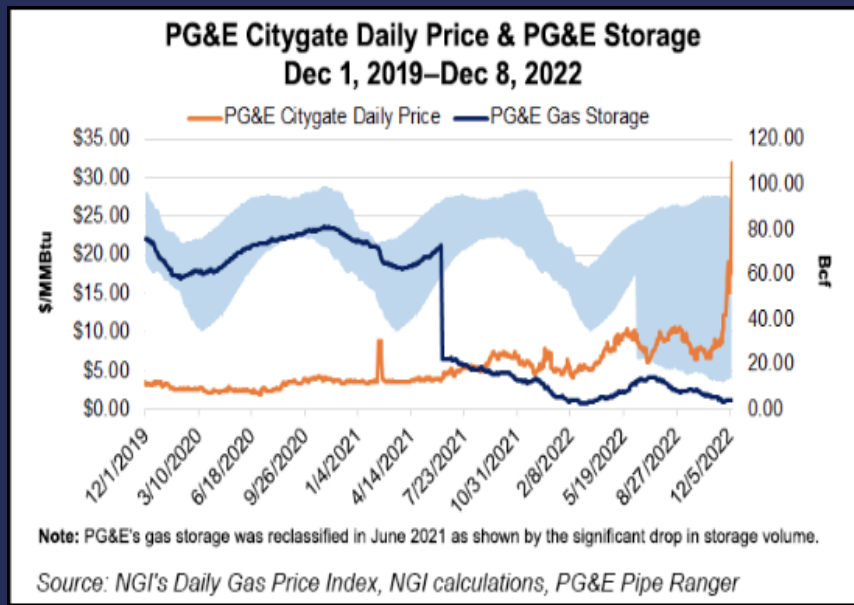
Since then, electricity price continues to rise, due to the following reasons:

- Skyrocketing natural gas price
- Low storage of natural gas during cold winter months and storms
- Extreme drought condition
- High Inflation driving operating costs up

Utility Rate Making Process



In January 2023, natural gas commodity price rose 310%, compared to its price of January 2022.

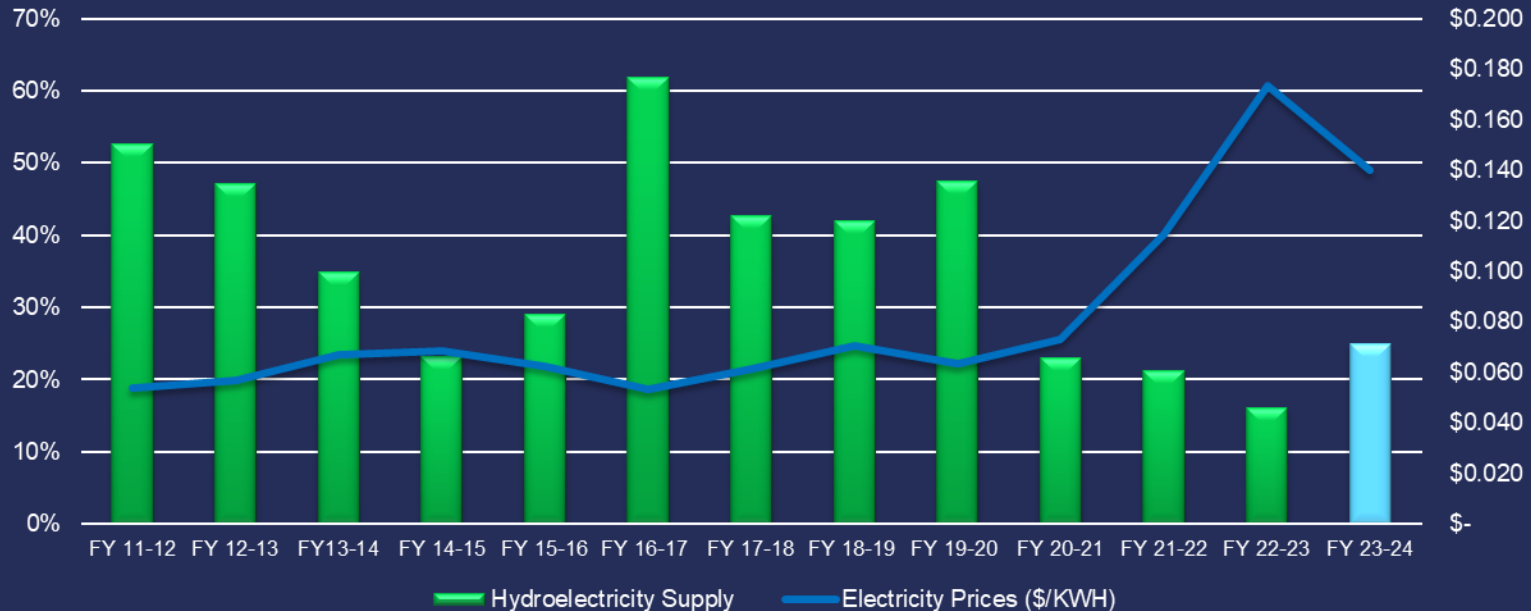


Utility Rate Making Process



A combination of low hydro-availability, high natural gas price, colder weather, and winter storms have driven up electricity prices.

Hydro-Electricity Supplies vs. Electricity Price



Utility Rate Making Process



- Experienced the highest billings but the lowest financial margin
- Electricity commodity and transmission costs take up most of the utility sales margin
- In some rate classes, electricity commodity cost have exceeded the total electric rate
- The situation is worse during winter months with lower hydroelectricity allocations
- Urgent Need for System Upgrades and Equipment Replacement
- The adopted electricity rates for FY 22-23 are no longer sufficient to cover Island Energy's basic operating costs

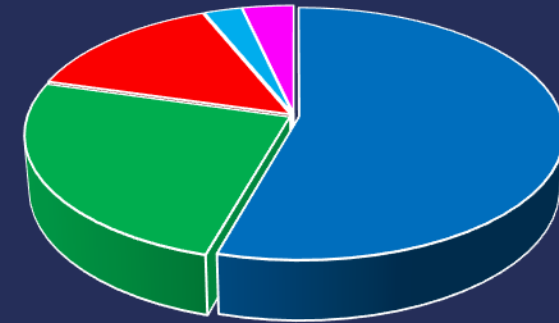
Utility Rate Making Process



FY 23-24 Electric Unit Operating Budget Overview

Electric Department Operating Cost Categories	FY 22-23 Adopted Budget	FY 23-24 Proposed Budget	Percentage Increase (Decrease)	Electric Operating Cost Distribution
Wholesale Electricity Procurement	\$ 3,915,000	\$ 4,562,411	17%	54%
Staffing Costs (Management, Administrative, COP Overhead, Electric Staffers)	\$ 1,905,385	\$ 2,096,763	10%	25%
Administrative & General Overhead (Professional & Contractual Services, Insurances, software, Debt Service)	\$ 1,082,846	\$ 1,202,991	11%	14%
System Operational & Maintenance (Maintenance & Repair, Emergency Response, Materials & Parts)	\$ 234,736	\$ 220,500	-6%	3%
New Capital Improvement Spending	\$ 40,000	\$ 300,000	650%	4%
FY 23-24 Total Operating Expense	\$ 7,177,967	\$ 8,382,665	17%	100%

FY 23-24 Electric Operating Pie Chart



- Wholesale Electricity Procurement
- Staff Salary & Benefits
- Administrative & General Overhead
- System Operational & Maintenance
- New Capital Improvement Expense

PG&E Rate Information



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PG&E

Company Info | Newsroom

Company Profile
PG&E Corporation
Diversity & Inclusion
Regulation
Corporate Governance
Financial Reports
Disclosure
Privacy Policy
Officers

Electric Rates

Current and historic electric rates.

Residential Inclu TOU

- Residential Inclu TOU (JUN 1, 2023 – Present)
- Residential Inclu TOU (MAR 1, 2023 – MAY 31, 2023)
- Residential Inclu TOU (JAN 1, 2023 – FEB 28, 2023)
- Residential Inclu TOU (DEC 1, 2022 – DEC 31, 2022)
- Residential Inclu TOU (JUN 1, 2022 – NOV 30, 2022)
- Residential Inclu TOU (MAR 1, 2022 – MAY 31, 2022)
- Residential Inclu TOU (JAN 1, 2022 – FEB 28, 2022)
- Residential Inclu TOU (DEC 1, 2021 – DEC 31, 2021)
- Residential Inclu TOU (AUG 1, 2021 – NOV 30, 2021)
- Residential Inclu TOU (MAR 1, 2021 – JUL 31, 2021)
- Residential Inclu TOU (JAN 1, 2021 – FEB 28, 2021)
- Residential Inclu TOU (OCT 1, 2020 – DEC 31, 2020)
- Residential Inclu TOU (JUN 1, 2020 – SEP 30, 2020)
- Residential Inclu TOU (MAY 1, 2020 – MAY 31, 2020)
- Residential Inclu TOU (APR 1, 2020 – APR 30, 2020)
- Residential Inclu TOU (MAR 1, 2020 – MAR 31, 2020)
- Residential Inclu TOU (JAN 1, 2020 – FEB 29, 2020)
- Residential Inclu TOU (NOV 1, 2019 – DEC 31, 2019)
- Residential Inclu TOU (OCT 1, 2019 – OCT 31, 2019)
- Residential Inclu TOU (JUL 1, 2019 – SEP 30, 2019)
- Residential Inclu TOU (MAY 1, 2019 – JUN 30, 2019)

Electricity Rate Effective Period	PG&E Bundled Residential Electricity Rate	Electricity Rate Increase Range
Jun 1, 2023-Present	\$ 0.35571	45%
MAR 1, 2023-May 31st, 2023	\$ 0.36266	48%
JAN 1, 2023-FEB 28, 2023	\$ 0.34628	42%
JUN 1, 2022-DEC 31, 2022	\$ 0.33772	38%
MAR 1, 2022-MAY 31, 2022	\$ 0.33565	37%
JAN 1,2022-FEB 28, 2022	\$ 0.30870	26%
DEC 1, 2021-DEC 31, 2021	\$ 0.28588	17%
AGU 1, 2021-NOV 30, 2021	\$ 0.28473	16%
MAR 1, 2021-JUL 31, 2021	\$ 0.28308	16%
JAN 1, 2021-FEB 28, 2021	\$ 0.27293	12%
OCT 1, 2020-DEC 31, 2020	\$ 0.26312	8%
MAY 1,2020-SEP 30, 2020	\$ 0.26249	7%
MAR 1, 2020-ARI 30, 2020	\$ 0.25659	5%
JAN 1, 2020- FEB 28, 2020	\$ 0.25726	5%
OCT 1, 2019- DEC, 31, 2019	\$ 0.25046	2%
JUL 1, 2019-SEP 30, 2019	\$ 0.24452	-

Utility Rate Making Process



Proposed FY 23-24 Island Energy Electric Rates

Electricity Rate Schedules	FY 22-23 Island Energy Electricity Rate	FY 23-24 Island Energy Electricity Rate	FY 23-24 Island Energy Electricity Rate Changes	FY 23-24 PG&E Avg. Bundled Electricity Rate	IE Electricity Rate vs. PG&E Electricity Rate
Residential General (RES-1)	\$ 0.22910	\$ 0.25659	12.0%	\$ 0.35571	-28%
Residential Excess (RES-X)	\$ 0.44056	\$ 0.49563	12.5%	\$ 0.49563	0%
General Commercial (CES-1)	\$ 0.25991	\$ 0.29499	13.5%	\$ 0.33903	-13%
Large Commercial (CES-2)	\$ 0.23996	\$ 0.27595	15.0%	\$ 0.31870	-13%
Industrial (CES-3 Secondary)	\$ 0.24636	\$ 0.25868	5.0%	\$ 0.28043	-8%
Large Industrial (CES-4 Secondary)	\$ 0.21792	\$ 0.22980	5.5%	\$ 0.26114	-12%
Streetlight (\$/KWH)	\$ 0.18766	\$ 0.21299	13.5%	\$ 0.25629	-17%

- Despite the increases, Island Energy electric rates are still substantially lower than PG&E's, across all rate classes
- Island Energy is exploring every opportunity to procure energy at lower prices

Utility Rate Making Process



Rate Case Public Hearing Notification Process

- Rate discussion with PPC Subcommittee on March 22, 2023
- Rate increase notification to residents and businesses on Mare Island in May, June & July bill inserts
- Rate Information is available on Island Energy website (<https://Islandenergy.com/rates/>)
- Rate Presentation to Mare Island Advisory Committee on July 3, 2023, City of Vallejo and businesses on Mare Island
- Rate Case Public Hearing advertised on two local newspapers, Vallejo Times Herald and East County Times
- The FY 23-24 Rate Case public hearing on July 17, 2023
- Once Adopted, new rates will become effective on August 1st, 2023, until further change