



Rate Trends 2009-2019

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On peak 288 kW x \$4.33000 x 23,771 d
 Mid peak 252 kW x \$0.81000 x 22
 Energy - Summer
 On peak 9,073 kWh x \$0.05292
 Mid peak 11,910 kWh x \$0.01
 Off peak 12,338 kWh x \$0
 Energy - Winter
 Mid peak 5,624 kWh x 5
 Off peak 3,632 kWh x
 Power factor adjustment
 DWR load charge \$2
 online
 Your Delivery charge
 . \$272.05 transmi
 . \$2,588.5) distrib
 . \$22.99 nuclear
 . \$240.17 public
 Franchise fees repr
 Your Generation ch
 Transition Charge
 DWR provided 21,30
 \$357.00 baseline c
 case
 131-200% of Baseline
 Baseline
 Baseline
 Charges \$357
 DWR
 Energy - Summer
 On peak 1,993 kWh x \$0.0798
 Mid peak 2,616 kWh x \$0.07981
 Off peak 2,710 kWh x \$0.07981 \$21
 Energy - Winter
 Mid peak 1,235 kWh x \$0.07981 \$98.57
 Off peak 798 kWh x \$0.07981 \$63.69
 Facilities related demand 360 kW x \$1,86000 \$669.60

Key Themes

- Electric rates for most CPUC jurisdictional residential customers are increasing more quickly than inflation.
- The preponderance of that increase is impacting low usage residential customers.



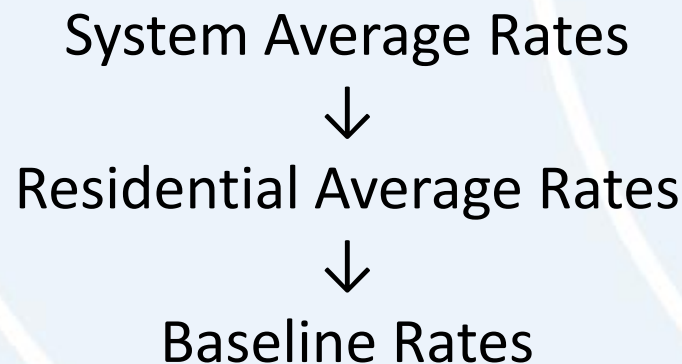
Factors Influencing Rate Increases

- Revenue requirements are rising. These are the capital costs and expenses authorized to be collected through rates.
- Residential sales are falling.
- Ongoing tier closure magnifies these effects, resulting in disproportionate increases to the Tier 1 rate.

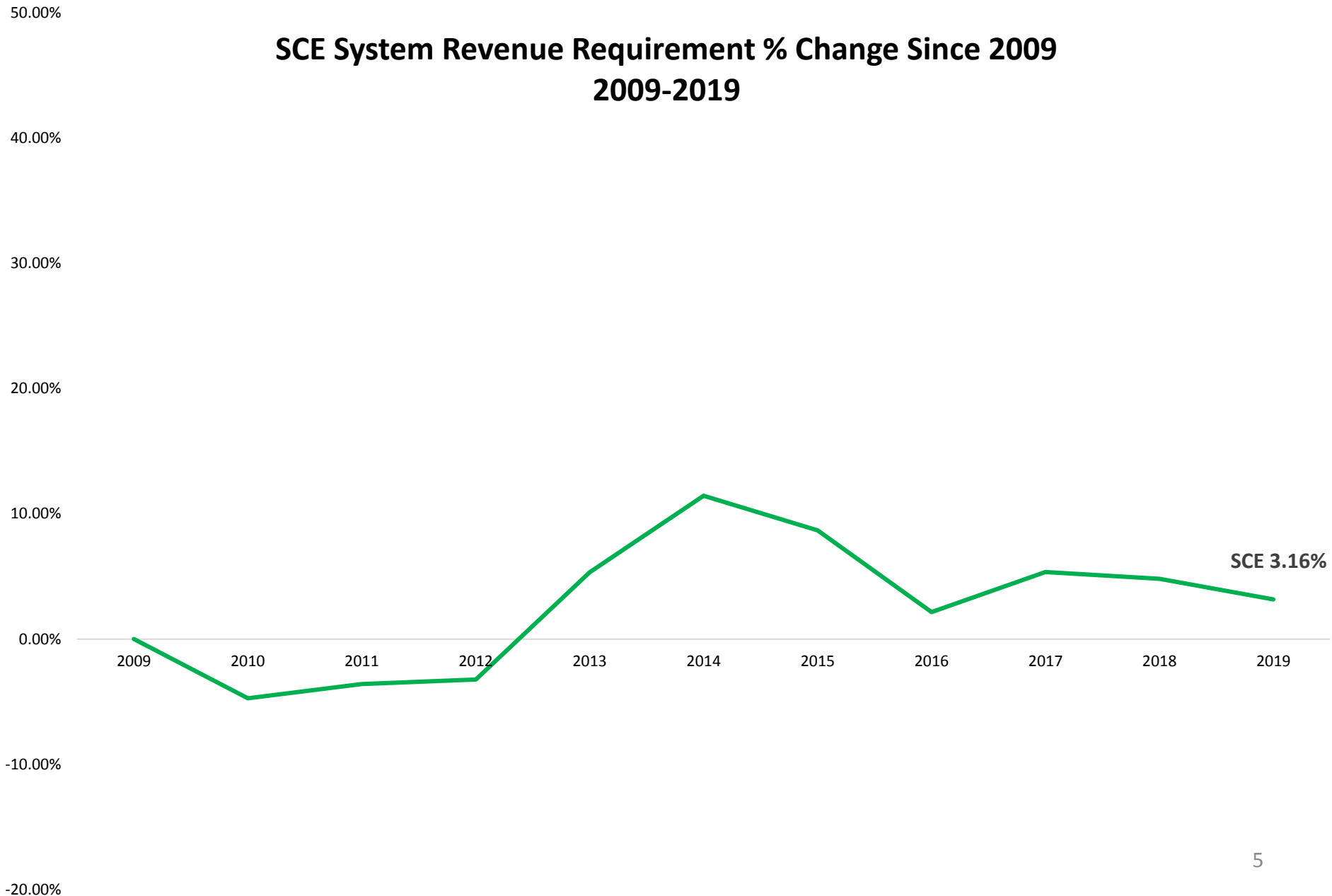


Disproportionate Rate Impacts

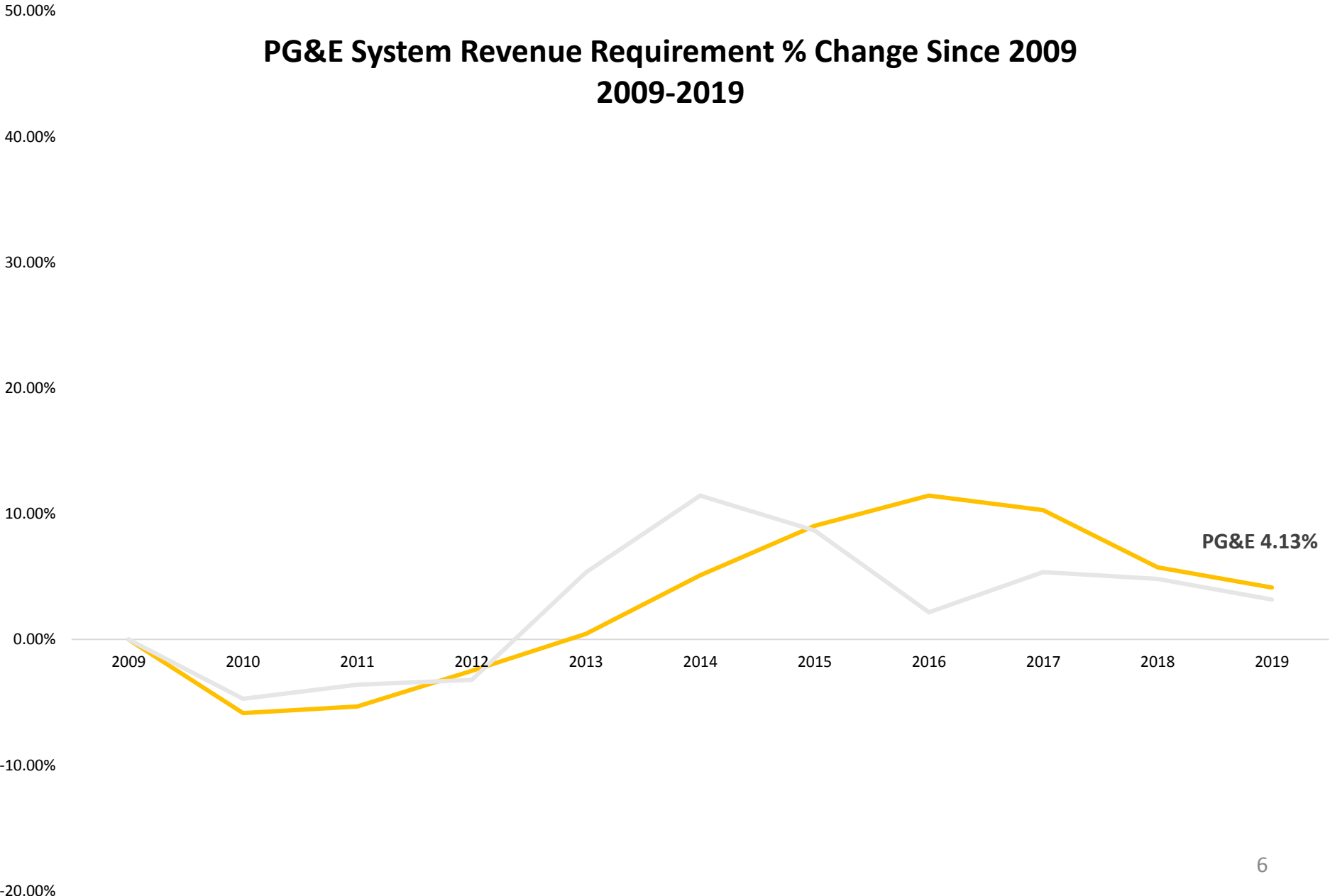
- The rate impacts of these trends are magnified for more granular customer groupings.



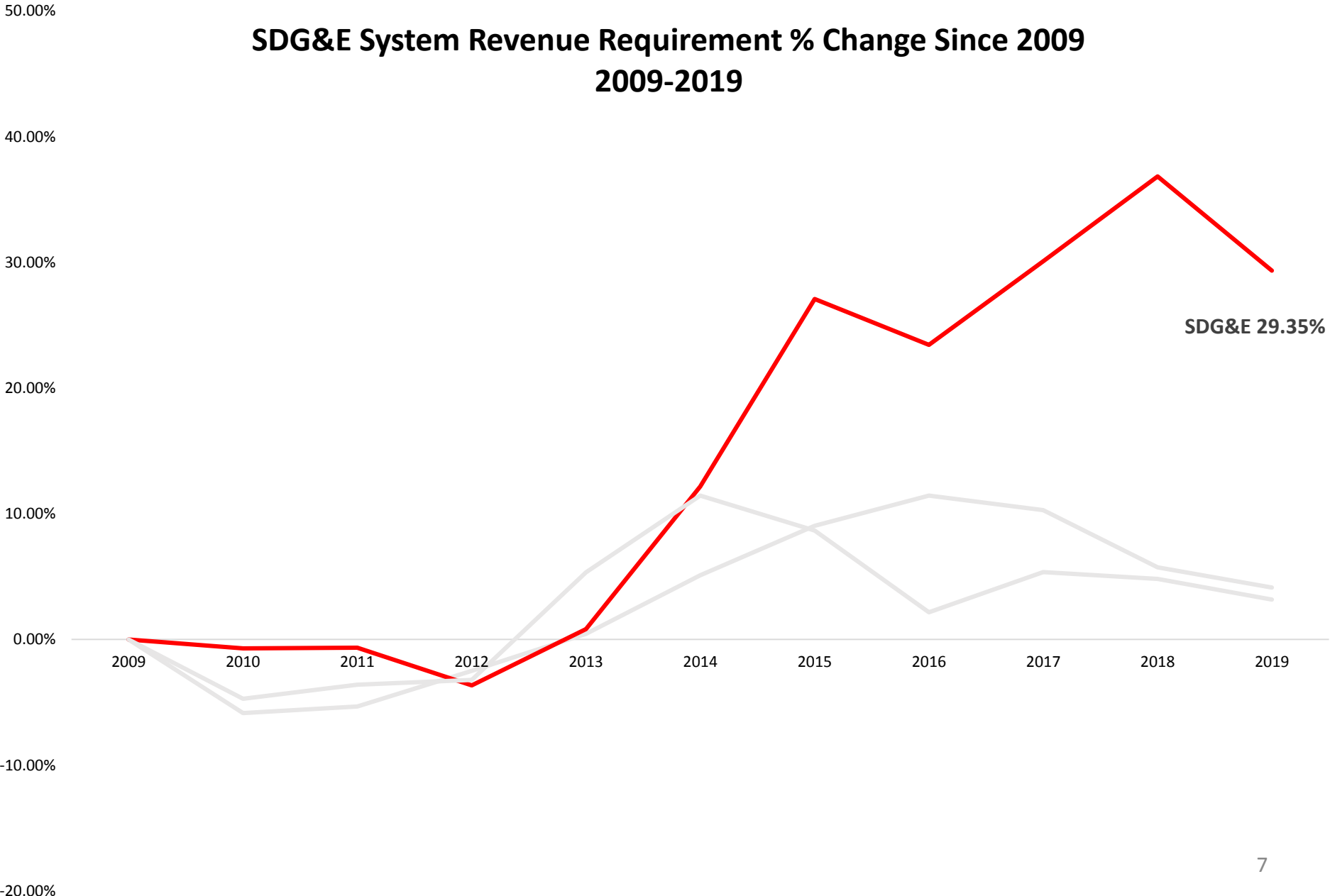
SCE System Revenue Requirement % Change Since 2009 2009-2019



PG&E System Revenue Requirement % Change Since 2009 2009-2019



SDG&E System Revenue Requirement % Change Since 2009 2009-2019

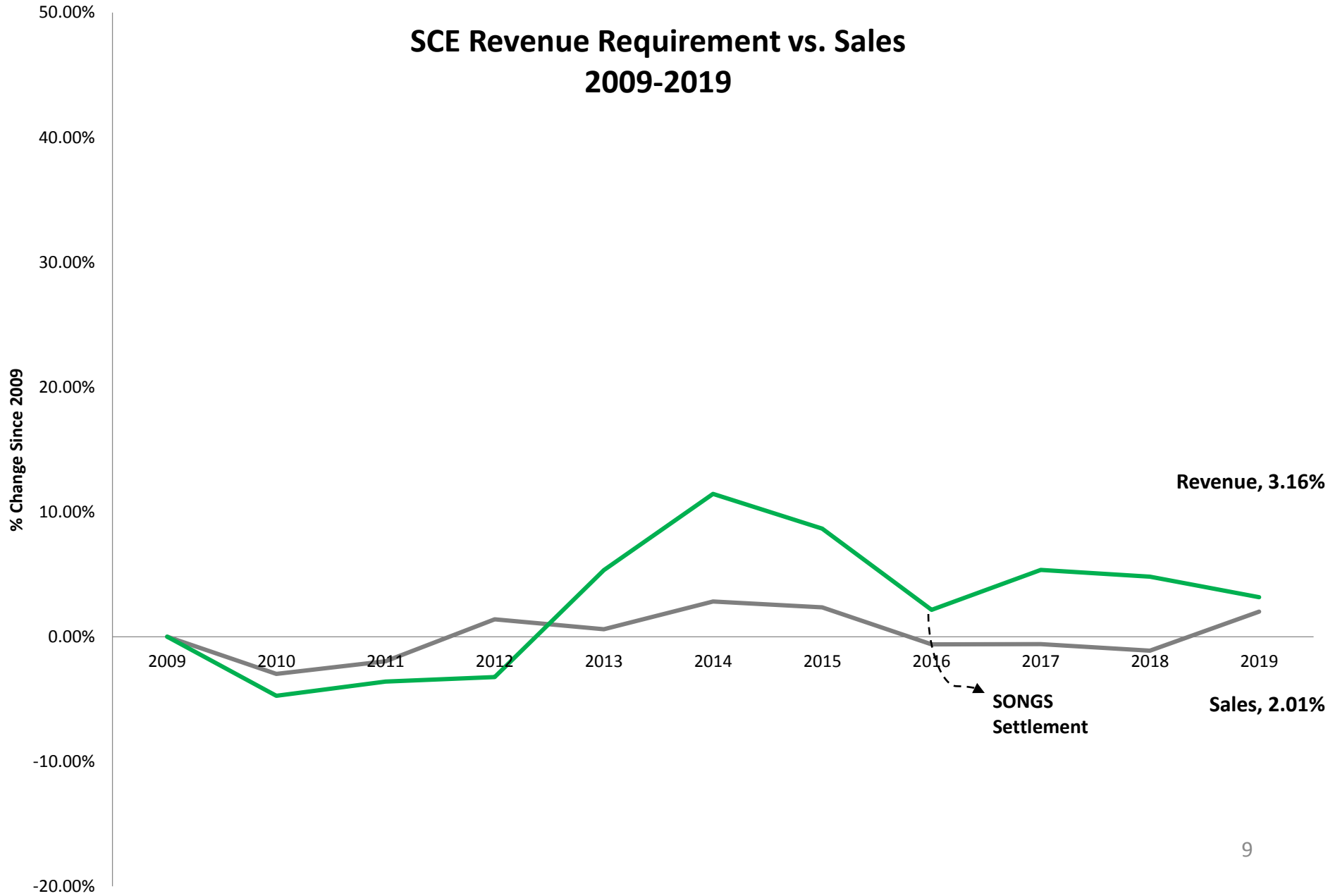


Stagnant & Decreasing Sales

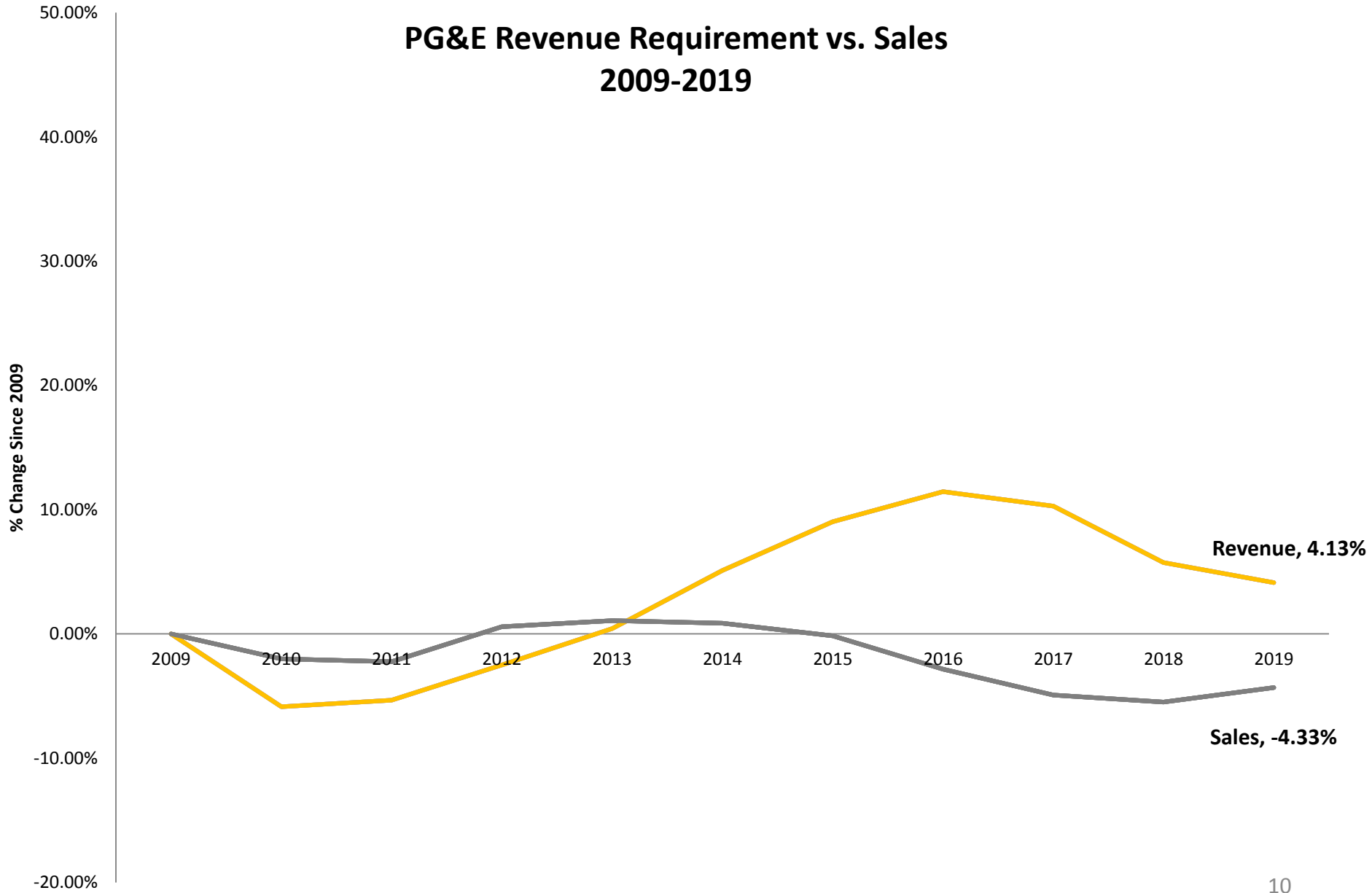
- Prior to 2009, sales increases generally acted to offset increasing revenue requirements, resulting in less severe rate impacts despite growing revenue requirements.
- However due to energy efficiency and distributed generation, sales have been stagnant or decreasing statewide for the past several years. Sales decreases are expected to continue unless state Electrification policy takes root *and* reverts the trend in a sustainable manner.
- With lower sales, the same revenue requirement is collected over fewer kilowatt hours, resulting in higher per kWh rates.



SCE Revenue Requirement vs. Sales 2009-2019

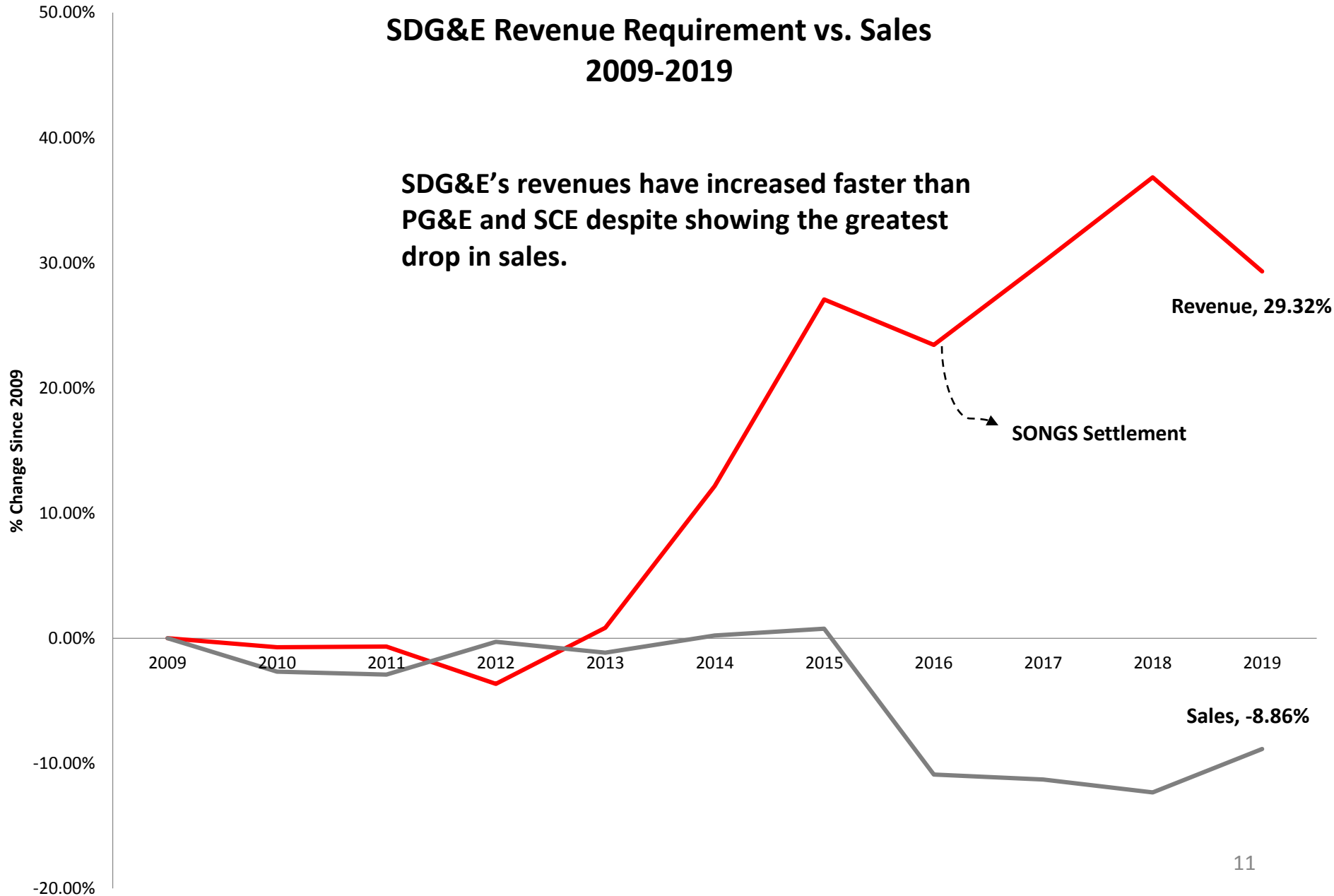


PG&E Revenue Requirement vs. Sales 2009-2019



SDG&E Revenue Requirement vs. Sales 2009-2019

SDG&E's revenues have increased faster than PG&E and SCE despite showing the greatest drop in sales.



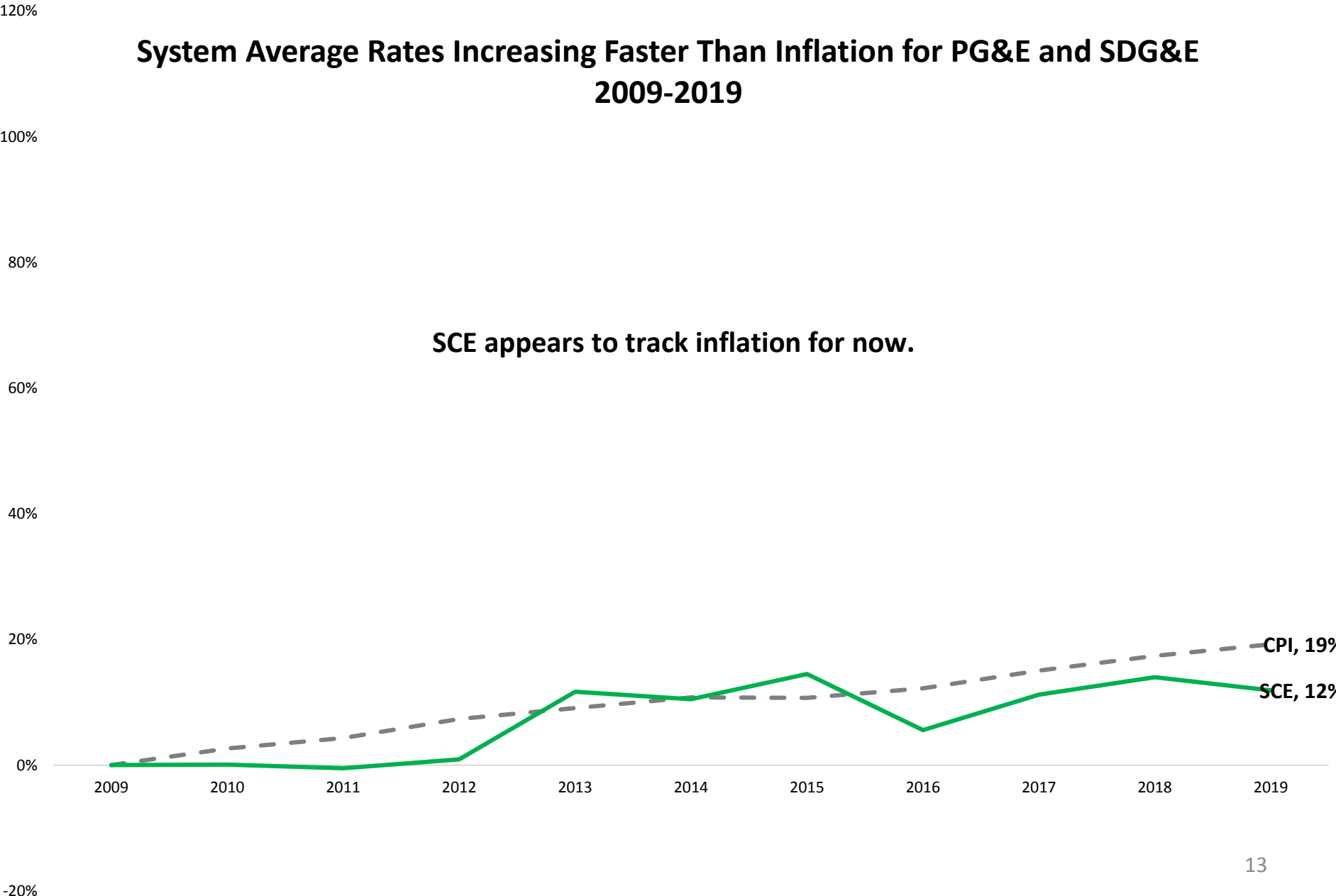
Impact on System Average Rates

- In light of declining sales, even small increases in revenue requirements can have a substantial impact on customer rates and bills.
- System average rates are increasing more quickly than revenue requirements.

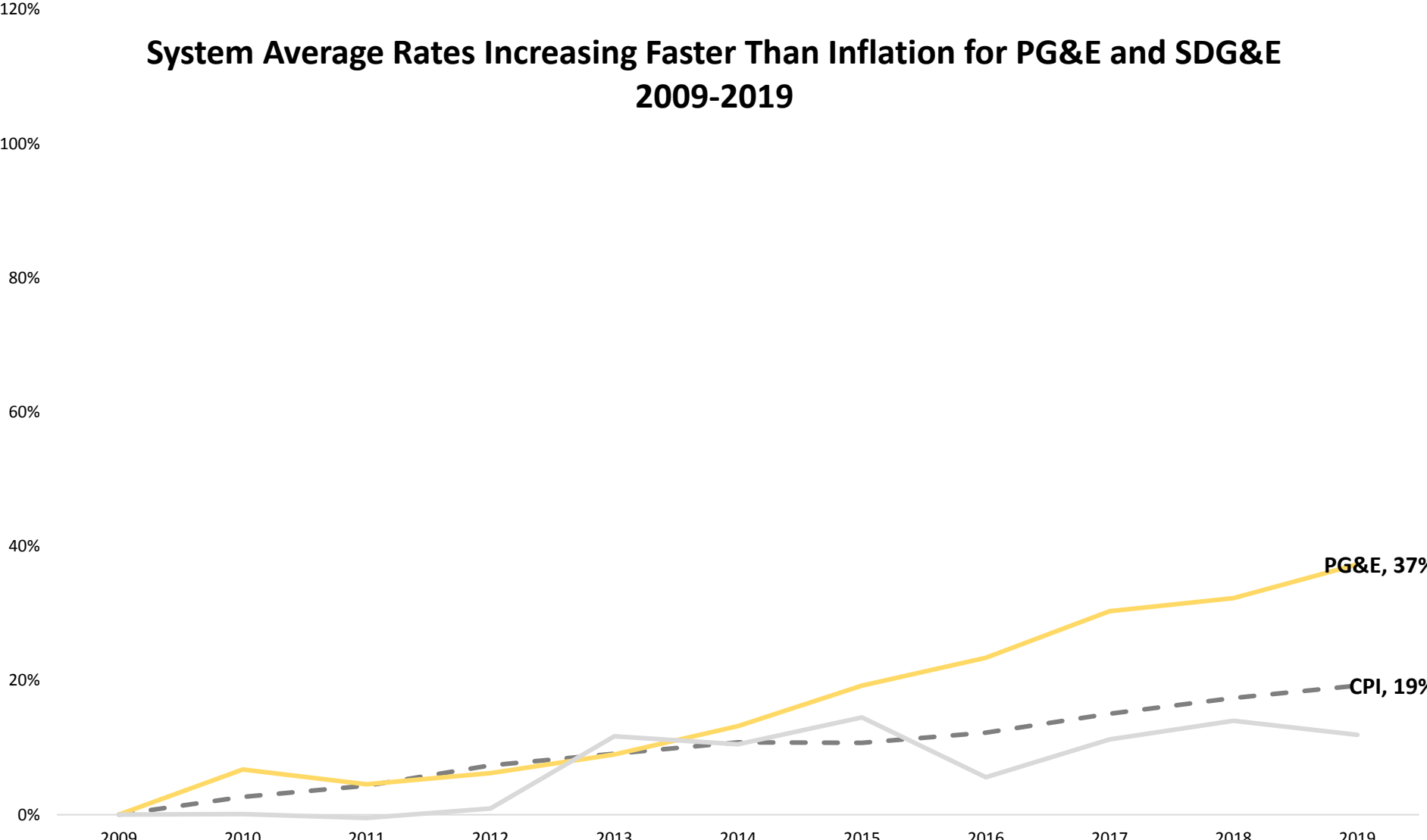


System Average Rates Increasing Faster Than Inflation for PG&E and SDG&E 2009-2019

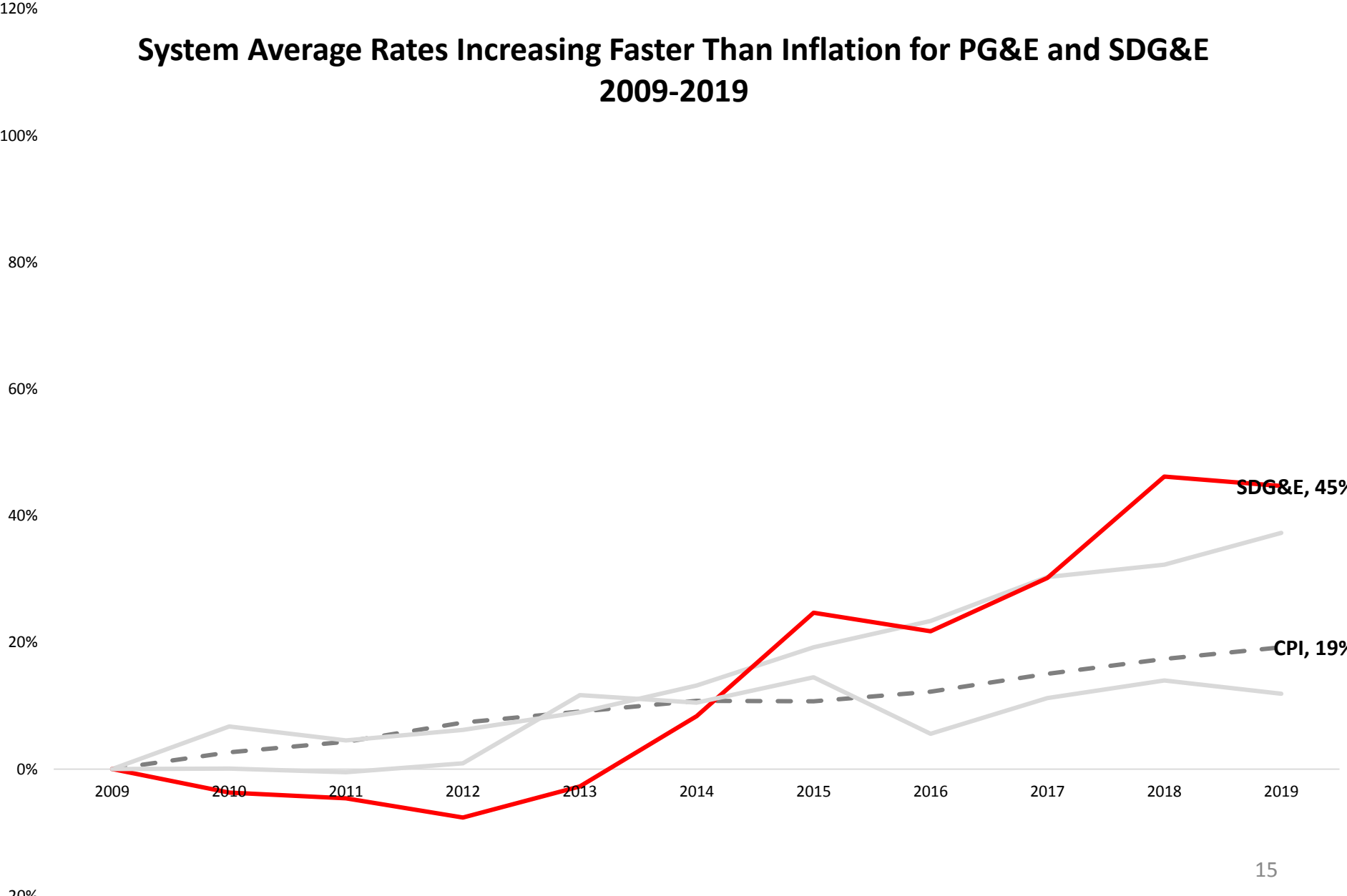
SCE appears to track inflation for now.



System Average Rates Increasing Faster Than Inflation for PG&E and SDG&E 2009-2019

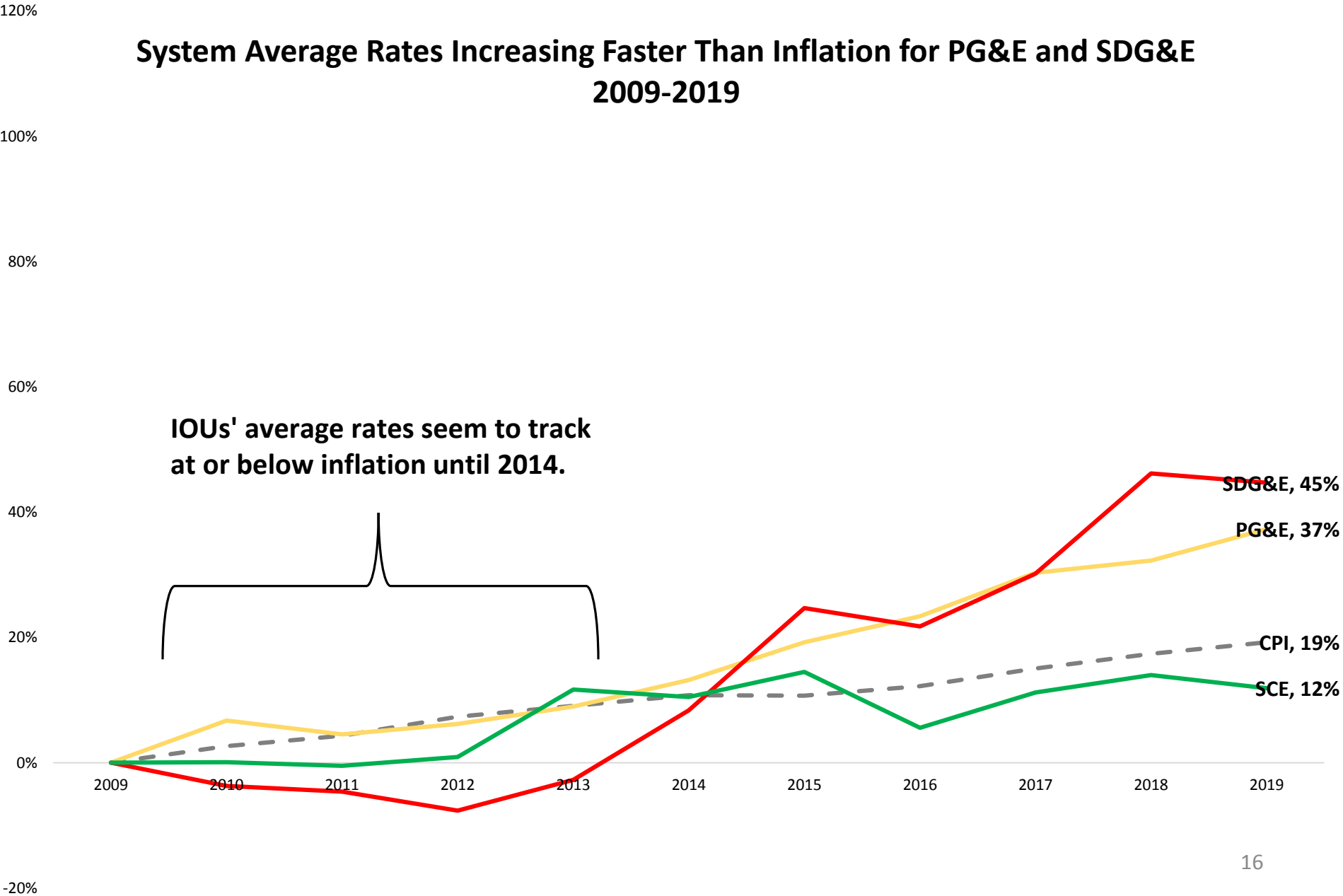


System Average Rates Increasing Faster Than Inflation for PG&E and SDG&E 2009-2019



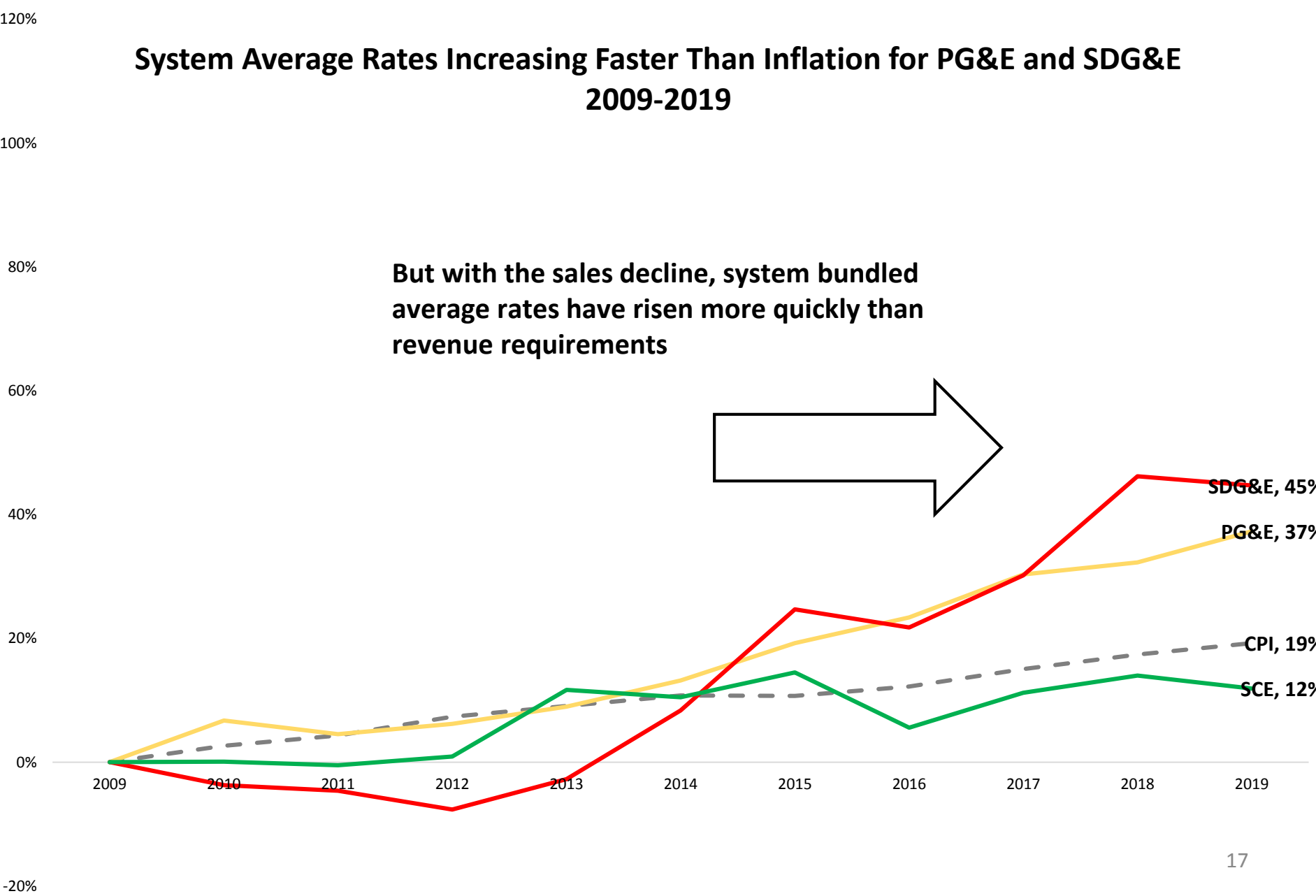
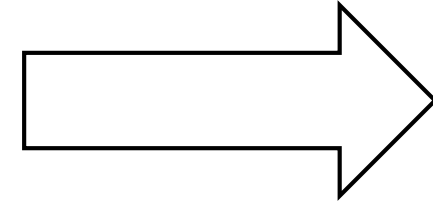
System Average Rates Increasing Faster Than Inflation for PG&E and SDG&E 2009-2019

IOUs' average rates seem to track at or below inflation until 2014.



System Average Rates Increasing Faster Than Inflation for PG&E and SDG&E 2009-2019

But with the sales decline, system bundled average rates have risen more quickly than revenue requirements



Impact on Residential Rates

- Not all customer classes are symmetrically impacted by these changes.
- Residential rates are generally higher than system average rates, and are rising more quickly than inflation.
- CPUC jurisdictional residential rates are growing faster than statewide residential rates.

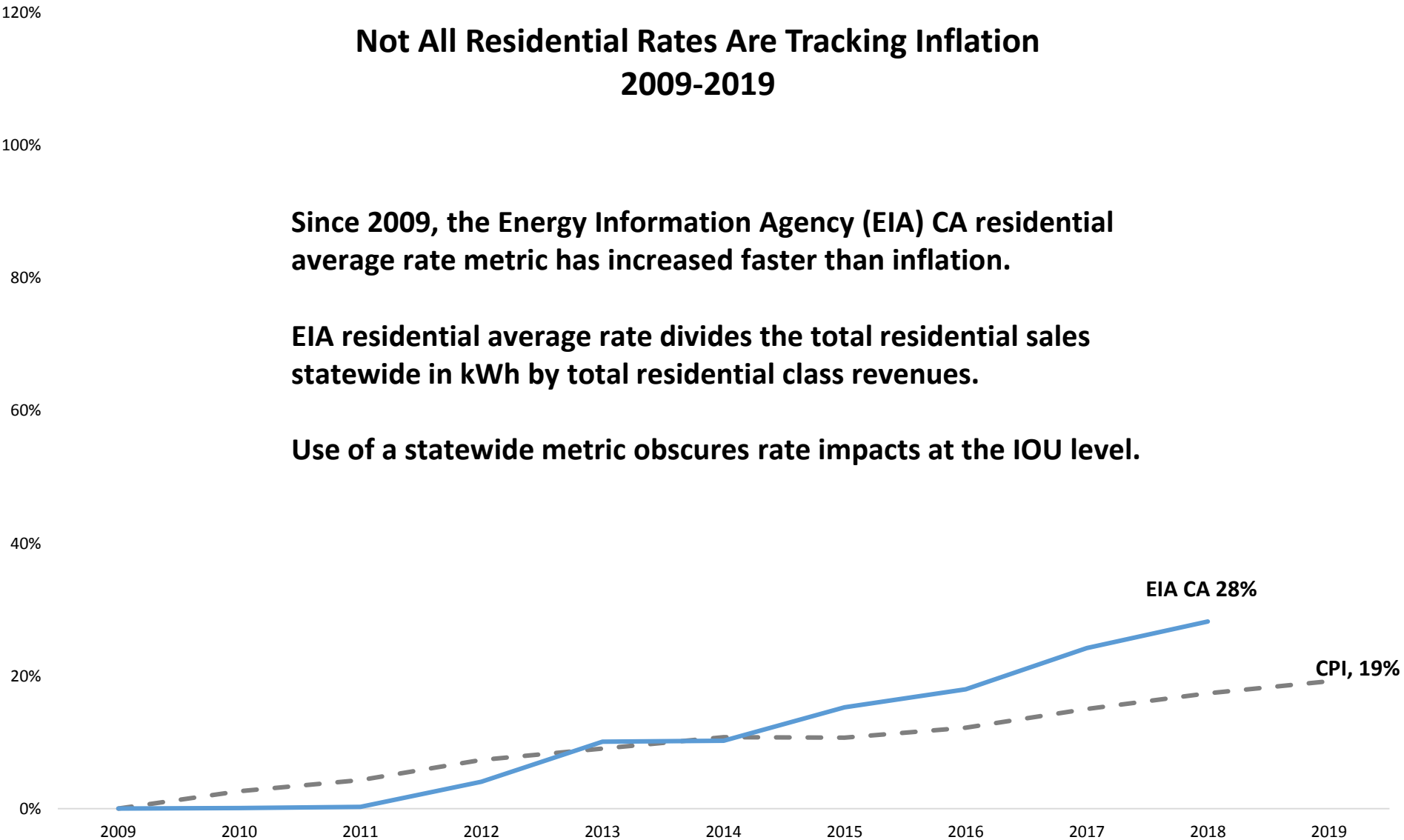


Not All Residential Rates Are Tracking Inflation 2009-2019

Since 2009, the Energy Information Agency (EIA) CA residential average rate metric has increased faster than inflation.

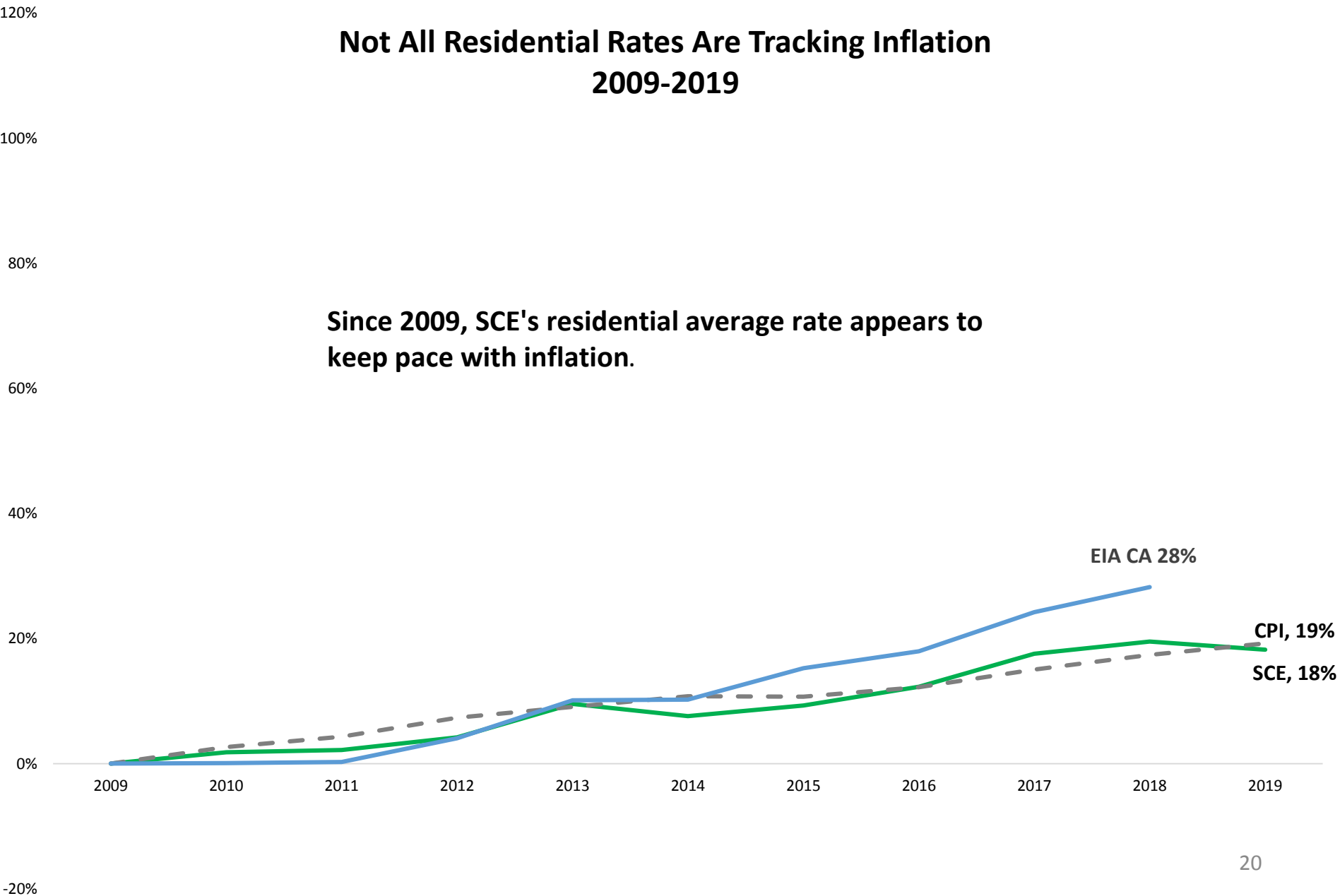
EIA residential average rate divides the total residential sales statewide in kWh by total residential class revenues.

Use of a statewide metric obscures rate impacts at the IOU level.



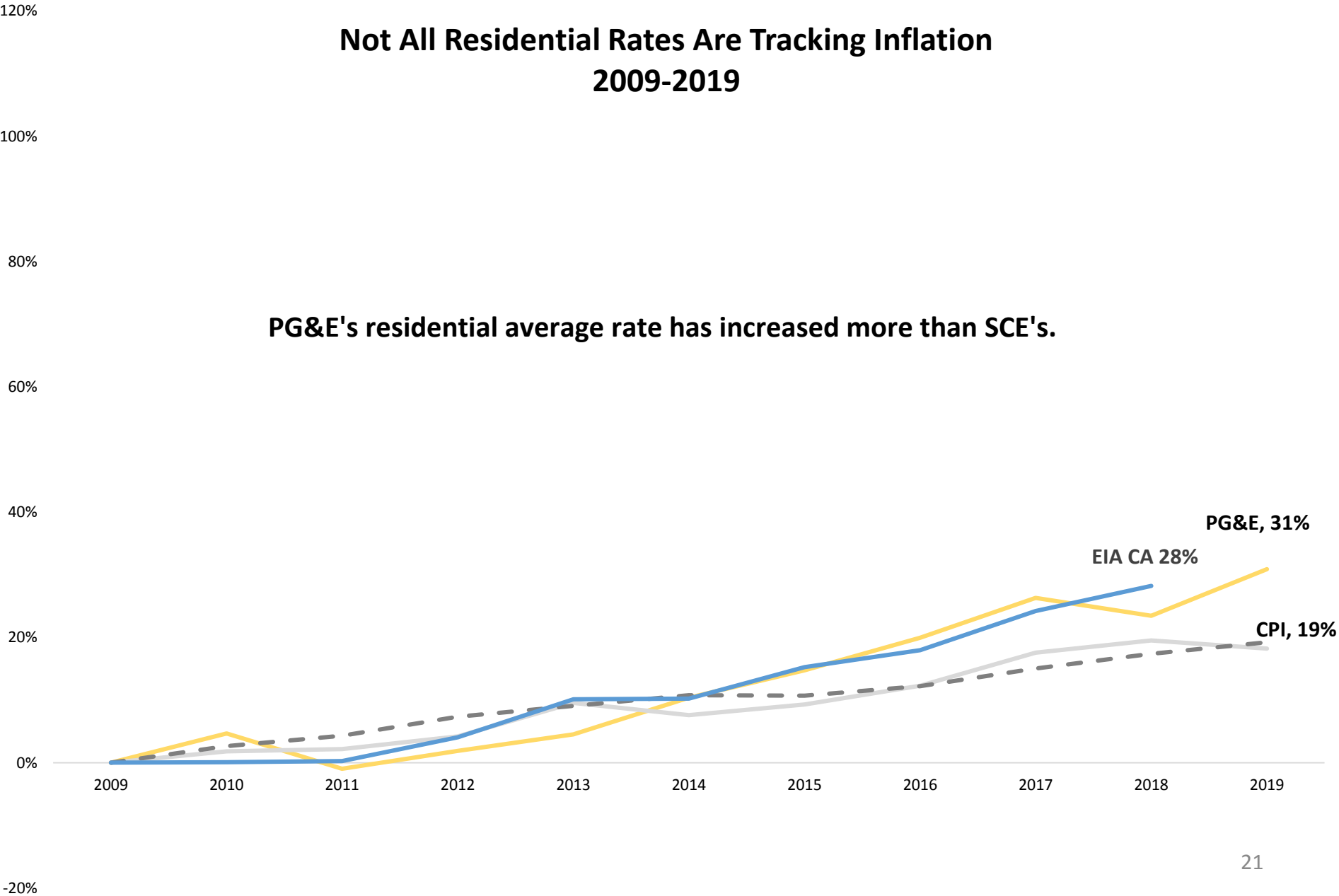
Not All Residential Rates Are Tracking Inflation 2009-2019

Since 2009, SCE's residential average rate appears to keep pace with inflation.

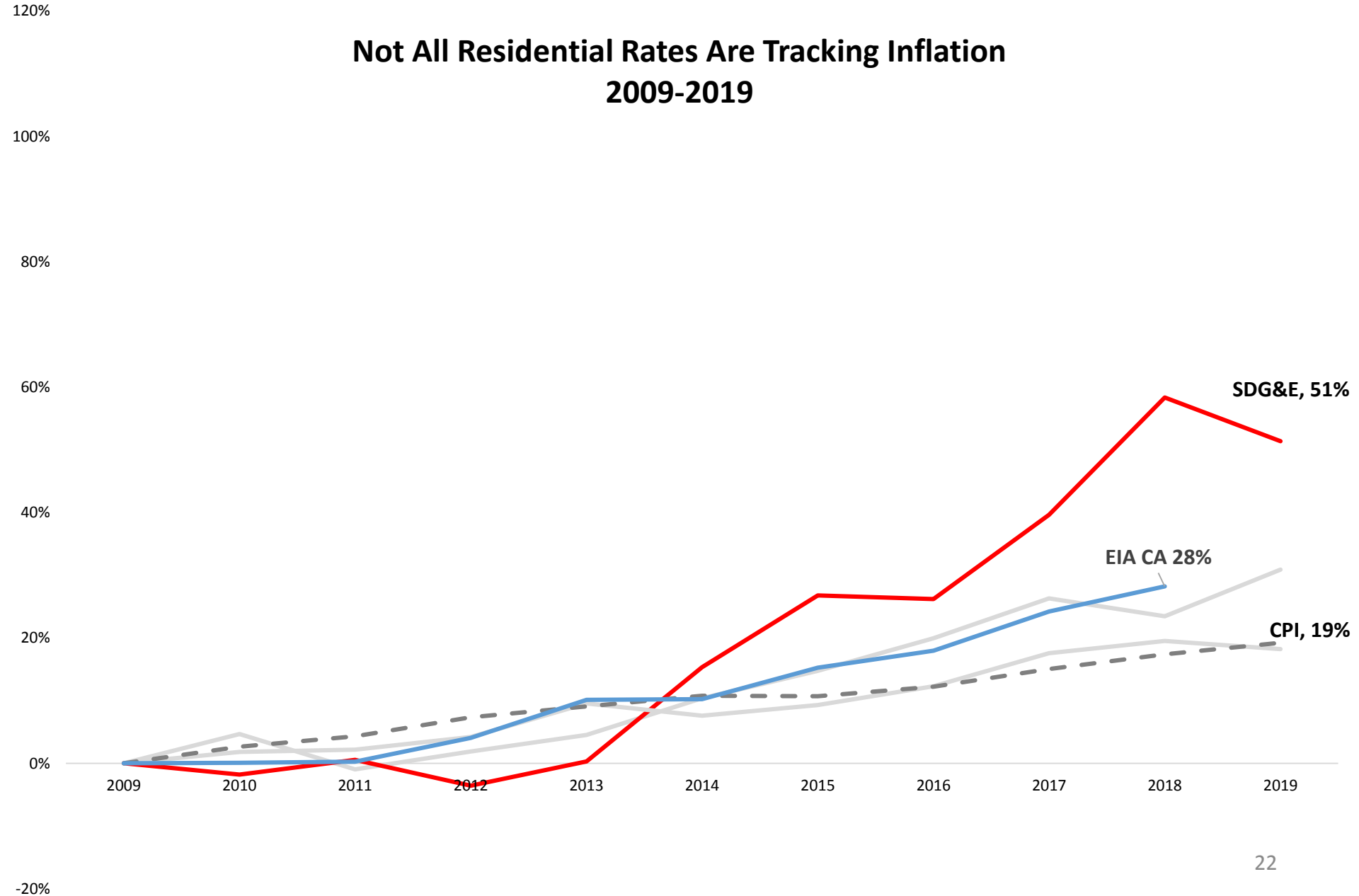


Not All Residential Rates Are Tracking Inflation 2009-2019

PG&E's residential average rate has increased more than SCE's.



Not All Residential Rates Are Tracking Inflation 2009-2019

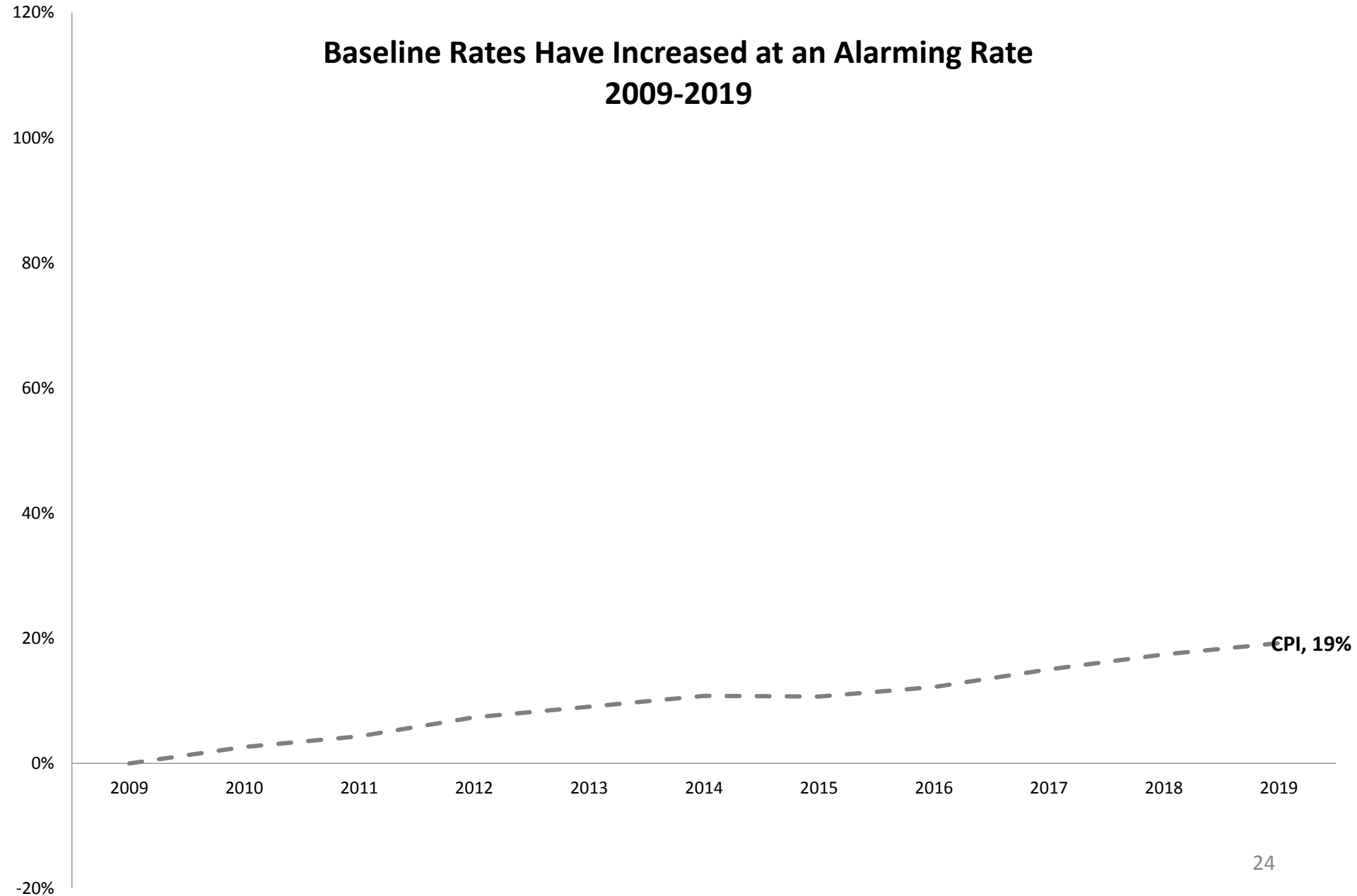


Effects on Baseline Rates are Substantial

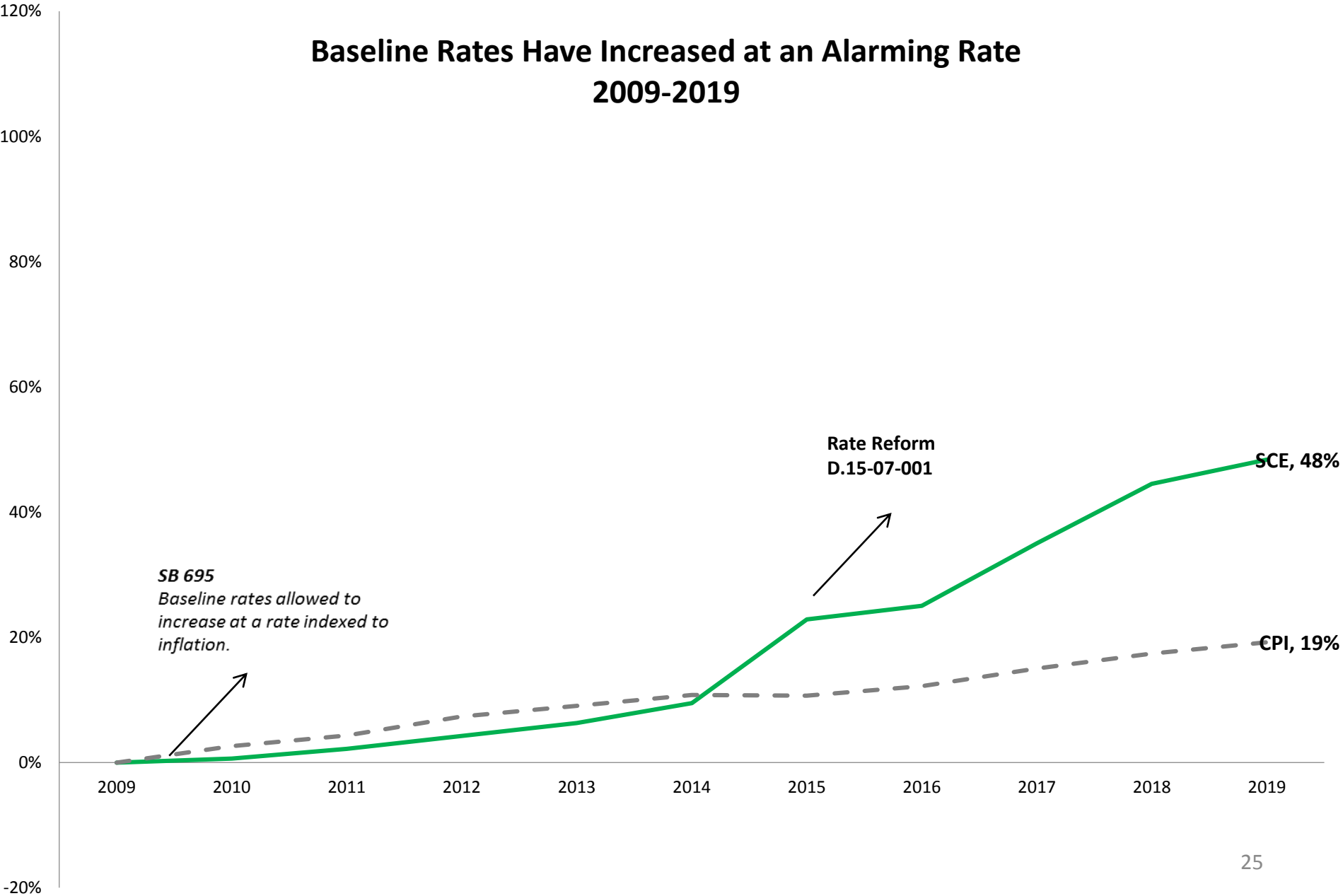
- The baseline allowance is intended “to supply a significant portion of the reasonable energy needs of the average residential customer.” (PU Code §739.2b)
- This quantity is billed at the lowest rate and is intended to ensure affordability for essential usage.
- Baseline rates have increased at a pace far beyond inflation. The effects of revenue increase and falling sales are multiplied on baseline rates after enactment of residential rate reform. About a quarter to a third residential customers never exceed their baseline usage.



Baseline Rates Have Increased at an Alarming Rate 2009-2019



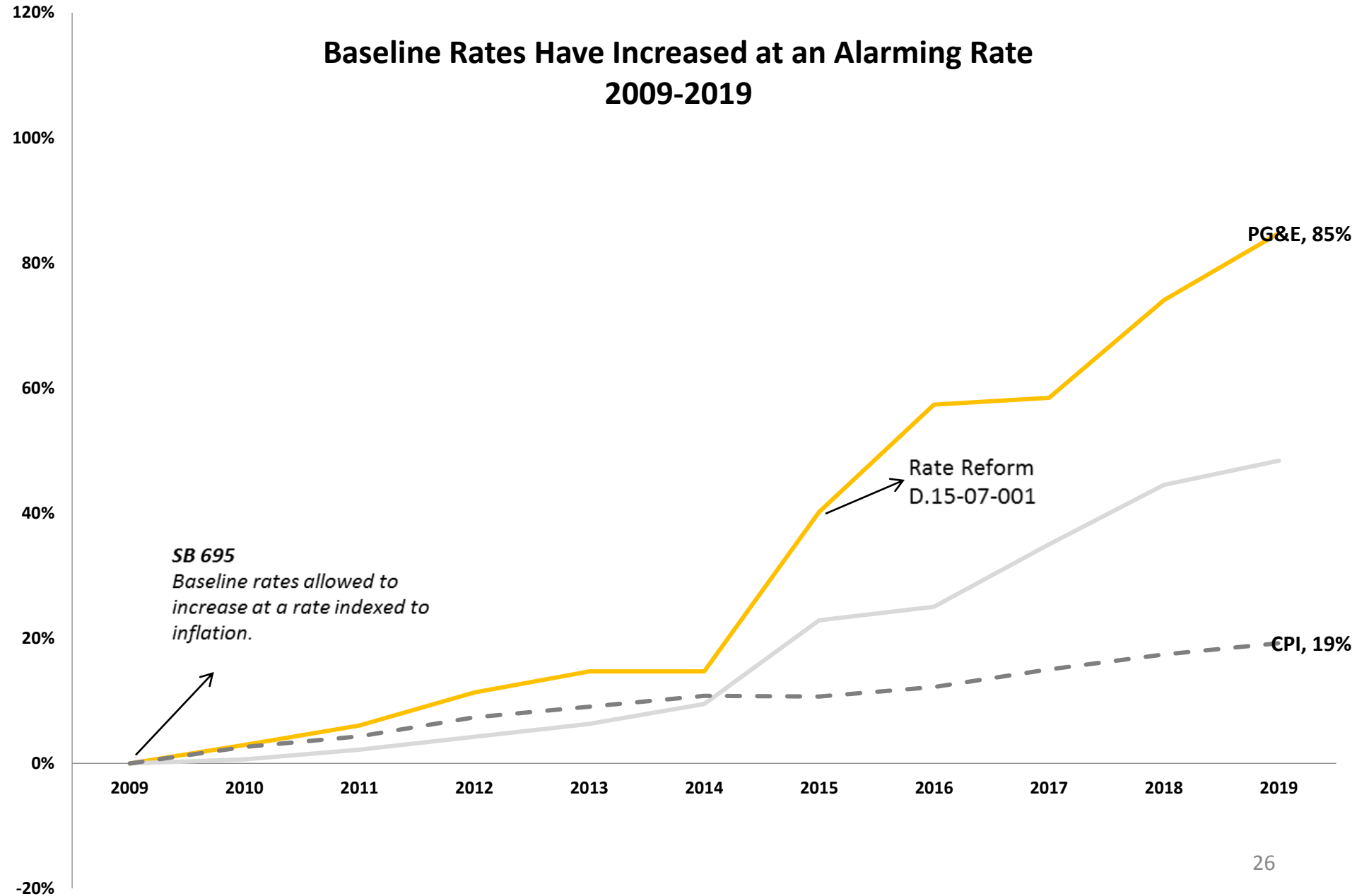
Baseline Rates Have Increased at an Alarming Rate 2009-2019



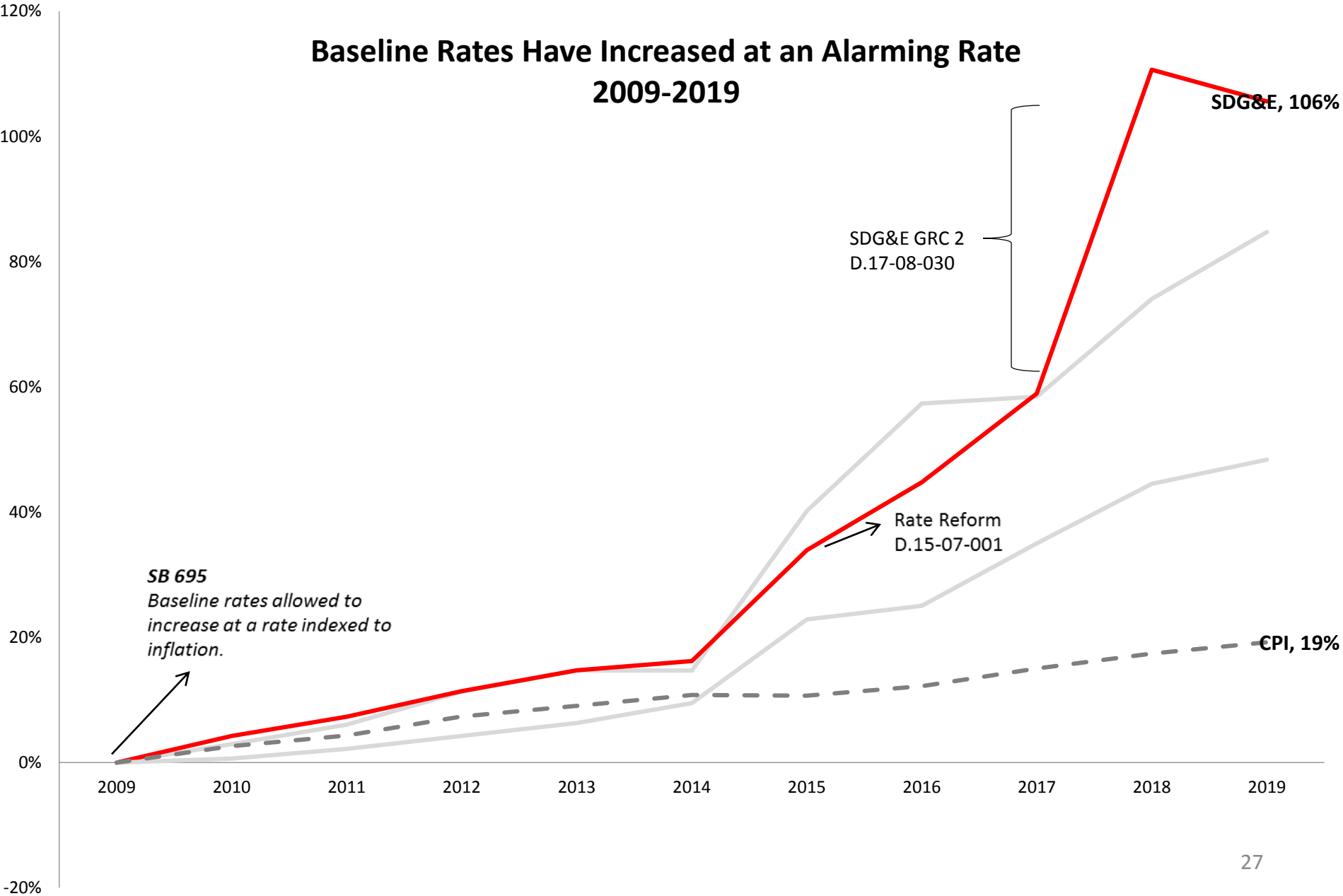
SB 695
Baseline rates allowed to
increase at a rate indexed to
inflation.

Rate Reform
D.15-07-001

Baseline Rates Have Increased at an Alarming Rate 2009-2019

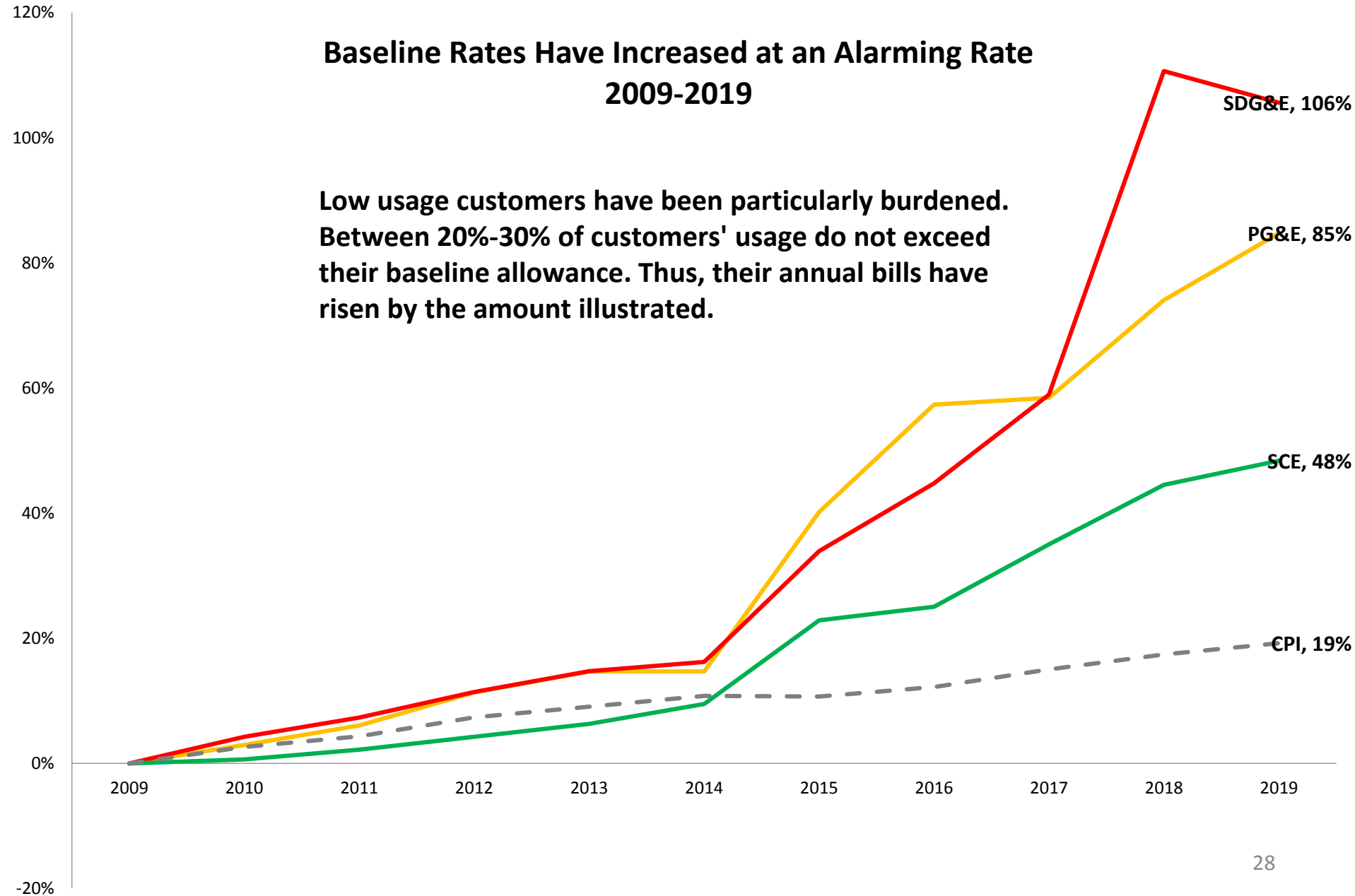


Baseline Rates Have Increased at an Alarming Rate 2009-2019



Baseline Rates Have Increased at an Alarming Rate 2009-2019

Low usage customers have been particularly burdened. Between 20%-30% of customers' usage do not exceed their baseline allowance. Thus, their annual bills have risen by the amount illustrated.



Recap: Seemingly minor revenue increases can amount to large rate increases to some customers.

Revenue Impact on Rates (2009-2019)

	Revenue % Change	System Average Rate % Change	Residential Rate % Change	Baseline Residential Rate % Change
SCE	3.2%	12%	18%	48%
PG&E	4.1%	37%	31%	85%
SDG&E	29.4%	45%	51%	106%



Forecasting Across Proceedings

- The Commission needs better tools to identify the trade-offs involved in approving new IOU spending across various proceedings.
- How does each application/request affect:
 - Total Revenue Requirement
 - Average rates:
 - system average rate
 - residential average rate
 - Average customer bill:
 - by customer class, climate zone, CARE/non-CARE, and at residential baseline usage level





Data Needs

Filing Date 1/1/2019 Filing Year 2019

				Annual Revenue Requirements (End of Year)									
	Revenue Requirement (Benchmark 1/1/2019)	\$\$\$		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<u>Status</u>	<u>Proceedings</u>	<u>Description of Filing</u>	<u>Recovery Mechanism (e.g. Distribution, Generation, PPP)</u>	2019	2020	2021	2022	2023	2024	2025	2026	2027	2027
Pending	1	GRC, Application, Advice Letter, etc.											
	2												
	Total Pending												
Approved	1												
	2												
	Total Approved												
Planned	1												
	2												
	Total Planned												
	Grand Total												





Data Needs

		Rate Impacts in ¢/kWh								
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
		2018	2019	2020	2021	2022	2023	2024	2025	2026
Residential Average Rate										
	Benchmark									
	Cost Causing Request									
	Application/Filing A									
	Application/Filing B									
	Total Cumulative Impact of all proceedings									
System Average Rate										
	Application/Filing A									
	Application/Filing B									
	Total Cumulative Impact of all proceedings									

