



Staff Report

July 9, 2019

TO: Honorable Mayor and Members of the Town Council
FROM: Sean Rabé, Town Manager
DATE: July 9, 2019
RE: Discussion on Pioneer Energy Potential Rate Increase

Recommendation

Staff recommends the Council hear a presentation from Pioneer Energy Executive Director Jenine Windeshausen, discuss a potential Pioneer Community Energy rate increase, and provide direction if any is needed.

Issue Statement and Discussion

Mayor Tim Onderko requested this item be placed on the agenda to allow Council an opportunity to discuss a proposed rate increase by Pioneer Community Energy. Council Member Jeff Duncan is the Town's representative on the Pioneer Community Energy Board.

Pioneer Community Energy Executive Director Jenine Windeshausen will attend the Council Meeting. The Pioneer Community Energy Board met July 1, 2019, where the possible increase was discussed. The Pioneer Community Energy Board of Directors did not take action on that proposed increase. Ms. Windeshausen will be able to brief Council regarding this matter.

For background information, I have attached the agenda item from the July 1, 2019 Pioneer Community Energy Board meeting where the increase was discussed.

CEQA Requirements

None.

Financial and/or Policy Implications

None.

Attachments

- A. July 1, 2019 Pioneer Community Energy agenda item regarding potential rates



TO: The Pioneer Governing Board
DATE: July 1, 2019
FROM: Jenine Windeshausen
SUBJECT: Generation Rate Increase

ACTION REQUESTED

- a) Receive a presentation pursuant to Board direction at Pioneer's June 3, 2019 regular Board meeting, regarding Pioneer electric generation rates and information related to a 16.6% average rate increase on July 1, 2019, resulting in an average customer bill increase of 6.64%, to provide revenues for Pioneer's CCA Program.
- b) Conduct a public hearing to consider adoption of a resolution to adjust the rates for electric generation for unbundled electric generation customers.
- c) Adopt resolution implementing an average electric generation rate increase of 16.6%, resulting in an average customer bill increase of 6.64%, to provide approximately \$92.4 million in Gross Revenues for the purchase of wholesale electricity and operation of Pioneer's CCA Program, effective July 1 for all customers.

BACKGROUND

On June 3, 2019, your Board received budget and rate setting information. At this meeting, the FY 2019/20 Proposed Budget was adopted which assumed gross revenues from the sale of electricity of \$92.8. The proposed budget was based on the need to continue funding reserves, reducing debt, and increasing staffing to more effectively manage Pioneer's CCA Program. The \$92.8 million revenue scenario was described as the 5% Discount (to PG&E). Based on the discussion at the June 3rd meeting, your Board directed that rate schedules be developed which provide Pioneer Community Energy unbundled electric generation customer rates which are 5% less than PG&E's rates (across all rate classes) projected to be in effect on July 1, 2019, based on the 2019/20 Proposed Budget.

On June 27, 2019, PG&E filed their ERRA (Energy Resource Recovery Account) Advice Letter with the CPUC (California Public Utilities Commission) and thereby finalized their electric generation rate increase effective July 1, 2019. The Advice Letter and the accompanying rate schedules reflect increases higher than anticipated at the June 3, 2019 Board meeting.

The Executive Director directed Pacific Energy Advisors, Inc. (PEA) to develop the rate schedule for Pioneer which reflects the Board's direction based on the FY 2019/20 Proposed Budget gross revenue from sale of electricity (\$92.8 million) based on a 5% discount to PG&E electric generation rates. The result is a rate schedule which produces a 7% discount to PG&E and reduces gross revenues from the sale of electricity to \$92.4 million.

The attached presentation provides additional details on Pioneer's proposed rate increase, and outlines why the increase is needed to ensure successful operation of Pioneer Community Energy by:

- Funding additional reserve amounts to insulate customers from future market price volatility and related rate increases that could become necessary with insufficient reserves.
- Allowing for pay-down of current principal amounts associated with Pioneer's line of credit to avoid a balloon payment and reduce interest costs.
- Improving Pioneer's creditworthiness to reduce collateral requirements and the need for additional capital and related costs.
- Funding additional staff positions, which are necessary to support existing operations, and to implement and operate future energy programs.



- Leaving Pioneer with a remaining available balance of \$7 million in the 2019/20 fiscal year to address additional costs and to begin funding programs.
- Continuing to stabilize Pioneer's financial position.

FISCAL IMPACT

The fiscal impact of increasing rates is projected to generate approximately \$92.4 million in gross revenues from the sale of electricity to support the acquisition of whole energy and related electric energy products to serve the needs of Pioneer's customers, to support efficient operation of the CCA Program, to reduce outstanding debt and to progress toward fully funding reserves to protect ratepayers from wholesale energy market price volatility, while providing Pioneer's customers with a 7% discount to PG&E electric generation rates.

Attachments:

- Rate Resolution with Attachment A, Pioneer Community Energy Electric Rate Generation Schedule
- Presentation on Electric Generation Rate Increase

Before the Governing Board of Pioneer Community Energy

In the matter of:

Approving Pioneer Community Energy's
Electric Generation Rates For Its Unbundled
Customers, Effective July 1, 2019, To Increase
Rates Approximately 16.6% Across all Rate
Categories, And Providing a Discount 7% Less
Than PG&E's Current Electric Generation
Rates

Resolution No.: _____

The following Resolution was duly passed by the Governing Board of Pioneer Community Energy at
a regular meeting held July 1, 2019, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of the Governing Board

Attest:

Clerk of said Board

BE IT RESOLVED, by the Governing Board of Pioneer Community Energy, that

WHEREAS, Pioneer Community Energy ("Pioneer") was formed for the purpose of providing local control of energy resources, to provide competitive and stable rates, programs to foster economic development, energy efficiency, and resource conservation; and

WHEREAS, Pioneer has stated in its Amended and restated Joint Exercise of Powers Agreement that its purpose is:

1. Providing electric power and other forms of energy to customers at a competitive cost

2. Promoting long-term electric rate stability, energy security, and reliability for residents through local control of electric generation resources and the overall power supply portfolio
3. Carrying out programs to reduce energy consumption
4. Stimulating and sustaining the local economy by developing local jobs in renewable energy, and
5. Reducing greenhouse gas emissions related to the use of electric power and other forms of energy in Placer County and neighboring regions; and

WHEREAS, Pioneer has the authority to aggregate electric load to purchase and supply electricity for customers within their jurisdictions,

WHEREAS, Pioneer has provided electric generation service to its customers beginning February 1, 2018; and

WHEREAS, the Governing Board of Pioneer Community Energy has received presentations and held discussions regarding the long-term financial stability of Pioneer Community Energy related to increasing rates of its customers on June 3rd and July 1st, of 2019; and

WHEREAS, Pioneer has caused to be published a legal notice of its intention to hold a public hearing on July 1, at 3:15 p.m. in the Board of Supervisors Chambers at 175 Fulweiler Avenue, Auburn, CA, and where the legal notice has appeared in the Auburn Journal on June 16th and 20th; the Roseville Press Tribune, the Loomis News, and the Placer Herald on June 21st and 28th; and the Lincoln News Messenger on June 27th; and

WHEREAS, PG&E is expected to further increase its electric generation rates, and to increase the Power Charge Indifference Adjustment (PCIA); and

WHEREAS, the Governing Board has directed that proposed electric generation rate schedules be developed to achieve a 7% reduction from PG&E's electric generation rates, net of the PCIA and the Franchise Fee Surcharge (FFS), based on PG&E rates in effect as of July 1, 2019; and

WHEREAS, Pioneer's Proposed Budget reflects that Pioneer can accommodate the rates proposed, herein, including minor adjustments to ensure Pioneer's electric generation rates are 7% less than PG&E's electric generation rates; and

WHEREAS, the Pioneer Governing Board has held such a hearing and taken public comment.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board approves the Electric Generation Rate Schedule set forth in Attachment A, effective July 1, 2019, to set its electric generation rates for its unbundled customers at a 7% discount (net of PCIA and FFS) when compared to PG&E's electric generation rates.

Attachment A
Pioneer Community Energy
Electric Generation Rate Schedule

Rate Schedule	Time of Use Period	Pioneer Rates
E-1	All	0.08166
E-1-P	All	0.07839
	All	0.07839
E-6	SUMMER PEAK	0.20947
	SUMMER PART-PEAK	0.09932
	SUMMER OFF-PEAK	0.05436
	WINTER PART-PEAK	0.07933
	WINTER OFF-PEAK	0.06697
EV	SUMMER PEAK	0.23128
	SUMMER PART-PEAK	0.09712
	SUMMER OFF-PEAK	0.03504
	WINTER PEAK	0.06909
	WINTER PART-PEAK	0.03278
	WINTER OFF-PEAK	0.03727
EV2	SUMMER PEAK	0.14516
	SUMMER PART-PEAK	0.10358
	SUMMER OFF-PEAK	0.06532
	WINTER PEAK	0.09226
	WINTER PART-PEAK	0.08066
	WINTER OFF-PEAK	0.05882
E-TOU-A	SUMMER PEAK	0.15937
	SUMMER OFF-PEAK	0.08908
	WINTER PEAK	0.07814
	WINTER OFF-PEAK	0.06485
E-TOU-B	SUMMER PEAK	0.17973
	SUMMER OFF-PEAK	0.08388
	WINTER PEAK	0.08037
	WINTER OFF-PEAK	0.06289
E-TOU-C3	SUMMER PEAK	0.1361
	SUMMER OFF-PEAK	0.0771
	WINTER PEAK	0.08359
	WINTER OFF-PEAK	0.06748
A-1-A	SUMMER	0.09620
	WINTER	0.05888
A-1-A-P	SUMMER	0.09235
	WINTER	0.05652
A-1-B	PEAK	0.10980
	PART-PEAK	0.08780

Attachment A
Pioneer Community Energy
Electric Generation Rate Schedule

Rate Schedule	Time of Use Period	Pioneer Rates
	OFF-PEAK	0.06236
	PART-PEAK	0.08762
	OFF-PEAK	0.06817
A-1-B-P	PEAK	0.10541
	PART-PEAK	0.08429
	OFF-PEAK	0.05987
	PART-PEAK	0.08412
	OFF-PEAK	0.06544
A-10-A	SUMMER	0.08510
	SUMMER MAX	5.33000
	WINTER	0.05970
A-10-A-P	SUMMER	0.07612
	SUMMER MAX	4.65000
	WINTER	0.05404
A-10-B	PEAK	0.13510
	PART-PEAK	0.08383
	OFF-PEAK	0.05773
	SUMMER MAX	5.33000
	PART-PEAK	0.06900
	OFF-PEAK	0.05313
A-10-B-P	PEAK	0.12398
	PART-PEAK	0.07695
	OFF-PEAK	0.05220
	SUMMER MAX	4.65000
	PART-PEAK	0.06422
	OFF-PEAK	0.04944
A-6	PEAK	0.33277
	PART-PEAK	0.10995
	OFF-PEAK	0.05574
	PART-PEAK	0.07943
	OFF-PEAK	0.06316
A-6-P	PEAK	0.31946
	PART-PEAK	0.10555
	OFF-PEAK	0.05351
	PART-PEAK	0.07625
	OFF-PEAK	0.06063
E-19-S	PEAK	0.11006
	PART-PEAK	0.06578
	OFF-PEAK	0.03645
	PEAK	13.81000

Attachment A
Pioneer Community Energy
Electric Generation Rate Schedule

Rate Schedule	Time of Use Period	Pioneer Rates
E-19-P	PART-PEAK	3.41000
	PART-PEAK	0.05971
	OFF-PEAK	0.04373
E-19-T	PEAK	0.09956
	PART-PEAK	0.05778
	OFF-PEAK	0.03091
	PEAK	12.29000
	PART-PEAK	2.99000
	PART-PEAK	0.05213
	OFF-PEAK	0.03754
E-19-R-S	PEAK	0.06024
	PART-PEAK	0.04652
	OFF-PEAK	0.02838
	PEAK	13.51000
	PART-PEAK	3.39000
	PART-PEAK	0.04868
	OFF-PEAK	0.03474
E-19-R-P	PEAK	0.28246
	PART-PEAK	0.12637
	OFF-PEAK	0.06368
	PART-PEAK	0.08616
	OFF-PEAK	0.07071
E-19-R-T	PEAK	0.26588
	PART-PEAK	0.11411
	OFF-PEAK	0.05504
	PART-PEAK	0.07555
	OFF-PEAK	0.06145
E-20-S	PEAK	0.26247
	PART-PEAK	0.11730
	OFF-PEAK	0.05903
	PART-PEAK	0.07865
	OFF-PEAK	0.06519
E-20-P	PEAK	0.10150
	PART-PEAK	0.06117
	OFF-PEAK	0.03349
	PEAK	13.40000
	PART-PEAK	3.30000
	PART-PEAK	0.05531
	OFF-PEAK	0.04031
E-20-P	PEAK	0.10574
	PART-PEAK	0.06137

Attachment A
Pioneer Community Energy
Electric Generation Rate Schedule

Rate Schedule	Time of Use Period	Pioneer Rates
E-20-T	OFF-PEAK	0.03408
	PEAK	14.68000
	PART-PEAK	3.47000
	PART-PEAK	0.05553
	OFF-PEAK	0.04079
E-20-R-S	PEAK	0.06270
	PART-PEAK	0.04924
	OFF-PEAK	0.03142
	PEAK	17.49000
	PART-PEAK	4.17000
	PART-PEAK	0.05135
	OFF-PEAK	0.03767
E-20-R-P	PEAK	0.25764
	PART-PEAK	0.11820
	OFF-PEAK	0.05942
	PART-PEAK	0.08051
	OFF-PEAK	0.06602
E-20-R-T	PEAK	0.27176
	PART-PEAK	0.11500
	OFF-PEAK	0.05653
	PART-PEAK	0.07725
	OFF-PEAK	0.06302
AG-1-A	PEAK	0.26950
	PART-PEAK	0.11268
	OFF-PEAK	0.05681
	PART-PEAK	0.07607
	OFF-PEAK	0.06285
AG-1-B	SUMMER	0.08063
	SUMMER MAX	1.45000
	WINTER	0.06071
AG-RA	SUMMER	0.08412
	SUMMER MAX	2.18000
	WINTER	0.06119
AG-RB	PEAK	0.25693
	OFF-PEAK	0.04922
	SUMMER	1.43000
	PART-PEAK	0.05661
	OFF-PEAK	0.04511
AG-RB	PEAK	0.23051
	OFF-PEAK	0.04857

Attachment A
Pioneer Community Energy
Electric Generation Rate Schedule

Rate Schedule	Time of Use Period	Pioneer Rates
MAX	MAX	2.12000
	PEAK	2.38000
	PART-PEAK	0.04283
	OFF-PEAK	0.03335
AG-VA	PEAK	0.22220
	OFF-PEAK	0.04637
	SUMMER	1.50000
	PART-PEAK	0.05501
	OFF-PEAK	0.04375
AG-VB	PEAK	0.20613
	OFF-PEAK	0.04716
	MAX	1.96000
	PEAK	2.53000
	PART-PEAK	0.04351
	OFF-PEAK	0.03388
AG-4-A	PEAK	0.14398
	OFF-PEAK	0.05056
	SUMMER	1.46000
	PART-PEAK	0.05481
	OFF-PEAK	0.04367
AG-4-B	PEAK	0.10443
	OFF-PEAK	0.05182
	MAX	2.59000
	PEAK	2.74000
	PART-PEAK	0.05002
	OFF-PEAK	0.03944
AG-4-C	PEAK	0.12366
	PART-PEAK	0.06076
	OFF-PEAK	0.03789
	PEAK	6.38000
	PART-PEAK	1.09000
	PART-PEAK	0.04438
	OFF-PEAK	0.03456
AG-5-A	PEAK	0.13203
	OFF-PEAK	0.05492
	SUMMER	3.98000
	PART-PEAK	0.05849
	OFF-PEAK	0.04686
AG-5-B	PEAK	0.12938
	OFF-PEAK	0.02926
	MAX	4.85000

Attachment A
Pioneer Community Energy
Electric Generation Rate Schedule

Rate Schedule	Time of Use Period	Pioneer Rates
	PEAK	6.06000
	PART-PEAK	0.05013
	OFF-PEAK	0.02063
AG-5-C	PEAK	0.10354
	PART-PEAK	0.05072
	OFF-PEAK	0.03106
	PEAK	11.24000
	PART-PEAK	2.11000
	PART-PEAK	0.03695
STOUS	OFF-PEAK	0.02801
	PEAK	0.09065
	PART-PEAK	0.07294
	OFF-PEAK	0.04973
	All	0.44000
	PART-PEAK	0.07575
	OFF-PEAK	0.05779
STOUP	All	0.44000
	PEAK	0.09065
	PART-PEAK	0.07294
	OFF-PEAK	0.04973
	All	0.44000
	PART-PEAK	0.07575
	OFF-PEAK	0.05779
STOUT	All	0.44000
	PEAK	0.07201
	PART-PEAK	0.05740
	OFF-PEAK	0.03809
	All	0.36000
	PART-PEAK	0.05970
	OFF-PEAK	0.04486
STREET LIGHTING	All	0.36000
		0.06343
TC-1	All	0.06959

Energy Generation Rates

Governing Board Meeting
July 1, 2019



Why a rate increase is necessary?

- The rate increase will:
 - Continue to provide near-term rate savings.
 - The \$92.4 mil Gross Revenue target will ensure successful operation of Pioneer Community Energy by:
 - Funding additional reserve amounts to insulate customers from future market price volatility, and related rate increases that could become necessary with insufficient reserves.
 - Allowing for pay-down of current principal amounts associated with Pioneer's line of credit to avoid a balloon payment and reduce interest costs.
 - Improving Pioneer's creditworthiness to reduce collateral requirements and need for additional capital and related costs.
 - Funding additional staff positions, which are necessary to support existing operations, and the implementation and operation of future energy programs.
 - Leaving Pioneer with a remaining available balance of \$7 mil to address additional unknown costs and begin to fund programs.
 - Pioneer rate changes are based on business needs.

Billing and Charges; Why do we compare to our rates to PG&E?

- Pioneer supplies only electric generation to its customers
- Pioneer is required by law to place its charges on PG&E's bill
- Pioneer utilizes PG&E meter data for billing purposes
- CCAs, including Pioneer, have chosen to mirror incumbent utility rates to facilitate rate/cost comparisons and minimize customer confusion
- Pioneer may pursue alternative rate structures in the future, if directed by the Board
- PG&E/Pioneer customers are subject to certain charges. Customer bills include charges for:
 - **Electric Generation (the only Pioneer charge on the bill)**
 - Transmission and Distribution (lines, poles and wires)
 - Electric Public Purpose Programs
 - PCIA (Power Charge Indifference Adjustment)*
 - Franchise Fees (paid to cities and counties)*
 - Nuclear decommissioning*
 - DWR (CA Dept. of Water Resources) Bond Charge*
 - Energy Cost Recovery Amount*
 - Conservation Incentive*
 - Energy Commission SurchARGE*

*Charges to customers of investor owned utilities and CCAs - not municipal utilities, like Roseville Electric who are not required to have include these fees on their bill.

Details of PG&E Electric Delivery Charges

02/07/2018 - 03/08/2018 (30 billing days)

Service For: 435 SACRAMENTO ST

Service Agreement ID: 6479942823

Rate Schedule: E1 S Residential Service

Enrolled Programs: CARE (Renew by 08/23/2018)

▼

02/07/2018 - 02/28/2018 Your Tier Usage

1	2
---	---

Tier 1 Allowance 246.40 kWh (22 days x 11.2 kWh/day)
Tier 1 Usage 246.400000 kWh @ \$0.20078
Tier 2 Usage 415.066670 kWh @ \$0.27748

CARE Discount

Generation Credit

Power Charge Indifference Adjustment

Franchise Fee Surcharge

▼

03/01/2018 - 03/08/2018 Your Tier Usage

1	2
---	---

Tier 1 Allowance 89.60 kWh (8 days x 11.2 kWh/day)
Tier 1 Usage 89.600000 kWh @ \$0.21169
Tier 2 Usage 150.933330 kWh @ \$0.27993

CARE Discount

Generation Credit

Power Charge Indifference Adjustment

Franchise Fee Surcharge

▼

Total PG&E Electric Delivery Charges **\$79.00**

2017 Vintaged Power Charge Indifference Adjustment

PG&E Bill with Pioneer Charges

PG&E Generation Credit	-(\$65.08 + \$25.93)=	\$91.01
Pioneer Generation Charges		\$59.49
Savings Before PCIA	(34.63%)	\$31.52
PCIA kept by PG&E	\$19.31 + \$8.05 =	\$27.36
Pioneer Generation Plus PCIA	\$59.49 + \$27.36 =	\$86.85
Net Savings, after PCIA	4.57%	\$4.16

Details of PIONEER COMMUNITY ENERGY Electric Generation Charges

02/07/2018 - 03/09/2018 (31 billing days)

Service For: 435 SACRAMENTO ST

Service Agreement ID: 6479942823

02/07/2018 - 03/09/2018 (31 billing days)

Rate Schedule: E-1	GENERATION - TOTAL	902.000000 kWh @ \$0.08566	\$59.23
Energy Commission Surcharge	NET CHARGES	59.23	0.26
Total PIONEER COMMUNITY ENERGY Electric Generation Charges	\$59.49		

Rate Change History and Comparison

Estimated Savings calculation on E-1 Residential bill of 500 kWh - no tiers

	PG&E Generation Rate	Pioneer Generation Rate*	\$ Savings
February 2018	\$ 49.19	\$ 47.72	\$ 1.47
March 2018	\$ 53.90	\$ 49.84	\$ 4.06
April 2018	\$ 53.90	\$ 49.84	\$ 4.06
May 2018	\$ 53.90	\$ 49.84	\$ 4.06
June 2018	\$ 53.90	\$ 49.84	\$ 4.06
July 2018	\$ 53.90	\$ 49.84	\$ 4.06
August 2018	\$ 53.90	\$ 49.84	\$ 4.06
September 2018	\$ 53.90	\$ 49.84	\$ 4.06
October 2018	\$ 53.90	\$ 49.84	\$ 4.06
November 2018	\$ 53.90	\$ 49.84	\$ 4.06
December 2018	\$ 53.90	\$ 49.84	\$ 4.06
January 2019	\$ 53.90	\$ 49.84	\$ 4.06
February 2019	\$ 53.90	\$ 49.84	\$ 4.06
March 2019	\$ 55.97	\$ 49.84	\$ 6.13
April 2019	\$ 55.97	\$ 49.84	\$ 6.13
May 2019	\$ 56.57	\$ 49.84	\$ 6.72
June 2019	\$ 56.57	\$ 49.84	\$ 6.73
July 2019 (Pioneer Proposed)	\$ 58.79	\$ 54.67	\$ 4.12
Difference 2/18 to 7/19	\$ 9.60	\$ 6.95	
Total	\$ 979.85	\$ 899.83	\$ 80.02

* Includes PG&E PCIA Surcharge to Pioneer Customers

PG&E has 4 pending rate increases over the next 6 months.

Further PG&E Rate increases slated:

- Recent bill inserts regarding PG&E rate increases effective in January 2020.
 - Green and Gold - impact generation rates for a total increase of 8% to 8.2%.

Federal Docket Item #1-1400-0601-0789 • File Number: 1-800-893-9555
NOTICE OF PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO CHANGE RATES FOR THE RECOVERY OF ENERGY PURCHASES AND CREDITS FROM GREENHOUSE GAS ALLOWANCES (A-19-06-001)

1/1/2020 1%

Summary

On June 3, 2019, Pacific Gas and Electric Company (PG&E) filed its 2020 Energy Resource Recovery Account (ERRA) Forecast Application with the California Public Utilities Commission (CPUC) requesting approval to change rates for the following:

- Recovery of \$2.9 billion in costs related to fuel needs to produce electricity as well as market-based costs of buying energy from third parties to serve bundled load
- Capping certain charges for bundled and departing load customers procured for those customers before their departure, including the Power Charge Difference Adjustment (PCDA), Ongoing Compensation Transition Charge (CCTC) and Cost Allocation Mechanism (CAM)
- Public policy mandates recovered through the Tree Mortality Non-Retrievable Charge (TMNC)
- Return of \$39.5 million to eligible customers for the sale of greenhouse gas emission allowances, including its California Climate Credit for residential customers and return for eligible nonresidential customers

- Pioneer
 - Customers will not see these increases.
- Blue impacts T&D, and applies to all customers.

Increase to fund a 56% increase in shareholder Return on Investment from 10.25% to 16%

Pacific Utilities Item #1-1800-893-0789 • File Number: 1-800-893-9555
NOTICE OF PUBLIC PARTICIPATION HEARINGS FOR PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO INCREASE RATES IN ITS 2020 GENERAL RATE CASE (A-19-12-009)

1/1/2020 6.2% - 6.5%

Summary

On April 22, 2019, Pacific Gas and Electric Company (PG&E) filed its Capital Application with the California Public Utilities Commission (CPUC). If the CPUC approves this application, it could result in a decrease in the cost of preferred stock from 5.6 to 5.2 percent, an increase in the cost of long-term debt from 4.89 percent to 5.16 percent and an increase in the cost of common equity from 10.25 percent to 16 percent. For its capital structure, PG&E is proposing that the currently authorized 52 percent common equity remain the same and proposes 47.2 percent for long-term debt and 0.5 percent for retained stock. PG&E's proposal is summarized below:

	PROPOSED			
	CURRENT	Capital Allocation	Cost	Common Equity
Common Equity	10.25%	\$2.0%	5%	52%
Preferred stock	5.6%	10%	5.25%	0.5%
Long-term debt	4.89%	47.0%	5.18%	47.15%

The proposed changes to the cost of capital would increase PG&E's current authorized revenues by \$1.2 billion (15%). Approved, PG&E's request would increase rates beginning January 1, 2020 and until the next Cost of Capital application is filed.

Background and more information

"Cost of capital" is a financial term defining how much a company is allowed in rates as a return on invested capital essential for investment in electric and gas infrastructure and operations. In this application, PG&E requests the CPUC determine reasonable costs of long-term debt (loans and financial obligations over one year), common stock (profit for PG&E shareholders) as well as preferred stock. These are all components of the authorized cost of capital. The CPUC will also determine the appropriate capital structure, which is the relative amounts of debt and equity to use for funding infrastructure. Approval of PG&E's proposals in this application will help the company:

- Continue making investments in safety operations and reliability
- Attract the necessary capital critical to safety and efficiently serve 16 million customers
- Return to an investment-grade credit rating, thereby reducing overall financing costs.

The CPUC will thoroughly review PG&E's proposal.

continued on back

1/1/2020 7.5% - 7.7%	NOTICE OF PUBLIC PARTICIPATION HEARINGS FOR PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO INCREASE RATES IN ITS 2020 GENERAL RATE CASE (A-19-12-009)	
<p>For more detailed information call 1-800-893-9555 NOTICE OF PUBLIC PARTICIPATION HEARINGS FOR PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO INCREASE RATES IN ITS 2020 GENERAL RATE CASE (A-19-12-009)</p>		
<p>Pacific Gas and Electric Company (PG&E) and the California Public Utilities Commission (CPUC) would like to hear from you. The CPUC will hold Public Participation Hearings (PPHs) on the dates and locations listed below to hear your comments about PG&E's request to increase rates in its 2020 General Rate Case (GRC) Application. An Administrative Law Judge (judge) will be presiding at these PPHs to listen to your concerns, comments, and opinions on the proposed application. One or more Commissioners may attend, but no decisions will be reached at these hearings. All public comments from the PPHs will be included in the formal record and become public record.</p>		
<p>The locations are wheelchair accessible. If you need a non-English language interpreter or special assistance, please contact the CPUC's Public Advisor's Office (PAO) at the address listed at the bottom of this notice at least five days in advance of the hearing date you plan to attend. There will be PG&E representatives lives at each hearing location to assist customers with their questions.</p>		
SAN FRANCISCO	CHICAGO	OAKLAND
July 9, 2019	July 10, 2019	July 10, 2019
1:00 p.m. and 6:00 p.m.	1:00 p.m. and 6:00 p.m.	1:00 p.m. and 6:00 p.m.
<p>Buena County Association of Government Auditors 3281 Yerba Buena Avenue San Francisco, California 94102 Live-streaming: www.administrator.com/calcpcuc Telephone: 1-877-337-0554 (Enter Participant Code: 7031793)</p>		
STOCKTON	OAKLAND	OAKLAND
July 17, 2019	July 24, 2019	July 24, 2019
1:00 p.m. and 6:00 p.m.	1:00 p.m. and 6:00 p.m.	1:00 p.m. and 6:00 p.m.
<p>State of California Building—Auditorium 31 East Channel Street Stockton, California 95202 (continued inside)</p>		

Board Presentation June 3, 2019:

- Board was provided a Budget & Financial Update and approved a Proposed Budget to provide appropriation authority
- Board was advised that PG&E rates may be filed as late as June 28, and possibility of a postponement of the rate increase to September 1 was still possible.
- Residential and Agricultural Updates released June 25
- Commercial Updates released June 26
- Final PG&E ERRA filing reflecting increased rates from above updates June 27

- Board voted to direct staff to return to the Board with proposed electric generation rates on July 1 at a 5% discount, and called for a public hearing regarding the rate increase on that date

Pioneer Proposed Rate Scenarios cont.

Scenario	7% Discount	5% Discount	3% Discount	“TOU True up”
Total Avg. Rate Change	13.8%	17.1%	20.4%	0%
Total Avg. Rate (\$/MWh)	\$0.078	\$0.080	\$0.083	\$0.089
Est. Revenue (\$M) Less Incentible	\$90.2	\$92.8	\$95.5	\$79.3
Gross Margin (\$M) Less Power Supply Cost	\$27.2	\$29.8	\$32.5	\$16.3

*Proposed scenarios in event of PG&E rate increases and/or rate changes

Increase has approximately
6.64% bill impact



All information is preliminary and subject to change.

**PIONEER COMMUNITY ENERGY
NOTICE OF PUBLIC HEARING TO SET ELECTRIC GENERATION RATES**

NOTICE IS HEREBY GIVEN THAT, the Governing Board of Pioneer Community Energy will conduct a public hearing on July 1, 2019 at the hour of 3:15 p.m. (or soon thereafter, as the matter may be heard), at the regular meeting place of the Governing Board of Pioneer Community Energy, 175 Folsom Avenue, Auburn, California, at which public hearing it will consider adoption of a resolution to adjust the rates for electric generation for its unbundled electric generation customers. At the public hearing, any interested person may appear to address the Governing Board regarding the proposed rates.

Summary of Notice to Adjust Electric Generation Rates

The Governing Board of Pioneer Community Energy will consider proposed rate adjustments for its electric generation service. Pioneer's proposed electric generation rates are proposed to be effective on July 15, 2019. If Pioneer's proposed increases to electric generation rates are approved, electric generation rates for Pioneer's unbundled electric generation service will be five percent less than PG&E's electric generation rates proposed to be effective July 1, 2019. Any subsequent changes to PG&E or Pioneer Community Energy rates will impact rate cost comparisons.

*Based on PG&E's Energy Resource Recovery Account (ERRA) Advice Letter (5527-E) filed with the California Public Utilities Commission on April 18, 2019, related to PG&E's proposed electric generation rates and effective dates.

Public Hearing Process

The public hearing is open to the public; any member of the public may attend the meeting. After the public hearing has been opened, any member of the public may speak on the proposed rates schedules. After considering all proposals, public testimony and evidence presented during the public hearing, the Governing Board will discuss and consider adoption of a resolution implementing Pioneer's proposed rate schedules. After the close of the public hearing, the Governing Board may adopt the proposed rate schedules, modify, or reject them.

Pioneer Community Energy is committed to stable and competitive rates for its unbundled electric generation service, consistent with reliable and safe service levels. Pioneer has a multi-disciplinary team with expertise in economics, finance, accounting, engineering and power industry markets and procurement.

A rate change to Pioneer Community Energy rates will be adopted at duly noticed public meetings of the Pioneer Community Energy Board. All rate changes, Pioneer Community Energy customer's monthly Power Charge Indifference Adjustment (PCA) and Franchise Fee Surcharge, Pioneer Community Energy has accounted for these additional charges in calculating its rates and the stated discount to PG&E's generation rates. Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Family Electric Rate Assistance), and Medical Baseline Allowance continue to provide those customers with a discount on PG&E's transmission and delivery charges. In addition, CARE, FERA, and Medical Baseline Allowance customers will also receive the same discount as other Pioneer customers on their electric generation charges.

Subsequent changes to PG&E or Pioneer Community Energy rates will impact rate cost comparisons.

Pioneer Community Energy is governed by a Board of elected officials representing Placer County and the cities of Auburn, Colfax, Lincoln and Rocklin and the Town of Loomis.

Further information may be obtained by contacting Alaska Retallack at phone (530) 889-4121. Written comments may be submitted prior to the hearing date to Pioneer Community Energy, Attn: Secretary of the Board, 2510 Warren Drive, Suite B, Rocklin, CA 95677 or to pioneer.CE@pioneer.ca.gov. Dated: June 16, 2019

Secretary, Governing Board of Pioneer Community Energy

Publication dates/locations:

Auburn Journal: 6/16 and 6/20

Roseville Press Tribune, Loomis News, Placer Herald: 6/21 and 6/28

Lincoln News Messenger: 6/27



PG&E Rate Update and Pioneer Proposed Rate

- PG&E increased its rates in its final filing on June 27th
- **7% discount to PG&E on electric generation now yields \$92.4 mil Gross Revenue**

Scenario	7% Discount
Total Avg. Rate Change	16.6%
Total Avg. Rate (\$/kWh)	\$0.080
Est. Revenue (\$MM) Less Uncollectible	\$92.4
Gross Margin (\$MM) Less Power Supply Cost	\$29.4

A 16.6% generation rate increase has an effective bill impact of approximately 6.64%, because electric generation typically represents less than one-half of an electric customer's total charges.

Following the proposed increase, Pioneer customers would continue to save 7% relative to similar rates offered by PG&E.

The savings is expected to increase further in early 2020 when PG&E further increases its rates.

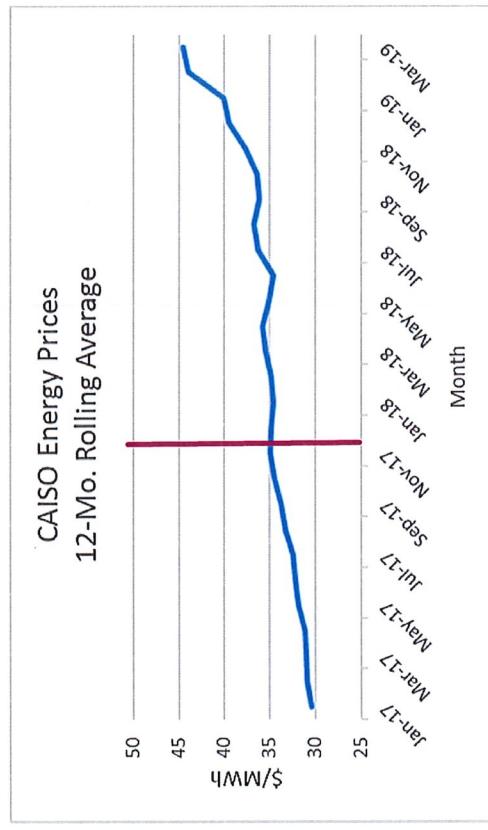
- Since inception, Pioneer's has efficiently managed its Energy Portfolio to produce competitive rates.
- The PCA is the biggest challenge to reducing rates. This surcharge is a direct payment to PG&E; Pioneer never touches these revenues.

December 2017 Rates						
	2017 PG&E Gen Rate	Pioneer Current Gen Rate	Base Rate Difference	2017 PG&E Surcharges	Pioneer Gen + PG&E Surcharges	Difference after PCA Surcharges
Residential	\$ 0.098	\$ 0.066	33%	\$ 0.030	\$ 0.095	3%
Sm Com	\$ 0.100	\$ 0.074	26%	\$ 0.023	\$ 0.097	3%
Med Com	\$ 0.102	\$ 0.075	26%	\$ 0.023	\$ 0.098	3%
Lg Com	\$ 0.096	\$ 0.073	23%	\$ 0.020	\$ 0.093	3%
Industrial	\$ 0.086	\$ 0.066	23%	\$ 0.017	\$ 0.083	3%
Ag & Pumping	\$ 0.095	\$ 0.070	26%	\$ 0.022	\$ 0.092	3%
SL	\$ 0.080	\$ 0.073	9%	\$ 0.005	\$ 0.078	3%
TC	\$ 0.087	\$ 0.062	29%	\$ 0.023	\$ 0.084	3%
Total	\$ 0.097	\$ 0.069	30%	\$ 0.026	\$ 0.094	3%

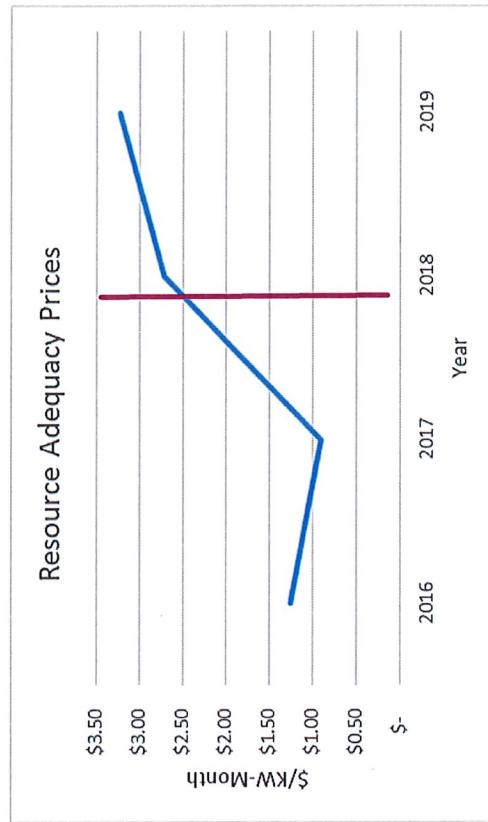
The PCA is included in PG&E's rates.

Wholesale Power Cost Trends

► Northern California Energy Prices



► Resource Adequacy (Capacity) Costs



Since setting rates in December of 2017, wholesale energy prices have increased significantly.

- Pioneer has continued to manage its portfolio efficiently to provide even greater discount, despite increased costs.
- Pioneer has played an active role in pushing down and controlling the PCIA through proceedings at the CPUC.

July 2019 Rates						
	Pioneer Proposed Gen Rate	Pioneer Base Rate Difference	2019 Projected PG&E Surcharges	Pioneer Gen + PG&E Surcharges	Difference after PCIA Surcharges	
Residential	\$ 0.118	\$ 0.082	31%	\$ 0.028	\$ 0.109	7%
Sm Com	\$ 0.117	\$ 0.081	31%	\$ 0.028	\$ 0.109	7%
Med Com	\$ 0.119	\$ 0.082	31%	\$ 0.029	\$ 0.111	7%
Lg Com	\$ 0.112	\$ 0.077	31%	\$ 0.027	\$ 0.105	7%
Industrial	\$ 0.101	\$ 0.069	31%	\$ 0.024	\$ 0.094	7%
Ag & Pumping	\$ 0.111	\$ 0.078	29%	\$ 0.025	\$ 0.103	7%
SL	\$ 0.094	\$ 0.063	32%	\$ 0.024	\$ 0.087	7%
TC	\$ 0.105	\$ 0.070	33%	\$ 0.028	\$ 0.097	7%
Total	\$ 0.115	\$ 0.080	31%	\$ 0.027	\$ 0.107	7%

- PG&E electric generation rates will go up by 16% to 20% on July 1.
- The PCIA also changed:
 - It went down for 8% for residential customers
 - It went up 23% - 39% for Commercial/Industrial customers
 - It went up 375% for Street Lighting and 26% for Traffic Lighting - charged to cities and counties
- Pioneer stabilized rate increases by distributing PG&E rate increases across rate categories, so no one category experiences an extreme increase.
- Pioneer stabilizes rates by efficiently managing its supply portfolio to absorb the PCIA, insulating customers from higher impacts of rising wholesale electric prices
- Pioneer has proposed a single rate increase since its inception (the current rate increase), while PG&E increased electric generation rates five times over the past 18 months, and is slated for 6th and 7th rate increases in six months.

Pioneer is Outperforming 18 Other CCAs on Price on an Ongoing Basis

CCA	Base Product	Base + Renewable / Carbon Free	100% Renewable / Carbon Free
MCE	-3%		+\$4.00/month
MBCP	-3%		
RCEA	-1%		+\$0.01/kwh
EBCE	-1.50%	=	+\$0.01/kwh
SCP	-1%		+\$0.025/kwh
PCE	-5%		+\$0.01/kwh
VCE	= (+PCI(A))		+\$0.015/kwh
SVCE	-3%		+\$0.01/kwh
CleanPowerSF	-2.70%		+\$0.015/kwh
CPA	-1% to -2%	= to -1%	+7% to +9%
SJCE	-1%		+3%
Lancaster Choice Energy	-3%		+\$10/month
PRIME	-3%		+\$0.01/kwh
Apple Valley Choice Energy	-3%	+2%	
Rancho Mirage Energy Authority	-5%		+\$0.004/kwh
San Jacinto Power	-3%		+\$0.015/kwh
Solana Energy Alliance	-3%		+\$0.033/kwh
King City Community Power	-5%		

All other CCAs float their rates with PG&E increases

Next Steps:

- Consider adoption of a resolution increasing rates by an average of 16.6%, resulting in an average effective bill impact of 6.64%, effective July 1, 2019 for all customers to provide approximately \$92.4 million in Gross Revenues necessary to address long-term financial stability and creditworthiness.
- At rate increase will:
 - Provide near-term rate savings,
 - The \$92.4 mil Gross Revenue target will promote successful operation of Pioneer Community Energy by:
 - Funding additional reserve amounts to insulate customers from future market price volatility, and related rate increases that could become necessary with insufficient reserves.
 - Allow for pay-down of current principal amounts associated with Pioneer's line of credit to avoid a balloon payment and reduce interest costs.
 - Improve Pioneer's creditworthiness to reduce collateral requirements and need for additional capital.
 - Fund additional staff positions, which are necessary to support existing operations, and the implementation and operation of future energy programs.
 - Leaving Pioneer with a remaining available balance of \$7 mil. to address additional unknown costs and begin to fund programs.

Questions & Comments

