

**From:** [Doug Boccignone](#)  
**To:** [O'Connor, Kevin](#); [Barry Flynn](#); [Elkins, Luisa](#)  
**Subject:** Re: Cost of Service Draft  
**Date:** Saturday, February 13, 2021 8:12:13 AM  
**Attachments:** [CSJ Downtown West Electric Service Analysis Update EWM\\_02102021\\_v1.pptx](#)

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[External Email]

Kevin,

We think it is ok to share the presentation (attached), though we should note that the results are preliminary and may change following the ongoing internal review of the electric service analysis model.

Doug

Doug Boccignone  
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**From:** O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>  
**Date:** Friday, February 12, 2021 at 3:07 PM  
**To:** Doug Boccignone <dougbocc@flynnrci.com>, Barry Flynn <brflynn@flynnrci.com>, Elkins, Luisa <Luisa.Elkins@sanjoseca.gov>  
**Subject:** FW: Cost of Service Draft

What do you think about providing the presentation you did on the service study? I know that there were some things we reviewed prior to the meeting that we decided not to share, but I think we cleared them out for the full discussion. From what I recall, I don't think we showed them anything we don't want them to have in hand.

Kevin O'Connor

Energy Resilience Coordinator  
City of San Jose Community Energy Department  
Email: [kevin.oconnor@sanjoseca.gov](mailto:kevin.oconnor@sanjoseca.gov)  
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**From:** Andrew Breyer <breyer@google.com>  
**Sent:** Friday, February 12, 2021 3:03 PM  
**To:** O'Connor, Kevin <Kevin.Oconnor@sanjoseca.gov>  
**Cc:** Paul Dunne <pauldunne@google.com>; Cindy Muller <cindymuller@google.com>  
**Subject:** Cost of Service Draft

[External Email]

Hey Kevin,

Could we get a copy of the draft from Flynn on Wednesday? I will put forth an agenda for next week's meeting once we have had time to review.

Have a nice weekend,

--



**Andrew Breyer** | Development Manager  
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# **CSJ Downtown West Electric Service Analysis**

## **Energy Working Group Meeting**

***February 10, 2021***

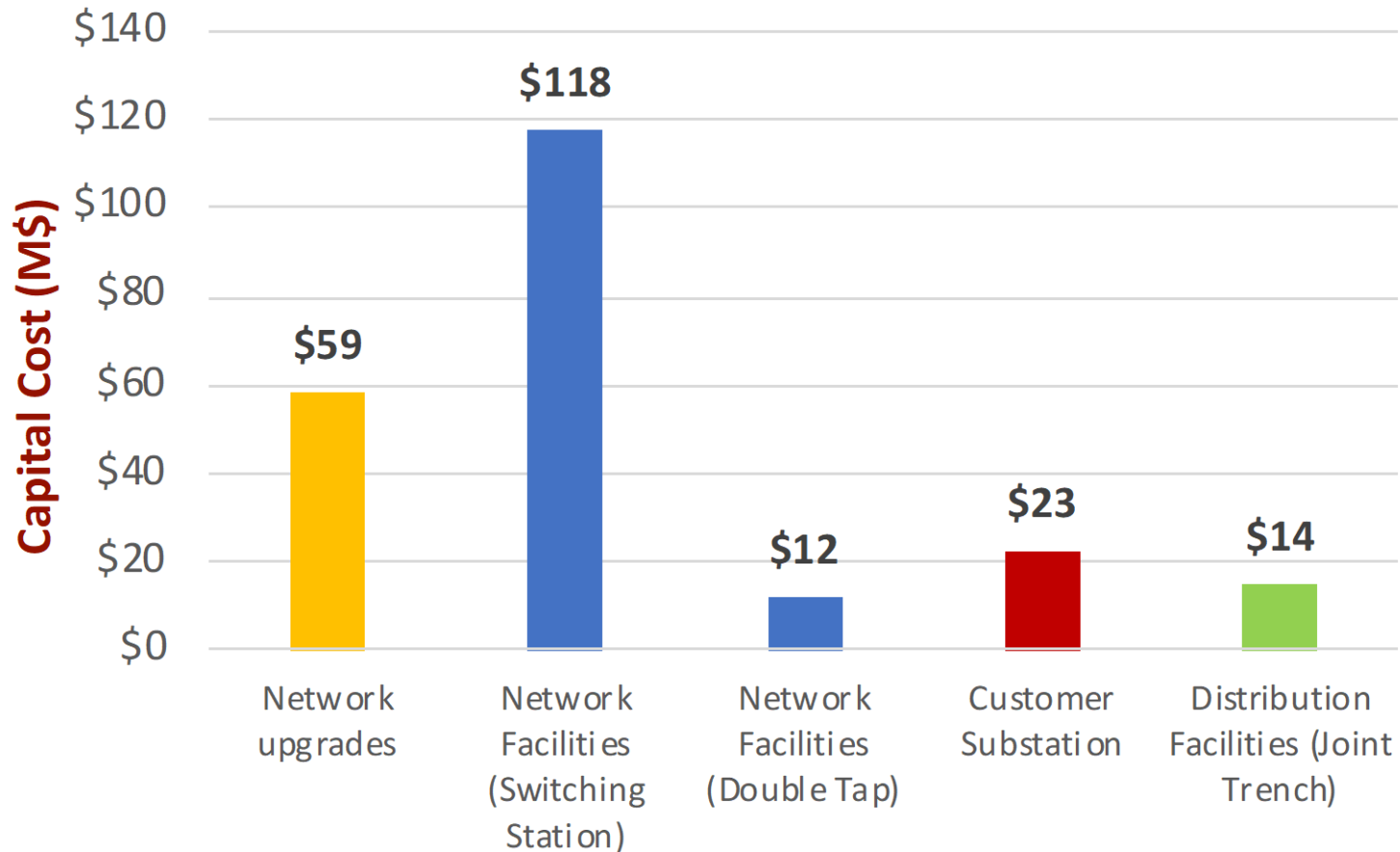
# Agenda

- ❑ Key Assumptions
  - Capital Infrastructure
  - O&M and Staffing
  - Load Projections
- ❑ Preliminary Key Assumptions and Sensitivities
- ❑ Preliminary Findings
- ❑ Next Steps

# Key Assumptions

## Capital Infrastructure

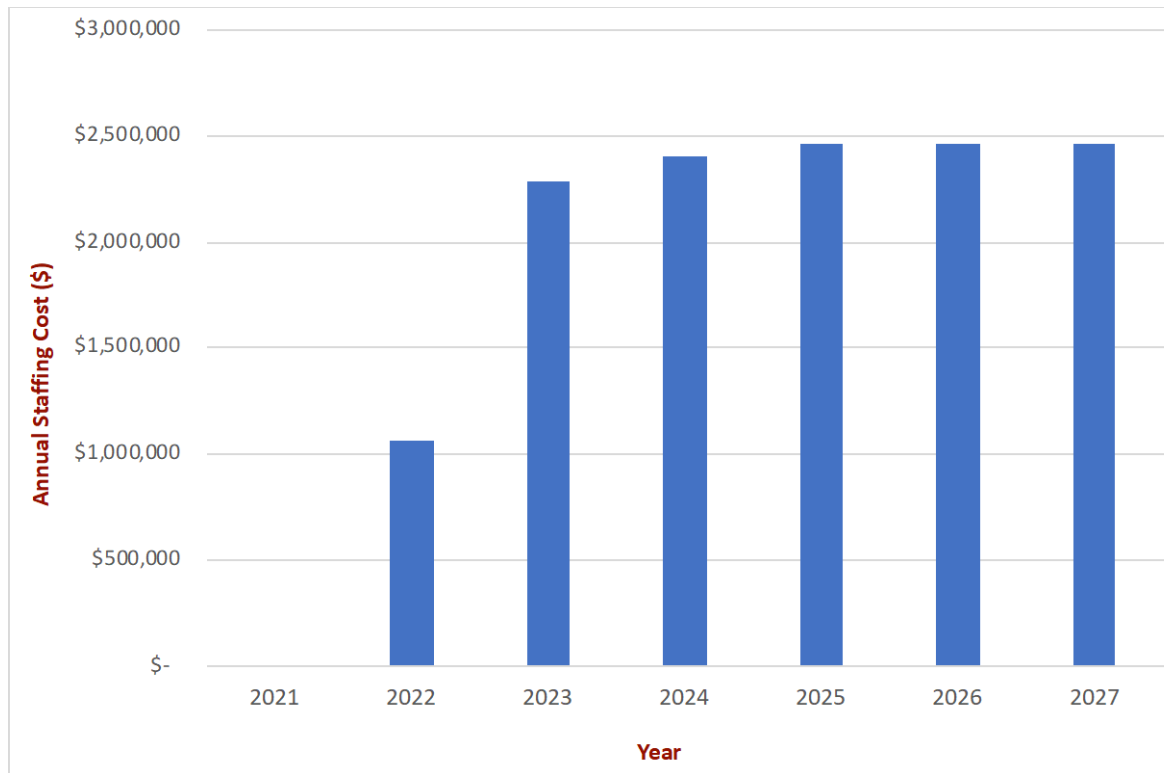
**Capital Cost Estimate (M\$) Including Contingency**



# Key Assumptions

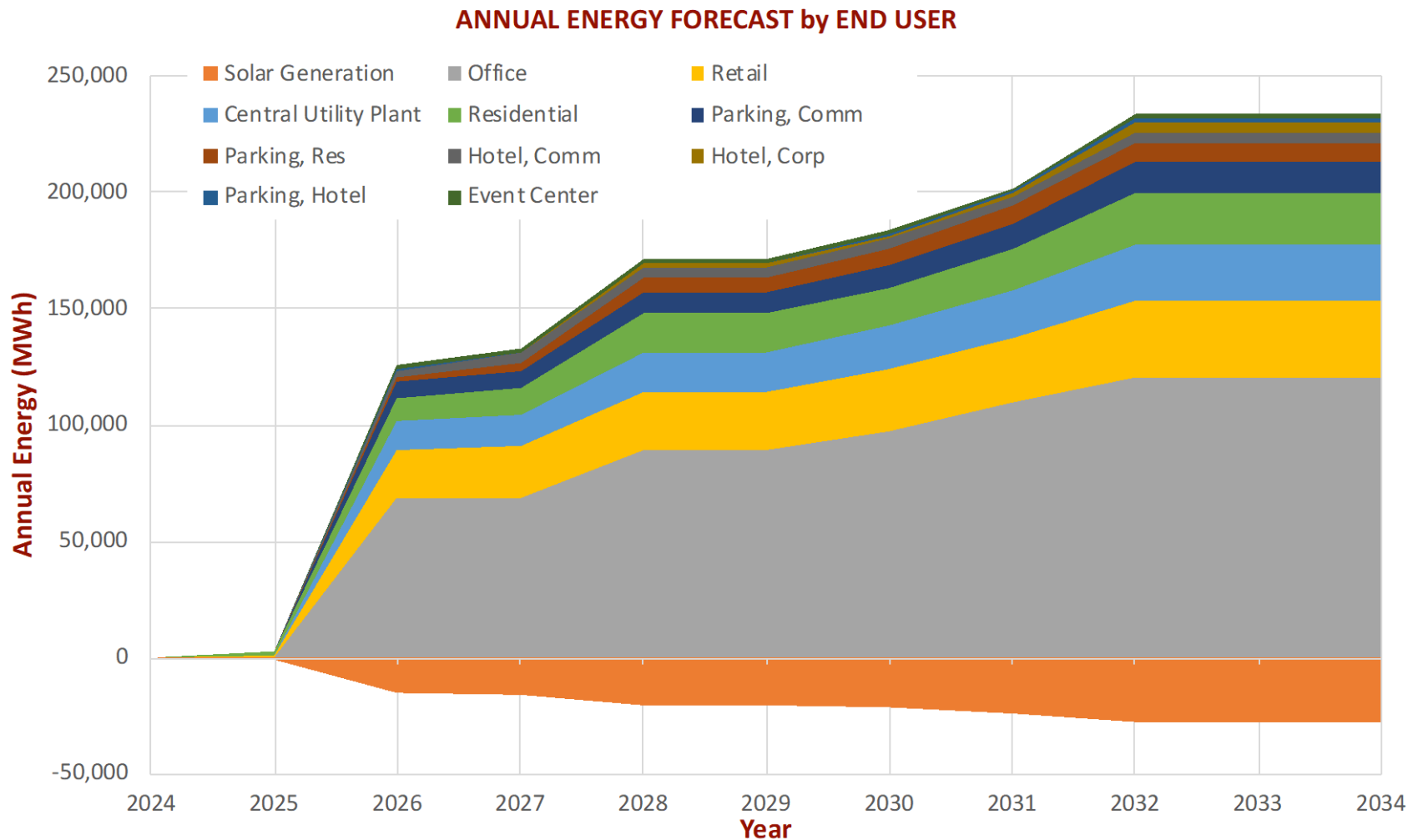
## O&M and Staffing

- ❑ Non-Labor Annual System Maintenance Cost as a share of Capital Expenditure assumed to be 4.3%
- ❑ Scheduling Coordination, Billing and Meter Reading Costs are minor
- ❑ Labor (Staffing) Costs



# Key Assumptions

## Load (Annual Energy Sales) Projections



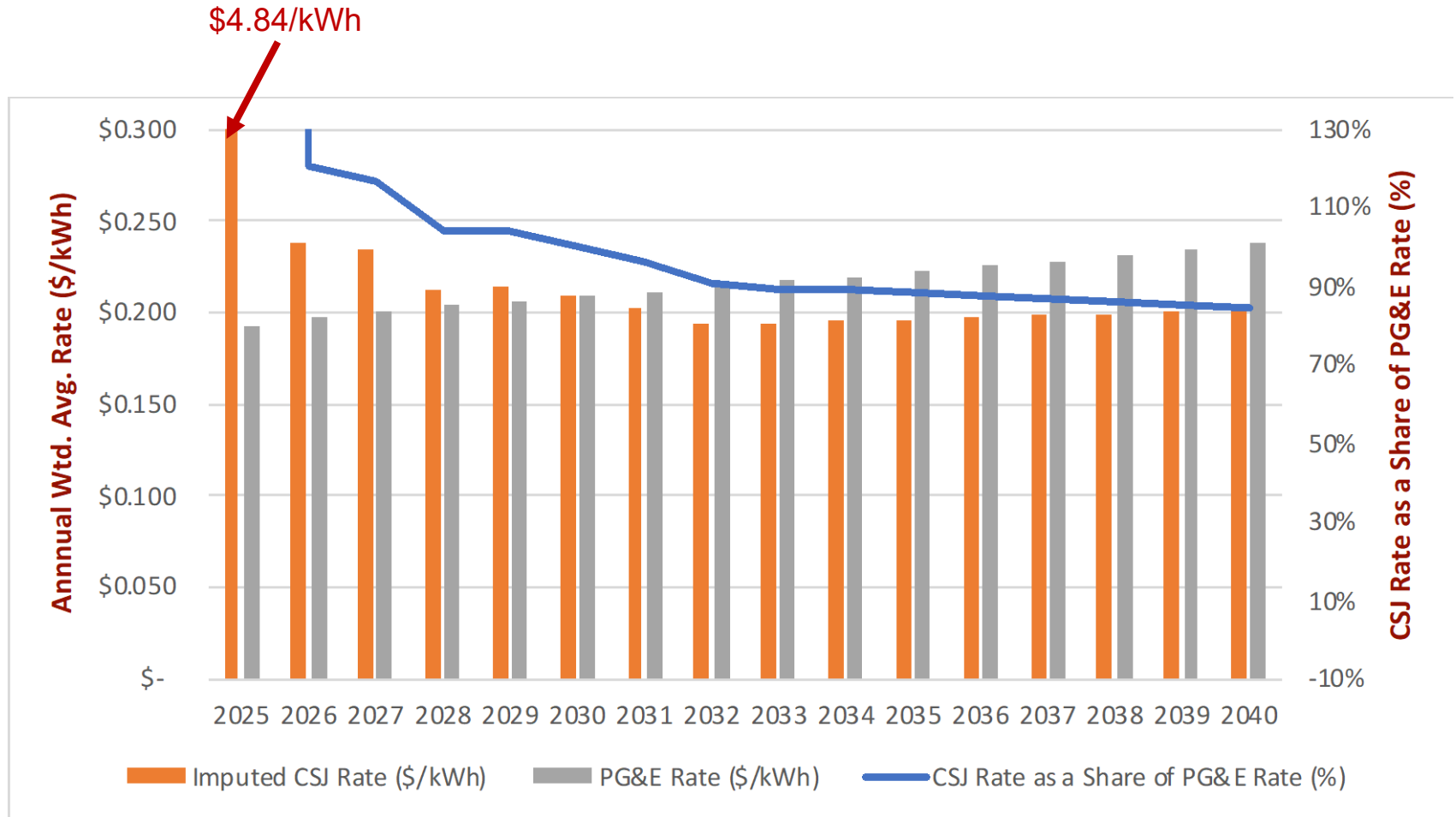
# Preliminary Key Assumptions and Sensitivities

Parameters	Base Case	Sensitivities
Network Upgrade Cost Allocation	0%	100%
Network Facility Scenario	Switching Station	Double Tap
Network Upgrade Cost Contingency	25%	50%
Network Facility Cost Contingency	25%	50%
Income Tax Component of Contribution (ITCC)	22.00%	34%
Transferred Municipal Departing Load Charges	NBC Only	NBC+PCIA*
Staffing (Labor) Cost	Base	50% Higher
Load (Annual Energy)	100%	75%
NPV of # of Years	50	30
Discount Rate (%)	5%	
Contribution in Lieu of Taxes	5%	

\* PCIA assumed to drop to 80% of 2025 level in 2026 and then held constant



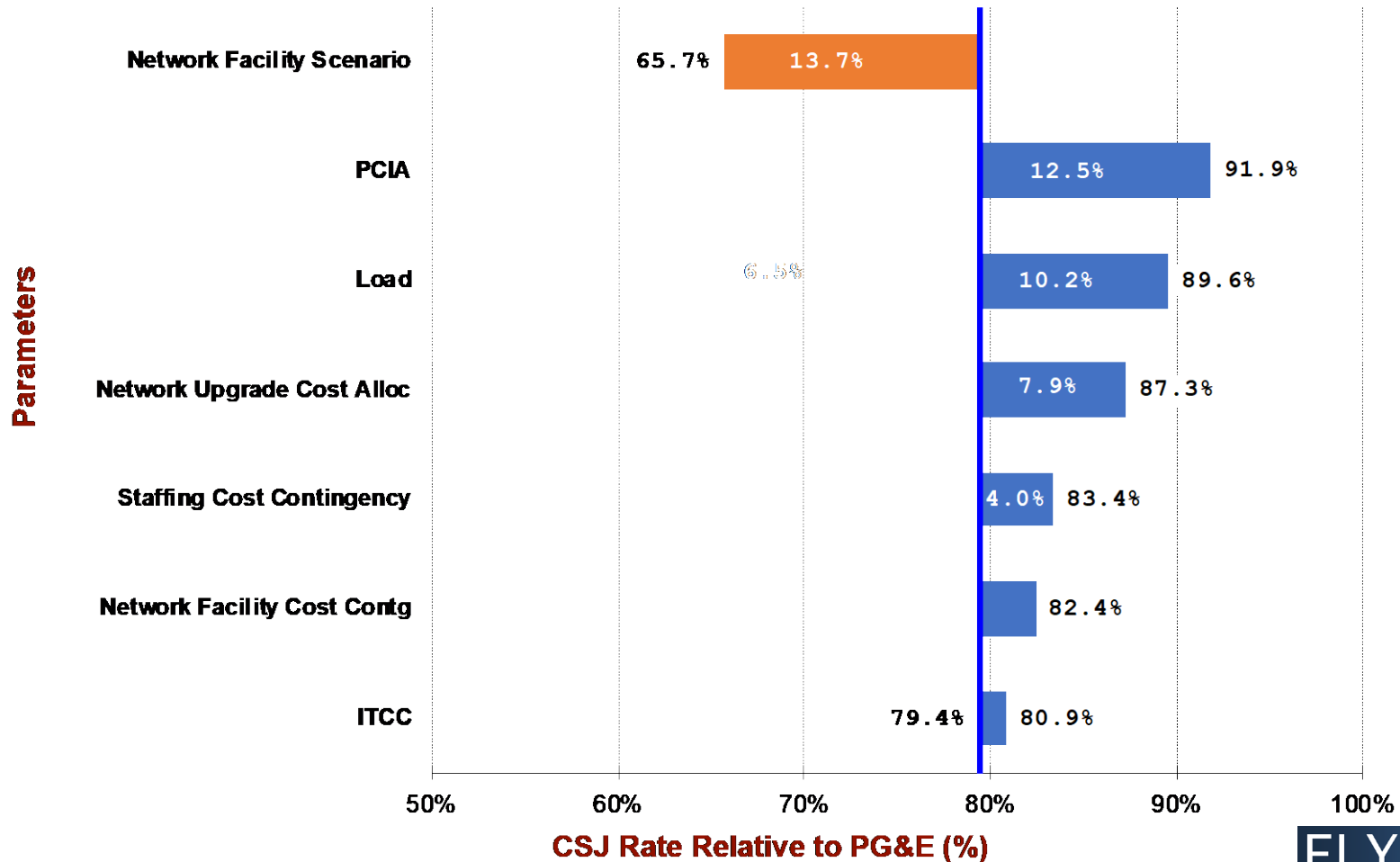
# A Comparison of Wtd. Average Annual Rates- PG&E vs. Imputed CSJ in Base Case: 2024-2040



# Preliminary Financial Impact: 50-year NPV

## Key Drivers

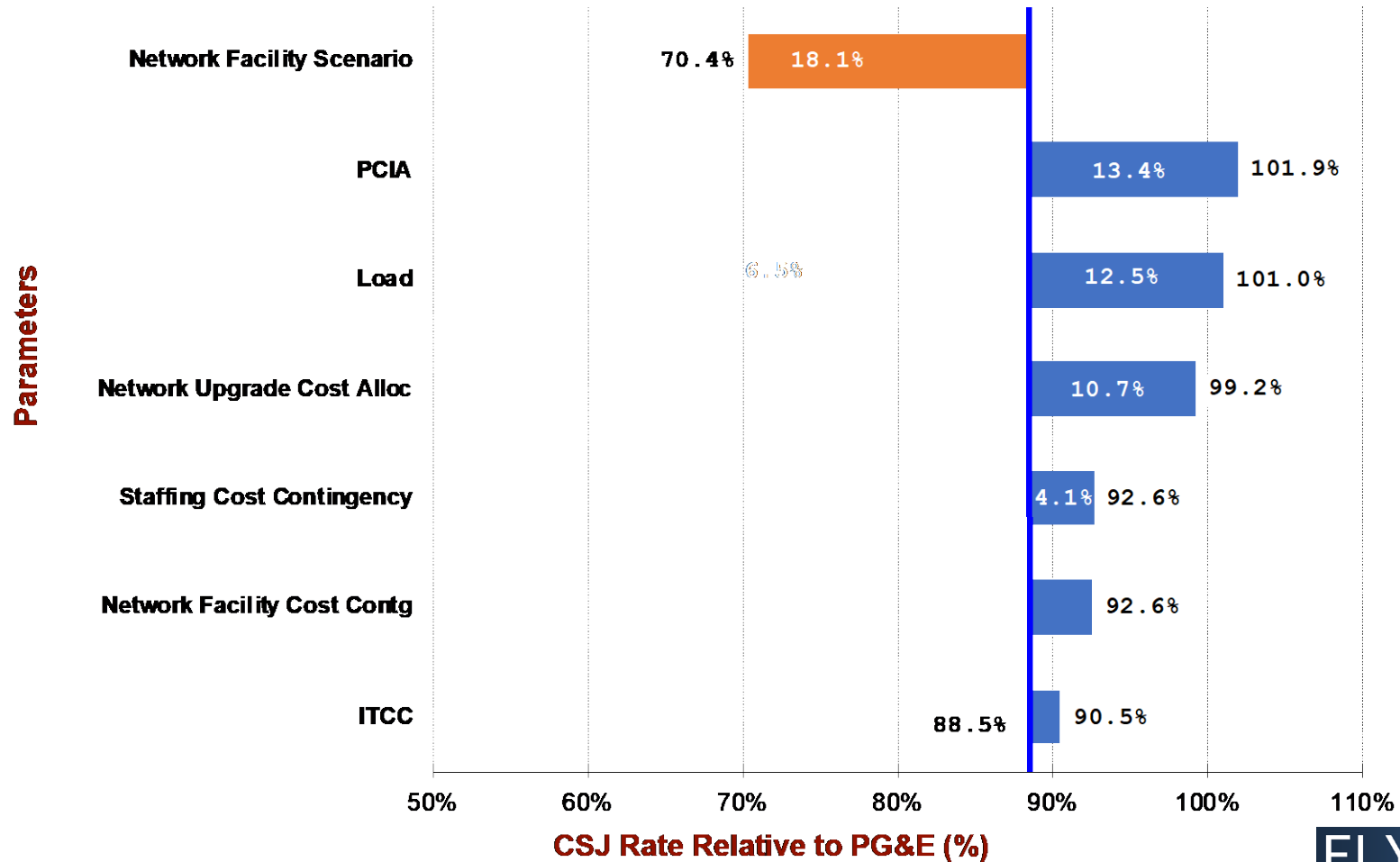
### Key Uncertainties Affecting CSJ Rate Discount



# Preliminary Financial Impact: 30-year NPV

## Key Drivers

### Key Uncertainties Affecting CSJ Rate Discount



# Next Steps

- ❑ Address reducing the uncertainty on the top impacting parameters
  - Work with PG&E/FERC/CPUC to get a resolution
    - PCIA
    - Network Facility
    - Network Upgrade Costs
  - Net Load
    - Improve Forecast Accuracy
      - Buildout Timing
      - Netting of Solar Gen
      - CUP
      - EV
- ❑ Energy Service Analysis Model Internal Review