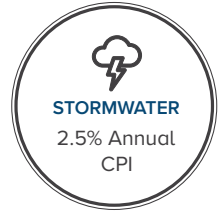
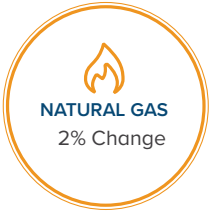


COMMERCIAL UTILITY RATE CHANGES EFFECTIVE JULY 1, 2020






Your City Council has voted! There will be no rate increases this year except for gas, plus the previously approved annual stormwater fee inflation increase. Details about all our utility services are provided below.



The mission of the City of Palo Alto Utilities (CPAU) is to provide safe, reliable, environmentally friendly and cost-effective utility services.

Utility rates fund our infrastructure maintenance and operations, capital improvement projects, metering, billing, customer service, customer programs, and general administrative services in order to deliver upon our commitments to you, our customers. We recognize that the COVID-19 pandemic has had a significant impact on the economy. As a result, we have adjusted our rate changes this year to help minimize financial impacts.

The following table provides context on what we are doing to keep rates flat this year.

SERVICE	AVERAGE INCREASE*	DESCRIPTION
 NATURAL GAS	2%	This small increase in gas rates helps your utility maintain high priority safety-related investments in the natural gas system.
 WATER	0%	Your water utility will absorb increasing costs from reserves this year so rates can remain unchanged without impacting system safety and reliability.
 ELECTRIC	0%	The city is slowing down some lower priority capital investment and using reserves to maintain system safety and reliability while avoiding any increase in customer rates.
 WASTEWATER	0%	The wastewater utility has made major investments in system reliability in recent years. Thanks to that work and heightened system cleaning and maintenance, we will be able to ensure continued reliability in the near term without changing rates.
 STORMWATER	2.5%	This investment helps protect our waterways and represents the rate increase residents approved when they passed the Stormwater Management Fee Ballot Measure in 2017.

*Average bill impact will vary with usage.

- Monthly retail charges vary for commercial customers based on rate class.
- We offer efficiency services and programs to help you keep utility bills low and improve building comfort. Visit cityofpaloalto.org/commercialprograms

Find more details at
cityofpaloalto.org/RatesOverview



WORKING HARD FOR A BETTER PALO ALTO

UTILITY COST DRIVERS

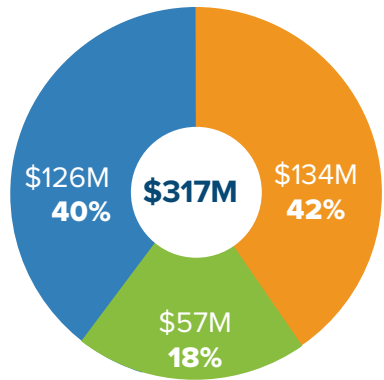
Fiscal Year 2021 Budget: \$317M All Utilities*

Supply Purchases: \$134M


Operations and Administration: \$126M


Infrastructure Projects: \$57M


*These figures are preliminary and subject to change.





WHAT WE ARE DOING TO KEEP COSTS DOWN

 **Increasing productivity** by standardizing common business processes and applications.

 **Aligning** and adjusting positions and service delivery to match evolving organizational needs.

 **Evaluating** and prioritizing large capital infrastructure projects.

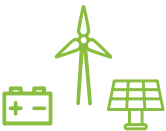
 **Reviewing** long-term supply purchases and partnering with other agencies to advocate for cost control.

 **Implementing** a prioritized and integrated technology road map to maximize capital investment.

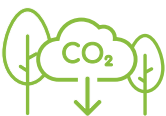
CARBON-NEUTRAL ENERGY



Our electricity comes from carbon-free sources, including solar, wind and hydroelectric. These sources often generate enough electricity to equal or exceed annual customer demands. In years when renewable supplies exceed customer needs, CPAU sells the excess to reduce supply costs.



Renewable Energy Certificates (RECs) are created and assigned to electricity when generated by a renewable source, such as solar or wind. RECs allow the market to track how much renewable energy is generated and consumed, since all electricity is transmitted together in a common, interconnected grid. All electricity consumed by our customers comes from carbon-free hydropower, wind, and solar, or is matched 1 to 1 with RECs from generation sources owned by CPAU.



Carbon-offsets are used for natural gas, as no natural gas use is free of carbon emissions. Learn more at cityofpaloalto.org/carbonneutral

Contact us at (650) 329-2161 or
UtilitiesCustomerService@cityofpaloalto.org

