



**AGENDA REPORT**

**PROPOSED ACTION:** **Ordinance:** Approval of Modifications to Electric Rates and Charges for Rate Class B and D at Oakland Airport, Vessel Commissioning Charge, and Maritime Area Rate Schedules Serving the Port of Oakland Seaport by Amending Appendix F of the Port of Oakland Administrative Code; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act.

**Submitted By:** Andre Basler, Director of Utilities; Kristi McKenney, Executive Director

**Parties Involved:** Port's Airport and Maritime Tenants are served by Port Utilities.

**Amount:** approximately \$540,000/year (operating revenue)

**EXECUTIVE SUMMARY:** In 2024, Port of Oakland (Port) Staff completed a rate study to assess utility rates and recommend adjustments over five years starting in FY 2025. Phase 1 was implemented in FY 2025, and Phase 2 is scheduled for FY 2026, effective July 1, 2025.

Proposed Adjustments:

- Maritime Area: increase four rate classes by approximately 2% to 4% and decrease two rate classes by approximately 2% to 3%.
- Oakland Airport: Increase rates by approximately 26%.
- Vessel Commissioning: Increase rate from \$3,600 to \$4,785

These adjustments align with the 2024 rate study findings and rates remain significantly lower than neighboring utilities. Tenants served by PG&E will not be impacted.

The proposed adjustments will help the Port Utility recover expenses and meet key financial metrics, including Debt Service Coverage Ratios (DSCR) and Days Cash on Hand (DCOH).

**BACKGROUND & ANALYSIS**

The Port electrical utility, a publicly owned utility, provides electric services to over 300 connections at the Airport and Seaport. Unique in its operations, the Port manages an airport, seaport, commercial real estate, and its own utility.

**Cost of Service and Rate Study**

NewGen Strategies and Solutions, LLC (NewGen) conducted the 2024 Cost of Service (COS) and Rate Study, determining the total cost of providing electric services, cost allocation to customer classes, and rate design. COS includes operations and maintenance (O&M), power supply, debt service, and capital outlays.

**Revenue and Expense Analysis**

The Port supports its expenses through cost recovery from customers (for reasonable COS), including electricity usage at the Airport and Seaport. The Study analyzed

projected revenue requirements for FY 2025 for each area and the combined system (Port Utility).

### Financial Projections and Rate Increases

Long-term projections (FY 2025-29) include significant capital investments. The financial plan includes financing through retained earnings (rates) and debt issuance, with debt service paid from rate revenues. To finance these projects, annual rate increases are necessary to ensure financial stability and cost recovery.

### Phase 1 and Phase 2 Rate Adjustments

The Board of Port Commissioners (Board) previously adopted Phase 1 increases for FY 2025 through Ordinance No. 4761, with average increases of 26% at the Airport and 13% at the Seaport. These are the current rates. Phase 2 adjustments would take effect on July 1, 2025 and are shown in Table 1. The proposed rate adjustments are also detailed in the amendments to Appendix F of the Master Utility Fee Schedule, attached to this report.

**Table 1**  
**Current and Proposed Rates**

Rate Class	Current Rates			Proposed Rates		
	Customer Charge (Month)	Energy Charge (\$/kWh)	Demand Charge (\$/kW)	Customer Charge (Month)	Energy Charge (\$/kWh)	Demand Charge (\$/kW)
Airport-B	\$18.90	\$0.2642		\$23.81	\$0.3329	
Airport-D	\$756.00	\$0.1619	\$17.00	\$952.56	\$0.2040	\$21.42
Seaport-A	\$11.30	\$0.1916		\$11.13	\$0.1887	
Seaport-B	\$17.40	\$0.2003		\$17.75	\$0.2043	
Seaport-C	\$151.25	\$0.1671	\$6.45	\$157.30	\$0.1738	\$6.71
Seaport-E	\$1,240.00	\$0.1114	\$17.03	\$1,289.60	\$0.1158	\$17.71
Seaport- F		\$0.2239			\$0.2172	
Seaport- G		\$3,600/each			\$4,785/each	

### Financial Impact

The proposed rate changes will help Port Utility meet financial metrics, including DSCR and DCOH, and maintain a cash reserve for future capital projects. Rates are designed to be fair and reasonable, covering the actual cost of services provided.

### Customer Notification

Port Staff issued a written curtesy notice to impacted customers in early May 2025, informing them of the proposed rate adjustments to be considered for first reading at the May 22<sup>nd</sup>, 2025 Board meeting. This notice aligns with the Port Utility's commitment to transparency and stakeholder engagement.



## **OTHER FINDINGS AND PROVISIONS**

### **ENVIRONMENTAL REVIEW**

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☐ Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

- ☐ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).  
☒ Other/Notes: Statutorily Exempt under CEQA Guidelines Section 15273 Rates, Tolls, Fares, and Charges.

### **BUDGET**

- ☒ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

☐ Operating                      ☐ Non-Operating                      ☐ Capital

Analysis: There is no impact to the FY26 budget as budgeted operating revenue for the Utilities Division already account for the proposed rate adjustment.

### **STAFFING**

- ☒ No Anticipated Staffing Impact.  
☐ Anticipated Change to Budgeted Headcount.  
Reason:  
☐ Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

### **MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):**

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- ☐ Additional Notes:

### **LIVING WAGE** (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

- ☐ Additional Notes:

### **SUSTAINABLE OPPORTUNITIES:**

Applies? **No.**

Reason:

### **GENERAL PLAN** (City Charter § 727):

Conformity Determination:

CRE (LUDC) – proposed action is within Port's planning jurisdiction and conforms to the General Plan.

**STRATEGIC PLAN.** The proposed action would help the Port achieve the following goal(s) in the Port's Strategic Plan:

- ☐ Capture Our Market and Grow the Economic Base
- ☐ Modernize and Upgrade Infrastructure
- ☐ Transition to Zero-Emissions and Build Climate Resilience
- ☒ Maximize Land Use Value and Revenues
- ☐ Workforce Training and Jobs Development
- ☐ Create Opportunities for Local Businesses and Community Economic Development