



CITY OF POMONA

COUNCIL REPORT

December 15, 2025

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted by: Chris Diggs, Water Resources Director

SUBJECT: POMONA CHOICE ENERGY RATE REDUCTION

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. City Council receive and file this report.

EXECUTIVE SUMMARY

The authority granted within Resolution No. 2022-06 provides the City Manager the ability to adjust Pomona Choice Energy (PCE) rates up to 103 percent of Southern California Edison's (SCE) rates. Effective December 1, 2025, PCE rates were adjusted to a rate that is three percent below that of SCE. This adjustment was made after careful consideration of PCE's financial demands and the goals set by City Council.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

☐ When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$500 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$500 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT:

Given that the PCE loan to the Water Resources Department will be repaid in the current fiscal year, and that power costs are decreasing, it is possible to reduce the rate charged by PCE for power. Noteworthy is that the new rates being charged by PCE are three percent less than the rates charged by SCE. It is also important to note that PCE reserves have increased to the point that they now meet the desired goal of 180 days of operating expenses.

Table 1 below is a proforma outlining the expected expenses and revenues, at the current effective rate, over the next three years. As can be seen, it is estimated that with the new rates, PCE is expected to operate with a surplus each year. This being the case, staff will evaluate the financial condition annually to ensure an appropriate rate is being charged.

Table 1.

Fiscal Year Ending:	2026	2027	2028
I. Revenue			
Retail Sales	55,266,749	50,929,730	51,316,796
Uncollectibles	(1,105,335)	(1,018,595)	(1,026,336)
Subtotal Revenue	54,161,414	49,911,136	50,290,460
II. Operating Expenses			
Power Supply	49,454,872	46,285,300	44,838,462
CalChoice Service Fees	790,337	814,047	838,468
Data Management	617,376	622,057	626,775
SCE Service Fees	81,228	81,810	82,397
Mandatory Compliance Costs	85,320	85,967	86,619
Subtotal Operating Expenses	51,029,132	47,889,181	46,472,722
Operating Margin	3,132,281	2,021,955	3,817,739
III. Discretionary Overhead			
Staff	295,036	303,887	313,004
Other Operating Expenses	116,139	119,623	123,212
Subtotal Discretionary Overhead	411,176	423,511	436,216
IV. Financing			
Startup Funding Repayment	-	-	-
Reserve/Contingency	1,658,002	1,527,892	1,539,504
Subtotal Financing	1,658,002	1,527,892	1,539,504
V. Interfund Loan	-	-	-
V. Total Revenue Requirement	53,098,310	49,840,584	48,448,442
VI. Net Surplus/(Deficit)	1,063,103	70,552	1,842,019

Table 2 below compares the rates of SCE and PCE. As seen, the average residential customer pays a bill that is \$2.13 less per month than SCE. Also shown is the Pomona Choice 100 rate, which is an option PCE customers can choose if they desire to receive power that is generated from 100 percent renewable energy.

Table 2.

RESIDENTIAL			
D			
2025 Schedule D	SCE	Pomona Choice	Pomona Choice 100 100% Renewable
Generation Rate (\$/kWh)	\$0.13170	\$0.13759	\$0.13759
SCE Delivery Rate (\$/kWh)	\$0.25995	\$0.25400	\$0.25400
Surcharges (\$/kWh)	NA	(\$0.00389)	(\$0.00389)
Total Costs (\$/kWh)	\$0.39165	\$0.38770	\$0.38770
Choice 100 Premium	NA	NA	\$2.00
Average Monthly Bill (\$)	\$211.88	\$209.75	\$211.75
Monthly Usage: 520kWh			
Rates are current as of December 1, 2025			

PREVIOUS RELATED ACTION:

On January 24, 2022, City Council adopted Resolution No. 2022-06 to adjust rates for Pomona Choice Energy.

DISCUSSION:

In October 2020, the City completed the final steps to launch its own Community Choice Aggrerate (CCA) to offer Pomona residents and businesses options when selecting their power provider. Appropriately named Pomona Choice Energy, this option allows Pomona customers to select from two energy providers. Additionally, PCE customers can choose to receive 100 percent renewable energy. Finally, PCE offers its customers power at a rate currently lower than its competitor, SCE.

There are two distinct services provided by any energy provider, delivery and generation. Delivery comes in the form of moving the power from the source, such as a power plant or windmill, to the customer. Delivery is done using power lines, transformers, and all the other hardware seen in and around neighborhoods. Generation, on the other hand, is the actual power made at the power plant, be it a windmill, solar panel, nuclear power plant, or any other power producing facility.

Each of these two services has a charge which are typically denoted separately on an energy bill. For customers in Pomona served by SCE, the first couple of pages are devoted to delivery. After the delivery section is a section outlined as generation. Each of these sections has a separate charge that is summed, which results in the final bill. This is the same for PCE customers: the first section is devoted to delivery, conducted by SCE, and the second section is generation, denoted as PCE charges. Regardless of the energy provided, both delivery and generation are billed to all customers.

Where PCE differs is that it is a not-for-profit enterprise, unlike SCE. This status allows PCE to keep rates at the cost of the services provided, without paying dividends to shareholders. This allows PCE to provide its customers with power at a rate that is currently less than SCE's. It is also important to note that PCE is a new enterprise, one that requires establishing and funding reserves, acquiring staffing, and putting systems and processes in place for the business to thrive. At this juncture, the City has accomplished these goals and has met its reserve target of 180 days of operating expenses, having \$26 million in reserve, has the systems and processes in place, and the staffing needed to properly manage PCE.

On three separate occasions, once in March 2020, July 2021, and January 2022, PCE borrowed from the Water fund a total of \$7.7 million as additional revenues were necessary to cover the cost of purchased power. These needs were, in large part, due to unforeseen spikes in power cost, and the utility had just commenced operations and had no funding to cover the normal fluctuations observed when operating a CCA. One example occurred in 2020, when the cost to purchase power in the spot market reached \$1,500/MWh. At that time, there was no way to forecast such an increase, as the typical cost was nearly 20 times less expensive. However, at this juncture, PCE will make its final payment to the Water fund this year and have the necessary reserves to cover normal expenses and events like the one seen in 2020.

In October 2020, PCE launched and enrolled residential and commercial customers. To date, PCE has nearly all the originally enrolled customers. Soon, large commercial customers will be allowed to enroll in the program.

Now that the necessary reserves are secured and the loan to Water will be repaid this year on December 1, 2025, PCE lowered its rate to nearly three percent under that of SCE. As SCE regularly adjusts its rates, often numerous times each year, PCE's rates can be, and have been, below and above those of SCE. Additionally, SCE has the ability to increase PCE's power rates by accessing a Public Utilities Commission approved exit fee for legacy power purchase contracts. This exit fee is intended to be a cost recovery mechanism for SCE, as PCE now performs the power supply function that SCE once performed for Pomona customers. In all price comparisons staff performed, staff includes this fee, which PCE does not collect or retain. Noteworthy is the fact that as time progresses, the exit fee will eventually be eliminated as all the legacy power purchase contracts will expire.

As mentioned above, given December's rate reduction, PCE customers pay a rate nearly three percent below that of SCE. This discounted rate translates into annual savings of \$1.4 million for PCE customers. Additionally, as power costs appear to be decreasing annually, staff will evaluate power costs and revenues received to determine whether additional rate reductions can be made, which, at this juncture, appears to be probable.

Prior to December's rate decrease, staff provided notice to customers on social media, The City Manager's E-mail distribution list, and on the home page of the Pomona Choice Energy website located at www.pomonachoiceenergy.org. This effort is the standard practice utilized prior to any PCE rate adjustment.

Finally, as energy conservation continues to be an important program for energy providers, staff is working on a draft power conservation program for PCE. Funding for this program will likely be geared toward public buildings that can reduce larger amounts of power. This new program will work in tandem with the programs PCE customers currently enjoy, such as the solar, battery, home assessments, charging stations, and others, which are all located on the PCE website at <https://pomonachoiceenergy.org/billing-rates/customer-programs-offerings/>.

Prepared by:

Chris Diggs
Chris Diggs, Water Resources Director

ATTACHMENT:

PCE Rate and Update Presentation
Adopted Rates Effective December 1, 2025