



Electric Utility and Water Utility 5-Year Rate Proposal FY 2018 - 2022

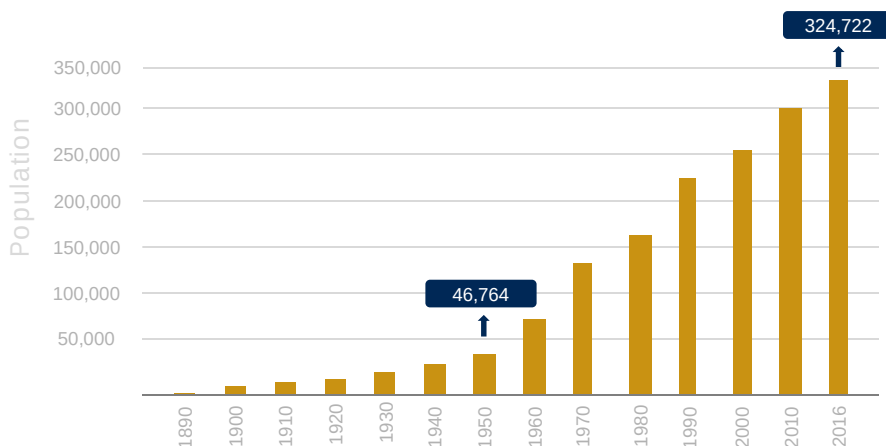
Board of Public Utilities
August 28, 2017

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Population Growth



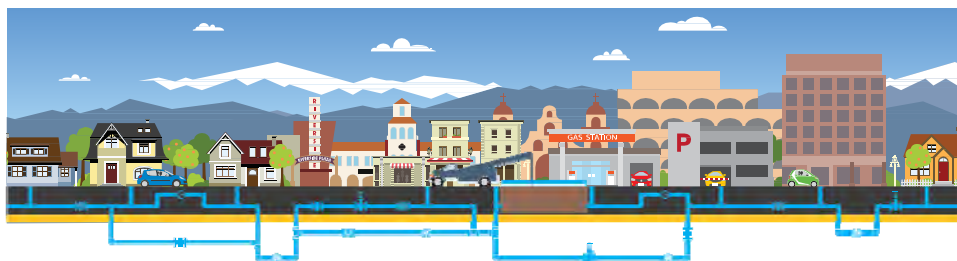
Sources: American Fact Finder/Census.gov and State of California, Department of Finance

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Water-Energy-Life



WATER – ENERGY - LIFE Utility 2.0 – Planning For Our Future 10-Year Infrastructure Plan

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10-Year Infrastructure Outlook

ASCE Grading Scale

- A** **Exceptional** – Fit for the Future
- B** **Good** – Adequate for Now
- C** **Mediocre** – Requires Attention
- D** **Poor** – At Risk
- F** **Failing/Critical** – Unfit for Purpose



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10-Year Infrastructure Outlook

ASCE Grading Scale



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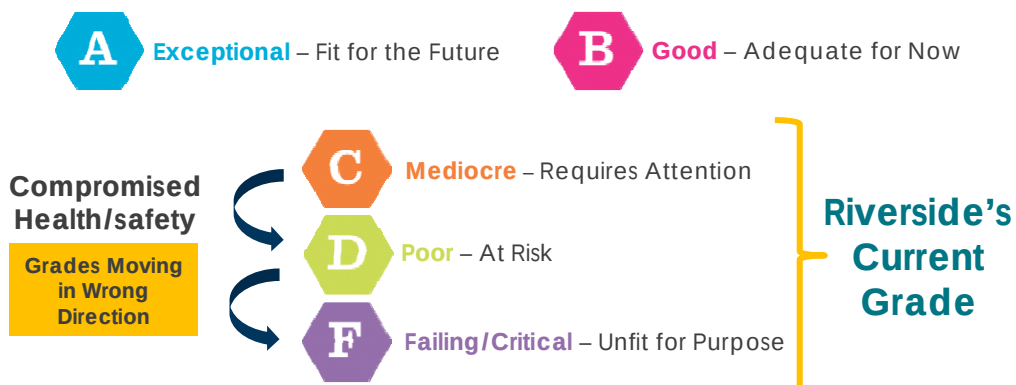


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10-Year Infrastructure Outlook

Without Accelerating Repair and Replacement

ASCE Grading Scale



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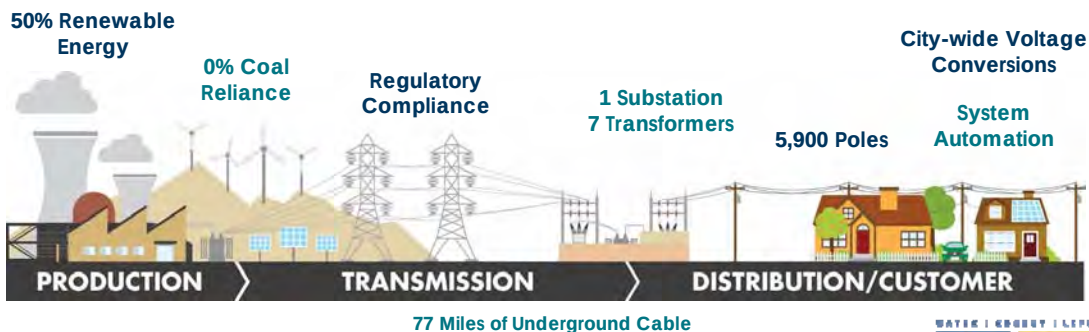


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Implementing Proposed 10-Year Plan

Moving to a **B** Good – Adequate for Now

5 Year Costs: \$ 335 Million



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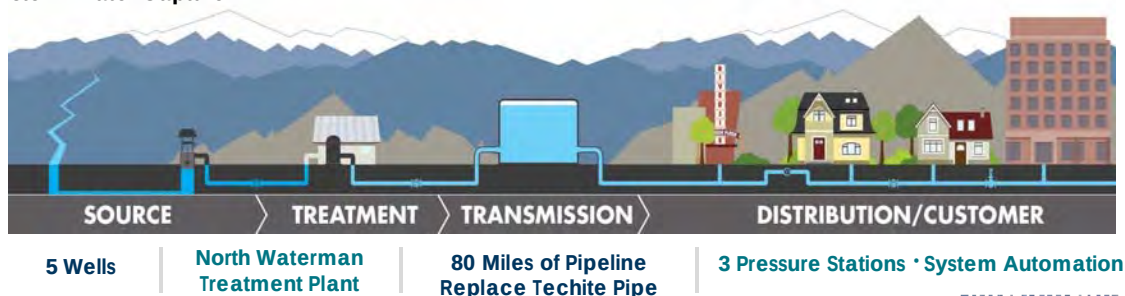
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Implementing Proposed 10-Year Plan

Moving to a **B** Good – Adequate for Now

5 Year Costs: \$ 171 Million

Recycled Water
Storm Water Capture



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7 Years Without a Rate Increase



7 Years

since the last
water increase (2010)



7 Years

since the last
electric increase (2010)



Renewable Power Requirements

Increased from

20% to 50%

since the last rate plan



Five-year California Drought

(2011-2016)

**Hottest and Driest in
Instrumental Record**
since the late 1800s

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The Cost of Average Household Items in 2010



Tide Laundry Detergent
2010 - \$7.97



1 pound of bacon
2010 - \$3.22



1 pound of potatoes
2010 - \$0.52



Movie ticket
2010 - \$7.50



iPhone 4
2010 - \$399

Source: ThePeopleHistory.com/pricebasket.html

Source: Apple.com

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Cost Increase ↑ of Average Household Items



Source: ThePeopleHistory.com/pricebasket.html

Source: Apple.com

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Cost Increase for RPU since 2010


RPU Electric
 \$0.10/kWh
 (2010)




RPU Water
 \$1.14/ccf
 (2010)

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Cost Increase for RPU since 2010



RPU Electric

\$0.10/kWh

(2016)

\$0.10/kWh (2010)



0%



RPU Water

\$1.14/ccf

(2016)

\$1.14/ccf (2010)

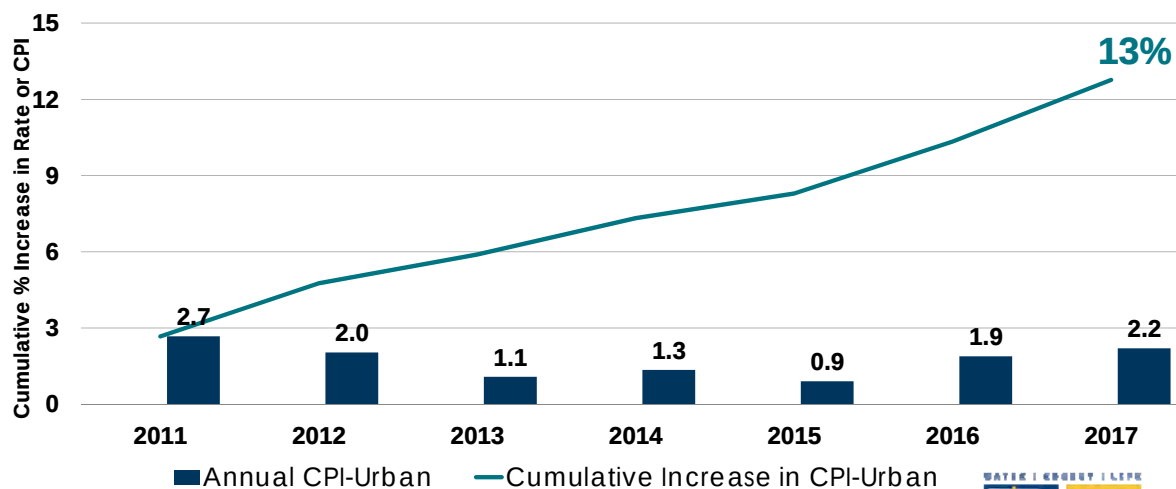
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Urban CPI Over the Last 7 Years

Cumulative Increase is 13%



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Average Rate Change

Proposed Electric Rates		
Year	Fiscal Year	% Change
1	17/18	5.00%
2	18/19	5.00%
3	19/20	5.00%
4	20/21	5.00%
5	21/22	4.00%
6	22/23	CPI
7	23/24	CPI
8	24/25	CPI
9	25/26	CPI
10	26/27	CPI
	5 Year Avg	4.80%

Proposed Water Rates		
Year	Fiscal Year	% Change
1	17/18	8.75%
2	18/19	8.50%
3	19/20	8.50%
4	20/21	8.50%
5	21/22	8.50%
6	22/23	CPI
7	23/24	CPI
8	24/25	CPI
9	25/26	CPI
10	26/27	CPI
	5 Year Avg	8.55%

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Residential Average Monthly Bill Increase for Each of the Next 5 Years

Residential 5 year Average Annual Price Change	Low-Use 355 kWh 12 CCF	Typical-Use 592 kWh 19 CCF	High-Use 1400 kWh 29 CCF
Electric	\$3.11 (5%)	\$5.18 (5%)	\$11.56 (4%)
Water	\$4.05 (12%)	\$4.56 (10%)	\$6.48 (8%)
Average Combined	\$7.15 (7%)	\$9.74 (7%)	\$18.05 (5%)

Includes Public Benefits Charge and Water Conservation Surcharge

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Commercial Average Monthly Bill Increase for Each of the Next 5 Years

Commercial 5 year Average Annual Price Change	Small 500 kWh 10 CCF	Medium 2400 kWh 37 CCF	Large 8000 kWh 119 CCF
Electric	\$3.70 (3%)	\$17.32 (4%)	\$40.92 (3%)
Water	\$4.24 (12%)	\$7.90 (8%)	\$23.57 (8%)
Average Combined	\$7.94 (5%)	\$25.22 (5%)	\$64.49 (4%)

Includes Public Benefits Charge and Water Conservation Surcharge

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Current Competitive Advantages Remain "Business Friendly"



Low residential and
commercial utility rates



Large industrial
customers rates as low
as 10% lower than SCE



New and lower restructured
Reliability Charge for small
industrial TOU customers



Economic Development
Rate incentives to
encourage business
expansion and attraction



New and lower High
Voltage Rate



New Green Power Rate

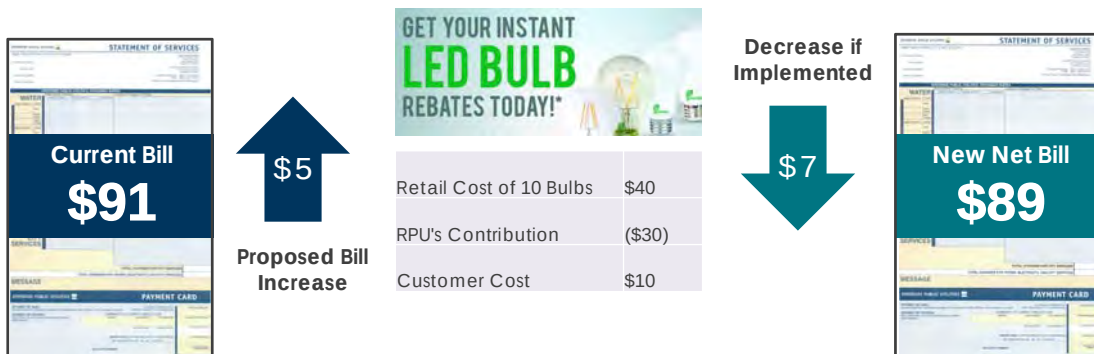
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Ways We Can Help You Save

Typical Residential Monthly Electric Bill:



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Ways We Can Help You Save

Typical Residential Monthly Water Bill:



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RPU offers more than 40 rebates to help you save!

Energy Star Ceiling Fan
RPU Rebate \$150
Net cost (\$50)
\$100



Energy Star TV
RPU Rebate \$300
Net cost (\$150)
\$150



Solar Attic Fan
RPU Rebate \$300
Net cost (\$100)
\$200



For information:
RiversidePublicUtilities.com

Or call



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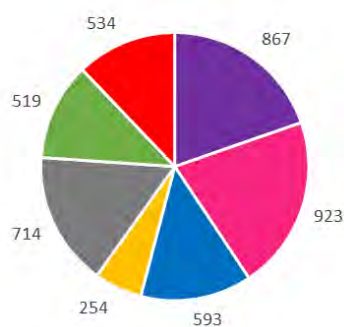
Low Income Assistance in All Wards

SHARE Participation Citywide	
Ward 1	867
Ward 2	923
Ward 3	593
Ward 4	254
Ward 5	714
Ward 6	519
Ward 7	534
Total	4404

* Total between 7/18/2016 and 7/17/2017

SHARE Participation Citywide
 Total = 4,404

- Ward 1
- Ward 2
- Ward 3
- Ward 4
- Ward 5
- Ward 6
- Ward 7



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Proposed Low Income Electric Programs

1. Energy Savings Assistance Program:

Include additional direct installation measures for energy efficiency

2. Affordable Solar Energy for Riverside:

Increase PV rebate amount per kW

3. Rebates:

Increase Energy Star rebates for SHARE eligible customers



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Proposed Low Income Electric Programs

4. Customer Engagement Program:

Enroll SHARE customers to receive customized home energy reports

5. LED Program:

Direct mail LED bulbs to each SHARE customer

6. Increase marketing and promotion for Low Income programs



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Proposed Low Income Water Programs

1. Energy Savings Assistance Program:

Include additional direct installation measures for water efficiency

- a. High Efficiency Toilets, Shower Heads and Faucet Aerators
- b. Indoor / Outdoor Water Audit



2. Increase marketing and promotion for Low Income programs

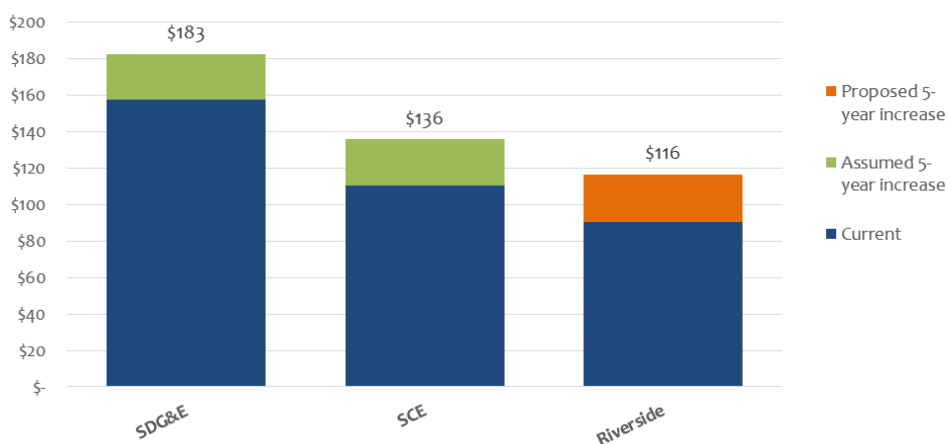


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Proposed Electric Rate Remains Competitive

Proposed average residential rate for 592 kWh per month



SCE- 2018 to 2020 General Rate Case Papers ; 2021-2022 (average of 2018 to 2020); SDG&E- Assumed 3% per year

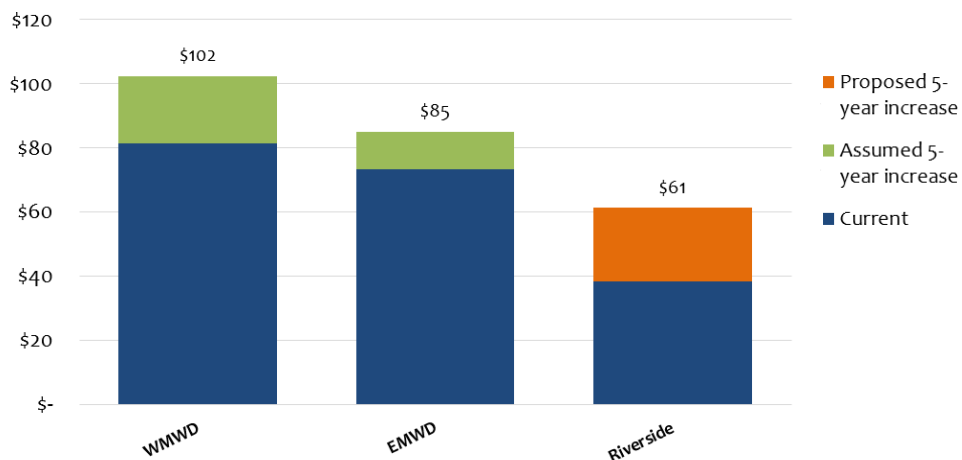


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Proposed Water Rate Remains Competitive

Proposed average residential rate for 19 CCF per month



Includes WMWD proposed 5.8% January 1, 2018, 5.8% July, 2018, and 5.8% July 1, 2019, followed by 3% increases in 2021 and 2022; EMWD includes assumed 3% rate increases

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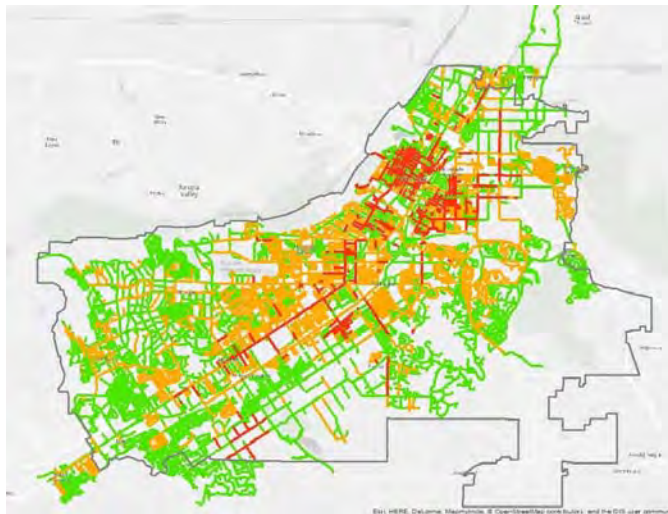
Infrastructure REPAIR AND REPLACE

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Aging Pipes



- **80+ Years old**
- **50-80 Years old**
- **1-50 Years old**



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60 Substation Transformers



**10 are over
60 years old**



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22,637 Utility Poles



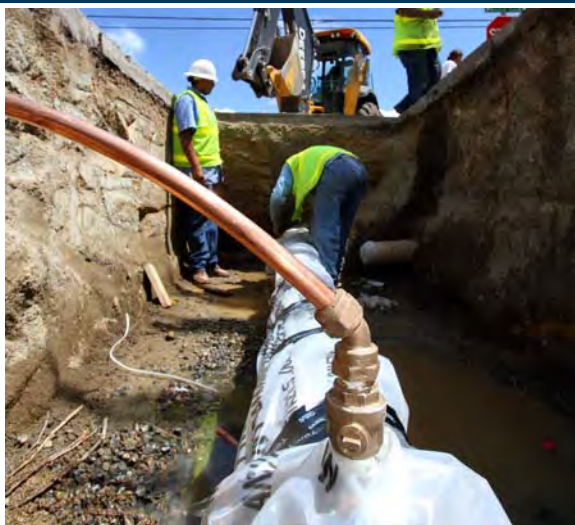
39% are over 60 years old

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824 Miles of Distribution Mains



30% are over 60 years old

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November 2016 – Sinkhole

Victoria Avenue/Lyon



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March 2017 – Sinkhole

Cypress/Warren



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August 2016 – Sinkhole

3rd Street

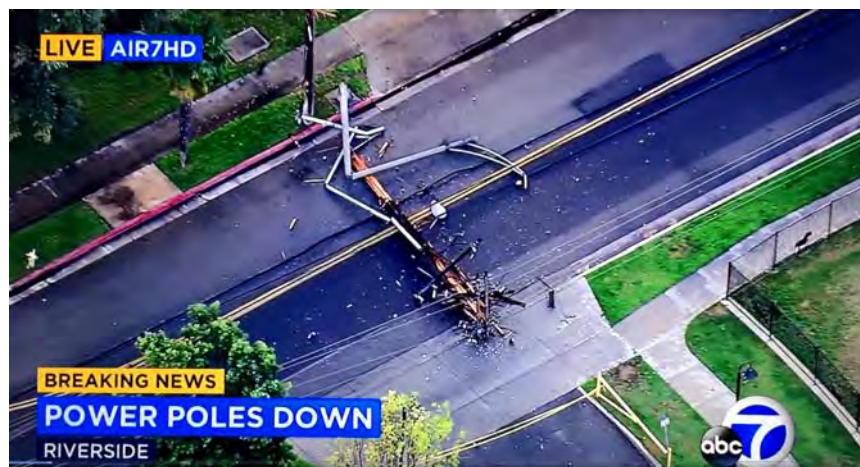


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March 2016 - Microburst

La Sierra



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Harvey Lynn Substation Explosion

March 2014



From this...



...to this.

**Harvey
Lynn
Substation
Explosion
March 2014**



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UCLA Water Main Break



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July 7, 2017 – Cedars Sinai



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July 8, 2017



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July 31, 2017



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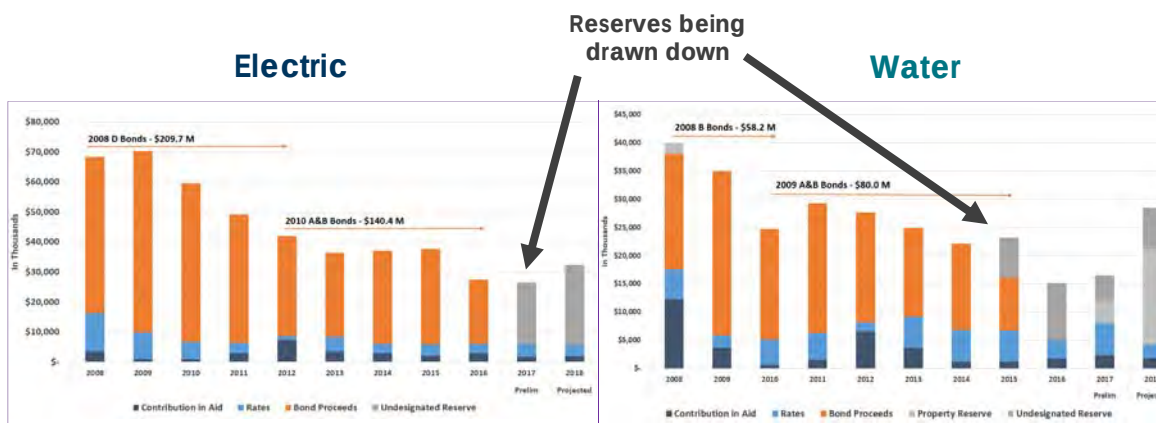
August 1, 2017



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Bonds – All Proceeds Used up 6/30/16



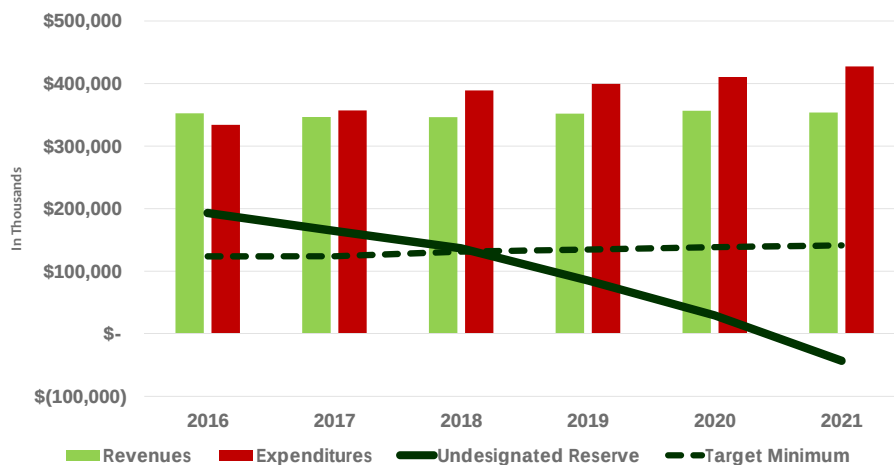
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Reserves (Electric)

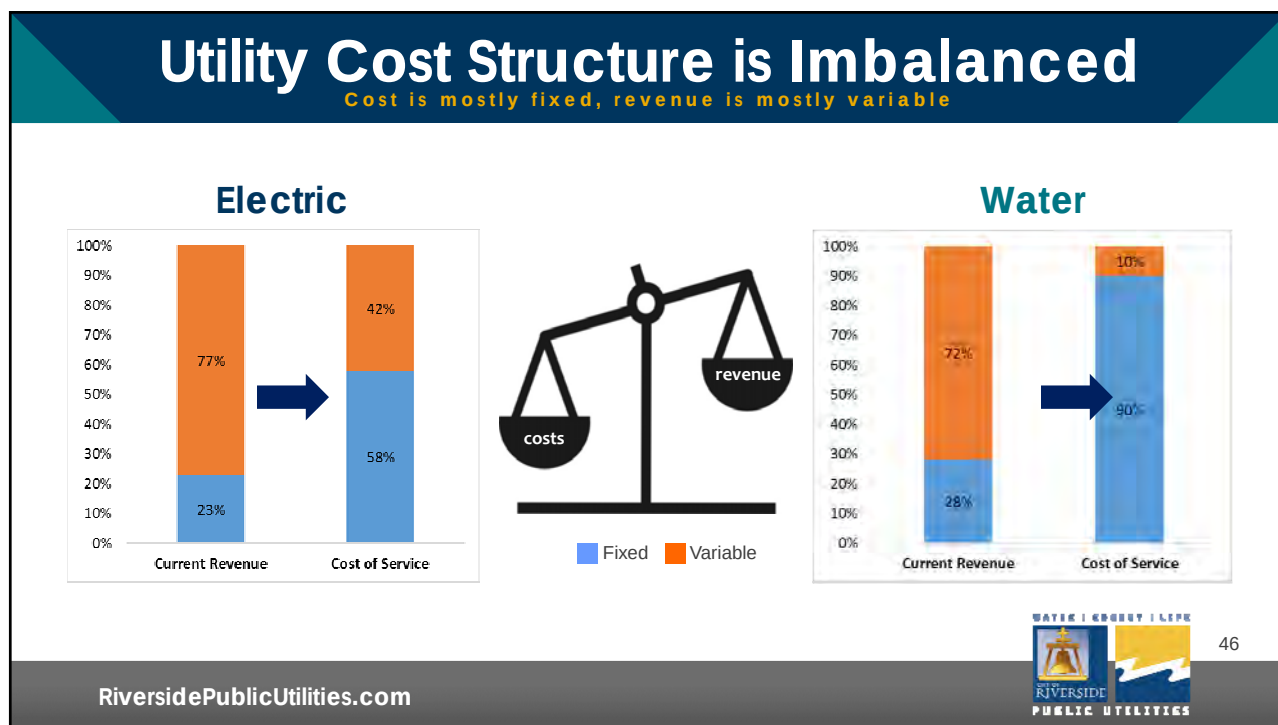
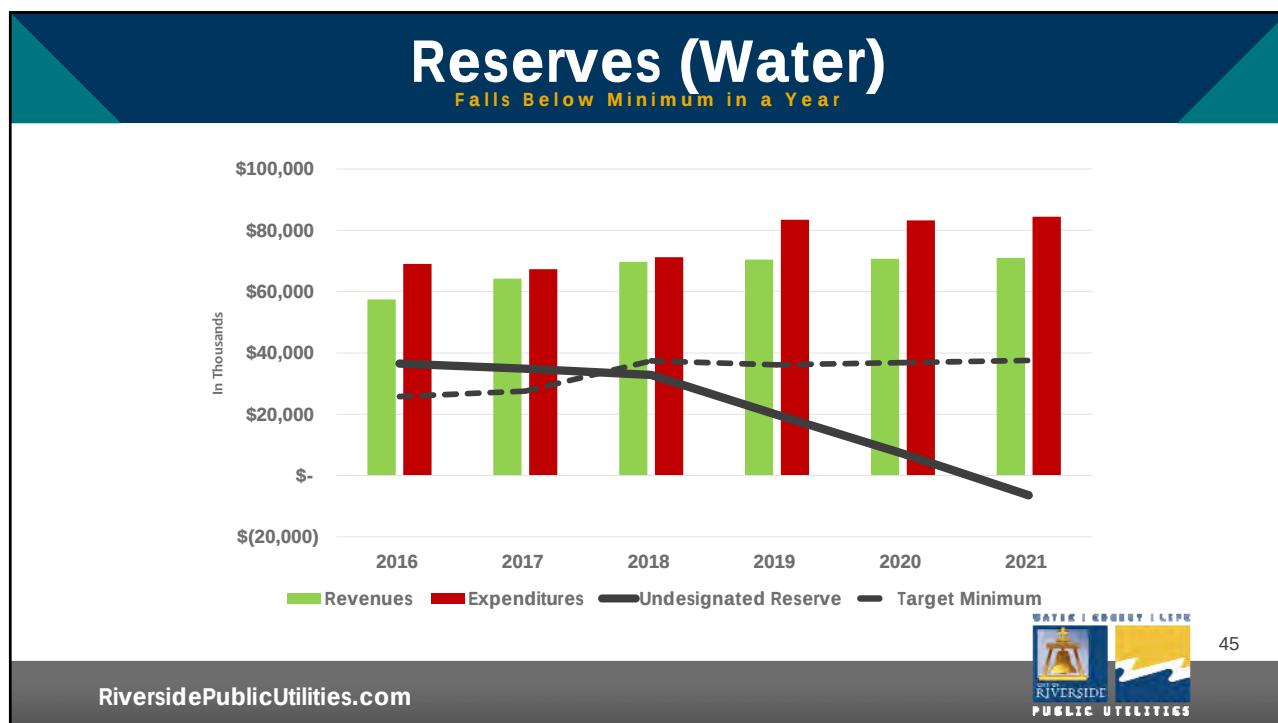
Falls Below Minimum in a Year



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Revenues From Other Sources

1. Excess Renewable Energy Sales, to be realized in upcoming years

\$3-5 million/year

2. Adding PV Solar to well sites and lowering Edison electric cost

\$800,000/year



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Revenues From Other Sources

3. Transmission revenues from California Independent System Operator

\$36 - \$40 million/year over next 5 years; helps offset transmission access costs

4. Cap-and-Trade Revenues

\$18 million from 2013 to date; \$15 million next 3 years

5. Selling Scheduling Coordinator Services to cities of Banning and Rancho Cucamonga

\$750,000/year



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Revenues From Other Sources

6. \$85 million Line of Credit

reduces the amount of cash reserves we have to maintain and lowers rate



7. Western Wheeling and Excess Commodity Agreement

\$100 million over 20 years

8. 55-year lease with Hillwood

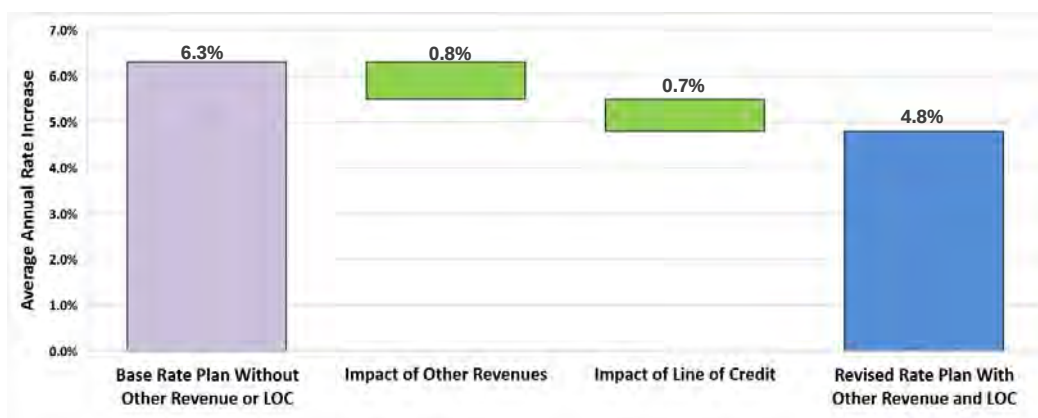
potential for \$45 million



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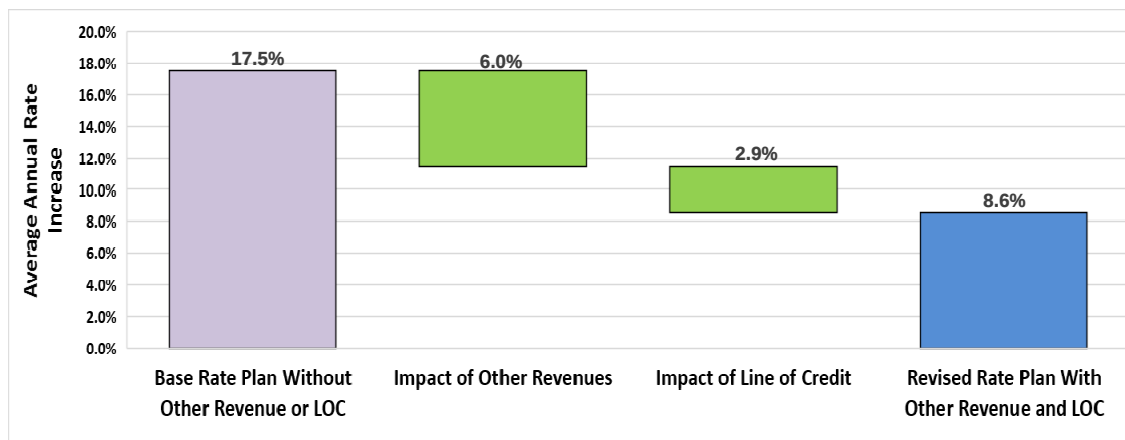
Electric Rates Lowered From 6.3% to 4.8%



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Water Rates Lowered From 17.5% to 8.6%



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Community Outreach

PROPOSAL	OUTREACH	RECOMMENDATION	IMPLEMENTATION
August 28 – RPU Board September 26 – City Council	Oct - Nov	January – RPU Board February – City Council	April 2, 2018

Outreach Goals

1. Describe proposal
2. Answer questions
3. Get feedback

Outreach Process

1. Community meetings in all Wards
2. Informational mailers

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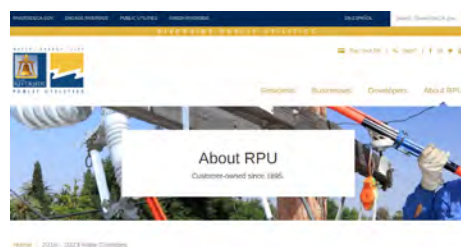


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Community Outreach Resources

1. **Collateral pieces** at all community meetings and public locations including libraries and community centers
2. **Website** – Rate calculator, FAQ's, Ways to Save, Rate comparisons, ASCE Video Link
3. **Customer Service** – specific training for staff to answer rate-related questions
4. **Bill inserts**
5. **Engagement** through EngageRiverside portal & **Social Media**

ENGAGE RIVERSIDE



2018 - 2023 Rate Changes

RPU will be changing rates in the coming years - here are the details. [View the full rate proposal form.](#) To calculate your rates, please [use our rates calculator.](#)



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10-Year Infrastructure Outlook

With Accelerated Repair and Replacement

ASCE Grading Scale

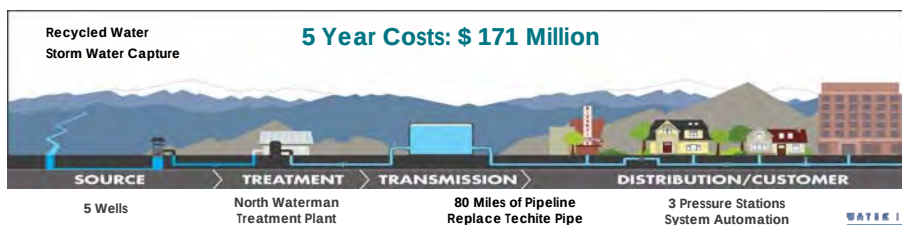
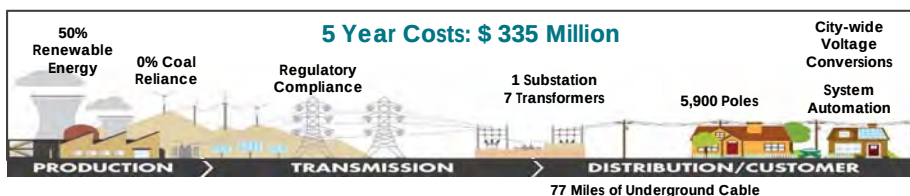


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10-Year Infrastructure Outlook

With Accelerated Repair and Replacement



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Recommendations

That the Board of Public Utilities recommends that the City Council:

1. Review the Electric and Water Utility 5-year Rate Proposal (Utility Rate Proposal) developed to repair and replace aging and critical utility infrastructure; maintain public health and safety; maintain utility financial health; and improve customer service as per the City Council's direction on October 6, 2015 to develop a financial plan for the 10-year Utility 2.0 Strategic Plan Option 3; and
2. Review proposal for annual consumer price index escalators for FY 2023-2027; and
3. Direct staff to conduct a citywide community outreach initiative of the Utility Rate Proposal in October and November 2017; and
4. Direct staff to return with a public hearing to the Board and City Council, in January and February 2018, respectively, with a final rate recommendation with new rates effective April 2018.

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