

Attachment 3

City Council
May 22, 2018

Outline of Key Changes to Electric and Water Rate Structures

ELECTRIC UTILITY:

Key Changes	Current Rates	Proposed Rates
Fixed Cost Recovery Concept	No fixed charges that recover distribution infrastructure costs. Most of the fixed distribution system costs are recovered through variable energy charges in the current charges. Reliability Charge used to pay for Riverside Transmission Reliability Project (RTRP) and Riverside Energy Resource Center (RERC). Customer Charge used to pay for billing systems, metering services.	Currently, the electric utility's fixed costs are approximately 54%, however we collect only 23% through fixed charges. By the fifth year of the rate plan, RPU will collect approximately 29% of our fixed costs through fixed charges. This adjustment helps RPU meet its objective of increased revenue stability and reflect how actual costs are incurred.
Distribution System Cost Recovery (Network Access Charge)	No fixed charge like this currently exists.	Introduce a Network Access Charge (NAC) to ensure for the adequate recovery of RPU's distribution infrastructure costs. This fixed charge contributes to collection of fixed costs as noted above. The NAC will be applied to all customer classes.
Industrial Time of Use (TOU) Reliability Charge	Currently, the Reliability Charge is not differentiated amongst TOU customers.	Restructure the Industrial TOU reliability charge to a tiered reliability charge to lessen the impact on lower use Industrial TOU customers and reflect their actual impact on the RPU electric system.
Residential Class: Seasonal Rate Adjustment	Currently a 3 month seasonal rate structure – Summer season from June 16 to September 15	Extend into a 4 month summer residential season (June 1 to September 30) to reflect summer weather and usage patterns.
Electric Vehicles (EV)	Currently, RPU has one residential domestic time of use (DTOU) rate, but has low adoption and is not well suited for EV owners.	Introduce two new DTOU rates for residential EV customers to encourage adoption and off-peak charging. Current structure will be closed to new customers and closed to existing customers after one year.
Demand Charge Transition	Customers transitioning between commercial flat and demand classes experience rate shock due to the minimum demand charge (20 kW) in the commercial demand class.	Lower the minimum demand charge on commercial demand customers to 15 kW within the customer class and thus reduce the impact of customers transitioning from the commercial flat to commercial demand class.
High Voltage (HV) Rate	Currently included in Industrial Time of Use Rate, no differentiation for HV customers.	High voltage adjustment for customers that take service at the primary voltage level (4 kV to 69 kV).
Optional Renewable Energy Rate	Current program structure is out of date and has only 18 customers currently participating.	New program offers customers the option to purchase 100% green/renewable energy and is in line with peer utility successful green energy programs.

WATER UTILITY:

Key Changes	Current Rates	Proposed Rates
Fixed Cost Recovery Concept	The Monthly Customer Charge is the only current fixed charge to water customers.	Currently, the water utility's fixed costs are approximately 90%, however we collect only 28% through fixed charges. By the fifth year of the rate plan, RPU will collect approximately 39% of our fixed costs through fixed charges. This adjustment helps RPU meet its objective of increased revenue stability and reflect how actual costs are incurred.
Monthly Customer Charge	Currently varies depending on rate and customer class.	Implement a uniform fixed monthly customer charge for each meter size, reduces 41 different customer charges down to 10 based on meter size. Increase the percentage of costs recovered by this fixed charge to better reflect how actual costs are incurred.
Residential Tier Adjustment	Currently, there are four tiers for single family rates that are adjusted seasonally (Winter and Summer rates).	Implement a three-tier rate structure for Single Family Residential (SFR) customers following the same Winter and Summer seasons.
Residential Tier 1 Reduction	Currently, the first tier ends at 15 CCF per month	Revise single family residential (SFR) Tier 1 allotment to 9 CCF per month, based on state recommend indoor household usage.
New Multi-Family Rate	No multi-family rate exists at this time; some small multi-family dwellings are on single family rates others maybe on the commercial and industrial rate.	Multi-Family Residential (MFR) Rate for accounts with 2 to 4 dwelling units. The MFR Tier 1 allotment will be set at 7 CCF per dwelling unit which assumes 55 gallons per person per day, and three persons per MFR household.
Commercial and Industrial Tier Adjustment	Currently, these rates are differentiated by meter size and usage, with commercial representing smaller meters and industrial larger meters. Commercial has 2 tiers and industrial 3 tiers. Both are seasonally adjusted (winter and summer seasons).	Combine Commercial and Industrial accounts into one rate class with a uniform, seasonally adjusted volumetric rate.
Landscape Rate	None.	Implement a uniform landscape rate which is seasonally adjusted and separate from the Commercial and Industrial Rates.
Interruptible & Recycled Water Rate	Currently City of Riverside receive Special Metered Service for irrigation of public facilities. Current Recycled Water rate available.	Combine Special Metered Service accounts with Recycled Water on Interruptible rate.
Cemetery Rate Transition	Currently receive Special Metered Service.	Transition cemeteries charged historically under the Special Metered Service (WA-7) rate, to the otherwise applicable rate classes. Meters that serve offices or other structures will transition to the Commercial and Industrial rate, while those that serve irrigation exclusively will transition to the Landscape rate.