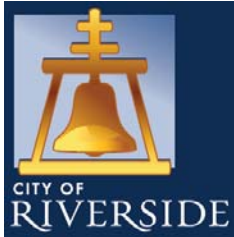


REVISED



Electric Utility and Water Utility 5-Year Rate Proposal 2018 – 2023

City Council
May 22, 2018

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1

Utility 2.0 Strategic Goals



**Customer
Service**



Sustainability



**Reliability
& Resiliency**



**Operational
Excellence**



Affordability



**Strong
Workforce**

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5-Year Rate Proposal

	Years 1-5 (2018-2022)	
Electric	July 2018	2.95%
	July 2019	3.0%
	July 2020	3.0%
	July 2021	3.0%
	July 2022	3.0%
Water	July 2018	4.50%
	July 2019	5.75%
	July 2020	5.75%
	July 2021	5.75%
	July 2022	6.50%

Based on system average, rate increases vary by customer class and consumption levels.

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City Council Direction

1. November 28, 2017 (1st City Council/Board Joint Workshop)

- ☒ Expanded low/fixed income assistance
- ☒ Forecast to avoid future "stair step" increases
- ☒ Form Agricultural Water Rates Task Force and freeze rates for 12 months

2. January 18, 2018 (2nd City Council/Board Joint Workshop)

- ☒ Conceptually approved rate proposal
- ☒ Include GFT explanation on customer bills
- ☐ Schedule workshop on budget-based and summer rates in three months **(September 2018)**

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Why Change Rates?

1. Essential **infrastructure investments**, including water **pipeline replacements** and **upgrades to electric** substation components and underground equipment
2. State-mandated **renewable energy is costly**
3. Existing revenues are **insufficient** to operate the utility
4. **Financial stability is the key** to maintaining strong bond ratings and low debt costs

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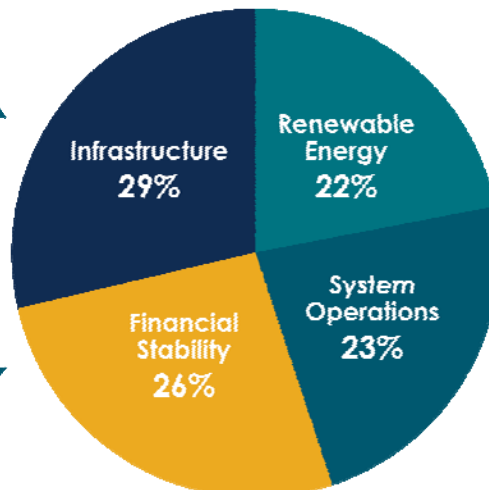


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Electric Rate Increase Pays For

- 3,080 Poles
- 62 Miles Cable
- 7 Substation Transformers
- 262 Underground Vaults
- Voltage Conversions
- System Automation

- Charter Transfer to General Fund
- Minimum Reserve Levels



- 50% Renewable Energy by 2030
- 0% Coal by 2025

- System Maintenance
- Fleet & Fuel
- Labor

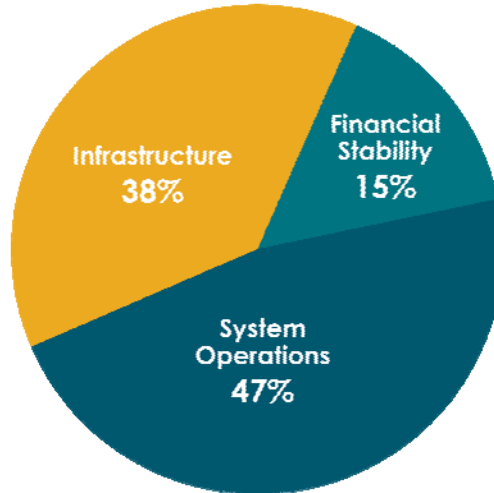
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Water Rate Increase Pays For

- 49 Miles Pipeline
- Replace Techite Pipe
- 5 Wells
- 3 Pressure Stations
- 3 Treatment Filter Replacements
- 1 Recycled Water & Storm water Capture Project
- System Automation



- Charter Transfer to General Fund
- Minimum Reserve Levels

- System Maintenance
- Fleet & Fuel
- Labor

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Infrastructure Needs

Electric Substation Component Replacements

- Neighborhood power distribution centers
- Many transformers are old, fire risk
- Old switchgear lack employee safety feature

Water Pipeline Replacements

- Many pipelines installed after World War II
- 4 miles Techite transmission pipeline at risk
- 200 miles cast iron pipeline at risk



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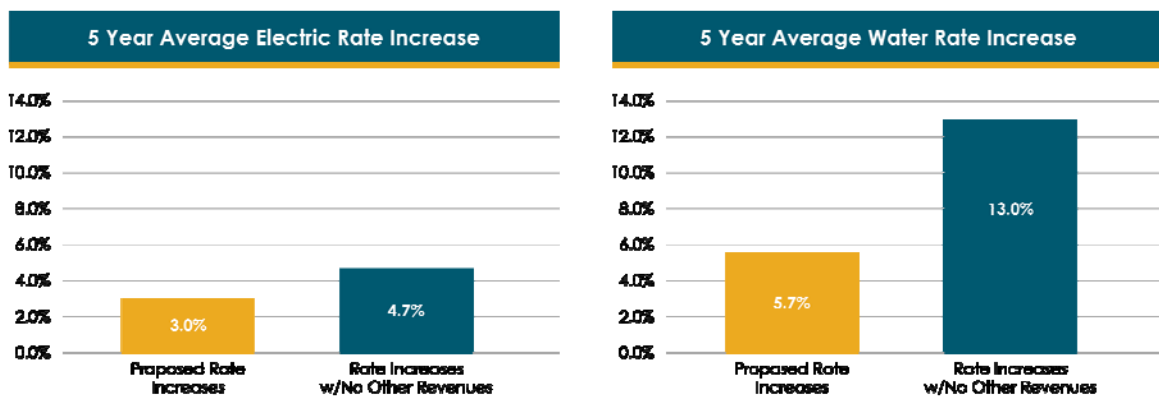
Keeping Rates as Low as Possible

1. **Transmission Revenues** | \$36-39 million/year
2. **Cap-and-Trade Revenues** | \$4-8 million/year (3 years)
3. **Water Conveyance and Sales** | \$6-8 million/year
4. **Excess Renewable Energy Sales** | \$1-2 million/year (3 years)
5. **Solar at Well Sites** | \$800,000/year
6. **Scheduling Services** | \$750,000/year
7. **\$65 Million Line of Credit** | reduced cash reserves
8. **55-year Ground Lease** | \$1.1 M (\$0.5 M net revenue)/year
9. **Operational Efficiencies** | \$3 million/year







IMPORTANT: RPU Board approved the budget with the exception of the elimination of 5 positions and transfer to City of 9 RPU funded positions, pending consideration of the RPU Finance/Customer Relations Committee. These personnel items save RPU \$1.25 million per year. These savings are included in the \$3 million above, and incorporated into the rate proposal. **SHOULD COSTS BE ADDED BACK, ALTERNATIVE REDUCTIONS WILL BE NEEDED.**

Keeping Rates as Low as Possible



Historical Residential Rates

Electrical Residential	10 Year Avg.	20 Year Avg.	Water Residential	10 Year Avg.	20 Year Avg.
	1.2%	1.9%		3.0%	4.4%
	2.1%	2.6%		7.7%	4.9%

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

Residential Average Monthly Bill Increase	Low-Use 355 kWh 12 ccf	Typical-Use 592 kWh 19 ccf	High-Use 1400 kWh 29 ccf
Electric	\$2.06 (3%)	\$3.02 (3%)	\$5.62 (2%)
Water	\$3.00 (9%)	\$3.21 (7%)	\$4.31 (6%)
Average Combined	\$5.06 (5%)	\$6.23 (4%)	\$9.94 (3%)

*These averages are based on a 5-year plan.
Includes Public Benefits Charge and Water Conservation Surcharge

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

Commercial Average Monthly Bill Increase	Small 500 kWh 10 ccf	Medium 2400 kWh 37 ccf	Large 8000 kWh 119 ccf
Electric	\$2.50 (2%)	\$11.77 (3%)	\$30.57 (2%)
Water	\$3.17 (9%)	\$5.35 (6%)	\$15.57 (5%)
Average Combined	\$5.67 (4%)	\$17.12 (3%)	\$46.15 (3%)

*These averages are based on a 5-year plan.
Includes Public Benefits Charge and Water Conservation Surcharge

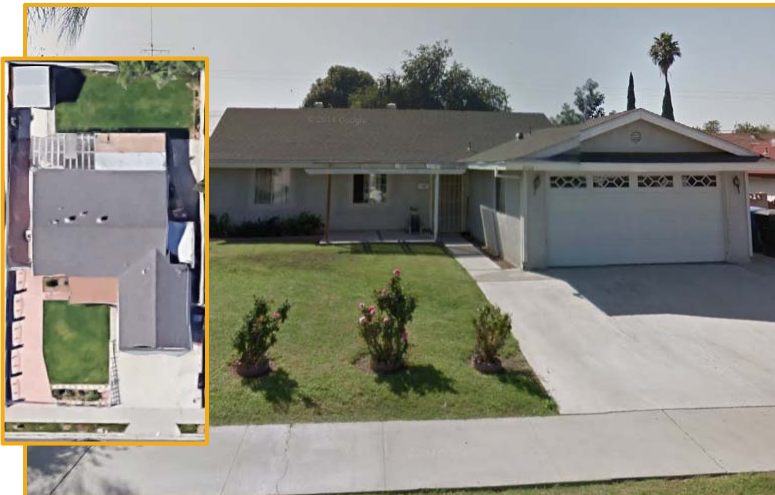
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Typical Residential Customer

Estimated Average Annual Monthly Bill Increase



Water:
\$3.00/18 ccf

Electricity:
\$2.70/575 kWh

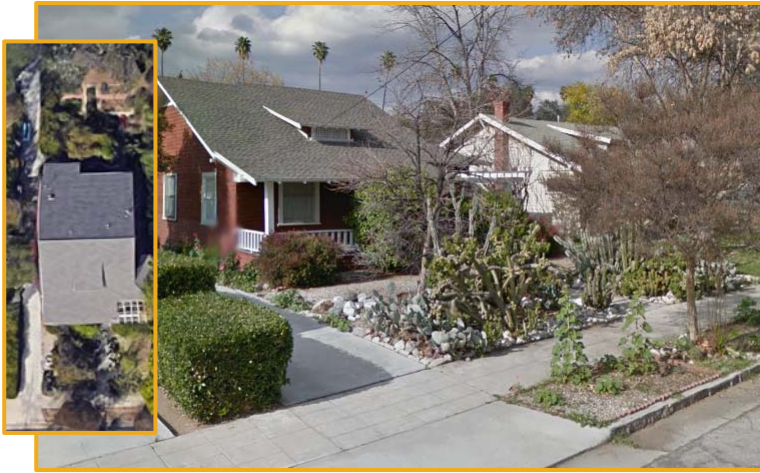
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Low Water/Electricity Use Residential Customer

Estimated Average Annual Monthly Bill Increase



Water:
\$2.60/6 ccf

Electricity:
\$1.80/238 kWh

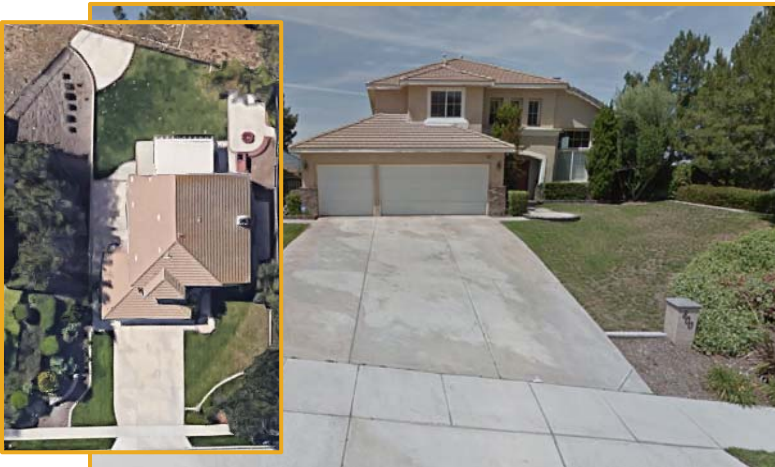
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High Water/Electricity Use Residential Customer

Estimated Average Annual Monthly Bill Increase



Water:
\$6.10/44 ccf

Electricity:
\$4.90/1,047 kWh

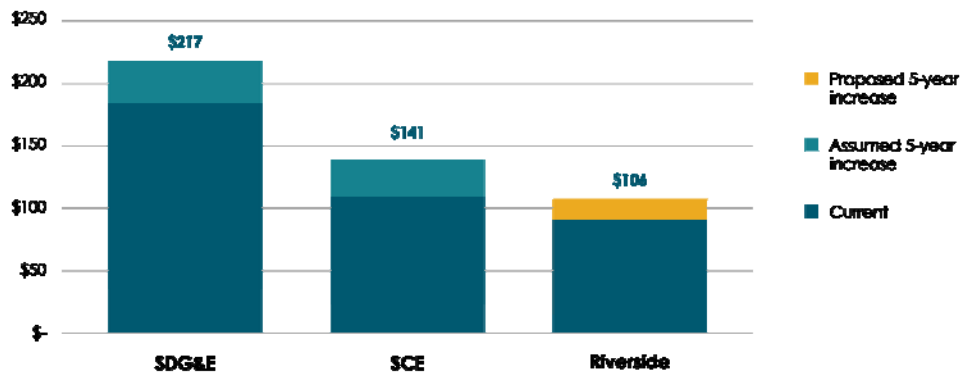
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Proposed Electric Rate Remains Competitive

Proposed average residential rate for 592 kWh per month



SCE-2019 to 2020 General Rate Case Papers; 2021-2023 (average of 2018 to 2020); SDG&E-Assumed 3% per year

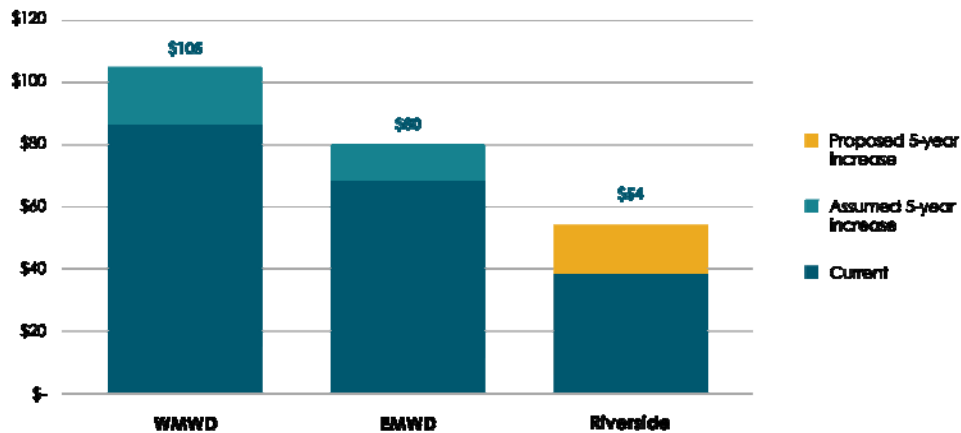
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Proposed Water Rate Remains Competitive

Proposed average residential rate for 19 ccf per month



WMWD includes approved increases for January 2019 and 2020, followed by assumed 3% increases in 2021 and 2023;
EMWD includes an approved increase for January 2019 followed by assumed 3% increases for 2020-2023

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Expanded Income-Qualified Programs

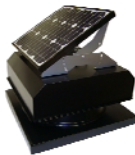
1. **Sharing Households Assist Riverside's Energy (SHARE)**
 - a. Increase eligibility from 150% to 200% of the Federal Poverty Level
 - b. \$150/year annual deposit assistance and emergency assistance
 - c. \$14 monthly electric bill credit; \$2.25 monthly water bill credit
2. **Energy Saving Assistance Program (ESAP)**
 - a. Align program eligibility with SHARE/County
 - b. Automatically sign up SHARE-qualified customers
3. **Improve Program Access/Convenience for Customers**
4. **Stakeholder Process and Needs Assessment**

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Electric and Water Efficiency Programs



Electric

Year 1: Led Bulbs
 Year 2: Solar Attic Fan
 Year 3: Ceiling Fans
 Year 4: A/C Tune-up
 Year 5: Energy Star TV

Water

Year 1: Smart Controller
 Year 2: Efficient Toilets
 Year 3: Efficient Nozzles
 Year 4: Efficient Washer
 Year 5: Waterwise Plants



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Public Notices and Next Steps

Activity	Date
Water Public Hearing Notice Mailed to Customers	March 20, 2018
Electric and Water Public Hearing Notices in Local Newspaper	April 29, 2018 & May 6, 2018
Public hearing before Board of Public Utilities	May 14, 2018
City Council Consideration of Board Rate Recommendations	May 22, 2018
Rates Effective	July 1, 2018

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Recommendations

That the City Council:

1. Adopt a resolution approving the 2018-2023 Electric and Water Rules and Rates;
2. Annually review the adopted rates; and
3. Approve changes to the Sharing Households Assist Riverside's Energy Program and Energy Saving Assistance Program.

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