



# ANNUAL UTILITY RATE PLAN UPDATE FY18/19

## RIVERSIDE PUBLIC UTILITIES

City Council  
February 11, 2020

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## BACKGROUND

1. May 22, 2018 City Council approved the electric and water five-year rate plans
2. City Council directed staff to provide annual review of adopted rates

|          | Years 1-5    |       |
|----------|--------------|-------|
| Electric | January 2019 | 2.95% |
|          | January 2020 | 3.0%  |
|          | January 2021 | 3.0%  |
|          | January 2022 | 3.0%  |
|          | January 2023 | 3.0%  |
| Water    | July 2018    | 4.50% |
|          | July 2019    | 5.75% |
|          | July 2020    | 5.75% |
|          | July 2021    | 5.75% |
|          | July 2022    | 6.50% |

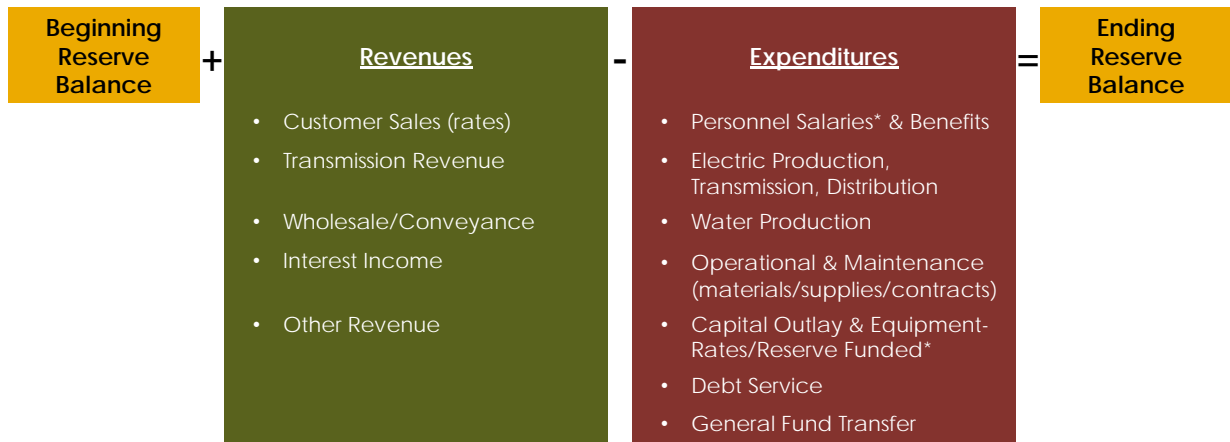
Based on system average, rate increases vary by customer class and consumption levels.

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## FINANCIAL IMPACT SUMMARY



\*Discretionary to a certain degree and may impact other areas

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## ELECTRIC UTILITY

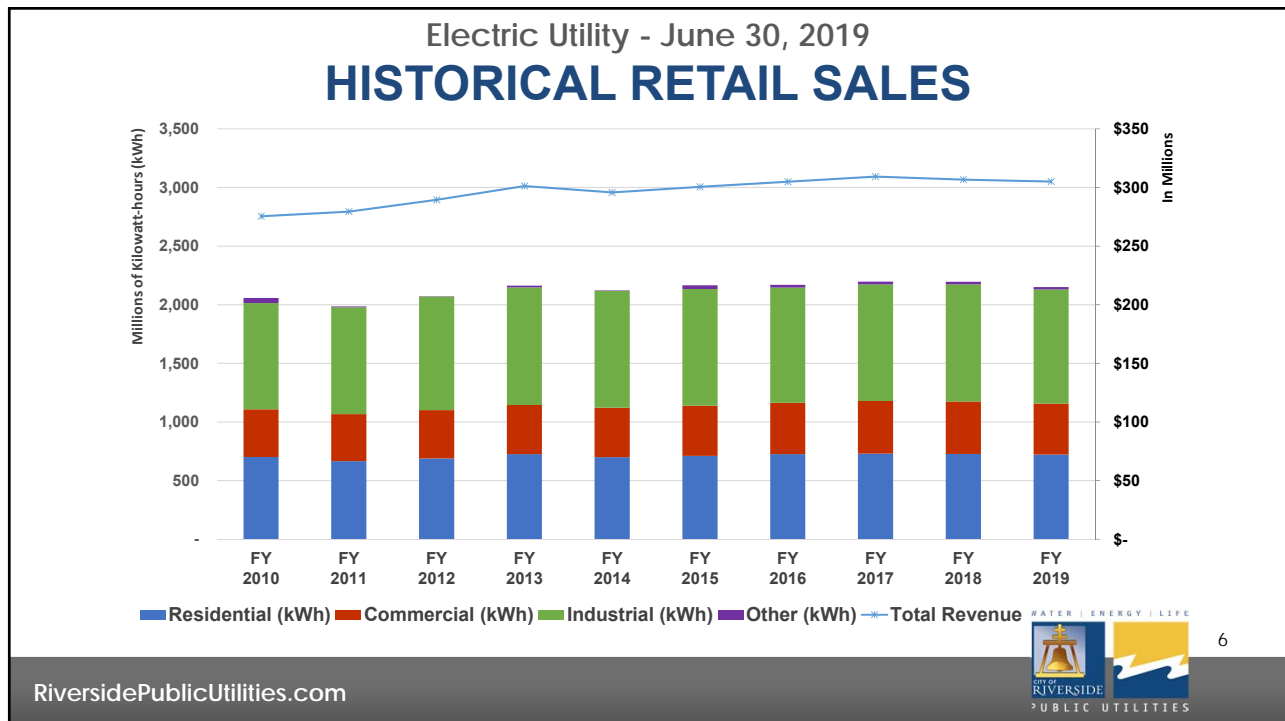
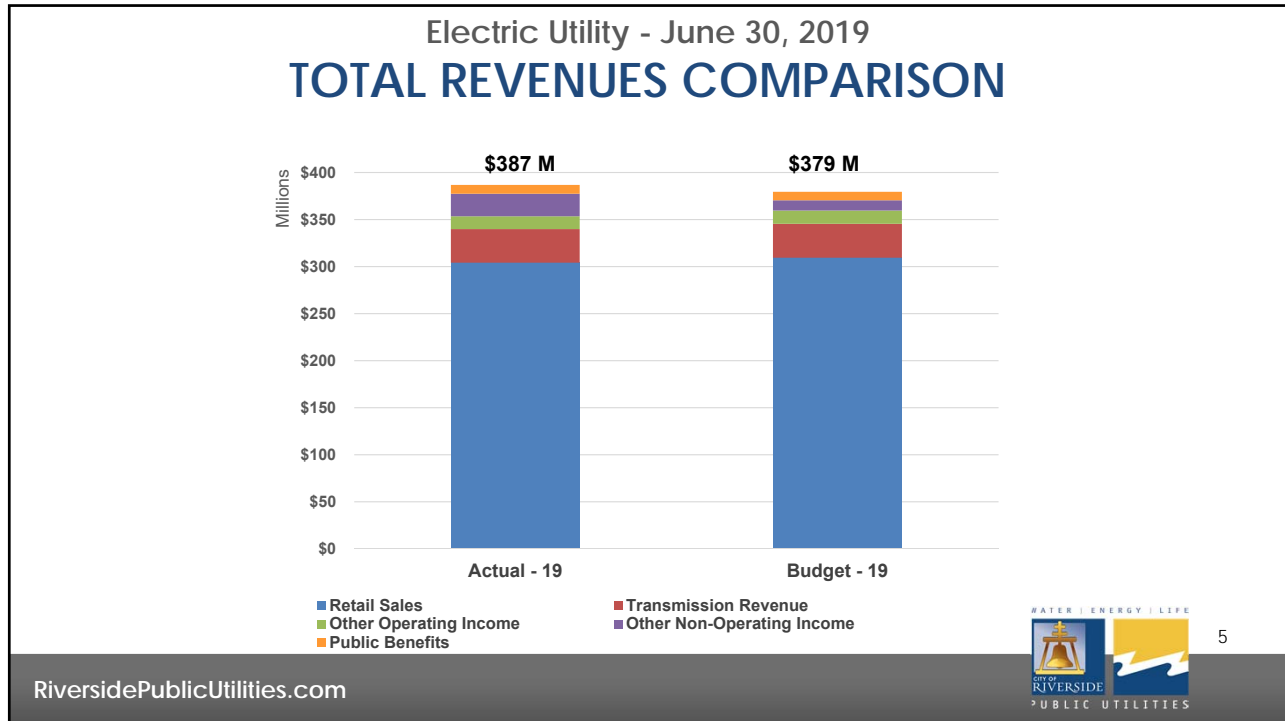
June 30, 2019

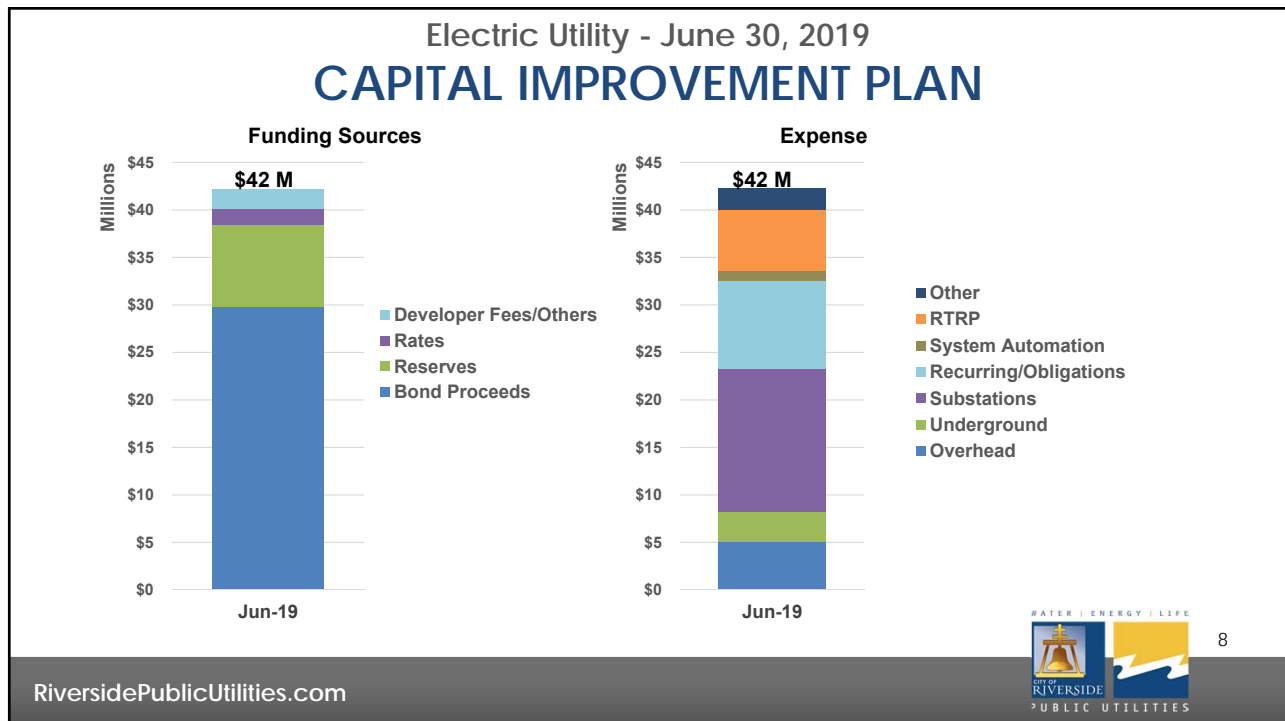
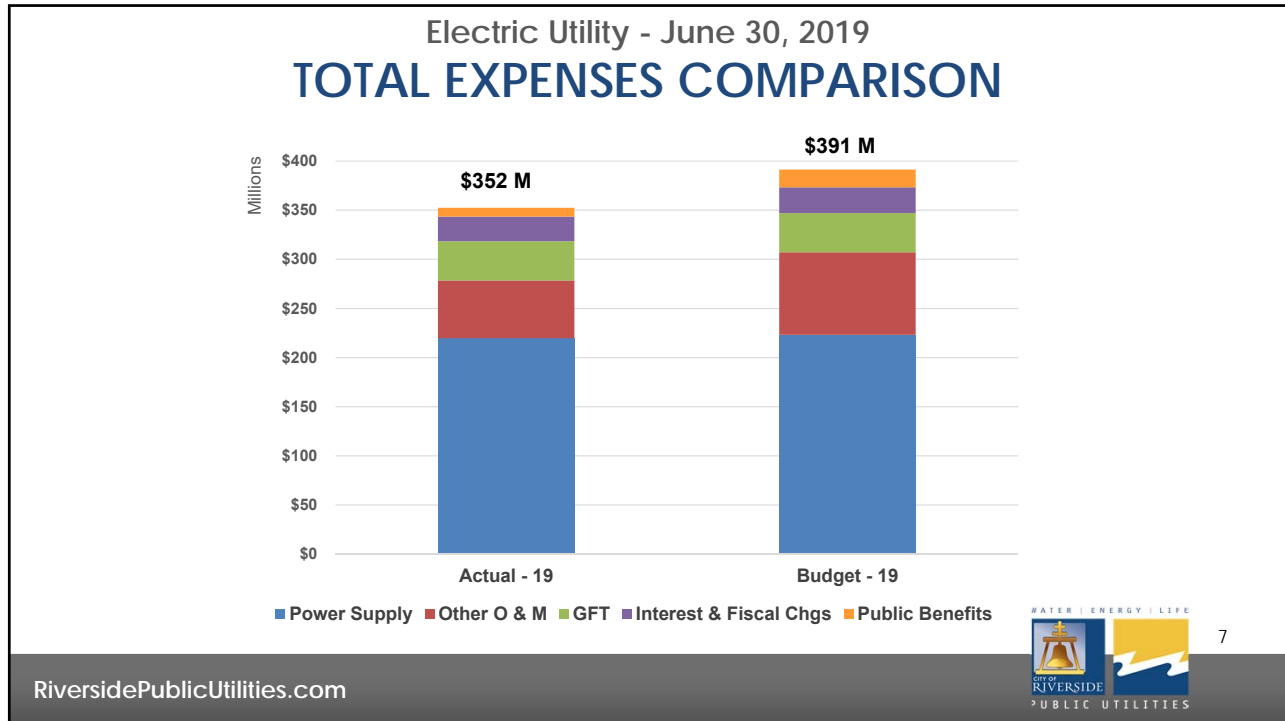
| Electric Utility                   | Result           |
|------------------------------------|------------------|
| Rate Plan Effective                | January 1, 2019  |
| Net Retail Revenues                | \$304.2 M        |
| Capital Improvements               | \$42.2 M         |
| Issued 2019 Electric Revenue Bonds | \$103 M Proceeds |
| Cash Reserves Meet Reserve Policy  | Yes              |
| \$60 M Combined Line of Credit     | \$35 M           |
| General Fund Transfer              | \$39.9 M         |
| Debt Service Coverage Ratio        | 2.23             |
| Ratings                            | AA-              |

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## TRANSFORMER REPLACEMENT AT FREEMAN AND MOUNTAIN VIEW SUBSTATIONS

1. \$4.2 M (Construction Completed)
2. Key Benefits
  - a. Replaced two substation transformers
  - b. Replaced aged facilities exceeding their service life
  - c. Improve safety and electric system reliability
  - d. Additional capacity and load growth ready



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## 4KV TO 12KV CONVERSION AND MAGNOLIA SUBSTATION RETIREMENT

1. \$8.5 M (Construction Completed)
2. Key Benefits
  - a. Retired 70 year old Magnolia Substation
  - b. Customers now being served by new standard 12kv facilities
  - c. 12kv circuits provide additional capacity
  - d. Improve power quality and electric service to area



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## UNDERGROUND CABLE REPLACEMENT Canyon Crest Areas 1F (Phase 1) and Areas 2, 3 (Phase 1)

1. \$870,000 (Construction Completed)
2. Key Benefits
  - a. Replaced in Canyon Crest and other high failure areas
  - b. Included replacement of 10,575 feet of primary cable, associated conduit and structure upgrades.
  - c. Improve power quality and electric service to area



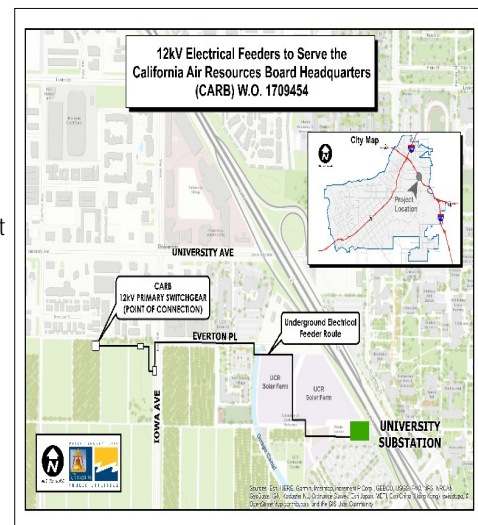
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## 12KV ELECTRIC FEEDERS TO SERVE THE CALIFORNIA AIR RESOURCES BOARD FACILITY (ARB)

1. \$1.2 M (Energized by January 1, 2020)
2. Key Benefits
  - a. Installation of two new 12kV distribution circuits in the area
  - b. Estimated 7 MW load (ARB) and 4 MW (future growth)
  - c. Underground facilities are reliable and safer to operate
  - d. Facilitate undergrounding of overhead electric line as part of Public Works Iowa Avenue Widening Project



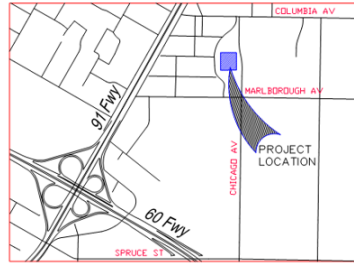
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## HUNTER SUBSTATION REPLACEMENT

1. Land Acquisition in FY 18/19 - \$1.1M
2. Phase 1 - Estimate \$2M (Design in progress)
3. Phase 2 - Estimate \$24M (Construction 2023)
4. Key Benefits
  - a. Replace aged Substation equipment – over 50 years old
  - b. Improve power quality and electric service reliability
  - c. Increase substation capacity and number of 12kV circuits
  - d. Meet electric service need for UCR North District, Northside Specific Plan



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## 4KV TO 12KV CONVERSION PLAZA SUBSTATION CIRCUIT 441

1. \$2M (Project Estimate)
2. Key Benefits
  - a. Will convert approximately 16,500 linear feet of old conductor and associated components to the 12kV system
  - b. Replacement and installation of 88 wooden poles, 39 transformers, and related overhead distribution facilities
  - c. Constructed entirely using RPU crews; no civil work is required



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## FREEMAN SUBSTATION TO ORANGECREST SUBSTATION FIBER OPTIC CABLE UPGRADE

1. \$1.3M (Project Estimate)
2. Key Benefits
  - a. Replace the aged 12-strand fiber optic cable with the 144-strand standard fiber optic cable to improve the capacity, reliability and redundancy of the fiber optic network system.
  - b. All fibers on this route are currently at capacity being utilized by RPU and other City departments



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## REPLACEMENT OF SUBSTATION CIRCUIT BREAKERS AT MULTIPLE SUBSTATIONS

1. \$3.5M (Project Estimate)
2. Key Benefits
  - a. As part of RPU's Utility 2.0 effort to identify and replace aging infrastructure, the Department plans to replace 24 of the 69kV power circuit breakers in the next three (3) fiscal years.
  - b. RPU field forces will perform the construction work, testing, and commissioning.
  - c. Provides safe and reliable energy service to all customers



Typical Oil Circuit Breaker  
(Aged Unit)



Typical Vacuum Circuit Breaker  
(Replacement Unit)

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## UNDERGROUND CABLE REPLACEMENT Cable Rejuvenation in Canyon Crest Areas 3 & 4

1. \$1.5M (Project Estimate)
2. Key Benefits
  - a. Replace high failure areas in Canyon Crest
  - b. Includes testing approximately 30,878 feet of single-phase primary cable CIC and subsequent injection/rejuvenation of passing cable, as well as minor General Order 165 repairs and upgrades of related electrical distribution facilities.
  - c. Improve power quality and electric service to area

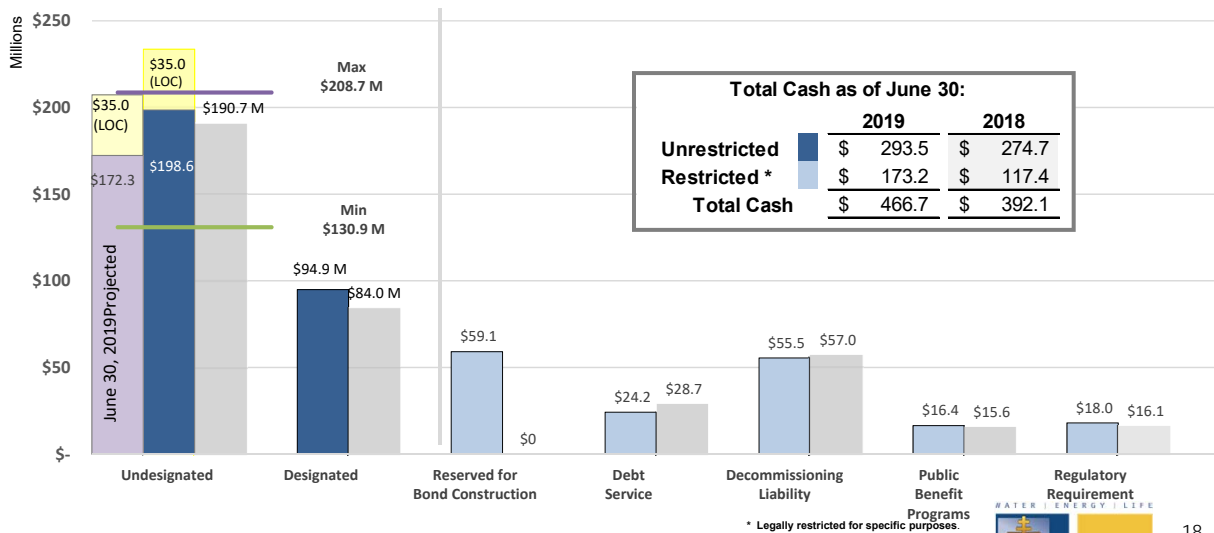


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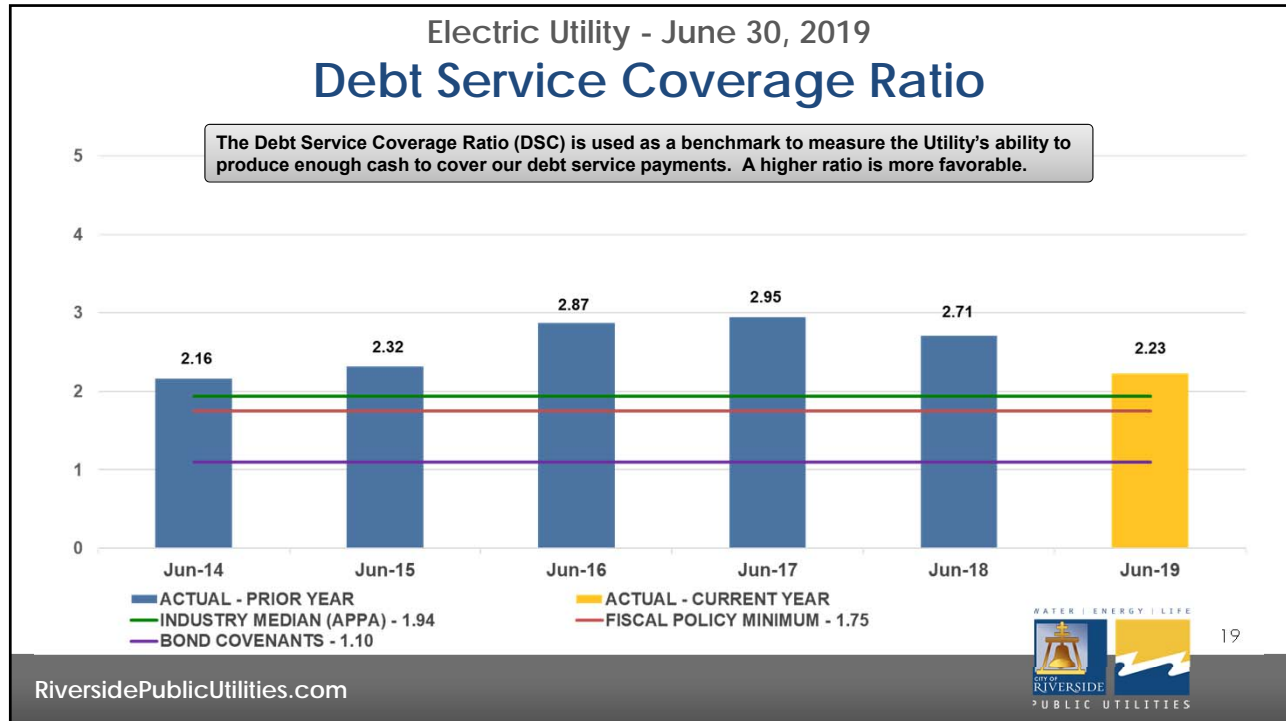
## Electric Utility - June 30, 2019 CASH BALANCE



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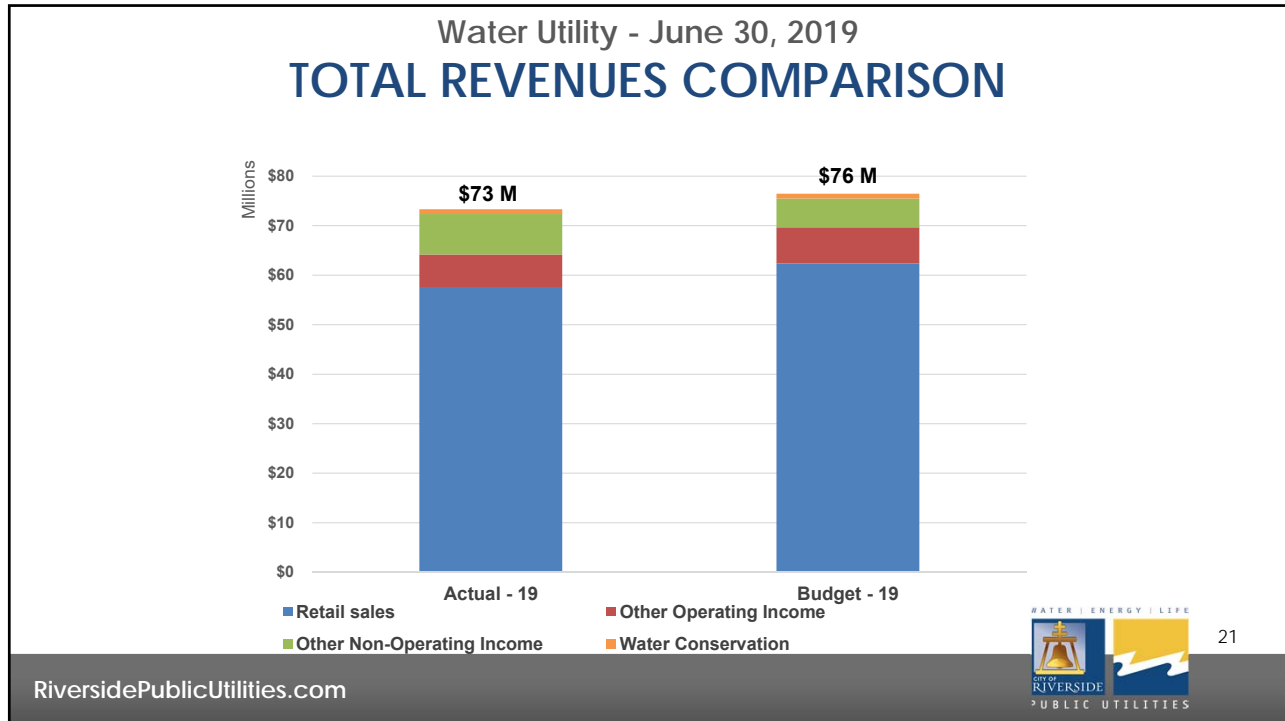
## WATER UTILITY

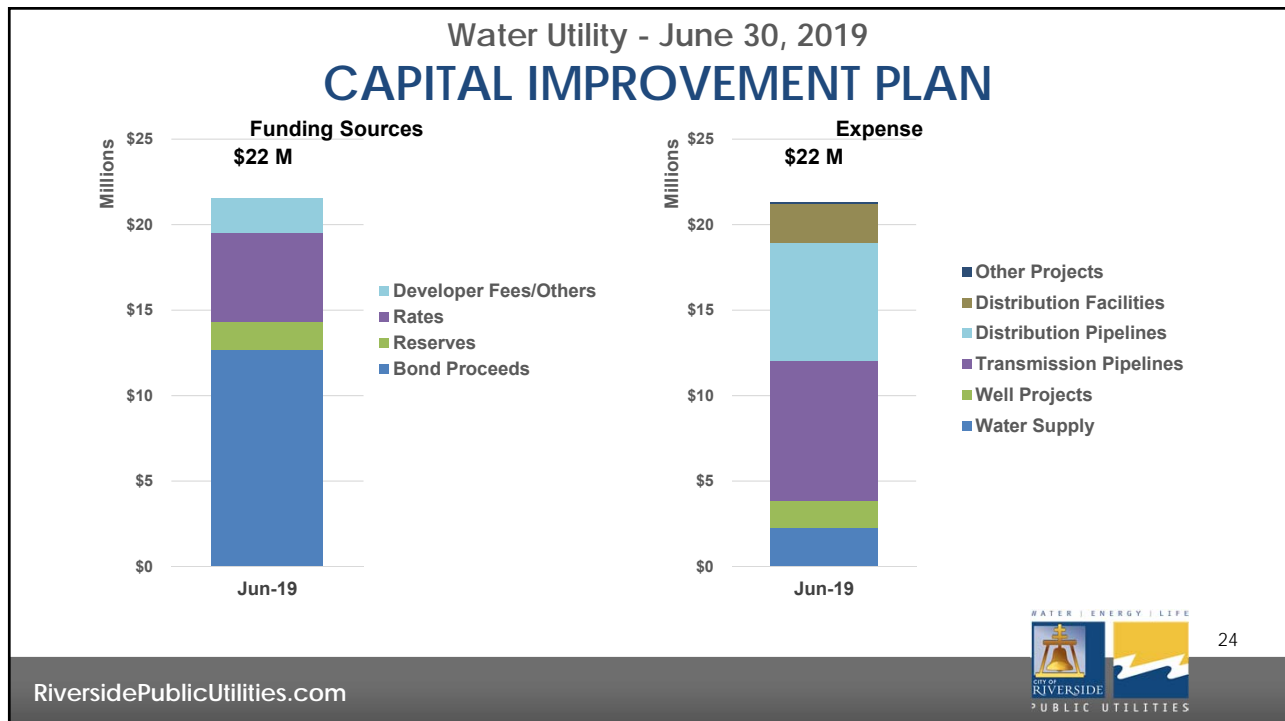
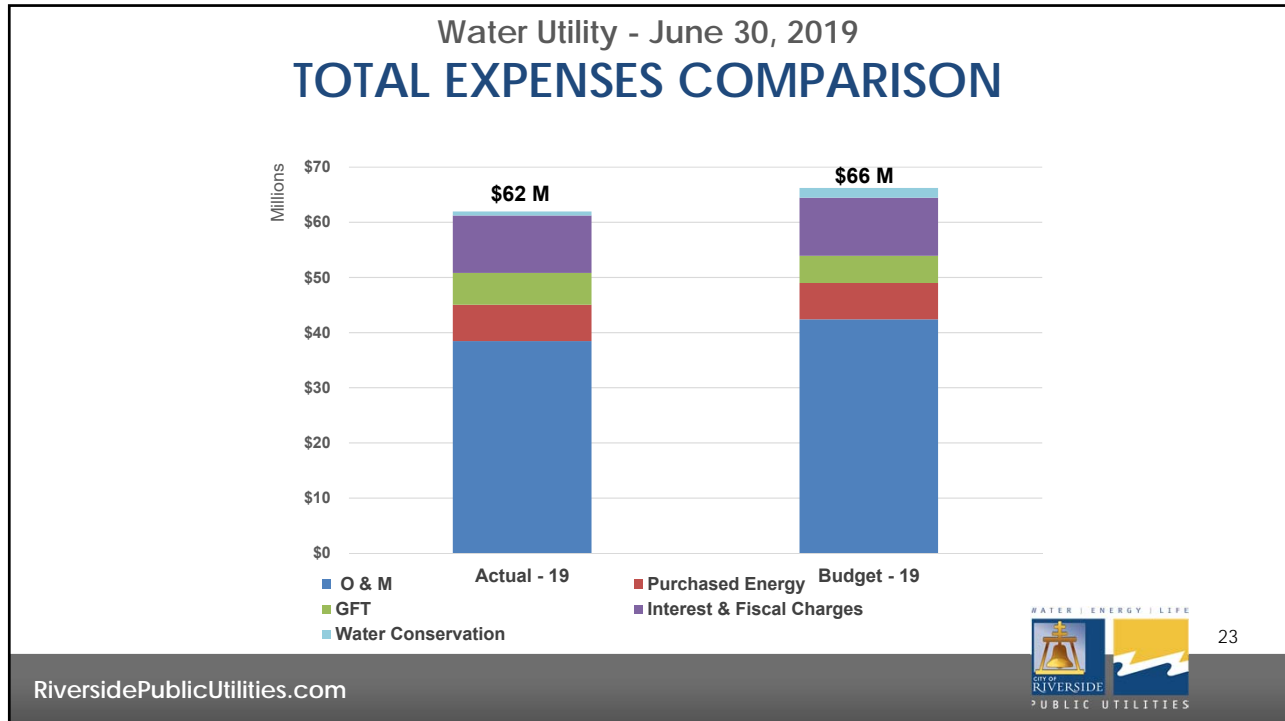
June 30, 2019

| Water Utility                     | Result          |
|-----------------------------------|-----------------|
| Rate Plan Effective               | July 1, 2018    |
| Net Retail Revenues               | \$57.6 M        |
| Capital Improvements              | \$21.5 M        |
| Issued 2019 Water Revenue Bonds   | \$52 M Proceeds |
| Cash Reserves Meet Reserve Policy | Yes             |
| \$60 M Combined Line of Credit    | \$25 M          |
| General Fund Transfer             | \$6.6 M         |
| Debt Service Coverage Ratio       | 1.67            |
| Ratings                           | AAA             |

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## MAGNOLIA AVENUE TECHITE PIPE AND PRESSURE REDUCING STATION REPLACEMENT PROJECT

1. \$7.9M (construction completed)
2. Key Benefits
  - a. Replace Techite pipe
  - b. Replace old/inadequate pressure reducing stations
  - c. Replace old water distribution pipelines
  - d. Water system reliability improvement



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## FY2018/19 GROUNDWATER WELL REHABILITATION PROJECT

1. \$1.5M (construction completed)
2. Key Benefits
  - a. Rehabilitate existing infrastructure
  - b. Improve water system reliability
  - c. Improve production capacity



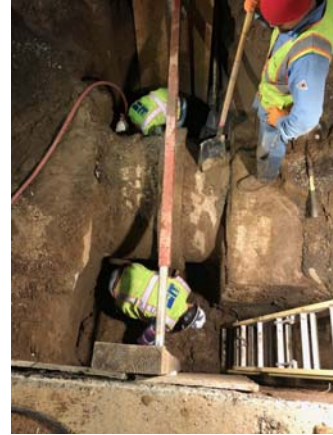
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## IOWA AVENUE TRANSMISSION MAIN REPLACEMENT PROJECT

1. \$1.8M (construction completed)
2. Key Benefits
  - a. Replaced aged and leaking transmission pipeline
  - b. Improve water system reliability
  - c. Improve capacity



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## NEW CONSERVATION WATER FROM SEVEN OAKS DAM, AND ENHANCED RECHARGE PROJECT, PHASE 1A

1. \$4.6M (construction completed, RPU's project costs)
2. Key Benefits: Additional and perpetual extraction rights from the San Bernardino Bunker Hill Basin



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## SERVICE LATERALS AND METERS

1. \$4.9M (construction completed)
2. Key Benefits
  - a. Proactive replacement of 1,198 service laterals, 75 fire hydrant replacements and 13 valve replacements to improve system reliability and reduce overtime callouts
  - b. Replaced 2,316 small meters, 44 large meters, and 412 large meter calibrations to reduce under reporting of water consumption and ensure accurate metering of water sales



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## MISSION INN BOOSTER STATION AND PRESSURE REZONING PROJECT

1. \$5.7M (in construction)
2. Key Benefits
  - a. Replace old/inadequate booster stations
  - b. Improve water pressure
  - c. Improve fire flow
  - d. Improve employee safety
  - e. Improve system reliability



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## WELLS AND CYPRESS WATER MAIN REPLACEMENT PROJECT (PHASE I)

1. \$2.45M (in construction)
2. Key Benefits
  - a. Replace old, leaking, undersized mains
  - b. Improve fire flow
  - c. Improve system reliability
  - d. Coordination of street paving with Public Works Department



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## HABITAT CONSERVATION PLAN

### Project Benefits:

1. Integrated, regional water reuse
2. Habitat creation, improvement & sustainability
3. Landscape irrigation & sustainable public parks
4. Improved water quality
5. Public Outreach & education
6. Water supply (HCP & RPU)

### Project Elements:

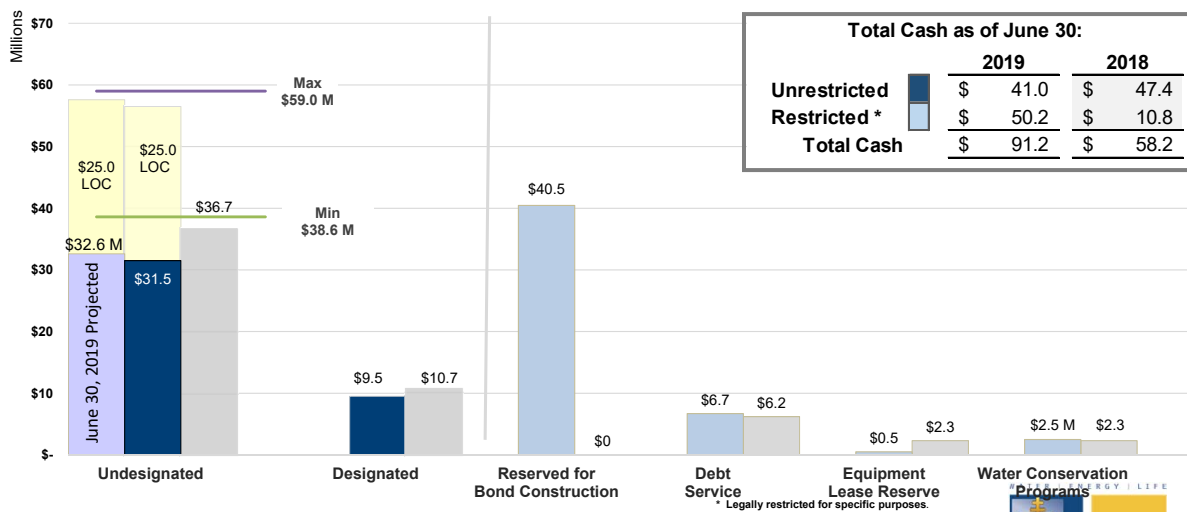
1. Project in Planning Phase
2. Estimated Cost: \$60 M (RPU RW Infrastructure)
3. Participation from 12 Water Agencies
4. Valley District obtained \$4 M in Prop 84 funding with \$5 M in matching funds for restoration efforts (plants and channel work)

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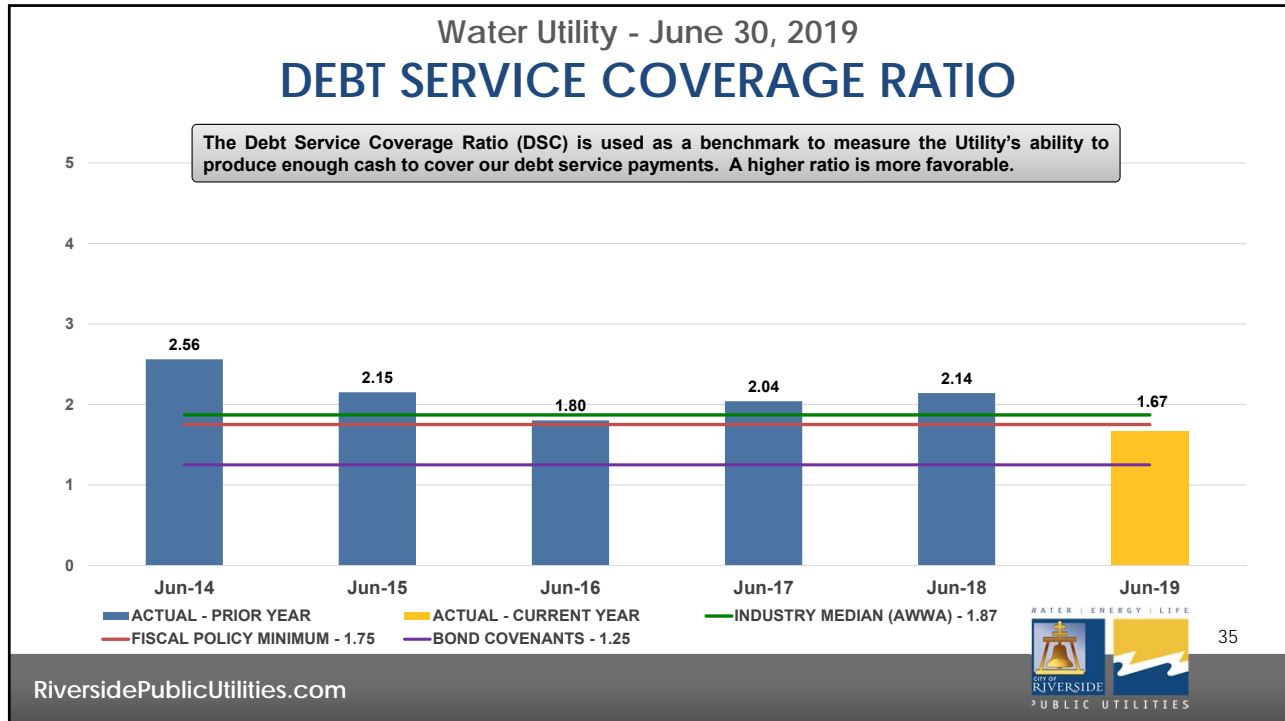
## Water Utility - June 30, 2019 CASH BALANCE



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## WHAT'S AHEAD?

Implement Second Year of Electric Rates effective January 1, 2020

Proposed Budget for Fiscal Years 2020/21 and 2021/22

Implement Third Year of Water Rates effective July 1, 2020

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## RECOMMENDATION

That the City Council receive and file the presentation on the annual electric and water utility rate plan update for fiscal year 2018-19.