

FY 2018-20 Budget Outlook

Riverside Public Utilities

Budget Engagement Commission

January 31, 2018

DEPARTMENT OVERVIEW

- Department Purpose – Public Utilities is responsible for providing electric and water service to customers with a service area population of approximately 327,000, encompassing 82 square miles.
- Electric Utility
 - 109,000 metered customers
 - 489 employees
- Water Utility
 - 65,000 metered customers
 - 159 employees



DEPARTMENT GOALS

- Customer Experience
- Reliability & Resiliency
- Affordability
- Sustainability
- Operational Excellence
- Strong Workforce



BUDGET OVERVIEW

- Major Challenges
 - Rate Proposal in process – revenue uncertainty
 - Current capital projects funded from reserves, bond funds depleted in prior years
 - Reserve levels continue to decrease
 - Regulatory constraints and mandates– higher supply costs due to renewables and clean water standards
 - Rising personnel costs; CalPERS outpacing salaries
 - Significant unfunded capital needs
 - Aging infrastructure

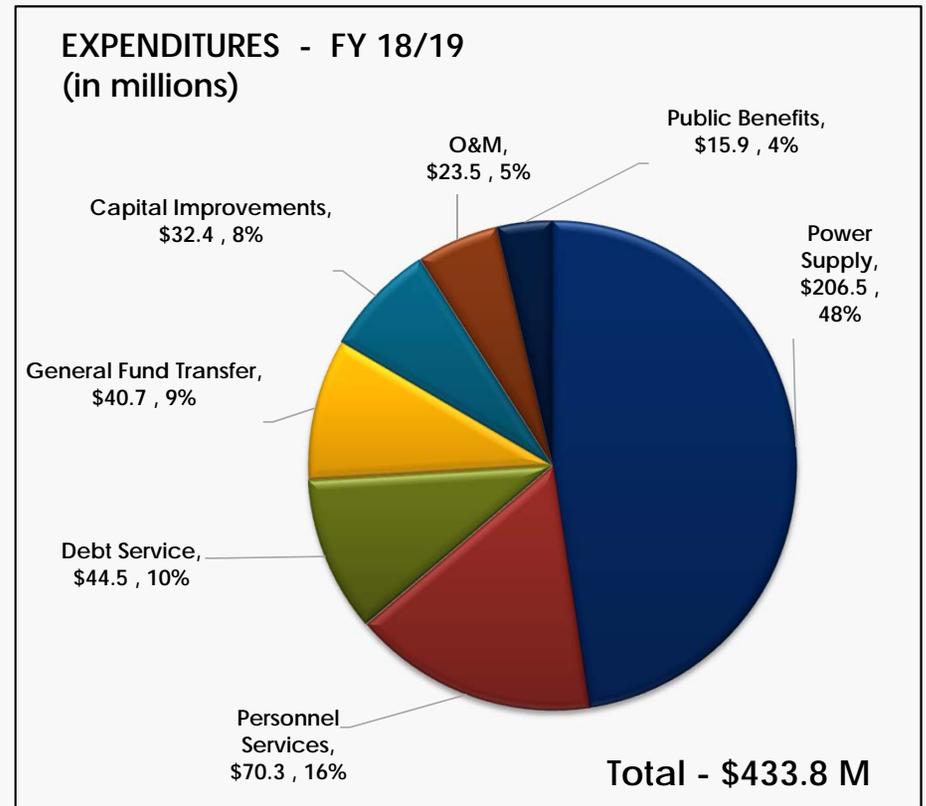
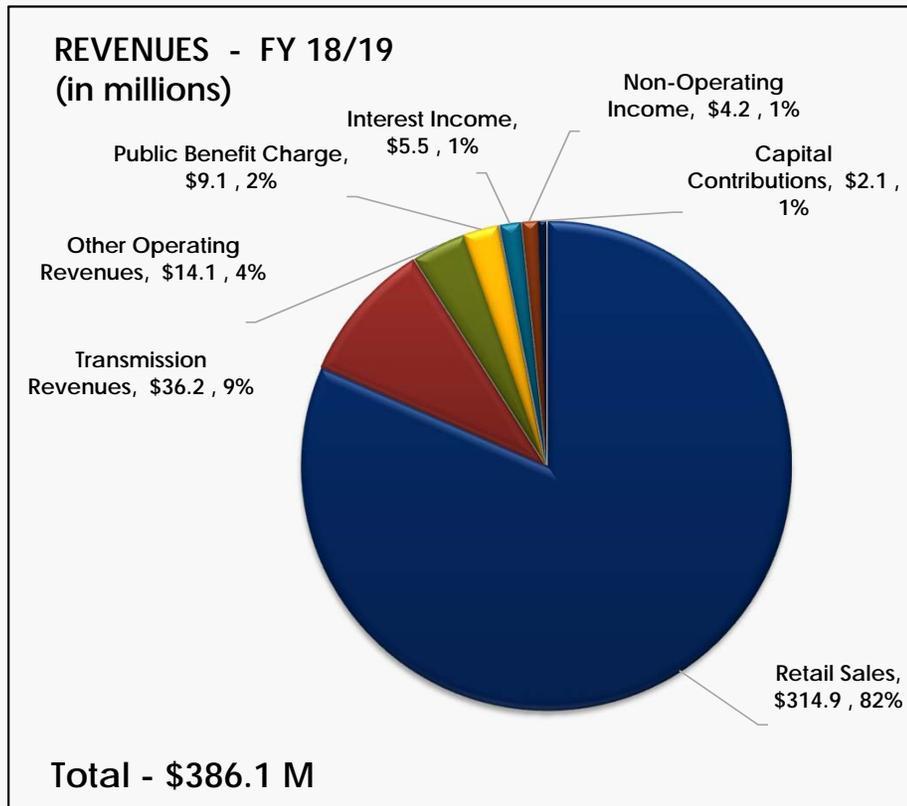


WHY RATE INCREASE IS NECESSARY

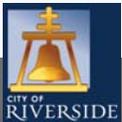
- Impact Without a Rate Increase
 - Reserves will fall below minimum required targets
 - June 2018 – Water Utility
 - March 2019 – Electric Utility
 - Bond ratings will drop impacting cost of borrowing
 - Significant reductions to operations and maintenance spending plans which will severely impact response time to customers
 - Decreased funding for planned customer service initiatives
 - Any change to rate proposal will affect reserve levels and require a change in assumptions



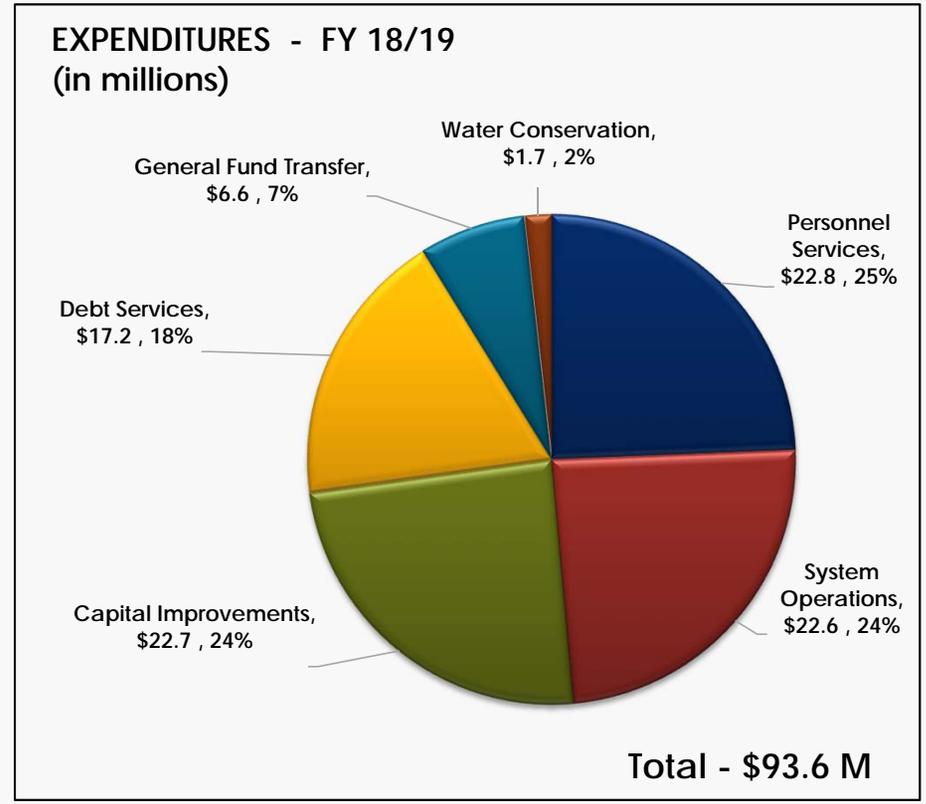
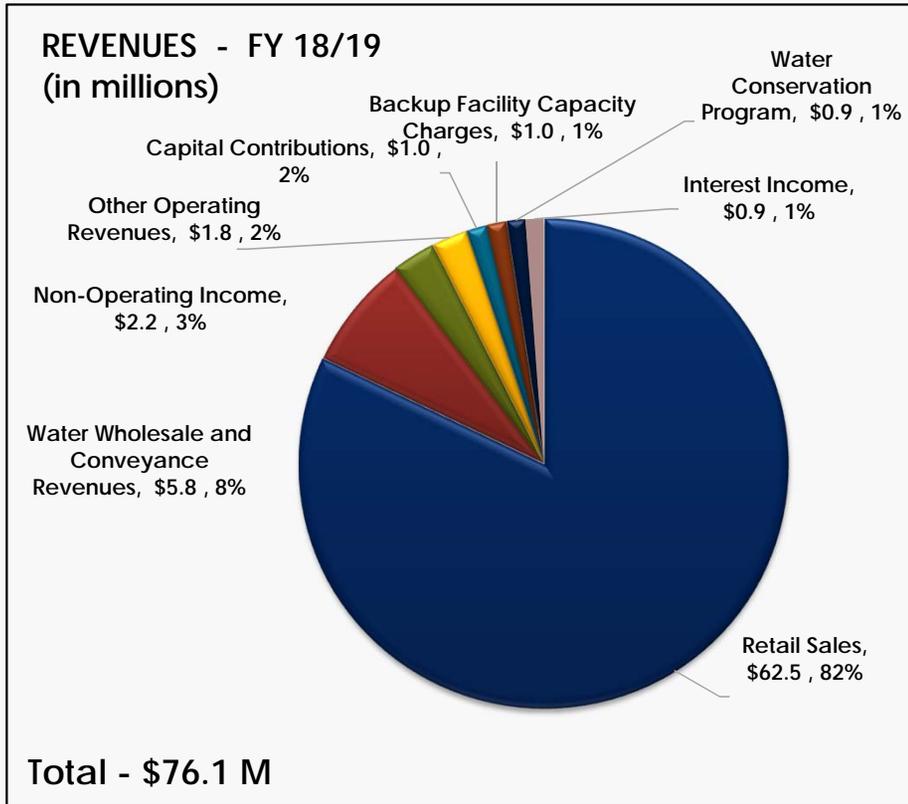
BUDGET - ELECTRIC



% Allocations for FY 19/20 Revenues and Expenditures are similar to FY 18/19



BUDGET - WATER



% Allocations for FY 19/20 Revenues and Expenditures are similar to FY 18/19



REVISED RATE PROPOSAL – MODIFIED OPTION 1

	Years 1-5 (2018-2022)		Years 6-10 Preview (2023-2027)
Electric	July 2018	2.95%	Estimated rate requirement Average annual 3.0%
	July 2019	3.0%	
	July 2020	3.0%	
	July 2021	3.0%	
	July 2022	3.0%	
Water	July 2018	4.50%	Estimated rate requirement Average annual 6.5%
	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. 8



IMPLEMENTING PROPOSED 10-YEAR ELECTRIC PLAN

Modified Option 1: “The \$5 \$3 Plan”

50% Renewable Energy

1 Substation
7 Transformers

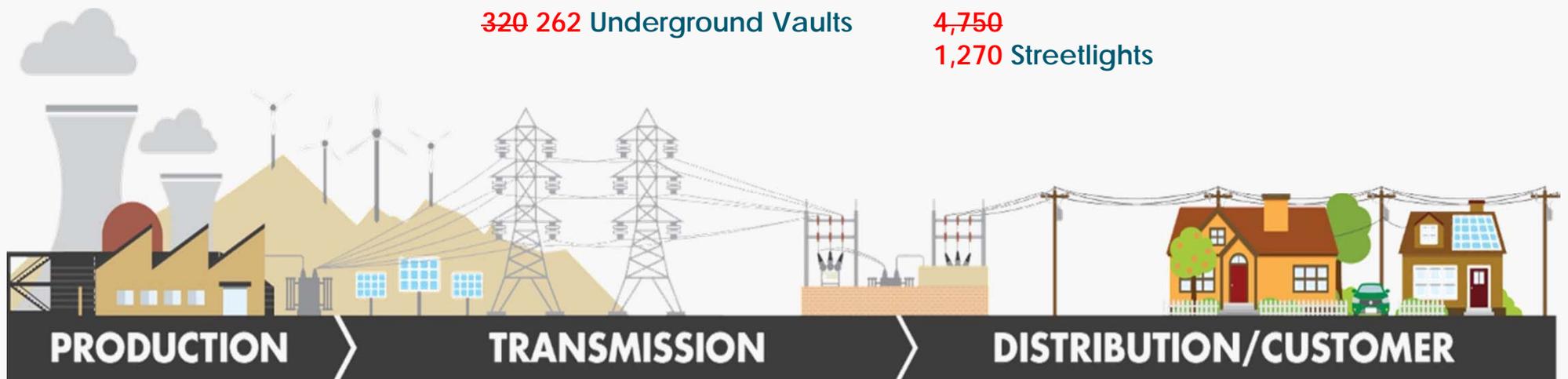
77.62 Miles of
Underground Cable

6,000
3,080 Poles

Delayed
City-wide Voltage
Conversions

320.262 Underground Vaults

4,750
1,270 Streetlights



CAPITAL PROJECTS - ELECTRIC

- **Substation** - Replacement/Upgrade/Modernization
 - Substation Bus & Upgrades
 - Breaker and relay replacement - Casa, Hunter Substations
 - Substation Transformer Addition
 - Hunter Substation T-1 & 2 replacement



CAPITAL PROJECTS - ELECTRIC

- **Overhead & Underground** - Replacement/Upgrade/Modernization
 - 4-12kV Conversion
 - Plaza service area conversion and retirement of 4kV facilities
 - Cable Replacement
 - Canyon Crest Replacement Areas 2 & 3



CAPITAL PROJECTS - ELECTRIC

- **Recurring/Obligation to Serve**
 - Distribution Line Extensions/Transformers/Services/Meters
 - Installation of facilities to new customers and service upgrades
 - Major Feeders
 - Extension of circuit capacity to areas of load growth and facility upgrade
 - City-wide Communications
 - Extension of fiber optic system to areas of load growth and facility upgrade



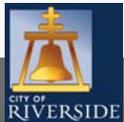
CAPITAL PROJECTS – SYSTEM AUTOMATION ELECTRIC AND WATER

- System Automation
 - Advanced Metering Infrastructure
 - Network Communication System
 - Streetlight LED Retrofit



SIGNIFICANT CAPITAL PROJECTS - ELECTRIC

FUNDED	UNFUNDED
Distribution Line Extensions – New Services/Service Upgrades/EV Charging Stations	New Arlanza Substation site
Substation Transformer Addition/Hunter Substation Upgrades	Cable Replacement – Arlington and Arlanza neighborhoods
Cable Replacement – Canyon Crest Areas 3 & 4	Distribution transformer load management system
4-12 KV Conversion – Plaza Substation Final Phases	Remote monitoring of substation transformers and 69kV equipment
Plaza Substation 69-4kV Transformer Retirements	GIS upgrades/integrations, Customer Engagement Portal and other system automation
Street Lights – LED Lamp Conversion Project	
Automated Metering Infrastructure Phase 1	

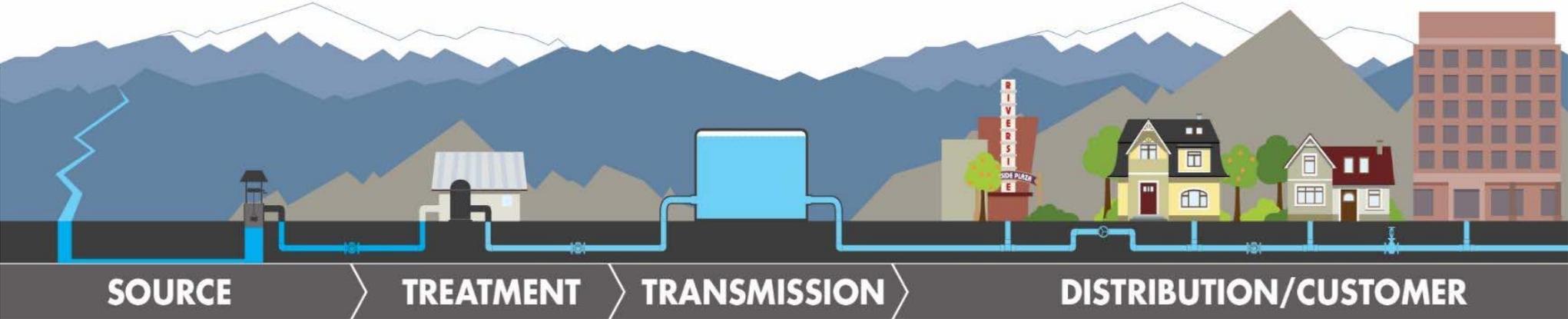


IMPLEMENTING PROPOSED 10-YEAR WATER PLAN

Modified Option 1: “The \$5 \$3 Plan”

3 1 Recycled Water 5 Wells North Waterman Treatment Plant 90 49 Miles of Distribution Pipeline 3 Pressure Stations
5 1 Storm Water Capture

5 3 Treatment Filter Replacements Replace Techite Pipe



CAPITAL PROJECTS - WATER

- **Water Supply**
 - Seven Oaks Dam
 - Recycled Water Phase 1



CAPITAL PROJECTS - WATER

- Well Projects
 - Well Rehabilitation
 - Well Replacement



CAPITAL PROJECTS - WATER

- **Transmission Pipelines**
 - Techite Pipeline Replacement



CAPITAL PROJECTS - WATER

- **Distribution Pipelines**
 - System Expansion
 - Distribution System Facilities Replacements
 - 130-Year Life Cycle Replacements



CAPITAL PROJECTS - WATER

- **Distribution Facilities**
 - Booster Station Maintenance
 - Canyon Crest Booster Station
 - Meter Replacements



SIGNIFICANT CAPITAL PROJECTS - WATER

FUNDED	UNFUNDED
Seven Oaks Dam	North Waterman Treatment Plant
Recycled Water Project Phase 1	Victoria Ave. Transmission Main
Well Rehabilitation and Replacement Projects	Local Storm Water Capture Projects (Riverside Basin)
Transmission and Distribution Pipelines	GIS upgrades/integrations, Customer Engagement Portal and other system automation
Distribution Facilities	
Automated Metering Infrastructure Phase 1	

