



ELECTRIC UTILITY FIVE-YEAR RATE PLAN PROPOSAL

Riverside Public Utilities

Board of Public Utilities
August 28, 2023

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PROPOSED RESIDENTIAL 5 YEAR ELECTRIC RATE PLAN



WATER: \$0.15 Per Day



ELECTRIC: \$0.21 Per Day



REFUSE: + \$0.09 Per Day

\$0.45 Per Day

or

\$13.50 Per Month



Average rate
increase per year
for 5 years



PROPOSED RATES

In year 1, the rate increase will amount to an additional

\$7.97 per month for the average residential customer

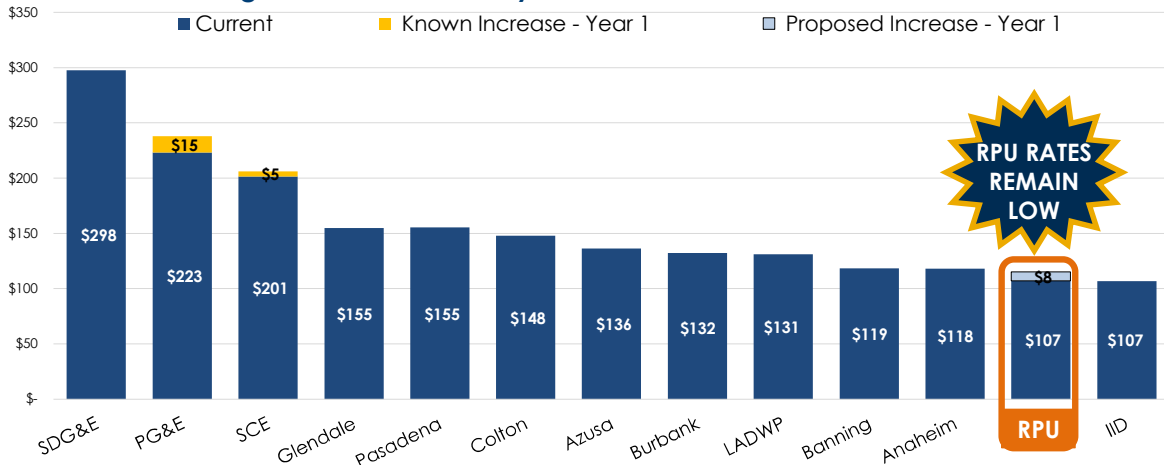


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ELECTRIC RATE PLAN COMPARISON

Average Residential Monthly Bill at 600 kWh Per Month – Year One



RPU = 112K Service Connections

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OVERVIEW OF ELECTRIC

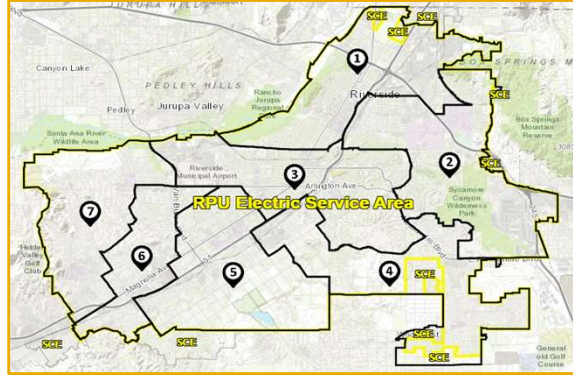
**Current Rate Plan Expires
12/31/2023**



Established
1895



112K
Service Connections



648 Megawatts

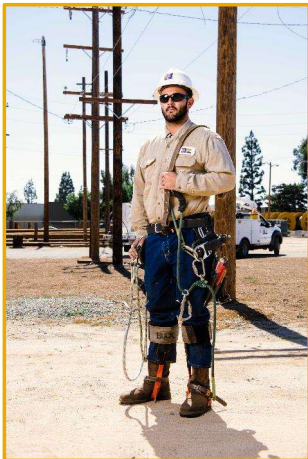
Record Peak Demand
(9/7/2022)



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OVERVIEW OF ELECTRIC



1 of 46
Public Power Utilities in CA

Riverside is one of 46 cities in California that light up homes and businesses with “public power” – electricity that comes from a community-owned and operated utility



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OVERVIEW OF ELECTRIC



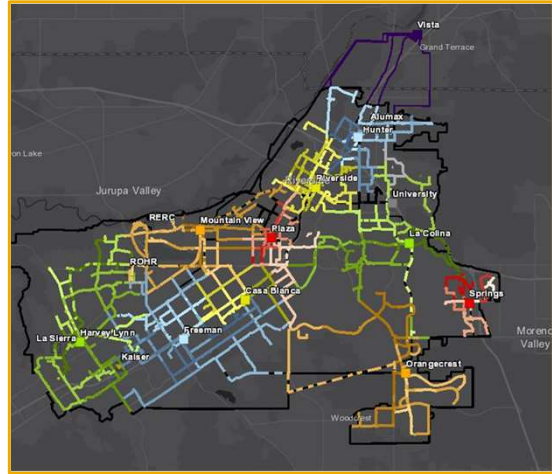
Maintain
99.2 Miles
Transmission Lines



Maintain
1,351 Miles
Distribution Lines



Maintain
15
Substations



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RPU: ALL DAY EVERY DAY

RPU team members work 24/7 to keep the lights on

RIVERSIDE PUBLIC UTILITIES
ALL DAY EVERY DAY



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ELECTRIC FACILITIES



Riverside Energy Resource Center (RERC)



Springs



Clearwater (Corona Facility)



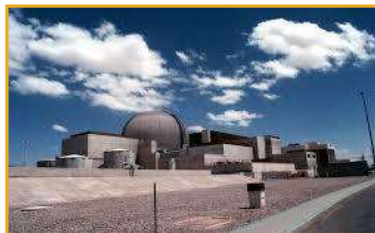
JOINT POWER PARTICIPATION

Renewables

- Antelope Big Sky Ranch
- Antelope DSR 1
- Columbia 2
- Kingbird B
- Summer Solar
- ARP Loyalton

Other Generation

- Palo Verde Nuclear Generation Station
- Hoover Hydro Power Plant



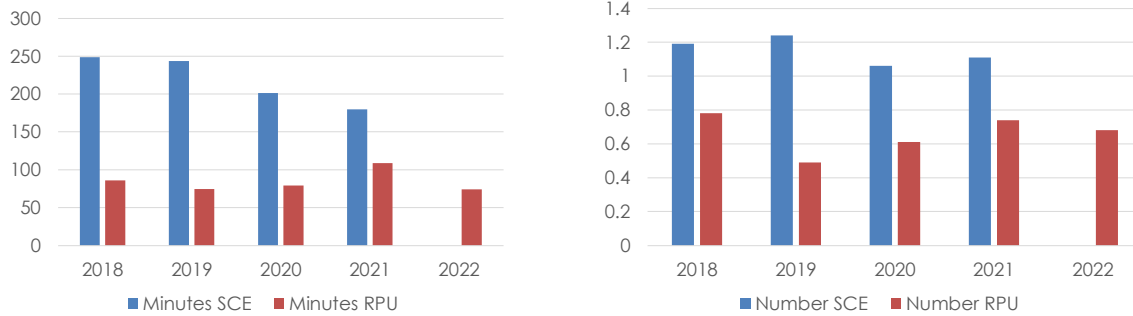
Transmission

- Mead-Adelanto Transmission
- Mead-Phoenix Transmission
- Southern Transmission Systems



ELECTRIC SERVICE PERFORMANCE

System Average Interruption Comparison with SCE



Note: SCE data unavailable for 2022

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POWER SUPPLY CHALLENGES

Sustainability Challenges to Riverside Requiring Vital Solutions



Carbon Neutrality:

State mandates and Local Carbon reduction goals requiring a rapid transition to 100% clean energy.



Increasing Loads and Peak Demands:

Driven by Transportation electrification and Building electrification.



Increasing Transmission Access Charge:

New Transmission investment is needed to integrate regional renewable resources.



Regulatory encroachment/loss of local Control:

Challenging to maintain rate affordability in alignment with local needs.



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WHAT'S BEEN DONE TO KEEP RATES LOW



The use of long-term **Power Purchase Agreements** and hedging to control and **reduce the impact of power cost spiking by ~\$13M**



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BOARD DISCUSSIONS

Agenda Topic	Date
Rate Trends Analysis	August 8, 2022
Conceptual approval of five-year rate plan proposal	June 12, 2023
Fiscal Policy and Cash Reserve Policy update	June 26, 2023
Alternative rate scenarios	July 10, 2023
Capital Improvement Plan accomplishments	August 14, 2023



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BOARD DISCUSSIONS

FISCAL POLICY AND CASH RESERVES

(the next slides summarize information presented to the Board of Public Utilities on June 26, 2023. Reference Attachment 5 for the complete slide deck)



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PURPOSE OF THE RESERVE POLICIES

Properly designed reserve policies send a positive signal to ratepayers, investors, and regulatory and credit rating agencies that the Board and City Council are committed to maintaining the long-term fiscal strength of RPU.

Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital, capital improvements and debt service, are consistent with best practices in the utility industry.



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RESERVE CATEGORIES

1. *Restricted Reserves* are established and utilized for narrowly defined purposes as specified by legal restrictions, bond covenants, and other regulations or ordinances.
2. *Designated Reserves* are that portion of unrestricted reserves that meet specific purposes set aside by the Board and City Council. Designated reserve funds ensure stable service delivery, meet future needs, and protect against financial instability. Designated reserves may be held for specific capital and operating purposes.
3. *Undesignated Reserves* are the remaining unrestricted reserves that may be used for any lawful purpose and have not been designated for specific capital and operating purposes; however, maintaining a proper level of undesignated reserves is critical to ensure the utility can meet its fluctuating cashflow demands and mitigate financial volatility.



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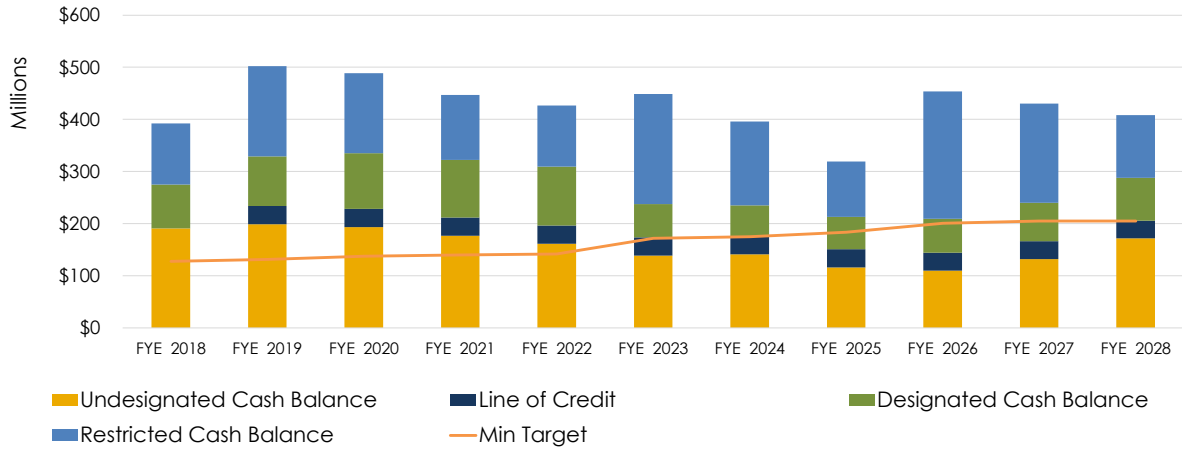
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RESERVES – EXAMPLES AND DEFINITIONS

Restricted Reserve	Definition
Regulatory Requirements Reserve (Cap and Trade auction proceeds)	Funds set aside for regulatory requirements for greenhouse gas allowances and low carbon fuel standard proceeded as legally restricted for specific purposes.
Electric Public Benefits Fund	Assembly Bill 1890, adopted in 1996, monthly surcharge of 2.85% of the total electric charge to be used for low-income customer assistance, energy efficiency and conservation programs, renewable resources and energy research and development.
Designated Reserve	Definition
Electric Reliability	Established in December 2007 to fund the debt service and capital expenditures for construction of internal electric generation and purchase of state transmission grid capacity, annual repair and improvements to internal generation facilities, and fund internal RPU sub-transmission system upgrades for RTRP improvements. The funds are received from retail customers through the Reliability Charge on each monthly bill.
Capital Repair/Replacement	Established March 2016 to accumulate amounts for repairs and replacement of facilities, vehicles, and technology outside of the Capital Improvement Program.
Undesignated Reserve	Definition
Rate Stabilization	Mitigates rate shock due to temporary and transitional regulatory changes, loss of a major resource, sharp demand reduction or market volatility.
Debt Service	Ensures ability to make debt service payments in an extreme event that may impact RPU's ability to provide services, thus impacting revenues at a time critical infrastructure repairs are needed to restore systems. The Debt Service Reserve is intended to prevent an event where RPU would be unable to pay its debt service obligations during such emergencies, or extreme market disruptions.

WITH PROPOSED RATE INCREASES - ELECTRIC

ALL Electric Reserves WITH Proposed 5-Year Rate Plan



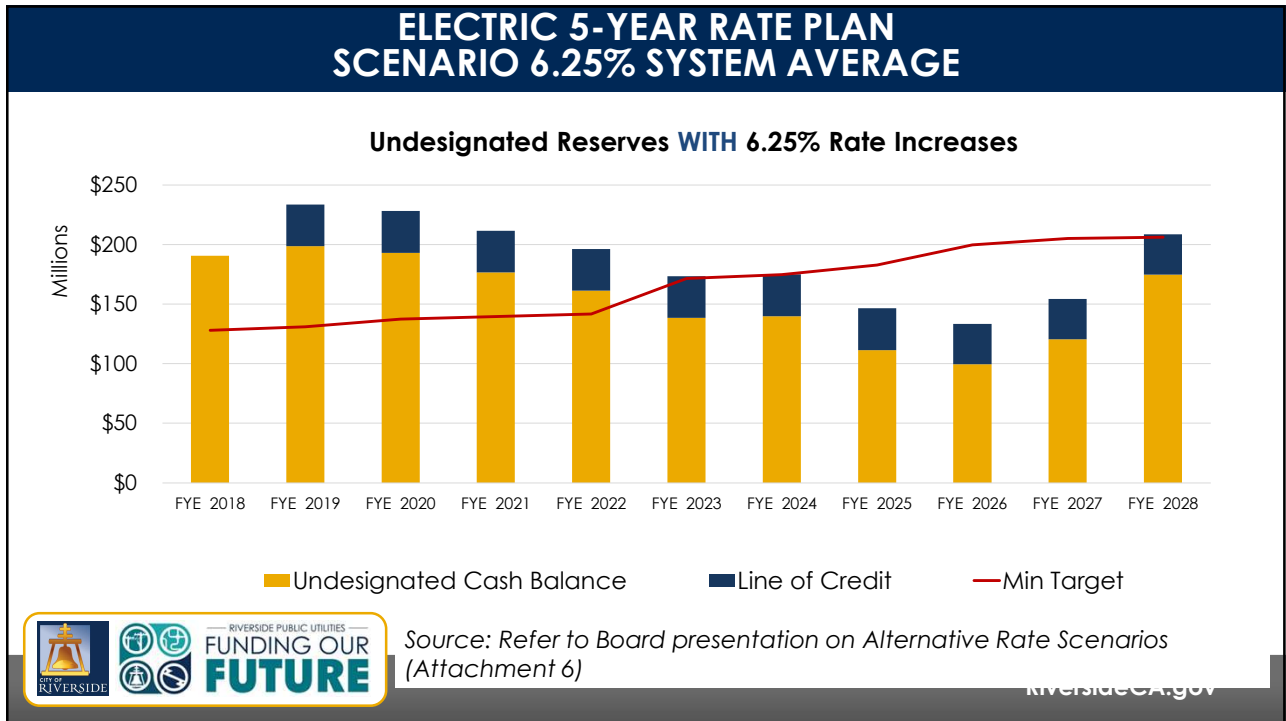
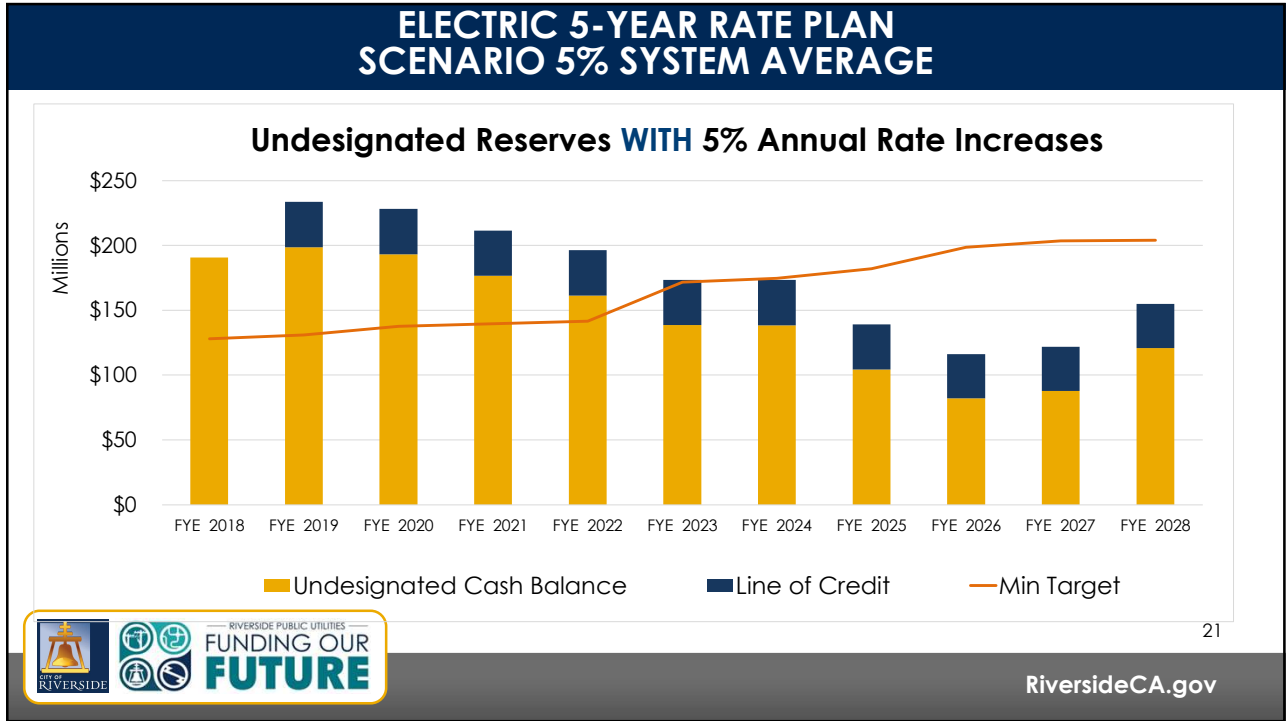
Source: Refer to Board presentation on Cash Reserve Policy (Attachment 5)

BOARD DISCUSSIONS

ALTERNATIVE RATE SCENARIOS

(the next slides summarize information presented to the Board of Public Utilities on July 10, 2023. Reference Attachment 6 for the complete slide deck)





BOARD DISCUSSIONS

CAPITAL IMPROVEMENT PROJECTS

(the next slides summarize information presented to the Board of Public Utilities on August 14, 2023. Reference Attachment 7 for the complete slide deck)



ELECTRIC CIP

The Electric Plan rate increases support investment in the electric system. The following is a summary of the 2018 investment plan, the 2018-2023 expenses, and the projects to be funded by the currently proposed for the Electric Utility Five-Year Rate Plan.

Project Category	10 Year Plan (2018-2028)	Budgeted (2018-2023)	Expenditures 2018-2023	5 Year Plan (2024-2028)
1. Overhead Projects	\$89,208,000	\$30,428,289	\$10,895,370	\$48,947,000
2. Underground Projects	\$139,326,000	\$29,966,569	\$18,973,956	\$75,125,000
3. Substation Projects	\$88,100,000	\$30,448,024	\$38,021,033	\$69,683,000*
4. System Automation	\$96,574,000	\$45,189,662	\$26,110,384	\$83,162,000
5. Recurring Projects	\$115,037,000	\$94,902,173	\$72,273,033	\$38,582,000
Total:	\$528,245,000	\$230,934,717	\$166,273,776	\$315,499,000
Rate Increase:	3%			5%

*+/- \$40 million Hunter Substation will be funded with carryovers and/or using a portion of \$69,683,000 Substation Project funding in the 2023 5-Year Rate Plan. No additional CIP in the proposed five-year Electric Rate Plan.



COMPLETED AND PLANNED – OVERHEAD PROJECTS

Overhead Projects: \$89,208,000 10-Year Investment (FY 2018-2028)

- 3,080 poles and related equipment replacements
- 600 overhead switches replacements
- 1,270 street light retrofits
- Convert 29 4kV circuits to 12kV in 6 years

Completed:

811 streetlights replaced
 900 poles and related equipment replaced
 200 overhead switches replaced
 10 circuits converted to 12kV

Planned:

376 street light retrofits
 1,540 poles and related equipment
 400 overhead switch replacements
 15 voltage conversions (4kV to 12kV)



Source: Refer to Board presentation on CIP (Attachment 7)

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RATES

RATES 2009 - PRESENT



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HISTORY OF ELECTRIC RATES

Electric	Rate Increase
1/1/2009	3.60%
1/1/2010	5.80%
1/1/2011	0%
1/1/2012	0%
1/1/2013	0%
1/1/2014	0%
1/1/2015	0%
1/1/2016	0%
1/1/2017	0%
1/1/2018	0%

No Rate Increases from 2011 - 2018



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HISTORY OF ELECTRIC RATES

Current Rate Plan Expires 12/31/2023

Electric	Rate Increase
1/1/2019	2.95%
1/1/2020	3.00%
1/1/2021	3.00%
1/1/2022	3.00%
1/1/2023	3.00%

Due to COVID impacts on the community, the 1/1/2021 rate increase was delayed to 7/1/2021

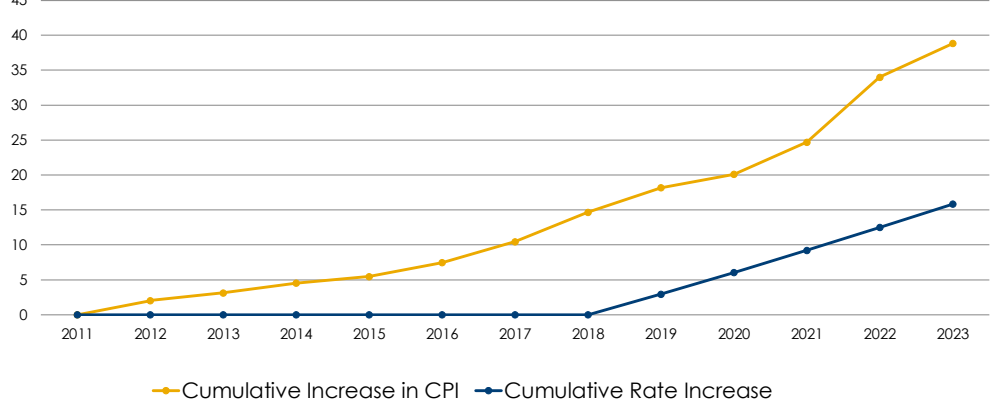


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THE WHY

RPU Electric Rate Increases vs CPI



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THE WHY

INCREASED POWER SUPPLY COSTS



Increased **construction/equipment costs**



Costs for natural gas have **doubled over the last two years**, due to increased liquid natural gas exports and restricted capacity on western interstate gas pipelines.



Costs for CAISO Market energy have **gone up 60%-80%**, due to increasing natural gas costs and supply-chain challenges delaying the development of new renewable resources.

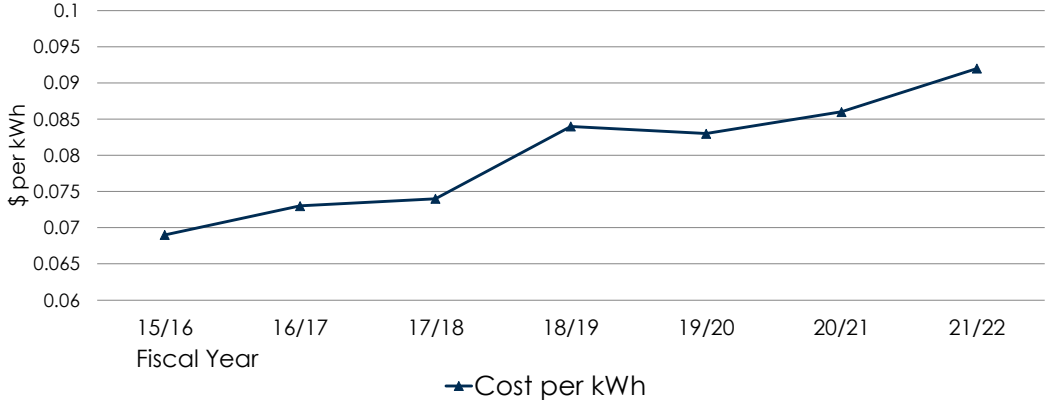


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THE WHY

INCREASED POWER SUPPLY COSTS

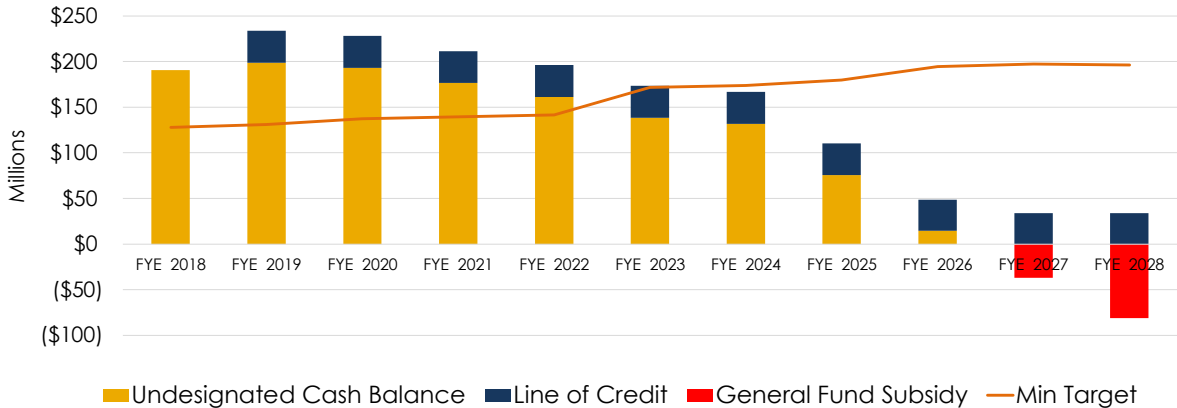


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THE WHY

Undesignated Reserves **WITHOUT** Rate Increases

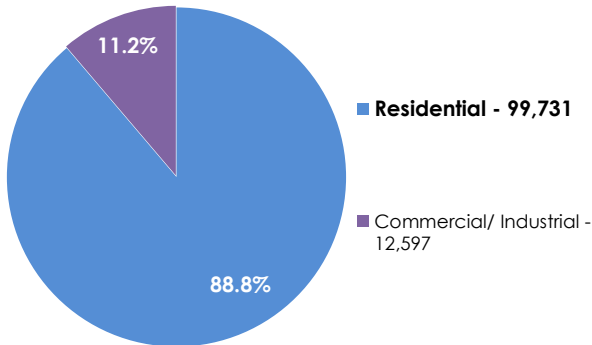


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ELECTRIC CUSTOMER STATISTICS

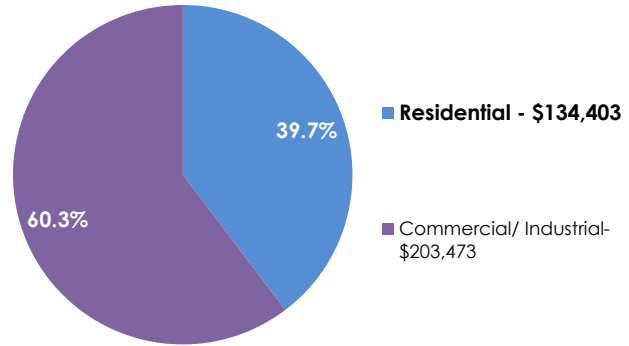
ELECTRIC CUSTOMER COUNTS



Total Customer Count - 112,328

ELECTRIC YTD ACTUAL REVENUES

(In Thousands)



Total Electric Revenues - \$337,876

Note: As of June 30, 2022, Combined Ag Pumping, Street Lighting, Traffic and Outdoor Lighting with Commercial/Industrial

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PROPOSED RESIDENTIAL ELECTRIC RATE PLAN

Customer Class	Customers	Year 1 % Increase	Year 2 % Increase	Year 3 % Increase	Year 4 % Increase	Year 5 % Increase
Residential (3 Tiers)	99,718	7.1%	7.1%	7.0%	2.3%	2.4%



\$7.97
Average Monthly increase year 1

\$0.21
Avg Cost per day over 5 years



Dollar values calculated based average monthly usage of 600 kWh

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PROPOSED COMMERCIAL ELECTRIC RATE PLAN

Customer Class	Customers	Year 1 % Increase	Year 2 % Increase	Year 3 % Increase	Year 4 % Increase	Year 5 % Increase
Commercial Flat (2 Tiers)	11,015	2.5%	2.8%	3.0%	3.0%	2.9%
Commercial Demand (2 Tiers)	988	0.0%	0.0%	0.0%	0.0%	0.0%
Industrial TOU (3 periods)	622	5.9%	6.6%	6.3%	4.3%	4.3%



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PROPOSED COMMERCIAL ELECTRIC RATE PLAN

Customer Class	Avg kWh Usage (Tier 1)	Year 1 % Increase	Years 2-5 % Increase
Commercial Flat Example	1,750	2.7%	3.8%



\$9.12

Average monthly increase year 1

\$0.43

Average Cost Per Day over 5 years

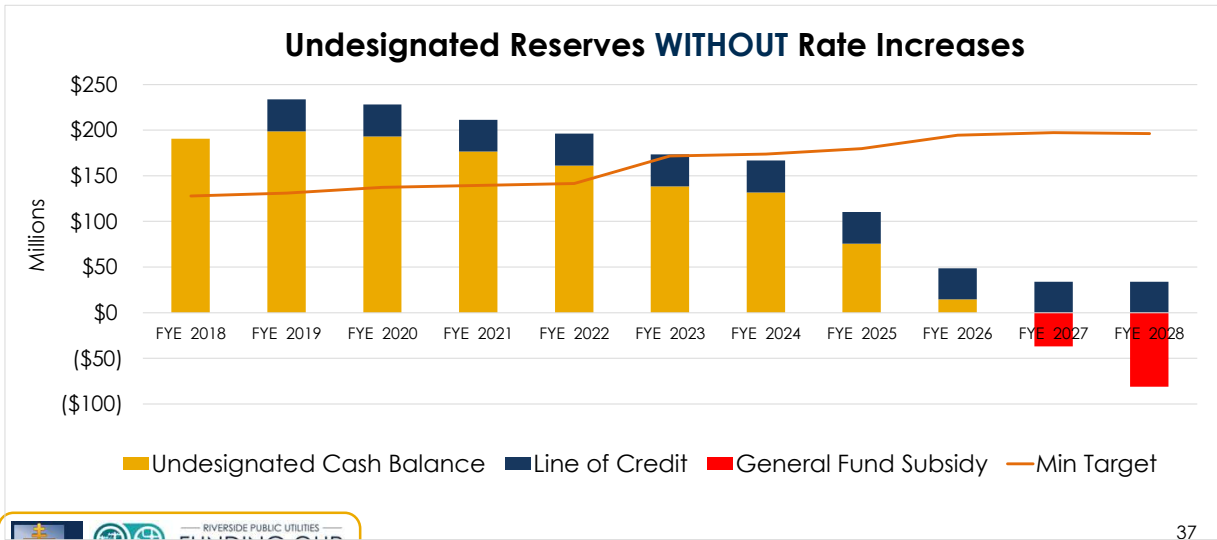


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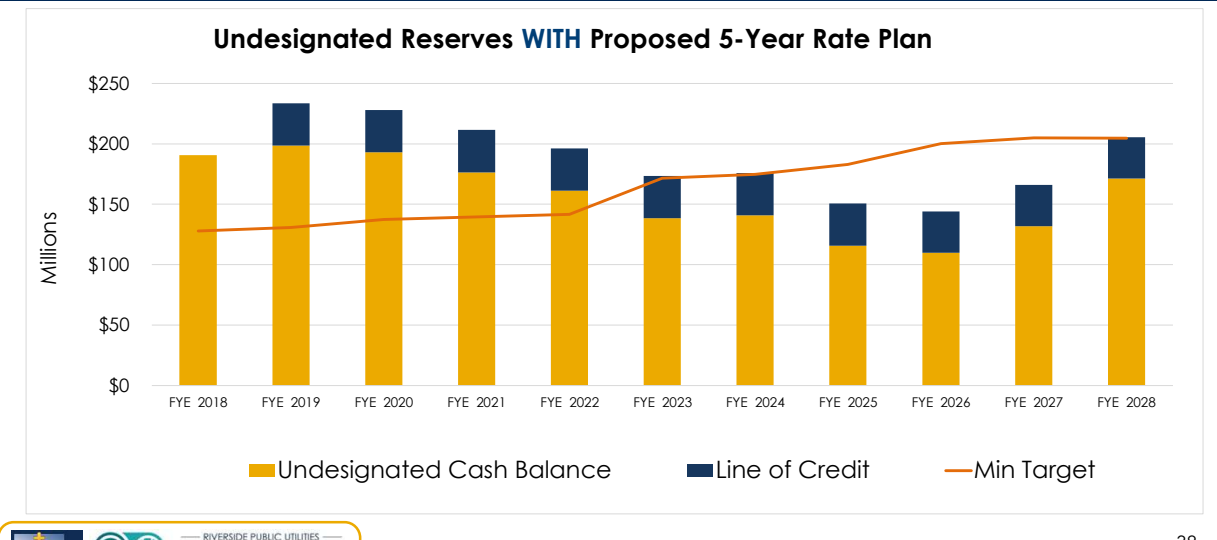
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WITHOUT RATE INCREASES

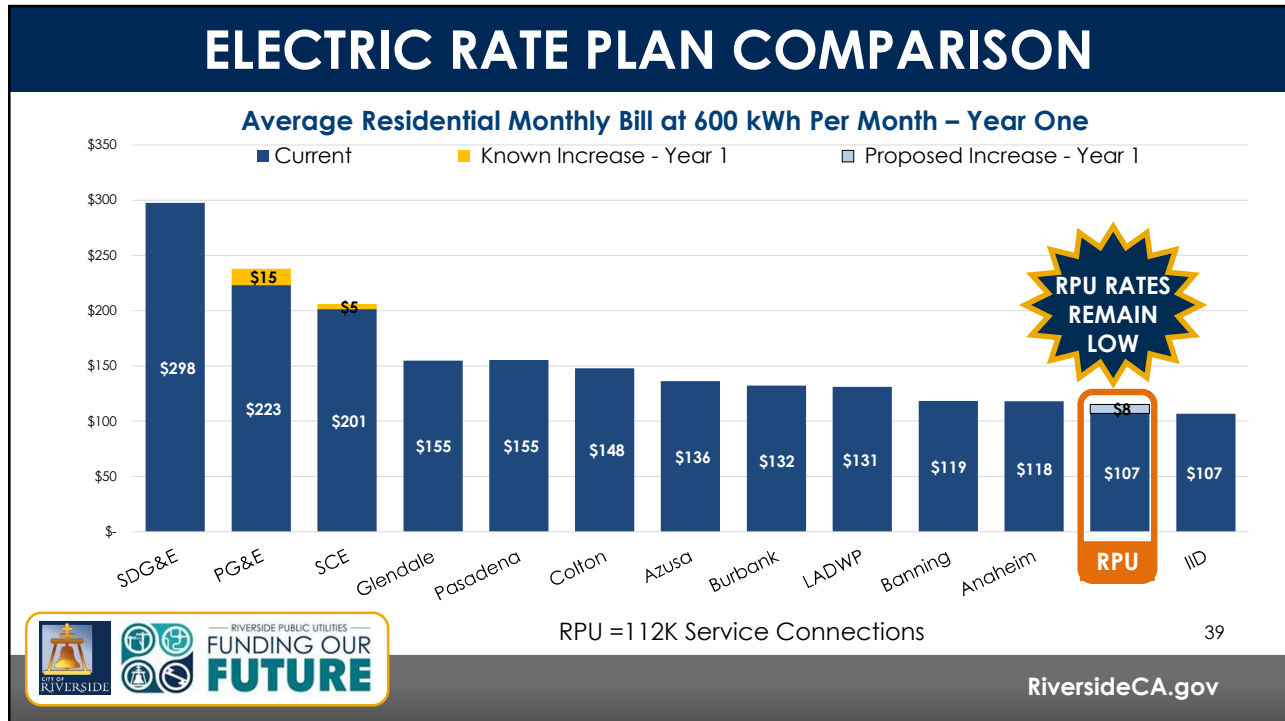


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WITH PROPOSED RATE INCREASE



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LOW INCOME PROGRAMS - ELECTRIC


Sharing Households Assist Riverside's Energy (SHARE) Program

Established
1989


\$16.00
Current Monthly Electric
SHARE Credit

4,880
Residential Electric Customers
Assisted

\$20.00 Year 1
\$30 by Year 5
Projected future Monthly
Electric SHARE Credit





¿NECESITA AYUDA
PARA PAGAR SU FACTURA
DE SERVICIOS PÚBLICOS?



SHARE
Sharing Households
Assist Riverside's Energy

RiversidePublicUtilities.com/Assistance

RiversideCA.gov

ASSISTANCE PROGRAMS

ESAP

Energy Savings Assistance Program (ESAP) is designed to help lower monthly bills, while making homes more energy efficient through professional home improvements at no cost to customer

Utillacare

Medical support program offered to Riverside Public Utilities customers with a full-time resident who regularly use certain medical devices that provides electricity at an adjusted rate structure



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ENERGY EFFICIENCY PROGRAMS

Energy Rebates

RPU offers a wide range of energy efficiency programs to help customers lower their utility bills

- Air Conditioning Incentives
- Energy Star Rebates on Qualifying Appliances
- Pool & Spa Pump
- Tree Power
- Weatherization



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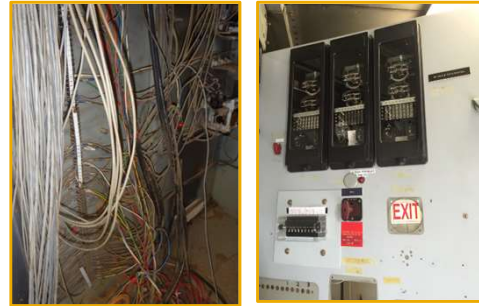
NEW REPLACEMENT PROJECT

Hunter Substation Replacement Project

Commissioned in the early 1960's

Average substation life expectancy is ~50 years

Serves approximately 4,700 customers



NEW SUBSTATION

Improve system reliability with a new Utility Scale distribution substation supporting future development in the area and maintaining power reliability.

Approximate cost \$40M



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WHAT'S NEXT

Board of Public Utilities
June 12, 2023

Community Meetings
July/August 2023

City Council Public Hearing and Rate Consideration
September 19, 2023



City Council
June 27, 2023

Board of Public Utilities Public Hearing and Rate Consideration
August 28, 2023



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RECOMMENDATIONS

That the Board of Public Utilities : _____

1. Conduct a public hearing to receive public input related to the electric utility five-year rate plan proposal;
2. Adopt a resolution of the electric utility five-year rate plan proposal, establishing the electric utility five-year rate proposal, as further described in the resolution;



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RECOMMENDATIONS

That the Board of Public Utilities Recommend City Council:

3. Conduct a public hearing to receive input related to the electric utility five-year rate plan proposal;
4. Adopt a resolution approving the electric utility five-year rate plan proposal, as further described in the resolution; and
5. Approve changes to the Sharing Households Assist Riverside Energy Program.



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