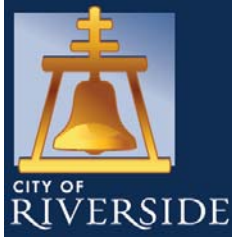


REVISED



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

City Council
May 22, 2018

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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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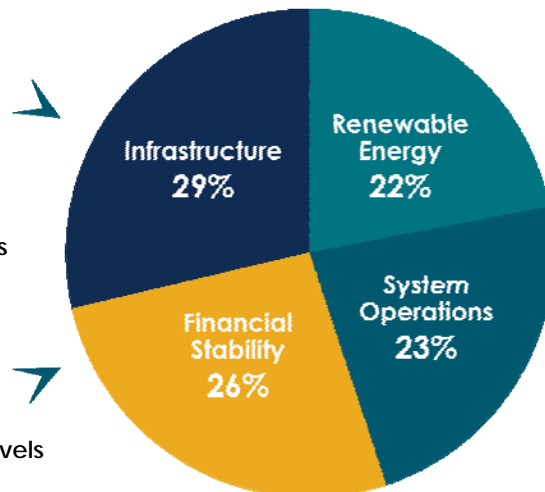
Why Change Rates?

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

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

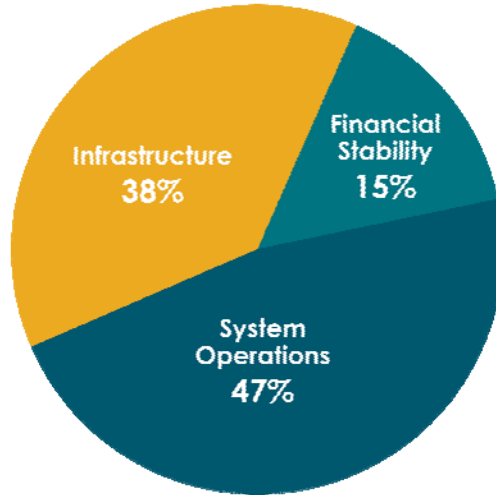


- 50% Renewable Energy by 2030
- 0% Coal by 2025

- System Maintenance
- Fleet & Fuel
- Labor

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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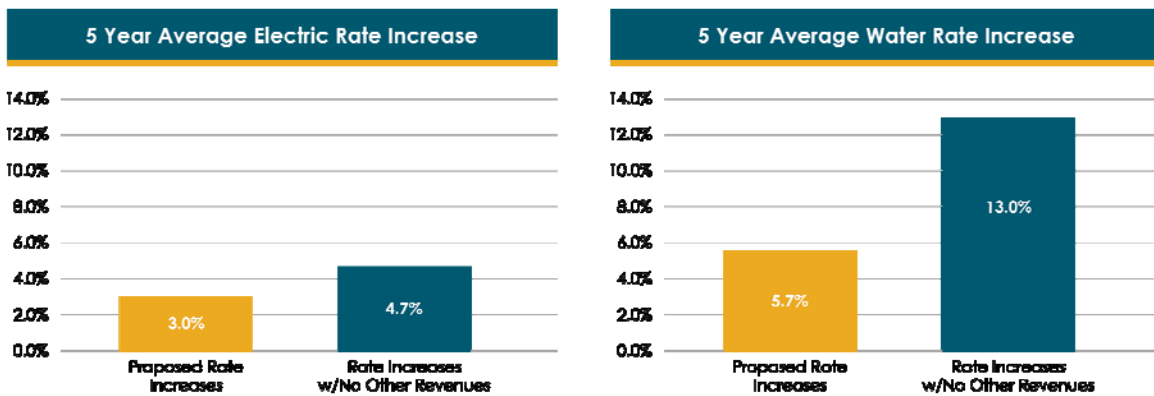
Keeping Rates as Low as Possible

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%



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



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

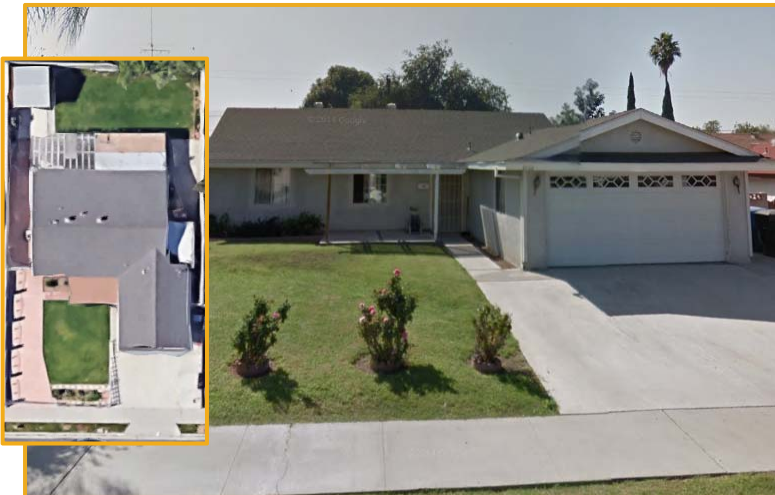


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Typical Residential Customer

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

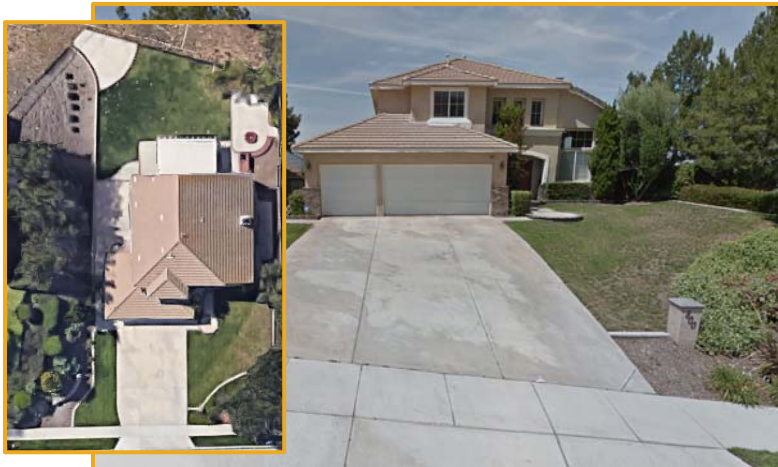
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High Water/Electricity Use Residential Customer

Estimated Average Annual Monthly Bill Increase



Water:
\$6.10/44 ccf

Electricity:
\$4.90/1,047 kWh

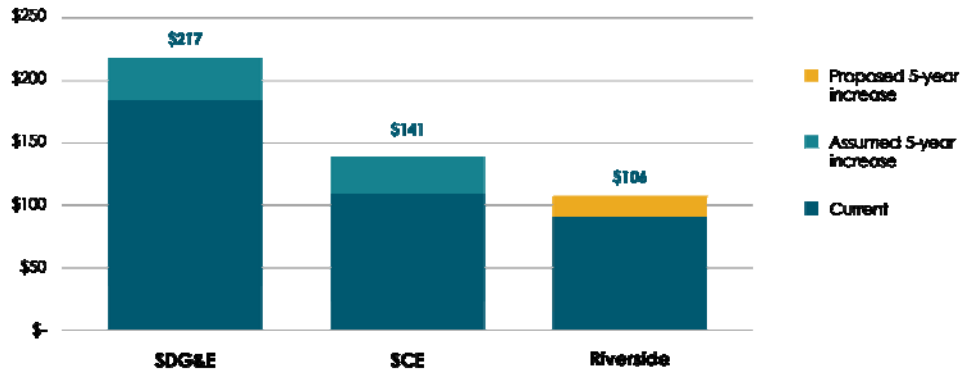
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Proposed Electric Rate Remains Competitive

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

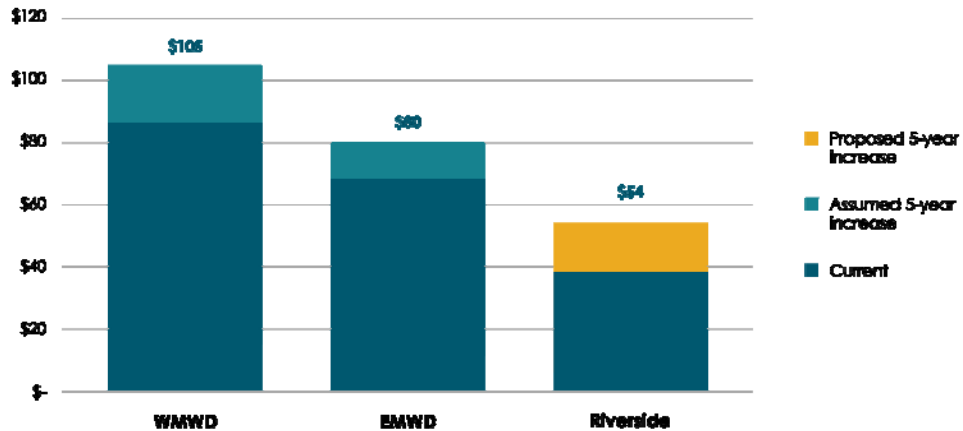


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Proposed Water Rate Remains Competitive

Proposed average residential rate for 19 ccf per month



WAWD 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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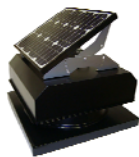
Expanded Income-Qualified Programs

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



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.

