



ELECTRIC UTILITY FIVE-YEAR RATE PLAN PROPOSAL

Riverside Public Utilities

City Council
September 19, 2023

RiversideCA.gov

1

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



RiversideCA.gov

2

2

PROPOSED RATES

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

\$7.97 per month for the average residential customer



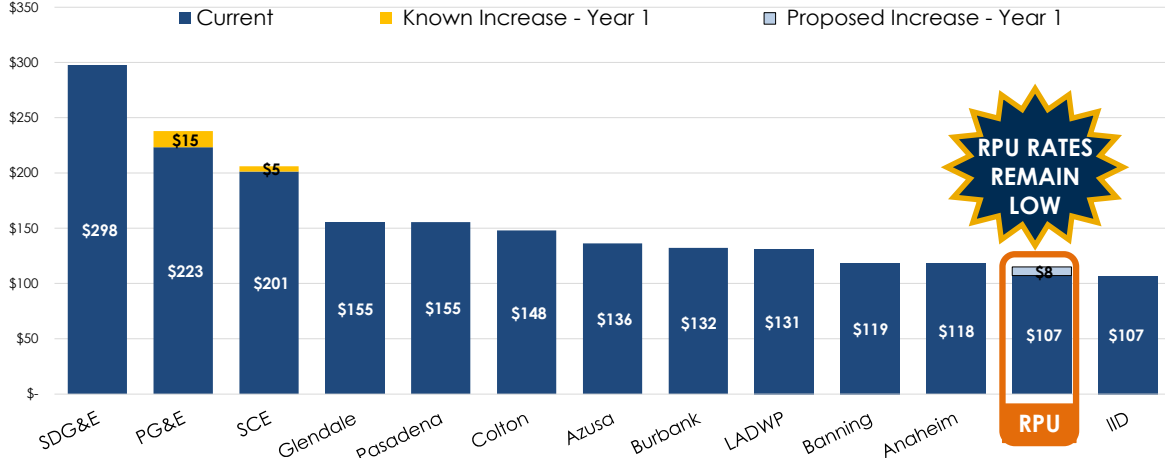
3

RiversideCA.gov

3

ELECTRIC RATE PLAN COMPARISON

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



RPU RATES REMAIN LOW



RPU = 112K Service Connections

4

RiversideCA.gov

4

OVERVIEW OF ELECTRIC

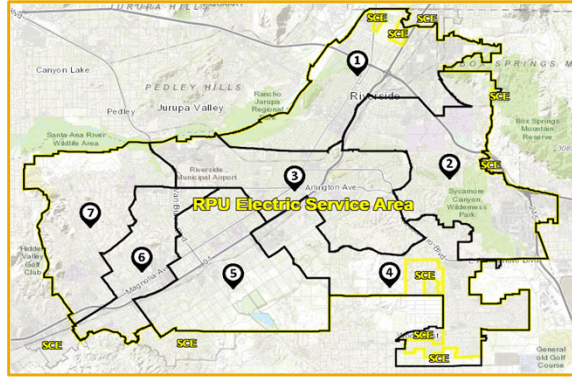
**Current Rate Plan Expires
12/31/2023**



Established
1895



112K
Service Connections



648 Megawatts

Record Peak
Demand
(9/7/2022)



5

RiversideCA.gov

5

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



6

RiversideCA.gov

6

OVERVIEW OF ELECTRIC



Maintain **99.2 Miles**

Transmission Lines



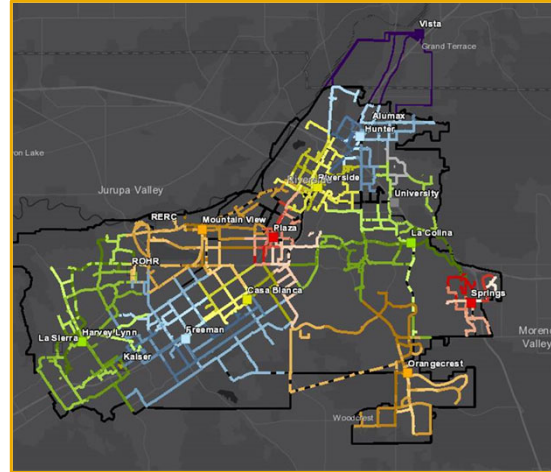
Maintain **1,351 Miles**

Distribution Lines



Maintain **15**

Substations



7

RiversideCA.gov

7

RPU: ALL DAY EVERY DAY

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

RIVERSIDE PUBLIC UTILITIES
ALL DAY EVERY DAY



8

RiversideCA.gov

8

ELECTRIC FACILITIES



Riverside Energy Resource Center (RERC)



Springs



Clearwater (Corona Facility)



9

RiversideCA.gov

9

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



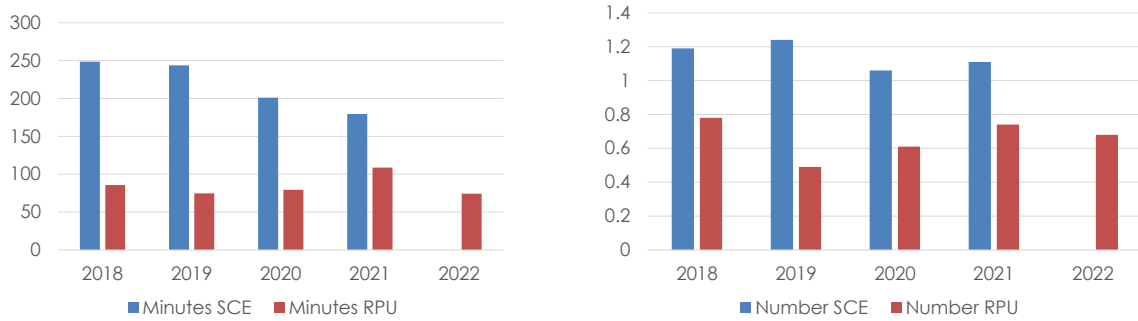
10

RiversideCA.gov

10

ELECTRIC SERVICE PERFORMANCE

System Average Interruption Comparison with SCE



Note: SCE data unavailable for 2022



11

RiversideCA.gov

11

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.



12

RiversideCA.gov

12

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**



13

RiversideCA.gov

13

BOARD ENGAGEMENT

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



14

RiversideCA.gov

14

BOARD ENGAGEMENT

FISCAL POLICY AND CASH RESERVES

(The following slides are a synopsis of a presentation to the Board of Public Utilities on June 26, 2023. Reference Attachment 5 for the complete slide deck)



15

RiversideCA.gov

15

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.



16

RiversideCA.gov

16

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.



17

RiversideCA.gov

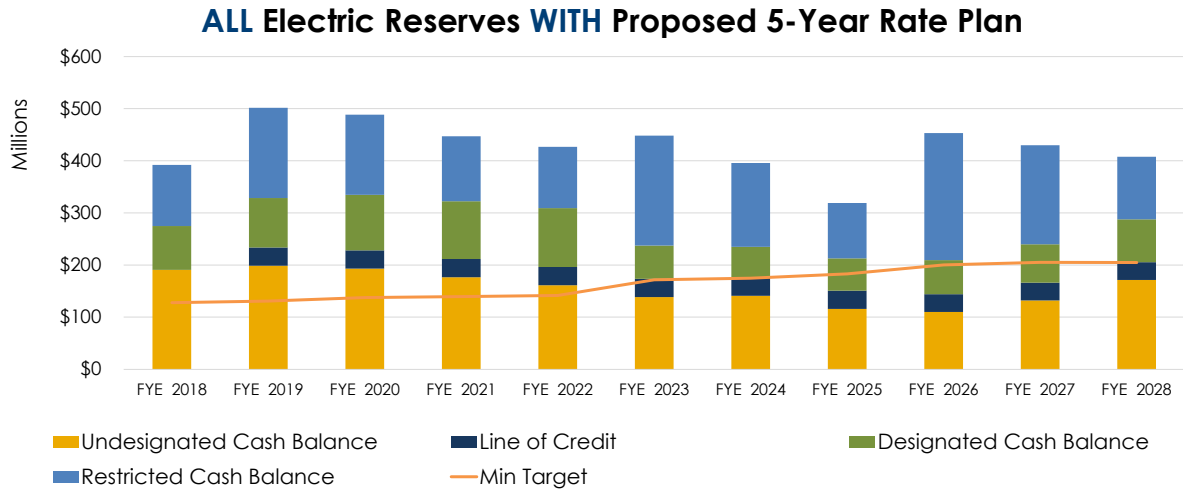
17

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.

18

WITH PROPOSED RATE INCREASES - ELECTRIC



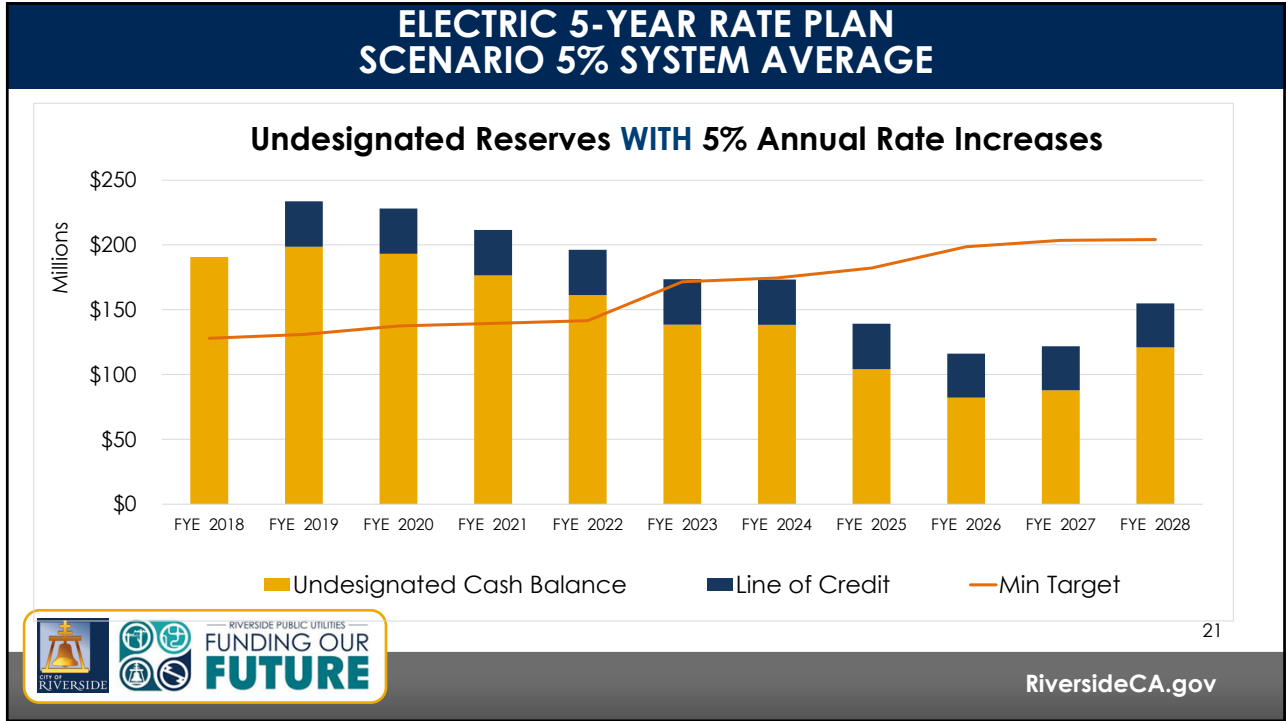
Source: Refer to Board presentation on Cash Reserve Policy (Attachment 5)

BOARD ENGAGEMENT

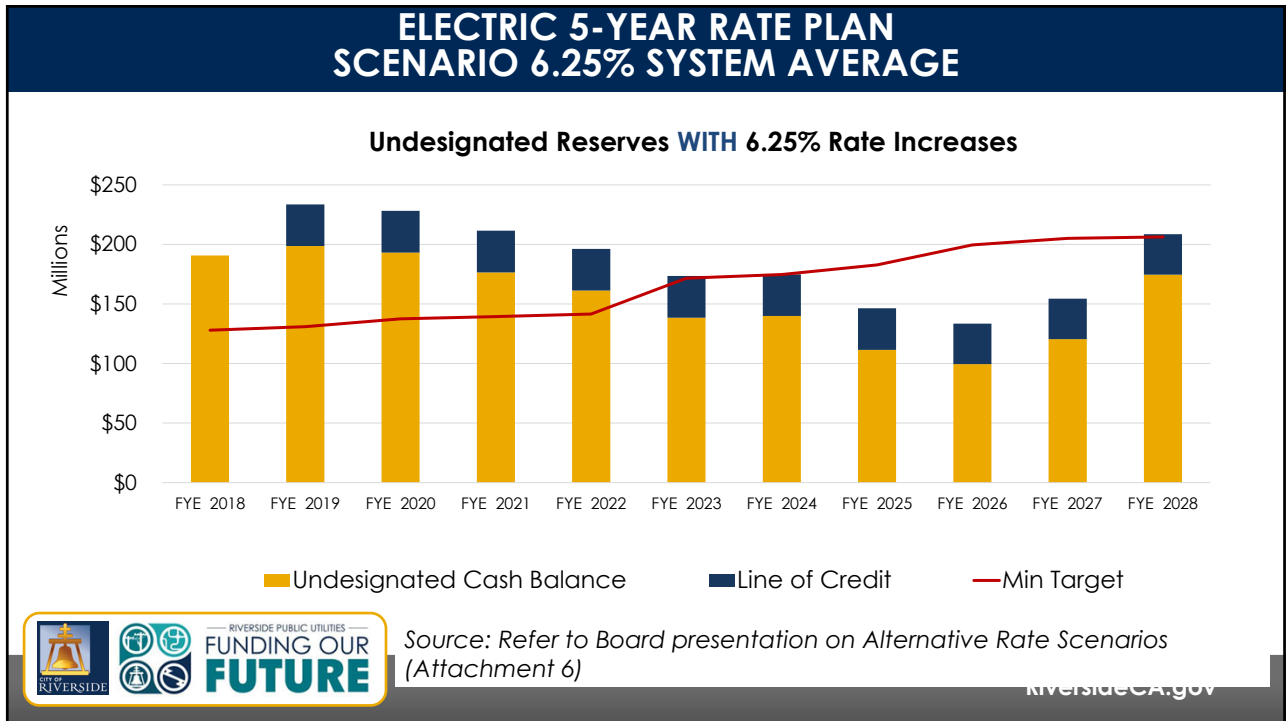
ALTERNATIVE RATE SCENARIOS

(The following slides are a synopsis of a presentation to the Board of Public Utilities on July 10, 2023. Reference Attachment 6 for the complete slide deck)

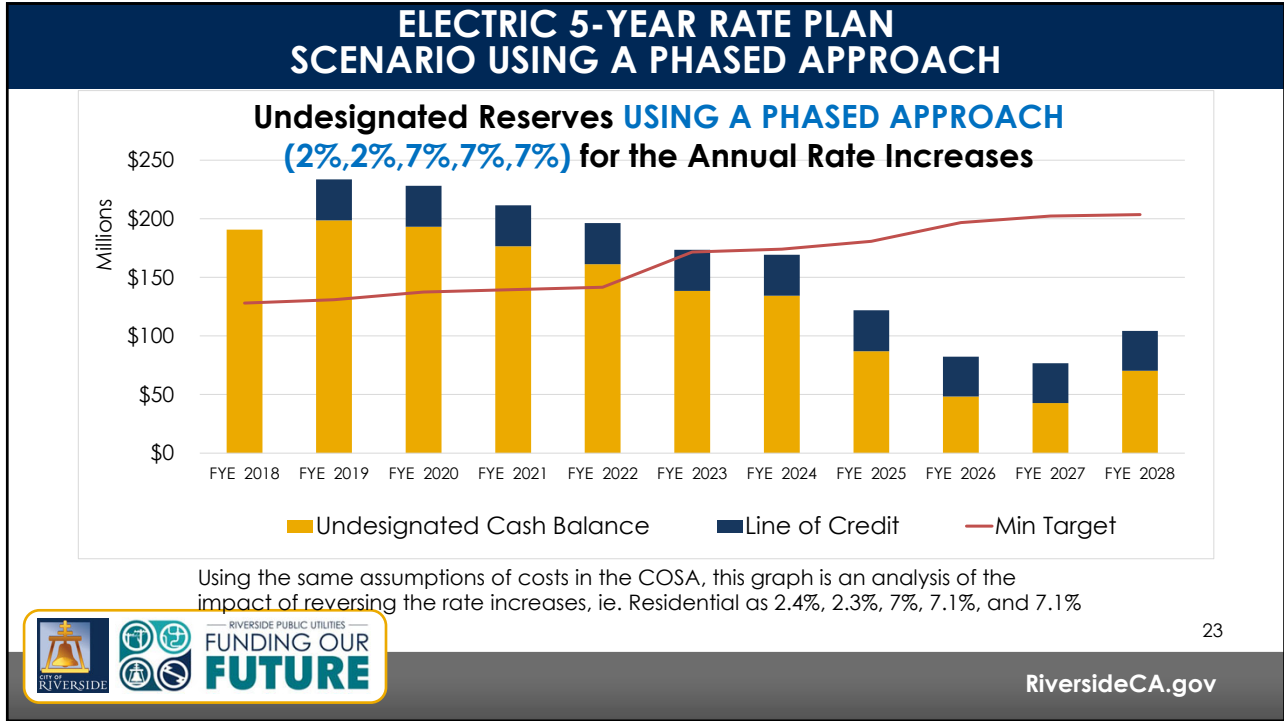




21





22



BOARD ENGAGEMENT

CAPITAL IMPROVEMENT PROJECTS

(The following slides are a synopsis of a presentation to the Board of Public Utilities on August 14, 2023. Reference Attachment 7 for the complete slide deck)

  **FUNDING OUR FUTURE**

RiversideCA.gov

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.



25

RiversideCA.gov

25

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)

RiversideCA.gov

26

RATES

RATES 2009 - PRESENT



27

RiversideCA.gov

27

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



28

RiversideCA.gov

28

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



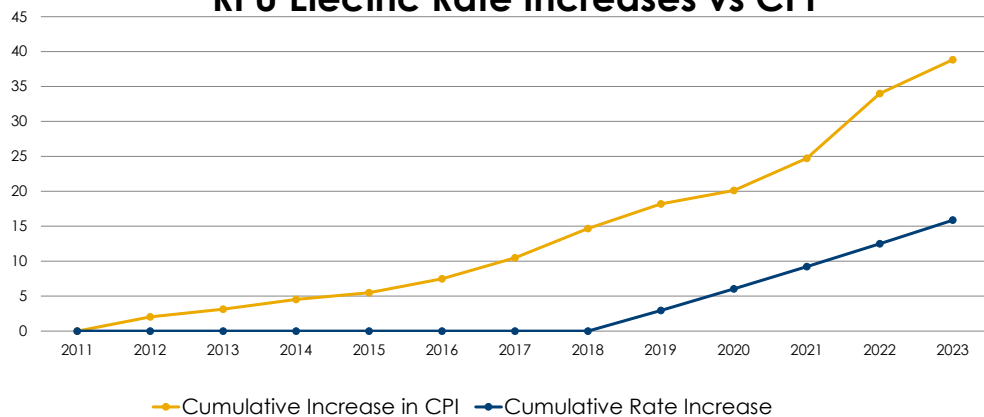
29

RiversideCA.gov

29

THE WHY

RPU Electric Rate Increases vs CPI



30

RiversideCA.gov

30

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.



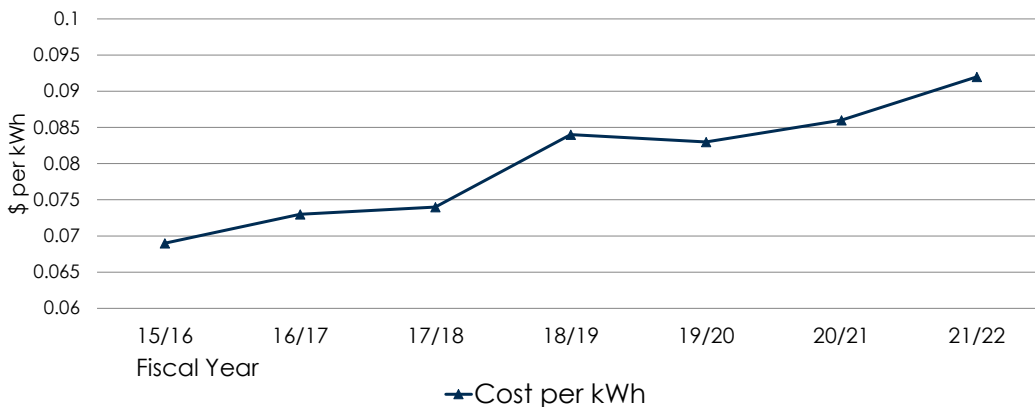
31

RiversideCA.gov

31

THE WHY

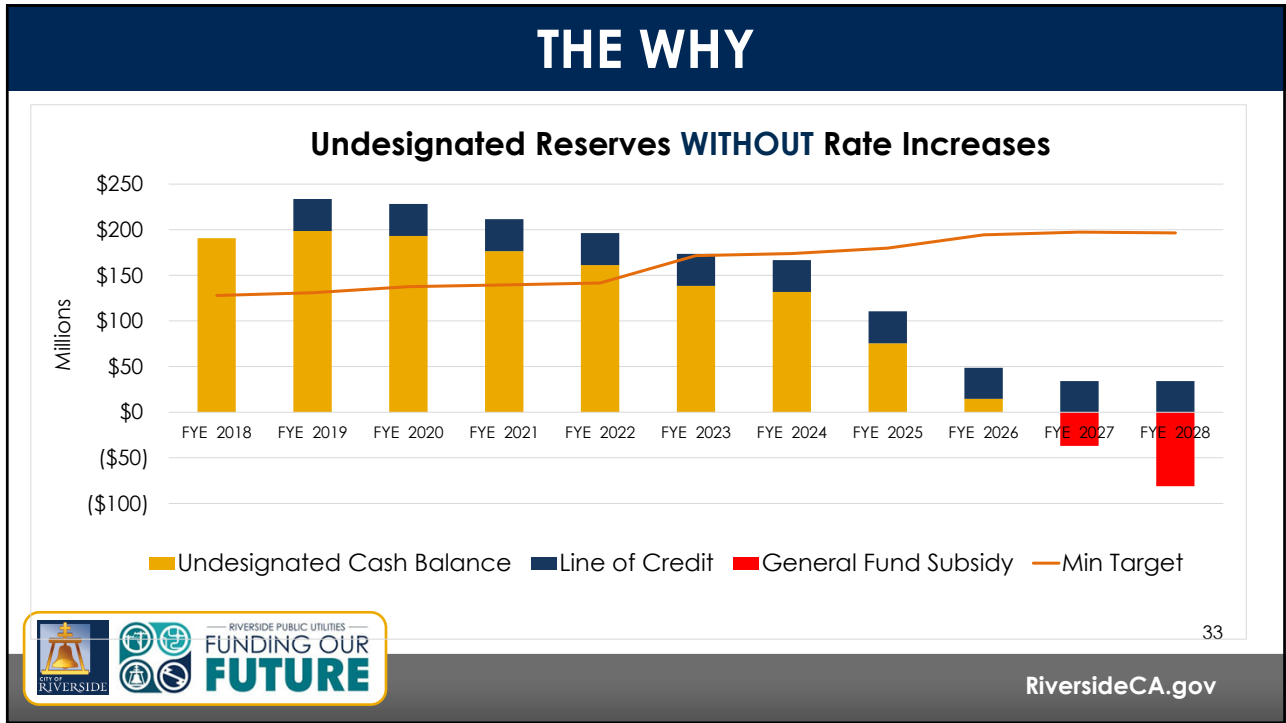
INCREASED POWER SUPPLY COSTS



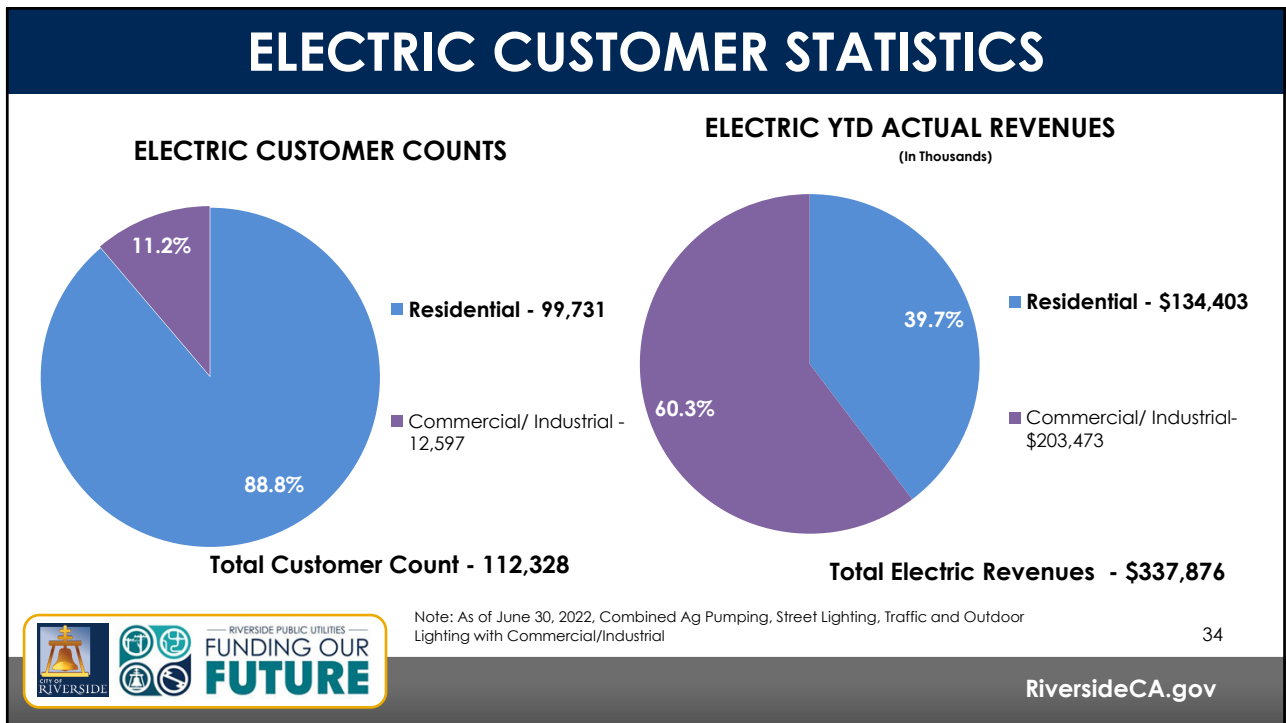
32

RiversideCA.gov

32




33



34


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



35

RiversideCA.gov

35

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%

36

RiversideCA.gov

36

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

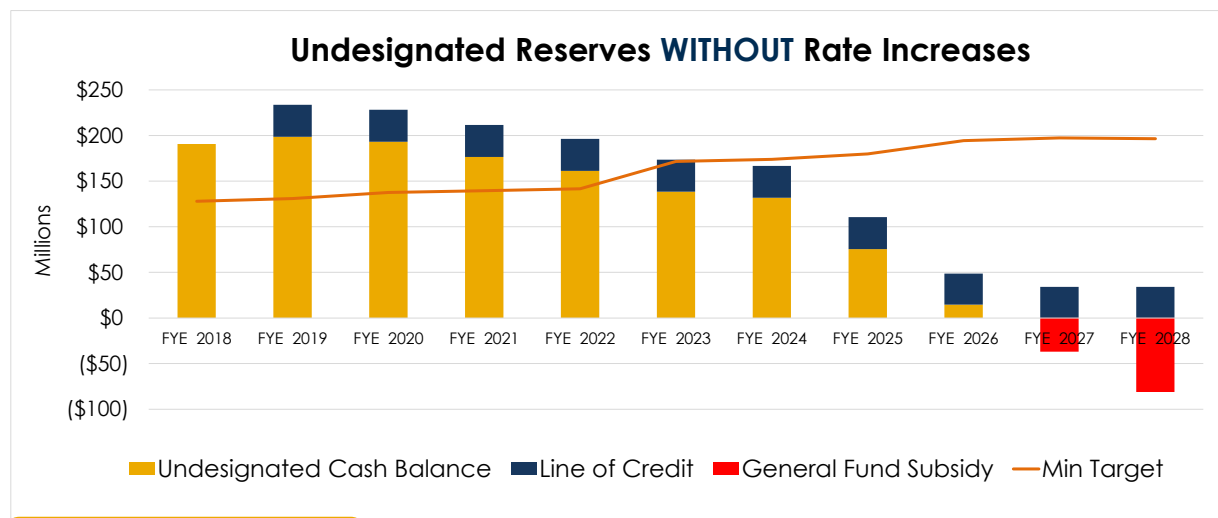
\$0.43
Average Cost Per Day over 5 years



RiversideCA.gov

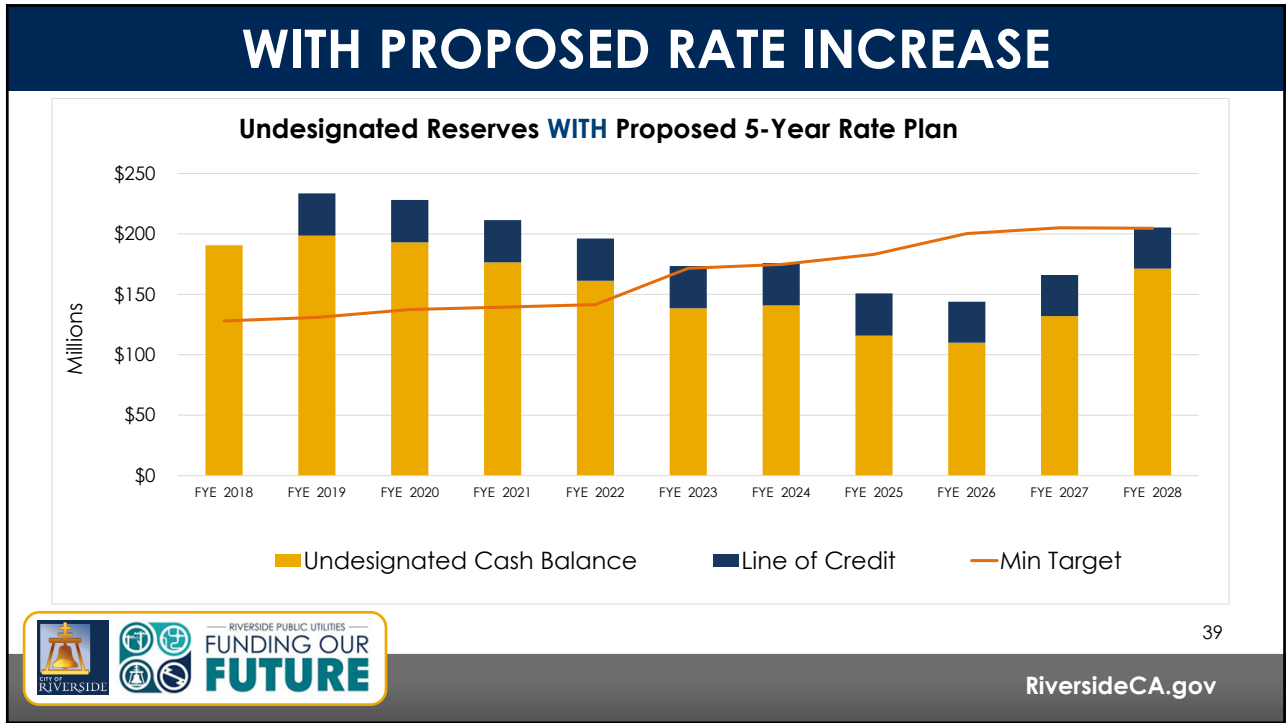
37

WITHOUT RATE INCREASES

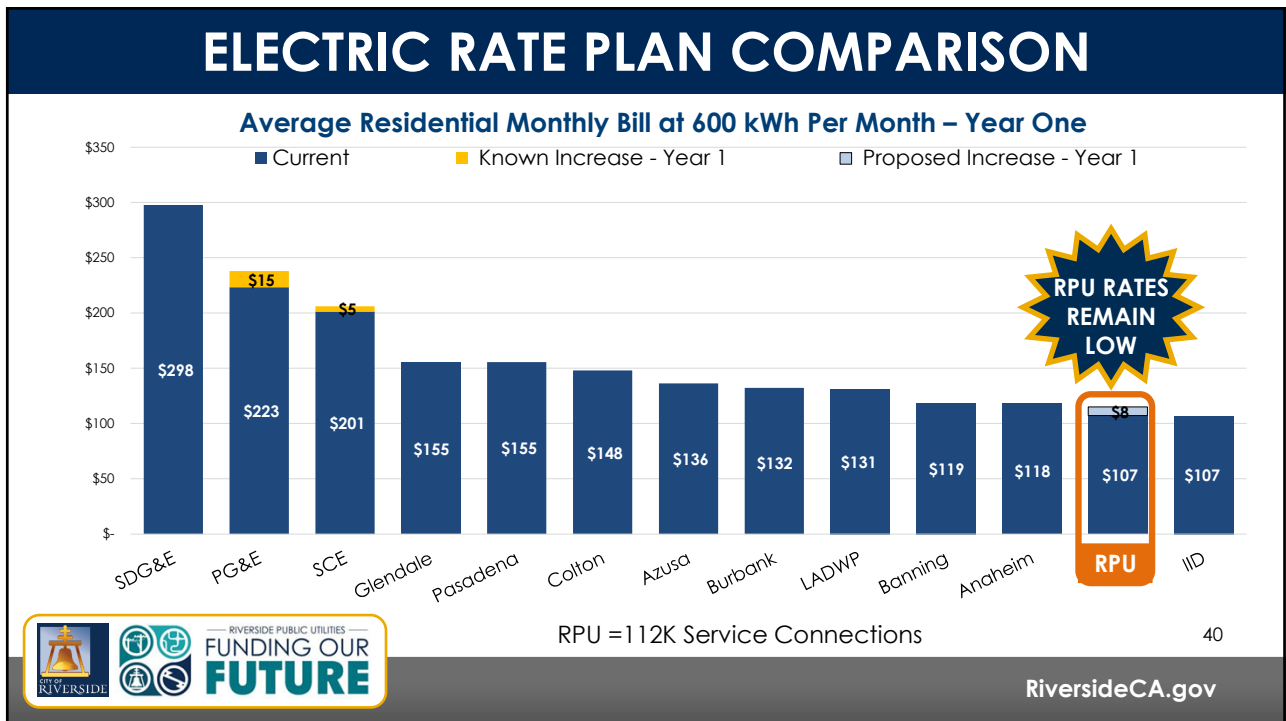


RiversideCA.gov

38



39



40

LOW INCOME PROGRAMS - ELECTRIC

Sharing Households Assist Riverside's Energy (SHARE) Program

Established
1989

4,880
Residential Electric Customers
Assisted

\$16.00
Current Monthly Electric
SHARE Credit

\$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](https://www.RiversidePublicUtilities.com/Assistance)



41

RiversideCA.gov

41

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

Utilicare

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



¿NECESITA AYUDA PARA PAGAR SU FACTURA DE SERVICIOS PÚBLICOS?

[RiversidePublicUtilities.com/Assistance](https://www.RiversidePublicUtilities.com/Assistance)



42

RiversideCA.gov

42

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



43

RiversideCA.gov

43

NEW REPLACEMENT PROJECT

Hunter Substation Replacement Project

Commissioned in the early 1960's

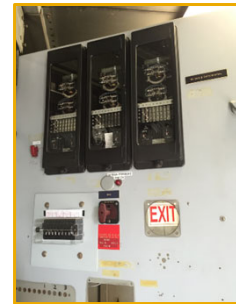
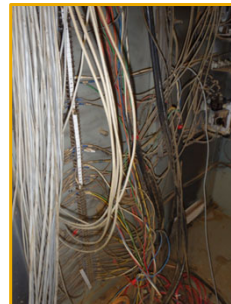
Average substation life expectancy is ~50 years

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



44

RiversideCA.gov

44

RECOMMENDATIONS

That the City Council: _____

1. Conduct a public hearing to receive input related to the electric utility five-year rate plan proposal;
2. Adopt a Resolution approving and establishing FY 2023/24 – 2027/28 electric rates, to be effective January 1, 2024; and
3. Approve an increase to the Sharing Households Assist Riverside Energy Program from \$16 per month to \$20 per month for qualifying customers.

