

ELECTRIC AND WATER RATE TRENDS STUDIES

Riverside Public Utilities

Board of Public Utilities
August 8, 2022

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BACKGROUND

1. NewGen was approved to complete the Electric Cost of Service and Rate Design Project
2. Phase II Electric Rate Trends Study
 - a. Rate making principles
 - b. Electric rate alternatives and electric utility survey
 - c. Summary of general recommendations
 - d. Implementation considerations



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BACKGROUND

3. Carollo was approved to complete the Water Cost of Service and Rate Design Project



4. Phase II Water Rate Trends Study
- Rate-making principles
 - Riverside's existing rate structures
 - Emerging and alternative rate structures
 - Technological trends
 - Recommendations



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CUSTOMER RELATIONS/FINANCE COMMITTEE

On May 16, 2022, the Committee, provided feedback on the Electric Rate Trends Study to consider:

- The timing of the advanced metering infrastructure implementation when reviewing a transition to entirely time of use rates for the domestic and small and medium commercial classes;
- Battery storage programs; and
- Other factors along with the timing of rate adjustments being effective after the current five-year rate plan on January 1, 2024.



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CUSTOMER RELATIONS/FINANCE COMMITTEE

On June 20, 2022, the Committee, provided feedback on the Water Rate Trends Study:

1. Ensure compliance with legal requirements including California Propositions 218 and 26;
2. Consider rate structures that are resilient when volumetric water sales differ along with volumetric usage that does not fluctuate when evaluating fixed cost recovery;
3. Review ratepayer affordability by providing the impacts on low-income water customers and their water usage;
4. Evaluate the water utility's cost structure and the costs and benefits of implementing budget-based water rates prior to beginning the Phase V - Budget-Based Rate Design and Implementation Plan; and
5. Consider other factors along with the timing of rate adjustments being effective after the current five-year rate plan on July 1, 2023.



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RATEMAKING PRINCIPLES DRIVE RATE DESIGN

City Council
Approved
July 26, 2016

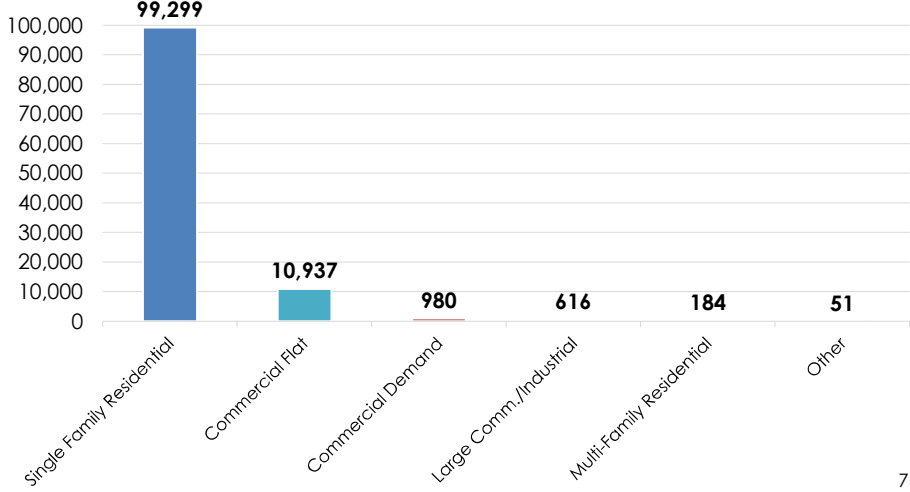


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ELECTRIC METERS

Number of Electric Meters as of May 31, 2022

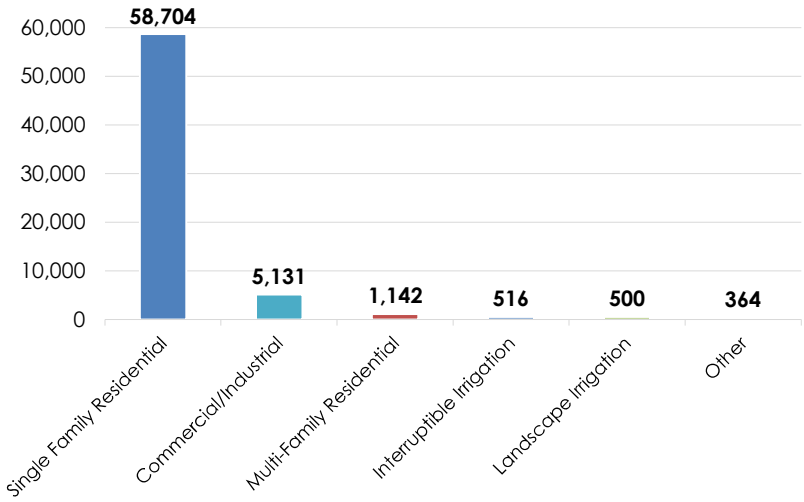
112,067 total electric meters
 99,483 or 89% are Single Family or Multi-Family



WATER METERS

Number of Water Meters as of May 31, 2022

66,357 total water meters
 59,846 or 90% are Single Family or Multi-Family Residential.



ELECTRIC RATE TRENDS STUDY

1. Considered 17 Current & 17 Potential Rate Structures
2. Survey of Other Utilities
3. Advantages & Disadvantages
4. Utility Industry Considerations/Acceptance
5. Rate Structure Rankings
6. Recommendations
 - a) Short-Term (Within 1 Year)
 - b) Mid-Term (2-5 Years)
 - c) Long-Term (>5 Years)



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ELECTRIC GENERAL RECOMMENDATIONS

1. Continue current practices, monitor, updating based on COSA
 - a. Seasonal rates
 - b. Economic development rates
 - c. Stand-by charges
 - d. TOU rates
2. EV Charging Rates
 - a. Continue domestic charging
 - b. Implement commercial/public charging stations
 - c. Monitor other utilities' practice, regulations, mandates



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ELECTRIC GENERAL RECOMMENDATIONS

3. Continue fixed cost recovery
 - a. Reliability Charge
 - b. Network Access Charge
4. Implement Self-Generation Program
 - a. Close Net Energy Metering Program
 - b. Continuing Feed-in Tariff
 - c. Analyze/modify as necessary community solar / aggregation programs
 - d. Analyze/modify with state mandates



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ELECTRIC GENERAL RECOMMENDATIONS

5. Not proposed for this study
 - a. Residential Demand Charges
 - b. Real-Time/Critical Peak Pricing
 - c. Rate adjustment mechanisms
 - I. Power Cost Adjustment
 - II. Regulatory Cost Adjustment
 - III. Decoupling
6. Discontinue Power Cost Adjustment Factor (PCAF)
 - a. Structure is out of date
 - b. Not implemented for many years



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ELECTRIC GENERAL RECOMMENDATIONS

7. Consider collapsing existing tiers
 - a. Transition to TOU
8. Explore small domestic rate
 - a. Individually metered apartments/condos
 - b. Equitably recover customer costs



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WATER RATE TRENDS STUDY

1. Considered 9 Current & 10 Potential Rate Structures
2. RPU Advantages & Disadvantages
3. Customer Advantages & Disadvantages
4. Implementation Considerations in:
 - a) Short-Term (Within 1 Year)
 - b) Mid-Term (2-5 Years)
 - c) Long-Term (>5 Years)
5. Implementation Considerations Matrix



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WATER GENERAL RECOMMENDATIONS

1. Evaluate Customer Classes and Consider:
 - a. Refinements to class assignments
 - b. Additional customer classes
2. Fixed Cost Recovery
 - a. Continue to track fixed and variable costs
 - b. Evaluate fixed costs versus fixed revenues
 - c. Potential increases to proportion of fixed revenues



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WATER GENERAL RECOMMENDATIONS

3. Volumetric Rate Structures
 - a. Review current demand patterns
 - b. Evaluate tier break points and seasonal assumptions
4. Drought and Demand Management Rates
 - a. Adequately recover costs during high conservation and decreased demands
 - b. Implemented with Water Conservation Ordinance stages
 - c. Fully updated rate schedules for varied levels of conservation
 - d. Fixed or volumetric surcharge applied equally



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WATER GENERAL RECOMMENDATIONS

5. Budget Based Rates
 - a. Evaluate implementation
 - b. Assess level of effort to implement
 - c. Develop implementation plan
6. Recycled Water Rates
 - a. Review recycled water system expansion
 - b. Project customer connections and usage



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WATER GENERAL RECOMMENDATIONS

7. Other Rate Structure Charges
 - a. Supply/Infrastructure
 - b. Regulatory pass-through
8. Long-Term Considerations
 - a. Advanced metering infrastructure implementation
 - b. Time of use rates
 - c. Demand charges



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ELECTRIC PROJECT STATUS

Electric COSA and Rate Design Project	Status
Phase I- Cost of Service Analysis	Underway
Phase II- Electric Rate Trends Study	Draft
Phase III- Rate Design Recommendation	Following Phase I and II
Phase IV- Customer Impact Rate Design Model	With Phase III, Following Phase I and II
Phase V- Self-Generation Program Review	Complete- City Council May 10, 2022

Target of Phase I and Phase III approval by Board of Public Utilities and City Council and effective on January 1, 2024.



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WATER PROJECT STATUS

Water Cost Of Service and Rate Design Project	Status
Phase I- Cost of Service Analysis	Underway
Phase II- Water Rate Trends Study	Draft
Phase III- Rate Design	Following Phase I and II
Phase IV- Recycled Water Rate Design	Following Phase III
Phase V- Budget-Based Rate Design and Implementation Plan	Following Phase III

Target of Phase I and Phase III approval by Board of Public Utilities and City Council and effective on July 1, 2023.



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STRATEGIC PLAN ALIGNMENT



Strategic Priority 6 - Infrastructure, Mobility & Connectivity

Goal 6.2 - maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



RECOMMENDATION

That the Board of Public Utilities receive an update and provide feedback on the Riverside Public Utilities' Electric and Water Rate Trends Studies.

