



2024 ANNUAL INTEREST RATE PAID ON CUSTOMER DEPOSITS

Riverside Public Utilities

Board of Public Utilities

February 26, 2024

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BACKGROUND

1. Deposits are collected from customers who do not have a good credit history, or who have been disconnected and want service to be reconnected.
2. Approximately 14% of the Utilities' customers.
3. Combined deposits totaling just over \$5.8 million.
4. Minimum Deposit:
 - Residential: \$100 for electric and \$40 for water service.
 - Commercial: Equal to two months service for the location.



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BACKGROUND CONT.

5. Interest is applied monthly to the deposits received.
6. Deposits are held for one year or upon termination of services.
7. Customer accounts in good standing, the deposit, plus interest, is applied to the customer's account to offset any outstanding balance or refunded to the customer if no balance is due.
8. Electric and Water Rules 4 require the Board of Public Utilities to annually establish the interest rate for the held deposits.



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DISCUSSION

1. Methodology to record monthly utility customer deposits is based on the 1-year annual average Daily Treasury Yield rate.
2. 1-year average Treasury Yield is the same type of short-term security the City acquires for use in the Citywide investment portfolio.
3. The average annual rate is obtained from the U.S. Department of the Treasury website.
4. The rate calculated for 2024 is 5.10%.



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STRATEGIC PLAN ALIGNMENT



Strategic Priority 5 - High Performing Government

Goal 5.3 – to enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATION

That the Board of Public Utilities approve the annual interest rate on customer deposits for the calendar year 2024 at the rate of 5.10% per annum, as provided by Riverside Public Utilities' Electric and Water Rules.



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