

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES ELECTRIC COMMITTEE

Minutes of: Regular Meeting of the Electric Committee

Date of Meeting: September 4, 2015

Time of Meeting: 11:09 a.m.

Place of Meeting: Utility Operations Center
2911 Adams Street (at Lincoln and Adams Streets)
Riverside, California

Roll Call

Present: Justin Scott-Coe (Chair) Nick Ferguson
 Ron Cole Andrew Walcker

Absent: None.

CITIZENS PARTICIPATION

1 Public Comment:

Mr. Jason Hunter expressed his opinion that the transmission revenue requirement is double-billing the ratepayers. He would like this item placed on the Agenda for future discussion.

An e-comment was read from Mr. Jason Hunter expressing his opinion that RP3 is a waste of ratepayer money.

DISCUSSION ITEMS

2 ELECTRIC SERVICE CONNECTION FEES FOR THE GRANDVILLAS SENIOR HOUSING PROJECT NEAR GRAND AVENUE AND CARLINGTON FORD AVENUE – APPEAL

Committee Member Andrew Walcker recused himself from the hearing due to a financial conflict of interest as he is working on the project that is the subject of appeal.

Assistant City Attorney Susan Wilson explained the appeal process to the Electric Committee, including the RPU Rules and the RPU Board Standing Rules. Ms. Wilson then gave an overview of Proposition 26 and Public Utilities Code section 3385. The latter legislation created the RPU Public Benefits program.

Staff Presentation:

Electrical Engineering Manager George Hanson presented RPU's Electric Rules & Rates "General Provisions" and the process the customer goes through to meet the Utility's standards. Mr. Hanson explained Electric Rules No. 2, 10, and 11 and specifically that Rules 10 and 11 were amended by City Council on December 14, 2010, discontinuing the partial credit to new customers for costs related to the construction of new facilities to serve a particular customer and, as such, staff no longer has the ability to offer the credits under question/appeal. They do not understand how they are ending up with all the fees for this project, supplying electric to the whole neighborhood.

Appellant Presentation:

Dom Betro, CEO of Family Service Association (FSA) & Aspire Community Housing Development Organization presented his appeal to the Electrical Committee on the denial of a reduction to the electric service connection fees for the Grandvillas Senior Housing Apartments Project located at 5938 Grand Avenue. He requested that this project be considered for public benefits proceeds to benefit city residents. Mr. Betro explained that half of the units being built will be for affordable housing for seniors and the project is being developed without the use of public subsidy; but it is the type of project that should receive public benefits consideration. Mr. Betro cited that within Code 385 there is a section on page 2 that says "service provided for low income electricity customers including but not limited to", the items that were mentioned earlier, "efficiency services, education, weatherization, and rate discounts." In his opinion that leaves the door open for the Electric Committee to make a recommendation to the City Council that perhaps Public Utilities funds should be used as a public benefit for senior affordable housing in this city.

Regarding fees: They are being asked to pay for not only facilities for this project but also for more capacity north and south of the project. This is an infill lot. They do not understand where that capacity is going to be needed. Electric Rule 10 says "the applicant will receive a credit for these off-site or extra facilities installed by the applicant which are not attributable to or reasonably related to the applicant's development." By their accounting they are providing about \$25,500 to supply the rest of the area that is not necessary for this project. There are also additional fees for larger vaults, additional conduit, supervision time, and the increased city inspection fee, which they project to be about \$10K. The electrical costs on this project are running almost \$100K. Mr. Betro feels that some of these costs should be shared since you are asking them to supply electric to the whole neighborhood. They are requesting that half of it be reduced.

Rule 11, under non-commercial and non-industrial services, section B service charges, it also says "cost for facilities that will also be used by more than one customer shall be shared proportionately". Again, they do not understand how they are ending up with all the fees on this project.

Public Comments:

Mr. Jason Hunter, Ward 1 expressed his opinion on the infrastructure – If the load of the project is causing stress on the existing infrastructure, then the developer should pay for all of it. But if he is being asked to upgrade the system to accommodate additional functionality, or additional development in the future, then he shouldn't pay for that. Regarding the public benefit charge, he would like to hear the City Attorney's office weigh in on if this is allowed/legal and whether elderly housing qualifies as low-income housing.

Closing Statement:

Bill Allen, former planning commissioner for the City of Riverside, stated that this is a unique project. They are trying to provide a service for low to moderate income seniors. In doing so, their hands are tied as they have to keep 19 of the units, basically half of them, at a lower rate than what could happen if they were to just open it up to the public. This project took consideration from the State and non-profits. Today they are standing here saying they need some help. This project is \$3.7 million, working out to be \$100K per unit, which is very competitive. Out of the \$3.7 million dollars, almost 30% goes towards City of Riverside fees of some sort. One reason that this project was able to come about is that as an entitled "senior" project they receive a 60%

discount from building department fees. But they are told that because they are bringing utilities across the street for their project, the City tells them that we want you to increase all your conduit sizes, the capacity, the number of conduits to feed future development that may happen to the south of them or to the north of them. However, to the south there is no future development that could ever happen (there's a shopping center, unless you tear it down) and all the upgrades that the City is requiring them to do can never be used to the south by that shopping center because the amount of power they need in that shopping center can never come out of the transformer that they are putting in. So they are questioning why are they putting in all these expensive service conduits, oversized vaults to the south of them when they will never be used. Looking to the north of the project, some 230 feet up the road, they had to run 5" conduits, telephone, cable TV at an expense of \$14,500, which goes up to an existing neighborhood where everything is fed off of a separate grid that comes in from the back of the people's property and this could never be used. The only property that would benefit to the north of them would be the apartment buildings adjacent to them. He expressed how they feel this is unfair. They know they should provide the trenches, the utility materials that they have to have to get the power to their project but why should they have to absorb the cost of increased transformer, conduits and conduit lines to provide a service that will probably never be used. "It's just throwing away money". Rule 10 and 11 are very specific that they are to be reimbursed for any cost up and beyond what they are using. So they are asking for consideration to send a request to the City Council to adhere to Rule Number 10 and 11 to give them the consideration of a reimbursement of some of those fees.

Staff Response:

Assistant City Attorney Susan Wilson responded with an explanation that Public Utilities Code section 385 allows RPU to collect funds for public benefit programs. The funds from **this charge can only be used in four areas, one of which is services provided for low** income electricity customers "including, but not limited to, energy efficiency services, education, weatherization, and rate discounts." A reduction in electric service connection fees is not a "service" that could be funded through public benefit funds.

Electrical Engineering Manager George Hanson explained that the design philosophy for any new project is to adhere to the Rules & Rates but they also have to design for the future of the system. The City is forced to take the opportunity that development presents to make sure that we have a system adequate to serve our load. Many times the additional conduits or whatever we are asking them to do helps create a loop system or a more reliable system that they benefit from when in service when the development to the south has a cable that burns up or an issue occurs to the north. RPU is very consistent with the application of requirements that were provided to them in this case. In this case the transformer proposed is not being shared; it is for their 100% use on their site. Regarding the additional conduits and structures, he stands behind the design that was produced by his staff because of their application of those Rules and consistency that they have there.

Committee Discussion:

Assistant City Attorney Susan Wilson indicated under the Public Benefits program RPU we can provide rate discounts directly to a low income "customer" but cannot provide a fee discount for a low income development.

Rebuttal:

Bill Allen spoke to the point of the Public Benefit Program. PBP states that "not limited to". RPU spoke earlier about providing services for electric cars etc. Ok for RPU to take funds out of the Public Benefit Program to pay for the utility of those temporary test programs but cannot take money out of the Public Benefit Program to help pay to bring utilities to seniors. He spoke regarding the definition of "service" and the use of the Public Benefit Program. They continue to believe that they should be able to receive a reduction of their fees through the Public Benefit Program because it is providing a service. If they do not bring the power across the street, they will never have a service and they need help to get that power across the street.

Committee Discussion:

Following further discussion, the Electric Committee denied the appeal and recommended that the Board of Public Utilities take no further action on the appeal.

Motion – Cole. Second – Ferguson.

Ayes: Cole, Ferguson, and Scott-Coe.

Absent: Walcker.

3 AMERICAN PUBLIC POWER ASSOCIATION RP3 PROGRAM OVERVIEW AND STATUS REPORT

Electrical Engineering Manager George Hanson presented an overview of the American Public Power Association (APPA) RP3 program and updated the Electric Committee on the status of RPU's 2017 application.

Public Comments:

Jason Hunter, Ward 1– concerned about how much ratepayers are spending on the preparation for submission in the form of staff time. How, as a ratepayer, does this benefit ratepayers? We're running a business - not interested in a trophy - interested in safe reliable service at the lowest possible rates.

Following discussion, the Electric Committee received and filed this overview and status report.

Motion – Cole. Second – Ferguson.

Ayes: Cole, Ferguson, and Scott-Coe.

Absent: Walcker.

BOARD MEMBER/STAFF COMMUNICATIONS

4 ITEMS FOR FUTURE ELECTRIC COMMITTEE CONSIDERATION AS REQUESTED BY A MEMBER OF THE ELECTRIC COMMITTEE

- Public Benefits Program
- Update on application of next RP3 (areas of focus for 2017)

UPCOMING MEETING

Chair Scott-Coe adjourned the meeting at 12:15 p.m. The next regular meeting of the Electric Committee is to be held on Friday, October 2, 2015 @ approximately 10:30 a.m. (immediately following the Board of Public Utilities meeting) in the Art Pick Council Chambers in Riverside, California.

By: 

Pat Hohl, Utilities Assistant General Manager/Energy Delivery

Approved by: City of Riverside Board of Public Utilities Electric Committee

Dated 10-29-15