



APPROVAL OF ELECTRIC RATES FOR FISCAL YEARS 2018/19 THROUGH 2022/23, EFFECTIVE JANUARY 1, 2019

Riverside Public Utilities

Board of Public Utilities
June 11, 2018

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Background

1. On May 14, 2018, the Board of Public Utilities (Board) conducted a public hearing and recommended that the City Council adopt a resolution approving the 2018-2022 Electric and Water Rules and Rates.
2. On May 22, 2018, the City Council approved the Board's recommendations, with one change: that the electric rates take effect on January 1, 2019, rather than on July 1, 2018.
3. Under the City of Riverside City Charter, Board approval of the revised 2018-2022 electric rates is now required for this change to the original rate proposal as adopted by the Board to take effect.

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Benefits of Delay to January 1, 2019

1. Avoids rate shock for our customers during the summer months when electricity usage is usually highest.
2. Staggers the increases of water and electric rate increases for our customers.

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Fiscal Impact of Delay

1. Financial impact for the six (6) month delay reduces revenues over the five (5) year rate plan by \$25 million or 1.5% of total revenues for the five-year period.
2. The delay reduces revenues in the Proposed Two-Year Budget FY 2018-2020 by \$9.7M

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Fiscal Impact of Delay (continued)

3. Two-year budget plan to offset the reduced revenues:
 - A reduction of \$2.5 million in operating costs relating to General Fund Transfer due to the reduced revenues (\$540K) and estimated lower debt financing costs (\$2M), and
 - Delay/reduce electric capital projects by \$3.6 million, and
 - Utilize electric fund unrestricted, undesignated reserves of \$3.6 million.
4. Staff will continue to evaluate operational efficiencies and cost savings to minimize impacts.



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RECOMMENDATION

That the Board of Public Utilities adopt a resolution approving and establishing the 2018-2022 Electric Rates with an effective date of January 1, 2019, and January 1 of every year thereafter.



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