

# 2018 FINANCIAL REPORT

## RIVERSIDE PUBLIC UTILITIES

Board of Public Utilities  
December 10, 2018

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## Financial Highlights

June 30, 2018

### Electric

1. \$306M Net Retail Revenues (slight decrease from prior year)
2. San Onofre Nuclear Generating Station (SONGS) debt defeasance of \$11M resulting in \$10M of interest savings over next 20 years
3. Invested \$25.7M in capital improvements
4. Transferred \$40.1M to the General Fund
5. Maintained Standard & Poor's & Fitch AA- rating

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## Financial Highlights

June 30, 2018

### Water

1. \$58.2M Net Retail Revenues (6.6% increase from prior year)
2. Transferred \$6.2M to the General Fund
3. Invested \$24.8M in capital improvements
4. Maintained Standard & Poor's AAA rating

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## Financial Highlights

June 30, 2018

1. Independent Audit
  - a. Unmodified (clean) opinions
  - b. No management letter comments or findings
  - c. No audit adjustments proposed or passed

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## ELECTRIC UTILITY

June 30, 2018

Multi-Substation Transformer, Switchgear and Protection Upgrades/Modernization

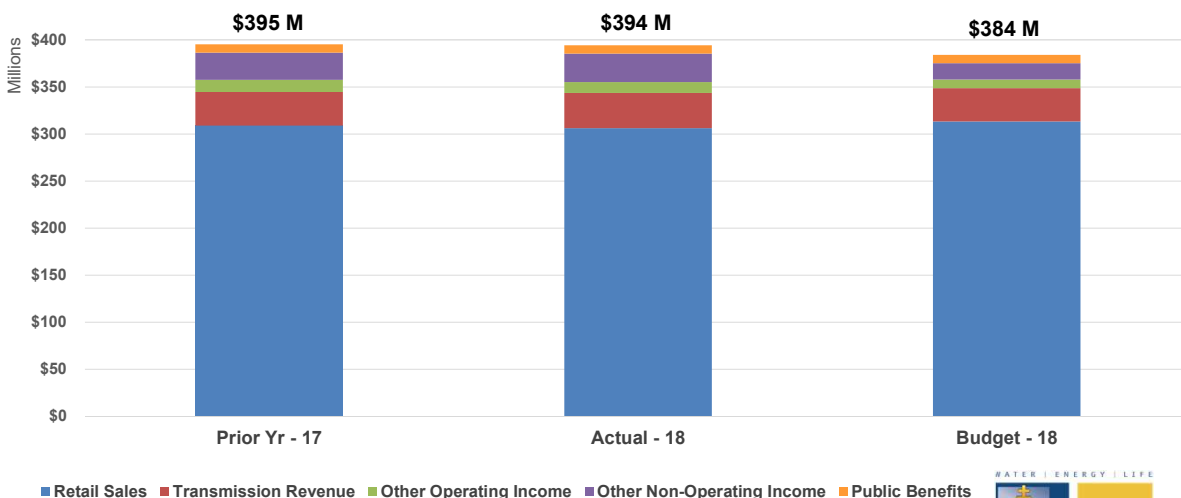


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### Electric Utility - June 30, 2018 Total Revenues Comparison

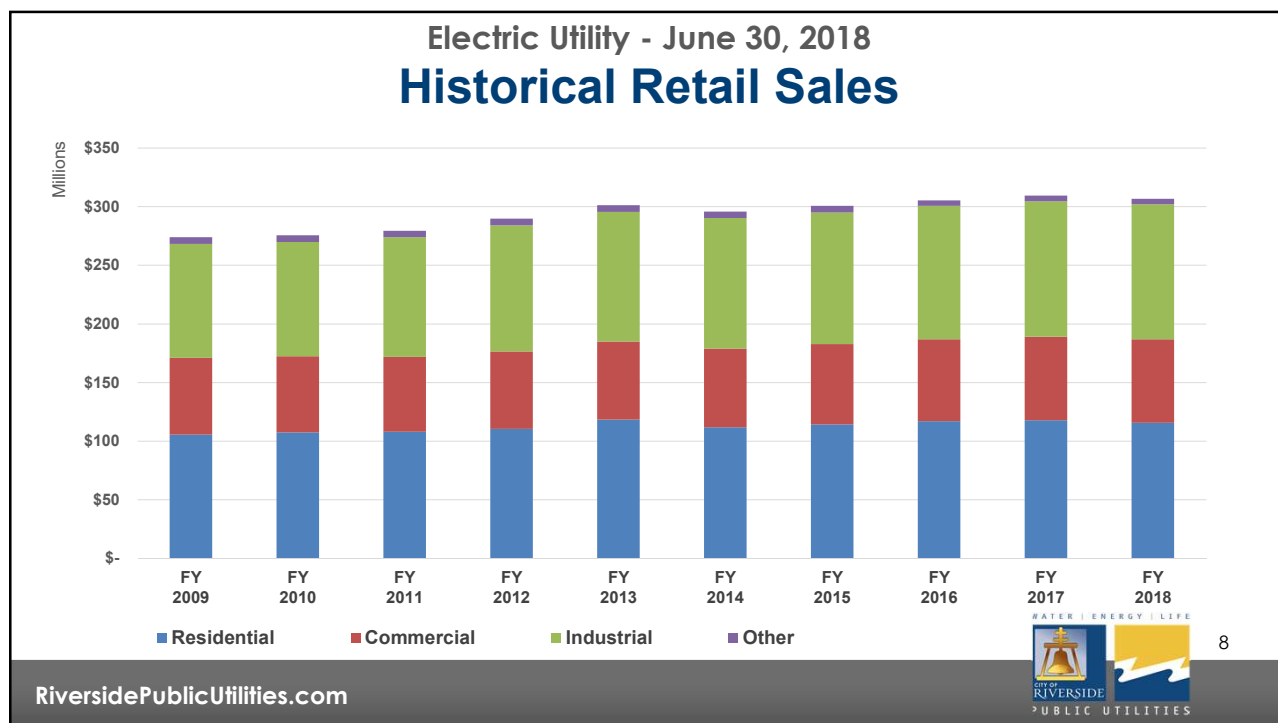
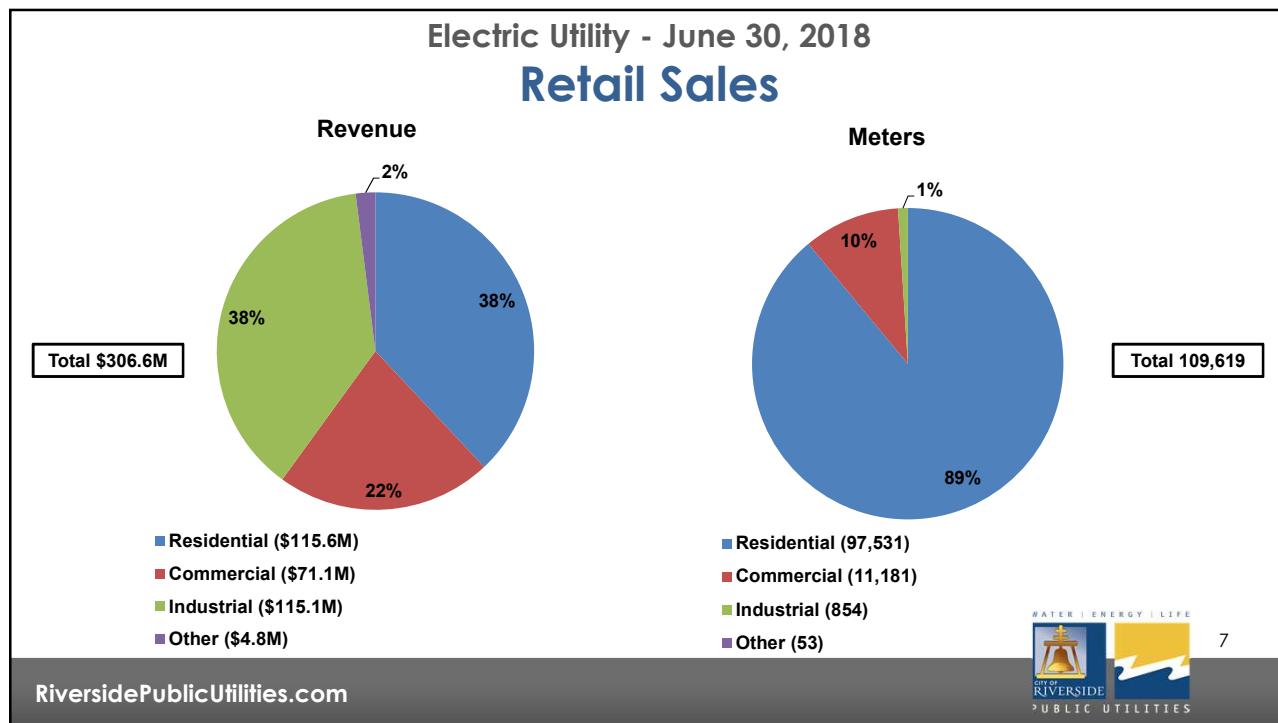


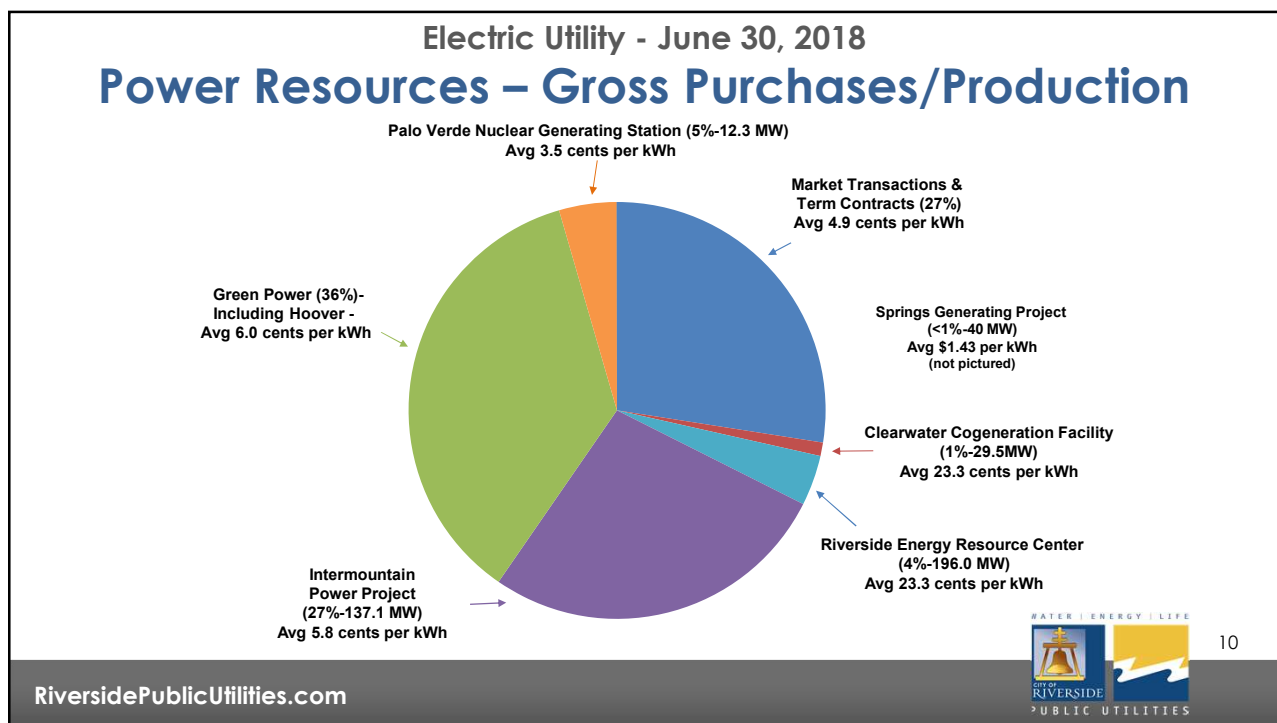
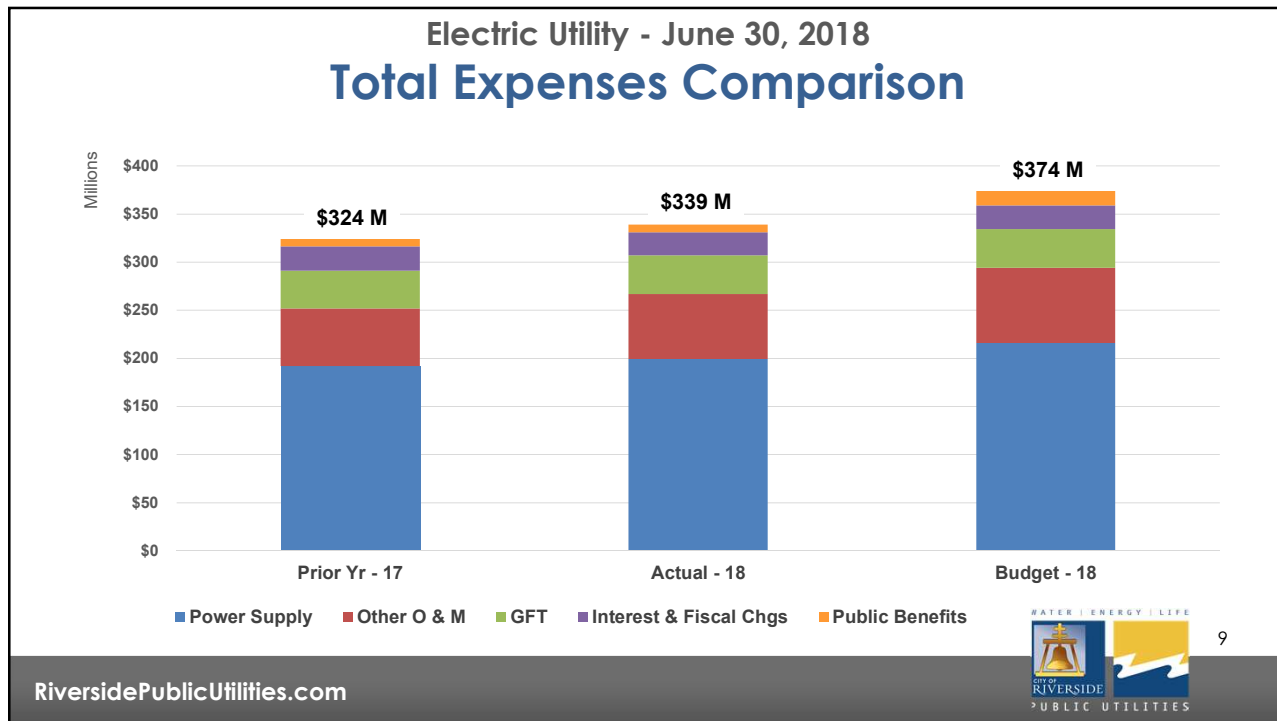
■ Retail Sales ■ Transmission Revenue ■ Other Operating Income ■ Other Non-Operating Income ■ Public Benefits

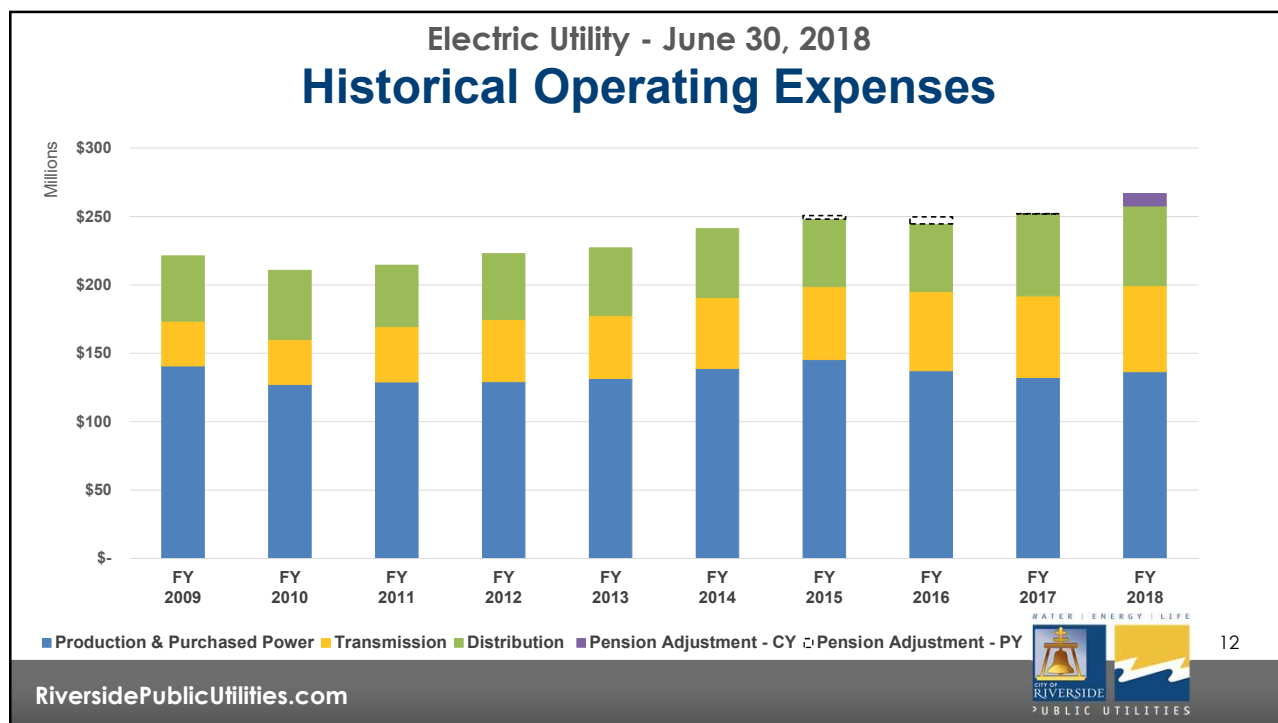
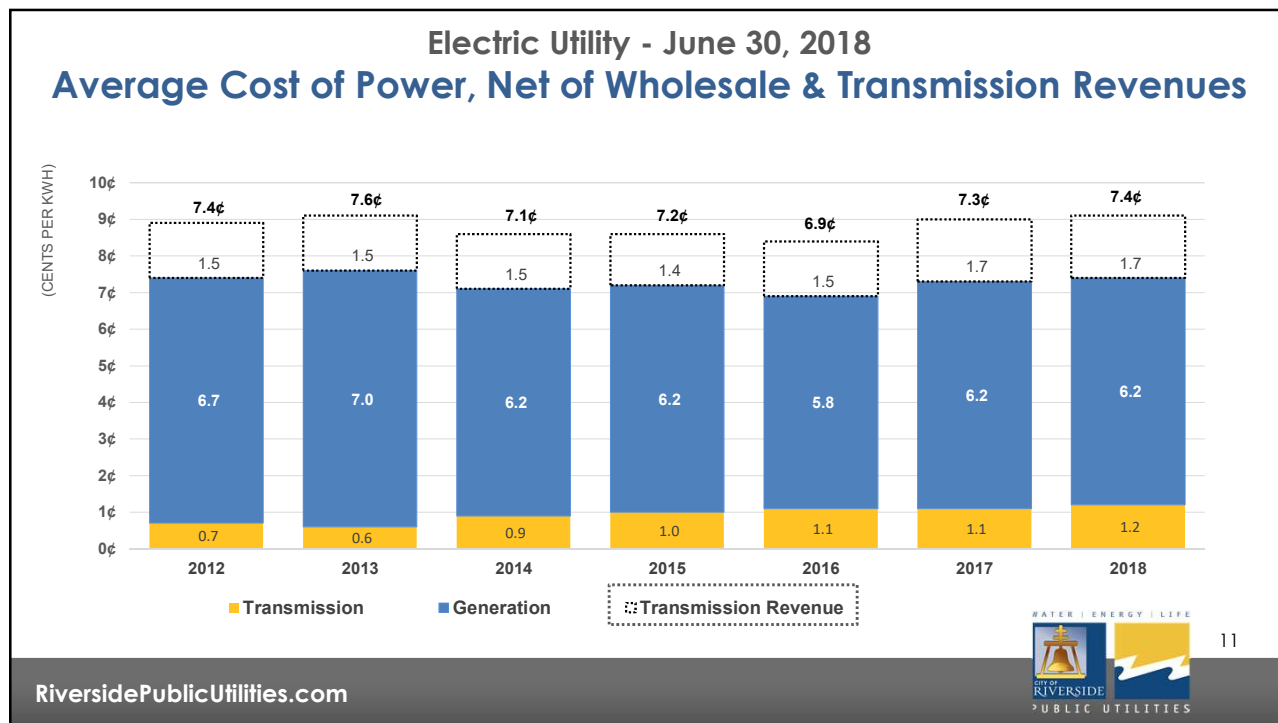
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## Pension Expense

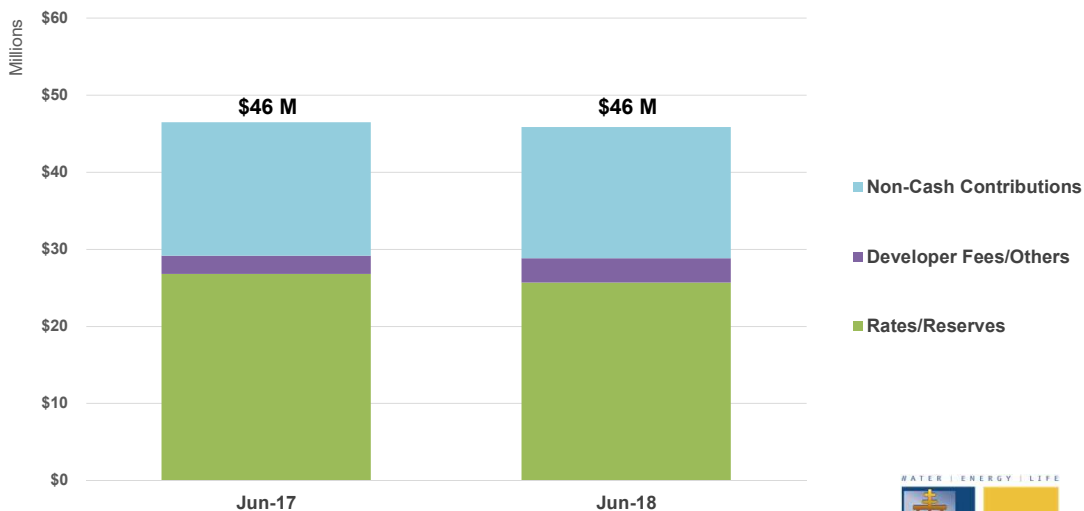
1. Two components of pension expense
  - a. Pension contributions
    - i. Planned for and budgeted
  - b. Pension accounting standard adjustment (GASB Statement No. 68)
    - i. The Statement establishes standards for measuring and recognizing net pension liability and pension expense.
    - ii. Year-end non-cash adjustment based on actuarial valuations
    - iii. Reflects changes in assumptions, plan investments, contributions, and others
    - iv. Will fluctuate year to year and cannot be planned for
2. Year-end pension adjustment
  - a. Electric – \$9.1 million
  - b. Water – \$3.1 million

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## Electric Utility - June 30, 2018 Capital/Equipment Funding



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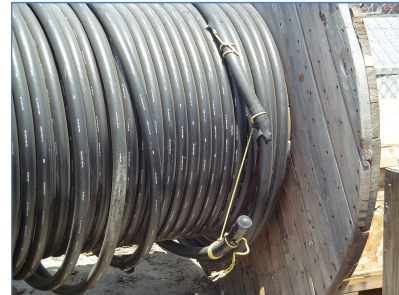
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## Electric Utility – June 30, 2018 Capital Improvements

4-12kV Conversion  
Magnolia and Plaza  
Service Areas



Pole Replacement - Citywide



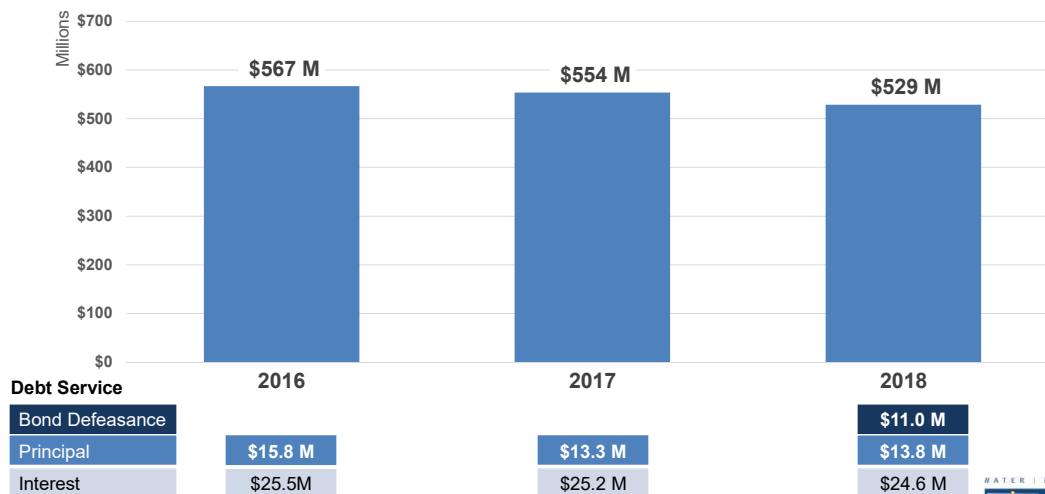
Cable Replacement  
Canyon Crest and Other  
High Failure Rate Areas

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## Electric Utility - June 30, 2018 Outstanding Revenue Bonds



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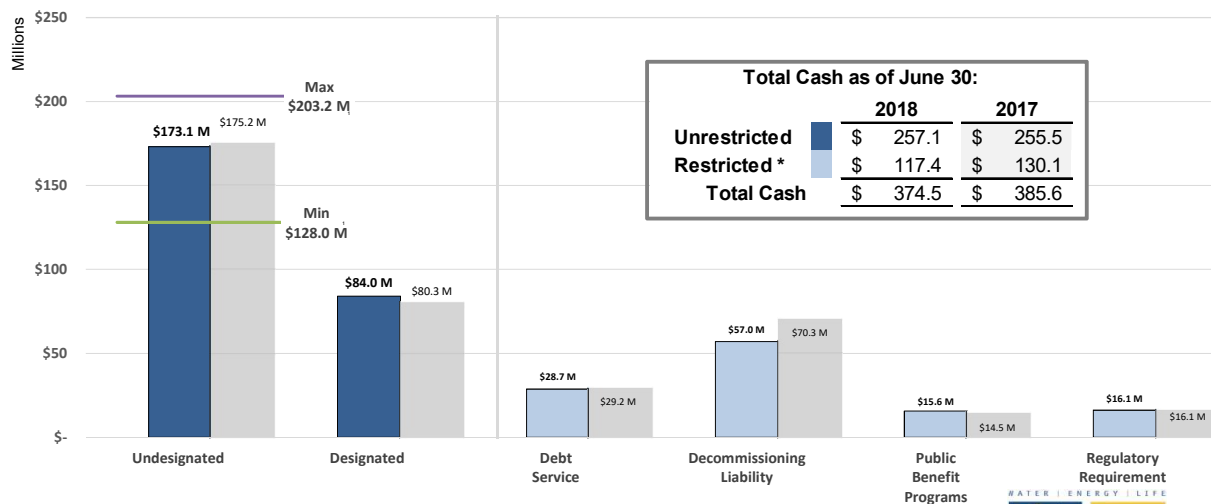


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## Electric Utility - June 30, 2018

## Cash Balance



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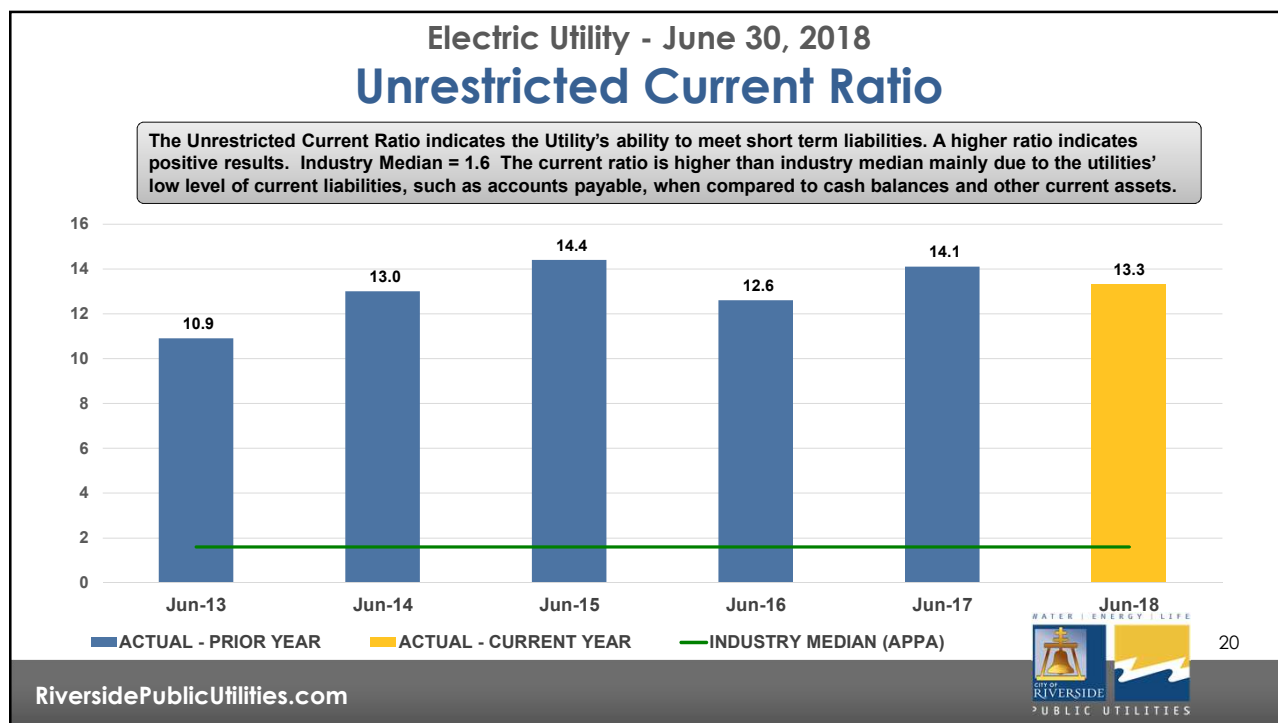
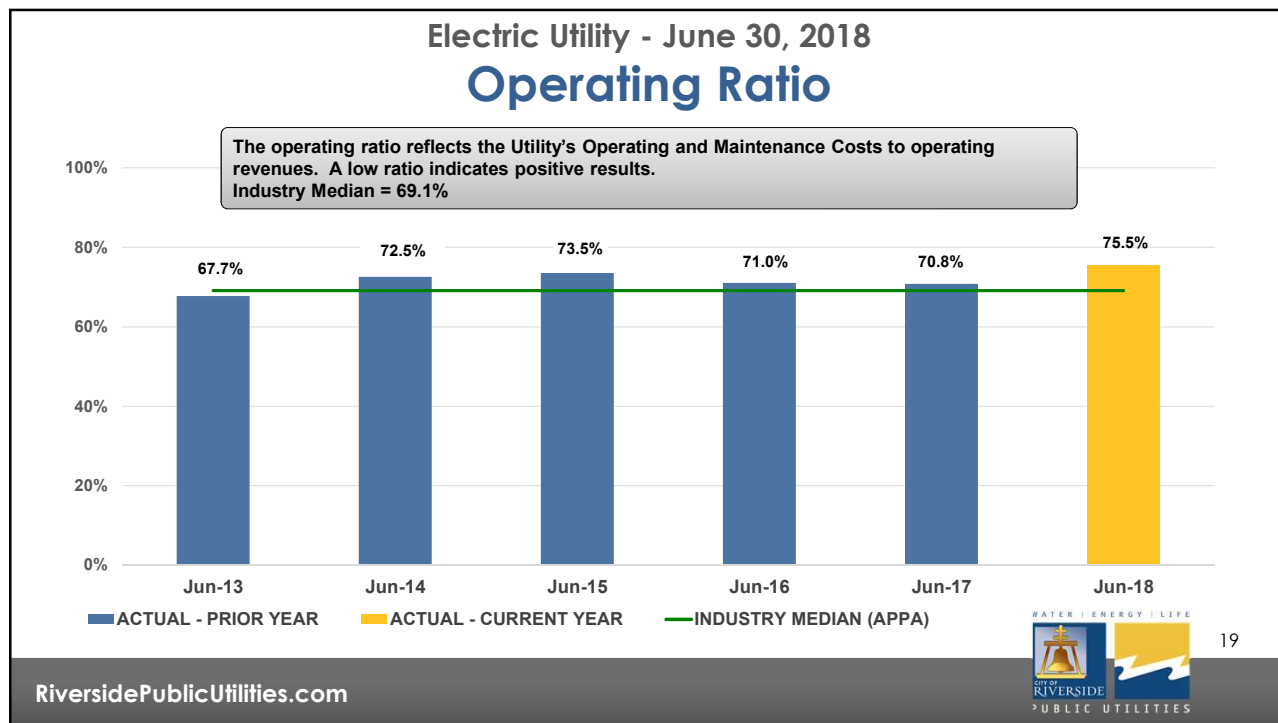
Electric Utility - June 30, 2018  
Designated Reserves

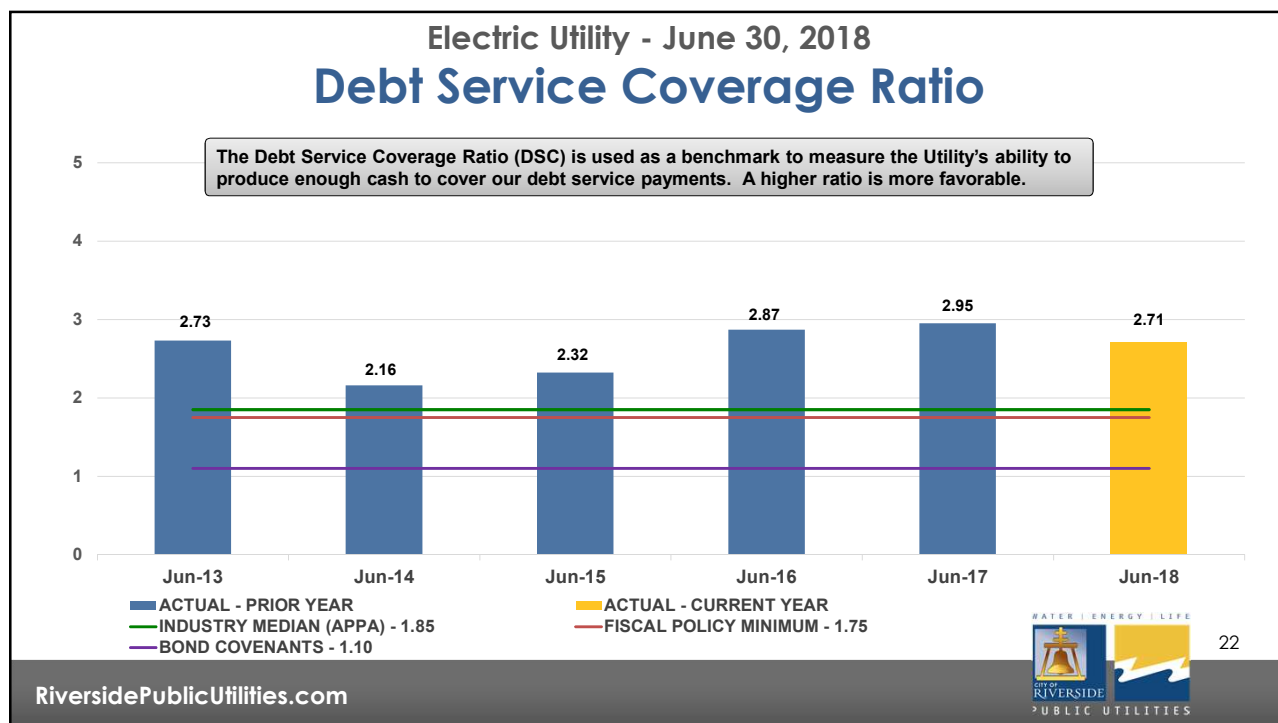
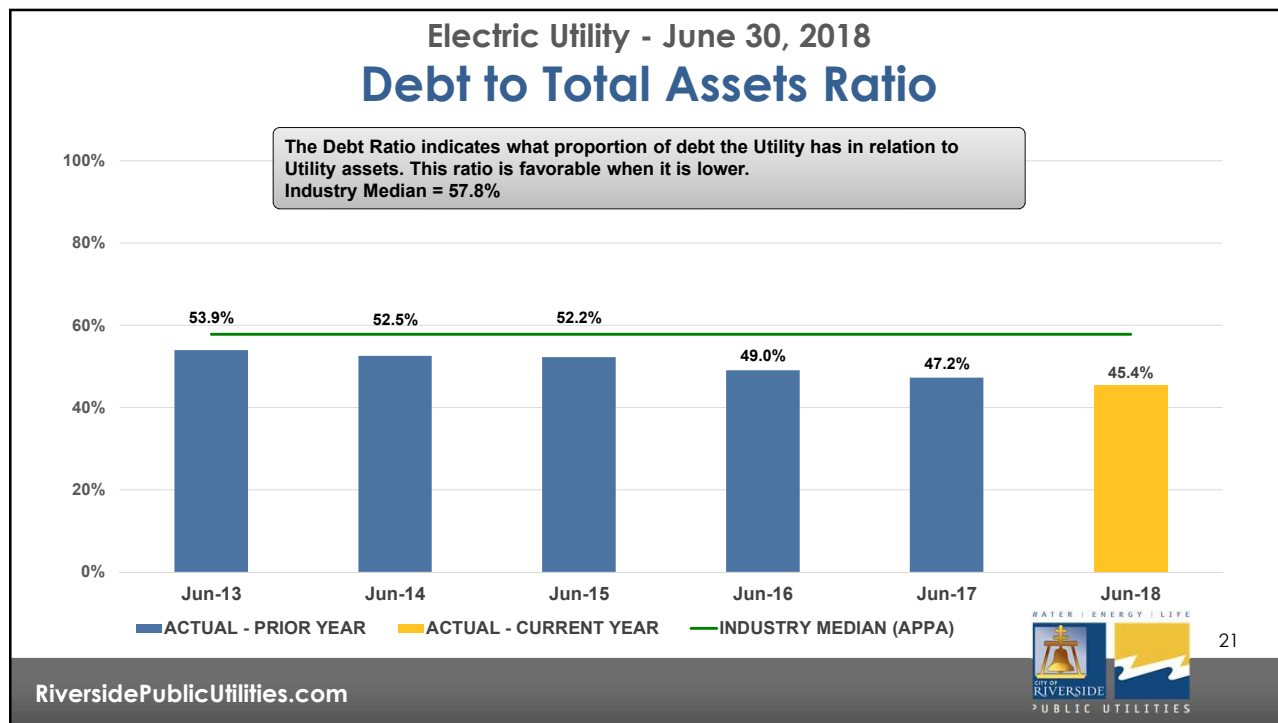
In Millions	June 30, 2018	June 30, 2017
Customer Deposits	\$ 4.6	\$ 4.4
Capital Repair and Replacement	4.9	3.1
Electric Reliability	62.8	54.2
Mission Square Improvement	1.2	0.7
Additional Decommissioning Liability	8.2	6.6
Bond Defeasance	0.0	11.3
Dark Fiber	2.3	0.0
<b>Total</b>	<b>\$ 84.0</b>	<b>\$ 80.3</b>



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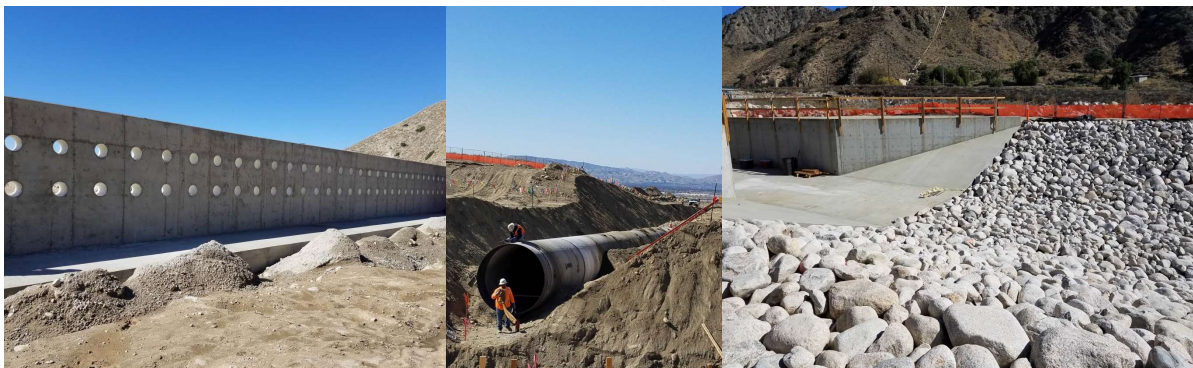




## WATER UTILITY

June 30, 2018

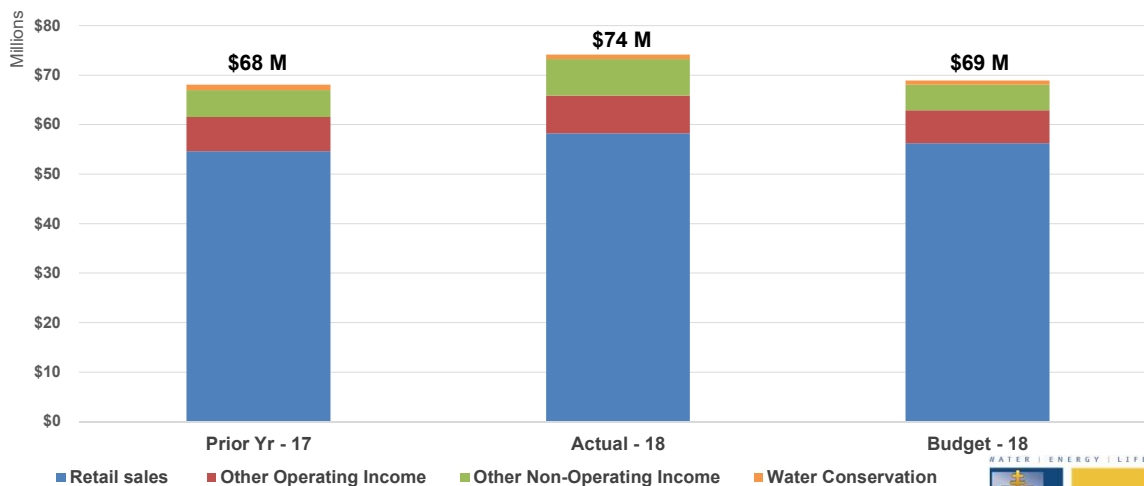
Seven Oaks Dam – Enhanced Recharge Project, Phase IA



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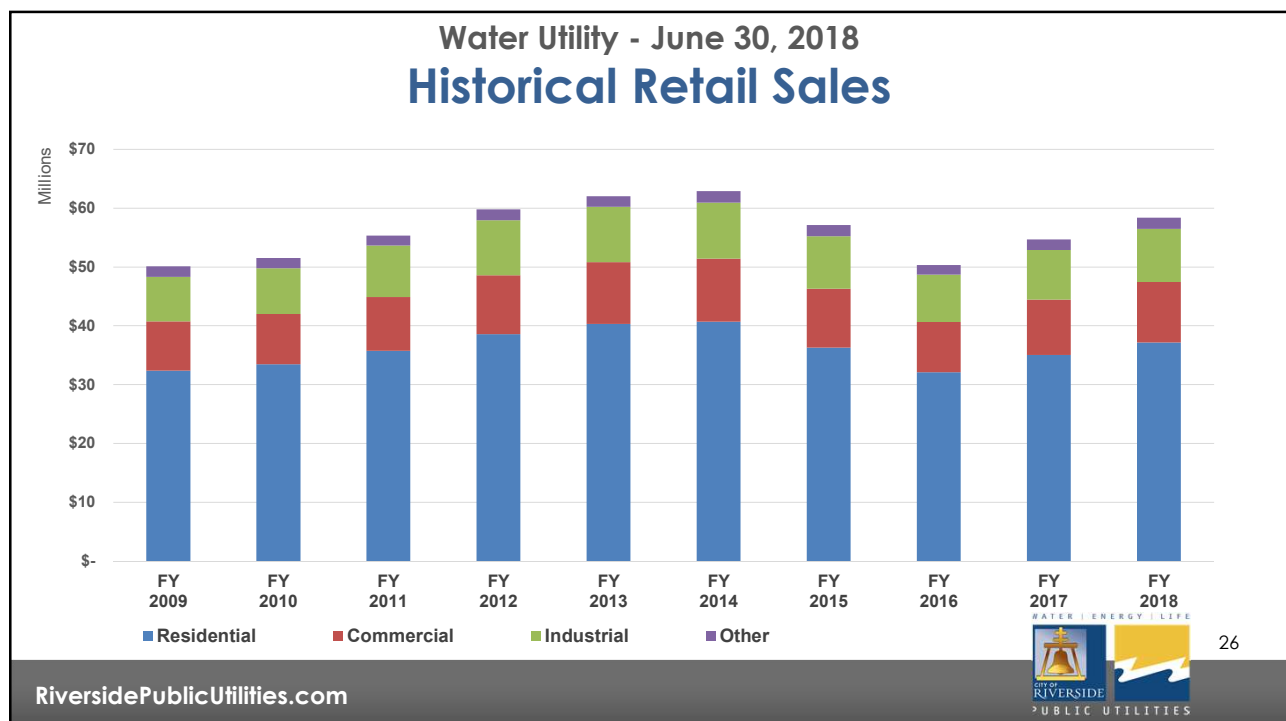
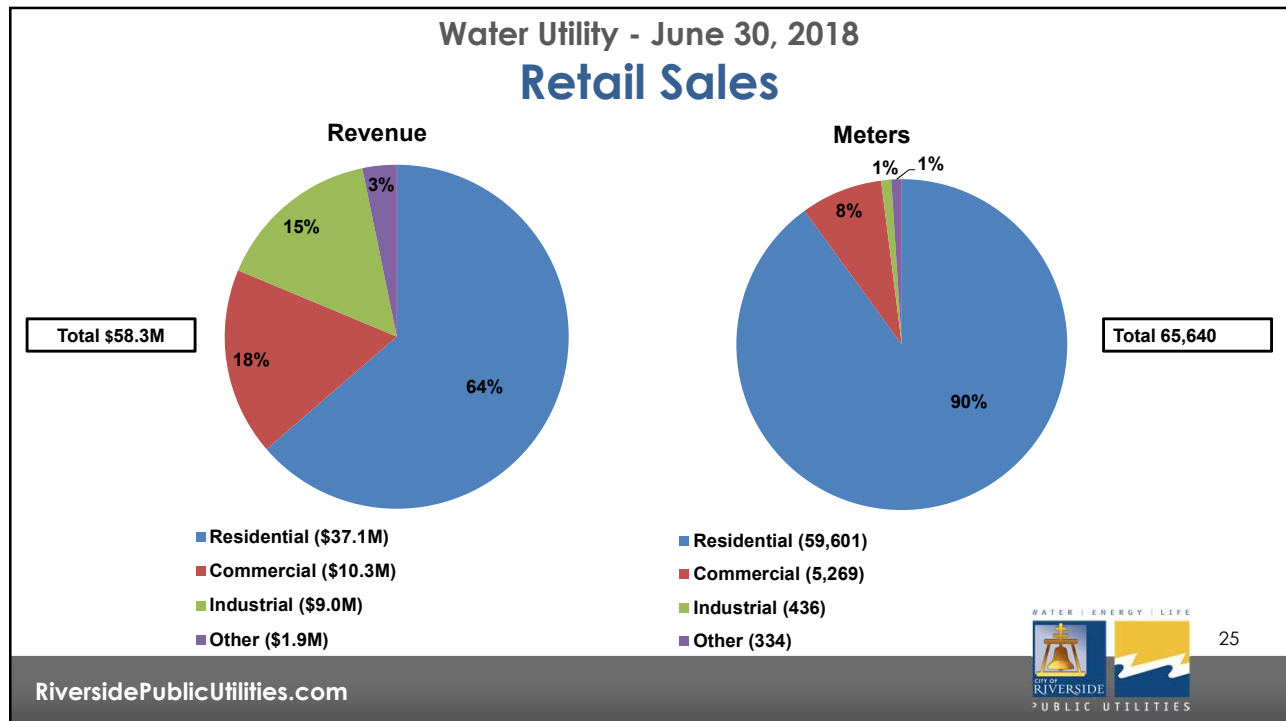
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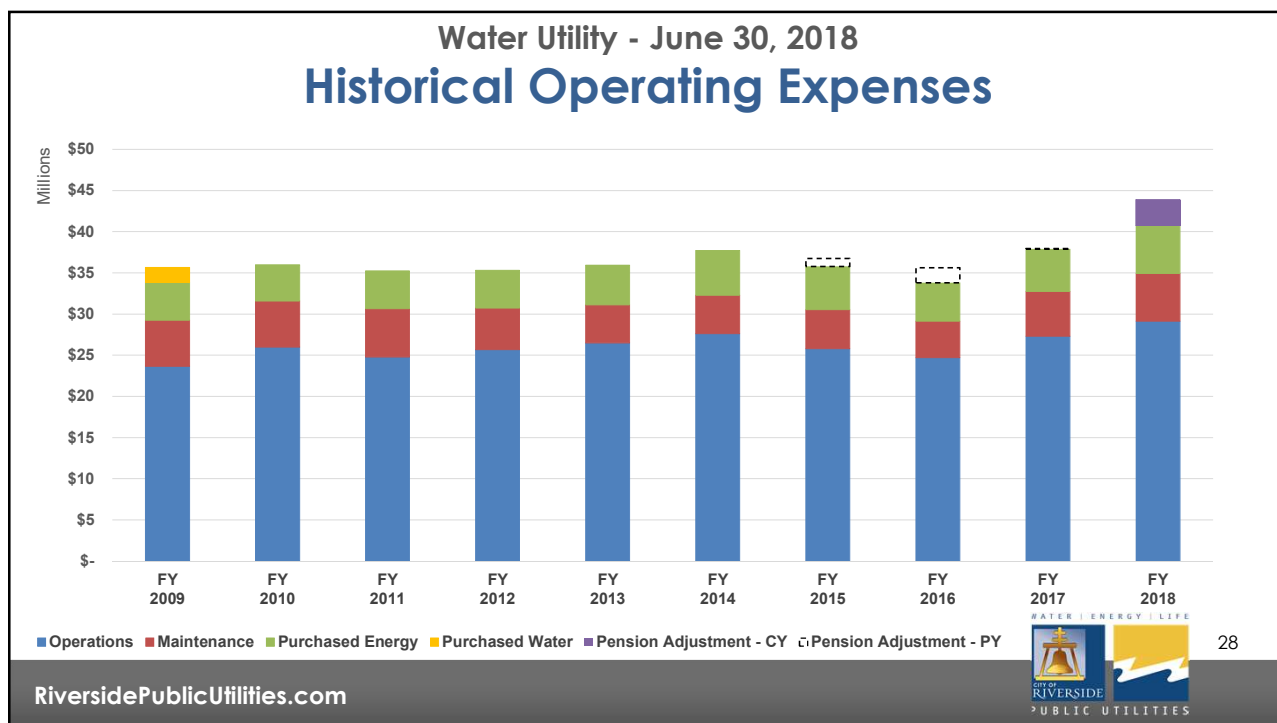
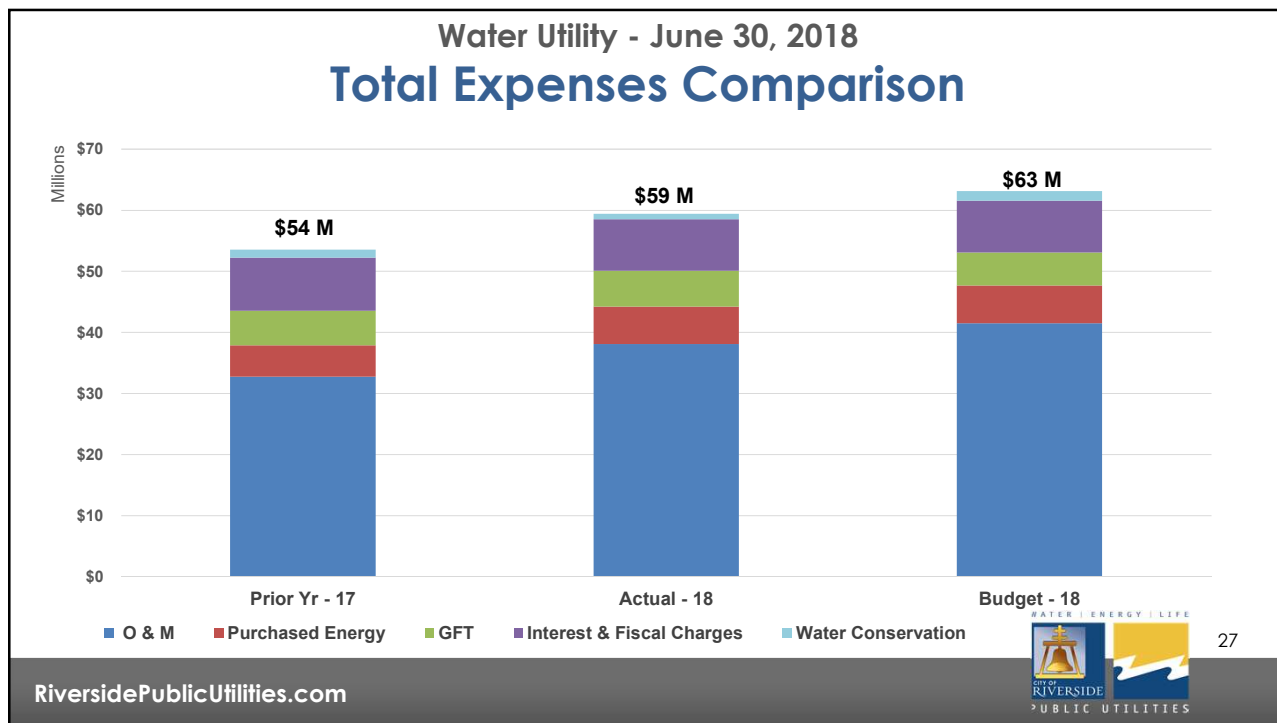
## Water Utility - June 30, 2018 Total Revenues Comparison

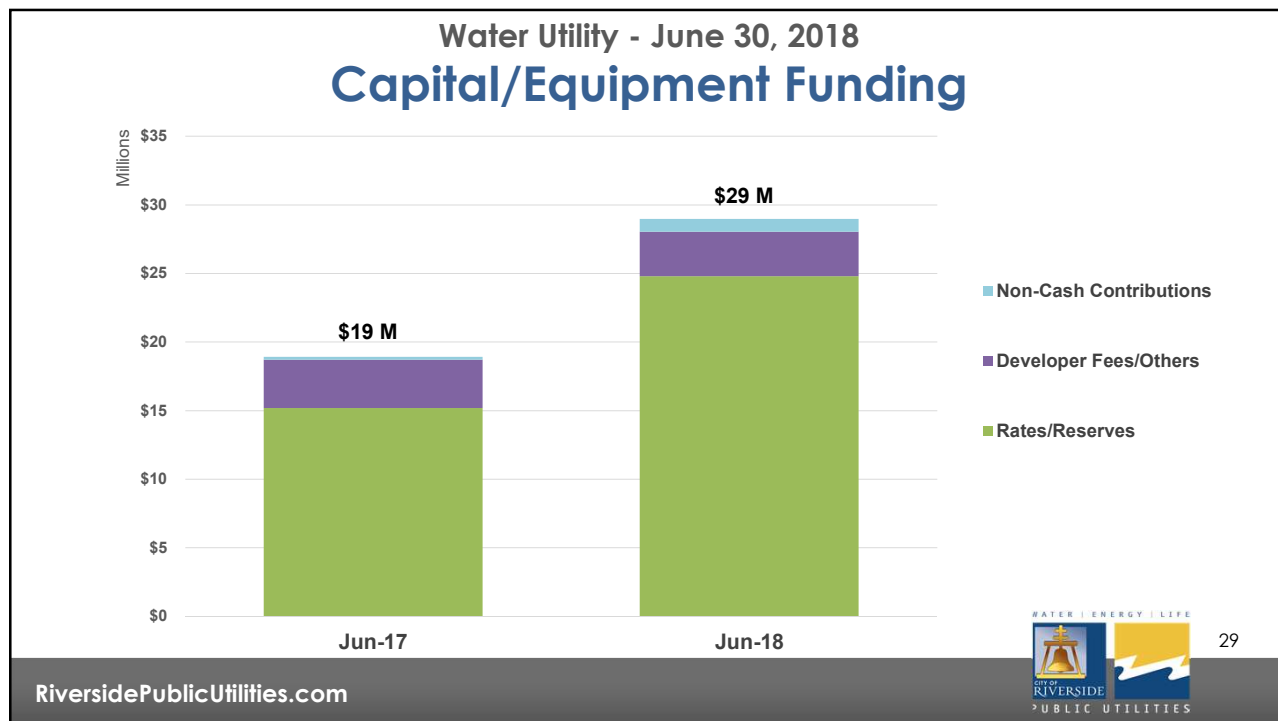


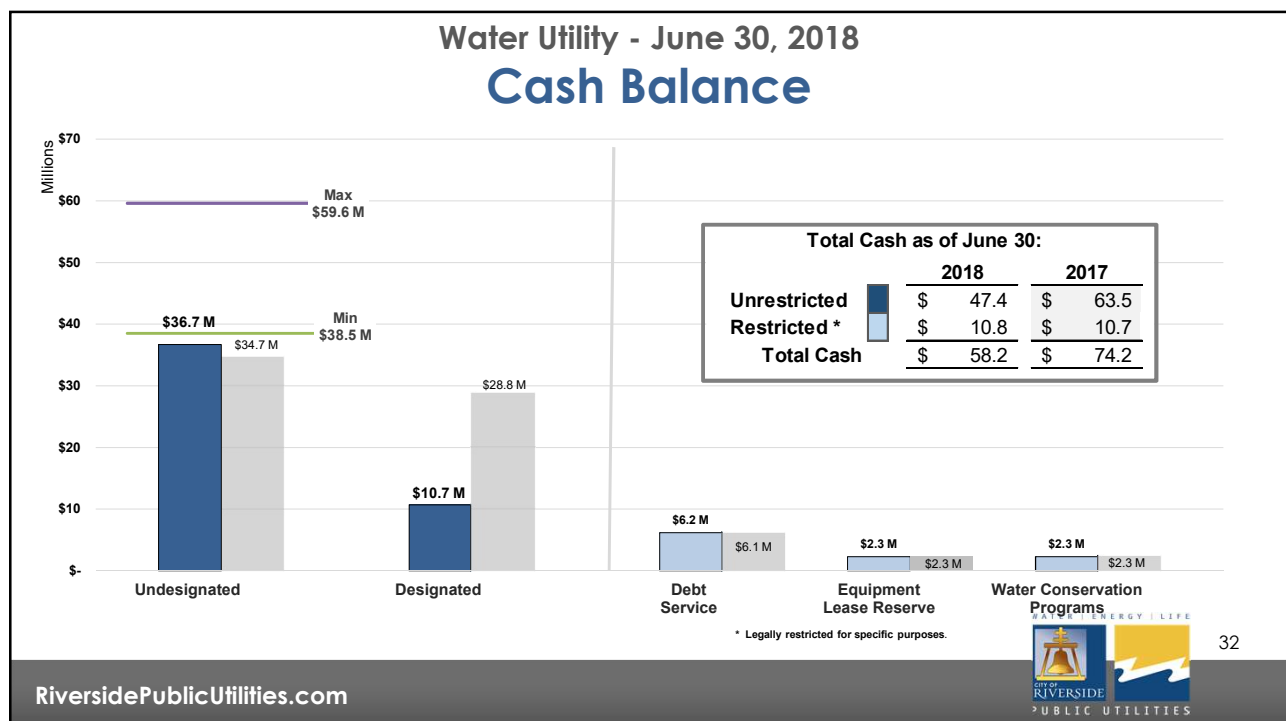
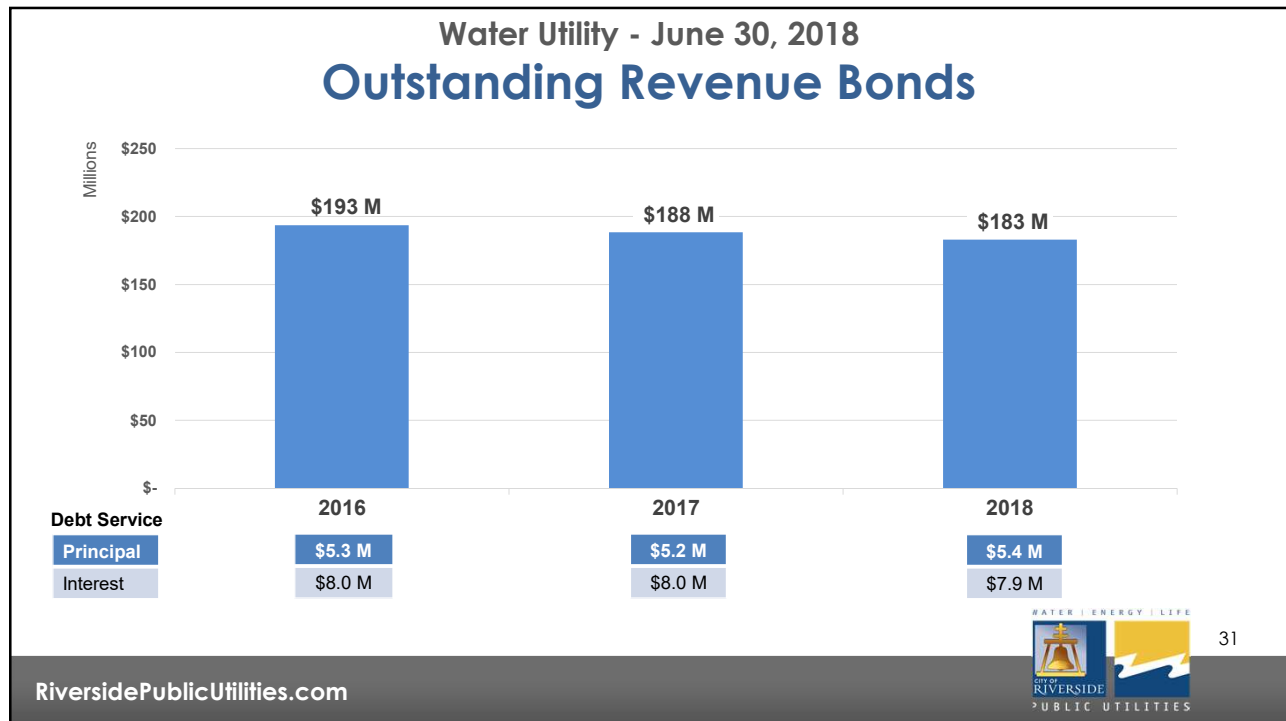
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## Water Utility - June 30, 2018 Designated Reserves

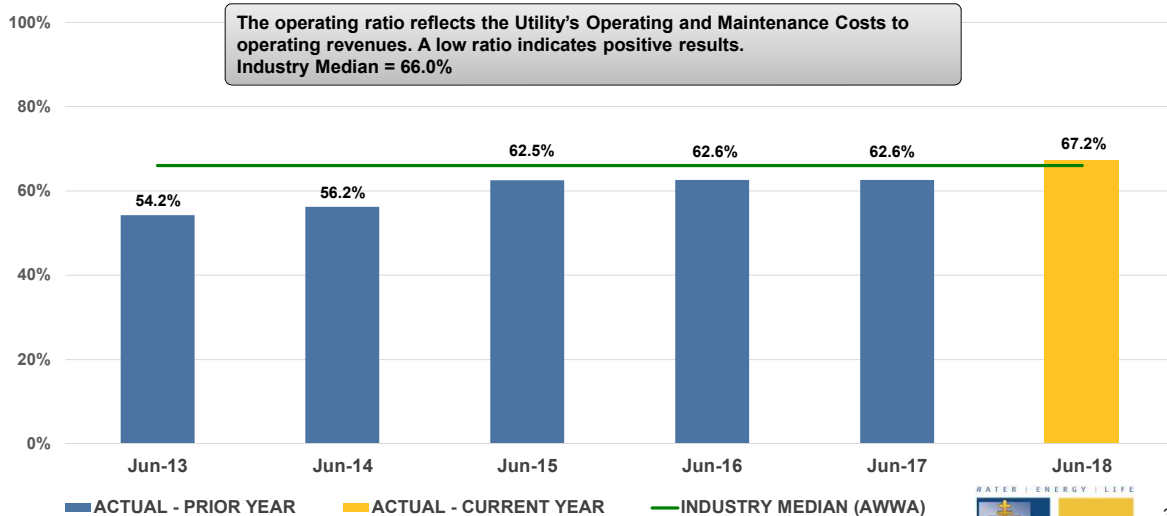
In Millions	June 30, 2018	June 30, 2017
Customer Deposits	\$ 0.6	\$ 0.6
Capital Repair and Replacement	2.2	1.5
Recycled Water	2.9	9.4
Property	5.0	17.3
<b>Total</b>	<b>\$ 10.7</b>	<b>\$ 28.8</b>

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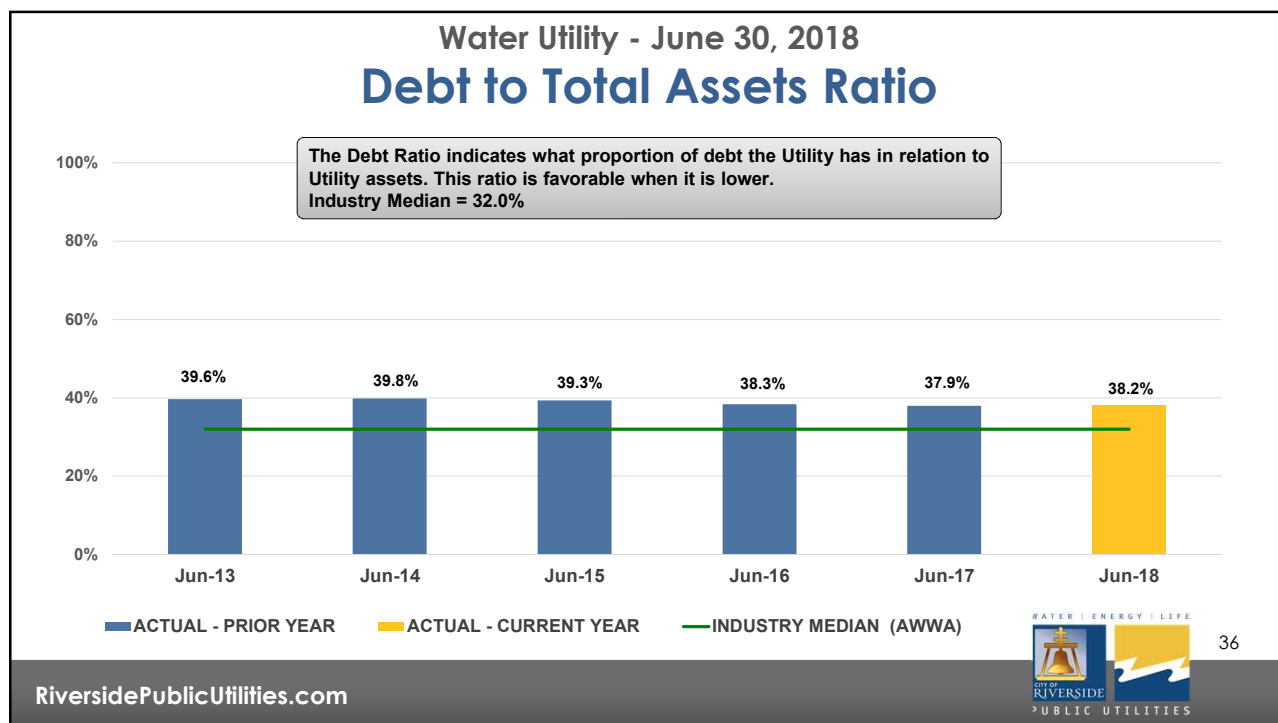
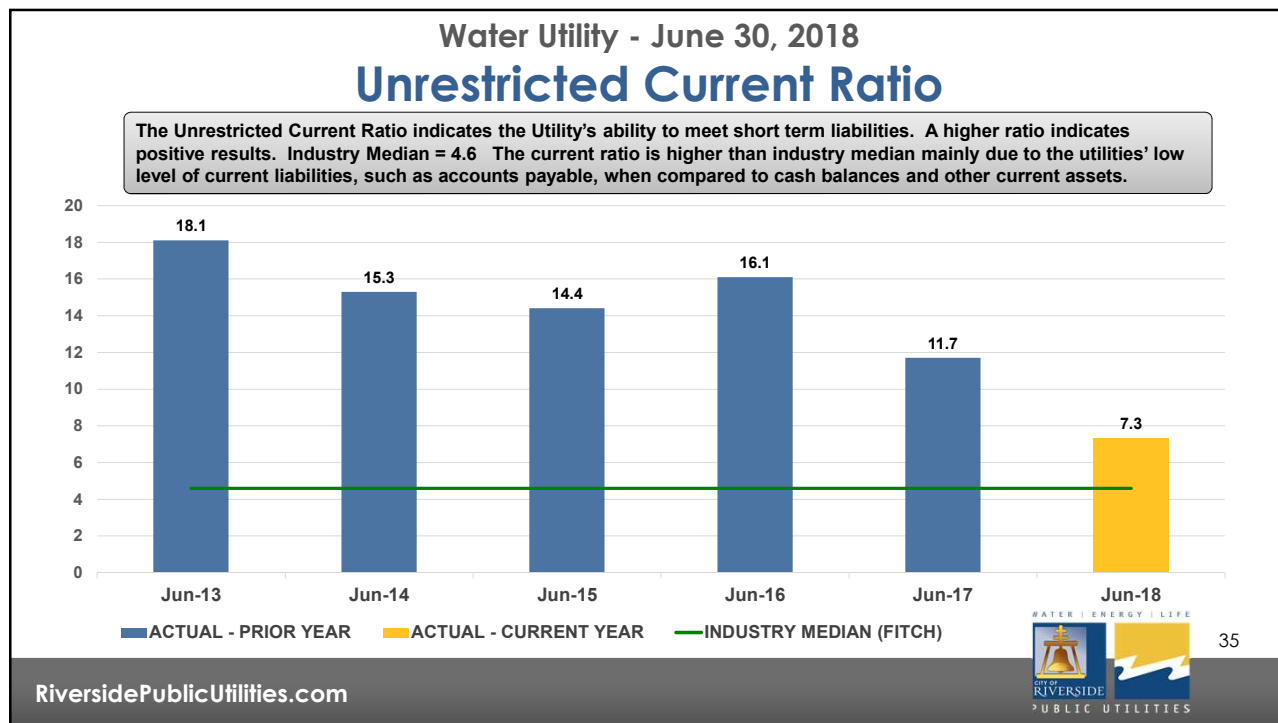
## Water Utility - June 30, 2018 Operating Ratio

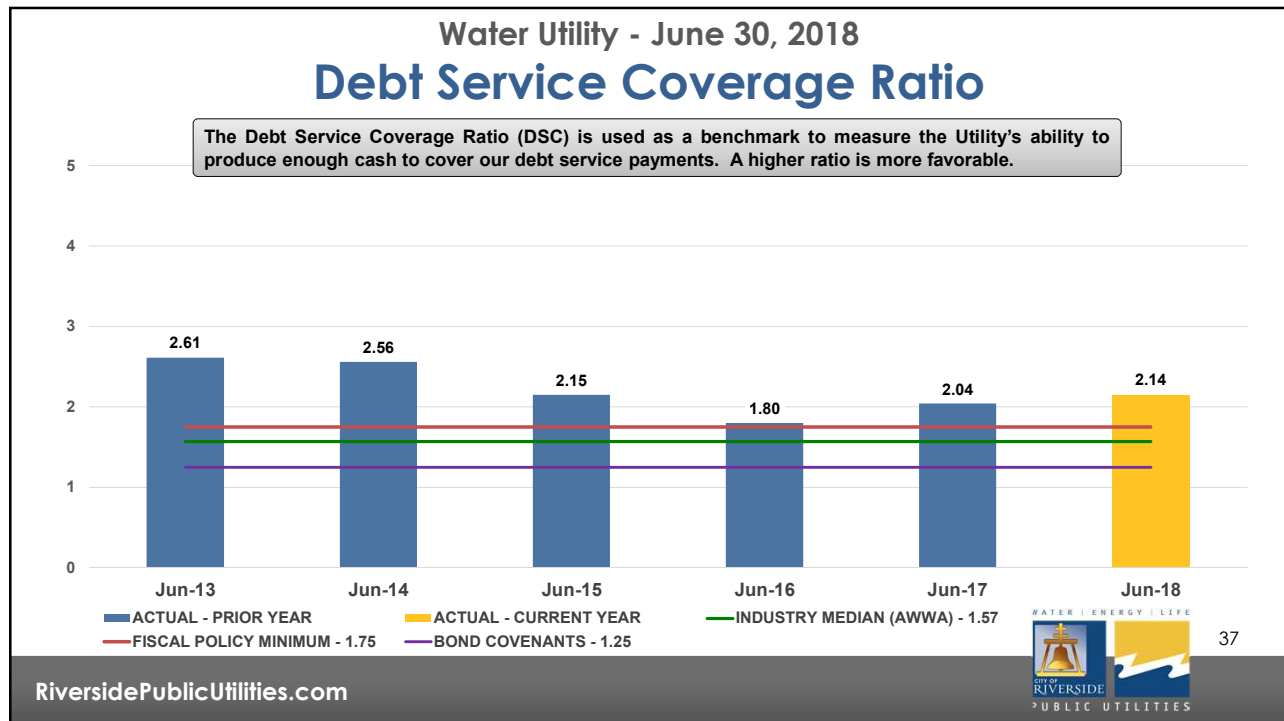


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## What's Ahead?

- Implement Electric Rates effective January 1, 2019
- Electric and Water Bond Financings and Line of Credit
- Workshop on Water Budget-Based Rates and Summer Rates
- Annual Rate Review

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## Recommendation

That the Board of Public Utilities  
Receive and File this report

