

**SUPPLEMENTAL APPROPRIATION FROM ELECTRIC
FUND UNRESTRICTED, UNDESIGNATED CASH RESERVE
TO ELECTRIC FUND'S POWER SUPPLY ACCOUNT FOR
FISCAL YEAR 2018/19 IN THE AMOUNT OF \$7,000,000**

Riverside Public Utilities

Board of Public Utilities
April 22, 2019

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BACKGROUND

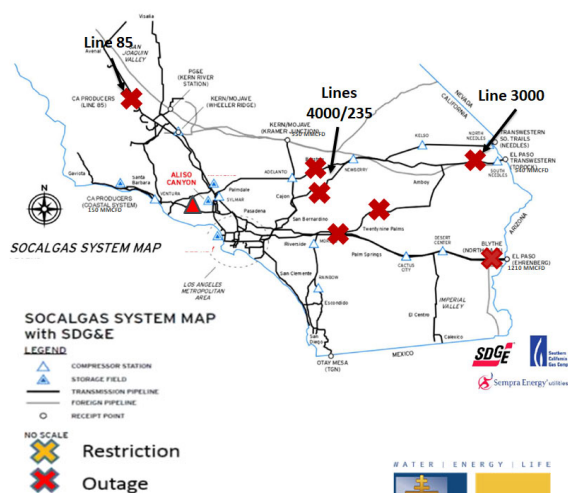
1. April 23, 2018 – Board of Public Utilities approved Riverside Public Utilities (RPU) Electric Fund budget for fiscal years 2018/19 and 2019/20
2. June 12, 2018 – City Council subsequently adopted RPU Electric Fund budget for fiscal years 2018/19 and 2019/20
 - A. FY 2018/19 Power Supply budget - \$205.8 million
 - B. FY 2019/20 Power Supply budget - \$217.3 million

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SOCAL GAS SYSTEM UPDATE

1. Aliso Canyon storage withdrawal capability same as last summer – **“asset of last resort”**.
2. Electric generators rely primarily on flowing supply. Outages on key natural gas pipelines reduce capacity into Southern California, resulting in bouts of severe short-term market volatility.
3. Without Aliso Canyon storage, pipeline outages will continue to cause market volatility on high load days.
4. Currently, no State incentive to build additional pipelines to increase natural gas supply delivery, or to loosen Aliso Canyon storage restrictions.



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IPP UNPLANNED OUTAGE

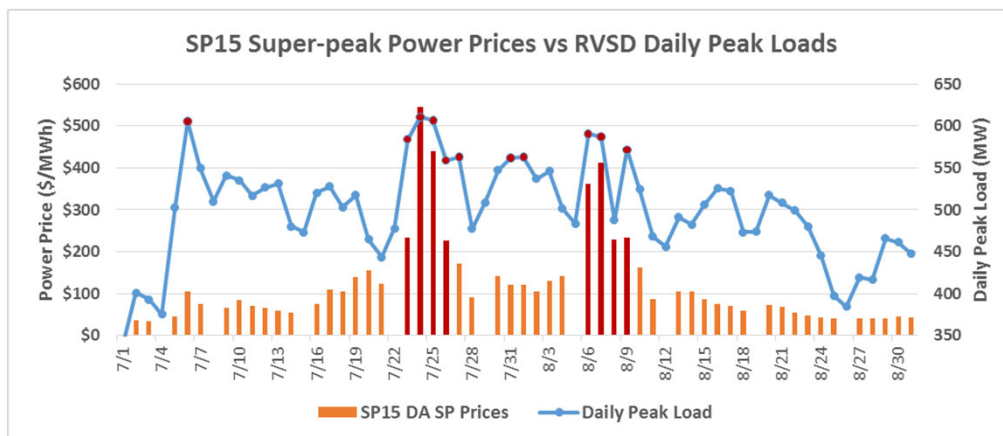


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4

JULY-AUGUST 2018 SUPER-PEAK POWER PRICES



7 out of 11 high load days (peak > 550 MW) experienced SP power prices > \$200/MWh.

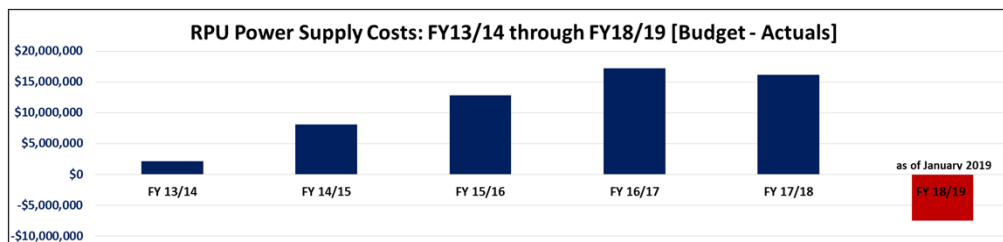
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5

SUMMARY OF SUMMER 2018 IMPACTS

1. All CAISO municipal utilities were impacted by 2018 summer price spikes
2. RPU: first time in last 6 fiscal years that power supply will exceed budget



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6

RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Authorize a supplemental appropriation in the amount of \$7,000,000 from the Electric Fund Unrestricted, Undesignated Cash Reserve due to higher than anticipated retail energy load and abnormally elevated gas and power prices during the summer of 2018, and continued elevated gas prices during the winter of Fiscal Year 2018/19; and
2. Appropriate expenditures in the amount of \$7,000,000 to the Electric Fund's Power Supply Account No. 6120100-422926 for the remainder of fiscal year 2018/19.