

1 RESOLUTION NO.:

2 A RESOLUTION OF THE BOARD OF PUBLIC UTILITIES OF THE CITY OF
3 RIVERSIDE, CALIFORNIA (1) ADOPTING REVISED ELECTRIC RULE 4
4 AND WATER RULE 4; (2) MAKING FINDINGS OF FACT; AND (3)
5 RECOMMENDING CITY COUNCIL APPROVAL THEREOF

6 WHEREAS, the City of Riverside's ("City") Department of Public Utilities ("RPU") has
7 submitted for action by the Board of Public Utilities ("Board") and the City Council, the
8 proposed adoption and approval of revised Electric Rule 4 and Water Rule 4, as further
9 explained herein; and

10 WHEREAS, on March 17, 2020, the Riverside City Council ratified a local emergency
11 declaration by the Emergency Services Director in response to the COVID-19 pandemic. This
12 action was preceded by emergency declarations by the County of Riverside, the State of
13 California and the Federal Government; and

14 WHEREAS, the COVID-19 crisis has been the greatest economic shock to the United
15 States and our local economy arguably since the Great Depression – landing hardest on our local
16 small businesses, the heart of our local economy and greater community life. This pandemic has
17 reminded us all the large and often outsized role that small businesses play and continue to play
18 in our economy and lives – employing 47% of the nation's workforce, generating two-thirds of
19 new jobs and serving as a critical path to economic mobility and self-sufficiency.

20 WHEREAS, on March 17, 2020, the City Council adopted a utility shut-off ban,
21 effectively communicating to the local small business community that they should de-prioritize
22 their utility bill and focus on more urgent payments. In response, many small businesses elected
23 to defer their payments, and some have been delinquent on their bills; and

24 WHEREAS, many small businesses have reached out to RPU to request that their utility
25 deposit, which is often in the \$2,500-\$3,000 range, be applied to their current bill; and

26 WHEREAS, Electric Rule 4 and Water Rule 4, both entitled "Deposits and Service Turn-
27 On Charge," provide rules for deposit required to establish service, and when that deposit will be
28 returned. In general, utilities use customer deposits as security for non-payment of bills to
ensure that the cost of a customer's delinquent bills are not subsidized by other customers; and

1 WHEREAS, Section E of the current Electric and Water Rules 4 establishes the
2 following for return of a deposit:

3 1. Upon discontinuance of service, the Utility shall apply the Customer's
4 deposit and accrued interest to the unpaid bills and refund any balances that exceed \$10
5 by mail. Any refunds with a balance of less than \$10 will be refunded to Customer upon
6 request.

7 2. After the Customer has maintained a good payment record for twelve (12)
8 consecutive months, the Utility shall apply the Customer's deposit, including accrued
9 interest, to the Customer's bill.

10 3. The Utility may apply the deposit to the Customer's account at any time
11 upon request, provided the Customer's credit may otherwise be established in accordance
12 with Rule No. 3, ESTABLISHMENT AND RE-ESTABLISHMENT OF CREDIT; and

13 WHEREAS, considering the extraordinary circumstances that our local business
14 community are currently encountering, it is recommended that the Board of Public Utilities
15 establish temporary changes to Electric Rule 4 and Water Rule 4 to provide for the Riverside
16 Public Utilities, upon request from the customer, to apply a small commercial customer's deposit
17 to their account at any time until March 31, 2021, if the customer meets the following conditions:

18 - The Customer must fit the definition of a Small Commercial Customer,
19 which is defined for the purpose of this rule only as a commercial customer who employs
20 50 full-time employees or less as of December 31, 2019.

21 - The Customer must self-certify in writing that their business has been
22 adversely impacted by COVID-19 restrictions, either by loss of revenue, reduced work
23 hours or temporary closure of business.

24 - The Small Commercial Customer shall not be classified as an "essential
25 critical infrastructure" business under California Governor Newsom's Executive Order
26 N-33-20.

27 - Customer must have maintained a good payment history for at least three
28 (3) consecutive months from December of 2019 to March of 2020; and

1 WHEREAS, the Utility must treat all its customers in a fair and non-discriminatory
2 manner. In May 2020, the City Council approved the ERAP program, which provided utility
3 relief for residential customers. This relief measure was extremely important and provided \$250
4 in bill credits to residents impacted by COVID-19 economic losses. However, as the program
5 was made possible through public benefit funding, only residential customers can take advantage
6 of the program; and

7 WHEREAS, small commercial customers, similarly, have been severely impacted by
8 COVID-19 and are extremely sensitive to the extreme decrease in revenues forced by mandated
9 closures. According to a National Survey by the Small Business Majority, more than a third of
10 nearly 70,000 small business owners surveyed said they would be forced to close their business
11 permanently by mid-January at the latest without additional funding. For businesses owned by
12 people of color, the number was 41%; and

13 WHEREAS, larger commercial customers, while still marginally impacted, do not have
14 the same immediate needs for revenue and cashflow that small commercial customers require to
15 keep their business model intact and afloat. Additionally, larger businesses have the
16 infrastructure that have allowed them to take advantage of federal relief programs, such as the
17 Paycheck Protection Program and other CARES Act relief programs; and

18 WHEREAS, the Paycheck Protection Program was the most viable and well-known
19 assistance program included in the CARES Act in early 2020. The program, administered by
20 SBA, was designed to provide low interest forgivable loans to small businesses. Businesses were
21 able to apply for loans for 250% of their monthly payroll with a \$10 million cap. The loans
22 become forgivable if 75% of the funds go towards pay employees; and

23 WHEREAS, two weeks after the program launched, the SBA announced that the \$350
24 billion fund was depleted and that applications were no longer being accepted. Only 6% of small
25 businesses in the nation received funds with reports from many local restaurants and retailers of
26 radio silence from lenders. The State of California received the fewest number of loans than any
27 state, with 58.5 loans per 1,000 small businesses. This is one sixth as many as the leading state,
28 with 339 loans per 1,000 small businesses; and

1 WHEREAS, according to Securities and Exchange filings, 71 publicly traded companies
2 were successfully enrolled in the program, receiving \$300 million in loans, close to 10% of the
3 entire fund. Four major U.S. banks – Bank of America, Wells Fargo, JPMorgan Chase and US
4 Bank – are the target of lawsuits accusing the financial institutions of favoring large businesses
5 in the Paycheck Protection Program program; and

6 WHEREAS, the SBA released a report on April 13th detailing loan approvals by NAIC
7 Sector: Small businesses tend not to have strong lending relationships with banks and are largely
8 left out of federally administered bail out measures. Particularly underserved small businesses
9 include those that are in low to moderate income neighborhoods or are owned by individuals that
10 don't have personal wealth. As deadlocked negotiations in Washington D.C. bring little promise
11 of true small business relief, the local role is more impactful and needed in the navigation of a
12 successful, healthy and equitable recovery. Due to these factors, this program will be only
13 targeted towards small commercial customers; and

14 WHEREAS, small business relief is effective because it stimulates the entire local
15 economy. This measure to assist small commercial customers will result in the continued vitality,
16 culture, diversity and connectedness of our community – benefitting all residents. This measure
17 will build upon the extraordinary efforts by the Riverside Public Utility to assist and provide
18 relief for ratepayers during these unprecedented times; and

19 WHEREAS, without an influx of new government stimulus, hundreds of local small
20 businesses will face a bleak winter of government restrictions, dwindling customers and closures
21 an extremely slowed economic recovery; and

22 WHEREAS, local relief efforts across the country have played a critical role in ensuring
23 the survival of the small business community and have been especially vital as federal stimulus
24 remains gridlocked in Washington DC. In order continue to stay afloat and abide by COVID-19
25 health and safety measures, small businesses must replace their lost income as fast and
26 efficiently as possible. In order to do this, cash injections and flexible resources from
27 government bodies are needed so that they may continue to pay operating costs and cover
28 payroll; and

1 WHEREAS, in the past 9 months, the Riverside community has weathered this crisis by
2 coming together and organizing relief, from community organizations putting together food
3 drives to the City Council and City team organizing funds for small business stimulus – local
4 action has been integral in keeping residents, families and small businesses afloat; and

5 WHEREAS, a public hearing, notice of which was duly published in The Press-
6 Enterprise on December 26, 2020 and January 2, 2021, in compliance with Government Code
7 Sections 66018 and 6062a, was held on January 11, 2021 at 6:30 p.m. before the Board of Public
8 Utilities to consider the revisions noted herein; and

9 WHEREAS, the Board is charged by Section 1202(e) of the City Charter to establish and
10 adopt the rates, rules, fees and charges for the Electric and Water Utilities, subject to the
11 approval of the City Council; and

12 WHEREAS, the Board intends to establish and adopt the revised Electric and Water
13 Rules 4, all in accordance with RPU staff recommendations;

14 NOW, THEREFORE, BE IT RESOLVED, based upon the foregoing facts, the staff
15 report and other evidence submitted by RPU to the Board, by the Board of Public Utilities of the
16 City of Riverside, California, as follows:

17 Section 1: The foregoing recitals are true and correct and are adopted and
18 incorporated herein by reference as findings of fact of this Board.

19 Section 2: On the basis of the RPU staff analyses, data and reports, the foregoing
20 recitals and the other evidence submitted by RPU to the Board, the Board hereby finds and
21 determines that the proposed revisions to Electric and Water Rules 4 are exempt from the
22 provisions of the California Environmental Quality Act (Pub. Res. Code Section 21000 et seq.)
23 under Public Resources Code section 21080(b) (8), as the proposed revisions to the existing rules
24 are for the purpose of (A) meeting operating expenses, including employee wage rates and fringe
25 benefits, (B) purchasing or leasing supplies, equipment, or materials, (C) meeting financial
26 reserve needs and requirements, (D) obtaining funds for capital projects necessary to maintain
27 service within existing service areas, and/or or (E) obtaining funds necessary to maintain those
28 intracity transfers as are authorized by City Charter.

1 Section 3: The proposed revisions to Electric and Water Rules 4 are exempt from the
2 voter approval requirements of Proposition 26, as adopted by voters on November 2, 2010,
3 because the rates are imposed for a specific government service provided directly to the
4 ratepayer that is not provided to those not charged and which does not exceed the reasonable
5 costs to the local government of providing the service.

6 Section 4: The proposed revisions to Electric and Water Rules 4, attached hereto as
7 Exhibit A and incorporated herein by reference, are hereby adopted and established under and
8 pursuant to Section 1202(e) of the Charter of the City of Riverside, California, are recommended
9 for approval by the City Council of the City of Riverside, California, and shall become effective
10 upon date of approval by the City Council of the City of Riverside, California until March 31,
11 2021.

12 Section 5: The proposed revisions to Electric and Water Rules 4, attached hereto as
13 Exhibit B and incorporated herein by reference, are hereby adopted and established under and
14 pursuant to Section 1202(e) of the Charter of the City of Riverside, California, are recommended
15 for approval by the City Council of the City of Riverside, California, and shall become effective
16 April 1, 2021.

17 ADOPTED by the Board of Public Utilities of the City of Riverside, signed by its
18 Chairman and attested by its Secretary this day of January, 2021.

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21 _____
22 Chair of the Board of Public Utilities,
23 City of Riverside, California

23 Attest:

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25 _____
26 Secretary of the Board of Public Utilities
27
28

1 I, Colleen Nicol, Secretary of the Board of Public Utilities of the City of Riverside,
2 California, hereby certify that the foregoing Resolution was duly and regularly introduced and
3 adopted by the Board of Public Utilities of said City at its meeting held on the ____ day of
4 January, 2021, to wit:

5 Ayes:

6 Noes:

7 Absent:

8 Abstain:

9 IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of January
10 2021.

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14 Secretary to the Board of Public Utilities
City of Riverside, California

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EXHIBIT A

Electric and Water Rules 4
(Effective upon Date of Approval by City Council until March 31, 2021)

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EXHIBIT B

Electric and Water Rules 4
(Effective April 1, 2021)