

IMPLEMENTATION OF THE THIRD YEAR OF THE ELECTRIC RATE PLAN

Riverside Public Utilities

City Council
March 23, 2021

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BACKGROUND

On May 22, 2018, City Council approved the electric and water five-year rate plans

Years 1-5		
Electric	January 2019	2.95%
	January 2020	3.0%
	January 2021	3.0%
	January 2022	3.0%
	January 2023	3.0%
Water	July 2018	4.50%
	July 2019	5.75%
	July 2020	5.75%
	July 2021	5.75%
	July 2022	6.50%

City Council and Board of Public Utilities delay the implementation of the third year of the electric rate plan until March 31, 2021.

Based on system average, rate increases vary by customer class and consumption levels.

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ESTIMATED CUSTOMER COSTS

1. The second year of the electric plan, effective January 1, 2020, the average residential customer experienced an additional monthly cost of \$3.08 for electric service.
2. The third year of the electric plan, not yet implemented, the average residential customer is estimated at an additional \$3.22 per month for electric service.
 - a. Average monthly electric bill approximately \$96-\$100

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THIRD YEAR OF THE ELECTRIC RATE PLAN

1. Due to impacts of the COVID-19 Local Emergency Declaration, on December 22, 2020, the Board of Public Utilities unanimously voted to forward a recommendation to City Council to delay the implementation of the third year of the electric rate plan until March 31, 2021.
2. On January 5, 2021, City Council unanimously voted to direct the City Manager to delay the implementation of the third year of the electric rate plan until March 31, 2021 and direct staff to provide a report on customer delinquencies.

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ACCOUNT DELINQUENCIES

1. On March 17, 2020, City Council unanimously voted to direct the City Manager to **suspend discontinuance of water, electric, sewer and refuse utility service for nonpayment** during the declared COVID-19 pandemic.
2. Utility customer accounts receivable and delinquencies have increased from 15% or \$30.3M in March 2020 to 47% or \$44.6M in January 2021.

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THIRD YEAR OF THE ELECTRIC RATE PLAN FISCAL IMPACT

3. Delaying the implementation of the third year of the electric rate plan from January 1, 2021 to April 1, 2021 is estimated to reduce revenues by \$2.1M.
4. Anticipated revenues in calendar year 2021 = \$9.7M from 2020 rate plan increase of 3.0%
5. Electric Fund already in "deficit spending" condition as planned in current approved rates
6. Revenues + Reserves (\$21M) = Expenses
7. Electric Fund Reserves estimated to reduce by \$100M

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THIRD YEAR OF THE ELECTRIC RATE PLAN FISCAL IMPACT

In Millions	June 30, 2020
Undesignated Reserves	\$ 193.1
Customer Deposits	4.8
Capital Repair and Replacement	5.6
Electric Reliability	79.1
Mission Square Improvement	1.8
Additional Decommissioning Liability	11.7
Dark Fiber	3.6
Total	\$ 299.7

LESS:

RTRP Expenses \$79.1
 Budget Deficit-CY 21 \$21.0
 Budget Deficit-CY 22 \$15.0

Estimated Reserves \$184.6

38% Decrease over next 2 years

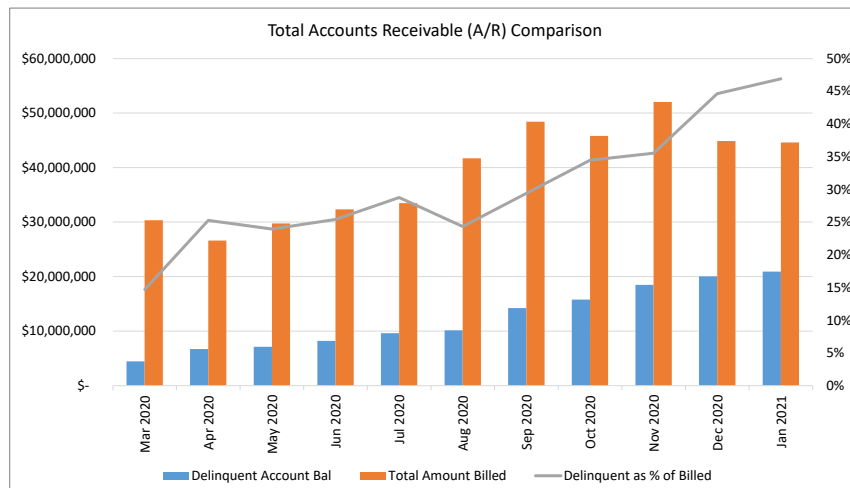
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ACCOUNTS STATUS ALL SERVICES (Electric, Water, Sewer & Refuse)



Notes: 1) Updated through January 26th, 2021.
 2) Delinquent % of Billed is the delinquent balance divided by the total amount billed.

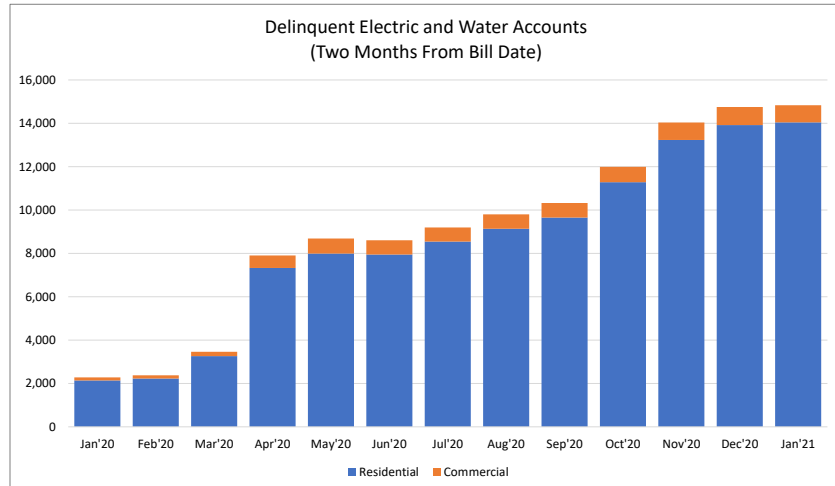
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NUMBER OF ACCOUNTS PAST DUE



Notes: 1) January 2021 customer count as of 1/26/21.
2) Includes active delinquent accounts.

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UNPAID CUSTOMER ACCOUNTS

Electric and Water Service	30 to 60 days past due	60 to 90 days past due	90 to 120 days past due	over 120 days past due	Total
# of Residential Accounts	6,814	3,450	2,414	8,181	20,859
# of Commercial* Accounts	606	186	100	504	1,396
# of Accounts	7,420	3,636	2,514	8,685	22,255
Total value of account balances	\$ 4,144,036	\$ 2,647,583	\$ 2,463,467	\$ 8,082,727	\$ 17,337,812

*Commercial Accounts are inclusive of all businesses, records are not available for the business size or service

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CUSTOMER ASSISTANCE PROGRAMS

1. Suspended utility service shut-offs for nonpayment
2. Residential Assistance Programs
<http://www.riversidepublicutilities.com/residents/rebates-assistance.asp>
 1. COVID - Emergency Recovery Assistance Program (ERAP) - residential electric customers with a one-time \$400 credit towards their utility bill
 2. SHARE –assists qualified active residential customers with reduced account deposits and monthly credits for electric and water bills
3. Business Assistance Programs
 COVID - Small Business Deposit Credit <https://riversideca.gov/sbdc>
4. Federal and State COVID Relief
 Rental Assistance Aid includes utility bill assistance

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RECOMMENDATION

That the City Council:

1. Receive a report on utility customer account delinquencies;
2. Consider support of the Board of Public Utilities recommendation to begin implementation of the third year of the electric rate plan (scheduled January 2021) in the approved amount of 3.0% effective April 1, 2021 **or**

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RECOMMENDATION (con't)

That the City Council:

3. Provide direction to the City Manager to establish the date on which to implement the third year of the electric rate plan (scheduled January 2021), and forward that recommendation to the Board of Public Utilities per Charter Section 1202, (e) for consideration and ratification before implementation.