



ELECTRIC COST OF SERVICE ANALYSIS AND RATE DESIGN

Riverside Public Utilities

Board of Public Utilities
September 27, 2021

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BACKGROUND

1. Previous Electric Cost of Service Analysis and Rate Design completed in 2018
 - a. Supported the Electric Utility Five-Year Rate Plan
 - b. Effective January 1, 2019, with final year effective January 1, 2023
2. Funded the first five years of ten-year electric infrastructure plan
3. Updated Electric Cost of Service Analysis and Rate Design necessary to plan beyond current Electric Utility Five-Year Rate Plan

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ELECTRIC COSA AND RATE DESIGN PROJECT

1. Comprehensive review of all rate schedules
2. Forecasts future revenue requirements
3. Equitable allocation of costs among customer classes
4. Electric utility rate trends study
5. Five-year proposed rate design recommendation
6. Customer impact rate design model
7. Self-Generation Program review
 - a. New program for RPU customers installing qualifying renewable electric generation facilities



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FUTURE ELECTRIC REVENUE REQUIREMENTS

Considerations:

1. Changing Industry and Regulatory Requirements –The impacts of distributed generation, electric vehicles, and renewable energy portfolio requirements
2. Operating and Infrastructure Costs – Production, transmission, distribution, and capital improvements
3. Essential to identify the cost to serve the City's customers and ensure equitable allocation of cost responsibility among customer rate classes.



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RFP 2074

1. January 20, 2021 – RFP was posted on PlanetBids
2. March 3, 2021 – Proposals were received from six consultants
 - One proposal was incomplete and deemed non-responsive
3. RPU staff completed proposal reviews, interviews, evaluation, and scoring
4. NewGen Strategies and Solutions, LLC received the highest score
5. A review of the proposed Self-Generation Program is included under Phase V Other Related Services



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ELECTRIC COSA AND RATE DESIGN PROJECT

Company	City, State	RFP Proposal Amount	Rank
NewGen Strategies and Solutions, LLC	Lakewood, CO	\$74,238	1
EES Consulting	Marietta, GA	\$43,730	2
Leidos Engineering, LLC	Reston, VA	\$78,740	3
PA Consulting Group, Inc	Los Angeles, CA	\$163,410	4
ScottMadden, Inc	Westborough, MA	\$173,480	5
TerraVerde Energy, LLC*	San Francisco, CA	\$0	6

* Non-Responsive



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ELECTRIC COSA AND RATE DESIGN PROJECT

Consultant: NewGen Strategies and Solutions, LLC	Amount
Phases I, II, and III- Cost of Service Analysis, Rate Trends Study, Rate Design	\$74,238
Phase IV- Customer Impact Rate Design Model	\$5,508
Phase V- Self-Generation Program Review	\$47,858
Grand Total	\$127,604

STRATEGIC PLAN ALIGNMENT

This item is consistent with the following Strategic Priority:

Infrastructure, Mobility & Connectivity- Goal 6.2. Maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

STRATEGIC PLAN ALIGNMENT

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** –The Project is transparent and developed with our customers' and the community's wellbeing as a top priority.
2. **Equity** –The Project includes an equitable allocation of costs among customer classes which is incorporated into the resulting rate design recommendation.
3. **Fiscal Responsibility** – The Project incorporates a forecasted revenue requirement that includes operating and capital expenditures funded by the prudent use of rate revenue, bond proceeds, and reserves.
4. **Innovation** –The Project includes the Electric Utility Rate Trend Study that evaluates emerging rate structures, technologies, and trends and how they may apply or be implemented by RPU.
5. **Sustainability & Resiliency** – The Project will design future rates for a five-year period to equitably recover costs while maintaining the financial health of RPU.



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RECOMMENDATION

That the Board of Public Utilities:

1. Approve Professional Consultant Services Agreement from RFP No 2074 for Electric Cost of Service Analysis and Rate Design with NewGen Strategies and Solutions, LLC., for a term to December 31, 2023; and
2. Authorize the City Manager, or his designee, to execute the Agreement including the optional two-year contract extension.



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