



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: FEBRUARY 23, 2026

SUBJECT: ESTABLISH 2026 ANNUAL INTEREST RATE OF 3.91% TO BE PAID ON CUSTOMER DEPOSITS

ISSUE:

Consider approving an annual interest rate on customer deposits for the calendar year 2026 at the rate of 3.91% per annum, as provided by Riverside Public Utilities' Electric and Water Rules.

RECOMMENDATION:

That the Board of Public Utilities approves the annual interest rate on customer deposits for the calendar year 2026 at the rate of 3.91% per annum, as provided by Riverside Public Utilities' Electric and Water Rules.

BACKGROUND:

Per Electric and Water Rules 4, deposits are collected from customers who wish to establish service that do not have a good credit history, based on review from a national credit bureau which evaluates the history of late payments and other negative events, or from customers who have been disconnected and want service to be reconnected. Approximately 14% of Riverside Public Utilities'(RPU)customers meet the criteria of this category, with combined deposits totaling over \$7.2 million. Currently, 73% of that total represents commercial customers.

The minimum residential deposit is \$200 for electric and \$40 for water service. Commercial customers are charged a deposit equal to twice the estimated average monthly bill for service, but no less than the minimum paid by residential customers for the same service. Interest is applied monthly to the deposits received. Deposits are held until discontinuance of service or until the customer has maintained good standing for one year. If the customer account has maintained good standing for one year, the deposit, including interest, is applied to the customer's account to offset any outstanding balance or refunded to the customer if no balance is due. Electric and Water Rules 4 require the Board of Public Utilities to annually establish the interest rate for the held deposits.

DISCUSSION:

The methodology used to determine the amount of interest to record monthly to utility customer deposits is based on the average of the 1-year Daily Treasury Yield rates for the last calendar

year. The use of the 1-year Treasury Yield rates average for the allocation of interest to deposits is based on the same type of short-term security the City of Riverside acquires for use in the Citywide investment portfolio.

The 1-year rates are obtained from the U.S. Department of the Treasury website. The rate calculated for 2026 is 3.91%.

FISCAL IMPACT:

The fiscal impact to the Electric and Water Utilities is minor. The deposits held as collateral are only returned if the customer account is in good standing after one year of service or upon termination of utility services. Deposits returned at the end of 12 months carry negligible interest cost to Riverside Public Utilities.

Prepared by:	Brian Seinturier, Utilities Assistant General Manager/Finance and Administration
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Gilbert Hernandez, Interim Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Water Rule 4 – Deposits and Service Turn-On Charge
2. Electric Rule 4 – Deposits and Service Turn-On Charge
3. Presentation