



Electric Utility and Water Utility 5-Year Rate Proposal FY 2018 - 2022

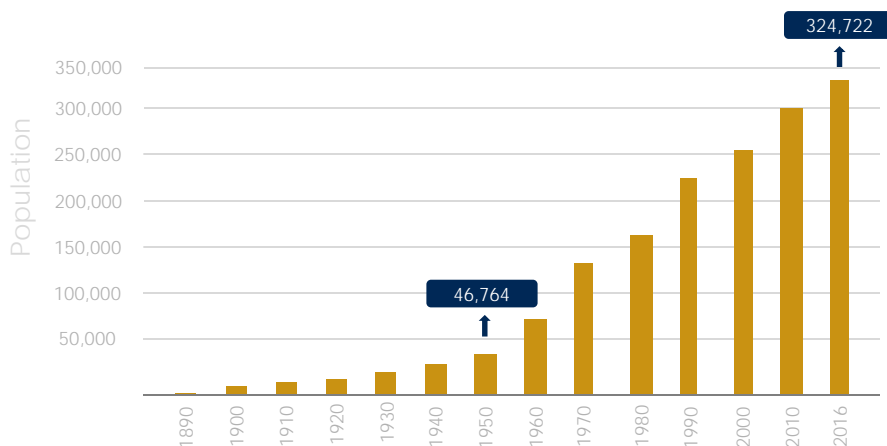
Board of Public Utilities
August 28, 2017

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Population Growth



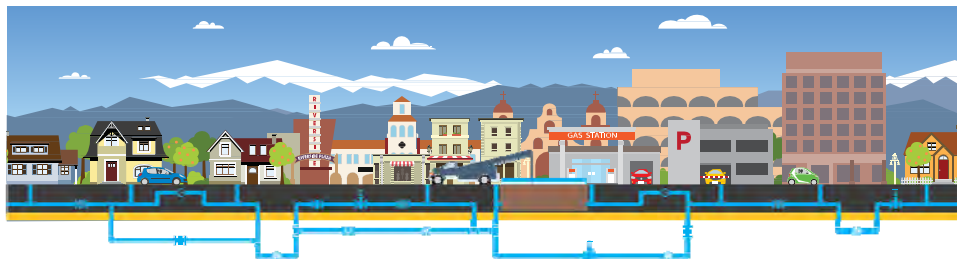
Sources: American Fact Finder/Census.gov and State of California, Department of Finance

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Water-Energy-Life



WATER – ENERGY - LIFE Utility 2.0 – Planning For Our Future 10-Year Infrastructure Plan

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10-Year Infrastructure Outlook

ASCE Grading Scale

- A** Exceptional – Fit for the Future
- B** Good – Adequate for Now
- C** Mediocre – Requires Attention
- D** Poor – At Risk
- F** Failing/Critical – Unfit for Purpose



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10-Year Infrastructure Outlook

ASCE Grading Scale



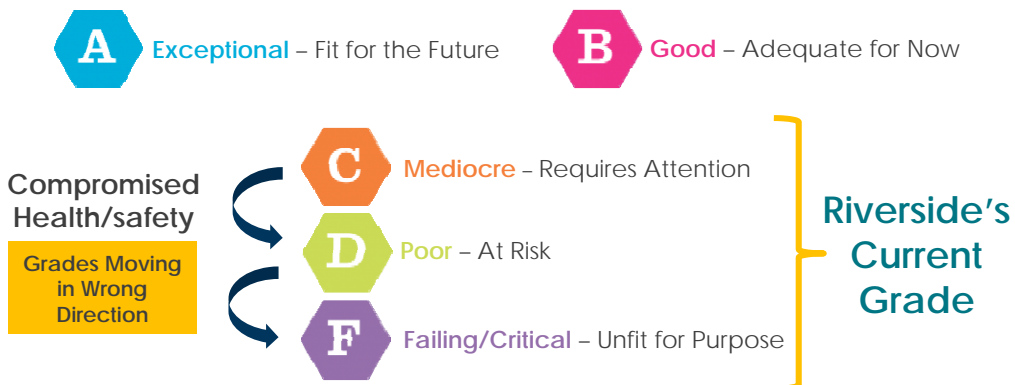
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10-Year Infrastructure Outlook

Without Accelerating Repair and Replacement

ASCE Grading Scale



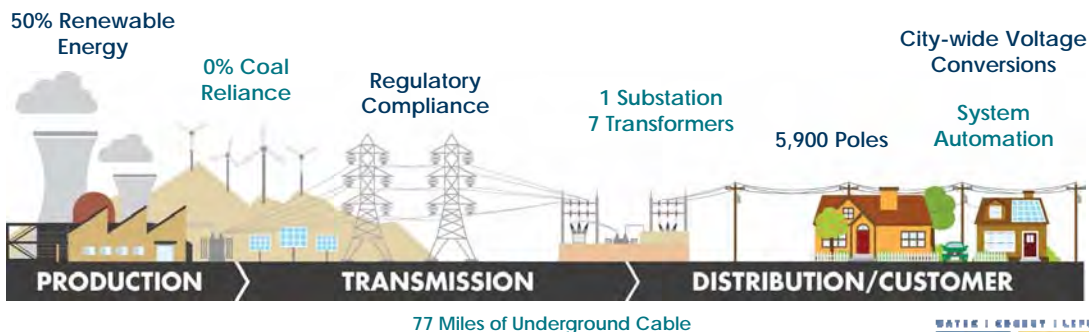
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Implementing Proposed 10-Year Plan

Moving to a **B** Good – Adequate for Now

5 Year Costs: \$ 335 Million



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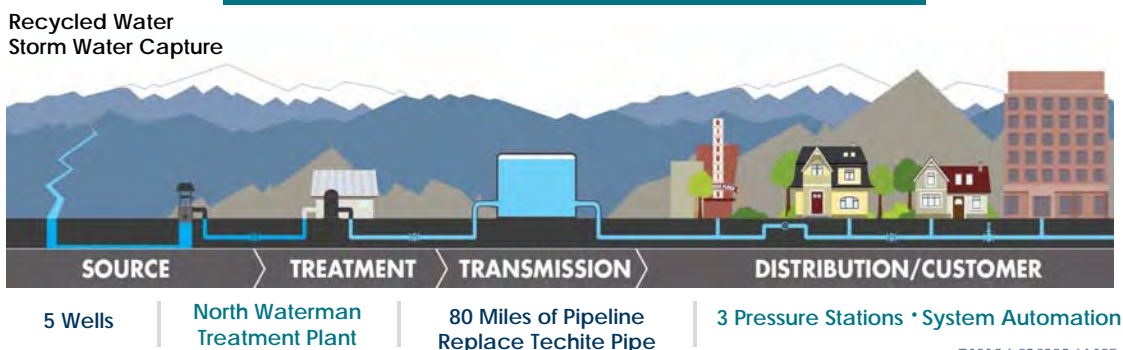


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Implementing Proposed 10-Year Plan

Moving to a **B** Good – Adequate for Now

5 Year Costs: \$ 171 Million



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7 Years Without a Rate Increase



7 Years
since the last
water increase (2010)



7 Years
since the last
electric increase (2010)



Renewable Power Requirements
Increased from
20% to 50%
since the last rate plan



Five-year California Drought
(2011-2016)
Hottest and Driest in
Instrumental Record
since the late 1800s

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The Cost of Average Household Items in 2010



Tide Laundry Detergent
2010 - \$7.97



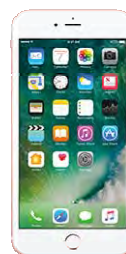
1 pound of bacon
2010 - \$3.22



1 pound of potatoes
2010 - \$0.52



Movie ticket
2010 - \$7.50



iPhone 4
2010 - \$399

Source: ThePeopleHistory.com/pricebasket.html






Source: Apple.com

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Cost Increase ↑ of Average Household Items

 <p>↑ 58% \$</p> <p>Tide Laundry Detergent 2010 - \$7.97 2016 - \$12.57</p>	 <p>↑ 39% \$</p> <p>1 pound of bacon 2010 - \$3.22 2016 - \$4.48</p>	 <p>↑ 50% \$</p> <p>1 pound of potatoes 2010 - \$0.52 2016 - \$0.78</p>	
			 <p>↑ 63% \$</p> <p>iPhone 4 2010 - \$399 iPhone 7 2016 - \$649</p>
			 <p>↑ 40% \$</p> <p>Movie ticket 2010 - \$7.50 2016 - \$10.49</p>

Source: ThePeopleHistory.com/pricebasket.html Source: Apple.com


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Cost Increase for RPU since 2010

 <p>RPU Electric \$0.10/kWh (2010)</p>	 <p>WATER ENERGY LIFE CITY OF RIVERSIDE PUBLIC UTILITIES</p>	 <p>RPU Water \$1.14/ccf (2010)</p>
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Cost Increase for RPU since 2010




RPU Electric
\$0.10/kWh
(2016)
\$0.10/kWh (2010)


WATER | ENERGY | LIFE



0%



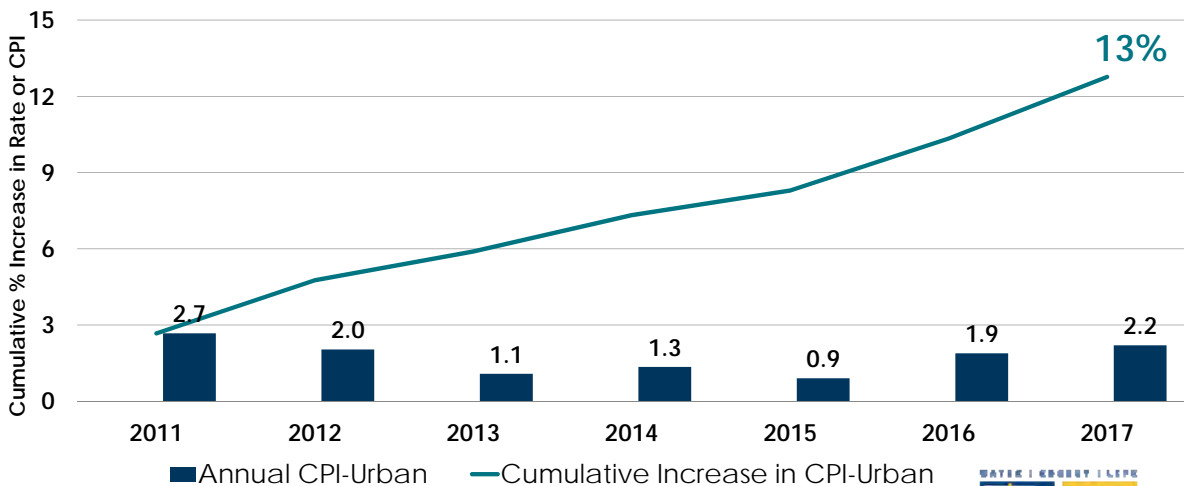
RPU Water
\$1.14/ccf
(2016)
\$1.14/ccf (2010)


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Urban CPI Over the Last 7 Years

Cumulative Increase is 13%



Year	Annual CPI-Urban (%)	Cumulative Increase in CPI-Urban (%)
2011	2.7	2.7
2012	2.0	4.7
2013	1.1	5.8
2014	1.3	7.1
2015	0.9	8.0
2016	1.9	9.9
2017	2.2	13.0


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Average Rate Change

Proposed Electric Rates		
Year	Fiscal Year	% Change
1	17/18	5.00%
2	18/19	5.00%
3	19/20	5.00%
4	20/21	5.00%
5	21/22	4.00%
6	22/23	CPI
7	23/24	CPI
8	24/25	CPI
9	25/26	CPI
10	26/27	CPI
5 Year Avg		4.80%

Proposed Water Rates		
Year	Fiscal Year	% Change
1	17/18	8.75%
2	18/19	8.50%
3	19/20	8.50%
4	20/21	8.50%
5	21/22	8.50%
6	22/23	CPI
7	23/24	CPI
8	24/25	CPI
9	25/26	CPI
10	26/27	CPI
5 Year Avg		8.55%

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Residential Average Monthly Bill Increase for Each of the Next 5 Years

Residential 5 year Average Annual Price Change	Low-Use 355 kWh 12 CCF	Typical-Use 592 kWh 19 CCF	High-Use 1400 kWh 29 CCF
Electric	\$3.11 (5%)	\$5.18 (5%)	\$11.56 (4%)
Water	\$4.05 (12%)	\$4.56 (10%)	\$6.48 (8%)
Average Combined	\$7.15 (7%)	\$9.74 (7%)	\$18.05 (5%)

Includes Public Benefits Charge and Water Conservation Surcharge

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Commercial Average Monthly Bill Increase for Each of the Next 5 Years


Commercial 5 year Average Annual Price Change	Small 500 kWh 10 CCF	Medium 2400 kWh 37 CCF	Large 8000 kWh 119 CCF
Electric	\$3.70 (3%)	\$17.32 (4%)	\$40.92 (3%)
Water	\$4.24 (12%)	\$7.90 (8%)	\$23.57 (8%)
Average Combined	\$7.94 (5%)	\$25.22 (5%)	\$64.49 (4%)


Includes Public Benefits Charge and Water Conservation Surcharge


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Current Competitive Advantages Remain "Business Friendly"


 **Low residential and commercial utility rates**


 **Large industrial customers rates as low as 10% lower than SCE**

 **New and lower restructured Reliability Charge for small industrial TOU customers**

 **Economic Development Rate incentives to encourage business expansion and attraction**

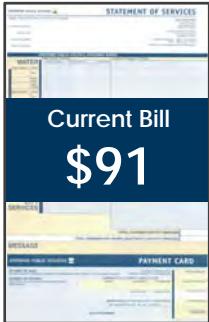
 **New and lower High Voltage Rate**

 **New Green Power Rate**


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Ways We Can Help You Save

Typical Residential Monthly Electric Bill:



Current Bill
\$91




\$5

Proposed Bill Increase

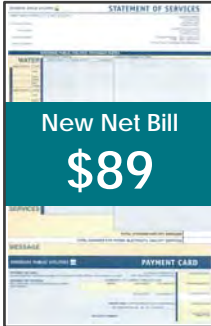


Retail Cost of 10 Bulbs	\$40
RPU's Contribution	(\$30)
Customer Cost	\$10

Decrease if Implemented



\$7



New Net Bill
\$89

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Ways We Can Help You Save

Typical Residential Monthly Water Bill:



Current Bill
\$38



\$5

Proposed Bill Increase



Retail Cost of a WBIC	\$250
RPU's Rebate	(\$200)
Customer Cost	\$50
FreeSprinklerNozzles.com	\$0

Decrease if Implemented



\$6



New Net Bill
\$37

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RPU offers more than 40 rebates to help you save!

Energy Star Ceiling Fan \$150
RPU Rebate (\$50)
 Net cost \$100



Energy Star TV \$300
RPU Rebate (\$150)
 Net cost \$150



Solar Attic Fan \$300
RPU Rebate (\$100)
 Net cost \$200



For information:
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Or call **311** **FOR CITY SERVICES**



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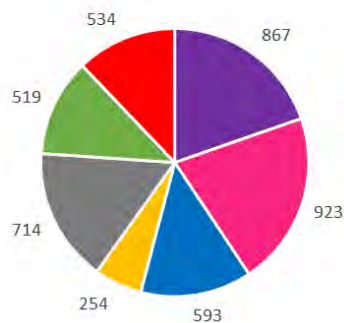
Low Income Assistance in All Wards

SHARE Participation Citywide	
Ward 1	867
Ward 2	923
Ward 3	593
Ward 4	254
Ward 5	714
Ward 6	519
Ward 7	534
Total	4404

* Total between 7/18/2016 and 7/17/2017

SHARE Participation Citywide
 Total = 4,404

- Ward 1
- Ward 2
- Ward 3
- Ward 4
- Ward 5
- Ward 6
- Ward 7



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Proposed Low Income Electric Programs

1. Energy Savings Assistance Program:

Include additional direct installation measures for energy efficiency

2. Affordable Solar Energy for Riverside:

Increase PV rebate amount per kW

3. Rebates:

Increase Energy Star rebates for SHARE eligible customers



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Proposed Low Income Electric Programs

4. Customer Engagement Program:

Enroll SHARE customers to receive customized home energy reports

5. LED Program:

Direct mail LED bulbs to each SHARE customer

6. Increase marketing and promotion for Low Income programs



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Proposed Low Income Water Programs

1. Energy Savings Assistance Program:

Include additional direct installation measures for water efficiency

- a. High Efficiency Toilets, Shower Heads and Faucet Aerators
- b. Indoor / Outdoor Water Audit



2. Increase marketing and promotion for Low Income programs

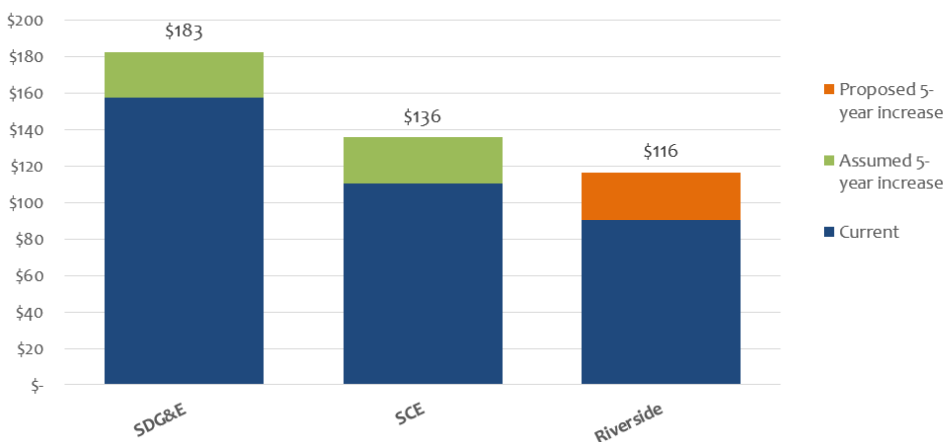


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Proposed Electric Rate Remains Competitive

Proposed average residential rate for 592 kWh per month

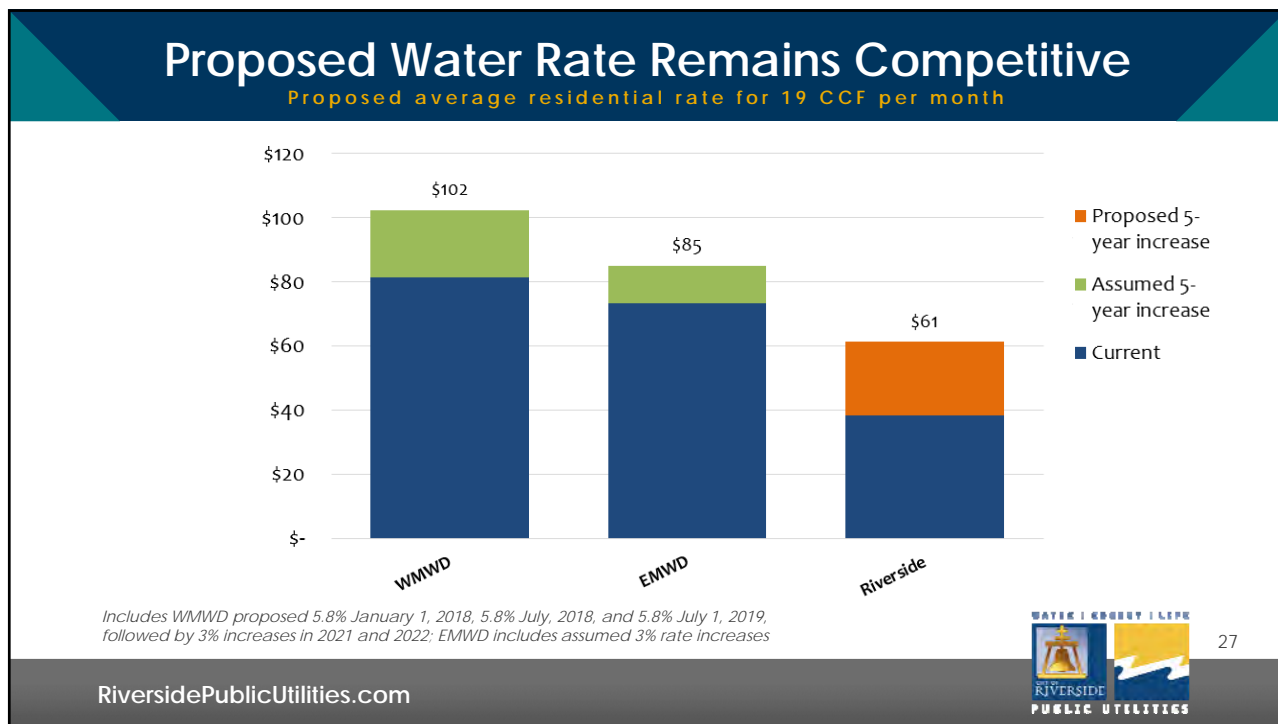


SCE- 2018 to 2020 General Rate Case Papers ; 2021-2022 (average of 2018 to 2020); SDG&E- Assumed 3% per year




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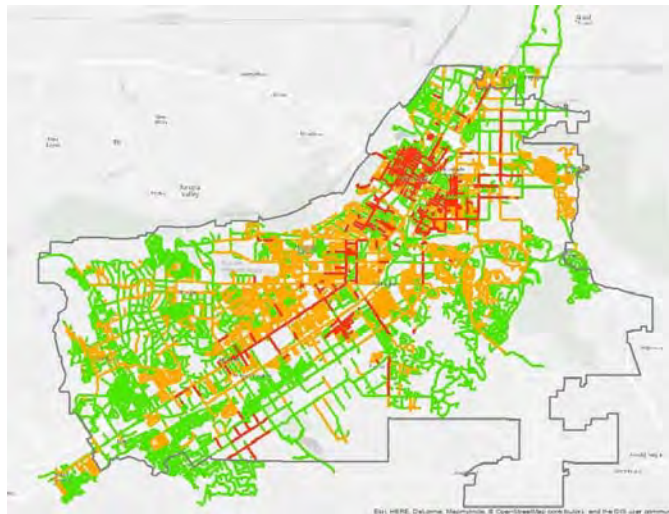


Infrastructure REPAIR AND REPLACE


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Aging Pipes



- 80+ Years old
- 50-80 Years old
- 1-50 Years old

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60 Substation Transformers



10 are over 60 years old

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22,637 Utility Poles



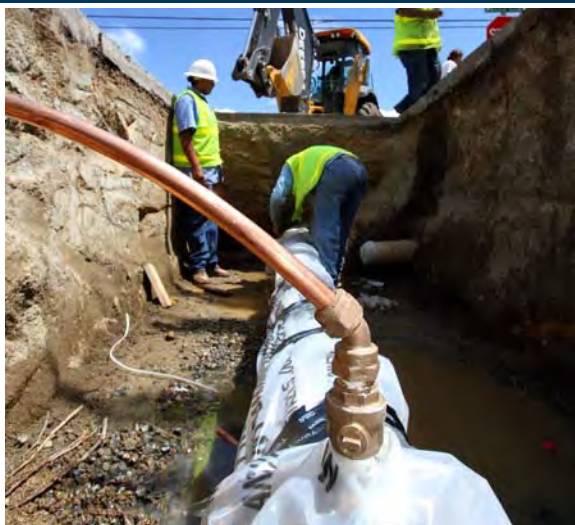
39% are over 60 years old

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824 Miles of Distribution Mains



30% are over 60 years old

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November 2016 – Sinkhole

Victoria Avenue/Lyon



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March 2017 – Sinkhole

Cypress/Warren



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August 2016 – Sinkhole

3rd Street



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March 2016 - Microburst

La Sierra



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Harvey Lynn Substation Explosion

March 2014



From this...



...to this.

Harvey
Lynn
Substation
Explosion
March 2014

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UCLA Water Main Break



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July 7, 2017 – Cedars Sinai



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July 8, 2017



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July 31, 2017



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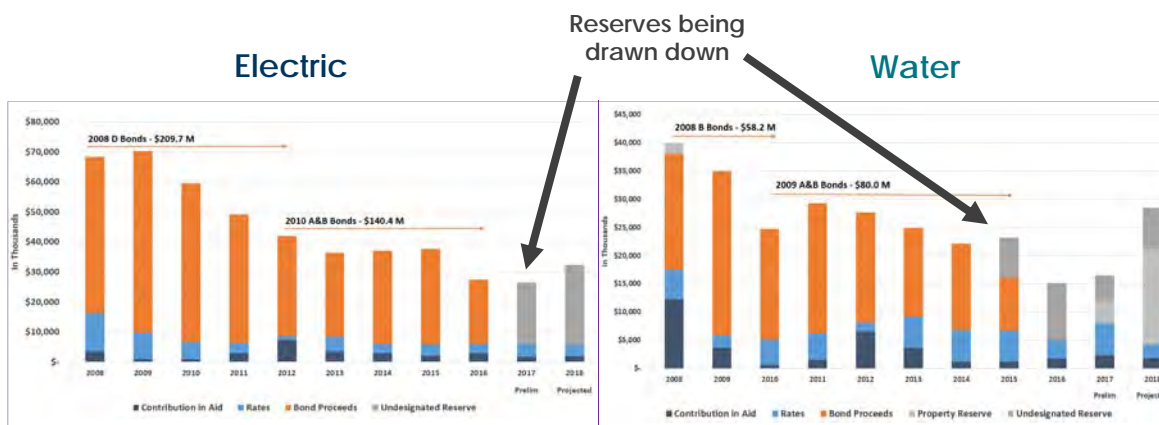
August 1, 2017



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Bonds – All Proceeds Used up 6/30/16

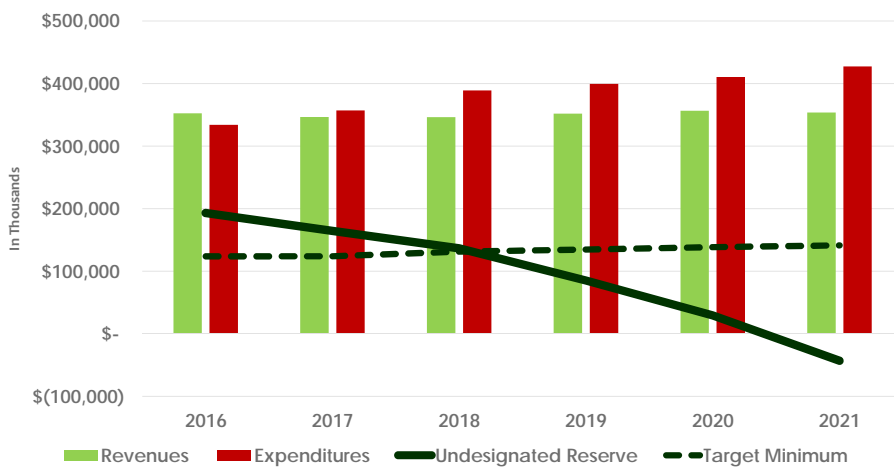


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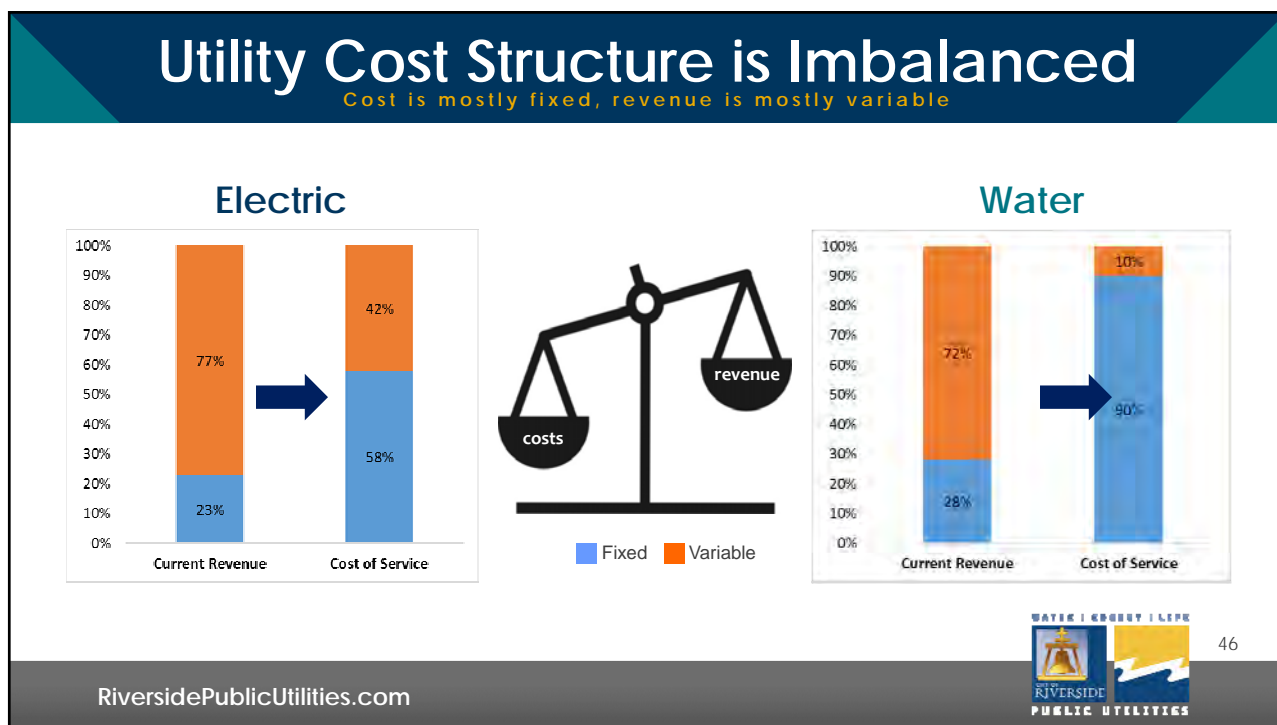
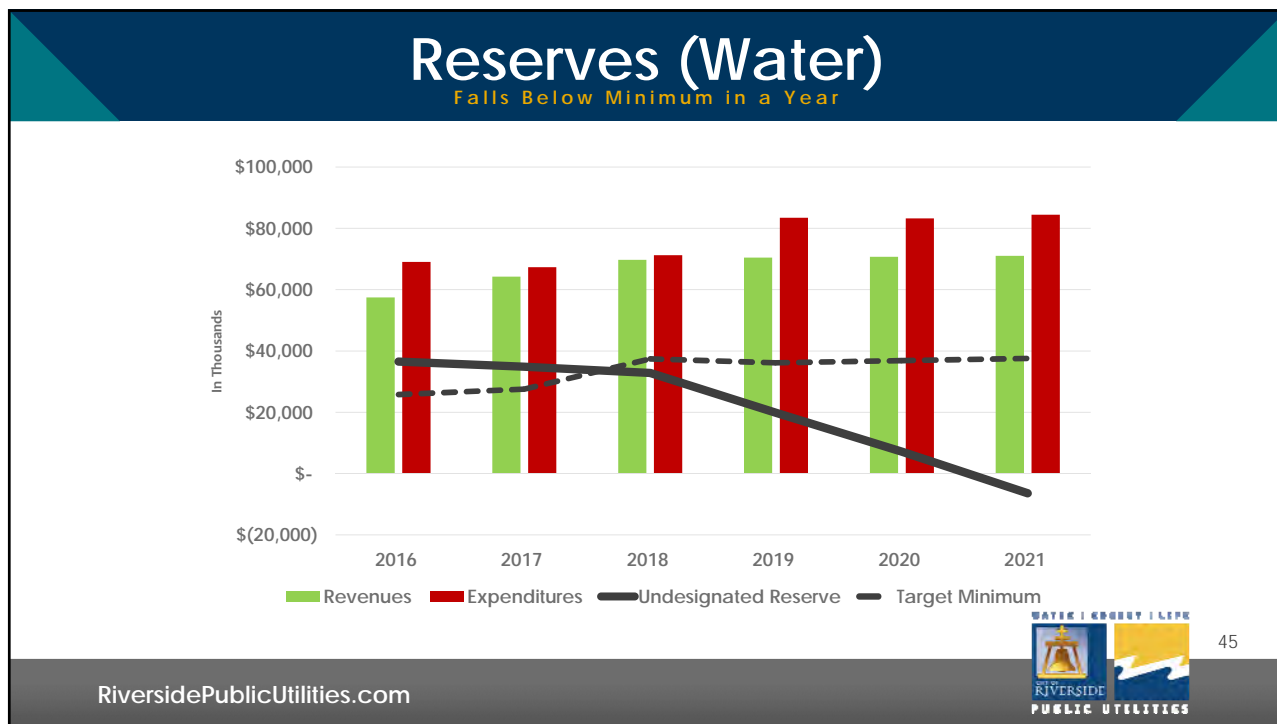
Reserves (Electric)

Falls Below Minimum in a Year



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Revenues From Other Sources

1. Excess Renewable Energy Sales, to be realized in upcoming years

\$3-5 million/year

2. Adding PV Solar to well sites and lowering Edison electric cost

\$800,000/year



Revenues From Other Sources

3. Transmission revenues from California Independent System Operator

\$36 - \$40 million/year over next 5 years; helps offset transmission access costs

4. Cap-and-Trade Revenues

\$18 million from 2013 to date; \$15 million next 3 years

5. Selling Scheduling Coordinator Services to cities of Banning and Rancho Cucamonga

\$750,000/year



Revenues From Other Sources

6. \$85 million Line of Credit

reduces the amount of cash reserves we have to maintain and lowers rate



7. Western Wheeling and Excess Commodity Agreement

\$100 million over 20 years

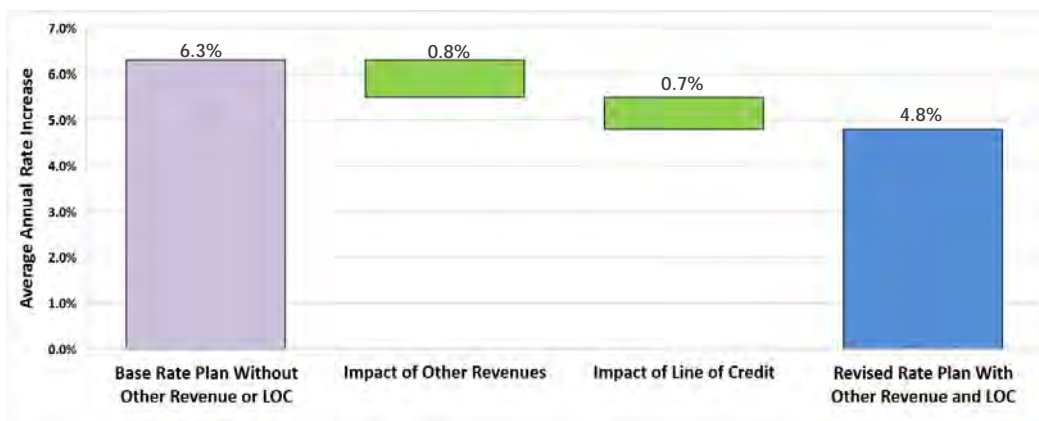
8. 55-year lease with Hillwood

potential for \$45 million



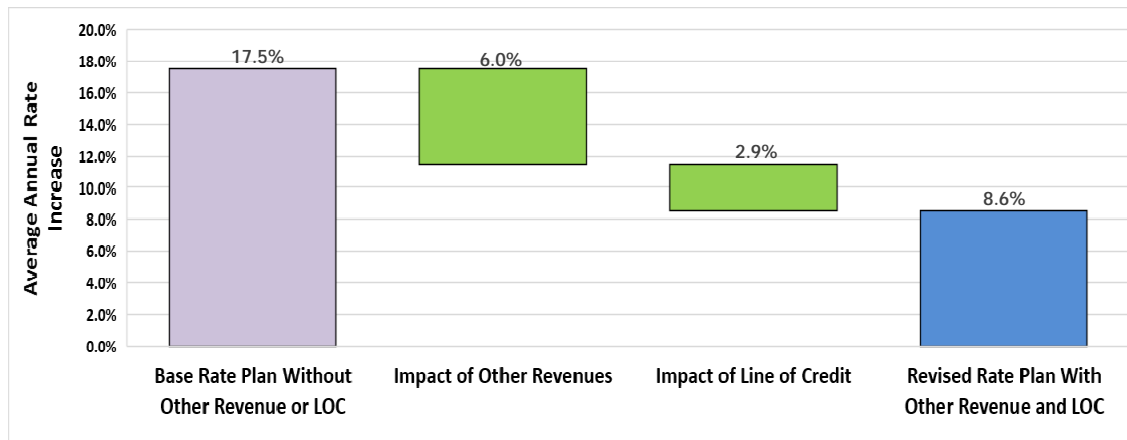
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Electric Rates Lowered From 6.3% to 4.8%



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Water Rates Lowered From 17.5% to 8.6%



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Community Outreach

PROPOSAL	OUTREACH	RECOMMENDATION	IMPLEMENTATION
August 28 – RPU Board September 26 – City Council	Oct - Nov	January – RPU Board February – City Council	April 2, 2018

Outreach Goals

1. Describe proposal
2. Answer questions
3. Get feedback

Outreach Process

1. Community meetings in all Wards
2. Informational mailers

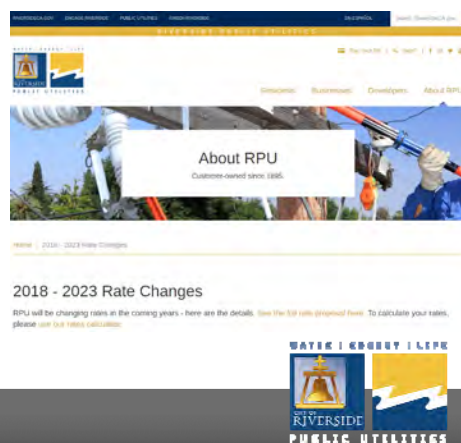


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Community Outreach Resources

1. **Collateral pieces** at all community meetings and public locations including libraries and community centers
2. **Website** – Rate calculator, FAQ’s, Ways to Save, Rate comparisons, ASCE Video Link
3. **Customer Service** – specific training for staff to answer rate-related questions
4. **Bill inserts**
5. **Engagement** through EngageRiverside portal & **Social Media**

ENGAGE RIVERSIDE



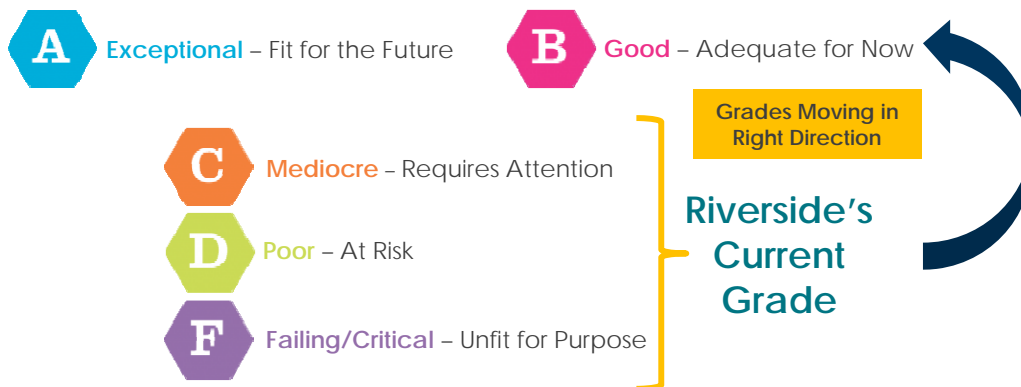
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10-Year Infrastructure Outlook

With Accelerated Repair and Replacement

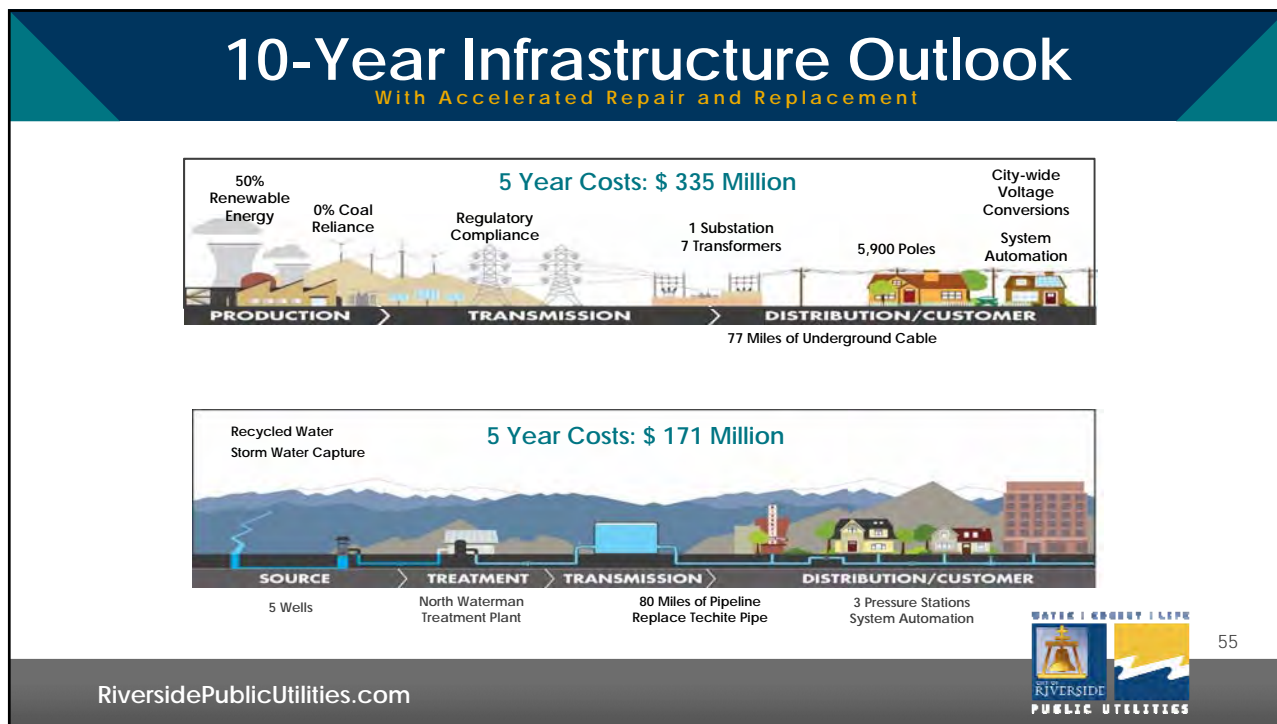
ASCE Grading Scale



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Recommendations

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

1. Review the Electric and Water Utility 5-year Rate Proposal (Utility Rate Proposal) developed to repair and replace aging and critical utility infrastructure; maintain public health and safety; maintain utility financial health; and improve customer service as per the City Council’s direction on October 6, 2015 to develop a financial plan for the 10-year Utility 2.0 Strategic Plan Option 3; and
2. Review proposal for annual consumer price index escalators for FY 2023-2027; and
3. Direct staff to conduct a citywide community outreach initiative of the Utility Rate Proposal in October and November 2017; and
4. Direct staff to return with a public hearing to the Board and City Council, in January and February 2018, respectively, with a final rate recommendation with new rates effective April 2018.

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