



Rate Plan Community Meeting Summary | Ward 3 | Wednesday, November 1, 2017

Riverside Public Utilities (RPU) staff made a presentation on RPU’s electric and water utility rate increase proposal. After being introduced by Mike Soubirous, Ward 3 City Council Member, RPU General Manager Girish Balachandran explained why additional revenues are needed to replace aging infrastructure in order to protect the public health and safety of Riverside’s homes and businesses.



Mike Soubirous, Ward 3 City Council Member, addressing meeting attendees

Meeting Location

Janet Goeske Senior Center
5257 Sierra Street, Riverside CA 92504

Number of Community Attendees

25

Organizations Represented

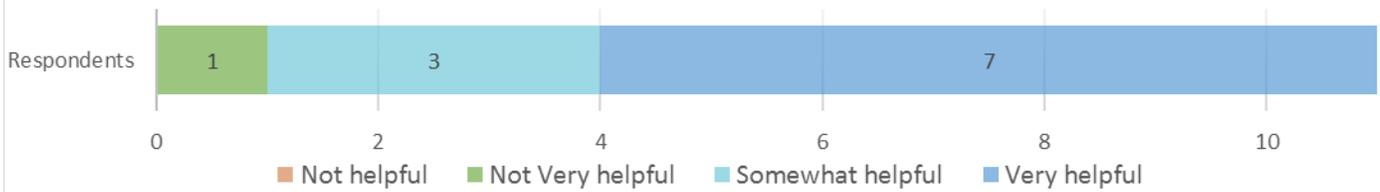
Janet Goeske Foundation

Speakers

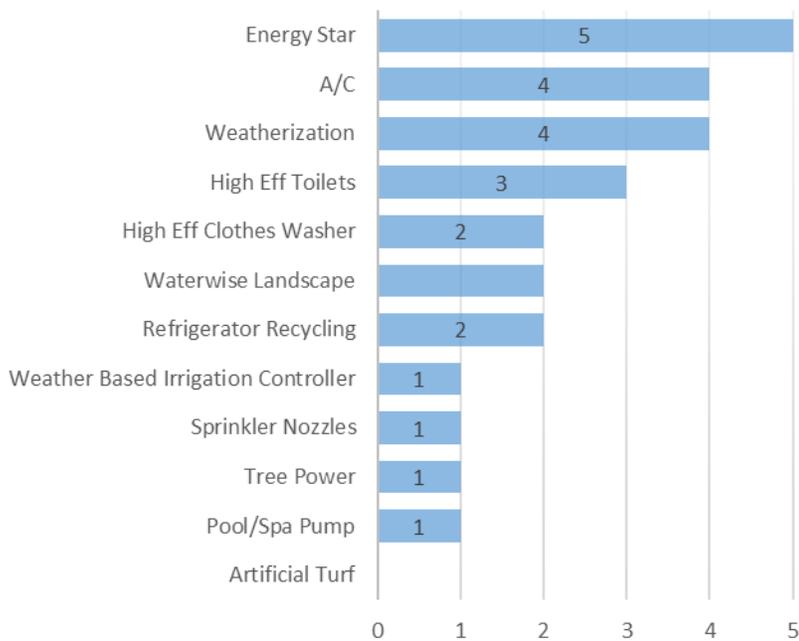
Mike Soubirous, Ward 3 Council Member
Girish Balachandran, RPU General Manager

FEEDBACK CARD RESULTS - Ward 3 Community Meeting 11/1/2017

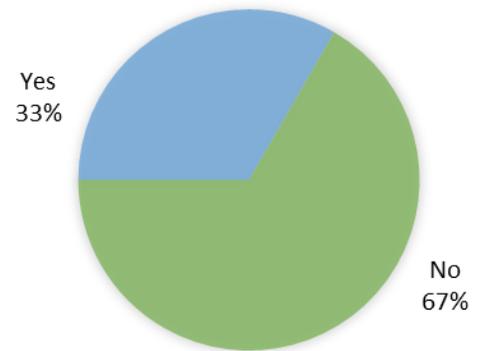
DID THE INFORMATION PROVIDED AT THE MEETING HELP YOU UNDERSTAND RPU'S RATE PROPOSAL?



NUMBER OF RESPONDENTS LIKELY TO USE AN RPU REBATE



33% OF RESPONDENTS KNOW ABOUT RPU'S 40 REBATE PROGRAMS

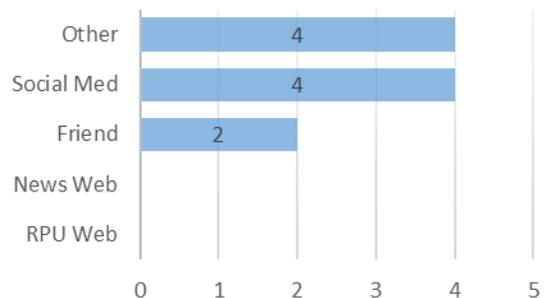


86% OF ATTENDEES WERE AWARE OF SHARE PROGRAM INCOME LIMITS

COMMENTS RECEIVED FROM ATTENDEES

- 25% increase is too high.
- I've used many rebates.
- No need to contact as I am aware of what is going on.
- Thank you for the information tonight. I belong in Ward 4 but this site is easier for me to get to this time. Thank you!
- When someone states a question, please repeat it back before answering.
- Great website.
- I have "auto pay" for my bills, so why do I still get a blue return envelope? Then I never receive benefits on CURE, etc. like those that pay monthly.
- Why such a vast selling effort? where is the opposite view?
- Why do I have to qualify to get an affordable rate?
- Would like to have presentation here at Janet Goeske re: SHARE.

HOW PEOPLE HEARD ABOUT INFORMATIONAL MEETING



Meeting Handouts/Presentation

Click on below links to download

- [Community Meeting Presentation](#)
- [Rate Proposal Flyer \(En Español\)](#)
- [Rate Proposal FAQs \(En Español\)](#)

Meeting Questions/Comments

Questions/Comments	Answers/Responses
General	
How do the proposed rates address legal requirements which prohibit charging more than cost of service?	The electric and water rate proposals are based on Cost of Service and Rate Design Studies which address all legal requirements governing rates. Both studies are available for download on RPU's website: RiversidePublicUtilities.com/rateplan/documents.asp
If the proposed rates are adopted, how long will the new rates be in effect, and how much money will they raise?	The rate plan proposes five annual increases averaging 4.8% per year for electric and 8.6% per year for water, then an annual cost-based price adjustment for the remaining five years. Over five years, the electric rate increase will generate \$185 million and the water rate increase will generate \$47 million. These revenues will help fund over \$400 million in capital projects to replace aging infrastructure, 75% of which will be financed using bond proceeds.
Is it true that rates in 10 years will be 100% more than what they are now?	No. The projected rate increase is 25% for electric and 45% for water for the first five years, followed by annual cost-based price adjustments for the remaining five years.
Renewable Energy	
Has RPU considered developing voluntary rates for 100% renewable energy?	A 100% "green" rate is currently under development. Additionally, the rate proposal includes two new time-of-use rates for electric vehicle owners. RPU is also working to develop community solar programs and early technology roll-outs to assist low-income and fixed income customers.

Questions/Comments	Answers/Responses
Infrastructure	
<p>How many electric distribution poles does RPU replace every year?</p>	<p>RPU currently replaces about 200 electric poles per year. Based on industry standards, RPU should be replacing 600 poles per year.</p>
<p>Why is RPU proposing to fund water supply projects when it is selling excess water supply to Western Municipal Water District?</p>	<p>RPU is responsible for meeting existing as well as future water supply needs. The rate plan includes funding for water supply projects to fully utilize available low-cost local water supplies, such as storm water and recycled water, in order to maintain Riverside's independence from high-cost and unreliable imported water supplies for the foreseeable future.</p>
<p>What has changed in the power business since Thomas Edison started it last century?</p>	<p>Reliable electric and water systems require ongoing investment. The reliability of Riverside's electric and water systems is directly the result of past rate increases approved by previous City Councils.</p>
<p>RPU should look for ways to rehabilitate the current system and reduce the proposed rate increase through use of new technologies and innovations.</p>	<p>RPU understands and appreciates this comment, which will be reflected to the City Council and Board of Public Utilities. RPU is adopting a number of new technologies, investment in which will save ratepayer money in the long run. However, there is a limit to how long infrastructure can be maintained before it reaches the end of its useful life and must be replaced. For example, RPU has identified 270 miles of steel water pipeline installed after World War II that is failing faster than expected and requires replacement. RPU tries to extend the usefulness of its infrastructure whenever possible, and is always open to new ideas and best practices.</p>
Agriculture	
<p>Has RPU considered what will happen to Riverside's agriculture and the Grow Riverside movement if the proposed increases to agricultural rates are approved? Riverside should incentivize more agriculture to bring more jobs and money into the city. Riverside should commit to a public benefit rate that provides a subsidy for agriculture and local food access. Riverside is uniquely poised for local food enterprise and industry, support of which aligns with the city's existing plans, goals, and policies.</p>	<p>RPU understands and appreciates these comments, which will be reflected to the City Council and Board of Public Utilities. RPU held a community meeting on October 30 specifically to discuss proposed changes to WA-3 and WA-9 grove rates. State law (Proposition 218) does not allow subsidies between different customer classes. RPU plans to propose the formation of a task force to assist RPU in identifying opportunities to support agriculture consistent with state law.</p>

Questions/Comments	Answers/Responses
Finance	
Is RPU able to access revenues from the increased state gas tax?	No. RPU's primary source of revenues are rates. RPU also generates revenues through selling/leasing land and water, providing services to other parties, and through regional and state programs.
Can RPU stop transferring revenues to the City's General Fund? If the rate increase is not approved, will the transfer be reduced? Would the City Council consider making the proposed rate increase revenue neutral for the General Fund Transfer and the Utility User Tax?	Riverside's City Charter provides for a transfer of up to 11.5% of RPU's gross revenues to the City's General Fund. This transfer helps fund public safety, emergency services, parks and recreation, and other community benefits. There are no proposed changes to this transfer.
How are funds generated by the existing Reliability Charge used to make infrastructure replacements? Is RPU proposing to increase the Reliability Charge?	The Reliability Charge was implemented in 2007 in order to repay bonds for the construction of four natural gas-fired power plants and a second interconnection to the statewide electric grid. The current rate proposal will not change how the Reliability Charge is used. Residential customers and most commercial customers will not see any change to their Reliability Charge. Commercial time-of-use customers will be switched from a flat Reliability Charge to one that is tiered based on demand.
What is the current balance of RPU's reserves, and why can't reserves be used to pay for infrastructure replacements?	Current reserve balances are roughly \$175 million for electric and \$35 million for water. RPU was able to increase reserves in the past due to selling water and leasing utility-owned property. Also, RPU has not hired as many employees as budgeted, resulting in labor cost savings that add to higher reserves. Over the last two years, RPU has been using these reserves to pay for infrastructure replacements. However, reserves will soon decrease below the minimum level established by City Council policy.
Doesn't make sense to me that you make so much money that you have to give to the city. Would you be willing to publish your salary costs for officials and agencies?	City of Riverside elected and executive salaries can be found on the following webpage: RiversideCA.gov/human/electedAndExecutiveSalaries.asp
Isn't financing with bonds the same as paying twice as much for the same thing?	RPU has a financial policy that requires a minimum reserve level in order to meet bond requirements and keep interest rates low, thus saving ratepayers millions over the lifetime of the bond. The proposed rate increase will support maintaining reserves and allow RPU to issue bonds for infrastructure replacement. This is not a double payment because the rate increase includes the costs associated with paying back the bonds.

Questions/Comments	Answers/Responses
What is the cost of service for one unit (one hundred cubic feet, or "CCF") of RPU water?	The cost of service for each individual customer class differs depending on their demands on the system. The Water Cost of Service Study provides a detailed review of the cost of service for each customer class, and how those costs are allocated through the proposed rates.
Why is RPU proposing to spend more on electric system operations (maintenance, fleet & fuel, and labor) than on electric infrastructure? Are RPU employees prepared to take a pay cut?	RPU management is not proposing salary cuts unless justified by market conditions. RPU is an enterprise that relies on the expertise of its professional staff. It is financially prudent for RPU to maintain salaries that are comparable to other municipal utilities; otherwise, RPU will invest in training new employees only to lose them to cities and investor-owned utilities that pay better. Utility employees are often required to work in dangerous environments, as well as on nights and weekends when responding to outages and emergencies. The rate plan proposes not to hire any additional employees over the next 10 years, and to instead ask existing staff to continue doing more with less by working smarter, using new technologies, and (for management) working longer hours without additional pay.
What is RPU doing to address excessive overtime?	RPU accepts responsibility for large overtime payments in the past, and has taken proactive steps to fix the problem. Specifically, RPU was short three electric dispatchers. These positions have now been filled as of the end of September. Overtime will continue to be high in 2017 but will be lower than in 2016; by 2018 this will no longer be an issue. Additionally, RPU managers have changed various protocols related to requesting and approving overtime, which will lead to a reduction in overtime use.

Affordability

RPU's tiered rates are causing my water bills to go up. I don't water my lawn and am trying to save the original trees on my acre-sized property. I may have to sell my house if rates continue to go up.	RPU's understands and appreciates these comments, which will be reflected to the City Council and Board of Public Utilities. RPU is doing everything possible to keep rates low. RPU has over 40 rebates and other programs to assist customers in reducing their bills and use water as efficiently as possible. RPU is also developing expanded programs to assist low-income and fixed income customers.
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Questions/Comments	Answers/Responses
Rate Design	
<p>Is RPU proposing to change its summer rates?</p>	<p>The proposed rate plan will expand the residential summer electric rate from 3 to 4 months, from June through September, allowing customers to benefit from more generous summer tiers and reflect summer weather and usage patterns.</p>
<p>Why did RPU not lower its residential Tier 4 rate when it stopped importing water?</p>	<p>RPU tiers its rates to allocate the cost of resources purchased to meet peak demand, such as the cost of imported water or the cost of building facilities to avoid buying imported water, to the upper tiers. In order to avoid importing water from northern California, RPU undertook several projects that provided for more groundwater production and better facilities to move water to higher elevations. As a result, RPU was able to stop taking imported water in 2008. However, RPU needed to fund these capital projects with Tier 4 revenues.</p>
Governance	
<p>Would you be willing to put the rate increase on a ballot and let the voters decide?</p>	<p>The citizens of Riverside, through their City Charter, gave the Board of Public Utilities the authority to propose utility rates, which are then either adopted or rejected by the City Council.</p>
Customer Assistance	
<p>RPU should consider additional assistance not just for low-income but also for fixed income customers, many of whom are elderly. Increases to annual Social Security payments are less than the proposed annual rate increases. RPU should change its SHARE program's annual \$150 bill credit to a monthly bill credit. RPU should also consider expanding its existing Utilicare to support more medical conditions. Other utilities give elderly customers bill discounts and more time to pay bills.</p>	<p>RPU understands and appreciates these comments, which will be reflected to the City Council and Board of Public Utilities. RPU has held two meetings with low-income and fixed income community advocates, and will be proposing changes and enhancements to its current low-income and fixed income assistance programs.</p>
<p>I have "auto pay" for my bills, so why do I still get a blue return envelope?</p>	<p>"Auto pay" customers will continue to receive paper bills until they sign up for paperless billing. When a paper bill is generated, the return envelope is inserted with the bill. When customers sign up for paperless billing, they will receive an alert to view their bill on-line, and will no longer receive printed bills with blue envelopes in the mail.</p>

Questions/Comments	Answers/Responses
Why do I have to qualify to get an affordable rate?	RPU's rates are and will continue to be affordable, especially when compared to neighboring electric and water utilities (15% less than Southern California Edison, 40% less than Western Municipal Water District). That said, low-income and fixed income customers have unique financial challenges and qualify for additional assistance to help them pay their utility bills.