

ANNUAL DISCLOSURE REPORT

CITY OF RIVERSIDE

PUBLIC UTILITIES DEPARTMENT

FISCAL YEAR ENDING JUNE 30, 2019

Series	Dated	CUSIP Numbers
VARIABLE RATE REFUNDING ELECTRIC REVENUE BONDS, ISSUE OF 2008A	MAY 1, 2008	768874PS2
VARIABLE RATE REFUNDING ELECTRIC REVENUE BONDS, ISSUE OF 2008C	MAY 1, 2008	768874PU7
ELECTRIC REVENUE BONDS, ISSUE OF 2008D	MAY 20, 2008	768874PV5 through 768874QT9
ELECTRIC REVENUE REFUNDING BONDS, ISSUE OF 2009A	DECEMBER 22, 2009	768874RN1 through 768874RW1
ELECTRIC REVENUE BONDS, ISSUE OF 2010A (FEDERALLY TAXABLE BUILD AMERICA BONDS – DIRECT PAYMENT)	DECEMBER 16, 2010	768874SH3 through 768874SG5
ELECTRIC REVENUE BONDS, ISSUE OF 2010B (TAX-EXEMPT; BANK QUALIFIED)	DECEMBER 16, 2010	768874SK6 through 768874SN0
REFUNDING ELECTRIC REVENUE BONDS, ISSUE OF 2013A	JULY 25, 2013	768874SS9 through 768874TP4
REFUNDING ELECTRIC REVENUE BONDS, ISSUE OF 2019A	FEBRUARY 26, 2019	768874TY5 through 768874UV9

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Fiscal Year 2019 Annual Report for the City of Riverside’s:

- Variable Rate Refunding Electric Revenue Bonds, Issue of 2008A (the “2008A Bonds”)
- Variable Rate Refunding Electric Revenue Bonds, Issue of 2008C (the 2008C Bonds”)
- Electric Revenue Bonds, Issue of 2008D (the “2008D Bonds”)
- Electric Revenue Refunding Bonds, Issue of 2009A (the “2009A Bonds”)
- Electric Revenue Bonds, Issue of 2010A (Federally Taxable Build America Bonds-Direct Payment) (the 2010A Bonds”)
- Electric Revenue Bonds, Issue of 2010B (Tax-Exempt: Bank Qualified) (the 2010B Bonds”)
- Refunding Electric Revenue Bonds, Issue of 2013A (the “2013A Bonds”)
- Refunding Electric Revenue Bonds, Issue of 2019A (the “2019A Bonds”)

As required by the continuing disclosure certificates executed and delivered by the City of Riverside (the “City”) relating to the above-reference bonds, the City provides the following:

Audited Financial Statements: Included by reference is the City of Riverside Comprehensive Annual Financial Report (“CAFR”) and the Public Utilities Financial Report for the year ending June 30, 2019, which includes the audited financial statements for both the City of Riverside and the City’s Electric Utility/System, prepared in accordance with generally accepted accounting principles. The City’s CAFR and Public Utilities Financial Report were filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Access System (“EMMA”) on December 27, 2019 and March 25, 2020 respectively.

Principal amount of the bonds outstanding as of the end of the immediately preceding Fiscal Year:

Series	Principal Outstanding
Fiscal Year Ended June 30, 2019	
2008A Bonds ⁽¹⁾	34,465,000
2008C Bonds ⁽¹⁾	32,150,000
2008D Bonds ⁽²⁾	0
2009A Bonds ⁽³⁾	0
2010A Bonds	133,290,000
2011A Bonds	41,025,000
2010B Bonds	2,210,000
2013A Bonds	38,990,000
2019A Bonds	283,325,000

⁽¹⁾ Partially defeased by 2019A Bond issuance.

⁽²⁾ Fully defeased by 2019A Bond issuance.

⁽³⁾ Final Principal payment made October 1, 2018.

With respect to the 2008A Bonds and the 2008C Bonds, balances in the respective reserve accounts as of the end of the immediately preceding Fiscal Year and statement of the respective reserve requirements:

Series	Reserve Account Balance	Reserve Requirement
Fiscal Year Ended June 30, 2019		
2008A Bonds	\$ 6,460,567	\$ 6,411,744
2008C Bonds	\$ 4,382,086	\$ 4,348,970
2008D Bonds ⁽¹⁾	\$0	\$0

⁽¹⁾As of the end of the immediately preceding Fiscal Year, the 2008D Bonds had maximum annual debt service of \$0.00 due to its defeasance associated with the issuance of the 2019A Bonds.

The 2008A Bond Reserve Requirement is defined as an amount equal to \$6,411,744.65.
The 2008C Bond Reserve Requirement is defined as an amount equal to \$4,348,970.73.
The 2008D Bond Reserve Requirement is defined as an amount equal to, as of any date of calculation, fifty percent (50%) of the maximum annual debt service on the 2008D Bonds.

Updated information comparable to the information in the table entitled “Electric System Facilities” as it appears in the Official Statement:

Electric System Facilities	
Fiscal Year Ended June 30, 2019	
Utility Plant (less provision for accumulated provision)	\$ 729,405,000
Construction in progress	\$ 65,307,000
Distribution – Overhead Circuit Miles	514
Underground Circuit Miles	834
Street Light Circuit Miles	1,059

Updated information comparable to the information in the table entitled “Annual Electricity Supply” as it appears in the Official Statement:

Annual Electricity Supply ⁽¹⁾			
Fiscal Year Ended June 30, 2019			
	<u>Cost in cents/kWh</u>	<u>mWh</u>	<u>Percentage</u>
IPP Generating Station	6.1	677,900	30.0%
Firm Contracts (Desert, BPA, CDWR and others)	6.1	511,500	22.6%
Palos Verde Nuclear Generating Station (“PVNGS”)	3.6	100,200	4.4%
RERC/Springs Clearwater	20.3	108,000	4.8%
Renewable Resources ⁽²⁾	6.3	864,100	38.2%
Total		2,261,700	100%

⁽¹⁾ Includes both native load, losses, and wholesale power sales.

⁽²⁾ Includes Hoover Costs.

Updated Information comparable to the information in the table entitled “Total Energy Generated and Purchased and Peak Demand” as it appears in the Official Statement:

Total Energy Generated and Purchased and Peak Demand	
Fiscal Year Ended June 30, 2019	
City Generation (mWh)	108,200
Other Sources (mWh)	2,153,500
System Total (mWh) ⁽¹⁾	2,261,700
System Native Load (mWh)	2,150,000
System Peak Demand (mW)	610.9

⁽¹⁾ Before system losses.

Updated information comparable to the information in the table entitled “Number of Meters/ Number of Metered Customers” as it appears in the Official Statement:

Number of Meters/Number of Metered Customers	
Fiscal Year Ended June 30, 2019	
Domestic	98,322
Commercial	11,219
Industrial	888
Other	51
Total-All Classes	110,480

Updated information comparable to the information in the table entitled “Energy Sold” as it appears in the Official Statement:

ENERGY SOLD (Millions of kWh)	
Fiscal Year Ended June 30, 2019	
Domestic	722
Commercial	434
Industrial	973
Wholesale Sales	-
Other	22
Total kWh Sold	2,150

Updated information comparable to the information in the table entitled “Percentage Increase in Electric Rates” as it appears in the Official Statement:

Percentage Increase in Electric Rates				
Effective Date	Overall System	Residential	Commercial	Industrial
July 1, 2019-June 30, 2020 ⁽¹⁾	3.00%	-	-	-

⁽¹⁾ 3.00% reflects average annual rate increase. Rate increases and bill impacts for individual customers are determined by customer class and consumption levels.

Updated information comparable to the information in the table entitled “Revenues From Sales of Electricity” as it appears in the Official Statement:

Revenues from Sales of Electricity (Dollars In Thousands)	
Fiscal Year Ended June 30, 2019	
Domestic	\$ 116,303
Commercial	69,878
Industrial	114,078
Other	4,824
Wholesale Sales	344
Transmission Revenue	35,730
Total	\$ 341,157

Updated information comparable to the information in the table entitled “Average Billing Price” as it appears in the Official Statement:

Average Billing Price (Cents per Kilowatt-Hour)	
Fiscal Year Ended June 30, 2019	
Domestic	16.1
Commercial	16.1
Industrial	11.7
Other	23.5
Average - All Classes Combined	14.2

Updated information comparable to the information in the table entitled “Historical Summary of Operations and Debt Service Coverage” as it appears in the Official Statement:

HISTORICAL SUMMARY OF OPERATIONS AND DEBT SERVICE	
For Fiscal Year Ended June 30, 2019 (Dollars in Thousands)	
Operating Revenues:	
Residential	\$ 116,303
Commercial	69,878
Industrial	114,078
Other sales	4,824
Wholesale	344
Transmission	35,730
Other Operating Revenues	13,121
Total Operating Revenues Before Uncollectibles	354,278
Estimated Uncollectibles, Net of Bad Debt Recovery	(911)
Total Operating Revenues	\$ 353,367
Investment Income	13,372
Contributions in Aid	3,496
Non-Operating Revenues	4,276
Total revenues	\$ 374,511
Operating and Maintenance Expenses	
Nuclear Production ⁽¹⁾	\$ 1,395
Production & Purchased Power ⁽²⁾	153,868
Transmission Expenses	64,443
Distribution Expenses	19,639
Customer Account Expenses	7,542
Customer Service Expenses	998
Administration & General Expenses ⁽³⁾	13,559
Clearing & Miscellaneous Expenses	18,316
Total Expenses	\$ 279,760
Net Operating Revenues Available for Debt Service and Depreciation	\$ 94,751
Debt Service Requirements on Bonds	\$ 42,466
Debt Service Coverage	2.23x

⁽¹⁾ Nuclear Production reflects non-decommissioning expenses and changes to liability related to SONGS.

⁽²⁾ Includes fuel expense for City-owned generating facilities, payments to Intermountain Power Agency ("IPA") and Southern California Public Power Authority ("SCPPA"), other than payments relating to transmission projects with SCPPA.

⁽³⁾ Excludes Governmental Accounting Standards Board ("GASB") Statement No. 68 (Accounting and Financial Reporting for Pension) non-cash adjustments of (\$1,323). GASB No. 68 became effective on July 1, 2014. Includes GASB No. 75 (Accounting/Financial Reporting for Postemployment Benefits Other Than Pensions) adjustments.

Updated information comparable to the information in the table entitled “Outstanding Debt of Joint Powers Agencies” as it appears in the Official Statement:

Outstanding Debt of Joint Powers Agencies			
(Dollars in Thousands)			
As of June 30, 2019			
<u>Agency/Project</u>	<u>Principal Amount of Outstanding Debt</u> ⁽¹⁾	<u>City Participation</u> (2)	<u>City Share of Outstanding Debt</u> (3)
Intermountain Power Agency			
Intermountain Power Project	\$ 667,062	7.617%	50,696
Southern California Public Power Authority			
STS	503,842	10.164%	51,210
Mead-Phoenix Transmission	11,075	4.000%	443
Mead-Adelanto Transmission	37,002	13.500%	4,994
Total Outstanding Debt	\$ 1,218,981		107,343

⁽¹⁾ Total before unamortized bond discount/premium and refunding charge.

⁽²⁾ Participation obligation is subject to increase upon default of another project participant.

⁽³⁾ Principal only.

With respect to the 2009A Bonds, a description of any Additional Bonds and any Parity Debt incurred by the City with respect to the Electric System during the immediately preceding fiscal year:

During fiscal year 2019, the City issued its \$283,325,000 City of Riverside, California Refunding Electric Revenue Bonds, Issue of 2019A. The 2019A Bonds were issued to defease and redeem in full the City’s outstanding Electric Revenue Bonds, Issue of 2008D; redeem a portion of the City’s Variable Rate Refunding Electric Revenue Bonds, Issue 2008A and 2008C, pay for cost of issuance, and provide new money for projects associated with the City of Riverside’s Electric Utility.