



## Rate Plan Meeting Summary | Key Accounts | Tuesday, October 17, 2017

Riverside Public Utilities (RPU) staff made a presentation on RPU’s electric and water utility rate increase proposal at the quarterly key accounts meeting. After being introduced by RPU Business Relations Manager Kevin Palmer, 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.

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### Meeting Location

RPU Mission Square  
5<sup>th</sup> Floor, Multi-Purpose Conference Room  
3750 University Ave, Riverside, CA 92501

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### Number of Attendees

36

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### Organizations Represented

AMA Plastics  
Blue Banner Co.  
Bourns Engineering  
California Baptist University  
CC & R  
County of Riverside  
Flexsteel  
Galleria at Tyler  
Gar Labs  
Greater Riverside Chambers of Commerce  
Harbor Pipe & Steel  
Heritage Foods  
Muni-Fed Partner Energy  
OSI Industries  
Pepsico  
Riverside Community College District  
Riverside Community Hospital  
Riverside Unified School District  
Stater Bros  
UC Riverside  
UTC Aerospace

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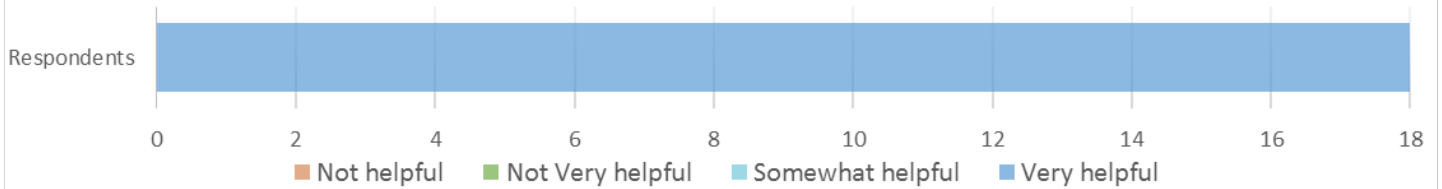
### Speakers

Kevin Palmer, RPU Business Relations Manager  
Girish Balachandran, RPU General Manager

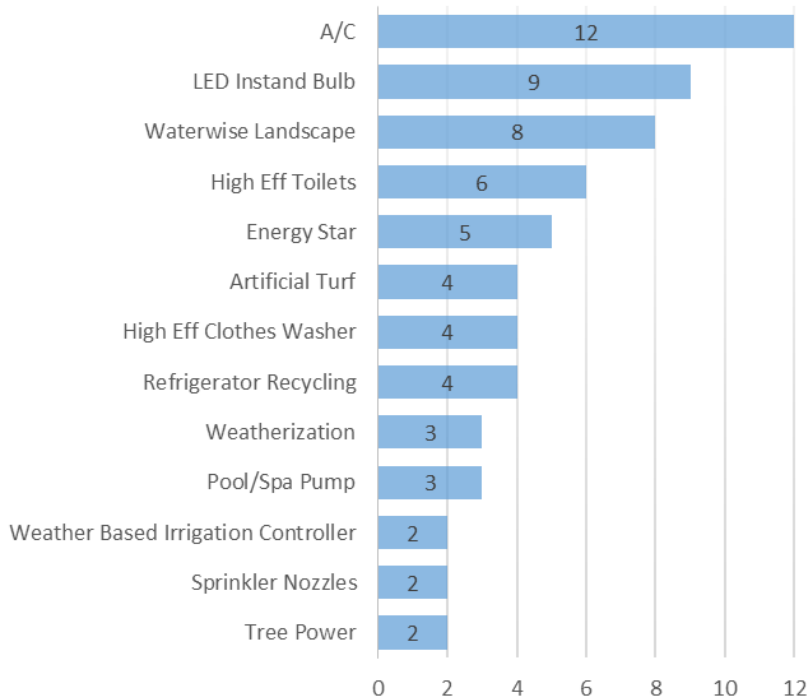
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## FEEDBACK CARD RESULTS - Key Accounts Meeting 10/17/2017

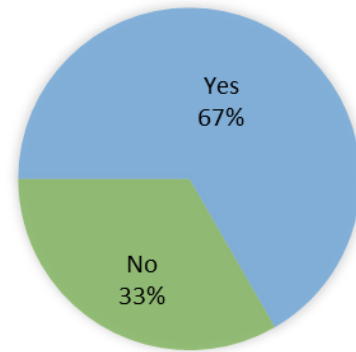
### DID THE INFORMATION PROVIDED AT THE MEETING HELP YOU UNDERSTAND RPU'S RATE PROPOSAL?



### NUMBER OF RESPONDENTS LIKELY TO USE AN RPU REBATE



### 67% OF RESPONDENTS KNOW ABOUT RPU'S 40 REBATE PROGRAMS



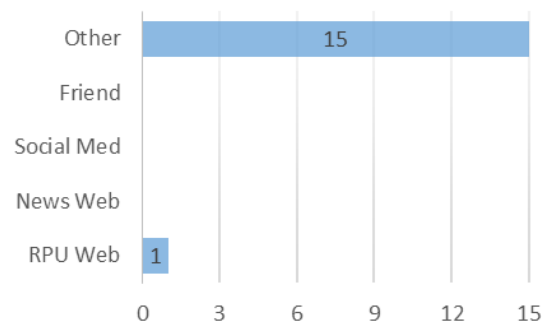
40%

OF ATTENDEES WERE AWARE OF SHARE PROGRAM INCOME LIMITS

### COMMENTS RECEIVED FROM ATTENDEES

1. What is the specific rate plan increase that will affect all/each of our accounts?
2. We need electric system reliability as any power glitch uses additional power and water.
3. Great job getting the word out.
4. Concerns - senior rates/those on fixed income/management of increase for shopping centers/HOAs/Apts.
5. Conserve - example - even though the drought situation has eased somewhat, doesn't it still make sense to conserve and note waste water? We have seen a 180 with wasteful water use.

### HOW PEOPLE HEARD ABOUT INFORMATIONAL MEETING



## Meeting Questions/Comments

Questions/Comments	Answers/Responses
<b>Reliability</b>	
<p><b>We are also served by Edison. We get email and text notifications when there is a planned power outage to let us know what's expected and what buildings will be affected. Do you have a plan for similar communications?</b></p>	<p>If the rate plan is approved, RPU will have similar outage communication capabilities in 2-1/2 years. A plan is being developed to roll out smart meters to all customers for enhanced reliability and outage response. For example, RPU currently has no way of knowing if a senior citizen customer loses power, and so we are unable contact this customer or their next of kin to ensure they are safe. RPU also has a proactive maintenance plan to replace infrastructure before it fails. In the end, it is about community priorities and expectations regarding the reliability and responsiveness of their utilities.</p>
<p><b>A few years ago, there was a smart metering installation program? What happened?</b></p>	<p>RPU has installed some digital electric meters which provide one-way radio communications to nearby meter readers. These meters are not "smart," in that they do not provide RPU with real-time outage information to enhance reliability and responsiveness.</p>
<p><b>Our school district is focused on reliability and has experienced significant reliability issues with schools in the Southern California Edison service territory. We consider RPU's lack of a second connection to state grid its biggest risk to reliability.</b></p>	<p>RPU is actively pursuing a second connection to the state grid, and hopes to begin construction in six years. Currently, the plan is before the California Public Utilities Commission (CPUC), and RPU expects a final decision in 15 months. Meanwhile, RPU asks its customers to communicate their concerns regarding reliability to the CPUC, as well as publicly through letters to local media, at local community meetings, on social media, and to local and state elected leaders. We do not want to have a Puerto Rico-like power failure in the middle of the Inland Empire.</p>
<b>Finance</b>	
<p><b>It appears that roughly a quarter of the proposed electric rate increase goes to the charter transfer and reserve levels. Is this correct?</b></p>	<p>Yes. 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. Additionally, RPU proposes to maintain reserves at the minimum level established by the financial policies adopted by the City Council. Reserves provide funding for emergencies, keep interest rates low, and at times can be used for infrastructure investments in place of borrowing.</p>

Questions/Comments	Answers/Responses
<p><b>What impact have past high reserve levels had on the proposed rates? What about bonds?</b></p>	<p>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 and has maintained high vacancy rates, 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 in place of bonds. However, reserves will soon decrease below the minimum level established by City Council policy. RPU typically issues bonds every 3-5 years to pay for infrastructure. This is usually matched with a rate increase to support the bond issuance and maintain minimum reserves. Without a rate increase, RPU risks much higher interest costs on future bond issuances, resulting in millions in costs to ratepayers.</p>

### Affordability

<p><b>We see that you are proposing additional assistance for low-income customers. What about senior citizens on fixed incomes?</b></p>	<p>RPU is responsible for proposing a rate plan that makes sense for all customers, but we are also seeking ways to address special circumstances and needs. RPU has convened a stakeholder group of local leaders serving the low-income and senior communities to assist us with designing programs to better serve our more vulnerable customers. RPU will propose enhanced low-income and senior citizen assistance programs as part of the final rate plan for consideration by the Board of Public Utilities and City Council.</p>
<p><b>The Greater Riverside Chambers of Commerce (GRCC) has heard concerns from its members regarding the proposed rate plan, and has put a task force together to look at potential options. The GRCC believes it is important to engage in this rate-setting process to make sure we have the infrastructure we all need for our businesses and residences. Many GRCC members are concerned with the steepness of the proposed rate increase when compounded, and we are trying to see what options are available and what costs and other issues are involved. The GRCC thanks General Manager Balachandran, the RPU team, the Board of Public Utilities, and everyone else involved in working to find a common solution. Are there other options to the currently proposed rate plan?</b></p>	<p>RPU appreciates GRCC's active engagement in the rate-setting process, and in particular thanks GRCC for setting up a task force of 15-16 members from every business council. RPU staff have been asked to turn over every budget pebble, revisit every cost assumption, and try to identify ways to decrease the proposed rate adjustment. The rate plan is based on assumptions from the beginning of the current fiscal year's 2nd quarter, and RPU is now looking at more recent financial data. RPU will facilitate the task force's line-by-line review of the rate plan proposal and all background materials and current financial information. RPU is also reviewing its reserve policies to determine how low reserves can go while maintaining financial responsibility. The current rate plan represents one of four options presented to the Board of Public Utilities and City Council. In the end, RPU would like to present a final proposal that can be supported by all sectors of the community.</p>

Questions/Comments	Answers/Responses
<b>Rate Design</b>	
<b>How does the new Network Access Charge affect large electricity users?</b>	The Network Access Charge is a new fixed charge designed to recover part of the costs for maintaining RPU's electric distribution system. The electric distribution system has been built to serve all RPU customers and is a fixed cost to RPU. These costs have historically been included in the energy charge which is based on usage (i.e., variable, not fixed). This revenue model was designed in the 1950s and is inadequate for the 21st century. Every customer will pay a Network Access Charge proportional to their demand on the electric distribution system.
<b>RPU doesn't offer separate meters for irrigation vs. domestic use. Will that change?</b>	The proposed rate plan does introduce a new landscape irrigation rate for commercial customers.