



AGENDA
September 27, 2016

PUBLIC UTILITIES COMMISSION MEETING

7:00 p.m.

City Council Chambers
311 Vernon Street
Roseville, California

- 1. Roll Call**
- 2. Pledge of Allegiance**
- 3. Approval of the August 23, 2016 Minutes**
 - 3.1. August 23, 2016 Minutes
- 4. Oral Communications/Public Comment**
- 5. New Business**
 - 5.1. Environmental Utilities Monthly Update
Report by Environmental Utilities Director Rich Plecker summarizing monthly status of Environmental Utilities issues, for information.
 - 5.2. Environmental Utilities Rates Process and Capacity Fees Overview
Presentation by EU Rates Analysts Terri Shirhall and Janet Vargas on the Environmental Utilities Rates Process and Capacity Fees Overview, for information.
 - 5.3. Roseville Electric Utility Monthly Update
Report by Electric Utility Director Michelle Bertolino summarizing monthly status of Electric issues, for information.
 - 5.4. Reliability Standards Update
Presentation by Electric Compliance Analyst Jamie Johnson on the Reliability Standards Compliance update, for information.
 - 5.5. Electric Utility Financial Update
Presentation by Electric Utility Director Michelle Bertolino and Electric Business Analyst Lisa Gist on the Electric Utility Financial update, for information.
 - 5.6. Electric Utility Rates Policy
Presentation by Electric Utility Director Michelle Bertolino and Senior Electric Business Analyst Joanna Cucchi on the Electric Utility's Rates Policy, for recommendation.

- 6. Reports – Commission/Staff**
- 7. Proposed Future Agenda Items**
- 8. Adjournment**

Title: August 23, 2016 Minutes

Meeting Date: 9/27/2016
Item #: 3.1.

ATTACHMENTS:

Description

August 23, 2016 Draft Minutes



MINUTES
Public Utilities Commission

August 23, 2016

7:00 p.m.

Council Chambers
311 Vernon Street
Roseville, CA 95678

1. Roll Call

PUC Commissioners Present: Bandon Granger
James McHan
Gretchen Hildebrand
Kerry Schmitz
John Speight
Jim Viele

PUC Commissioners Absent: John Vertido

Staff Present: Michelle Bertolino, Electric Utility Director
Mike Bloom, Assistant Electric Utility Director
Shawn Matchim, Electric Regulatory Compliance
Administrator
David Bradford, Energy Services Account Representative
Matt Garner, Power Generation Superintendent
Jason Miller, Power Plant Manager
Todd White, Senior Manager, Energy Portfolio
Ken Glotzbach, Wastewater Utility Manager
Jim Mulligan, Water Utility Manager
Kelye McKinney, Assistant Environmental Utilities Director
Joe Mandell, Senior Deputy City Attorney
Cheryl Hammond, Recording Secretary

2. Pledge of Allegiance

3. Minutes of July 26, 2016

The minutes of July 26, 2016 were approved as presented.

4. Oral Comments/Public Comment

None.

5. New Business

a. Election of Chair and Vice Chair

In conformance with Section II-B of the Public Utilities Commission Meeting Procedures, election to be held for Chair and Vice Chair. Elected officers shall assume their positions at the regular meeting in October.

Joe Mandell stated the new Chair and Vice Chair will assume their positions at the September not October meeting.

MOTION: Commissioner Hildebrand made the motion, which was seconded by Commissioner Viele, to appoint Commissioner Speight as Chair of the Roseville Public Utilities Commission.

Ayes: Vertido, Hildebrand, Speight, Granger, Viele, Schmidt, McHan

Noes:

Absent:

MOTION: Commissioner Granger made the motion, which was seconded by Commissioner Hildebrand, to appoint himself as Vice Chair of the Roseville Public Utilities Commission.

Ayes: Vertido, Hildebrand, Speight, Granger, Viele, Schmidt, McHan

Noes:

Absent:

b. Electric Utilities Monthly Update

Report by Electric Utility Director Michelle Bertolino summarizing monthly status of Electric issues, for information

Public Comment: None.

c. Roseville Electric Utility Generation Facilities Update

Presentation by Assistant Electric Utility Director Michael Bloom, on Roseville electric generation facilities, for information.

Matt Garner and Jason Miller presented on the current operations.

Public Comment: None.

d. Roseville Electric Utility Business Customer Satisfaction Survey

Presentation by Electric Regulatory Compliance Administrator Shawn Matchim and Energy Services Account Representative David Bradford summarizing the Business Customer Satisfaction Survey, for information.

David Bradford and Ann Davis of RKS Research and Consulting provided the results of the study.

Public Comment: None.

e. Environmental Utilities Monthly Update

Report by Environmental Utilities Director Rich Plecker summarizing monthly status of Environmental Utilities issues, for information.

Ken Glotzbach presented the monthly update in Richard Plecker's absence.

Public Comment: None.

- f. Environmental Utilities Wastewater Utility Overview
Presentation by Wastewater Utility Manager Ken Glotzbach on the Wastewater Utility Overview, for information.

Public Comment: None.

6. Reports – Commission/Staff

None.

7. Proposed Future Agenda Items

None.

8. Adjournment

Commissioner Viele moved for adjournment of the August 23, 2016 Public Utilities Commission meeting. Commissioner Speight seconded the motion. The motion passed unanimously at 8:27 p.m.

Blandon Granger
Chairperson

Cheryl Hammond
Recording Secretary



PUBLIC UTILITIES COMMISSION

Title: Reliability Standards Update

Meeting Date: 9/27/2016

Item #: 4.4.

ATTACHMENTS:

Description

Reliability Standards Compliance Update



Reliability Standards Compliance Update

Jamie Johnson
Electric Compliance Analyst
September 27, 2016

City of Roseville California



Reliability Standards Compliance Update

- Reliability Standards
- Regulatory Agencies
- Functional Registration
- Compliance Obligations
- 2015 Self-Certification

City of Roseville California

Reliability Standards

- **Reliability Standards**
 - Established requirements that provide for the reliable operation and planning of the Bulk Power System
 - Applies to all users, owners, and operators of the Bulk Power System
 - Mandatory and enforceable since 2007
 - Violations can result in sanctions and penalties

City of Roseville, California

Regulatory Agencies

- **Reliability Standards are developed, implemented, and enforced by the following regulatory agencies**
 - Federal Energy Regulatory Commission (FERC)
 - North American Electric Reliability Corporation (NERC)
 - Western Electricity Coordinating Council (WECC)

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Functional Registration

- **NERC has established a Functional Model for categorizing entities**
 - Framework for the applicability of the Reliability Standards
 - Considers an entity's assets and role in the electric utility industry
 - Entities are required to register with NERC
 - Subject to the applicable Reliability Standards

City of Roseville California

Functional Registration (Cont)

- **Rules governing compliance requirements continue to change**
 - NERC is redefining the scope of applicability
 - Acknowledged original scope was too wide
 - Bulk Electric System (BES) definition changes
 - Move to Risk Based Assessment of impact on BES

City of Roseville California

Functional Registration

- **Roseville Electric's Functional Registrations:**

Prior Registrations	Current Registrations
Distribution Provider (DP)	Distribution Provider (DP)
Resource Planner (RP)	Resource Planner (RP)
Load Serving Entity (LSE)	
Generator Owner (GO)	
Generator Operator (GOP)	
Purchasing-Selling Entity (PSE)	

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Compliance Obligations

- **Thirty-six (36) Reliability Standards are applicable to Roseville Electric**
 - Reduced significantly from prior years
 - Managed through an Internal Compliance Program (ICP)
 - Frequent reporting (e.g. quarterly, annually, etc.)
 - Self-Reports and Mitigation Plans
 - Annual Self-Certification/Compliance Audits
 - Documentation, documentation, documentation

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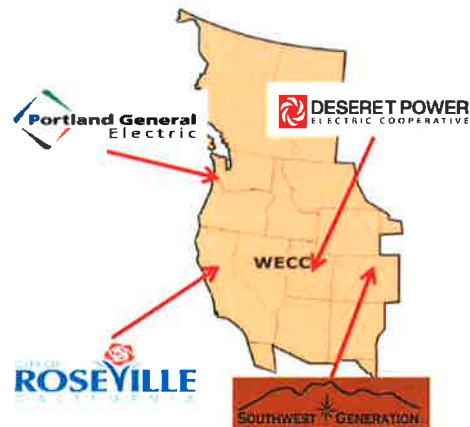
Key Activities

- **Critical Infrastructure Protection (CIP)**
- **PA/PC Task Force**
- **Internal Self Audit requirement of ICP/Spot Check**
- **Standard Change Assessment Reports (SCAR)**

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CIP Low Impact Case Study

- Case study ran from October 2015 through May 2016
- Four (4) Participants Selected
 - One (1) Mixed Impact Entity
 - Three (3) Low Only Entities



Western Electricity
Coordinating Council

City of Roseville California

PA/PC Task Force

- **Planning Authority/Planning Coordinator**
 - Potential industry-wide gap in compliance
 - Working with BANC and SMUD
 - Requires City Council approval
 - Effective January 1, 2017

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2015 Self-Certification

- **Roseville's Requirements Reduced**
 - Annual Self-Certification to WECC
 - Attestation of compliance or non-compliance
 - Submitted through the online reporting platform
 - Required to Self-Certify for CIP-002 only
 - Part of Internal self-audit
 - Spot checks performed

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SCARs

•Standard Change Assessment Reports

- Tracking of new Reliability Standards
- Proactive approach to compliance vs. reactive

Standard Change Assessment Report			
NEW STANDARD		REVISED STANDARD	
Standard Number	Standard Title	Standard Number	Standard Title
Applicable	Standard Content	Applicable	Standard Content
Yes		Yes	
B. Requirements			
C. New Language Acceptability			
D. Language/Contribution Log			
Activity	Responsible Staff	Notes	

Figure 8-10.3

Questions?

Title: Electric Utility Financial Update

Meeting Date: 9/27/2016
Item #: 4.5.

ATTACHMENTS:

Description

Electric Utility Financial Update



Roseville Electric Financial Update

September 27, 2016

Roseville Public Utilities Commission

Michelle Bertolino and Lisa Gist

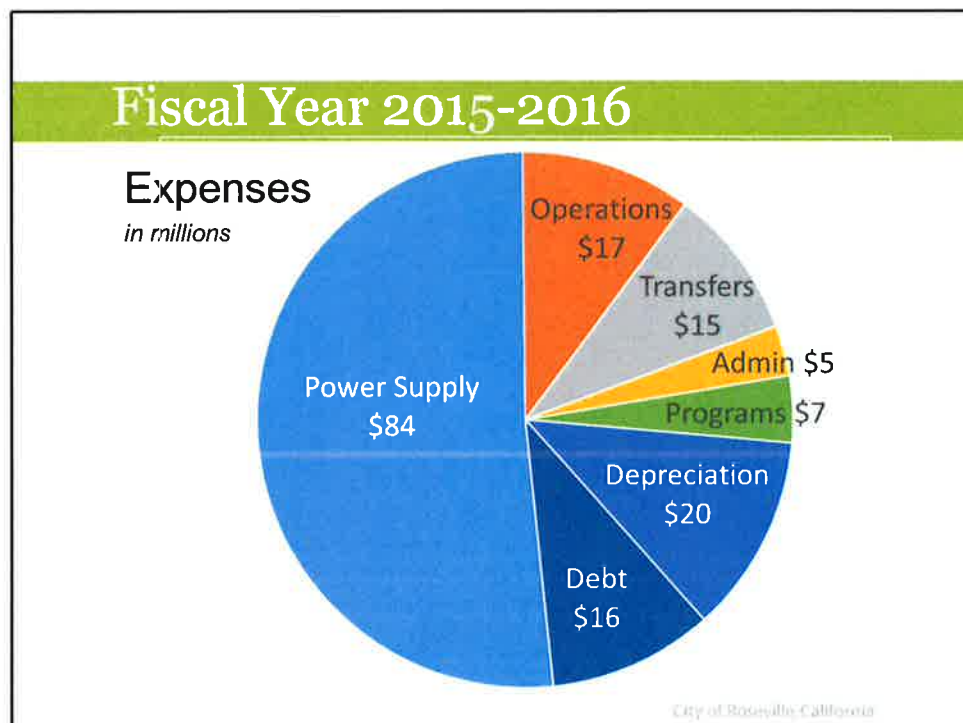
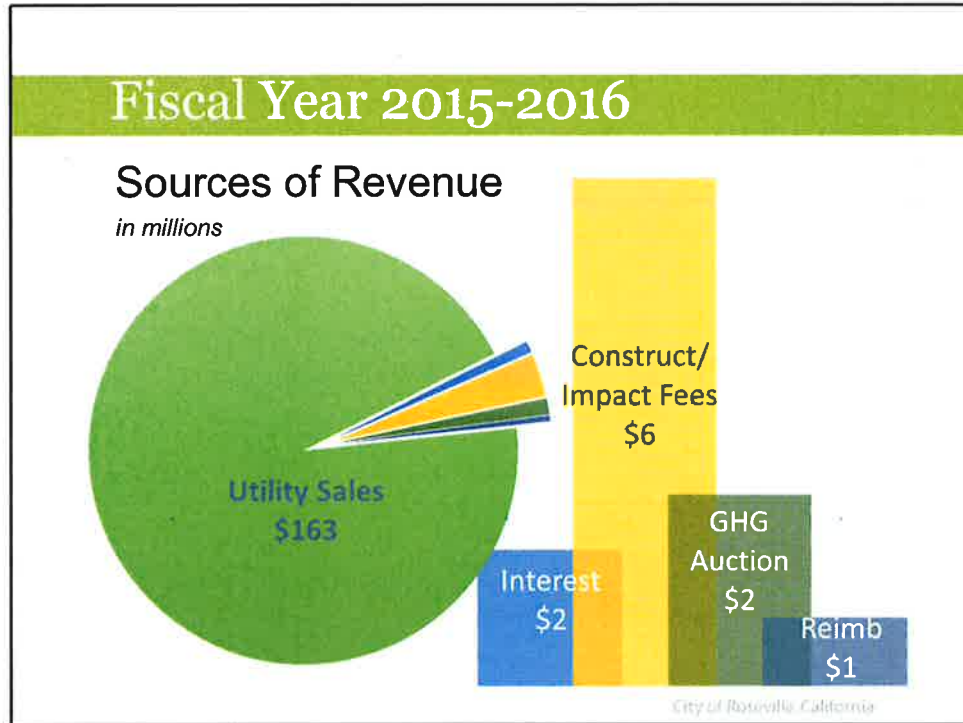
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Overview

- Fiscal 2015-2016 within budget
- Financial health is strong
- Continue to align sources of revenue with expenditures

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Fiscal Year 2015-2016

Capital Improvement Projects

Amounts in millions

Projects	Budget	Actual	Variance
New Construction	\$ 13	\$ 4	\$ 9
Rehabilitation	\$ 6	\$ 4	\$ 2
Technology	\$ 6	\$ 2	\$ 4
Total	\$ 25	\$ 11	\$ 15

City of Roseville, California

Financial Metrics

Metric	Target	Current	5 Year Horizon
Rate Stabilization Fund	40-90% Operating Expenses	40.3%	Above minimum
Debt Service Coverage	1.5-2.0	2.98	Declining
Days Cash	90-149	275	Above 200
Credit Rating			
Fitch	A+ Stable	A+ Stable	A+ Stable
Moody's	A2 Positive	A2 Positive	A2 Positive

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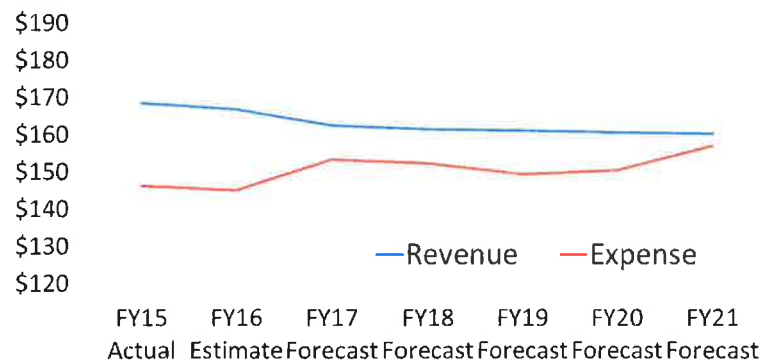
Fiscal Year 2016-2017

- Debt Refinancing
- Construction Fund Changes
 - Capital Improvement Projects moving from Operations Fund
 - Vehicles & Vehicle Replacement moving from Automotive Replacement Fund

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Forecast

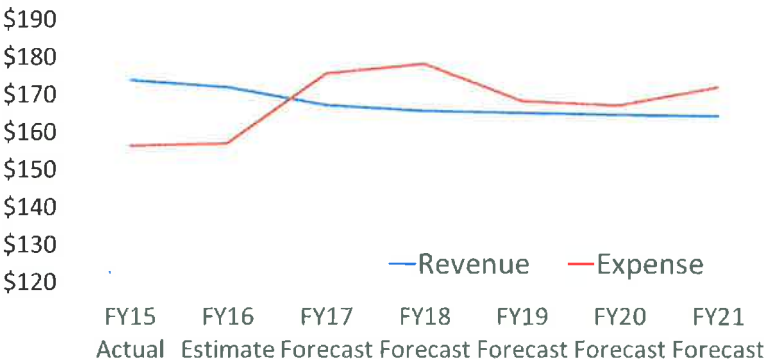
Operating Revenue & Expense *in millions*



City of Roseville, California

Forecast

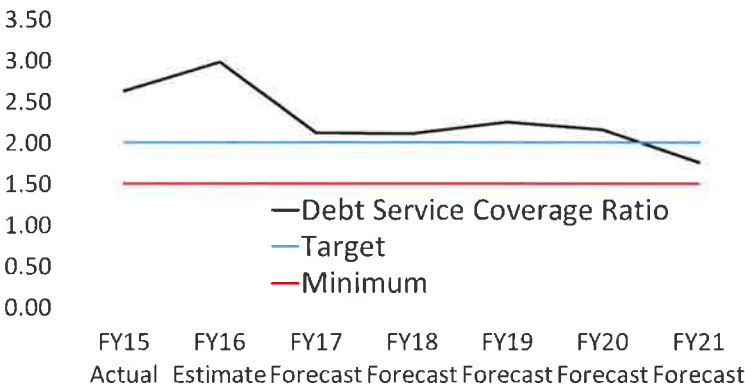
Operating/Capital Revenue & Expense
in millions



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Debt Service Coverage

Projected Debt Service Coverage Ratios



City of Roseville, California



Upcoming

- FY16 Annual Report
- 5 year CIP plan update
- Long-term financial forecast update
- FY18 budget process

City of Roseville, California



PUBLIC UTILITIES COMMISSION

Title: Electric Utility Rates Policy

Meeting Date: 9/27/2016
Item #: 4.6.

ATTACHMENTS:

Description

Electric Utility Rates Policy Staff Report



STAFF REPORT

TO:	Roseville Public Utilities Commission
WRITTEN BY:	Joanna Cucchi, Senior Electric Business Analyst
APPROVED BY:	Michelle Bertolino, Electric Utility Director
SUBJECT:	Electric Utility Rate Policies

Meeting Date: September 27, 2016

SUMMARY

Roseville Electric Utility staff recommend that the Commission recommend approval of the electric rate policies, as described in this report, to City Council.

BACKGROUND

The primary revenue streams for electric utility are rates and fees as established by the City Council. In the past, rate change recommendations followed informal guidelines, based upon industry standards and practices as well as input from the City Manager and City Council. The guidelines identify the manner in which rates are set to improve the understanding of the cost of providing electric utility service and provide direction for evaluating the appropriateness of established and proposed rates.

Staff recommends that the Roseville Public Utilities Commission recommend that the City Council adopt these guidelines as formal electric rate policies, as described below.

Proposed Electric Rate Policies:

1. Cost Based Policy

Utility rates and revenue should match the cost of providing service. Electric rates should be designed in accordance National Association of Regulatory Utility Commissioners cost causation principles. Revenues should be collected in categories that align with cost causation categories. For example, energy costs should largely be covered by energy revenues, distribution expenses largely covered by distribution revenues, and customer-based costs largely covered by customer-based revenues. Rates should be established to match costs with revenue sources, following cost causation principles, as closely as possible.

2. Adequacy Policy

The utility should collect revenue adequate to safely operate, maintain, and build utility infrastructure as well as meet financial policies, obligations, fund capital improvement projects and reserves, and maintain regulatory compliance. Based upon revenue requirements, rate changes will be recommended to City Council to meet the revenue needs listed above.

Rates should be reviewed frequently, preferably, every two to three years, to verify revenue requirements and the need for rate changes, if necessary.

3. Fair and Equitable Policy

Electric rates should be fair and equitable by matching revenues from a customer class with the cost to provide electricity services to that class of customers, where possible. In addition, rates should be designed to minimize the interclass subsidies that can arise from differing usage patterns. The rates should, to the extent feasible, charge each customer the cost to serve each premise without shifting costs to other customers.

4. Stability Policy

The purpose of the stability policy is to maintain stable, consistent, and predictable revenues and rates. Significant rate changes should be avoided when possible; less frequent, smaller rate changes are preferred over large, infrequent rate changes. Rates should be designed to have as minimal impact to customers as possible. The rate stabilization fund balance may be used consistent with financial policies and to mitigate the impact on customers by gradually increasing rates.

The proposed electric rate policies are intended to provide guidance to Utility management and staff for decisions and recommendations related to utility rate analyses. The policies above have been used as general guidelines for previous rate case actions. Creating formal policies provides management and staff direction for the development of future electric rates.