



AGENDA

April 23, 2019

PUBLIC UTILITIES COMMISSION MEETING

7:00 p.m.

City Council Chambers
311 Vernon Street
Roseville, California
roseville.ca.us

THE CITY OF ROSEVILLE WELCOMES YOUR PARTICIPATION

If an agenda item is open to public comment, such public comment shall be addressed to the chair of the meeting.

Public Comment - Speakers have three minutes under Public Comment to speak on issues that are not listed on the agenda and are within the City's jurisdiction. The Brown Act does not permit any action or discussion on items not listed on the agenda.

Consent Calendar - If applicable, the Consent Calendar consists of routine items that may be approved by one motion. Any person can remove an item from the Consent Calendar to be discussed separately.

Agenda Items - Speakers have five minutes to address items that are listed on the agenda.

Americans with Disabilities Act - Notify the City Clerk or Secretary at least 72 hours in advance if special assistance is required to participate in a meeting including the need of auxiliary aids or services.

Audio/Visual Presentations - If making a presentation regarding an agenda item, audio/visual materials must be submitted to the City Clerk or Secretary at least 72 hours in advance.

Roseville City Clerk 311 Vernon Street, Roseville, CA 916-774-5200 TDD 916-774-5220

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PLEDGE OF ALLEGIANCE**
4. **PUBLIC COMMENTS**
5. **MINUTES**
 - 5.1. Approval of March 26, 2019 Minutes
6. **REQUESTS/PRESENTATIONS**

6.1. Roseville Electric Utility Update

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

6.2. Roseville Electric Utility Development Fee Reduction Proposal

Presentation by Assistant Electric Utility Director Philip McAvoy on the Electric Backbone Mitigation Fee Reduction Proposal, for recommendation.

6.3. Roseville Electric Utility Greenhouse Gas Proceeds Spending Plan

Report by Electric Resource Analyst David Siao summarizing allocation of proceeds to programs benefiting ratepayers, for recommendation.

6.4. Environmental Utilities Monthly Update

Report by Acting Water Utility Manager Sean Bigley summarizing monthly status of Environmental Utilities activities, for information.

6.5. Environmental Utilities Water Division Update

Report by Acting Water Utility Director Sean Bigley summarizing status of Environmental Utilities Water Division, for information.

6.6. Environmental Utilities Proposed Rate Overview

Presentation by Business Services Administrator Janet Vargas on proposed Environmental Utilities Rate Analysis, for information.

7. BOARD MEMBER / COMMISSIONER / STAFF REPORT

8. ADJOURNMENT



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Approval of March 26, 2019 Minutes

Contact:

Meeting Date: 4/23/2019

Item #: 5.1.

ATTACHMENTS:

Description

March 26, 2019 Minutes



MINUTES

March 26, 2019

PUBLIC UTILITIES COMMISSION MEETING

7:00 pm

Council Chambers

311 Vernon Street

Roseville, California

www.roseville.ca.us

1. CALL TO ORDER

2. ROLL CALL

Present: Hildebrand, Sedwick, Speight, Vertido, Viele, Cannon

Absent: Granger

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Commissioner Sedwick.

4. PUBLIC COMMENTS

5. MINUTES

5.1. Approval of the February 26, 2019 Minutes

Motion by Samuel Cannon, seconded by John Speight, Approve Motion. The Motion Passed.

Roll call vote: Ayes: Cannon, Hildebrand, Sedwick, Speight, Vertido, Viele

Absent: Granger

6. REQUESTS/PRESENTATIONS

6.1. Roseville Electric Utility Monthly Update

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

Electric Utility Director Michelle Bertolino made the presentation.

No public comment received.

6.2. Roseville Electric Utility Residential Customer Satisfaction Survey Results

Presentation by Public Information Officer Vonette Fontaine on Roseville Electric Utility's 2018 Residential Customer Satisfaction Survey results, for information.

Electric Programs Supervisor David Bradford and Ann Davis from RKS made the presentation.

No public comment received.

6.3. Roseville Electric Utility Capital Improvement Projects Overview

Presentation by Power Engineer Manager Mark Wilhelm summarizing Roseville Electric Utility Capital Projects, for information.

Power Engineering Manager Mark Wilhelm, AMI Project Manager Kristen Kelley and Senior Power Plant Engineer Nathan Ribordy made the presentation.

No public comment received.

6.4. Environmental Utilities Monthly Update

Report by Environmental Utilities Assistant Director Dale Olson summarizing monthly status of Environmental Utilities issues, for information.

Assistant Environmental Utilities Director Dale Olson made the presentation.

No public comment received.

6.5. Recycled Water Program Update

Presentation by Senior Engineer Todd Jordan on the Recycled Water Program, for information.

Senior Engineer Todd Jordan made the presentation.

No public comment received.

7. BOARD MEMBER / COMMISSIONER / STAFF REPORT

None.

8. ADJOURNMENT

Motion by Samuel Cannon, seconded by James Viele, to adjourn Motion. The Motion Passed.

Roll call vote: Ayes: Cannon, Hildebrand, Sedwick, Speight, Vertido, Viele

Absent: Granger

John Vertido
Chair

Cheryl Hammond
Recording Secretary



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Roseville Electric Utility Update
Contact:

Meeting Date: 4/23/2019
Item #: 6.1.



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Roseville Electric Utility Development Fee Reduction Proposal

Contact:

Meeting Date: 4/23/2019

Item #: 6.2.

ATTACHMENTS:

Description

Backbone Fee Presentation

Backbone Fee Mitigation Report



Roseville Electric Utility Development Fee Reduction

April 23, 2019

Electric Backbone Mitigation Fee

- The “Backbone” is the high voltage part of Roseville’s electric distribution system (substations, high-voltage lines)
- The Electric Backbone Mitigation Fee recovers the cost to install or upgrade infrastructure the high voltage distribution system

Backbone Mitigation Fee Review

- The backbone fee is reviewed periodically to accommodate changes in:
 - Planned backbone project costs
 - Mix of expected development
 - Industry best practices
 - City Council priorities
- The 2019 backbone fee review conducted by Utility Financial Services Inc.

Review Assumptions

- Backbone system costs to be recovered: \$16M
- Fees assessed on each new development's impact on system
- Residential fees based on average expected load:
 - 5.5 kVA per house
 - 4.0 kVA per apartment
- Commercial fee based on load calculations per new customer

Proposed Changes

<i>Customer Class</i>	<i>Current Fee</i>	<i>New Fee</i>
Single-Family Residential	\$714.47 per unit	\$496.31 per unit
Multi-Family Residential	\$519.61 per unit	\$360.95 per unit
Industrial / Commercial	\$129.90 per kVA	\$90.24 per kVA

- 30% fee decrease due to lower project costs
- Effective July 1, 2019
- Backbone fees are subject to annual Construction Cost Index adjustments

The background of the cover is a photograph of a landscape. It features a clear blue sky with a few wispy clouds, a vibrant green field in the foreground, and several high-voltage power lines stretching across the frame from the top left towards the bottom right. The power lines are supported by wooden utility poles.

Executive Report

**CITY OF ROSEVILLE
ELECTRIC DEPARTMENT**

Electric Backbone Mitigation Fee Analysis

April 2019

April 2019

Mr. Eric Campbell
Electric Financial Administrator
Roseville Electric

Dear Mr. Campbell;

We are pleased to present this executive summary report identifying our procedures and recommendations on charges for new electric customers to mitigate future backbone costs of the City of Roseville's Electric Department (Roseville Electric). This report was prepared to provide Roseville Electric with a comprehensive examination of its existing Backbone Mitigation Fee structure by an outside party. Utility Financial Solutions (UFS) has taught courses and webinars through the American Public Power Association on the various methods used by electric utilities to design rates and is a leading provider for the service in the Nation. As a result of our reputation we are also the instructors for Cost of Service and Financial Planning Courses offered through the American Public Power Association (APPA) and the National Association of Regulatory Utility Commissions (NARUC). UFS is the preferred financial services firm and partner with APPA's Hometown Connections and has completed cost of service studies in 34 states, Guam and the Caribbean.

The specific purposes of this analysis are:

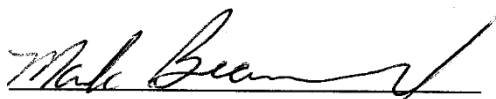
- Review and evaluate Roseville's updated Electric Backbone Fee calculation that includes planned capital improvement projects and new development expectations
- Provide pros and cons of current fee calculation method

This report includes detailed updates to the 2012 Backbone Fee calculation conducted by Roseville Electric staff and reviewed by Utility Financial Solutions, LLC. In summary, study results provided in the following pages of this report recommend a decrease of 30% to current Backbone Mitigation Fees as noted below.

Customer Class ⁽¹⁾	Current kVA Fee	Billing Method	Proposed kVA Fee
RSF (Residential Single-Family)	\$ 714.47	Per home	\$ 496.31
RMF (Residential Multi-Family)	\$ 519.61	Per dwelling	\$ 360.95
GS (Commercial/Industrial)	\$ 129.90	Per kVA	\$ 90.24

This report is intended for information and use by management for purposes stated above and is not intended to be used by anyone except the specified parties.

Sincerely,



Utility Financial Solutions, LLC
Mark Beauchamp
CPA, MBA, CMA

Executive Summary	Page
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c) Capacity Available to Grow.....	3
d) Average Cost per kVA of System Expansion.....	4
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Appendix A (Strength/Weakness Analysis)

INTRODUCTION

This report is an update to the analysis of the current Backbone Mitigation Fee conducted in 2012. The Backbone Mitigation Fee is a charge for new customers to connect into the distribution system based on the relationship between future costs and the impact new customers have on future expansion costs. The purpose of the Backbone Mitigation Fee is to prevent existing customers from experiencing increased electric rates due to capital expenditures directly related to the addition of new customers.

CURRENT BACKBONE MITIGATION FEE

The Backbone Mitigation Fee was developed in 2012 and adjusted annually by the construction cost index to the Current kVA Fee as listed below:

Customer Class ⁽¹⁾	2012 kVA Fee	Billing Method	Current kVA Fee ^[3]
RSF (Residential Single-Family)	\$ 645.18	Per home ⁽²⁾	\$ 714.47
RMF (Residential Multi-Family)	\$ 469.22	Per dwelling ⁽²⁾	\$ 519.61
GS (Commercial/Industrial)	\$ 117.31	Per kVA	\$ 129.90

Note: [1] Customer Class as defined in Land Use Designations per Roseville General Plan and Muni Code 4.54.040

[2] based on average dwelling unit or home

[3] Adjusted annually by construction cost index (CCI)

BACKBONE MITIGATION FEE STRUCTURE

Below is a summary of the proposed backbone fee structure.

1. Multi-Family Residential (Apartments, Condominiums, townhouses and mobile homes) – The proposed fee maintains a “per dwelling unit” fee structure and is based on average number of kVA units required per dwelling then multiplied by the determined cost per kVA.
2. Single-Family Residential (Residential units including single family homes) – The proposed fee maintains a “per dwelling unit” fee structure and is based on average number of kVA units required per dwelling then multiplied by the determined cost per kVA.
3. Commercial and Industrial facilities – The proposed fee is based on the number of calculated kVA units established on the installed service panel rating at the customer’s location. This method provides a representation of how new customers consume capacity from the system and is determined by taking the calculated kVA value and multiplying it by the determined cost per kVA.

BACKBONE MITIGATION FEE ANALYSIS:

The following steps were followed to determine the Backbone Mitigation Fee for Roseville Electric:

- A. Projected capital expansions and unrecovered Capital Improvement Project (CIP) costs
- B. Projected system growth
- C. Capacity available to grow
- D. Average cost per kVA of system expansion
- E. Backbone Mitigation Fee requirement by customer

A. PROJECTED CAPITAL EXPANSIONS & UNRECOVERED CIP COSTS

The Backbone Mitigation Fee includes capital projects at the 60kV level or greater where assets are built, upgraded or replaced to account for growth over the projected life of the asset. The capital plan below in Table 1 was provided by Roseville Electric and identifies projects planned from 2019 to 2024 and includes unrecovered CIP costs incurred prior to 2019 in which capacity remains available to grow in the backbone system.

Table 1 – Planned CIP Project Costs

Planned CIP Project Costs (2019-2024) as of January 2019

Project Description	Total CIP (2019)	% Allocated to New Dev	\$ Allocated to New Dev
SIERRA VISTA SUBSTATION	\$ 10,580,000	75%	\$ 7,935,000
FIDDYMENT KY4A ADDITION [1]	5,030,000	0%	\$ -
CREEK VIEW SUB/60 KV EXTENSION	11,000,000	75%	\$ 8,250,000
VERNON SUBSTATION UPGRADE[2]	2,040,000	20%	\$ 408,000
CIP PROJECT TOTALS	\$ 28,650,000		\$ 16,593,000

Note [1] : Fiddymment KY4A Transformer Addition is being done for system reliability and as such is not allocated to new development

Note [2] : Vernon Substation Upgrade is only partially due to growth in Downtown but mainly due to the age of existing equipment so only 20% of the project will be allocated to new development

B. PROJECTED SYSTEM GROWTH

System growth projections were provided by Roseville Electric and are summarized on the following page. Table 2 identifies projected residential growth by dwelling unit for each the Residential Multi-Family (RMF) and Residential Single-Family (RSF) units. This includes growth to build-out capacity that is currently available in the system and new growth included in the projected capital improvement plans identified in Table 1. To keep the Backbone Mitigation Fee less complicated, residential growth is projected by dwelling unit or household to result in an average per unit cost, while General Service (GS) is projected at a cost per kVA due to variation in size of customer connections.

Table 2 – Projected Residential Growth by Multi and Single-Family Units

Build-out Values by Specific Plan (as of February 2019)	Single-Family (units)	Multi-family and Comm. Mixed Use (units)
<u>New Specific Plans Build-out Values</u>		
Amoruso Ranch	1,844	983
Creekview	1,464	547
Sierra Vista	5,557	2,601
<u>Existing Specific Plan Build-out Values</u>		
Downtown Specific Plan	51	1,772
Riverside Gateway Specific Plan	91	158
West Roseville Specific Plan	2,389	2,086
North Industrial	137	41
North Roseville Specific Plan	34	210
North Industrial Plan Area (includes Campus Oaks)	490	458
North Central Roseville Specific Plan	238	-
Northwest Roseville Specific Plan	63	2
Northeast Roseville Specific Plan	10	225
Southeast Roseville Specific Plan	61	55
Infill	637	(139)
TOTAL New Units (Customers)	13,066	8,999
Avg Peak kVA per Unit	5.50	4.00
Peak Demand (kVA)	71,863	35,996

C. CAPACITY AVAILABLE TO GROW (kVA)

Projected capacity was provided by Roseville Electric and Table 3 is a summary of total kVA available to new customers of the system including capacity that remains in the current system from past capital projects and the projected capacity included in the CIP plan.

Table 3 – Projected kVA available to new customers

<u>Current and Projected kVA</u>			
a	System MVA (transformers in ground)	693.0 MVA	
b	Current System kVA	693,000 kVA	b = (a*1,000)
c	Usable kVA factor	0.75	
d	Current system available kVA	519,750 kVA	d = (b*c)
e	System currently unused kVA	78,804 kVA	
f	System currently used kVA	440,946 kVA	f = (d-e)
g	kVA to be recovered from Existing Substations ^[1]	78,804 kVA	g = (e)
h	kVA to be recovered from New Substations ^[2]	105,075 kVA	
i	Total kVA's to be Recovered	183,879 kVA	i = (g+h)

Note [1]: kVA that remain available in the current system

[2]: kVA to be added in the system per the current CIP plan

D. AVERAGE COST PER KVA OF SYSTEM EXPANSION

Table 4 below calculates an average cost per kVA by dividing the assigned CIP costs for growth by the total kVA units available to new growth.

Table 4 – Determination of charge per kVA

Customer Class	Capital Costs assigned to growth	kVA to be recovered from Existing Substations	Charge per kVA
ALL	\$ 16,593,000	183,879	\$ 90.24

E. BACKBONE MITIGATION FEE REQUIREMENT BY CUSTOMER

A “Per kVA” method was calculated to identify charges based on the number of calculated kVA units established on the installed service panel rating at the customer’s location. This method provides a representation of how new customers consume capacity from the system. Table 5 provides a summary of projected kVA growth by each Residential (RMF,RSF) class and General Service (GS) class. An average residential peak kVA was provided by Roseville Electric and is used to determine projected residential kVA units of this customer class. Any policy or fee may note that residential units which are smaller or larger than average should be reviewed by the utility. General Service (GS) or Commercial/Industrial kVA were determined based on the number of kVA units remaining after application of residential growth.

Table 5 –Projected System Growth by Customer Class

Customer Class	Customer Units Served by Existing Capacity	Customer Units Served by New Capacity	TOTAL New Customers
RSF (Residential Single-Family)	4,201	8,865	13,066
RMF (Residential Multi-Family)	4,868	4,131	8,999
TOTAL New Units (Customers)	9,069	12,996	22,065

Customer Class	kVA Served by Existing Capacity	kVA Served by New Capacity	TOTAL New kVA
RSF (Residential Single-Family)	23,106	48,758	71,863
RMF (Residential Multi-Family)	19,472	16,524	35,996
GS (Commercial/Industrial)	36,227	39,794	76,020
TOTAL kVA units Available	78,804	105,075	183,879

Projected cost recovery is calculated in Table 6 on the following page. New residential connections are based on a flat fee and commercial/industrial are a per installed kVA fee. The residential flat fee is determined using average kVA per installation as identified in Table 2 and the average charge per kVA identified in Table 4. The kVA fee is then multiplied by the projected number of new customers or kVA (based on customer class) to identify the projected recovery that is equal to total costs identified in Table 1.

Table 6 – Revenues Generated from kVA based rate

Customer Class	Approximate kVA per Customer	Projected # of New Customer or kVA units	kVA Fee per Customer Unit	Total Recovery from kVA Fee
RSF (Residential Single-Family)	5.50	13,066	\$ 496.31	\$ 6,484,823
RMF (Residential Multi-Family)	4.00	8,999	360.95	3,248,232
GS (Commercial/Industrial)	1.00	76,020	90.24	6,859,945
Estimated Recovery based on kVA units				\$ 16,593,000
CIP Costs assigned to growth				\$ 16,593,000
Recovery Over(Under)				\$ -

Significant Assumptions

The following assumptions are made in development of the Backbone Mitigation Fee report:

- 1) Planned CIP** – Project Costs planned between 2019-2024 as provided by Roseville Electric
- 2) Projected kVA** – Available kVA projections from Roseville Electric to account for all known new substation kVA included in planned upgrades and remaining available kVA where development is left to be built-out.
- 3) System Growth** – Long term growth as provided by Roseville Electric
- 4) Future fee adjustments** – The backbone fee should be reviewed on a regular basis to ensure it represents projected costs included in the capital improvement plans.
- 5) Inflationary Adjustments** - The Backbone Mitigation Fee should continue to be reviewed and adjusted annually per Muni Code 4.54.140: The Construction Cost Index (CCI) inflationary fee adjustment.
- 6) Customers at 60kV or higher** - All backbone fees associated with customers taking service at this level shall be negotiated prior to their interconnection. This level customer will not be subject to backbone rates identified in this report.

Summary

The following table is a summary of the proposed Backbone Mitigation Fees by customer class

Customer Class ^[1]	PROPOSED kVA Fee by Customer Class	Billing Method	CURRENT ^[3] kVA Fee by Customer Class	Percent Change
RSF (Residential Single-Family)	\$ 496.31	per home ^[2]	\$ 714.47	-30.5%
RMF (Residential Multi-Family)	\$ 360.95	per dwelling ^[2]	\$ 519.61	-30.5%
GS (Commercial/Industrial)	\$ 90.24	per kVA	\$ 129.90	-30.5%

Note: [1] Customer Class as defined in Land Use Designations per Roseville General Plan and Muni Code 4.54.040

[2] based on average dwelling unit or home

[3] Adjusted annually by construction cost index (CCI)

Appendix A – Strength/Weakness Analysis

In the prior (2012) backbone fee calculation and in accordance with AB1600, three separate methods for calculating the backbone fee were examined:

- kVA based
- Equity Based
- Equity and kVA based

The kVA based method was determined to be the most equitable as it is tied directly to a customer's impact on the power delivery system. This method is also "forward looking" and more representative of the actual forecasted costs.

For these same reasons, the kVA based methodology was chosen for the backbone fee analysis described in this report.



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Roseville Electric Utility Greenhouse Gas Proceeds Spending Plan

Contact:

Meeting Date: 4/23/2019

Item #: 6.3.

ATTACHMENTS:

Description

GHG Proceeds Spending Plan

2019 GHG Proceeds Spending Plan



Proposed 2018 Greenhouse Gas Proceeds Spending Plan

David Siao

Roseville Public Utilities Commission

April 23, 2019

Outline

- Cap & Trade Background
- Cap & Trade and Roseville Electric
- 2018 Greenhouse Gas (GHG) Proceeds Allocation Proposal

Cap & Trade Background

- California's Greenhouse Gas (GHG) Reduction
Target: 40% below 1990 levels by 2030
- Cap & Trade Background
 - Emissions Cap
 - Trade (of allowances)
 - Quarterly Auctions
 - Annual Direct Allocations

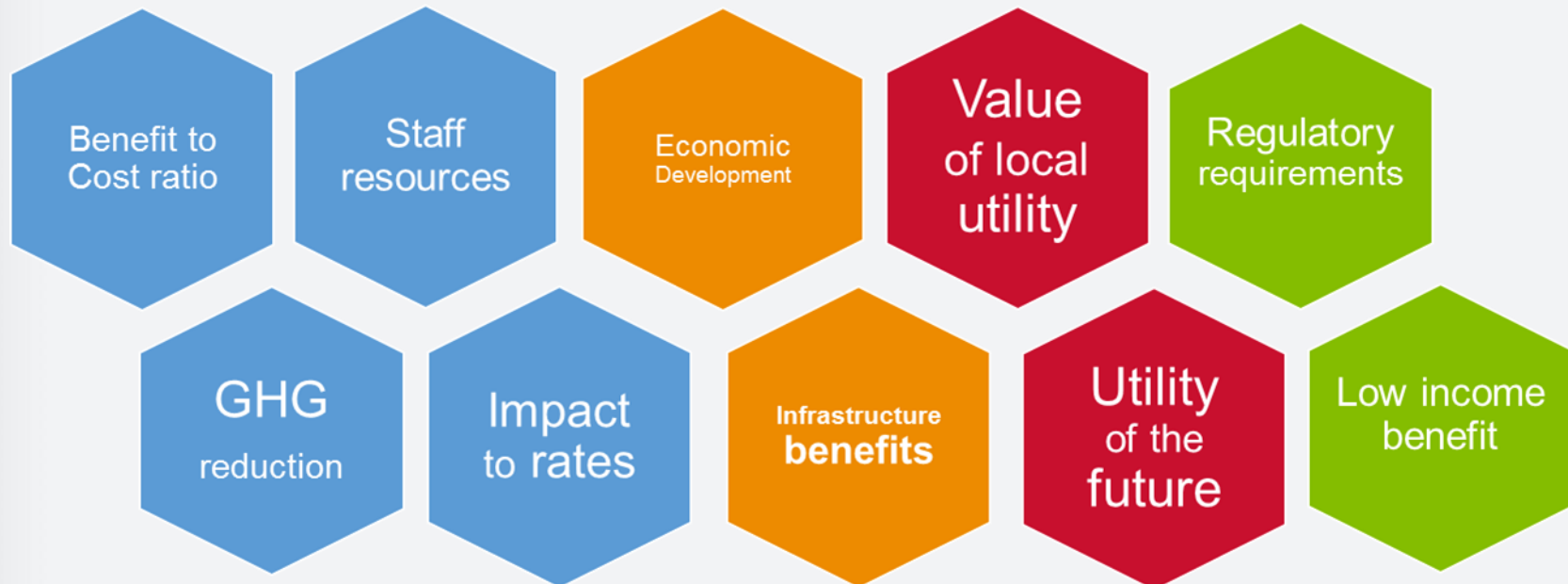
Cap & Trade and Roseville Electric

- Roseville was directly allocated GHG allowances in 2018 (market value ~\$7M)
 - Roseville Energy Park compliance obligations
 - Remainder auctioned, proceeds must be used for GHG reduction & ratepayer benefit:
 - Utility infrastructure projects (such as advanced meters)
 - Preferential uses: includes renewable energy, energy efficiency, etc.

Inappropriate use may result in loss of directly allocated allowances

GHG Proceeds Allocation Methodology

Projects were scored and ranked using qualitative and quantitative factors



2018 Proposed Spending Plan

- Existing Program
 - Advanced meters: \$3,210,000
- New Programs
 - Renewable energy contracts: \$3,630,000
 - LED Street Lights: \$1,000,000

Program	Amount
AMI	\$3,208,017
Renewable Energy Contracts	\$3,628,668
LED Street Lights	\$1,000,000
Reallocated Funds from Low Income Retrofit Program	-\$750,371
Total 2018 GHG Proceeds	7,086,314

Recommendation to City Council

- Roseville Electric Utility staff requests that the Commission recommend approval to the City Council of the proposed allocation of GHG proceeds and reallocation of previously allocated proceeds.



STAFF REPORT

TO:	Roseville Public Utilities Commission
WRITTEN BY:	David Siao, Electric Resources Analyst
APPROVED BY:	Michelle Bertolino, Electric Utility Director
SUBJECT:	2018 Greenhouse Gas Proceeds Spending Plan

Meeting Date: April 23, 2019

SUMMARY

Roseville Electric Utility staff recommends that the Commission recommend approval to the Roseville City Council of the proposed allocation of Greenhouse Gas (GHG) proceeds and reallocation of previously allocated proceeds.

Program	Amount
AMI	\$3,208,017
Renewable Energy Contracts	\$3,628,668
LED Street Lights	\$1,000,000
Reallocated Funds from Low Income Retrofit Program ¹	-\$750,371
Total 2018 GHG Proceeds	7,086,314

*Proposed Allocation of 2018 GHG Proceeds and
Reallocation of Prior Proceeds*

BACKGROUND

California is reducing greenhouse gas (GHG) emissions through mechanisms such as its cap and trade program. The currency of this market-based mechanism is allowances issued by the California Air Resources Board (CARB). One allowance represents one ton of carbon dioxide (CO₂). A number of allowances are freely allocated to Roseville Electric Utility, annually; those allocated to the Utility in 2018 were worth approximately \$7 million. All of these allowances were sold at auction.

CARB guidance to Utilities like Roseville that receive freely allocated allowances is to use auction proceeds to reduce GHG emissions and benefit utility ratepayers. Additionally, specific areas including renewable energy, energy efficiency, and transportation electrification, are preferred for the use of these auction proceeds. Inappropriate use of proceeds may result in the loss of Roseville Electric's free allowances allocation. Accordingly, Roseville Electric allocates proceeds to not only reduce GHG emissions and benefit its ratepayers, but also according to the following

¹ This program was closed after achieving its saturation target and serving all eligible customers.

principles: reduce ratepayer and utility costs, fund programs which best meet the needs of Roseville Electric and its customers, and leverage other utility programs and funds.

Roseville Electric proposes to allocate over \$7,086,314 in 2018 auction proceeds, and reallocate \$750,371 from the low income retrofit program which closed after meeting its goals, per the table below. Similar levels of Advanced Metering Infrastructure (AMI) funding have been previously approved by Roseville City Council. Renewable energy contracts and LED street lights are two new programs being proposed for funding with auction proceeds this year and closely meet the principles previously mentioned.

Program	Amount
AMI	\$3,208,017
Renewable Energy Contracts	\$3,628,668
LED Street Lights	\$1,000,000
Reallocated Funds from Low Income Retrofit Program	-\$750,371
Total 2018 GHG Proceeds	7,086,314

*Proposed Allocation of 2018 GHG Proceeds and
Reallocation of Prior Proceeds*

Project Descriptions

Advanced Metering Infrastructure (AMI): AMI will enable Roseville Electric to understand its customers better, design customer rate programs that incentivize behavior reducing system peaks, increase load factor (distribution utilization), reduce GHG emissions, and support the State's efforts to integrate electric vehicles in Roseville. Currently, there is approximately \$8.79 million in accrued proceeds that have been allocated to AMI. With this recommendation for allocating 2018 GHG proceeds, Roseville will have committed \$12 million to AMI. The majority of proceeds are expected to be spent in 2019 and 2020.

LED Street Lights: Compared to current street light technology, LED street lights are expected to use less energy, reduce GHG emissions, and be less costly to maintain and operate which benefits ratepayers. Allocated proceeds are expected to be spent over the next 2-4 years as LED street lights are installed.

Renewable Energy Contracts: Renewable Portfolio Standard (RPS) eligible energy contracts allow Roseville Electric to comply with the RPS mandates and reduce the GHG emissions associated with its energy mix. Staff has recently confirmed applying GHG proceeds towards the cost of eligible RPS contracts is permitted, and will directly reduce Utility costs to all ratepayers.

These projects were selected due to their high rank using a methodology which considered quantitative and qualitative metrics, such as cost-benefit ratio, rate impact, council goals, and utility goals. Staff recommends that the Roseville Public Utilities Commission recommend approval of the proposed allocation of proceeds to the Roseville City Council, as described above.



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Environmental Utilities Monthly Update

Contact:

Meeting Date: 4/23/2019

Item #: 6.4.



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Environmental Utilities Water Division Update

Contact:

Meeting Date: 4/23/2019

Item #: 6.5.

ATTACHMENTS:

Description

Water Division Update



Water Utility Update

Sean Bigley, Acting Water Utility Manager

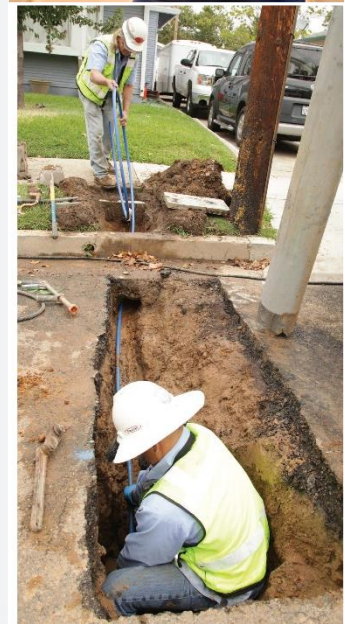
Topics

- Water Utility structure
- Water system overview
- Key projects and initiatives

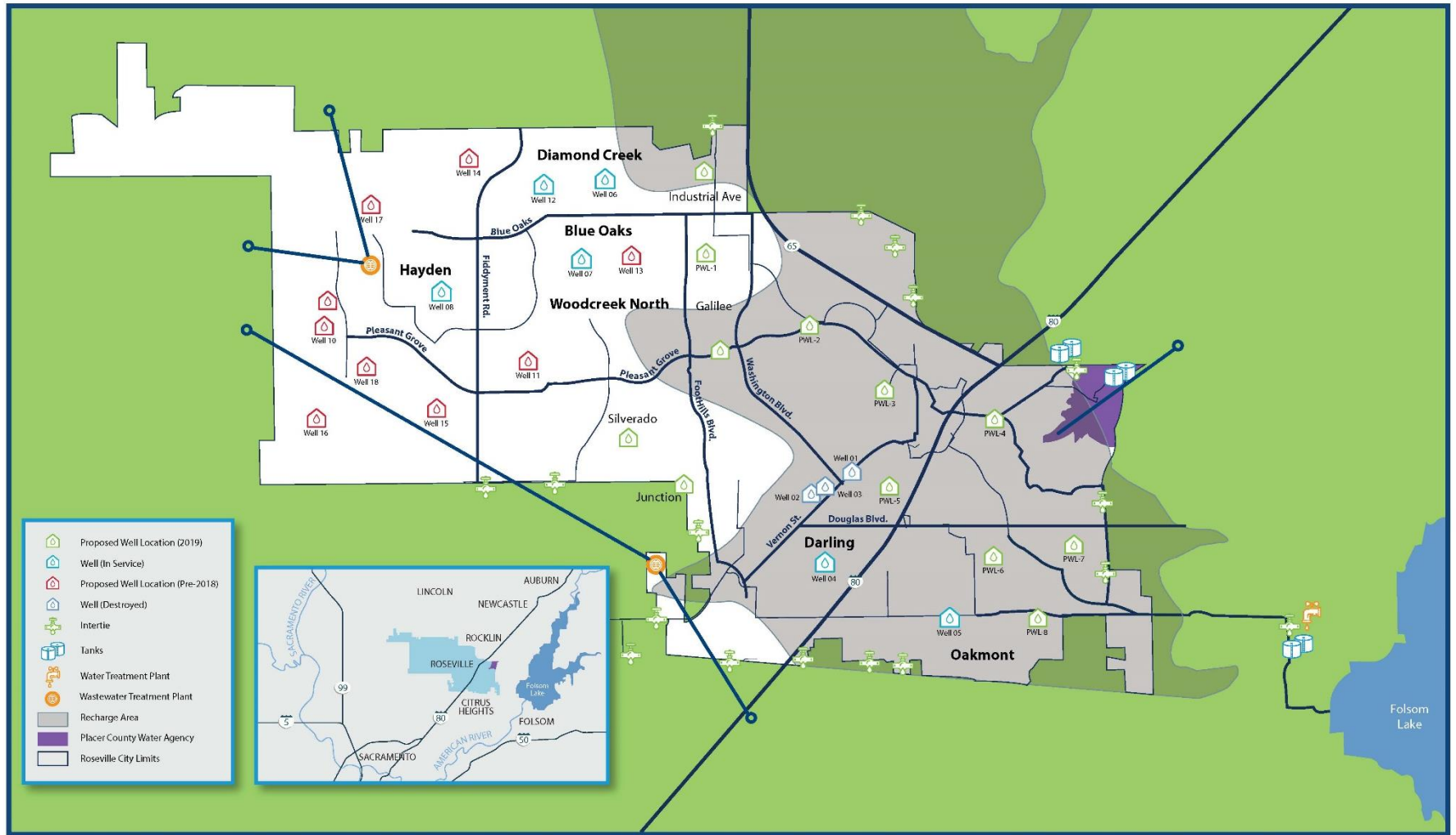


The Water Utility

- Water Distribution
- Water Treatment
- Water Efficiency
- Water Customer Service
- Government Relations (EU)



Water system overview



Key projects and initiatives

- Groundwater program advancement
 - Operation 3(f) – Groundwater Banking
 - SMUD water transfer
 - Groundwater Strategic Plan
 - ASR Well infrastructure
 - Sacramento Regional Groundwater Bank
- Rehabilitation program
- Westside Tank and Pump Station



Key projects and initiatives

- Water Efficiency – Implementation of new state law
- Newly created Government Relations Unit



Key projects and initiatives

- Focus on people – develop the team, succession planning
- Culture driven by Water Utility mission and core values



Questions



PUBLIC UTILITIES COMMISSION COMMUNICATION

Title: Environmental Utilities Proposed Rate Overview

Contact:

Meeting Date: 4/23/2019

Item #: 6.6.

ATTACHMENTS:

Description

EU Proposed Rates PUC



Environmental Utilities Proposed Water, Wastewater, Solid Waste Rates

April 23, 2019



Presentation Overview

- Proposed Rates & Costs
- Analysis & Rate Setting Objectives
- Factors that Influence Costs
- Key Financial Goals and Policies
- Request Recommendation to City Council



Proposed Revenue Adjustments for FY20 & FY21

	Water	Wastewater	Solid Waste	Aggregate ¹
FY 19-20	3.0%	4.0%	5.0%	3.9%
FY 20-21	3.0%	4.0%	5.0%	3.9%

¹ Reflects average increase of a utility bill combining water, wastewater, and solid waste services, for a typical single family residential customer using 14 CCF of water per month.

FY 20-21 Rates Analysis: Residential Bill Estimates

	Current Bill (FY19)	FY 2020 Rate Adjustment	Typical 2020 Incremental \$ Increase	Typical 2020 Combined Bill	FY 2021 Rate Adjustment	Typical 2021 Incremental \$ Increase	Typical 2021 Combined Bill
Water *	\$44.03	3.2%	\$1.43	\$45.46	3.0%	\$1.36	\$46.82
Wastewater	\$38.99	4%	\$1.56	\$40.55	4%	\$1.62	\$42.17
Solid Waste	\$24.35	5%	\$1.22	\$25.57	5%	\$1.28	\$26.85
Total	\$107.37	3.9%	\$4.21	\$111.58	3.8%	\$4.26	\$115.84

* Rates are for a typical residential customer who uses 1,400 cubic feet of water per month.



Rate Setting Requirements & Objectives

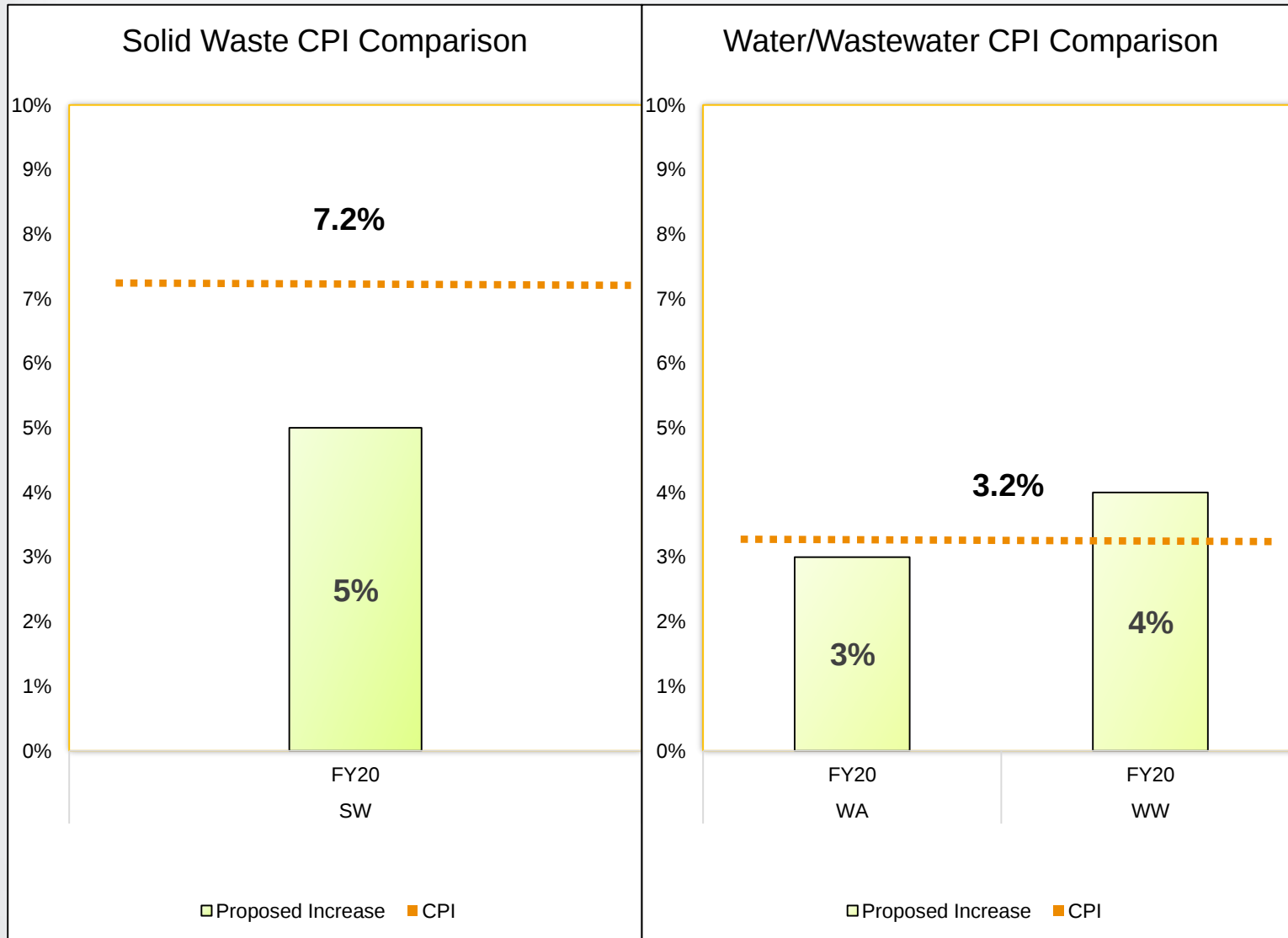
- Proposition 218 Compliance
- City Charter
- Revenue Requirements
- Fiscal policies
- City Council priorities
 - Equitable
 - Stable Revenues
 - Simple to Administer
 - Affordable

Rate Model and Basic Assumptions

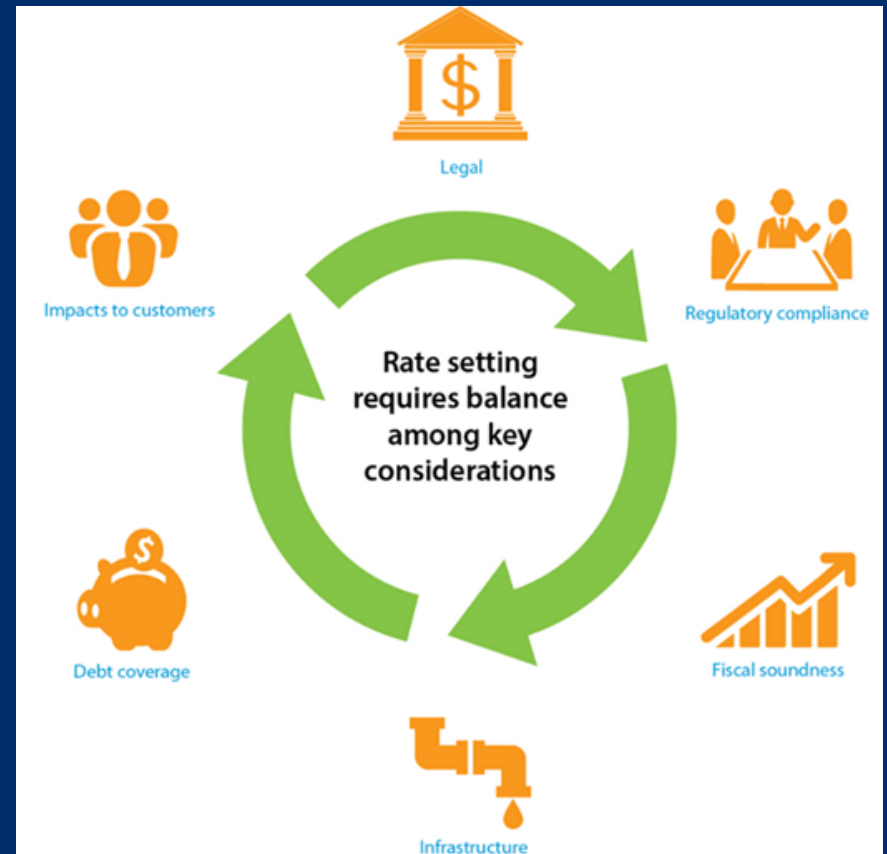


Cost	Water	Wastewater	Solid Waste
Inflation	3%	3%	3%
Reimbursed Costs	5%	5%	3%
Growth	1%	1%	1%
Salaries	2%	2%	5%
Power	5%	5%	3%

CPI Comparison



- **Factors that Influence Costs**
- Technology Investments
- Rehabilitation
- Water Supply Reliability
- Salaries & Succession Planning/Recruitment
- Maintaining Service Levels (98% Customer Satisfaction)
- Unfunded Mandates



Unfunded Mandates:

- Organics Diversion by 2022 (\$7M+\$2M/yr)
- Landfill Improvements (\$?M/\$1M/yr)
- ELAP Accreditation (\$300K+\$250K/yr)
- NPDES:Nitrate Reduction (\$15M+\$1M/yr)
- Water Efficiency Standards (\$500K+\$500K/yr)
- Water Shut-Offs (\$0+\$200K/yr)



Regional Comparison: Residential

Water (1,400 cf)

*PCWA	77.78
*Sac Suburban	59.64
Lincoln	57.71
*San Juan Water District	54.68
*Carmichael Water District	52.20
*City of Sacramento	50.30
Roseville (proposed FY20)	45.46
Roseville (current)	44.03
Fair Oaks Water District	42.08
Folsom	30.12

Wastewater

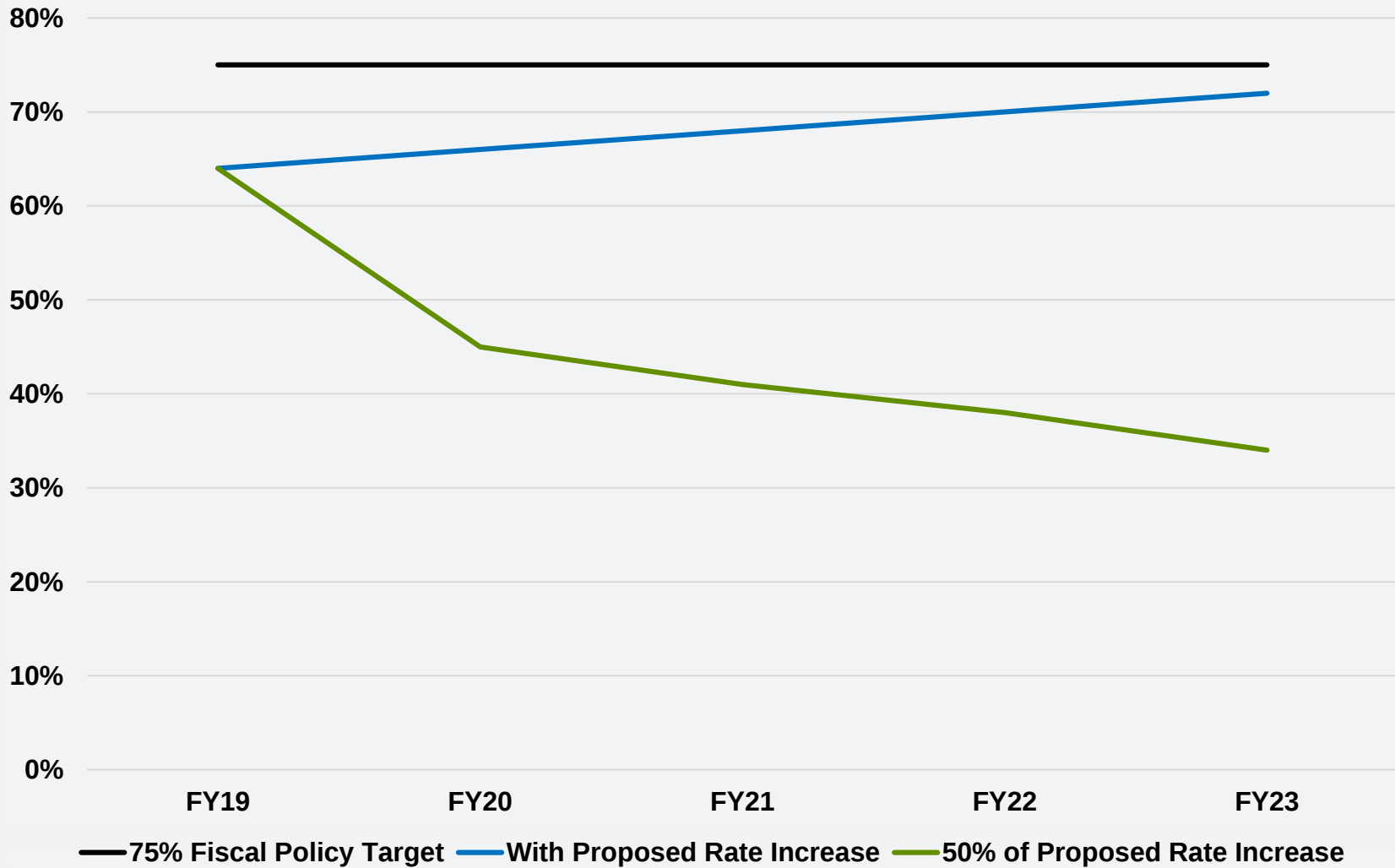
*Davis	76.85
*Sacramento	57.42
*City of Elk Grove, Citrus Heights, portions of Sacramento, Orangevale	54.85
Folsom	53.15
*West Sacramento	44.60
Roseville (proposed FY20)	40.55
Roseville (current)	38.99
Rocklin (SPMUD)	34.00
Lincoln	32.08

Solid Waste

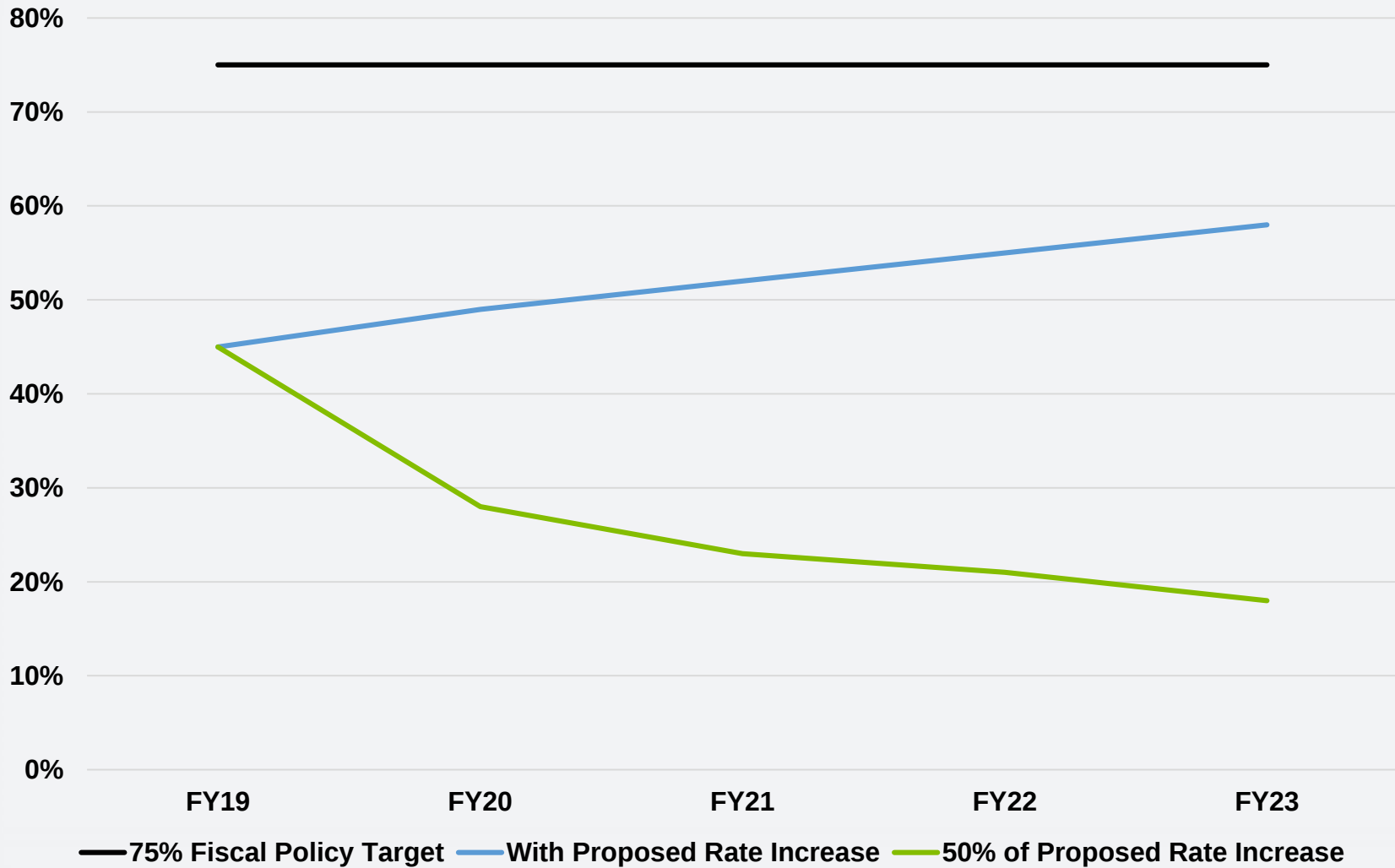
*Sacramento	38.31
*Davis	37.06
*Elk Grove	31.71
*Sacramento County	30.76
*West Sacramento	26.61
Lincoln	26.00
Roseville (proposed FY20)	25.57
Folsom	25.50
Rocklin	25.07
Roseville (current)	24.35

* These rates will be updated at a later date

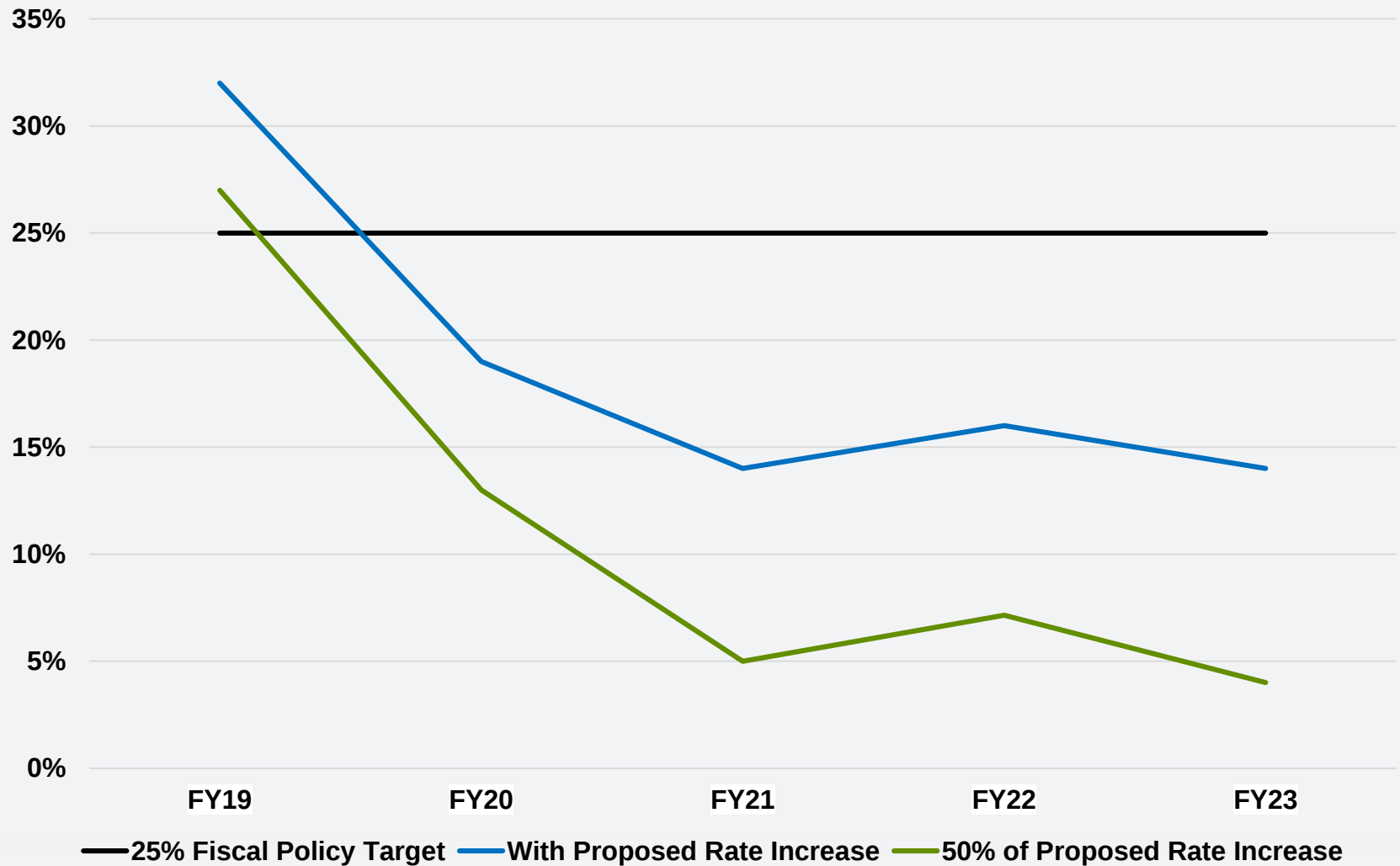
Water Reserve Target



Wastewater Reserve Target



Solid Waste Reserve Target



DID YOU KNOW?

**A gallon of Roseville
water costs only \$.0017!**

Compared to a gallon of bottled water at \$1.29.





Recommendation

Questions?