



COLTON UTILITIES COMMISSION
REGULAR MEETING

March 13, 2023 – 6:00 P.M.
Council Chambers – 650 N. La Cadena Drive
AGENDA

A. CALL TO ORDER

B. FLAG SALUTE

C. ROLL CALL

Commissioner	Larry Rivas	At Large			
Commissioner	Rosanne Ramos Reyes	District 1	Commissioner	Andrew Perez	District 3
Commissioner	Adrianna Escarcega	District 2	Commissioner	Kirk Larson	District 4

D. PUBLIC COMMENT – Procedures for Addressing the Utilities Commission

- Please obtain a card from the Commission Secretary. Legibly complete the card and return it to her. The Chair will call on you when it is your turn to address the Commission.
- Persons submitting paperwork to the Commission shall also provide a copy to the Commission Secretary. Persons may address the Commission at this time on any subject within the jurisdiction of the City of Colton; however, any matter that requires action will be referred to Staff for a report and action at a future Commission meeting, in accordance with the Brown Act.

E. APPROVAL OF THE MINUTES

1.) Regular Meeting February 13, 2023

F. BUSINESS ITEMS / ACTION ITEMS

1. Project Status Update Memo from Director of Public Works and Utility Services – Brian Dickinson
2. Project Status Report – Brian Dickinson
3. Updated PCA Presentation – Brian Dickinson

G. COMMISSIONERS COMMENTS

H. ADJOURNMENT

The next regular meeting is scheduled for Monday, April 10, 2023.

Notice to Public – Re: American Disabilities Act (ADA)

Any person needing special assistance to participate in this meeting should call (909)370-5518, by the Thursday prior to the meeting to make a request for a disability-related modification or accommodation. City Staff will make reasonable arrangements to ensure your accessibility to this meeting.

I hereby certify that the foregoing Regular Meeting Agenda was posted at City Hall on Thursday, March 9, 2023 as required by Government Code Section 54954.2

Date: March 9, 2023

/S/

Maria Quijano, Office Specialist II

CITY OF COLTON
UTILITIES COMMISSION

Regular Meeting Minutes

February 13, 2023

A. CALL TO ORDER

The regular Meeting was held on the above date and called to order at 6:07 PM by Brian Dickinson, Public Work / Utility Director

B. FLAG SALUTE

Led by Commissioner Kirk Larson

C. ROLL CALL

Present: Commissioner Larry Rivas, Commissioner Kirk Larson, Commissioner Colin Strange,
Commissioner Adrianna Escarcega, Commissioner Andrew Perez

Absent:

Staff Present: Brian Dickinson, Public Work / Utility Director; Jessica Sutorus, Energy Conservation Specialist and Maria Quijano, Utilities Commission Secretary.

D. PUBLIC COMMENT

E. APPOINTMENTS

1. Appointment of New Chair and Vice Chair Members
Nominations: Kirk Larson – Chair
Andrew Perez – Vice-Chair

F. APPROVAL OF MINUTES

1. Regular Meeting of January 9, 2023.
Motion to approve the above minutes as presented by Commissioner Colin Strange, second by Commissioner Kirk Larson.
3 Yes – 2 Abstained (New Commissioners)

G. BUSINESS ITEMS / ACTION ITEMS

1. Utilities Division Overview – Brian Dickinson
2. Tree People Partnership – Jessica Sutorus

H. COMMISSIONER COMMENTS

I. FUTURE AGENDA ITEMS

J. ADJOURNMENT

The meeting adjourned at 6:34 PM. The next meeting is scheduled on Monday, March 13, 2022.

/S/

Utilities Commission Secretary – Maria Quijano

CITY OF COLTON

INTEROFFICE MEMORANDUM

TO:	Utilities Commission
FROM:	Brian A. Dickinson, Public Works and Utility Services Director
SUBJECT:	Utility Services Department Project Status Updates
DATE:	March 13, 2023

The following are Project Status Updates for the Utility Services Department:

- Wastewater Treatment Plant Design of expansion/udgrades. Received 30% Plan Design for review. Staff currently reviewing for comment.
- Design of 5.0 million gallon reservoir. Notice of Award to Consultant sent 01/03/2022. In process of Design approximately at 35% design.
- Drilling and Construction of two new Water Wells Nos.32 and 33. Well 33 drilling and construction completed, now in process of design for equipping. Well 32 pilot hole drilled and after initial water quality testing, it has been determined to not proceed any further with additional construction.
- Well 31 equipping almost completed, awaiting on delivery and installation of the Motor Control Center (MCC) panel. Current estimated ship date of 03/14/2023.
- Stormwater Capture and Recharge Feasibility Study. Final report was received 1/24/23. Staff preparing Requests for Proposals for identified projects.
- La Loma Reservoir 2 – Approximately 40% Design



Power Cost Adjustment (PCA)

03/07/2023



City of Colton
ELECTRIC UTILITY

Your Neighborhood Power

Overview

- Colton Electric Resource Portfolio
- Energy Market Status
- Gas Market Status
- Historical Budget Comparisons
- FY 2022-23 Purchased Power Budget
- Implementation of Power Cost Adjustment (PCA)
- What is a PCA?
- Colton Electric Rate History
- Estimated Monthly Electric Bill Impact by Implemented Power Cost Adjustment (PCA)

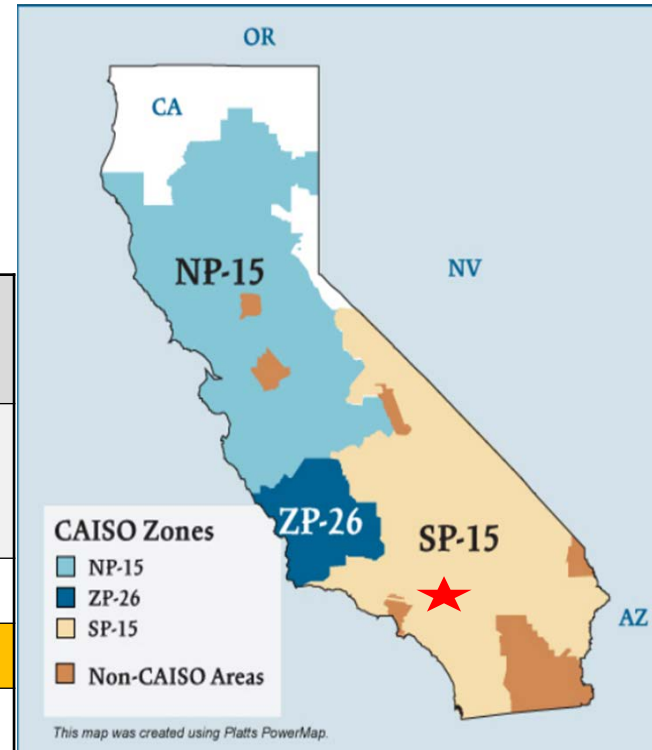
Colton Electric Resource Portfolio

- Colton Electric has total 17 projects in different technologies:
 - Green Energy
 - 1 Wind Project
 - 1 Landfilled Gas Project (SCPPA)
 - 1 Geothermal Project (SCPPA)
 - 4 Small Hydro Projects (SCPPA)
 - 6 Solar Projects (2 of these are SCPPA's)
 - Non-Green Energy
 - 2 Natural Gas Projects (1 of these is a SCPPA's)
 - 1 Large Hydro
 - 1 Nuclear Project (SCPPA)
- SCPPA provides the City economy of scale for our power purchase contracts

Energy Market Status

CAISO Day-Ahead - Monthly On Peak Prices

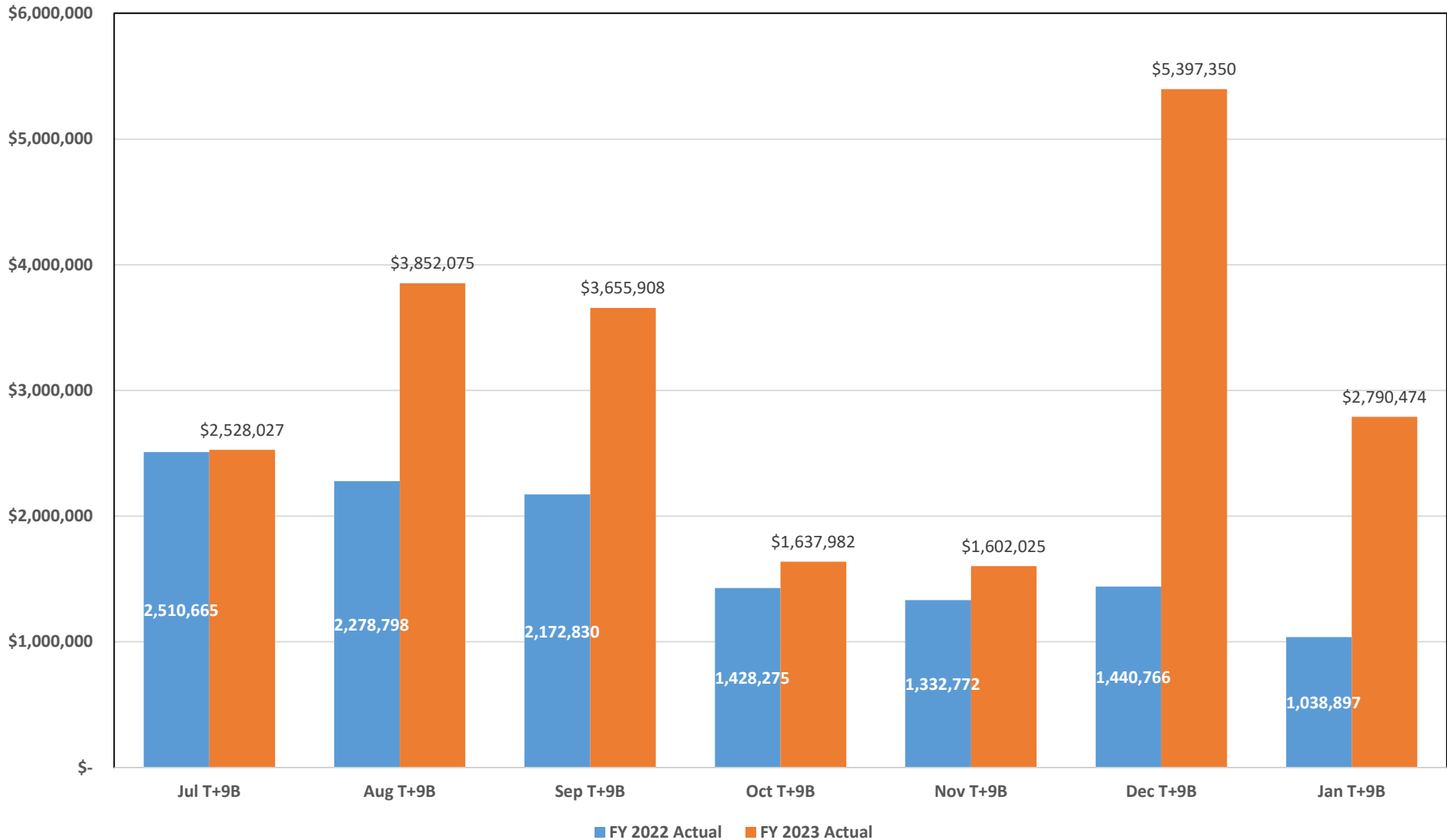
Forward Trading Hub	Oct 2022	Nov 2022		Dec 2022	
	\$/MWh	\$/MWh	Change (%)	\$/MWh	Change (%)
NP15	\$73.36	\$93.56	27.54%	\$271.06	189.72%
SP15	\$65.33	\$82.95	26.97%	\$257.11	209.96%
ZP26	\$63.72	\$82.56	29.57%	\$254.46	208.21%



★ Colton falls within the SP15 CAISO Zone

Energy Bills Comparison

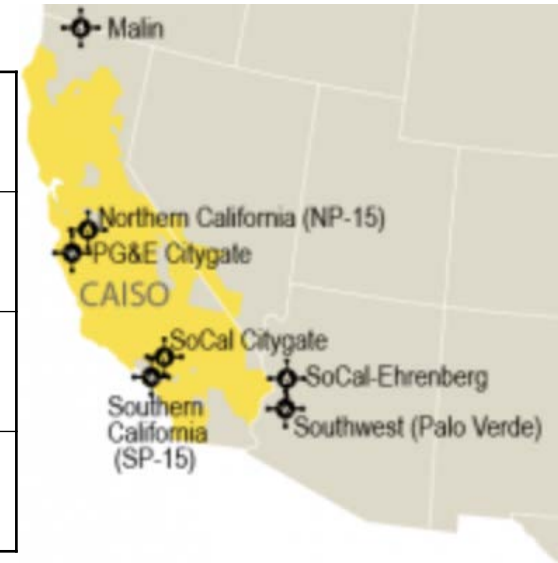
Majority Portion of CAISO Charges Fiscal Year Comparison





Gas Market Status

So Cal Citygate Gas Prices

		Oct 2022	Nov 2022		Dec 2022	
Location	Type	\$/mmBtu	\$/mmBtu	Change (%)	\$/mmBtu	Change (%)
SoCal Citygate	Max	\$8.06	\$14.38	78.41%	\$50.15	248.75%
	Min	\$4.12	\$6.00	45.63%	\$14.96	149.33%

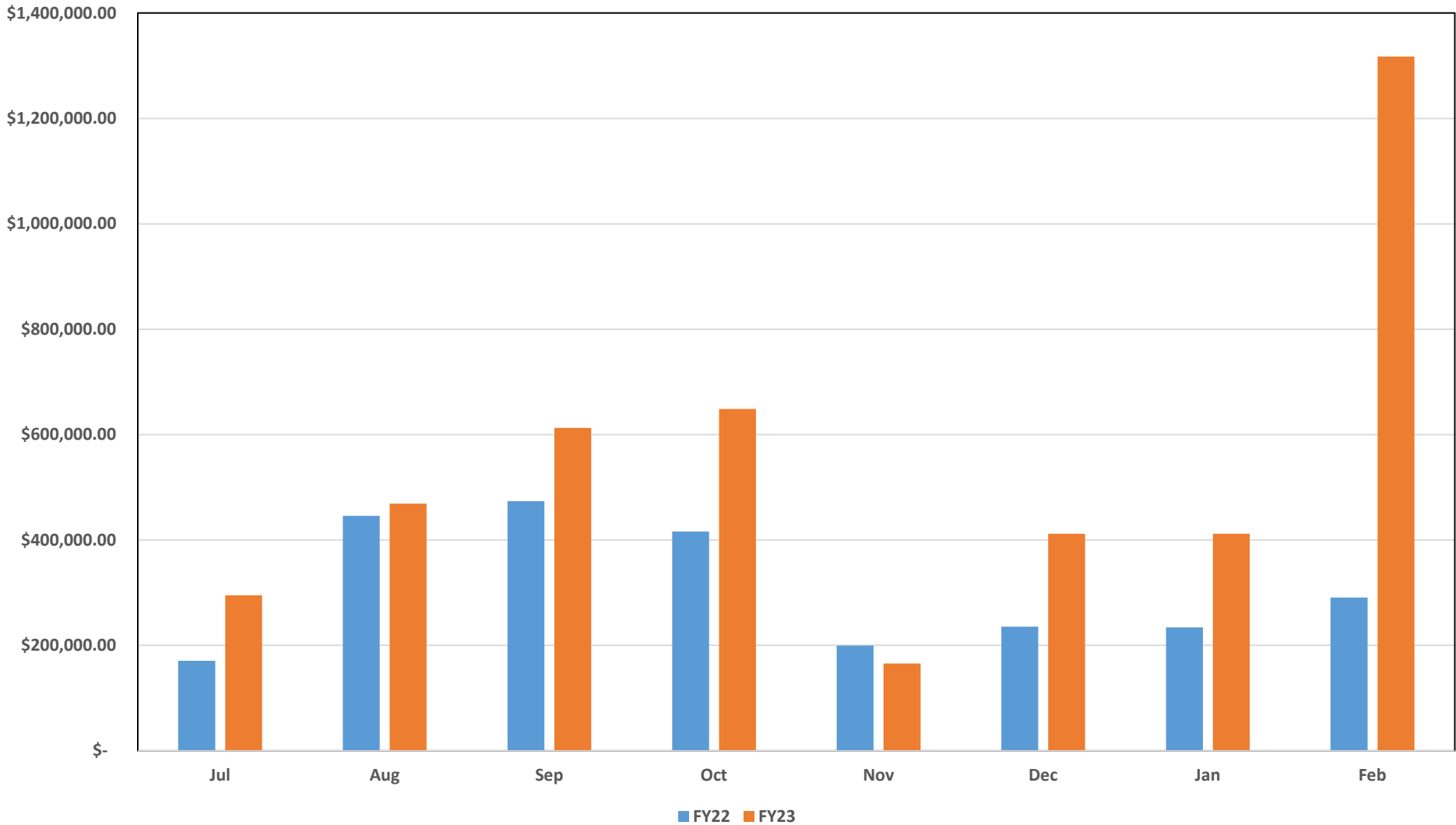


-  Electricity pricing location
-  Natural gas pricing location

Source: U.S. Energy Information Administration based on Ventyx Energy Velocity Suite

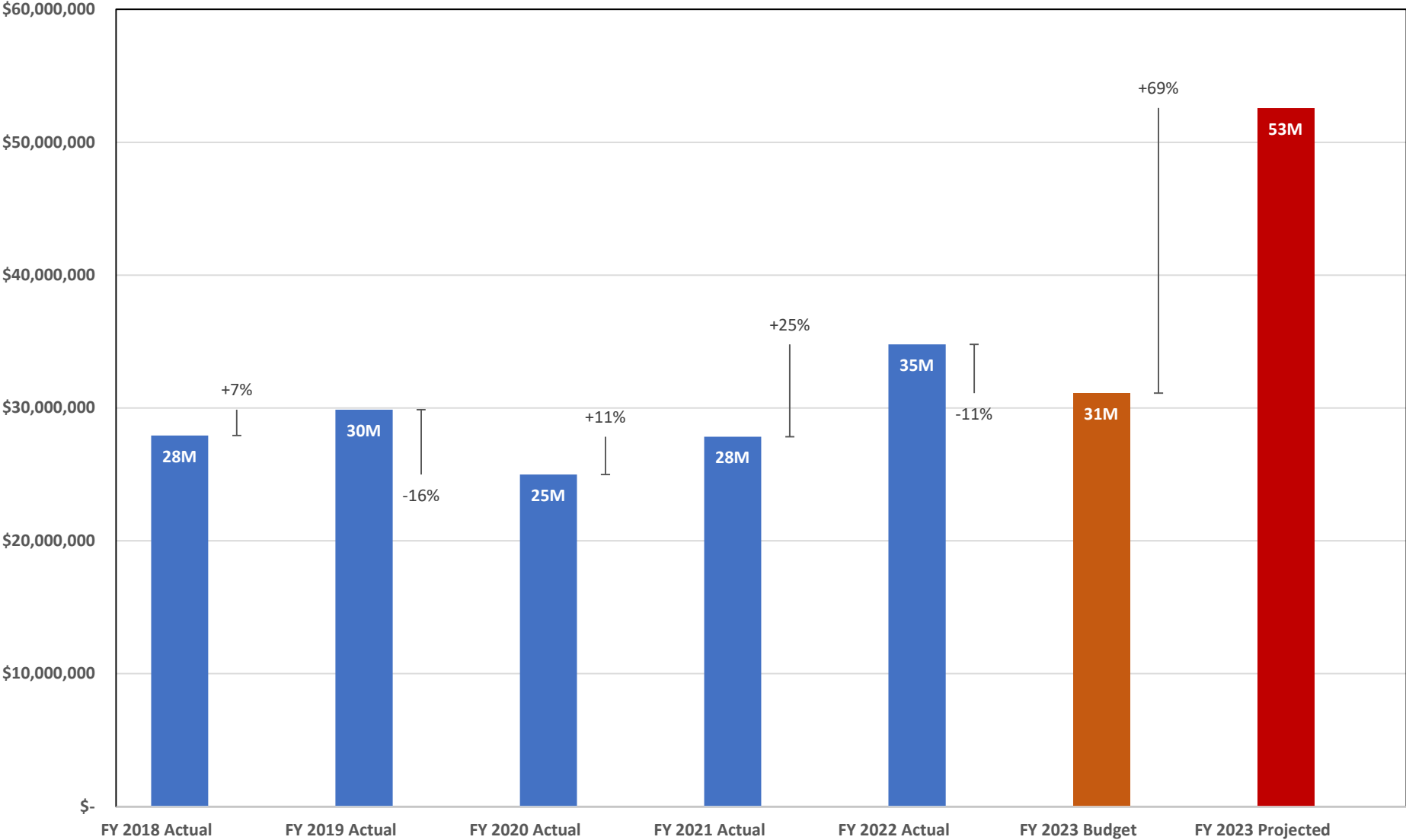
Gas Bills Comparison

Gas Bills Comparison



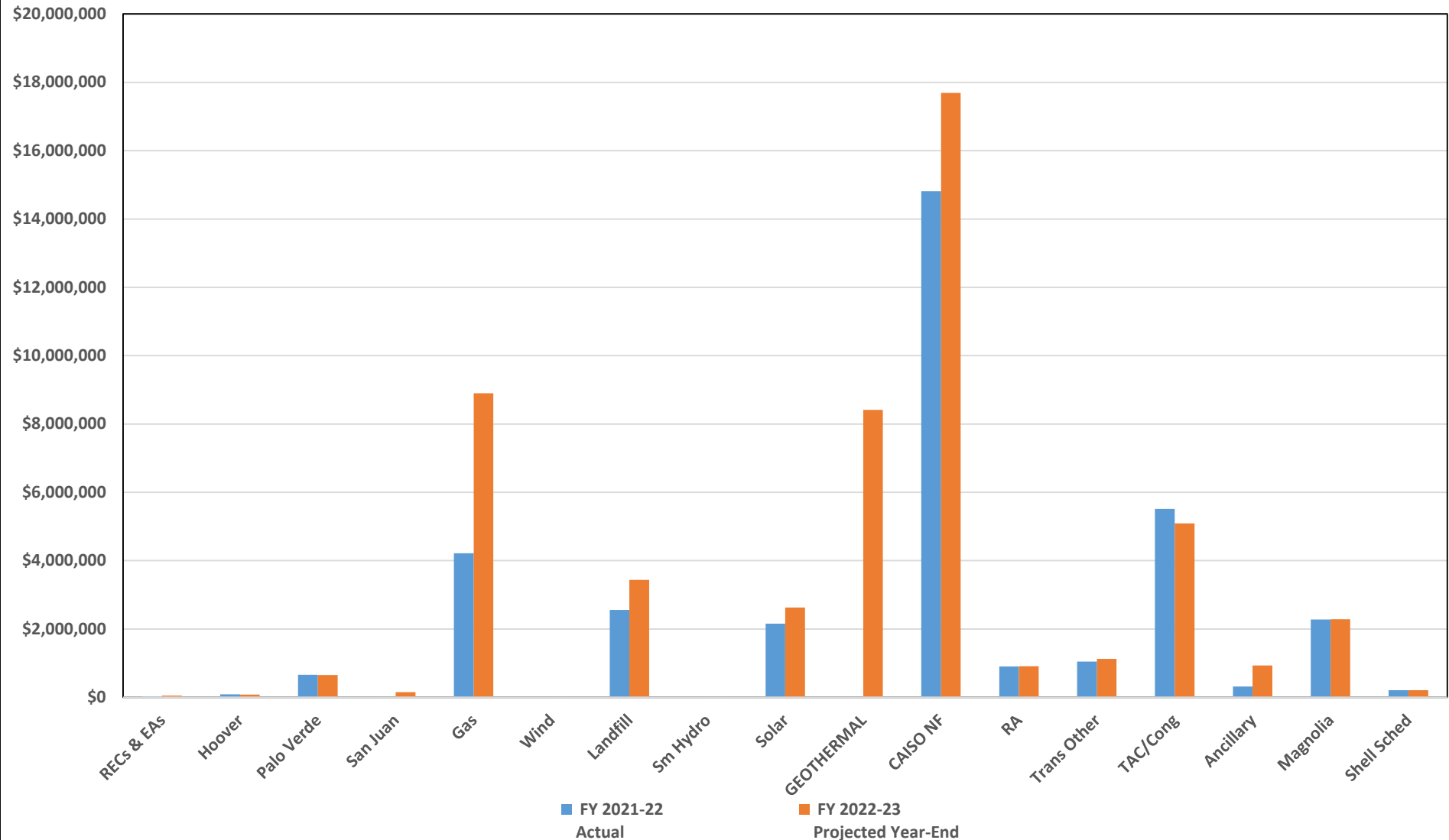
Historical Budget Comparison of Purchased Power, Transmission & CAISO Charges

Fiscal Year Comparison



Budget Comparison of Purchased Power In Details

FY 2022 Actual vs FY 2023 Projected Year-End



FY 2022-23 Purchased Power, Transmission & ISO Charges Budget

FY 2022-23 Adopted Budget	\$	31,114,793
FY 2022-23 Year-End Projected (Based on current Energy/Gas market)	\$	52,575,564
Variance (shortfall in budget)	\$	21,460,771

Steps taken to address the increase in Energy prices variance:

- The Department is deferring lower priority Capital Improvements this FY (e.g. Agua Mansa Power Plant \$2.3M Transfer + \$3.1M Capital Transfer).
- Utilizing approximately \$4.5M reserve funds.
- General Fund Transfer Reduction of \$2M

Next step, The Electric Department will be implementing a PCA for the variance amount of **\$21,460,771**.

- Replenish reserves to maintain Colton's bond rating of A2.
- Retain stability for next FY budget.
- Resume necessary Capital projects deferred this Fiscal Year.

FY 2022-23 Cash and Investment Report

		6/30/2022	FY 2022-23 Revenues	FY 2022-23 Expenditures	FY 2022-23	6/30/2023	
		Audited	Year-End	Year-End	Operating	Fund Balance	Test to Meet City Policy for Reserves
		Fund Balance	Projection	Projection	Surplus/(Deficit)	Estimated	
520	Electric Utility	\$ 35,988,175.31	\$ 68,119,023.50	\$ 91,434,408.37	\$(23,315,384.87)	\$ 12,672,790.44	14%
526	Public Benefit Fund	\$ 2,731,272.69	\$ 903,400.00	\$ 2,447,313.45	\$ (1,543,913.45)	\$ 1,187,359.24	

What is a Power Cost Adjustment (PCA)

Per the Colton Electric Utility Rules and Regulations (Rule No. 23):

A charge added to the energy charge to reflect unusual conditions in the market that, if not addressed, would result in financial harm to the Electric Department.

The **Power Cost Adjustment (PCA)** is a charge per kWh which is used:

(1) to adjust the Electric Department's electric rates for the actual cost of purchasing and generating electric power and energy to service the City's Customers, and

(2) to minimize the fluctuations in rates.

As of beginning of the FY 2015, the PCA was set to zero (\$0.00) but can be changed by the Colton Electric Director as necessary to reflect changes in actual power supply costs.

In response to current Energy market prices, Colton Electric Utility will be implementing a PCA of **\$0.085 per kWh**.

Colton Electric Rate History

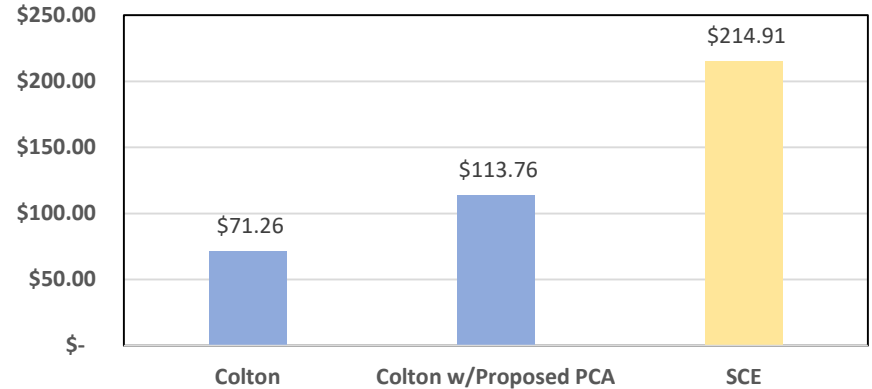
- Colton's rates have not changed for the last 10 years (last updated 7/1/2013)
- The City of Colton's issuer rating was recently upgraded to A2 from A3, by Moody's Investors Service.
- A PCA was last implemented in FY2007 and ended by FY 2015.
- Energy/Gas market prices have been extremely volatile since Fall 2022
- Cost of service study in progress to update rate structure to reflect current consumer price levels.
- Even with the implementation of the \$0.085 PCA Colton's rates will remain lower than that of Edison.

PCA Impact to Customers

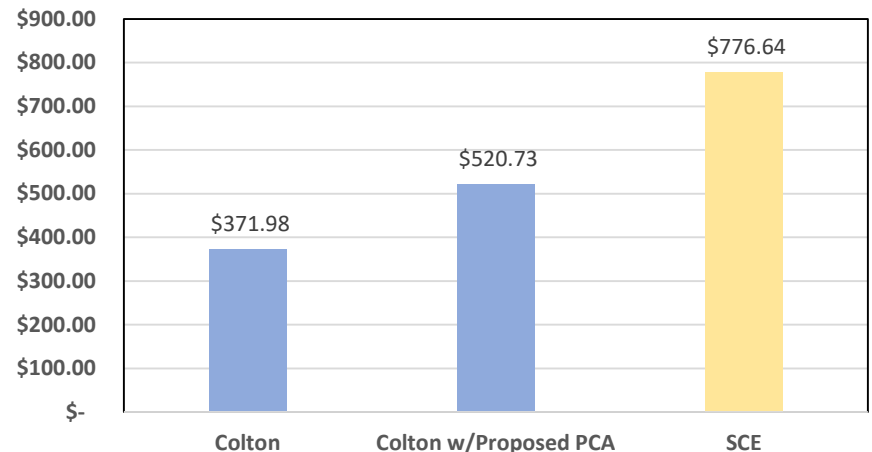
Customer Class with Proposed PCA Rate Impact (%)

Customer Class	Estimated Average Bill Increase
Residential	55.0%
Commercial	43.3%
Industrial	58.5%

Moderate Usage 500kWh Residential Monthly Total Comparison



High Usage 1750kWh Residential Monthly Total Comparison



PCA Implementation at Neighboring Public Utilities

Agency	Implementation	Duration
City of Colton	04/01/2023	06/30/2024
Pasadena Water & Power	03/01/2023	Calculated & set monthly
Burbank Water & Power		Recurring
Anaheim Public Utilities	2013	Recurring 7 of last 10 years
Glendale Water & Power	01/01/2023	
Azusa Light & Water	01/01/2023	06/30/2023
Riverside Public Utilities		Recurring
City of Banning	01/01/2022	Recurring

Implementation

- ✓ Re-implement the Power Cost Adjustment (PCA)
 - PCA effective April 1, 2023 through June 30, 2024 expected to increase revenue by \$6.7M in remaining FY23 and \$29.1M in FY24.
 - Possibility of PCA Ending June 30, 2024 or sooner pending the results of the rate study that will fulfill the need in providing the reliability and sustainability to the customers.
 - Encourage customers facing an increased financial burden to utilize and apply for Low Income assistance program funded by Colton's Public Benefit Fund and Colton's Energy Efficiency Rebates.

Proposed Public Outreach

- ✓ Detailed Notice and explanation will be:
 - ❖ Mailed to all customers
 - ❖ Posted to all City outlets
 - City website
 - Social media
 - Channel 3

