

**NOTICE AND CALL OF SPECIAL MEETING (STUDY SESSION) OF THE  
CITY COUNCIL OF THE CITY OF MORENO VALLEY  
MORENO VALLEY COMMUNITY SERVICES DISTRICT  
COMMUNITY REDEVELOPMENT AGENCY OF THE  
CITY OF MORENO VALLEY**

**October 4, 2011 - 6:00 PM**

**NOTICE IS HEREBY GIVEN** that a special meeting (Study Session) of the City Council of the City of Moreno Valley, Moreno Valley Community Services District and the Community Redevelopment Agency of the City of Moreno Valley will be held on October 4, 2011 commencing at 6:00 PM, in the City Council Chamber, City Hall, located at 14177 Frederick Street, Moreno Valley, California.

Said special meeting shall be for the purpose of:

**AGENDA**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**INVOCATION**

**ROLL CALL**

**INTRODUCTIONS**

**PUBLIC COMMENTS ON THE SPECIAL MEETING AGENDA UNDER THE  
JURISDICTION OF THE CITY COUNCIL**

There is a three-minute time limit per person. Please complete and submit a LAVENDER speaker slip to the Bailiff. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council Member, staff member or other person.

## **SPECIAL ORDER OF BUSINESS**

- 1 ALTERNATIVES FOR THE COMMUNITY SERVICES DISTRICT (CSD)  
STREET LIGHTING PROGRAMS (Public Works Department/10 Min.)
- 2 MORENO VALLEY UTILITY (MVU) OVERVIEW AND UPDATE (Public  
Works Department/10 Min.)
- 3 CITY COUNCIL REQUESTS AND COMMUNICATIONS

(Times shown are only estimates for staff presentation. Items may be deferred by Council if time does not permit full review.)

❖ Oral Presentation only – No written material provided

**\*Materials related to an item on this Agenda submitted to the City Council/Community Services District/Community Redevelopment Agency after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.**

## **CLOSED SESSION**

A Closed Session of the City Council, Community Services District and Community Redevelopment Agency of the City of Moreno Valley will be held in the City Manager's Conference Room, Second Floor, City Hall. The City Council will meet in Closed Session to confer with its legal counsel regarding the following matter(s) and any additional matter(s) publicly and orally announced by the City Attorney in the Council Chamber at the time of convening the Closed Session.

- **PUBLIC COMMENTS ON MATTERS ON THE CLOSED SESSION AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL**

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

The Closed Session will be held pursuant to Government Code:

- 1 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 5

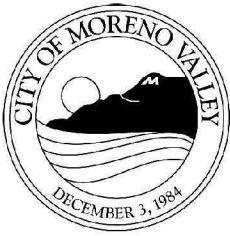
- 2 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 5

## **REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY**

## **ADJOURNMENT**

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APPROVALS	
BUDGET OFFICER	<i>[Signature]</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>[Signature]</i>

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## Report to City Council

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**TO:** Mayor and City Council acting in their capacity as President and Members of the Board of Directors of the Moreno Valley Community Services District

**FROM:** Chris A. Vogt, P.E., Public Works Director/City Engineer

**AGENDA DATE:** October 4, 2011

**TITLE:** ALTERNATIVES FOR THE COMMUNITY SERVICES DISTRICT (CSD) PROGRAMS

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### **RECOMMENDED ACTION**

Staff recommends that the Mayor and City Council acting in their capacity as President and Members of the Board of Directors of the Moreno Valley CSD ("CSD Board") consider alternatives for the CSD Street Lighting programs.

### **ADVISORY BOARD/COMMISSION RECOMMENDATION**

N/A

### **BACKGROUND**

The CSD was formed simultaneously with the City of Moreno Valley's incorporation and zones of benefit were established, such as the Zone B (Residential Street Lighting) and CSD Zone C (Arterial Street Lighting) programs, to allocate program costs to those parcels receiving benefit from the services provided by the CSD.

In recent years the California Public Utilities Commission (CPUC) has approved multiple rate increases that utility providers, such as Southern California Edison (SCE), may charge for street lighting services. Utility providers have passed these increases on to the rate payers. As a result of these increased electrical utility costs, the annual expenditures for both the Zone B and Zone C programs exceed the revenues collected.

To continue to provide the same level of Zone B services, a Proposition 218 mail ballot proceeding was conducted in June of 2009. The mail ballot provided property owners

participating in the Zone B program an opportunity to either approve or oppose an increase in their Zone B charge from \$23 or \$24 per parcel, per year to \$39 per parcel, per year. Of the approximately 40,000 ballots mailed to property owners, 6,359 ballots (16%) were returned, with 4,076 (64%) ballots marked as not approving the increase, 2,025 (32%) ballots marked as approving the increase, and 258 (4%) ballots returned as invalid. Based on the results of the mail ballot proceeding, the proposed increase in the Zone B charge was not approved by the required simple majority (50% + 1).

Without an approved increase to the Zone B charge, the residential street lighting program was underfunded for FY 2009/10. On February 23, 2010, the CSD Board authorized the use of \$90,291 from the Special Districts Administration Fund 149 to meet street lighting costs through FY 2009/10. Based on the low percentage of returned ballots, the CSD Board also provided direction at its meeting on April 27, 2010, to authorize a rebalot of property owners for the proposed increase to the Zone B charge. As part of the rebalot process, a public outreach campaign was conducted with the goal of increasing awareness and the number of returned ballots.

A Proposition 218 mail ballot proceeding of Zone B was conducted in September 2010. Of the 40,090 ballots mailed to property owners, 8,970 ballots (22%) were returned, with 4,649 (52%) ballots marked as not approving the increase, 3,790 (42%) ballots marked as approving the increase, and 531 (6%) ballots returned as invalid. Although the number of returned ballots increased from 16% in 2009 to 22% in 2010, the proposed increase in the Zone B charge was not approved.

Without an approved increase to the Zone B charge, the residential street lighting program was underfunded for FY 2010/11. On February 8, 2011, the CSD Board authorized acceptance of a gift of \$571,600 and loan of \$51,700 from the City's General Fund to meet street lighting costs through FY 2010/11.

## **DISCUSSION**

For Fiscal Year (FY) 2011/12, the Zone B projected revenues are approximately \$1,027,552, while expenses are estimated to be \$1,617,800, creating an approximate \$590,248 shortfall. For FY 2011/12, the Zone C projected revenues are approximately \$533,486, while expenses are estimated to be \$894,300. After using the remaining estimated \$270,000 in Zone C fund balance, the shortfall will be approximately \$90,845. Cumulatively for FY 2011/12, the streetlight programs will be underfunded by approximately \$681,000. Future annual shortfalls shall also be incurred at approximately the same amount plus any additional utility cost increases approved as part of the 2012 General Rate Case or any later tariff increases as approved by the CPUC.

For FY 2012/13, this annual amount will grow to an estimated \$951,000, excluding any additional utility cost increases that may be approved by the CPUC. Given the projected annual shortfalls, several options have been reviewed including those undertaken by other cities in addressing similar funding deficiencies for street lighting services. Staff has met with representatives from SCE, Moreno Valley Utilities (MVU), and the City's Transportation Division in an effort to evaluate alternatives to reduce expenditures and address the Street Lighting programs' funding shortfalls.

The following section provides informational updates on some of those options and outlines several alternatives for the CSD Boards consideration.

## **ALTERNATIVES**

### **1. Continued General Fund Subsidy**

The City's General Fund may subsidize the street lighting programs to make up the difference between the revenues and costs on an annual basis. For property related charges, Proposition 218 does not allow agencies to levy nor collect more than the amount approved by property owners. A General Fund subsidy to fund the known shortfalls may allow street lighting services to remain unchanged. However, the General Fund budget has been balanced through the use of one-time funds and recent employee compensation and benefit concessions among other cost-reducing actions, with a structural deficit remaining. As such, General Fund monies may be limited and may not be able to support additional costs associated with street lighting services, especially on a long term basis. Any subsidy from the General Fund will impact the overall staffing and programs/services of the City. A subsidy of approximately \$681,000 for FY 2011/12 has been supported through the use of one-time General Fund fund balance. The amount of any subsidy will increase in future years as the CPUC grants SCE's requests to increase the tariff and will likely result in further General Fund program or position reductions.

### **2. Removal of Services**

#### **a. Remove/Reduce Streetlights**

Turning off and/or removing a portion of the streetlights would reduce street lighting service to coincide with the current level of available funding for FY 2011/12. It is anticipated that removal of streetlights may result in additional costs associated with turning off and/or removing streetlight facilities and reconfiguring existing electrical lines. Depending on the extent of the removal costs and future utility rates, additional streetlight removals in subsequent years may be necessary. *This alternative may require significant time and costs to identify specific streetlights to be removed. This alternative does not address future shortfalls due to increased utility rates.*

#### **b. Remove Streetlights Older Than 10 Years**

Removing streetlights older than 10 years may reduce street lighting service to a level which may be supported with the available funding for FY 2011/12. Based on the 2006 General Rate Case Settlement Agreement, "If a customer orders removal of street lighting services and facilities after 10 years, there shall be no cost assessed to the customer." *This alternative does not address future shortfalls due to increased utility rates.*

### **3. New Technology (LED)**

The City has initiated pilot projects to identify conversion costs and to test lighting effectiveness from converting streetlights from High Pressure Sodium Vapor (HPSV) to LED. It should also be noted, that effective July 2011 the CPUC approved an LS-1 LED tariff for SCE streetlights which increase the monthly fixed cost per pole per month from \$9.39 to \$11.39. Even with the offsetting energy savings by converting to the new technology, the tariff would increase by approximately \$9.25 per pole per year.

### **4. Seek Modification of the Utility Tariffs through the CPUC**

Staff participated in the California Street Light Association (CAL-SLA) meeting on May 26, 2011 in order to gain consensus among other SCE served cities facing the same issues and to rally support from the organization. Approximately 60 representatives were in attendance from various southern California Cities. Mr. Dave Byers, the CAL-SLA Attorney, addressed Moreno Valley's situation (as described below). According to Mr. Byers, CAL-SLA took on this fight already with the CPUC and SCE. SCE originally wanted a tariff of over \$20/pole/month; however, CAL-SLA negotiated them down to \$9.24/pole/month for the fixed cost component of the tariff. CAL-SLA's position is that it could go no further in negotiating the tariff and that if tried, SCE would prevail.

On June 20, 2011, seven cities provided testimony at the CPUC Public Participation Hearing in Long Beach regarding SCE's LS-1 Tariff, stating that it was impacting the General Funds of local government which reduces their ability to provide other essential services, calling out an unknown and unfair developer subsidy, and request that the tariff sunset after a 10 year period consistent with SCE's admission, that the cost of the pole is recouped after 10 years. The seven cities that testified were Moreno Valley, Perris, San Jacinto, Huntington Beach, Yorba Linda, Lancaster, and Downey.

Also in June, Mayor Stewart sent a letter to the CPUC to present our concerns. In the letter, the City requested that the CPUC consider the following:

- 1) SCE stop providing developers the "wood pole equivalency" discount on streetlight installations.
- 2) SCE and developer agreements must receive approval from the local agency that will ultimately be responsible for payment of the streetlight service.
- 3) The \$9.24/pole/month LS-1 tariff sunset after 10 years of payment and no longer be charged to the local agencies.

On September 12, 2011, the City's Special Legal Counsel participated in a prehearing conference and filed a motion with the CPUC for Party Status for the 2012 General Rate Case (2012 GRC). The filing allows the City to receive copies of any filings by SCE and also allows the City to provide



comments and testimony to the CPUC regarding the 2012 GRC and any increases to the LS-1 Tariff.

The City plans to continue participation in the CPUC rate setting proceeding and seek the participation by other cities adversely effected by the SCE Tariffs.

## 5. “Combine” Zones B and C into a new Zone

Residential property owners currently pay approximately \$32 per parcel per year for the combined streetlight programs (\$23\* for Zone B + \$9 for Zone C). All non-residential property owners pay \$9 per parcel per year for the Zone C street lighting program, regardless of the number of streetlights installed as a condition of development for their project.

For the charges to fully fund Zone B and Zone C, the parcel charge necessary for Zone B is estimated to be \$40.30 while the special tax for Zone C is estimated to be \$17.15. Collectively, residential properties would need to contribute \$57.45 per parcel per year, while non-residential properties would need to contribute \$17.15 per parcel per year.

To develop what would amount to a “combined” charge for both residential and non-residential parcels, the City could create a new Zone to replace the existing Zone B and Zone C. The new Zone would be funded by a new special tax of approximately \$31 per Equivalent Benefit Unit, which would be calculated on all developed parcels. This process would distribute the burden of operating the streetlight program, as a whole, more equitably across developed residential and non-residential properties. Undeveloped properties would not be charged until development, providing an additional revenue stream to cover additional streetlight costs incurred as a result of that development.

To create a special tax, a measure is required to be placed on the ballot and voted upon by the registered voters. A special tax requires a 2/3rds Registered voter approval in order to pass. *This alternative may require significant time and costs to conduct public outreach and education. This alternative helps to address both current and future shortfalls for the streetlight programs.*

### **Timeline**

Placing a revenue measure on the ballot requires notification to the County Registrar of Voters at least 88 days in advance of the election. Other timing issues that need to be taken into consideration include time for Council actions, public polling, ballot measure preparation, and public outreach.

For a June 2013 ballot, it is advisable to initiate the process as far in advance as possible, depending on the results of a public polling or a survey. The

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\* There are two charges for Zone B; \$23.00 or \$24.74. For discussion purposes \$23 is used.

polling process (feasibility study) will aid in determining the level of public outreach and voter thresholds necessary for a successful ballot measure.

### **Costs**

The estimated cost to place a revenue measure on the ballot, conduct polling and a public education campaign, is estimated to be at least \$360,000, based on the following assumptions:

- An estimated cost of approximately \$160,000 for the County Registrar of Voters to place a measure on the June ballot. Depending on the timing of the measure and the method of collection for the ballots, cost may increase to \$260,000.
- Estimated costs of approximately \$50,000 to conduct polling and \$150,000 for public outreach. Costs may be better defined after conducting public polling, which will indicate the amount of work required.

The final determination of the level of polling, public outreach, and the actual cost from the County will impact the overall cost estimates for any future revenue measure.

### **FISCAL IMPACT**

The CSD provides services through various zones, such as Zone B (Residential Street Lighting) and Zone C (Arterial Street Lighting), which are intended to be full-cost recovery programs. The cost to fund streetlight operations exceeds the current charges collected. **The impact of the General Fund will vary depending upon the alternatives selected by the City Council/CSD Board and its ultimate outcome.**

### **CITY COUNCIL GOALS**

#### **Revenue Diversification and Preservation**

The Zone B (Residential Street Lighting) and the Zone C (Arterial Street Lighting) programs are intended to be full cost recovery programs which fund both residential and arterial streetlight services.

#### **Public Facilities and Capital Projects**

Streetlights aid in the illumination of roadway and sidewalk areas.

### **SUMMARY**

The costs to operate the Zone B (Residential Street Lighting) and Zone C (Arterial Street Lighting) programs will exceed the combination of existing fund balances and revenues received by \$681,000 for FY 2011/12 and will continue to do so unless a long term solution is identified. Several alternatives have been provided for consideration to address both short and long term financial costs to operate the street lighting programs.

### **NOTIFICATION**

N/A

**ATTACHMENTS**

Attachment A – PowerPoint Presentation of Alternatives and Estimated Costs

Prepared By:  
Marshall Eyerman  
Special Districts Program Manager

Department Head Approval:  
Chris A. Vogt, P.E.  
Public Works Director/City Engineer

Concurred By:  
Candace Cassel  
Special Districts Division Manager

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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An aerial night photograph of Moreno Valley, California. The city is illuminated with a mix of warm yellow and white lights from buildings and streets, and cooler blue and green lights from some commercial or industrial areas. A major highway, likely SR 91, runs diagonally across the right side of the image. The foreground shows dark, rocky terrain, suggesting the photo was taken from an elevated vantage point. The sky is a deep twilight blue.

# **Moreno Valley Community Service District**

**CSD Zone B (Residential Street Lighting)**

**CSD Zone C (Arterial Street Lighting)**

**October 4, 2011**

# Outline

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- CSD Zones B and C
- FY 2011/12 Budget
- Alternatives

# CSD Zone B (Residential)

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- Citywide
  - Located on public streets in residential neighborhoods
  - Provide illumination of roadways
  - Current Annual Charge \$23/\$24.74 per parcel
- Residential Streetlights (LS-1)
  - City owned and maintained – 944 or approx. 11%
  - SCE owned and maintained – 7,689 or approx. 89%
- Age of Facilities
  - SCE
    - Approx. 6,605 - 10+ years old
    - Approx. 1,084 - Less than 10 years old
  - MVU
    - All less than 10 years old

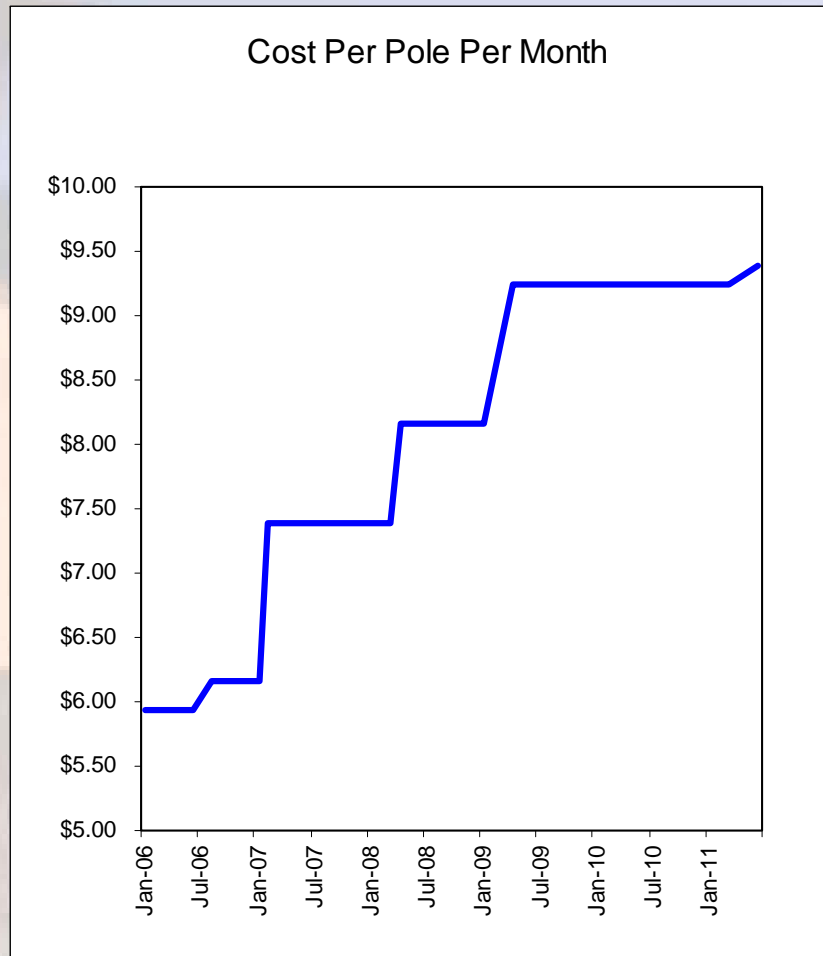
# CSD Zone C (Arterial)

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- Citywide
  - Located on arterial streets
  - Provide illumination of roadways and intersections
  - Current Annual Charge \$9 per parcel
- Arterial Streetlights (LS-1)
  - City owned and maintained – 341 or approx. 13%
  - SCE owned and maintained – 2,289 or approx. 87%
  - LS-3 streetlights - 775
- Age of Facilities
  - SCE
    - Approx. 1,780 - 10+ years old
    - Approx. 509 - Less than 10 years old
  - MVU
    - All less than 10 years old



# Streetlight Pole Cost

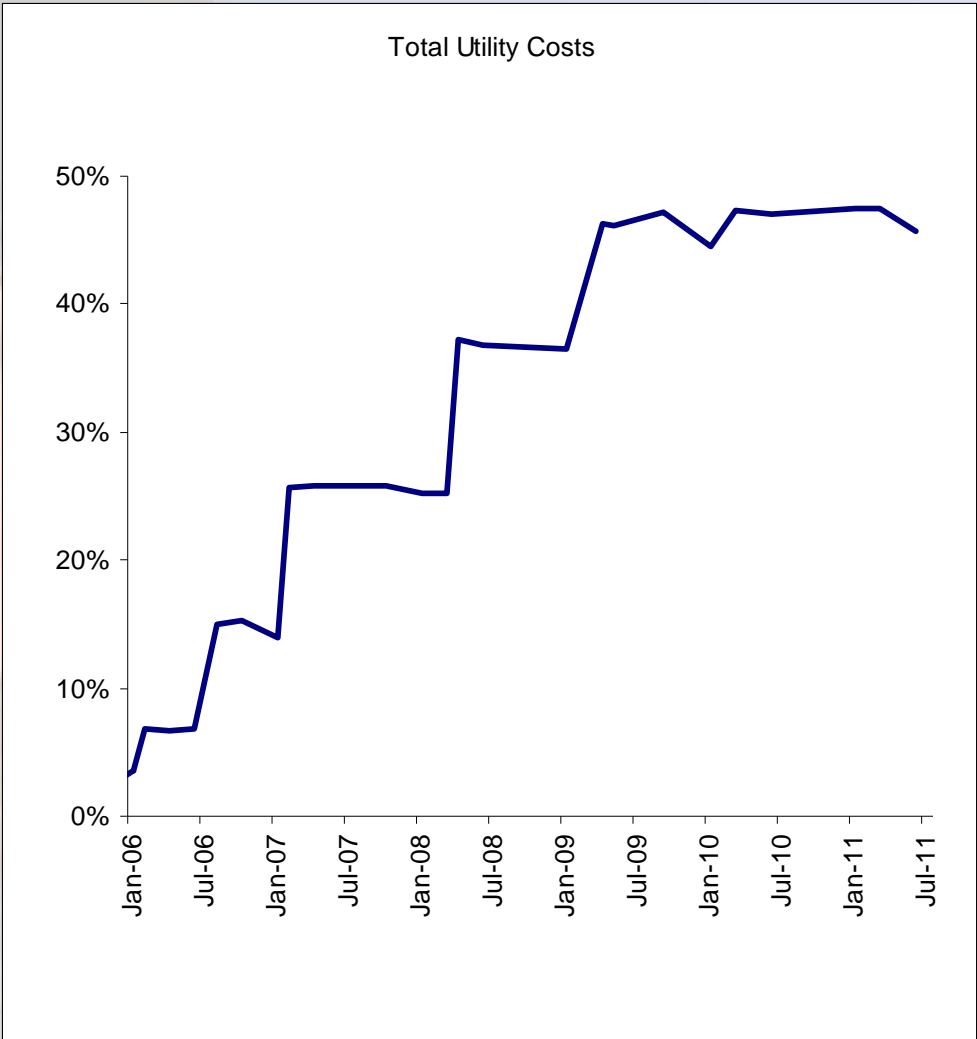


**\$5.94**

**\$9.39**  
**or 58%**  
**increase**

**\* Does not include Energy Cost.**

# Streetlight Pole/Energy Cost



**46%  
Cumulative  
Increase**

# CSD Zone B 2011/12 Operating Budget

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## Revenues:

Property Tax	\$	94,200	
Advanced Energy Fees		400	
Zone B Parcel Charge		932,952	
Investment Interest Income		-	
Other Fees		-	
Total Revenues			\$ 1,027,552

## Expenses:

Utility Bills	\$	(1,385,000)	
Public Outreach/Reballot		-	
Other/Admin		(232,800)	
Total Expenditures			(1,617,800)
<b>Revenues Less Expenses</b>			<b>\$ (590,248)</b>

# CSD Zone C 2011/12 Operating Budget

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## Revenues:

Property Tax	\$	97,800	
Advanced Energy Fees		5,000	
Zone C Parcel Charge		426,186	
Investment Interest Income		4,500	
Other Fees		-	
Total Revenues			\$ 533,486

## Expenses:

Utility Bills	\$	(670,800)	
Public Outreach/Reballot		(88,043)	
Other/Admin		(135,457)	
Total Expenditures			(894,300)

**Revenues Less Expenses** **\$ (360,814)**

Estimated Ending Fund Balance \$ (90,845)

# General Fund Subsidy

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- General Fund Subsidy
  - FY 2010/11 – \$623,300 (includes \$51,700 Loan)
  - FY 2011/12 – estimated \$681,000
  - FY 2012/13 – estimated \$951,000
  - Future years subsidy anticipated to increase based on tariff increases and new streetlight installations
  - Any subsidy will take away from other public services

# Reduce Streetlight Services

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- Remove Streetlights:

- SCE - Poles in the ground less than 10 years

- \$1,100 per pole

- SCE – Poles in the ground more than 10 years

- No cost for removal

- If reinstalled within 36 months, SCE may recover any cost for previous removal

- Turn Off Streetlights:

- MVU – City owned streetlights turned off (\$25/pole)

- SCE – Turned off (\$44/pole)

- Certain costs remain while streetlights turned off

# New Technology

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- Pilot Programs Being Initiated by MVU
- Convert to LED
  - Availability of technology
  - Conversion costs \$500+ per pole
  - LS-1 LED tariff approx. 5% increase over current tariff

# Modify Tariff Through CPUC

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- California Streetlight Association (CAL-SLA)
- Participation in 2012 General Rate Case (GRC)
  - Provided testimony at Public Participation Hearing
  - Provided testimony at GRC prehearing conference
  - Filed for “Party Status” for the GRC
  - Seeking participation of other cities



# New Streetlight Zone

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- FY 2011/12 Average **Cost** Per Parcel
  - Zone B \$40.30
  - Zone C \$17.15
- FY 2011/12 Parcel Charges
  - Residential: Zone B \$23.00 + Zone C \$9.00 = \$32.00
  - Non-Residential: Zone C \$9.00

# New Streetlight Zone

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- Tax Measure Alternative
  - \$31 per Equivalent Benefit Unit
    - Estimated taxes
      - Typical single family tract home – 1 EBU or \$31
      - Business (40,000 sq ft lot) - 10 EBUs or \$310
- Requires 2/3rds Approval of Registered Voters
- Recommended Public Feasibility Study
  - Collect Market Data and Analyze Feedback
  - Develop Outreach Program

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# Questions and Answers

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# Moreno Valley Utility

Overview and Update

October 4, 2011



# Operations Update

-26-

# Operations Update

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Peak Load</b>	19.2 MW	24.7 MW	28.6 MW
<b>Customers</b>	5,330	5,446	5,602
<b>kWh sales</b>	80,710,978	90,525,876	97,245,503
<b>SAIDI (CY)</b>	0.07	96.67	0.03
<b>SAIDI (SCE)*</b>	105.98	141.14	Not Available

\*Data from CPUC, based on calendar year. Includes all interruptions lasting 5 minutes or longer

- » **SAIDI is a measure of reliability. It is the average duration of an outage for the average customer, measured in hours or minutes over a period of time.**





# MVU Fiscal Status

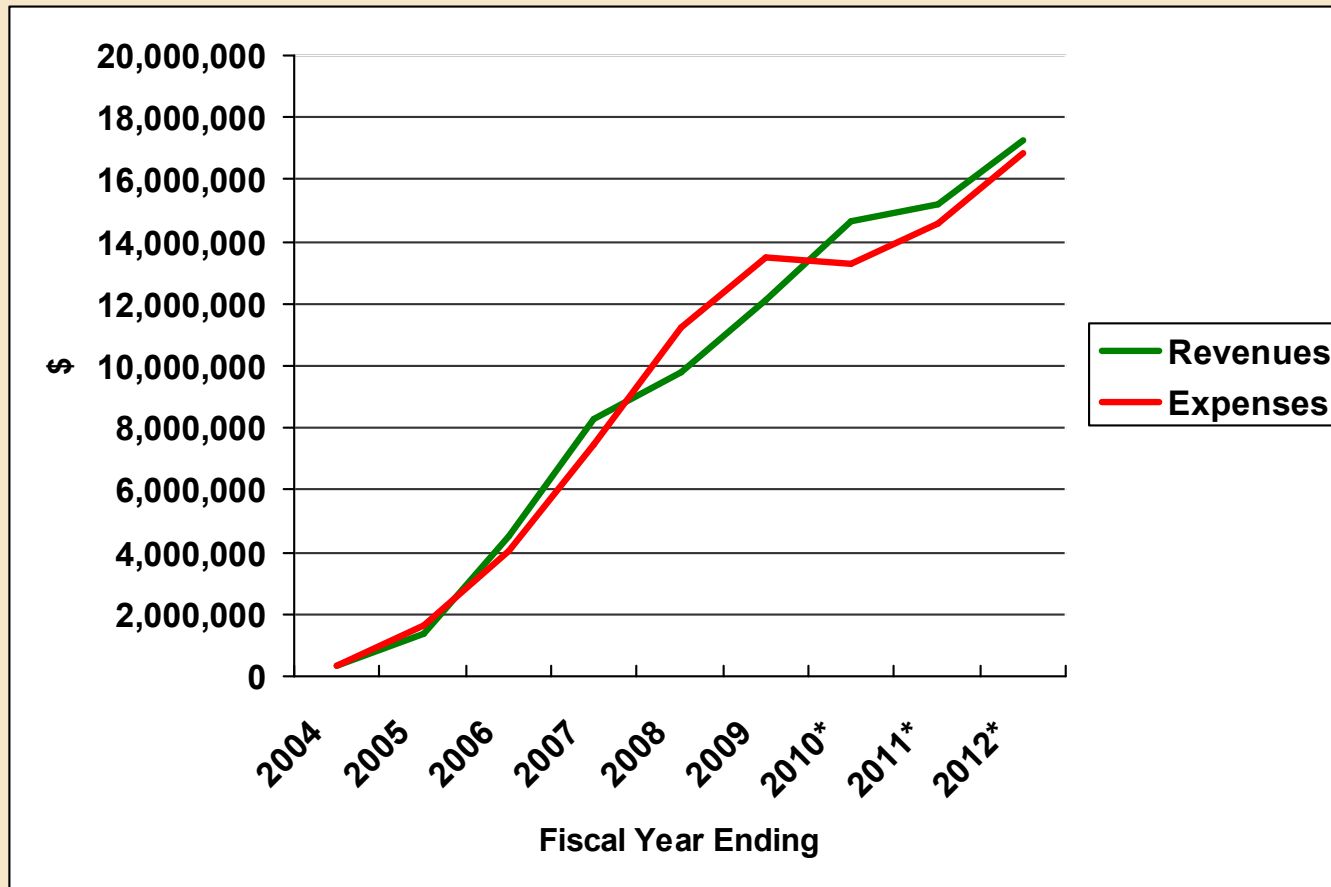
	<b>FY 2010/2011 Adjusted Budget</b>	<b>June 30, 2011 (Estimated)</b>	<b>FY 2011/2012 Adopted Budget</b>
<b>Total operating revenues</b>	\$13,869,500	\$15,202,042	\$17,242,100
<b>Total operating expenditures</b>	\$11,994,695	\$12,356,709	\$13,230,981
<b>Operating Income</b>	\$1,874,805	\$2,845,333	\$4,011,119
<b>Debt Service</b>	(\$2,313,900)	(\$2,211,935)	(\$3,607,254)
<b>Net Balance</b>	(\$439,095)	\$633,398	\$403,865

## Operating Expense Detail

	<b>FY 2010/2011 Adjusted Budget</b>	<b>June 30, 2011 (Estimated)*</b>	<b>FY 2011/2012 Adopted Budget</b>
<b>Electricity Purchased</b>	\$6,900,000	\$7,583,250	\$8,483,300
<b>Services and Supplies</b>	\$2,842,695	\$1,892,781	\$2,161,781
<b>Distribution Share</b>	\$1,425,000	\$2,055,633	\$2,076,700
<b>Rate Stabilization Reserve</b>	\$327,000	\$342,893	\$379,200
<b>Public Purpose Programs</b>	\$500,000	\$482,152	\$130,000
<b>Total</b>	<b>\$11,994,695</b>	<b>\$12,356,709</b>	<b>\$13,230,981</b>

\*Net of depreciation

# Revenues and Expenses



\*2010 includes \$1.25m settlement

\*2011 estimated

\*2012 projected

Expenses net of depreciation and capital contributions



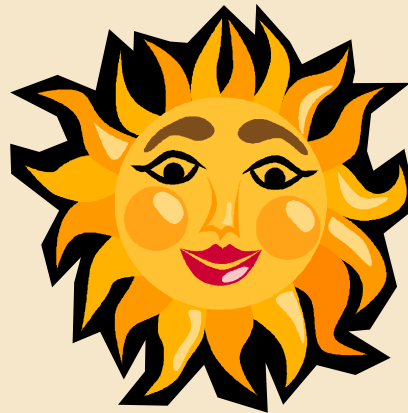
## Outstanding Debt as of June 30, 2011 (Unaudited)

<b>2007 Lease Revenue Bonds</b>	<b>\$24,970,000</b>
<b>Less Deferred Issuance</b>	<b>(\$295,516)</b>
<b>2005 Lease Revenue Bonds</b>	<b>\$4,810,000</b>
<b>Special Districts Administration Fund</b>	<b>\$580,657</b>
<b>Redevelopment Agency</b>	<b>\$189,000</b>
<b>Cabinet Capital Lease</b>	<b>\$2,482</b>
<b>Long-term Compensated Absences</b>	<b>Not Available</b>
<b>Total</b>	<b><u>\$30,256,533</u></b>

## Utility Funds Support Public Services

	<b>FY 06/07</b>	<b>FY 07/08</b>	<b>FY 08/09</b>	<b>FY 09/10</b>	<b>FY 10/11 (Estimated)</b>
<b>Franchise Fees</b>	<b>78,025</b>	<b>96,816</b>	<b>121,000</b>	<b>132,548</b>	<b>149,936</b>
<b>Utility User Tax</b>	<b>493,600</b>	<b>617,512</b>	<b>747,605</b>	<b>812,290</b>	<b>862,103</b>
<b>Administrative Charges</b>	<b>0</b>	<b>51,913</b>	<b>55,807</b>	<b>497,616</b>	<b>419,833</b>
<b>Total</b>	<b>571,625</b>	<b>766,241</b>	<b>924,412</b>	<b>1,442,454</b>	<b>1,431,872</b>

# Moreno Valley Utility's Solar Rebate Program Overview



# What Is Solar?

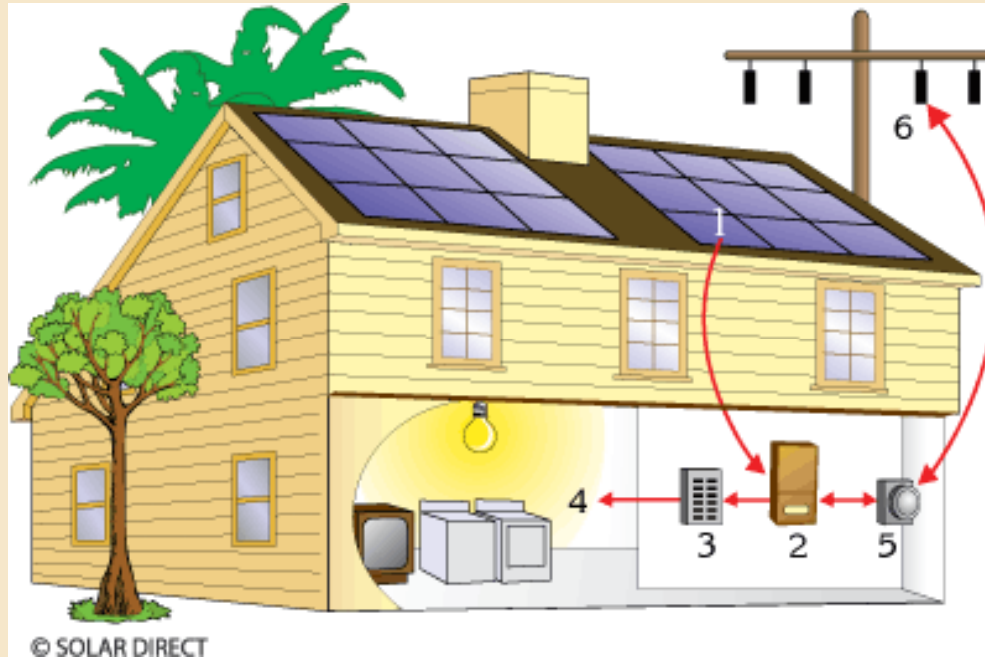


Image above shows a residential Grid-Connected Photovoltaic System.  
1. solar panels 2. inverter 3. breaker box 4. home power and appliances  
5. meter 6. utility power grid.

# Why Solar?

- » **Single source of pollution free energy**
- » **Photovoltaic (PV) systems have no moving parts and are almost maintenance free**
- » **PV panels have 30 – 35 year life span**
- » **Utility rebates are available to offset cost of system**
- » **30% Federal tax credits are available**
- » **Studies show PV system increases the value of a home**





## Milestones in California Solar Program

- » **1996 – AB 1890 deregulated the state’s investor-owned utilities and created incentives for grid-tied PV systems.**
- » **August 2004 – Gov. Schwarzenegger announces Million Solar Roofs program**
- » **January 2006 – California Public Utilities Commission establishes California Solar Initiative. Goal to install 1,940 MW of solar by 2017.**
- » **August 2006 – SB 1 signed into law. Mandates that solar panels become standard option for all new homebuyers, requires municipal utilities to establish solar rebate programs, directs California State Licensing Board to review licensing requirements for solar installers, and increases cap of net metering customers to 2.5% of utility’s total load**

## Milestones in California Solar Program (cont.)

- » **October 2009 – AB 920 signed into law. Requires utilities to offer compensation for net surplus electricity generated by net metering customers. (Net Surplus Compensation Rate) Eligible customers may receive compensation beginning in 2011.**
  - Law is not intended to encourage customers to oversize systems. Eligible customers must have systems that offset a portion or all of annual energy requirements.**
  - July 2011 – SCE proposes to CPUC a compensation amount equivalent to annual average market price for energy over a 12 month period, weighted by applicable rate group load profile, plus the current average premium for renewable energy as reported by the Department of Energy. This compensation amount will change every month.**
  - Customers may receive compensation via check or credit on following month's bill.**

## MVU's Solar Program

- » Council approved MVU Solar Rebate Program in 2007 with a total budget of \$150,000. Update in 2011 eliminated cap on commercial rebates, established pay for performance incentive.
- » Residential rebate = \$2.80 per watt.
- » Commercial rebate for systems > 30 kW is paid over 5 years, at a rate of \$0.06 per kWh actually produced.

## MVU's Solar Customers

- » **Currently 13 residential customers have installed solar systems. Size of systems range from 3 KW to 9 KW. Total approximately 60 kW.**
- » **5 residential applications in process.**
- » **1 industrial customer and 1 city project in process. Total of all 7 applications = 730 kW.**
- » **Approved \$149,305 in rebates since 2007. Majority approved since January 2011.**
- » **Approximately \$65,000 in rebates pending for residential customers.**

## MVU's Solar Program – How It Works

- » **Customer starts application process with MVU. Installer consults with MVU on system specifications to ensure compliance with program. Requirements include:**
  - Components must be new and approved by MVU
  - Usage must support size of system
  - Disconnect must be visible and installed within 8 feet of meter
- » **Plans submitted to Building and Safety for approval, permit issued.**
- » **Inspection required by Building and Safety and MVU. Net meter installed.**
- » **Solar system energized to grid after approval from MVU.**

## MVU's Solar Program – Billing

- » **Net Metering - As the solar system produces electricity, it is used immediately. The excess electricity not used is “sold” back to the utility (the meter spins backwards) for a credit to be used when sunlight is not available.**
- » **Billing - Current**
  - Each month, customer receives a bill for all applicable non-energy charges.
  - If the customer consumes more than is generated, the bill will include the net energy charge and all applicable taxes.



## MVU's Solar Program – Billing

### » Billing – September 2011

- Each month, customer receives a bill for all applicable non-energy charges.
- If a customer generates more electricity than is used, the customer will receive kWh energy credits for that month. MVU will keep track of the net energy credits that accumulate over a 12 month period, and apply them to any excess energy charges at the end of the 12 months.
- Customers will have the option to pay any current energy charges each month.
- At the end of the 12 month period, all excess energy charges must be paid. Then a new 12 month period begins.

## Benefits of Solar Program

- » Replaces energy that utility would have to buy in the market
- » Reduces reliance on fossil-fueled generation
- » Reduces greenhouse gas emissions
- » Allows customers greater control over consumption
- » Hedge against higher electric rates



**QUESTIONS?**

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