

AGENDA

**CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
CITY AS SUCCESSOR AGENCY FOR THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY
MORENO VALLEY HOUSING AUTHORITY**

October 21, 2014

STUDY SESSION – 6:00 P.M.

City Council Study Sessions

First & Third Tuesdays of each month – 6:00 p.m.

City Council Meetings

Second & Fourth Tuesdays of each month – 6:00 p.m.

City Council Closed Session

*Immediately following Regular City Council Meetings and
Study Sessions, unless no Closed Session Items are Scheduled*

City Hall Council Chamber - 14177 Frederick Street

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Mark Sambito, ADA Coordinator at 951.413.3120 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Victoria Baca, Mayor Pro Tem
Richard A. Stewart, Council Member

Jesse L. Molina, Mayor

George E. Price, Council Member
_____, Council Member

**AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
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MORENO VALLEY HOUSING AUTHORITY**

***THE CITY COUNCIL RECEIVES A SEPARATE STIPEND FOR CSD MEETINGS**

**STUDY SESSION - 6:00 PM
OCTOBER 21, 2014**

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

INTRODUCTIONS

PUBLIC COMMENTS ON MATTERS 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.

SPECIAL ORDER OF BUSINESS

1. MVU ECONOMIC DEVELOPMENT RATE STUDY (POWERPOINT)(PW/15 MINS)
2. 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.)

v Oral Presentation only – No written material provided

AGENDA
October 21, 2014

***Materials related to an item on this Agenda submitted to the City Council/Community Services District/City as Successor Agency for the Community Redevelopment Agency/Housing Authority 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, City as Successor Agency for the Community Redevelopment Agency of the City of Moreno Valley or Housing Authority 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(d)(1) - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

a Case: *Silver Creek Industries, Inc. V. City of Moreno Valley*
Court: Riverside Superior Court
Case No: RIC 1306308

b Case: *Carolyn Garcia V. City of Moreno Valley, City of Moreno Valley Parks and Community Services Department, Russell Hough*
Court: Riverside Superior Court
Case No: RIC 1408300

2 SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO PARAGRAPH (2) OR (3) OF SUBDIVISION (D) OF SECTION 54956.9

Number of Cases: 5

3 SECTION 54956.9(d)(4) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 5

AGENDA
October 21, 2014

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

ADJOURNMENT

CERTIFICATION

I, Jane Halstead, City Clerk of the City of Moreno Valley, California, certify that the City Council Agenda was posted in the following places pursuant to City of Moreno Valley Resolution No. 2007-40:

City Hall, City of Moreno Valley
14177 Frederick Street

Moreno Valley Library
25480 Alessandro Boulevard

Moreno Valley Senior/Community Center
25075 Fir Avenue

Jane Halstead, CMC,
City Clerk

Date Posted: October 15, 2014

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MORENO VALLEY UTILITY DISTRIBUTION SYSTEM PLANNING

FOR YEARS

2014 - 2018



Distribution System Plan (DSP)

Purpose and goals

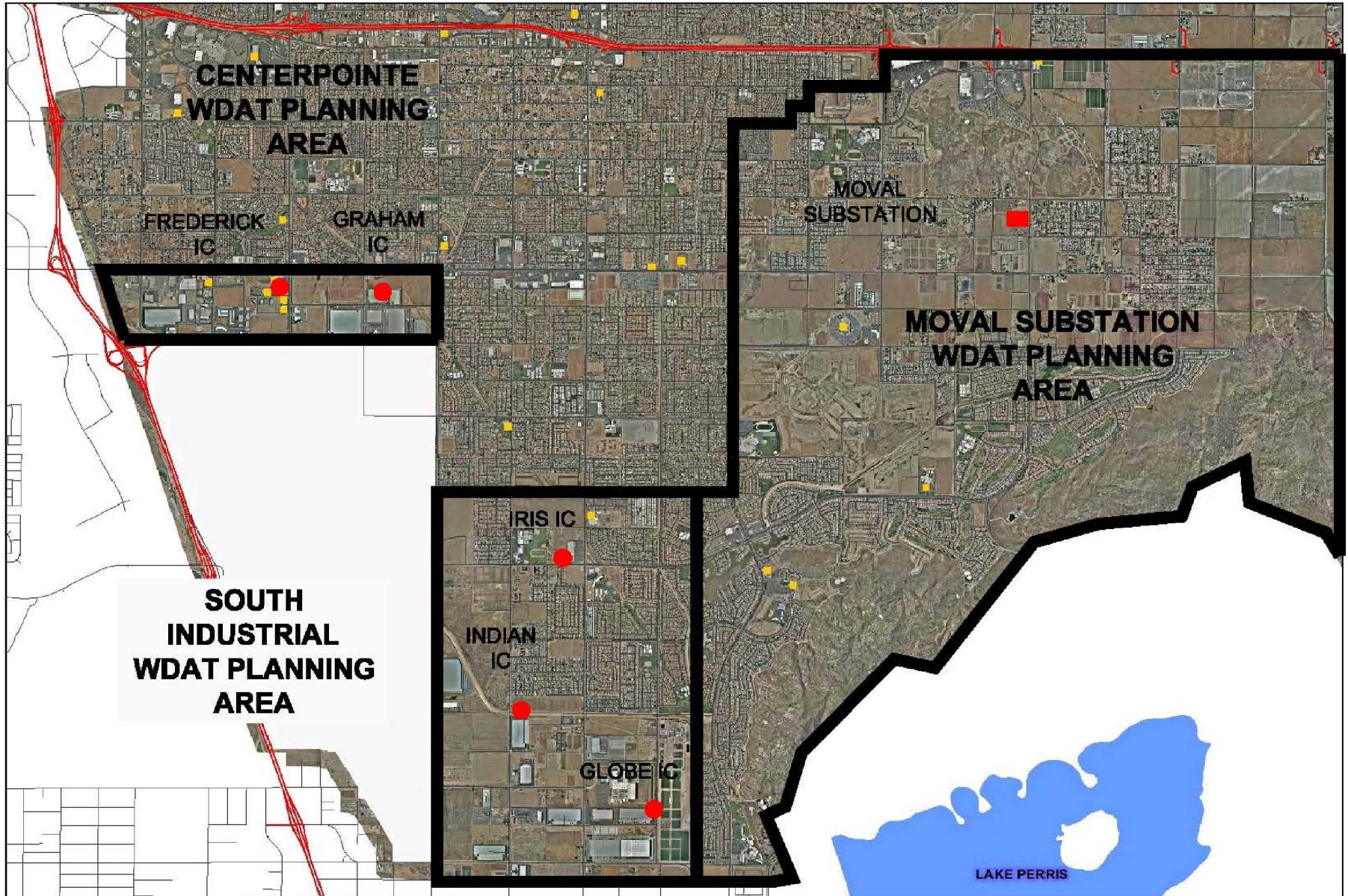
Annual review begins in the fall,
after summer peak

Analysis of impact of projects in
various phases of planning or
construction on electric system

Data also used for load
forecasting, resource planning

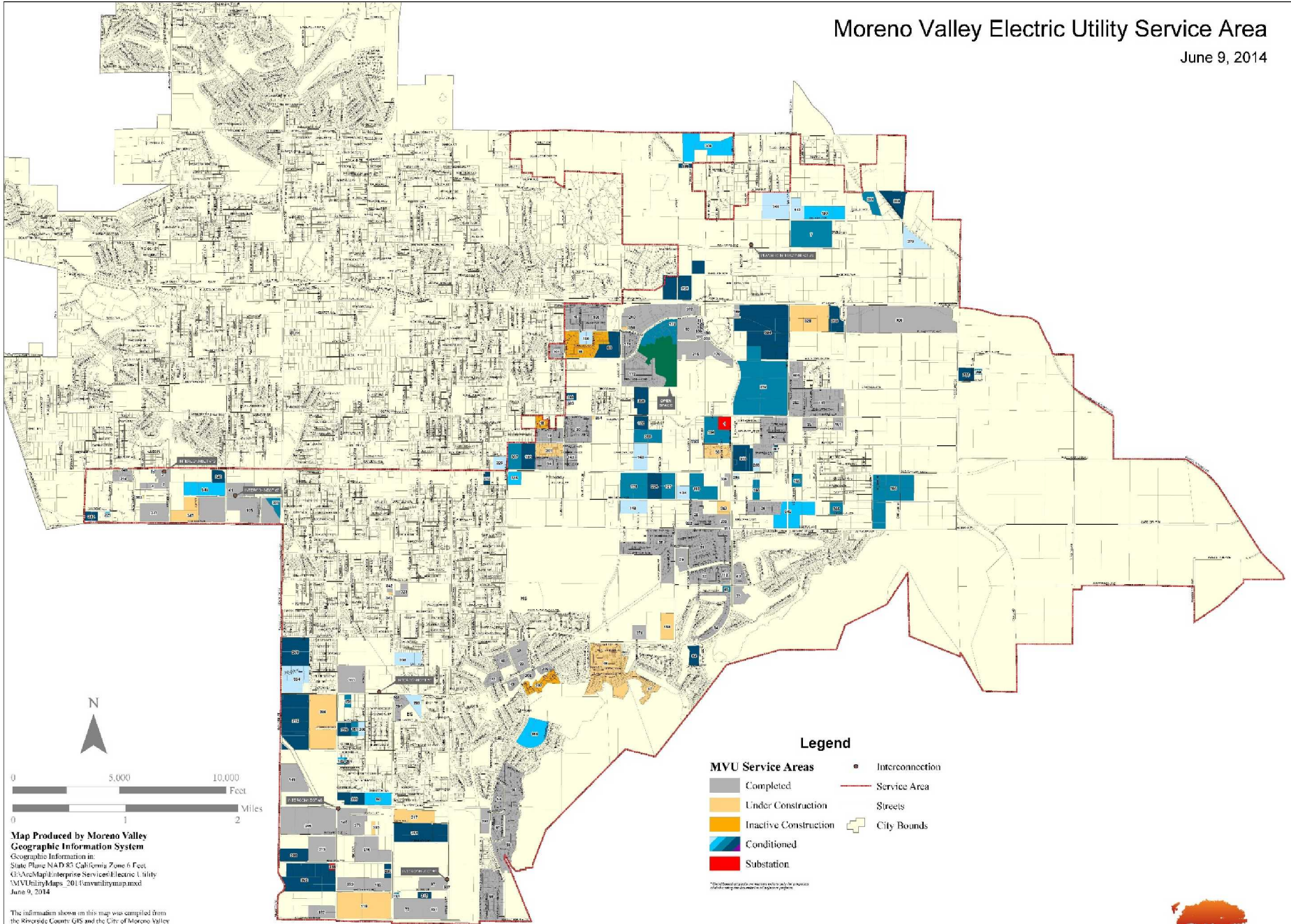


MORENO VALLEY UTILITY WDAT PLANNING AREAS



Moreno Valley Electric Utility Service Area

June 9, 2014



Legend

- MVU Service Areas**
- Completed
- Under Construction
- Inactive Construction
- Conditioned
- Substation
- Interconnection
- Service Area
- Streets
- City Bounds

This data is provided as a service to the public and is not intended to be used for any purpose other than that for which it was prepared.

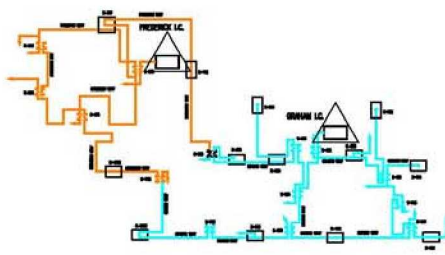


Map Produced by Moreno Valley Geographic Information System
 Geographic Information in State Plane NAD83 California Zone 5 Feet GIS/ArcMap/Enterprise Services/Electric Utility \MVU\UtilityMaps_2014\mvuindymap.mxd
 June 9, 2014

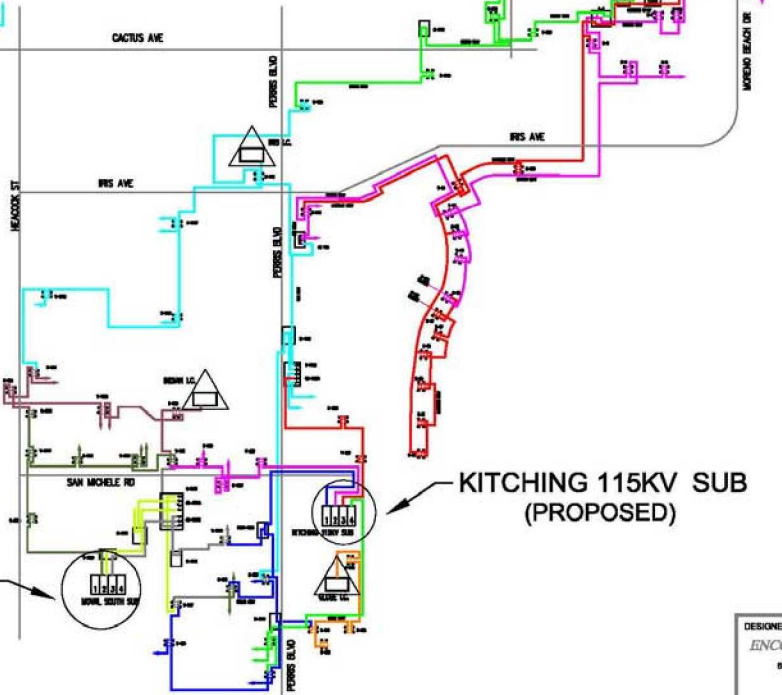
The information shown on this map was compiled from the Riverside County GIS and the City of Moreno Valley GIS. The land use and facility information on this map is for display purposes only and should not be relied upon without independent verification as to its accuracy. Riverside County and City of Moreno Valley will not be held responsible for any claims, losses or damages resulting from the use of this map.



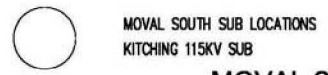
**CENTERPOINTE INDUSTRIAL AREA
FREDERICK & GRAHAM 12KV CIRCUITS**



**SOUTH INDUSTRIAL AREA
INDIAN, IRIS & GLOBE IC 12KV CIRCUITS**



**MOVAL SOUTH 34.5 & KITCHING
115KV SUBSTATION CIRCUITS**



MOVAL SOUTH 34.5 SUB
(UNDER CONSTRUCTION)

KITCHING 115KV SUB
(PROPOSED)

MOVAL 115KV SUBSTATION

MOVAL SUBSTATION 115KV & CIRCUITS



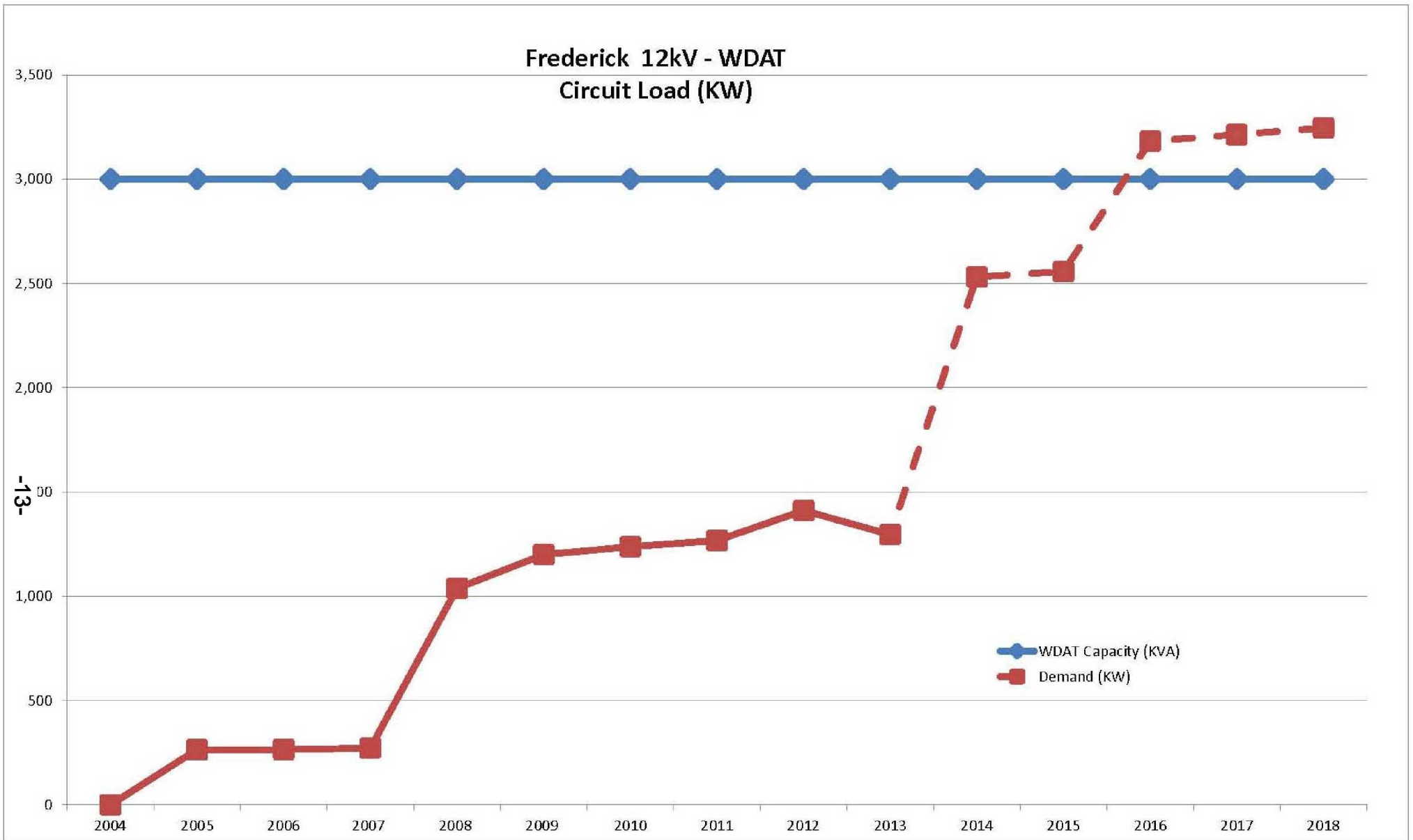
DESIGNED BY: ENCO UTILITY SERVICES	CHECKED: MORENO VALLEY	DRAWN: A. SMERDYK, PE	DATE: 11/11/11
8141 E. Kaiser Blvd, Suite 212 Anaheim, CA 92808 Tel. (714) 283-6062	PROJECT NO.:	TITLE:	SCALE:
By: Arlon "Tony" Smarshyk 909) 712-2362	MORENO VALLEY ELECTRIC UTILITIES		SHEET: 1 OF 1

FREDERICK 12 KV - WDAT - IC

Max Contract Demand = 3,000 KW*		Units/Sq Ft	METERS		LOADS	
			NEW	TOTAL	KW	TOTAL KW
	Peak Recorded			10		1,238
	Peak Recorded			11		1,267
	Peak Recorded			13		1,411
	Peak Recorded			13		1,296

5 YEAR FORECAST- CUSTOMERS (Mtrs) & LOAD (KW)

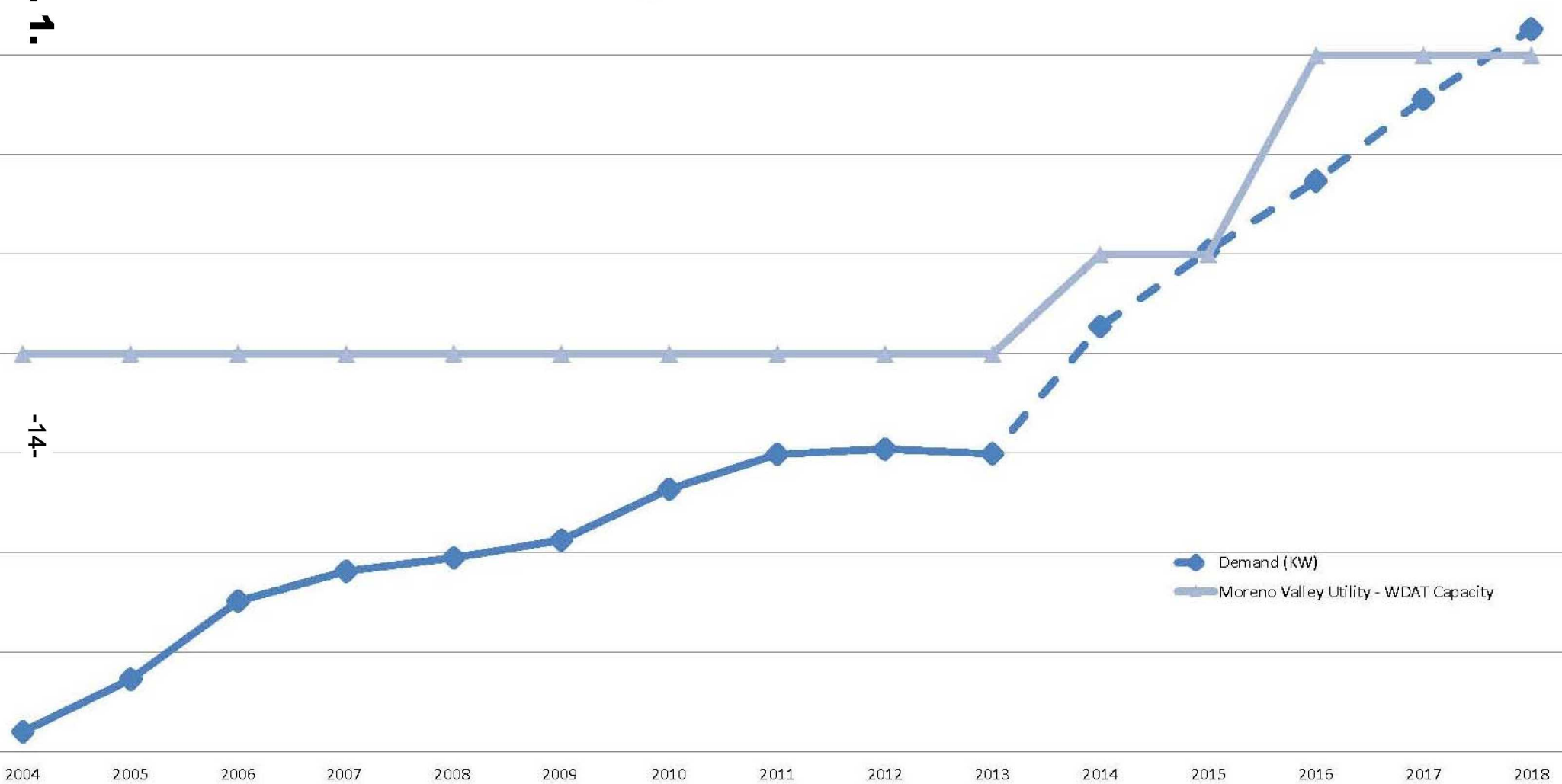
Projects	Qty	Mtrs		KW	
247 Overton Moore #247	520 KSF	2	15	520	1,931
237 Harbor Freight Expansion Phase 1	508 KSF	1	16	600	2,531
No known Projects Known add 1 % growth		0	16	25	2,557
12 Hawthorne Hotel	50 KSF	1	17	225	2,782
Blackridge (Vet way & Bus Cnt Dr)	400 KSF	1	18	400	3,182
No known Projects Known add 1 % growth		0	18	32	3,213
No known Projects Known add 1 % growth		0	18	32	3,245



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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
WDAT Capacity (KVA)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Demand (KW)	0	265	265	272	1038	1200	1238	1267	1411	1296	2531	2557	3182	3213	3245
Frederick Circuit % KW Gain			0%	3%	282%	16%	3%	2%	11%	-8%	95%	1%	24%	1%	1%

Moreno Valley Utility System kW Forecast



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Moreno Valley Utility - WDAT Capacity	39,900	39,900	39,900	39,900	39,900	39,900	39,900	39,900	39,900	39,900	49,900	49,900	69,900	69,900	69,900
Demand (KW)	1,995	7,238	15,119	18,078	19,412	21,204	26,317	29,828	30,335	29,884	42,661	50,285	57,301	65,519	72,532
Capacity % KW Gain		263%	109%	20%	7%	9%	24%	13%	2%	-1%	43%	18%	14%	14%	11%

**Moreno Valley Utility
SUMMARY of LOAD FORECAST**

5 YEAR LOAD FORECAST - MOVAL SUBSTATION (kW)														
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CACTUS 12KV	1,475	4,440	7,357	5,147	5,355	4,875	4,877	5,362	5,485	5,602	5,658	6,026	6,401	7,000
LASSELLE 12KV	355	2,581	3,349	2,943	3,976	4,650	5,909	6,686	6,116	6,315	6,541	6,625	6,993	7,400
REDLAND 12KV	NA	NA	NA	NA	NA	NA	0	1,379	2,703	2,743	2,770	7,361	7,434	8,600
COTTONWOOD 12KV	NA	NA	842	2,311	2,485	895	1,828	2,293	1,554	1,464	1,569	1,585	3,585	5,800
EUCALYPTUS 12KV	NA	NA	1,296	4,683	4,715	5,635	6,228	6,492	6,007	6,117	6,217	6,319	6,382	6,900
NASON 12KV	NA	NA	NA	NA	NA	3,400	3,574	4,316	3,998	3,918	4,978	5,028	5,636	5,800
Total Substation(Non-Coincident)	1,830	7,021	12,844	15,084	16,531	19,455	22,416	26,527	25,862	26,159	27,733	32,943	36,431	41,800
Peak Coincident Demand					16,128	20,160	21,312	23,616	23,616	23,040	26,346	31,296	34,609	39,000
Demand Factor (Coinc/Non-Coinc)					98%	104%	95%	89%	91%	88%	95%	95%	95%	95%

5 YEAR LOAD FORECAST - INTERCONNECTS (kW)														
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CENTERPOINT INTERCONNECT LOADS (kW)														
FREDERICK 12 KV (Max Cd 3,000 kW)	0	265	265	272	1,038	1,200	1,238	1,267	1,411	1,296	2,531	2,557	3,182	3,200
GRAHAM 12 KV (Max CD 3,500 kW)	387	383	310	815	1,837	1,552	1,584	2,240	2,688	2,848	2,876	3,476	3,904	4,500
Total IC's (Frederick & Graham Non-Coinc)	387	648	575	1,087	2,875	2,752	2,822	3,507	4,099	4,144	5,408	6,033	7,086	7,800
IC AREA Capacity	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
% WDAT AREA Loading	6%	10%	9%	17%	44%	42%	43%	54%	63%	64%	83%	93%	109%	120%

SOUTH INDUSTRIAL INTERCONNECT LOADS (kW)														
GLOBE 12 KV (Max CD 3,000 kW)	0	373	1,118	1,012	1,012	1,911	3,686	3,744	3,571	3,370	3,609	3,645	3,681	3,700
INDIAN 12 KV (Max CD 3,000 kW)	0	0	307	363	263	668	630	806	872	1,082	2,800	2,828	2,856	2,800
IRIS 12 KV (Max CD 3,000 kW)	0	0	1,955	2,541	2,541	729	791	1,469	1,547	1,568	2,850	3,900	3,900	3,900
MOVAL Sub South (Max CD 10,000 kW)											6,388	8,171	11,535	14,600
Total IC's (Globe, Indian, Iris, & MOVAL S Non-Coinc)	0	373	3,380	3,916	3,816	3,298	5,107	6,019	5,990	6,020	15,647	18,544	21,972	25,200
IC AREA Capacity	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	19,000	19,000	19,000	19,000
% WDAT AREA Loading	0%	4%	38%	44%	42%	37%	57%	67%	67%	67%	82%	98%	116%	133%

Total Interconnects (Non-Coinc)	387	1,021	3,955	5,003	6,691	6,050	7,929	9,526	10,089	10,164	21,054	24,577	29,058	33,000
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Total MVU														
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Coincident KW Demand	2,217	8,042	16,799	20,087	21,569	23,560	29,241	33,142	33,705	33,204	47,401	55,873	63,668	72,700
Total Demand (CD)	1,995	7,238	15,119	18,078	19,412	21,204	26,317	29,828	30,335	29,884	42,661	50,285	57,301	66,500

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Item No. 1.

QUESTIONS?

Electric Cost of Service and Rate Design Study

Study Results Briefing

October 21, 2014

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Item No. 1.

Agenda

- Purpose, Goals, and Study Process
- Review of Financial Plan
- Cost of Service Analysis
- Rate Analysis
- Rate Comparisons
- Discussion



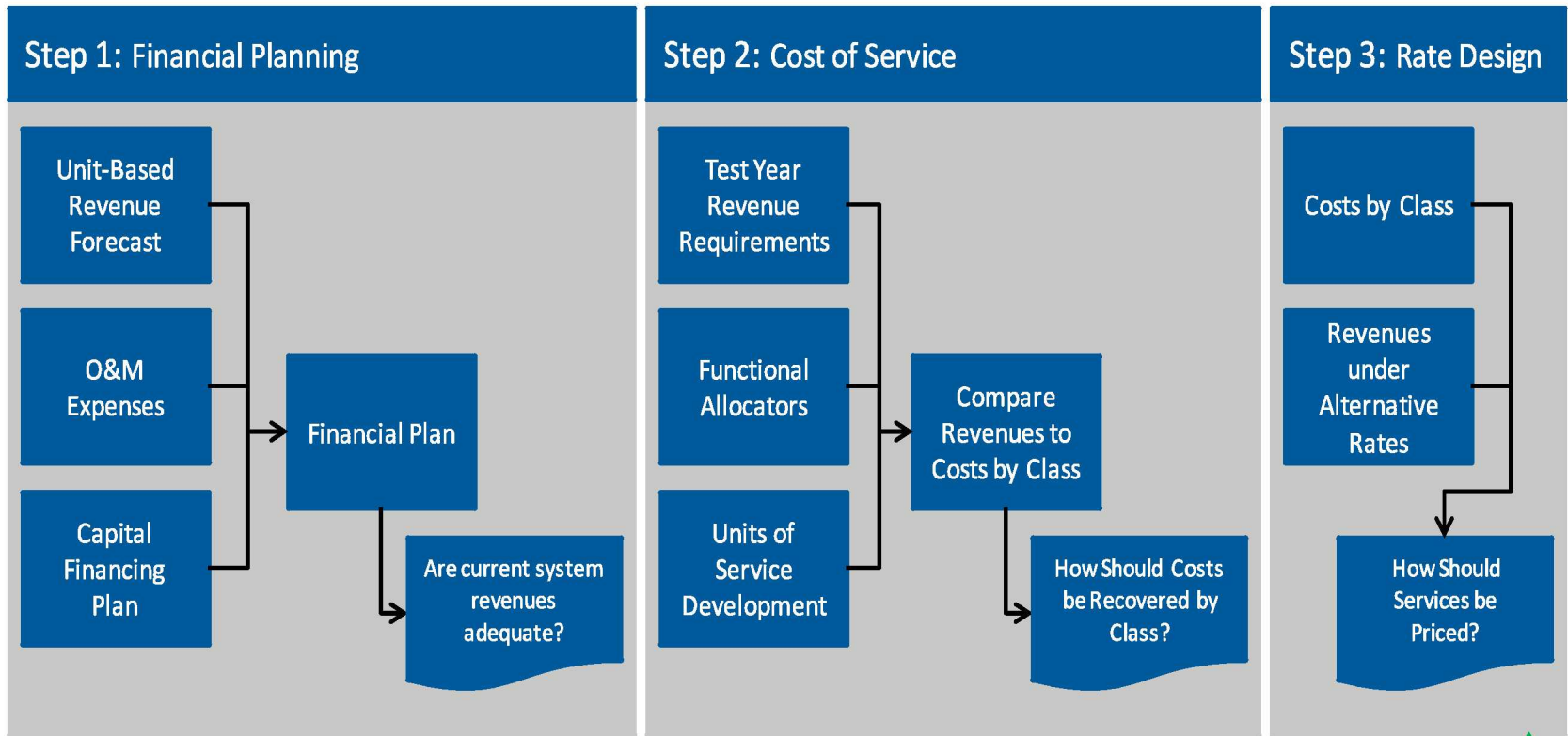
STUDY PURPOSE, GOALS, AND PROCESS

Purpose and Goals

- Determine revenues and revenue requirements by customer class
- Recover the electric system's cost of service
- Support the development and purchase of renewable resources
- Reflect the impacts of green house gas and renewables legislation
- Provide economic development incentive rate recommendations
- Summarize findings and recommendations

Rate Study Process

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Economic Modeling / Rate Model Customization

We are here

Item No. 1.

REVIEW OF FINANCIAL PLAN

Assumptions and Principles

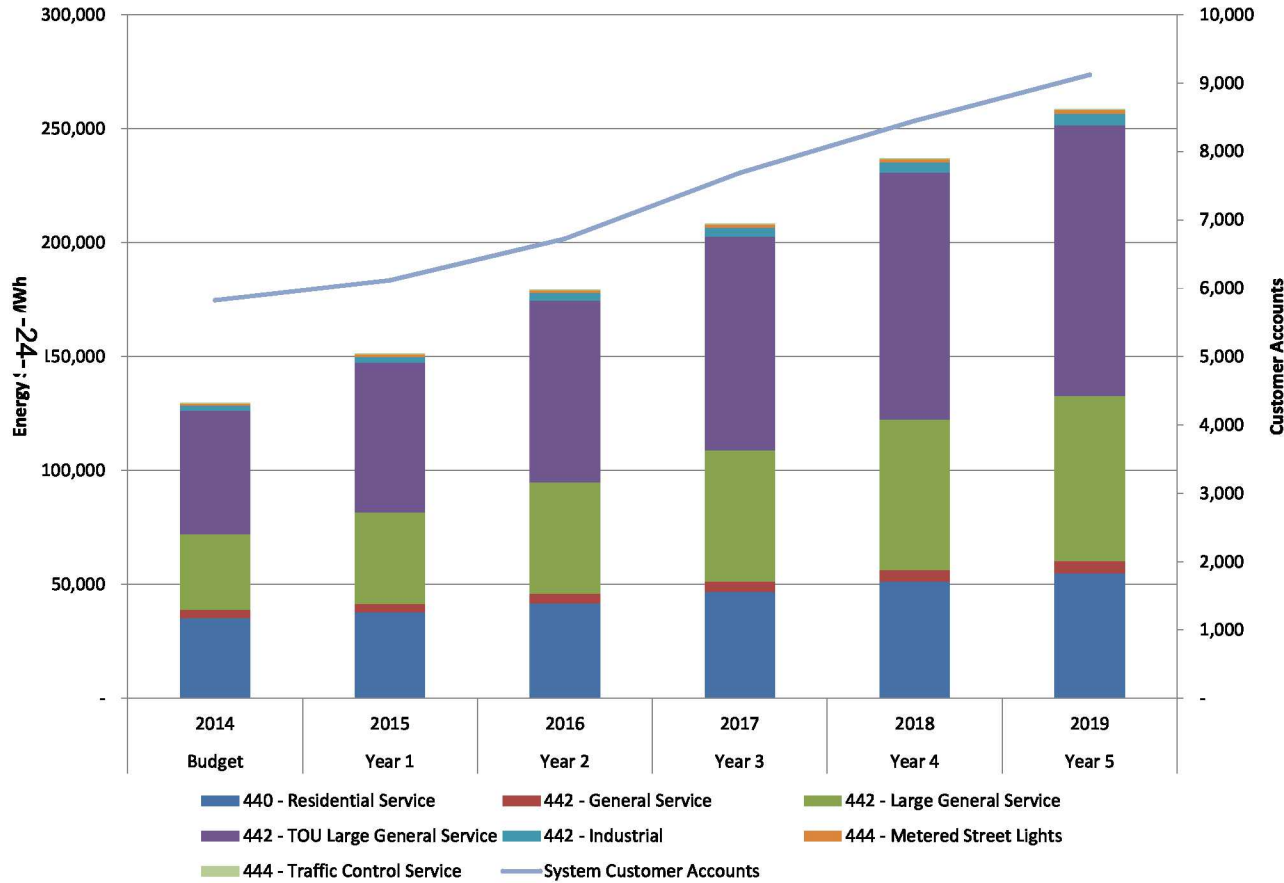
- Growth and usage estimates
 - Utilized 2014 Distribution System Plan
 - Strong growth in customer accounts
 - From 2014 to 2019 sales forecast to nearly double
- Financial forecast includes projections
 - Annual costs for power provided by MVU
 - Historical trends
 - Assumed annual rates of inflation

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Item No. 1.

Energy Sales and Customers

Energy Sales and Customer Accounts



- Used 2014 DSP projections as the basis for billing determinants
- Rapid growth in:
 - Customers
 - Energy Sales
 - System demand

Revenues Under Current Rates

Description	Budget 2014	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019
Energy Sales - kWh	129,725,863	151,333,754	179,373,023	208,222,160	236,934,003	258,536,568
Generation Revenue						
Residential Service	\$ 3,212,397	\$ 3,419,500	\$ 3,790,300	\$ 4,229,000	\$ 4,640,400	\$ 4,972,900
General Service	359,942	384,300	426,400	475,500	521,000	557,800
Large General Service	2,954,127	3,590,900	4,352,000	5,126,800	5,889,100	6,459,300
TOU Large General Service	4,445,982	5,379,300	6,551,400	7,707,300	8,893,200	9,765,100
Metered Street Lights	47,984	51,400	57,100	63,600	69,600	74,400
Traffic Control Service	11,179	12,000	13,300	14,800	16,200	17,400
Subtotal	\$ 11,031,611	\$ 12,837,400	\$ 15,190,500	\$ 17,617,000	\$ 20,029,500	\$ 21,846,900
Distribution Revenue						
Residential Service	\$ 2,591,857	\$ 2,759,000	\$ 3,058,100	\$ 3,412,100	\$ 3,744,000	\$ 4,012,300
General Service	248,224	265,000	294,100	327,900	359,300	384,700
Large General Service	1,393,580	1,693,900	2,053,000	2,418,500	2,778,300	3,047,300
TOU Large General Service	1,521,136	1,840,500	2,241,500	2,637,000	3,042,700	3,341,000
Metered Street Lights	173,896	186,200	206,800	230,600	252,200	269,800
Traffic Control Service	14,241	15,300	17,000	18,900	20,700	22,100
Subtotal	\$ 5,942,934	\$ 6,759,900	\$ 7,870,500	\$ 9,045,000	\$ 10,197,200	\$ 11,077,200
Transmission Revenue						
Residential Service	\$ 355,710	\$ 378,600	\$ 419,700	\$ 468,300	\$ 513,800	\$ 550,700
General Service	37,813	40,400	44,800	50,000	54,700	58,600
Large General Service	283,074	344,100	417,100	491,200	564,400	619,000
TOU Large General Service	376,631	455,700	555,000	652,900	753,400	827,200
Metered Street Lights	3,761	4,000	4,500	5,000	5,500	5,800
Traffic Control Service	1,064	1,100	1,300	1,400	1,500	1,700
Subtotal	\$ 1,058,053	\$ 1,223,900	\$ 1,442,400	\$ 1,668,800	\$ 1,893,300	\$ 2,063,000
Public Purpose Programs	\$ 1,566,838	\$ 1,815,100	\$ 2,141,000	\$ 2,478,600	\$ 2,813,600	\$ 3,066,500
Total Customer Rate Revenue	\$ 19,599,436	\$ 22,636,300	\$ 26,644,400	\$ 30,809,400	\$ 34,933,600	\$ 38,053,600
Variation		15.5%	17.7%	15.6%	13.4%	8.9%

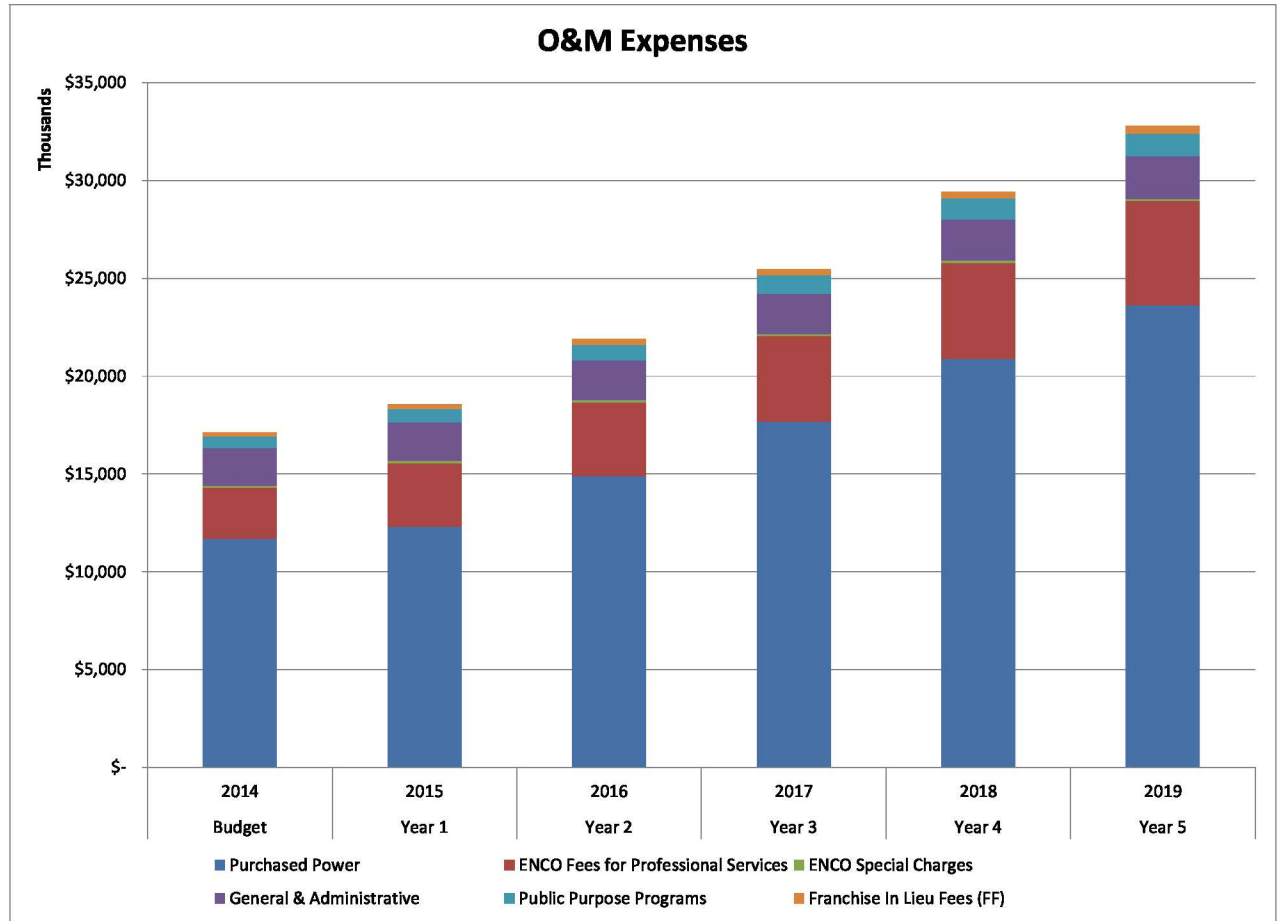
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Item No. 1.

Operation & Maintenance Expense

- ENCO costs tied to distribution sales
- G&A costs inflated at 2.5% annually
- Purchased power costs to increase mainly due to rapidly increasing system load

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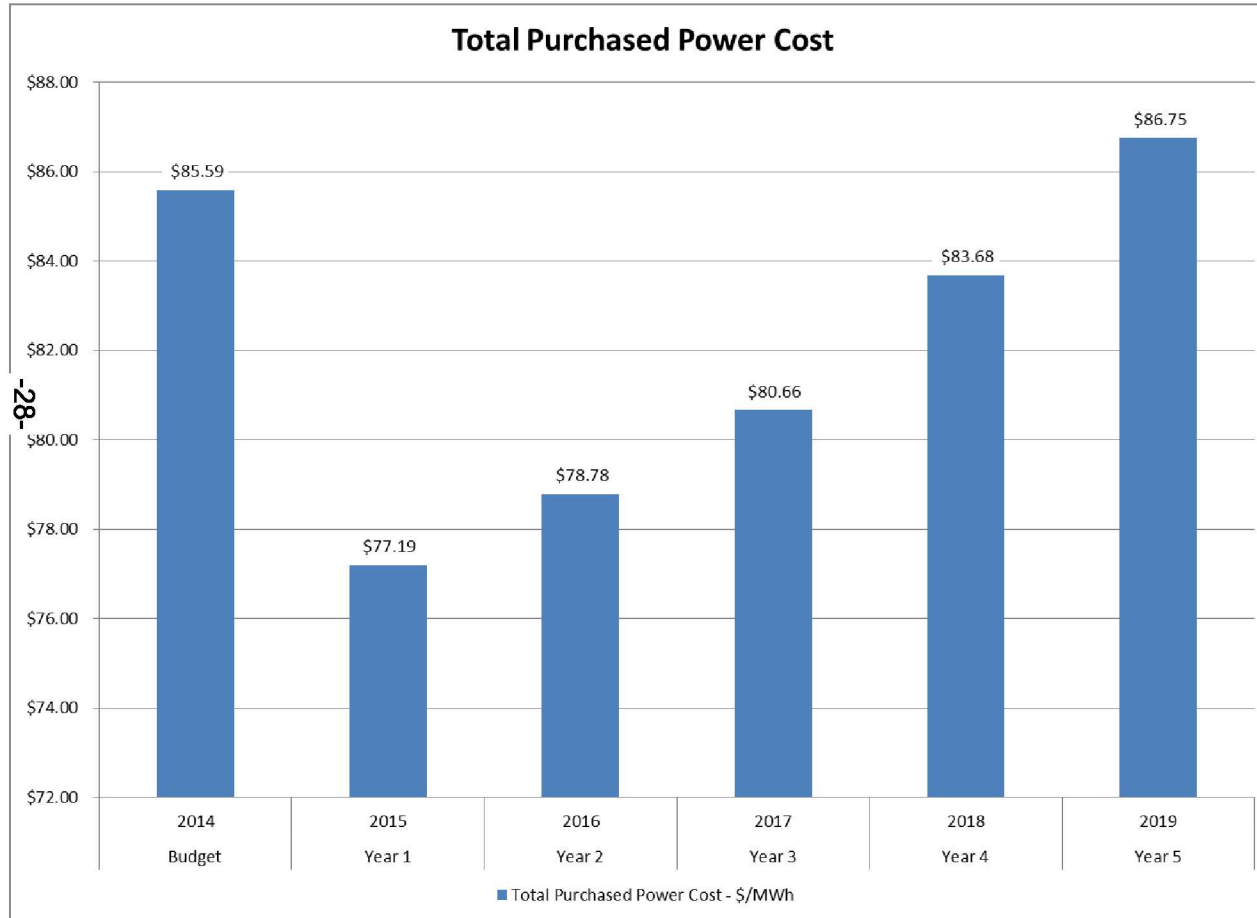
Operation & Maintenance Expense

Description	Budget 2014	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019
Purchased Power	\$ 11,694,541	\$ 12,303,800	\$ 14,884,300	\$ 17,690,700	\$ 20,882,400	\$ 23,623,300
ENCO Fees for Professional Services	2,606,859	3,249,200	3,784,700	4,351,200	4,906,800	5,331,200
ENCO Special Charges	118,075	118,100	118,100	118,100	118,100	118,100
General & Administrative	1,921,278	1,969,200	2,018,300	2,068,600	2,120,000	2,173,100
Public Purpose Programs	590,196	683,700	806,500	933,600	1,059,800	1,155,100
Franchise In Lieu Fees (FF)	200,690	231,100	271,100	312,800	354,000	385,200
Total Operations and Maintenance Expense	\$ 17,131,640	\$ 18,555,100	\$ 21,883,000	\$ 25,475,000	\$ 29,441,100	\$ 32,786,000
Variation		8.3%	17.9%	16.4%	15.6%	11.4%
Purchased Power	68.3%	66.3%	68.0%	69.4%	70.9%	72.1%
ENCO Fees for Professional Services	15.2%	17.5%	17.3%	17.1%	16.7%	16.3%
ENCO Special Charges	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%
General & Administrative	11.2%	10.6%	9.2%	8.1%	7.2%	6.6%
Public Purpose Programs	3.4%	3.7%	3.7%	3.7%	3.6%	3.5%
Franchise In Lieu Fees (FF)	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Total Operations and Maintenance Expense	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Item No. 1.

Power Supply Cost

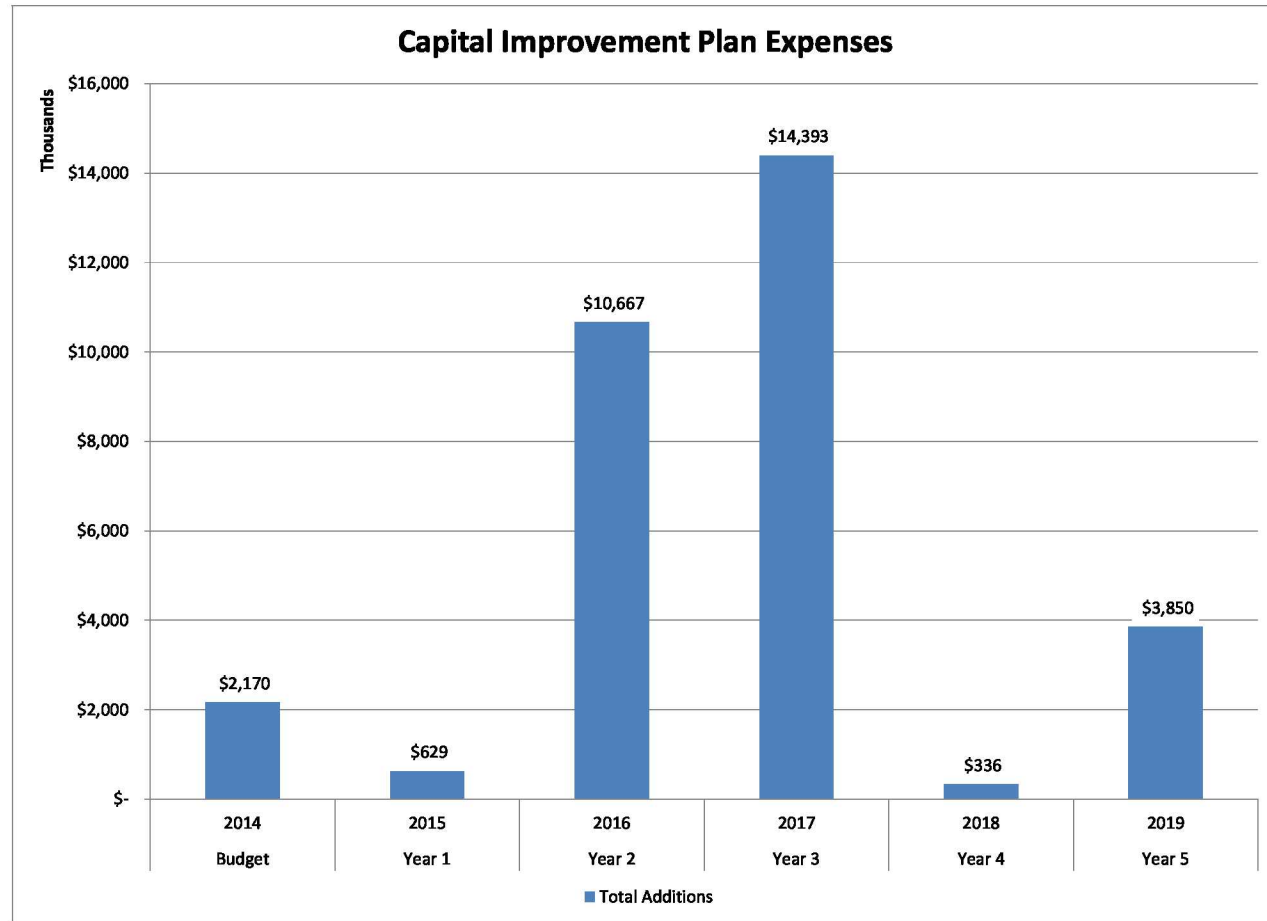


- Constellation contract effective 2015 (reduced cost)
- Increased market purchases due to rapid load growth
- Increased RPS investment
- New Resource Adequacy costs beginning in 2014 (increases each year)

Capital Improvement Plan

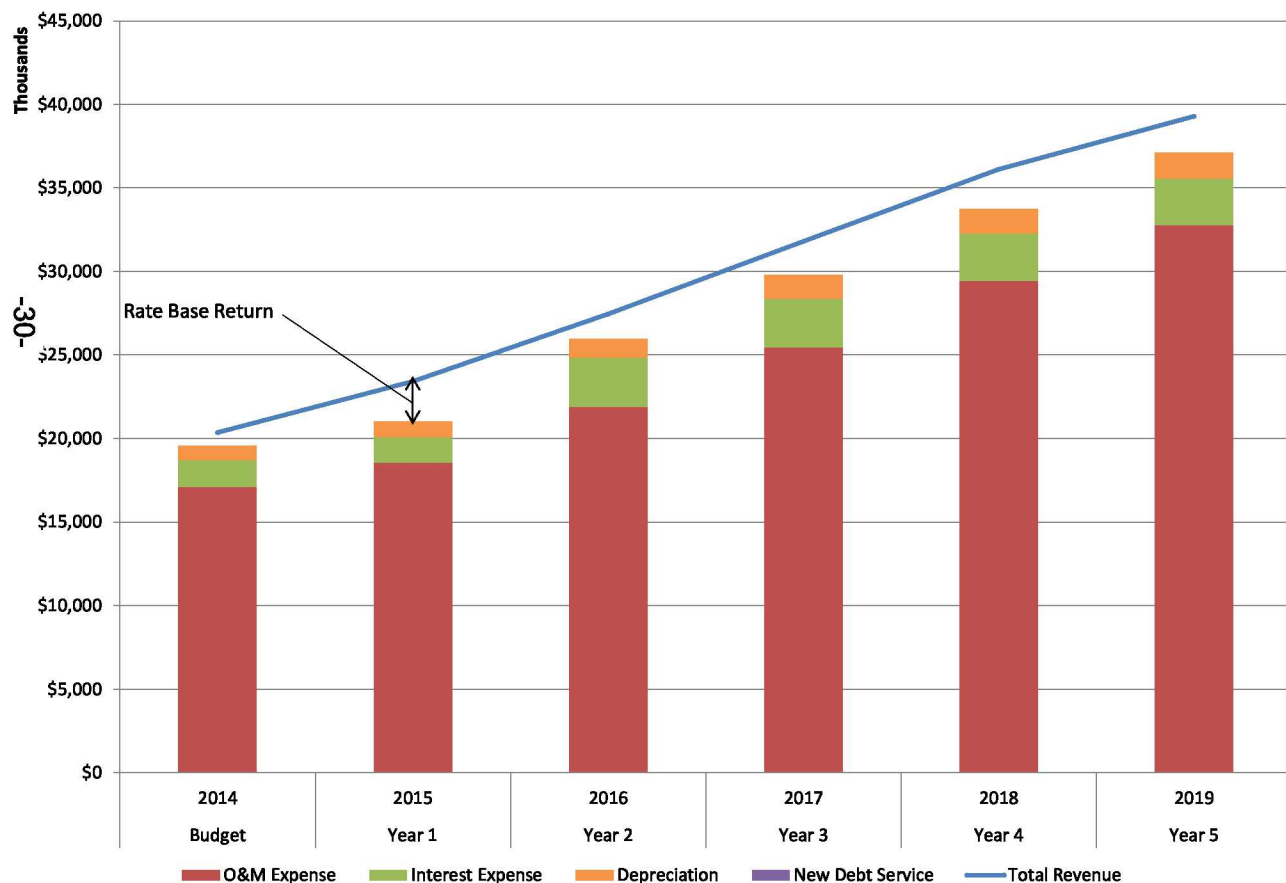
- \$25 million bond sale in 2015
- Phase 1 28 MVA Substation 2016, \$3.2 million
- 29- Substation upgrades 2016, \$5.2 million
- Moreno Valley Kitching Substation 2017, \$10 million
- Phase 2 28 MVA Substation 2019, \$3.9 million

Item No. 1.



Proposed Financial Plan

Revenue / Revenue Requirements Comparison

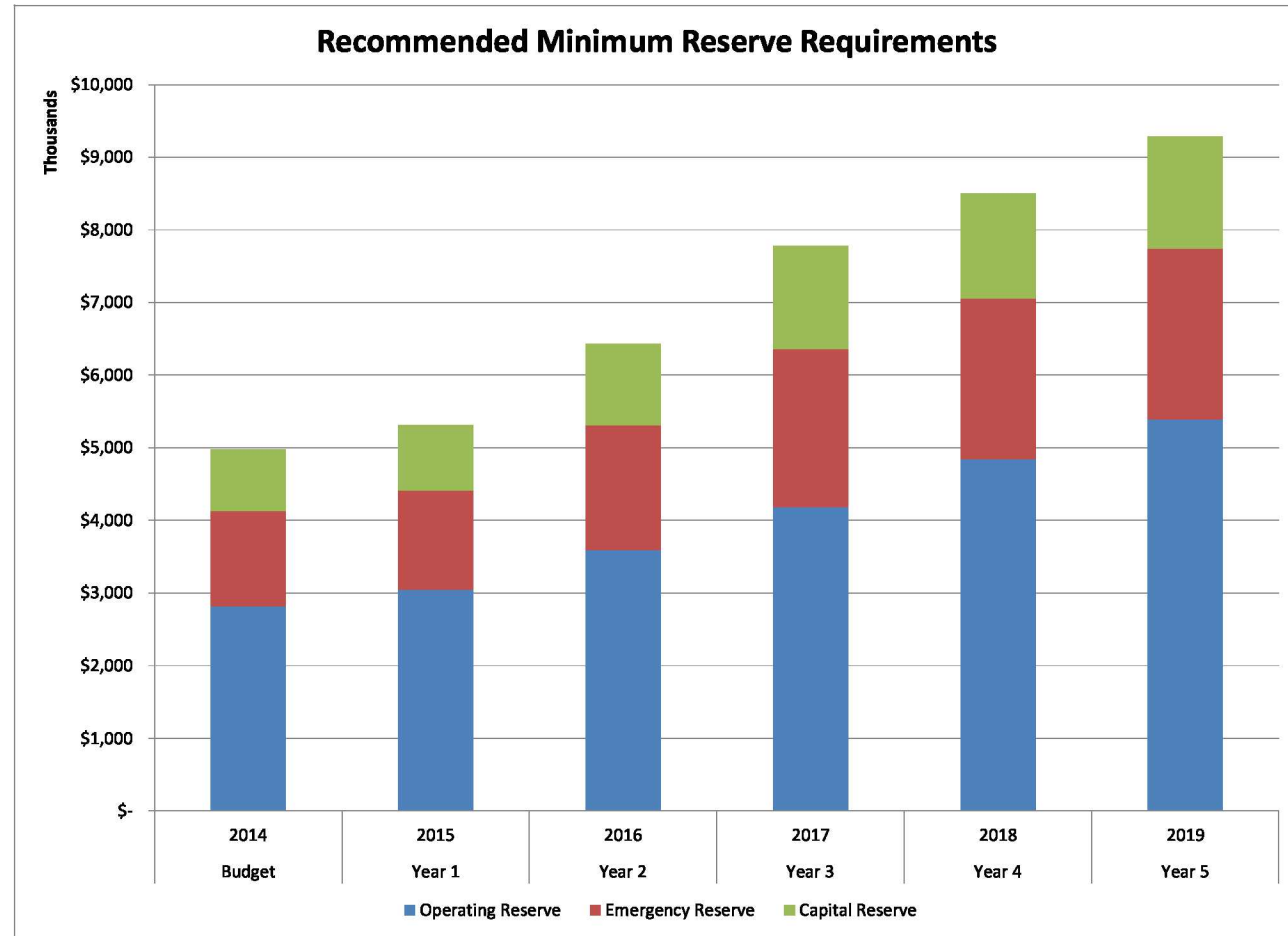


- No proposed revenue adjustments
 - Current rates sufficient to provide funding for power supply, capital projects, and reserves
- Rate Base Return
 - 2014, 1.5%
 - 2015, 4.5%
 - 2016, 2.3%
 - 2017, 2.6%
 - 2018, 2.8%
 - 2019, 2.6%

Reserve Fund Requirements

- Operating Reserve:
 - 60 Days (O&M) Cash
- Emergency Reserve:
 - 3% of Gross Plant
- Capital Reserve
 - Equal to annual depreciation expense
- **MVU can set specific policy guidelines as appropriate**

Item No. 1.



COST-OF-SERVICE ANALYSIS

Cost of Service Process

- Utilized test year revenue requirement
- Unbundled and functionalized revenue requirement
- Assigned costs to customer classes
- Summarized costs by class

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Item No. 1.

Test Year Revenue Requirement

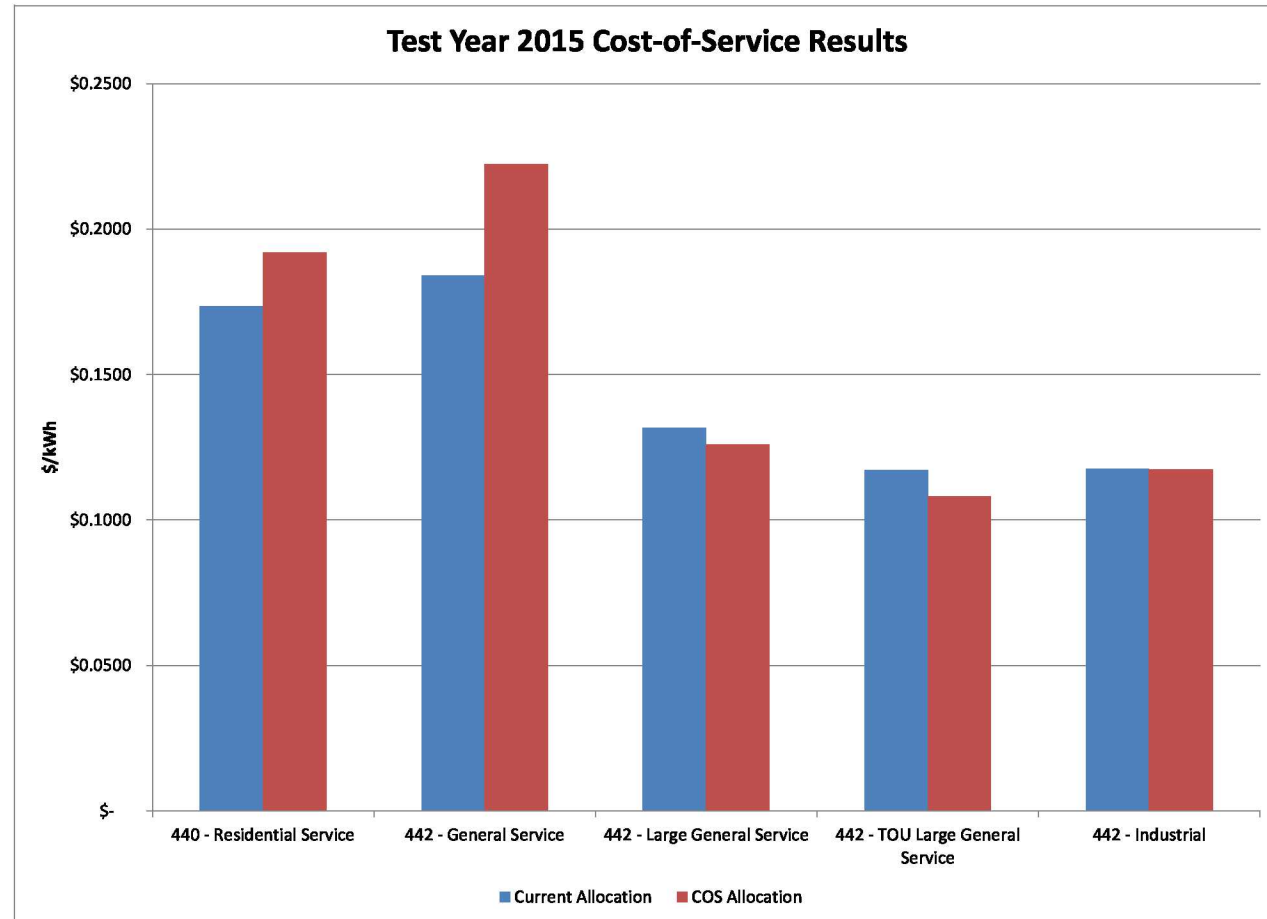
Description	Test Year 2015
Base Rate Revenue	\$ 20,821,200
Revenue Requirements	
Purchased Power Cost	\$ 12,303,800
Distribution	3,367,300
General & Admin.	1,969,200
Public Purpose Program (PPP)	683,700
Franchise In Lieu Fees (FF)	231,100
Depreciation	902,300
Interest Expense	1,541,800
Return	2,425,534
Total Cost of Service	\$ 23,424,734
Less Other Revenue Sources:	
Public Purpose Programs	\$ (1,815,100)
Other Operating Revenue	(607,934)
Interest Income	(25,000)
Miscellaneous Non-Operating Revenue	(155,500)
Net Revenue Requirement	\$ 20,821,200
Rate Base	\$ 53,895,900
Return	2,425,534
Rate of Return	4.50%

Cost of Service Results

Cost of service results suggest the following potential adjustments:

- Overall System – 0%
- 35- Residential, 11%
- Gen. Service, 21%
- Large Gen., -4%
- TOU Large Gen., -8%
- Industrial, 0%
- Overall System – 0%

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Lighting Revenues and Costs

- Street lighting revenues currently more than allocated costs
- Detailed cost buildup was not prepared as part of the current study
- More detailed analysis required prior to making any rate adjustment

RATE ANALYSIS

Rate Analysis Objectives

- Rates based on policy calling for lowest price consistent with requirements and costs
- Simple and understandable
- Maintain equitability among classes and customers within classes
- Encourage efficient use of power
- Comply with applicable orders and requirements of local and state regulatory authorities

Rate Design Discussion

- ✓ Current rates support sound financial footing for utility
- ✓ Periodic rate adjustment approach employed to date sufficiently supports financial health
- ✓ No overall rate revenue adjustments recommended
- ✓ Current rates and rate structures parallel certain rate structures offered by SCE
- ✓ Economic development rates have to be managed carefully

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Current and Proposed Rates

Description	Basic/Cust. Charge	Energy Usage Charge	Demand Charge	Seasonal Differential	Energy Cost Adjustment	Public Purpose
Residential Service - Schedule A	X	X		X	X	X
General Service - Schedule B	X	X		X	X	X
Large General Service - Schedule C	X	X	X	X	X	X
TOU Large Gen. Service - Schedule TOU-LGS	X	X	X	X	X	X
Street Lighting Service - Schedule SL	X				X	X
Street Lighting Service - Schedule SL2	X				X	X
Street Lighting Service - Schedule SL3	X	X			X	X
Traffic Control Service - Schedule TC-1	X	X			X	X

[1] Net Meter Service (Schedule NEM) energy credit is a non-seasonal flat rate.

[2] Additional charges may be billed based on service schedule and service characteristics.

- Maintain current rate classifications
- Maintain current rate structures

EDR Program

- Only TOU Large General Service customers eligible
- New load must equal or exceed 500 kW
- Expanded load must equal or exceed 200 kW
- 5 tier system, 3 targeted industries
 - Logistics/Distribution, Medical/Healthcare, Automotive Dealerships
- Criteria based discounts from 5 – 18 years
- Discounts ranging from 10 – 20%

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EDR Recommendations

- Maintain the five tier system and qualifying criteria
- Expand qualifying criteria to include retention
- Maintain differentiation between tiers and discounts offered for each respective year within the tiers
- Discounts for no more than five years or 60 months
- Discounts should decline over the period

EDR Recommendations

- Cost recovery after discounts should exceed power supply cost
- Customer savings should be at least equal to those offered by SCE, as cost allows
- MVU should determine maximum program size based on load, cost recovery, and/or customers

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EDR Discounts

Year	Current EDR Discounts					Proposed Standard EDR Discounts					SCE
	Tier 1 Discount	Tier 2 Discount	Tier 3 Discount	Tier 4 Discount	Tier 5 Discount	Tier 1 Discount	Tier 2 Discount	Tier 3 Discount	Tier 4 Discount	Tier 5 Discount	Standard Discount
Year 1	15.00%	20.00%	20.00%	20.00%	20.00%	19.00%	21.50%	24.00%	26.50%	29.00%	12.00%
Year 2	15.00%	20.00%	20.00%	20.00%	20.00%	16.00%	18.50%	21.00%	23.50%	26.00%	12.00%
Year 3	12.00%	15.00%	20.00%	20.00%	20.00%	13.00%	15.50%	18.00%	20.50%	23.00%	12.00%
Year 4	12.00%	15.00%	20.00%	20.00%	20.00%	10.00%	12.50%	15.00%	17.50%	20.00%	12.00%
Year 5	10.00%	10.00%	15.00%	20.00%	20.00%	7.00%	9.50%	12.00%	14.50%	17.00%	12.00%
Year 6	10.00%	10.00%	15.00%	20.00%	20.00%						
Year 7				20.00%	20.00%						
Year 8				20.00%	20.00%						
Year 9				20.00%	20.00%						
Year 10				20.00%	20.00%						
Year 11				20.00%	20.00%						
Year 12				20.00%	20.00%						
Year 13					20.00%						
Year 14					20.00%						
Year 15					20.00%						
Year 16					20.00%						
Year 17					20.00%						
Year 18					20.00%						
Avg. Program Discount	12.33%	15.00%	18.33%	20.00%	20.00%	13.00%	15.50%	18.00%	20.50%	23.00%	12.00%
Avg. Customer Savings	\$281,174	\$341,968	\$417,961	\$911,916	\$1,367,873	\$246,977	\$294,473	\$341,968	\$389,464	\$436,960	\$227,979

RECOMMENDATIONS

Key Study Recommendations

- No action beyond what has been taken is currently needed to raise additional revenues
- Maintain policy regarding parallel rate structure with SCE
- Increase investment in Public Purpose Programs
- No Monthly Minimum Charge be less than applicable Basic Charge or Customer Charge

Key Study Recommendations

- Monthly Minimum Charge for Schedules C and TOU_LGS should be no less than sum of applicable Customer Charge and Demand Charge for given month
- Implement EDR program modifications proposed
- Consider implementing a green power program
- Maintain use of the ECA mechanism to recover power supply or energy related cost
- Continue to monitor financial position

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DISCUSSION