



**R**ANCHO

**C**UCAMONGA

**M**UNICIPAL

**U**TILITY

*Energy...Reliability...Commitment*

# 2014 ANNUAL REPORT



# RANCHO CUCAMONGA MUNICIPAL UTILITY

Page 2

## Message from the Utility

In 2014, the Rancho Cucamonga Municipal Utility (RCMU) celebrated its tenth year in operation as a municipal electric utility. This year, RCMU extended its backbone distribution circuit for the first time since 2007, extending our service east of the 15 Freeway to interconnect with two large distribution warehouses totaling over 1.6 million square feet. 2014 was also the first year that RCMU began servicing residential customers, where RCMU is now proud to service over 300 new residential customers at the Lewis Operating Companies' Enclave project. With that project, we have doubled our customer base to almost 900 customers.

The landscape in which California municipal utilities operate continues to change. Regulatory and environmental requirements become more challenging and complex and operational and compliance costs continue to rise. However, RCMU shall continue to strive to grow strategically and with innovation. As RCMU continues to mature as a utility, we look forward to continuing to serve our customers with reliable electricity and excellent customer service, while maintaining low rates and sustainable resources as part of our utility's resource portfolio.

## Service Highlights

Year Established	2001
Date Began Providing Power	May 2004
Number of Customers	892
Number of Solar Customers	4
2014 Peak, in MW	16.9 MW
Annual Consumption, 2014	75,764 MWh
Historic Peak Demand	17.5 MW, set in August 2011
Service Area, in Square Miles	4
Number of Distribution Miles	21.5 (Circuit Miles)
Number of Transformers	138
Number of Street Lights	197

# 2014 IN REVIEW

## Financial Overview

Financial Overview	Fiscal Year 2014
<b>Operating Revenues</b>	
Retail	\$11,008,063
Wholesale	\$124,309
<b>Total Operating Revenue:</b>	<b>\$11,132,372</b>
<b>Operating Expenses</b>	
Personnel	\$353,140
Operations & Maintenance (including Purchased Power)	\$6,963,279
Contract Services	\$492,765
Other Expenditures	\$185,102
Contribution to the City General Fund	\$1,055,350
Misc. / Bad Debt	\$12,480
Contribution to Utility Capital Reserve Fund	\$900,000
Contribution to Utility Fund Balance	\$1,170,256
<b>Total Operating Expense:</b>	<b>\$11,132,372</b>

## Awards & Grants

RCMU was recognized with the 2014 California Municipal Utilities Association Resource Efficiency Award for the Renewable Energy Play and Learn (PAL) Island: The Renewable Energy PAL Island was designed to help bring awareness about renewable energy sources and the benefits it has on the environment to patrons visiting the Rancho Cucamonga Library and Cultural Center. The Renewable Energy Play and Learn Island™ was a project intended to help create a dialog between parents and children regarding how renewable energy sources can be harnessed and distributed using hands-on, interactive play.



The 2014 APPA Safety Award!: This is the fourth year that RCMU has received this award. It is presented to electric utility's who have safe operating practices in 2014 and with the lowest number of safety related reportable incidences.

In 2014, RCMU was also awarded a \$125,000 APPA Grant for a 2015 battery energy storage demonstration project for the Rancho Cucamonga City Hall.



# RENEWABLES / SUSTAINABILITY

Page 4

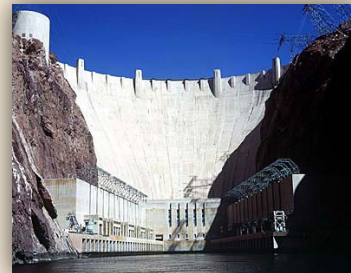
## 6 MW of Solar Photovoltaic:

In June 2014, RCMU was able to secure 6 Megawatts (MWs) of a large scale renewable solar project as part of a 75 MW Solar Farm in Kern County. RCMU signed a 20 year term fixed contract at a very competitive price with Recurrent Energy. This project will provide approximately 20% of RCMU's renewable resource requirement and meet AB 32 GHG goals, which are both mandated by the State of California. The solar project is expected to be online by December 2016.



## Hoover Dam Power Allocation:

In 2014, RCMU was awarded the maximum allocation of 3 Megawatts of power from the Boulder Canyon Project Post 2017 Allocation by the Department of Energy for the next 50 years. This allocation is especially critical for RCMU whose small size often makes it difficult to compete in the energy market. This award is a tremendous achievement for RCMU as it will provide a clean, emission-free source of low-cost hydroelectric power that is critical to advancing the City's aggressive renewable energy commitments for many years to come.



## RCMU field services enhances reliability

RCMU field crews play a big part in continuing to keep the RCMU electric distribution system reliable and safe. From maintenance and testing at the Arbors Substation to testing and maintaining over 20 miles of circuit and over 500 pieces of Pad Mounted Equipment such as Transformers, Switches, Capacitors and Streetlights. RCMU field crews continue to work to maintain our safe and reliable electric system so that our customers can continue to rely on our electric service.



# PROGRAMS THAT BENEFIT THE PUBLIC

## RCMU Online Services:

In June 2014, RCMU Online was launched as a convenient service for customers to help manage and view their accounts. The major benefits to this online service for our customers are:

- Bills will be received electronically
- Customers will have the option of paying their bills online
- Customers will have the ability of reviewing their bills and usage history online
- Customers can view multiple accounts with ease



## RCMU's Public Benefit Program Update:

- ◆ **Direct Savings Program:** RCMU contracts with Richard Heath and Associates (RHA) to provide free audits to help customers identify energy saving opportunities in lighting, air conditioning, refrigeration, and more. This program was developed to help businesses decrease their operating cost and protect the environment by reducing the amount of energy used. Through this program, RCMU will cover the cost of the energy audit of the facility and pay for the first \$1,500 of retrofits that is selected. **In 2014, RCMU performed 43 energy audits and provided 28 customers with over \$30,000 in improvements and almost 80,000 kWh of energy was saved.**
- ◆ **Energy Efficiency Rebate Program** The Energy Efficiency Rebate Program offers monetary incentives to RCMU customers who replace their current equipment with more energy-efficient models. Improvements can include HVAC, refrigeration, lighting, motors and other types of equipment. Incentives are calculated based upon the amount of electricity saved in the first year of usage, plus the reduction in peak demand. **In 2014, RCMU issued over \$22,000 in rebates saving our customers over 300,000 kWh of energy.**
- ◆ **Solar Photovoltaic Rebate Program:** RCMU's solar incentive program offers incentives at \$2.09/watt; which is highly competitive compared to other utilities. **In 2014, RCMU issued over \$61,000 in rebates which saved approximately 50,372 kWh of energy.** For more information on the different programs or incentives offered by RCMU visit <http://www.cityofrc.us/cityhall/engineering/rcmu>.

# RCMU vs. SCE AVERAGE RATES

Rancho Cucamonga Municipal Utility (RCMU) has electric rates that are very competitive with other local utilities and is also dedicated to supplying clean and reliable energy for the good of our community and the environment.

**Why are RCMU rates lower?** The California Public Utilities Commission sets “profitable” rates for investor owned utilities like Southern California Edison (SCE). Meanwhile, the City of Rancho Cucamonga has its own not-for-profit municipal electric utility, and the elected City Council oversees policy and rates. Since RCMU is a not-for-profit publicly-owned utility, it is able to keep rates lower than the competition without sacrificing quality and availability

The following chart shows a rate comparison between RCMU and SCE.

CLASS OF SERVICE	SAMPLE USAGE (kWh, kW, KVA)	SAMPLE RCMU MONTHLY BILL	SAMPLE SCE MONTHLY BILL	RCMU LOWER (\$)	2014 RCMU LOWER (%)
Residential	300kWh	\$40.74	\$46.81	\$6.07	13%
Small Commercial ( < 20 kW)	150 kWh	\$ 49.02	GS1 Demand \$ 53.10	\$4.08	8%
Medium Commercial (20kW – 200kW)	25,000 kWh 77 kW	\$ 2,929	GS2 Demand \$3,284	\$ 355	11%
Medium Commercial TOU (200kW – 500kW)	88,000 kWh 200 kW 120 KVA	\$8,337	GS3 CPP \$ 10,635	\$ 2,298	22%
Large Commercial (500+ kW)	200,000 kWh 550 kW 230 KVA	\$21,957	TOU-8 B (below 2kV) \$23,190	\$1,233	5%
Large Industrial (500+ kW and 12 kV connect)	600,000 kWh 1,400 kW 1,000 KVA	\$58,265	TOU-8 B (2-50 kV) \$67,072	\$8,807	13%

\*Average rates based on estimated forecasts and are provided for general reference. An individual customer's average rate will depend on its applicable kW and kWh.

# ACCOMPLISHMENTS IN 2014

## 2014 Key Projects

### Tesla Supercharging Station

In November 2014, RCMU welcomed Tesla Motors as its first ever Electric Vehicle charging customer at Victoria Gardens. With twelve charging stations, the Rancho Cucamonga Tesla site is the largest station Tesla Motors has built in California for their nationwide supercharger network.



### New Line Extension—Arrow Route

Almost 8,000 feet of distribution circuit and placement of 4 Pad Mounted Equipment switches were installed along Arrow Route from Rochester Ave to Etiwanda Ave. This extension will also provide for 19 new LED streetlights fronting the property on Arrow and Etiwanda Avenue and will allow RCMU to provide electric service to two large distribution warehouses totaling over 1.6 million square feet.



## Looking forward: 2015

As RCMU looks forward to 2015, the utility will continue to look for various ways to make improvements on our reliable electric service to our customers. Several projects that will be underway for 2015 are:

- Upgrading our utility's Customer Information System software
- City Hall solar carport and pilot battery storage project
- Future Line Extensions: Residence Inn on Sixth/Haven and Northwest corner of Day Creek/Baseline
- Implementation of a distribution automation outage indicator system

# CITY DIRECTORY

## CITY COUNCIL

L. Dennis Michael, Mayor

Sam Spagnolo, Mayor Pro Tem

William J. Alexander, Councilmember

Lynne B. Kennedy, Councilmember

Diane Williams, Councilmember

John R. Gillison, City Manager

## ENGINEERING SERVICES DEPARTMENT

Engineering Services Director/City Engineer

Mark A. Steuer

## RANCHO CUCAMONGA MUNICIPAL UTILITY

Utilities Division Manager

Fred Lyn