



STAFF REPORT

DATE: OCTOBER 4, 2012

TO: HONORABLE MAYOR, CITY COUNCIL, AND UTILITIES COMMISSION

FROM: ROD FOSTER, CITY MANAGER

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SUBJECT: ELECTRIC, WATER AND WASTEWATER 2012 BUSINESS PLANS AND ELECTRIC UTILITY INTEGRATED RESOURCE PLAN

RECOMMENDED ACTION

It is recommended that the City Council and the Utilities Commission discuss and provide feedback for the Electric Utility, Water and Wastewater Business Plans and the Electric Utility Integrated Resource Plan.

GOAL STATEMENT

The proposed action will support the City's goal to provide safe, reliable, affordable, and environmentally sustainable electric, water and wastewater service to our community.

BACKGROUND

Previously, the City Council contracted with Harvey M. Rose Associates, LLC to conduct an operational performance audit of the Colton Electric Utility. One of the recommendations identified in the audit is related to the need to have written business plans for utility planning and for meeting renewable portfolio standards. As a result, the City Council directed staff to prepare a business plan and an integrated resource plan for the Electric Utility. Staff was also directed to prepare a business plan for the Water and Wastewater Utilities.

The draft 2012 Electric, Water and Wastewater Business Plans were presented to the Colton Utilities Commission (Commission) at the May 14, 2012 meeting for review and comments. After input from the Commission, a final draft of the Business Plan was presented to the Colton Utilities Commission for review and recommendation for approval. At their regular meeting on July 9, 2012, the Colton Utilities Commission made a recommendation that the City Council approve the Colton Electric Utility 2012 Business Plan and at the September 10, 2012 Commission meeting, the Commission made a recommendation that the City Council approve the Colton Water and Wastewater 2012 Business Plan. A recommendation was also made that the City Council accept the Electric Utility 2012 Integrated Resource Plan as an on-going planning document.

ISSUES/ANALYSIS

The Colton Electric Department (CED) faces a number of challenges over the next few years as it adapts to the legislative and regulatory changes required by California's greenhouse gas emission reduction legislation (AB 32) and renewable energy requirements (SB 2) while keeping retail rates low. The 2012 Business Plan addresses how CED will begin meeting its legislative and regulatory requirements, invest in new renewable generation resources, the distribution system capital upgrades, and train CED personnel to participate in the new California wholesale energy market.

The 2012 Integrated Resource Plan (IRP) outlines a strategy to address new regulatory, legislative and financial challenges dealing with power supply issues, now and into the future. In preparing the IRP, staff requested the Utilities Commission form a sub-committee, consisting of three Utilities Commissioners and CED staff. The Sub-committee met on several occasions to review and make recommendations on the IRP. The draft IRP was presented to the full Utilities Commission at the September 10, 2012 regular meeting.

The nature of water and wastewater utility-related services includes ever-advancing technology and heavily regulated oversight of operations by federal and state agencies. Further, the inherent capital-intensive infrastructure (underground conveyance systems, complex treatment facilities, etc.) requires significant lead-time to appropriately manage such critical life-cycle decisions as replacement, upgrade and expansion. This Plan sets forth the Water and Wastewater Utilities business framework (vision, mission, goals/objectives), forecasts the future through an informed analysis of the Projected Operating Environment, and articulates specific strategies to most effectively address current and forecasted challenges and opportunities. Staff will revisit the Plan once the Water and Sewer Master Plans are completed and incorporate them into the future business plan.

FISCAL IMPACTS

There are no direct financial impacts associated with approval of the 2012 Business Plans or the Integrated Resource Plan. However, many of the proposed actions are likely to result in either additional or reduced costs.

ALTERNATIVES

1. City Council may provide alternate direction to staff.

ATTACHMENTS

Colton Electric Utility 2012 Business Plan
Colton Electric Utility 2012 Integrated Resource Plan
Colton Water and Wastewater 2012 Business Plan