

For those of you not on Nextdoor.com, here's my response to RPU's 'unsubstantiated and irresponsible' claims:

1) I had to laugh as I read this. RPU is creating its own accounting/financial definitions! Operating reserves are unrestricted liquid assets (aka, cash and cash equivalents) - 210 million for electric and 86 million for water in 2014. There is no debating this. Your assistant general manager of finance has already stated such publicly - you guys need to get your stories straight. (<http://riversideca.granicus.com/MediaPla...> at 57 minute mark)

You don't get to subtract "working capital/operating cash," and collect a get-out-of-jail-free card. In fact, does the person who prepared this "fact sheet" even know what working capital and operating cash are? Not by the looks of how it was applied here...

RPU is in violation of its 2001 policy at the Water Fund. You don't get to create your own reality by changing the definitions of commonly accepted terms.

2) Curious why this document wasn't included in the analysis?  
<http://aquarius.riversideca.gov/clerkdb/...>

RPU in Fiscal Year 2003-2004 went to Council after conducting a thorough review and decided that by 2014 it needed to add \$40 million in reserves at its Electric Fund. No mention is made of additional reserves needed at the Water Fund.

How much did RPU actually add over that time period at both utilities? \$210 million. There is simply no rational justification for that.

3) What our rates are in comparison to other utilities is meaningless to this conversation. Public utilities have tax advantages over private ones, and don't pay dividends or require returns on shareholder equity. If our rates were equal, that would signal a real problem. On the water side, we do not import water, unlike most of our neighbors. We can thank our forefathers for that.

RPU's mission statement is to provide the highest quality water and electric service at the "lowest possible rates", not "at rates lower than our neighbors".

4) Reserves are not for planned infrastructure spending. According to RPU's policy they are for "certain extraordinary (one-time) events or projects, as well as covering normal budget variances." They are specifically not for catastrophes either - the City carries a billion dollar policy.

The Reimbursement Resolution passed by the Council last Tuesday explains, "because [...] capital improvements are long-term in nature, they are primarily funded through bonded indebtedness." The latest Capital Improvement Plans for the utility acknowledges this as well.

RPU does not get to jack up our rates to prepay for 30-year infrastructure projects, so it can avoid going to the bond market.

Here's the stats folks need to know. Since 2003, inflation (as measured by CPI) is 28%. RPU's average water prices went up 130% for residential customers; Electric prices nearly 50%.

For its first 110 years of operations, RPU's total reserves stood at \$70 million or less. In the last 10, they have reached nearly \$300 million. It does not take a rocket scientist to see that we have been overcharged, particularly in the past 5 years if you watch the presentation I linked in my previous comment.

If the revenues that created the excess reserves are one-time in nature, kindly remit a rebate check. If the revenues are recurring, lower the average monthly bills. Those are the only 2 options RPU should be considering at this point. That, and apologizing to this community for not addressing this sooner.

Return the money to the customers, fix the policies, and for once, just once, let's finally have some accountability within City Hall and RPU management.

Sincerely,  
Jason Hunter