



FINANCE COMMITTEE ACTION MINUTES

Special Meeting
April 19, 2022

The Finance Committee of the City of Palo Alto met on this date in virtual teleconference at 5:32 P.M.

Present: DuBois (Chair)

Participating Virtually: Filseth, Kou

Absent:

Agenda Items

1. Utilities Advisory Commission and Staff Recommendation That the Finance Committee Recommend the City Council Adopt a Resolution Approving the FY 2023 Wastewater Collection Utility Financial Plan Including Proposed Reserve Transfers and Increasing Wastewater Rates by Amending Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger)

MOTION: Council Member Filseth moved, seconded by Chair DuBois to recommend the City Council adopt a resolution approving:

- a. The Fiscal Year 2023 Wastewater Collection Financial Plan, including 3% overall revenue increase; and
- b. Transfer amount of up to \$5.33 million from the Capital Improvement Projects Reserve to the Operations Reserve in FY 2022; and
- c. Increase Wastewater Collection Utility Rates Via the Amendment of Wastewater Collection and Disposal Rate Schedules S-1 (Residential), S-2 (Commercial), S-6 (Restaurant) and S-7 (Industrial Discharger).

MOTION PASSED: 3-0

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2. Utilities Advisory Commission and Staff Recommendation That the Finance Committee Recommend the City Council Adopt a Resolution Approving the Fiscal Year 2023 Water Utility Financial Plan, Including Proposed Reserve Transfers, and Increasing Water Rates by Amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service From Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master-Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service).

MOTION: Chair DuBois moved, seconded by Council Member Filseth to recommend the City Council adopt a resolution approving:

- a. Fiscal Year (FY) 2023 Water Utility Financial Plan; and
- b. Up to a \$13.964 million transfer from the Capital Improvement Projects Reserve to the Operations Reserve in FY 2022; and
- c. Increases to Water Utility Rates Via the Amendment of Rate Schedules W-1, W-2, W-3, W-4, and W-7.

MOTION PASSED: 3-0

3. The Utilities Advisory Commission and Staff Request that the Finance committee Recommend City Council Adopt a Resolution Approving the Fiscal Year 2023 Gas Utility Financial Plan, Including Proposed Transfers, and Increasing Gas Rates by Amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service).

MOTION: Council Member Filseth moved, seconded by Council Member DuBois to recommend the City Council adopt a resolution approving:

- a. Approving the fiscal year (FY) 2023 Gas Utility Financial Plan; and
- b. Transferring up to \$3 million from the Operations Reserve to the CIP Reserve in FY 2022; and
- c. Transferring up to \$2.766 million from the Rate Stabilization Reserve to the Operations Reserve in FY 2022; and
- d. Increasing gas rates by amending Rate Schedules G-1 (Residential Gas Service), G-2(Residential Master-Metered and Commercial Gas

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Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service).

MOTION PASSED: 3-0

4. The Utilities Advisory Commission and Staff Recommend the City Council Adopt a Resolution Approving the Fiscal Year 2023 Electric Financial Plan and Proposed Reserve Transfers, Amending the Electric Utility Reserve Management Practices, and Amending Rate Schedules E-1 (Residential Electric Service), E-2 (Residential Master-Metered and Small Non-Residential Electric Service), E-2-G (Residential Master-Metered and Small Non-Residential Green Power Electric Service), E-4 (Medium Non-Residential Electric Service), E-4-G (Medium Non-Residential Green Power Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E 7 (Large Non-Residential Electric Service), E-7-G (Large Non-Residential Green Power Electric Service), E-7 TOU (Large Non-Residential Time of Use Electric Service), E-14 (Street Lights), E-NSE (Net Metering Net Surplus Electricity Compensation), and E-EEC (Export Electricity Compensation)

MOTION: Chair Dubois moved, seconded by Council Member Filseth to recommend the City Council adopt a Resolution:

1. Approving the Fiscal Year (FY) 2023 Electric Financial Plan;
2. Amending the Electric Fund Reserve Management Practices, specifically amending Section 6: Electric Special Projects Reserve, as follows:
 - a. Amend part e) setting the goal to commit ESP funds by the end of FY 2025; and
 - b. Amend part f) setting the date to revert uncommitted funds to the Electric Supply Operations Reserve to five years after the commitment date (FY 2023)
3. Approving the following transfers at the end of FY 2022:
 - a. Up to \$15 million from the Hydro Stabilization Reserve to the Supply Operations Reserve;
 - b. Up to \$5 million from the Electric Special Projects (ESP) reserve to the Supply Operations Reserve; and

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- c. As discussed in Staff Report #11556i, approve an allocation of Cap and Trade funds up to 1/3 of REC revenue to the Cap and Trade Program Reserve to be spent on local decarbonization programs;
4. Approving the following rate actions for FY 2023:
 - a. An increase to retail electric rates E-1 (Residential Electric Service), E-2 (Small Non-Residential Electric Service), E-4 (Medium Non-Residential Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E-7 (Large Non-Residential Electric Service), E-7 TOU (Large Non-Residential Time of Use Electric Service) and E-14 (Street Lights) of 5% effective July 1, 2022;
 - b. An update to the Export Electricity Compensation (E-EEC-1) rate to reflect current projections of avoided cost, effective July 1, 2022;
 - c. An update to the Net Surplus Electricity Compensation (E-NSE-1) rate to reflect current projections of avoided cost, effective July 1, 2022; and
 - d. An update to the Palo Alto Green program pass-through premium charge on the Residential Master-Metered and Small Non-Residential Green Power Electric Service (E-2-G), the Medium Non-Residential Green Power Electric Service (E-4-G), and the Large Non-Residential Green Power Electric Service (E-7-G) rate schedules (Linked Document) to reflect current costs, effective July 1, 2022.

MOTION PASSED: 3-0

Future Meetings and Agendas

Adjournment: The meeting was adjourned at 6:53 P.M.