



City of Arts & Innovation

# News Release

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## City of Riverside Remains Committed to Strong Financial Reserves for Utilities

*Reserve funds for water and electric utilities comply with reserve policy, protect ratepayers*

RIVERSIDE, Calif. – Riverside Public Utilities’ strong financial reserves have helped ratepayers avoid large rate increases in the face of a historic drought while saving the utility and its ratepayers millions of dollars in borrowing costs in recent years, General Manager Girish Balachandran said Thursday.

The financial reserves comply with the reserve policy approved by the City Council and are a direct reason why Riverside Public Utilities enjoys a bond rating of AAA, a rating enjoyed by only 6 percent of water and sewer utilities in the U.S. as rated by Standard and Poor’s. That exemplary bond rating saves the utility millions of dollars when it sells bonds to pay for needed projects.

“Strong financial reserves have allowed Riverside Public Utilities to respond swiftly and effectively to Governor Brown’s call for increased water conservation in the face of the drought,” Balachandran said. “That strong financial condition also has sparked repeated upgrades to our bond ratings in both the water and electric funds in the past decade, which also saves money for ratepayers.”

The financial reserves, while substantial, remain below the maximum amounts allowed by the reserve policy approved by the City Council. Specifically:

- The electric fund has \$177.8 million in reserves, which is 52 percent of the maximum \$344 million permitted by the reserve policy.
- The water fund has \$64.6 million in reserves, which is 94 percent of the \$68.7 million maximum permitted by the reserve policy.

If and when reserve funds in either utility exceed the maximum allowed by the reserve policy, Riverside Public Utilities will recommend a plan to the Board of Public Utilities and the City Council to utilize the reserves in a manner that benefits ratepayers and complies with California law.

“It is encouraging to see that our municipal utility is in such good financial condition as we continue to deal with the ongoing effects of the historic drought that is gripping the entire state,” Mayor Pro Tem

Chris MacArthur said. “This is a prudent course of action and provides the utility with an opportunity to plan for our long-term needs while managing through short-term financial challenges.”

Riverside Public Utilities also provides residents with water and electric rates that are significantly lower than in surrounding communities. Those lower rates save Riverside residents and business owners an estimated \$90 million each year compared with rates that are paid in surrounding communities.

The utility’s financial strength will become even more important in the coming years as the city makes improvements to its infrastructure for providing water and electric service.

Possible water projects include a recycled water system, a rubber dam to capture stormwater from the Santa Ana River for use in recharging the groundwater basin, and a new treatment plant. Possible electric projects include a second electric transmission line to the city, which would provide Riverside residents and businesses with increased protection from major power outages.

“Riverside Public Utilities is fortunate to have a solid financial footing from which to proceed on these exciting projects that will demonstrate real value for our ratepayers,” Balachandran said. “Our reserves are a major part of that financial security, and we are committed to managing them wisely.”