



"People Serving People"

CITY OF RIVERSIDE

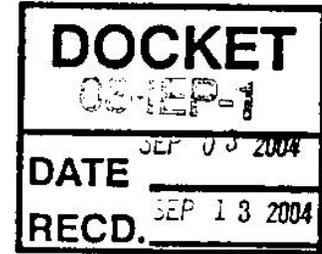
OFFICE OF THE MAYOR

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September 3, 2004

Chairman William J. Keese
California Energy Commission
1516 Ninth Street, MS-32
Sacramento, CA 95814



RE: Imposition of Accelerated Renewable Portfolio Standards on Municipal Utilities

Dear Chairman Keese,

I am writing this letter to state my opposition to the recommendation in the staff white paper that publicly owned utilities be mandated to adopt the exact same resource strategies as investor owned utilities. The Riverside City Council is the elected body that is accountable for the operations and standards of its locally owned utility. Ultimately, the democratic process ensures that the publicly owned utilities are meeting the established standards for the customer/owners in that community. Investor owned utilities are not subject to these same standards of accountability and thus require different forms and quantities of regulation. It is a fundamentally flawed philosophy to consider investor owned and publicly owned utilities as similar institutions.

Rather than trying to over-regulate already successful energy programs at the local municipal utility level, the Energy Commission should instead be supporting the benefits that publicly owned utilities bring to the California marketplace. Public utilities are building new conventional and sustainable facilities to meet their load and load growth, including renewable resources. Riverside Public Utilities is currently in the process of constructing a 96 MW facility in the City of Riverside to serve our residents. We also have an aggressive photovoltaic solar program for facilities in the city. We are responsive to the needs and desires of our customer/owners.

The City of Riverside takes the requirements of SB 1078 very seriously. Section 387 of the PUC Code states: "Each governing body of a local publicly owned electric utility, as defined in Section 9604, shall be responsible for implementing and enforcing a renewable portfolio standard that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement." The City of Riverside council has already adopted our Renewable Portfolio Standard that is more aggressive than that required by the IOUs. Our elected council based this decision on how much and what kind of renewable portfolio best fit our local residents and community.

Finally, the Legislature was careful in SB 1078 to insure that renewables would not come at the expense of increased rates for the IOUs. Local elected officials should not be forced into rate increases to meet any portfolio mandate, whether it is mandated oversight of resource adequacy plans or to invest in specific renewable resources.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald O. Loveridge".

Ronald O. Loveridge
Mayor

Cc: CEC Commissioners
City Council
City Manager
Public Utilities Director
CMUA