

CITY OF VERNON



May 3, 2023





AGENDA – BUSINESS BREAKFAST

- New Business E-Newsletter
- Updated Contact Information
- Integrated Resource Plan
- Financial Utility Update





VERNON PUBLIC UTILITIES

FY 2023 - 24

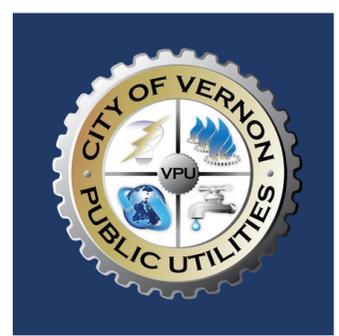
Financial Update





Mission Statement

VPU is committed to providing dependable, high-quality electric, water, natural gas, and fiber services at the lowest competitive rates and the highest standards for reliability.



State of the Utility in FY 2023-24

- Minimal increase in electric load
- Higher energy and natural gas costs
- Loss of Customers
 - Farmer John – Smithfield
 - Temporary Interruption - Baker Commodities
 - Wimatex – Top Water Customer
 - Fantasy Dye House – Top Water Customer
- Maintain infrastructure investment to continue to provide highly reliable service

Top ELECTRIC Customers

Business Name	Type of Business	Years in Vernon
Matheson Tri Gas	Chemical Processing	14
Owens Illinois, Inc.	Container Packaging	76
Farmer John (Smithfield Foods)	Food Processing	76
rPlanet Earth	Plastic Recycling	5
Overhill Farms Inc.	Food	29
Rehrig Pacific Co.	Plastics	47
PABCO Paper Products Co.	Building Materials	63
Crown Poly Inc.	Plastics	23
Command Packaging	Plastics	25
Preferred Freezer Services Inc.	Cold Storage	19
General Mills Inc.	Food Processing	39
Millennium Products Inc.	Food Processing	17
Golden West Trading	Food Processing	11
Baker Commodities	Environmental Recycling	55
J&J Snack Foods Corp.	Food Processing	25



FY 2023-24 VPU Budget

Revenue	\$244.0M
Total O&M/Capital	<u>\$258.0M</u>
Net Surplus/(Deficit)	(\$14.0M)

Transition Years - Next 2 to 3 Years

FY 2023 – 24

Operating Expenses and Capital Reductions



Reductions – More than \$10M

- ✓ Capital Projects
 - ✓ Deferred upgrades and installation of new 16kV lines
 - ✓ Deferred stucco upgrade at MGS - a requirement for CEC permit for VPU to operate powerplant
 - ✓ Deferred removal and reconfiguring of substation bank
 - ✓ Deferred circuit breaker replacement from gas to vacuum
 - ✓ Necessary to meet CARB compliance
- ✓ Reviewed Budget Line Items – Operating and Capital
- ✓ Reserve Funds
 - Expense Stabilization Fund \$ 7.9 M
 - Fund Balance \$ 6.1 M
 - Total \$14.0 M

New Customer Load Growth and Green Commerce

150 MW

Potential Electric Load Growth

Full Build-Out of Projects

5 – 10 YEARS

Data Centers

- Current discussions with multiple data center developers
- 4701 S. Santa Fe Avenue
 - September 2024 – 3MW
 - Planned – 33 MW
- Potential 2nd data center – 33 MW
- Potential 3rd data center – 27 MW



Green Hydrogen

- Current discussions with green hydrogen company – 12.5 MW

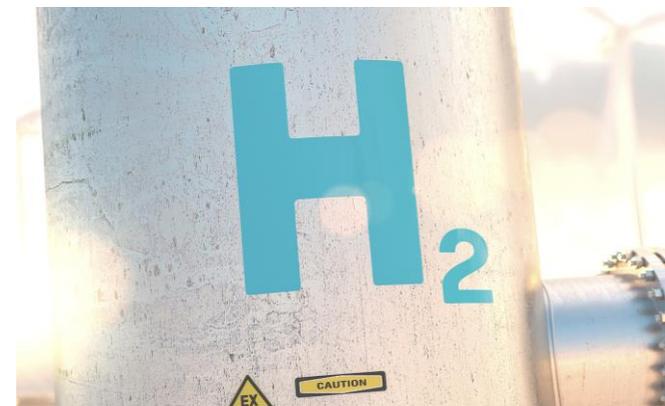
EV Charging Depots

- Potential depot – 3 MW
- Potential 2nd depot – 3 MW



VPU Electrification Roadmap

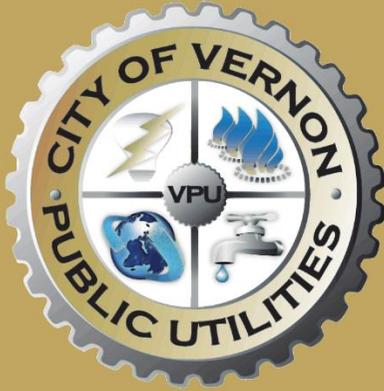
- Two public EV stations with up to 40 fast chargers
- Potential pilot projects with large customers to utilize EV fleet and install on-site fast chargers
- Focus includes Heavy Transportation Uses



VPU

Expected New Load Growth

	EST ONLINE	PHASE 1 MW
Data Center 1	FY 2024-25	3 to 9
Data Center 2	FY 2025-26	3 to 9
Green Hydrogen	FY 2024-25	12.5
EV Charging Depot 1	FY 2024-25	3
EV Charging Depot 2	FY 2024-25	3
	TOTAL ESTIMATE	24.5 MW



COMMITTED TO CUSTOMER COMPETITIVENESS

Our Mission: To have the
lowest rates in California by **2030**

Fiscally Prudent

Preserve Expense Stabilization Fund to respond to economic challenges and fiscal conditions.

Distribution Reliability Performance

Reflects
Continued
Investment in
Utility
Infrastructure

SAIFI

0.50
VPU

1.00
All IOUs &
POUs

.48
CA

CAIDI

76.40
VPU

104.40
All IOUs &
POUs

92.14
CA

SAIDI

38.20
VPU

98.36
All IOUs &
POUs

46.74
CA

Source: EIA Year End: 2021



American Public Power Association

- VPU is a 3-time recipient of the highest reliability award from APPA
 - ✓ Out of 2,000 public power utilities in the U.S., only 130 hold the highest RP3 designation of Diamond Level

Rate Adjustments



Electric – Proposed 5% Rate Adjustment effective 7/1/2023

- Proposed future rate adjustments based on the Cost of Service Study and final City Council Approval



Water – City Council Approved Rate Adjustment

- Calendar Year 2020 - 2024



Natural Gas – City Council Approved Rate Adjustment

- FY 2023 – 24
- FY 2024 – 25

Rate Comparison

TOU-Vt Benchmarking Customer

<u>POU</u>	<u>2023</u>	<u>Difference from VPU</u>
Vernon Public Utilities	\$ 16,972,517	
Riverside	\$ 17,231,033	2%
SCE	\$ 18,724,662	10%
Burbank	\$ 19,111,302	13%
IID	\$ 20,164,833	19%
LADWP	\$ 21,155,789	25%
Glendale	\$ 21,343,183	26%
Pasadena	\$ 22,842,419	35%
Colton	\$ 29,715,772	75%

Next Steps | 5 Year Plan



Cost of Service

Electric Cost of Service Analysis and Rate Design – presented in June 2023



Financial Plan

5 Year Financial Plan for Electric Fund



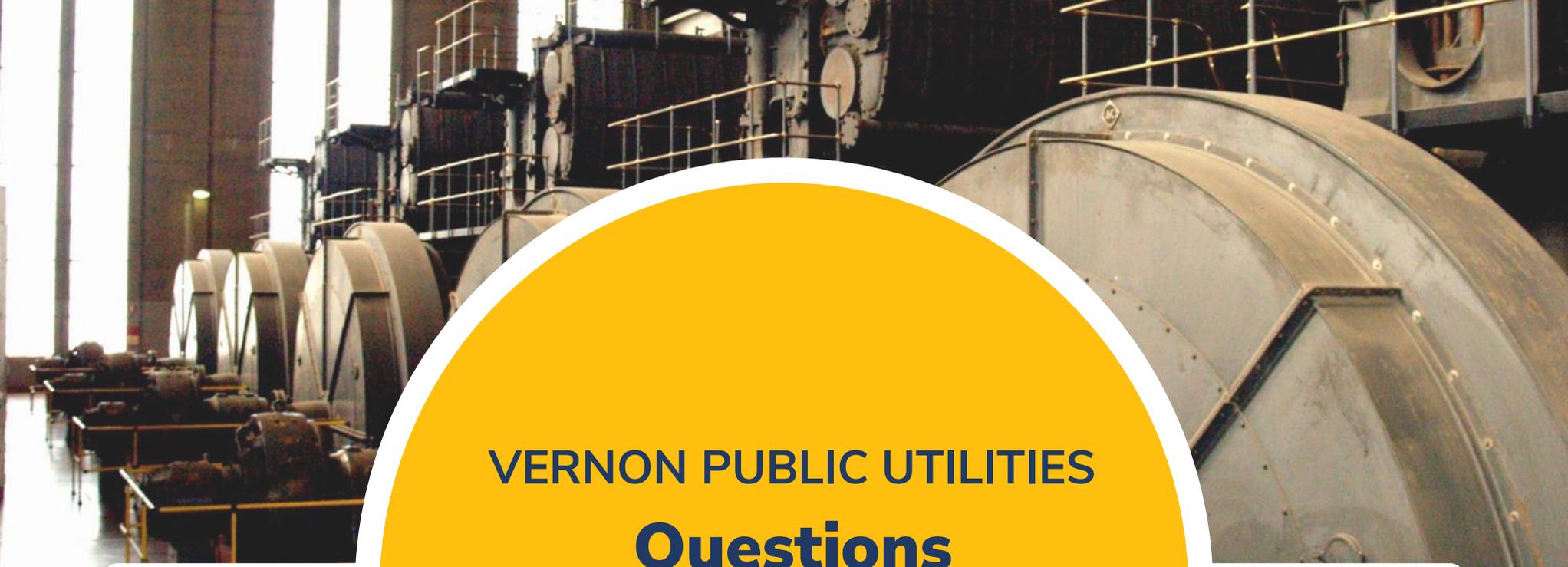
Policy

Financial Reserve Policy



Cost of Service

Cost of Service Study Update for Water Fund in Late 2023

A photograph of a water treatment facility with large circular tanks and industrial equipment. A large yellow circle with a white border is overlaid on the image, containing text.

VERNON PUBLIC UTILITIES
Questions

www.cityofvernon.org
