



## COUNCIL COMMUNICATION

CC #: 2579  
File #: 0800-03

**Title:** Hydroelectric Adjustment - Roseville Municipal Code Update  
**Contact:** Joanna Cucchi 916-746-1609 jcucchi@roseville.ca.us

Meeting Date: 3/15/2023  
Item #: 8.3.

### RECOMMENDATION TO COUNCIL

Staff recommends the Roseville City Council introduce for first reading an ordinance amending section 14.24.052 of the Roseville Municipal Code to update the hydroelectric adjustment calculation to reflect forecasted energy deliveries and update the annual expected energy from hydroelectric resources from 222 Gigawatt-Hour (GWh) to 277 GWh.

### BACKGROUND

Beginning in 2009, Roseville Electric Utility implemented a hydroelectric adjustment to mitigate the cost impacts of varying hydroelectric energy resources. Depending on precipitation, reservoir conditions, timing of snow melt, multi-year droughts and other factors, the delivery of hydroelectric generation energy to the City can vary. The current calculation only considers a single year of precipitation in the calculation of the hydroelectric adjustment.

When the hydroelectric adjustment was first implemented, the use of precipitation tracked well with energy deliveries to the City. However, beginning in 2017 the direct relationship between the single year precipitation and the energy deliveries from hydroelectric resources began to deviate. In some years, this resulted in the hydroelectric adjustment being higher than needed and in other years lower than needed to offset costs.

The proposed updates to the municipal code change the current calculation of the hydroelectric adjustment from precipitation in the 8-station index to forecasted hydroelectric energy deliveries. The Electric Utility receives hydroelectric energy forecasts from both the federal government and the Northern California Power Agency. These forecasts have proven to be a more accurate measure of the next year hydroelectric energy deliveries. By updating the code to use these forecasts instead of the 8-station index precipitation, the utility can more accurately calculate the cost impact of hydroelectric energy and charge or credit customers a rate more in line with that impact.

In addition to the changes above, the utility is proposing to update the annual expected energy from hydroelectric resources from 222 GWh to 277 GWh. The annual expected energy from hydroelectric resources is a variable in the hydroelectric adjustment calculation and needs to be updated periodically to reflect the amount of exposure the utility has from hydroelectric resources. This change reflects the recent purchased power agreement for 55 GWh of generation from the Feather River.

### FISCAL IMPACT

The proposed changes to the municipal code will result in a changed hydroelectric adjustment calculation. Depending on the year, this could result in increased or decreased revenue. However, the revenue received will be more aligned with the impacts related to hydroelectric generation.

### ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) only applies to projects which have the potential to cause a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. (CEQA Guidelines §15061(b)(3)).

### CITY COUNCIL STRATEGIC PLAN/OVERARCHING GOALS

Goal A - Remain fiscally responsible in a changing world

Respectfully Submitted,

Joanna Cucchi, Interim Electric Utility Financial Administrator

Dan Bean, Electric Utility Director



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Dominick Casey, City Manager

**ATTACHMENTS:**

Description

RMC edits

**REVIEWERS:**

Department	Reviewer	Action	Date
ELEC - Financial & Administrative Services	Campbell, Eric	Approved	2/21/2023 - 2:44 PM
ELEC - Financial & Administrative Services	Beans, Daniel	Approved	2/21/2023 - 6:18 PM
Paralegal	Hakala, Gretchen	Approved	2/22/2023 - 1:06 PM
City Clerk	Six, Katrina	Approved	2/23/2023 - 12:18 PM
Assistant City Manager	Louthan, Dion	Approved	2/23/2023 - 12:30 PM
Chief Financial Officer	Kauffman, Dennis	Approved	2/28/2023 - 11:04 PM
City Attorney	Sheidenberger, Michelle	Approved	3/1/2023 - 2:25 PM
City Manager	Casey, Dominick	Approved	3/1/2023 - 7:27 PM
City Clerk	Six, Katrina	Approved	3/2/2023 - 1:46 PM