



## CITY OF BANNING STAFF REPORT

**TO:** CITY COUNCIL

**FROM:** Douglas Schulze, City Manager

**PREPARED BY:** Amber Rockwell, CORE Manager  
Art Vela, Public Works Director

**MEETING DATE:** October 8, 2024

**SUBJECT:** Presentation and Update on the Banning Electric Utility Public Benefits Fund

---

### **RECOMMENDATION:**

Receive and File.

### **BACKGROUND:**

In 1996, in an effort to lower the cost of electricity, retain and attract jobs, and reduce power outages, deregulation of California's electrical services industry began. The former monopoly market was to be restructured, and the California Independent System Operator (CAISO) was developed to control state-wide grid transmission and ensure efficient use and reliable operation of the transmission system. There was also a new focus on development of programs to provide low-income assistance, energy efficiency programs to provide to low-income homes, energy efficiency programs, investment into new renewable energy sources, and Public Interest Research & Development (PIER). When AB1890 was passed by California legislature to restructure California's electrical industry, it was the beginning of state-mandated public benefits programs and the public benefits charge.

Funding for public benefits programs occurs through a non-bypassable charge paid by all California electric utility customers. AB1890 originally earmarked \$3.2 billion as the initial dollar amount needed to fund rate relief for residential and small commercial customers. This original \$3.2 billion was the figure used to develop the 2.85% non-bypassable charge electric utilities still in use today to fund public benefits programs. AB1890 specifies that municipal electric utilities are given oversight and control of their own public benefits programs. The legislation is also very clear that public benefits funds are only to be used to support public benefits programs and monies are not to be comingled with other funds.

AB 723 also establishes measurement verification and evaluation criteria for program results. Public utilities are given the leeway to implement programs best suited to the needs of their ratepayers. With the freedom of program design and implementation, public utilities are still held accountable to the State of California. Public benefits programs results are reported annually to include verifiable energy reductions achieved, number of measures implemented, demographics where measures were implemented, and demographics of jobs created. The report is to be submitted in compliance with Section 9795 of the Government Code.

At this time, state-mandated energy efficiency reporting for City of Banning Electric Utility Public Benefits Program is submitted annually through the Southern California Public Power Authority (SCPPA). Statistics are independent to each municipality within SCPPA. The statistics of each individual utility are collected and compiled as a single report that is submitted annually.

**JUSTIFICATION:**

The Banning Electric Utility's Public Benefit Program has been established to meet California regulations.

**FISCAL IMPACT:**

A budgeted 2.85% non-bypassable charge is added to customer bills to pay for the City's Public Benefit Program. Revenues are projected to be \$760,000 for fiscal year 2024/2025.

One notable budgetary change that will be made to Fund 675, Public Benefit Fund, during the mid-year adjustments will be to add staff salaries for those staff members that are wholly or partially dedicated to Public Benefit Fund activities. Those employees include: Core Manager (1.0 F.T.E.), Utility Services Assistance (1.0 F.T.E.) and Business Support Manager (0.10 F.T.E.). It is projected that adding these salaries will increase the Public Benefit Fund expenditure budget by \$358,068.

Fund 675 currently has an estimated fund balance of \$1,135,073.16.

**ALTERNATIVES:**

N/A

**BUDGETED?:**

Yes

**CONTRACT/AGREEMENT:**

No

**ATTACHMENTS:**

3. [PB Budget.pdf](#)
4. [Expenditure per Event.pdf](#)
5. [Program Justification Matrix.pdf](#)