



Utilities Advisory Commission 2024-2025 Workplan

Staff Liaison: Dean Batchelor, Director of Utilities
Lead Department: Utilities

About the Commission

The Utilities Advisory Commission (UAC) is charged with providing advice on long range planning and policy matters, acquisition, development, and financial review of electric, gas and water resources; joint action projects with other public or private entities which involve electric, gas or water resources; environmental implications of proposed electric, gas or water utility projects; and conservation and demand management. Additionally, the UAC is charged with providing advice on the acquisition, development and financial review of the dark fiber network and wastewater collection utilities. As a highly regulated industry, there may be matters not listed below that will be presented to the UAC in accordance with current or future (local, state, or federal) legislative requirements.

The Commission is composed of 7 members.

Terms are for 3 years and commence on the first meeting in April.

See Palo Alto Municipal Code (PAMC) Sections 2.23.010 (Membership), 2.23.030 (Term of Office), 2.23.040 (Officers), 2.23.050 (Purpose and Duties), and 2.23.060 (Meetings).

Current Commissioners

- Greg Scharff (Chair)
- Meagan Mauter (Vice Chair)
- Phil Metz
- Rachael Croft
- Robert Phillips
- Vacant
- Vacant

Mission Statement

The purpose of the Utilities Advisory Commission shall be to advise the City Council on present and prospective long-range planning, policy, major program, and project matters relating to the electric, gas, water, wastewater collection, fiber optics utilities, and recycled water matters, excluding daily operations.

The Utilities Advisory Commission shall have the following duties:

- Advise the City Council on long-range planning and policy matters pertaining to:
Joint action projects with other public or private entities which involve, affect or impact the utilities;
Environmental aspects and attributes of the utilities;
Water and energy conservation, energy efficiency, and demand side management; and
Recycled water matters not otherwise addressed in the preceding subparagraphs;

- Review and make recommendations to the City Council on the consistency with adopted and approved plans, policies, and programs of any major utilities;
- Formulate and review legislative proposals regarding the utilities, to which the city is a party, in which the city has an interest, or by which the city may be affected;
- Review the utilities capital improvement programs, operating budgets and related reserves, rates, and the recycled water program, budget, rate, and thereafter forward any comments and recommendations to the finance committee or its successor;
- Provide advice upon such other matters as the City Council may from time to time assign.

The Utilities Advisory Commission shall not have the power or authority to cause the expenditure of city funds or to bind the city to any written, oral, or implied contract.

The Utilities Advisory Commission may, subject to its City Council-approved bylaws and at the discretion of the City Council, foster and facilitate engagement with the general public, not excluding representatives of commerce and industry, in regard to the utility matters referred to in subsections above.

**Prior Year
Accomplishments**

Heat Pump Water Heater (HPWH) Pilot:

- 687 customers have been signed up to participate
- 200 customers have had completed installs

Advanced Meter Infrastructure (AMI)

- 6,946 gas customers have had completed installs
- 6,138 water customers have had completed installs
- 5,766 electric customers have had completed installs

CA Renewable Energy Credits (REC's)

- Approved by Council on 12/12/2022 to continue the program and return to the UAC and Council in 2025

Fiber-to-the-Premises (FTTP)

- Began coordinating grid mod project with FTTP
- Identified and began addressing key challenges
 - Pilot to align grid mod project with FTTP
 - CEQA Initial Study for FTTP

Electric Grid Modernization (Grid Mod)

An electric engineering study was completed identifying upgrades needed throughout the electric distribution system, this entails upgrading line transformer capacity, feeder capacity, increasing the number of switches and connections on the system between feeders and substations, and upgrading substation equipment. Construction on the first modernization project is starting in Q2 2024 in a 1200-home neighborhood pilot area bounded by Louis, Amarillo, 101, and Embarcadero. The modernization projects will be coordinated with fiber to the premise construction. To capitalize on synergies between GridMod and FTTP, a Pilot area combining both GridMod and FTTP project was identified, and the joint project boundary has been fixed. The GridMod design was contracted with consultant Entrust, and the design and engineering work for Phases 1-7 has been completed. Engineering staff is preparing construction documents which will be released to Operations for construction in the pilot area starting in May 2024. Equipment procurement is currently underway, with poles anticipated to be received by 04/30/2024, aerial secondary wire by 04/30/2024, and transformers expected by 06/30/2024. The target completion date for the Pilot is 12/30/2024.

Sewer System Replacement 31 (SSR31)

- Conducted successful outreach meeting with Barron Square HOA residents who have been impacted by the activity at the project's laydown yard. The on-going communication has been effective to keep the Barron Square residents informed.
- The portion of the work requiring 2-lane closure on El Camino Real was performed at night. No more nighttime work is anticipated on this project, unless unexpected condition dictates.
- Continue with daytime work. The remaining work will be performed on El Camino Real between Fernando and Sheridan and on Page Mill Road between El Camino Real and Ramons Way.
- Project is currently on track to be completed in May 2024, before Caltrans and County of Santa Clara's paving projects start.

Water main replacements

9,893 Feet of water main replaced
252 services replaced

STANDING TOPIC 1:	Annual Budget - Rate changes to Water, Gas, Electric, Wastewater collection, and Fiber services.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
The community will have a better understanding of the rates and why they are being charged.	Rates are reviewed annually and each rate change is determined by the COSA reports. UAC review is in March, FCM review is in April and CCM approval is in June	Staff time, Legal team review time, Consultant time to create the COSA report.	Council approval of budget	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Rates are always a high priority. The change has an impact on the community and economy.		N/A		N/A
STANDING TOPIC 2:	Water Supply: Consider potential future sources of water supply. This includes recycled water, demand management programs, grey water, treatment efforts, and use of effluent.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
The benefit to the community is to have ample water source and supply when needed in the event of a drought or for basic uses	This is not a single effort or project; however, a year-round effort	Staff time, Legal team review time, Consultant time for development of the One Water Plan which is a holistic 20-year water portfolio	Council approval of the One Water Plan which includes adaptable, dynamic, water supply portfolios.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Having knowledge of where the City's water supply is coming from and how we maintain that supply is a maintained priority..		N/A		N/A

STANDING TOPIC 3:	Electric Supply: Consider updates to the electric supply portfolio and issues relating thereto.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Reliability for customers, health benefits, and clean energy responsible for the vast carbon reduction the City has achieved over the past decade	This is an ongoing regularly monitored effort and does not have a start or completion time	Approved budget, staff time, legal review time, consultants as needed, and technology	Release of RFP for more renewable energy supply options in the Integrated Resource Plan (IRP). Have the IRP near completion to present to the UAC for review and approval. Maintaining and expanding the zero emissions portion of the portfolio and carbon neutral plan.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
The health and well being of the community is a high priority for Council and Utilities		N/A		N/A
STANDING TOPIC 4:	Gas Supply: Consider aspects of the gas supply portfolio and issues relating thereto			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Gas is a type of energy used to provide some residence and businesses in Palo Alto with heat for their facilities and some cooking appliances.	This is not a single effort or project; however, a year-round effort	Staff time, Legal team review time, Consultant time when necessary	Utilities on average are 10% below PG&E's rates year round	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
The health and well being of the community is a high priority for Council and Utilities		N/A		N/A

STANDING TOPIC 5:	Utilities CIP's: Discuss CIP projects.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
There are multiple CIP's throughout the Utilities, each with their own benefits to the City and the community from rebuilding the water reservoirs, repairing and replacing sewer lines or water mains, maintaining street lights, building out the fiber backbone, upgrading the meter system to upgrading the outage management system	Utilities has multiple projects in their Council approved CIP budget. Most of these projects are multi year based.	Staff time, Legal review time, Procurement time for setting up contracts, contractors for work completion	Utilities CIP success is completion of the project within the timeline and budget that was approved by Council.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Maintaining quality of life for the community creates the priority for Utilities projects		N/A		N/A
STANDING TOPIC 6:	Reliability, Resiliency and adaptation: Ongoing discussions regarding the reliability and resiliency of the utilities.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
This matter encompasses a number of situations including but not limited to the S/CAP program. The benefit of any of the reliability or resiliency projects is to support the City and community now and into the future with reliable, safe connections, water, electricity, fiber and natural gas	These programs and projects are year round and do not have a beginning or an end. For example the S/CAP is set to accomplish the goal by 2030	Budget approval, staff time, additional staff, and some use of consultants	Maintaining a high level of efficient, safe, economic, and reliable services.	YES
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
The S/CAP is a Council priority and therefore a High priority for the Utilities Advisory Commission to focus on		N/A		N/A

STANDING TOPIC 7:	Legislative Initiatives: The Utility tracks many local, state and federal bills that touch on utilities. Should any new laws, regulations, or ordinances pass during the year, the UAC may need to discuss the changes.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Staff tracks the possible changes in laws and regulations and presents the proposed changes to the UAC for review and consideration to the Council.	Legislature meets throughout the year and possible changes can occur at any point that effect utilities	Staff time, travel, and legal review time	This is a non-measurable project	State Mandated
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
N/A		The level of priority is based on the particular legislation being proposed and how it effects the regulated utilities		N/A
STANDING TOPIC 8:	Council Driven Initiatives: The UAC will address any matter assigned by the City Council.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
The UAC is made up of a diverse group with insight of the innerworkings of and vast knowledge in the utilities arena.	Timeline will be addressed once assigned	UAC, Staff and legal review time	Council approval of completed task	YES
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Typically when Council requests a review of an item it is considered a priority		N/A		N/A

Standing Topic 9:	S/CAP Support: Discuss community engagement, technology (current & emerging), finance, and community scaling of S/CAP plans to meet the City's goals for sustainability and climate action. This includes electrification efforts, possible code modifications, potential full or partial retirement of the gas distribution system, and electrification of gas appliances. It also includes permitting and inspection processes for customers wishing to upgrade panels, electrify appliances, or install solar PV, energy storage, and/or EV charging systems.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
UAC expertise will help the Council S/CAP Committee make progress on achieving S/CAP goals with benefits to reducing the impacts of climate change. In these areas:	Ongoing support to the S/CAP Committee	Staff time	The development of clear plans for building electrification, including concrete improvements to utility or permitting processes resulting from UAC actions.	YES
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Support S/CAP Committee goals to develop plans and improve processes for building electrification		Discussions of other forms of emissions reduction besides building electrification		YES

FY2025 Topic 1:	One Water Plan			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Community will have a 20 – year adaptable roadmap for implementation of prioritized water supply and conservation portfolio alternatives that can be used as a water supply plan.	For Council approval in Fall 2024	Staff time, budget for consultant time, Legal team review time	Council approval of the One Water Plan which includes an adaptable, dynamic water supply portfolio.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
The One Water Plan will serve as a long-term guide to prepare the City’s water supply for future uncertainties like multi-year drought, and climate change.		N/A		N/A
FY2025 TOPIC 2:	Electric Grid Modernization and Fiber-to-the-Premises pilot project			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Pilot will inform staff how to align the electric grid modernization and fiber-to-the-premises project to help minimize utility engineering pole make-ready work, pole replacements, noise disruption, and construction activity in neighborhoods,	Construction is scheduled to begin in April 2024 and expected to be completed by end of 2024	Staff time, contractor time, and budget	Completion of construction of electric grid modernization and fiber-to-the-premise including upgrade of 4kV to 12kV distribution system and offering Palo Alto Fiber ISP to residents in the pilot area. On or below budget	YES
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Electric grid modernization will enhance reliability, resiliency, and capacity and enable electrification. Fiber-to-the-premises will provide fast, reliable, affordable, and city-owned fiber internet service to residents and businesses.		N/A		N/A

FY2025 Topic 3:	Workforce: Discuss ongoing issues with hiring and retaining qualified utility workers.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Having the ability to maintain a workforce gains consistency in Utility maintenance, and completion of Council approved CIP's By the end of 2024 a succession plan will be in place	Ongoing	HR time, Utility staff time, budget	Filling of all open positions with the right people	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
It is a high priority to fill these open positions in order to lower the overall cost of the Utilities. If critical positions are filled, the need for having contract workers lowers the cost to serve the community.		N/A		N/A
FY2025 Topic 4:	Tesla Project - \$10M Upgrade to Hanover Substation			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Upgraded substation increases capacity to facilitate electrification process.	Start October 2023, completion anticipated September 2024	CPAU design review (1 FTE), construction resource manager (FTE), engineering support and inspection (1FTE each)	2 Fully upgraded 50 mva transformers	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Electrification and an increase of load by 30-50 mva.		N/A		N/A

FY2025 Topic 5:	Heat Pump Water Heater			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Reduces the use of natural gas, by reducing carbon emissions and improves indoor air quality	December 31, 2024	Staff time, budget	1,000 HPWH's installed by the end of 2024	YES
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
This is the 1 st program for the community to start on the achievement to electrification by eliminating most gas appliances in CPA which is needed to reach the 80/30 goals		N/A		S/CAP policy
FY2025 Topic 6:	Gas Hedging			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Lowers the risk to the city by decreasing the volatility of extreme high market pricing that would be passed on to the customer	UAC approval in May, Finance Committee approval in June, Council approval in August, and Completion by October	Staff time, budget	Execution of hedges for the appropriate winter months	Council approval needed
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Due to the need to have this implemented in order to execute the transactions in October for the winter months		N/A		N/A

FY2025 Topic 7:	Gas Rate Design Review			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Gas rates that are cost-based, constitutionally compliant and with an eye toward competitiveness with gas rates in neighboring communities.	Council approval in September 2024	Staff time, budget for consultant time, legal review time.	Gas rates that are competitive with neighboring communities across customer classes.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Rate impacts on Palo Alto residents and businesses.		N/A		N/A

FY2025 Topic 8:	Management of potential future gas commodity price spikes: Recommend revisions to the Gas Utility Long-term Plan (GULP) to include a strategy for mitigating the impact on customers of market price spikes			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
Protect customers from short-term bill impacts	For Council approval in Summer 2024	Staff time, Legal team review time	Council approval of revised GULP.	Yes
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
The revised GULP objectives and strategies will provide a framework through which short-term, unexpected commodity price spikes can be mitigated		N/A		N/A

FY2025 Topic 9:	Electric Portfolio Rebalancing: Decision regarding the City's large hydroelectric resource, the contract with the Western Area Power Administration (WAPA)			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
The WAPA contract accounts for half of the City's power needs in an average hydro year. The City must take action to renew the contract or reduce the amount of power purchased under the agreement in the future. Regulatory uncertainty and climate change warrant an evaluation of the contract which will be used to make a recommendation to Council.	For Council approval in Summer 2024	Staff time, Legal team review time	Council approval.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
		N/A		N/A