

Utilities Advisory Commission

2025-2026 Workplan

Staff Liaison: Kiely Nose, Interim 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
- Utsav Gupta
- Chis Tucher

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

Advanced Heat Pump Water Heater (HPWH) Pilot Program:

-Over 500 customers have installed a heat pump water heater using the City's rebate, full service, or emergency replacement program to-date, and the pace of installations is approximately 20% of annual water heater replacements.

Advanced Meter Infrastructure (AMI)

- 21,492 gas customers have had completed installs
- 18,035 water customers have had completed installs
- 21,411 electric customers have had completed installs

Renewable Energy Credit (REC) Exchange Program

- Approved by Council on 12/12/2022 to continue the program and return to the UAC and Council in 2025
- Sold 161,900 PCC1 RECs and purchased 160,000 PCC3 RECs, yielding \$10.86 million in net revenue for 2024

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 Electrification Study was performed by a consultant with the goal of identifying any electric system upgrades needed across the electric distribution system. The focus of the Study resulted recommendations for upgrades to line transformers, feeder capacity, increasing the number of switches and connections on the system between feeders and substations, and upgrading substation equipment.

Staff prepared plans and construction drawings to a Pilot area selected within the Phase 1 boundary, Construction on the first modernization project is started 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 (FTTP) construction. To capitalize on synergies between GridMod and FTTP, a Pilot area combining both GridMod and FTTP project was identified, and the joint Pilot project boundary was fixed. The GridMod design was contracted with consultant Entrust, and the construction of the Pilot was started in Q3 of 2024, and completion of the construction work is anticipated at the end of Q2

2025.As of January 9, 2025, , 60 of 74 poles have been replaced, 51 new transformers have been installed, and the service to over 500 households in the Pilot area have been prepared and are ready for electrification. Engineering staff has started the planning and design work for the remainder of the Phase 1 area, which Staff expects the construction of to be completed by Q4 of 2025.

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 there to.			
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 residences 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	BENEFICIAL IMPACTS	TIMELINE	BENEFICIAL IMPACTS
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	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	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:
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		Support S/CAP Committee goals to develop plans and improve processes for building electrification