

Utilities Advisory Commission

2025-2026 Workplan

Staff Liaison: Alan Kurotori, Utilities Director

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 seven (7) members.

Terms are for three (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)
- Rachael Croft
- Utsav Gupta
- Phil Metz
- Robert Phillips
- Chris Tucher

Mission Statement

The purpose of the Utilities Advisory Commission shall be to advise the City Council on present and prospective long-range planning, policies, 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 sub-paragraphs;
- 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. The pace of installations is approximately 20% of annual water heater replacements in the city.

Advanced Meter Infrastructure (AMI)

- 21,492 gas meter installations completed.
- 18,035 water meter installations completed.
- 21,411 electric meter installations completed.

Renewable Energy Credit (REC) Exchange Program

- Approved by City Council on December 12, 2022 to continue the program and return to the UAC and Council in 2025
- Sold 161,900 Portfolio Content Category 1 (PCC1 or Bucket 1) RECs and purchased 160,000 PCC3 RECs (Bucket 3), yielding \$10.86 million in net revenue for 2024.

Fiber-to-the-Premises (FTTP)

- Began coordinating electric grid modernization project with FTTP.
- Identified and began addressing key challenges.
 - Established pilot project to align grid modernization 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 in 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 for a pilot area selected within the Phase 1 boundary of the Grid Modernization (Grid Mod) project. Construction began in Q2 2024 for a 1200-home neighborhood area bounded by Embarcadero Road, Louis Road, Colorado Avenue, Greer Road, and West Bayshore Road.

- The grid modernization activities will be coordinated with fiber to the premise (FTTP) construction. To capitalize on synergies between Grid Mod and FTTP, the city identified a pilot project boundary area to combine construction activities for both Grid Mod and FTTP. The city contracted with consultant Entrust for Grid Mod and construction began in Q3 of 2024. Construction is anticipated to be complete near the end of Q2 2025. As of January 9, 2025, 60 out of 74 identified electric utility poles have been replaced, 51 new transformers installed, and electric service to over 500 households in the pilot area upgraded and prepared for electrification. Engineering staff have started planning and design work for the remainder of the Phase 1 area and expect construction to be completed by Q4 of 2025.

Gas Main Replacement (GMR) Project #24B

- Successfully completed GMR Project #24B along University Ave between Webster Street and Fulton Street and on Middlefield Road between Hamilton Avenue and Lytton Avenue.
- Replaced approximately 20,000 linear feet of natural gas mains and services with polyethylene pipe.

Sewer System Replacement (SSR) Project #31

- Successfully completed SSR Project #31 along El Camino Real and Page Mill Road.
- Replaced approximately 10,924 linear feet of sanitary sewer collection system pipe, mains, and replaced or rehabilitated 43 sewer manholes.
- The existing vitrified clay pipe (VCP) mains were replaced with high-density polyethylene pipe (HDPE). In addition, 89 existing city-owned sewer service laterals and cleanouts were replaced with new 4" and 6" HDPE service laterals and cleanouts.

Water Main Replacement (WMR) Project #29

- Successfully completed WMR Project #29 to replace asbestos cement and other aging pipelines with high density polyethylene mains in six different areas throughout the city.
- Installed approximately 8,000 linear feet of new water mains of various sizes, 124 new water services, 17 new fire hydrants, 22 isolation valves, and 101 water meters.

Lead Service Line Inventory

- Completed an inventory of the entire city service area to identify potential lead in water lines serving customers. No lead was identified.

STANDING TOPIC 1	Annual Budget: Rate changes to Water, Gas, Electric, Wastewater Collection, Fiber Optic Services, Electric Time-of-Use Rates and review of credit card fees for utilities bill payment.			
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 Cost-of-Service Analysis (COSA) reports. UAC review is in March, Finance Committee review is in April and City Council approval is in June.	Staff time, legal 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 and water quality. This includes recycled water, demand management programs, graywater, treatment efforts, use of effluent, and testing for contaminants.			
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 review time, and consultant time for work products.	Council approval of water supply plan(s).	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Having knowledge of where the city's water supply comes from and how we manage that supply is a maintained priority.		N/A		N/A

STANDING TOPIC 3	Electric System and Supply: Discuss and advise City Council regarding electric system and supply portfolio, including grid modernization, second transmission corridor, power portfolio, smart home technologies, distributed energy resources, competitiveness of the city for datacenters, and coordination with Palo Alto Planning Department to enable technological improvements.			
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 System and Supply: Consider aspects of the gas system and supply portfolio, including the City of Palo Alto Utilities (CPAU) development of a long-term plan to accommodate anticipated decrease in gas use.			
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 review time, consultant time when necessary	CPAU rates 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 Capital Improvement Projects (CIP): Discuss CIP projects.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
The Utilities Department manages multiple CIPs each year for the benefit to the city and community. CIPs may include rebuilding water reservoirs, repairing and replacing sewer lines or water mains, maintaining street lights, building out the fiber optic backbone, or upgrading the utility meters.s	Council approve multiple CIPs in the annual budget. Most of these projects are multiyear based.	Staff time, legal review time, procurement time for setting up contracts, contractors for work completion.	Utilities CIP success is measured by completion of the project within the timeline and budget approved by Council.	N/A
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
Maintaining quality of life for the community is a priority for the Utilities Department and projects.		N/A		N/A

STANDING TOPIC 6	Reliability, Resiliency and Adaptation: Ongoing discussions regarding the reliability and resiliency of the City of Palo Alto Utilities (CPAU), including Utilities emergency preparedness plan and annual discussion of efficiency programs, demand side management and performance against plan.			
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 Sustainability and Climate Action Plan (S/CAP). 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 its primary goals by 2030.	Budget approval, staff time, additional staff, and some use of consultants	<p>Maintaining a high level of efficient, safe, economic, and reliable services.</p> <p>Utilities Emergency Preparedness:</p> <ol style="list-style-type: none"> 1. Determination of the “design emergencies” to be used as the basis for CPAU emergency preparedness. 2. Establishment of CPAU’s risk assessment framework in coordination with the Office of Emergency Services (OES). 3. Determination of CPAU’s roles and specific actions in each such emergency. 4. Completion of action planning and implementation in coordination with OES. 	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.		N/A		N/A

STANDING TOPIC 7	Legislative Initiatives: Utilities 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 track the possible changes in laws and regulations and presents the proposed changes to the UAC for review and consideration to the Council.	The Legislature meets throughout the year and possible changes can occur at any point that affect 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 affects the Utilities Department.		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 knowledge of the utilities industry and related issues.	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 high priority.		N/A		N/A

<p>Standing Topic 9</p>	<p>Sustainability and Climate Action Plan (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 photovoltaics (PV), energy storage, and/or electric vehicle (EV) charging systems.</p>			
<p>BENEFICIAL IMPACTS</p>	<p>TIMELINE</p>	<p>RESOURCES NEEDED</p>	<p>MEASURE OF SUCCESS</p>	<p>STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED</p>
<p>UAC expertise will help the Council Climate Action and Sustainability Committee (CASC) make progress on achieving S/CAP goals with benefits to reducing the impacts of climate change.</p>	<p>Ongoing support to the CASC</p>	<p>Staff time and funding devoted to executing coordinating planning efforts, incentives, programs, and infrastructure investments to support S/CAP efforts.</p>	<p>Completion of Council Priorities and S/CAP Work Plan items in collaboration with other departments.</p>	<p>S/CAP and 2023-2025 Work Plan approved by Council in June 2023, Council Priorities in this area adopted annually.</p>
<p>HIGH PRIORITY</p>		<p>LOWER PRIORITY</p>		<p>COUNCIL-DIRECTED POLICY UPDATE</p>
<p>Support relevant Council Priority Objectives in the Climate Action and Adaptation and Natural Environment Protection Priority area and 2023-2025 S/CAP Work Plan Items</p>		<p>N/A</p>		<p>N/A</p>

STANDING TOPIC 10	Fiber to the Premises (FTTP): Review Pilot and Phase 1 progress and outcomes, business model, and metrics affecting city's decision whether to move forward with full city rollout.			
BENEFICIAL IMPACTS	TIMELINE	RESOURCES NEEDED	MEASURE OF SUCCESS	STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED
<p>Enhances high-speed internet and provides equitable access for residents & businesses.</p> <p>Provides residents and businesses another option among broadband providers which could lower prices, accelerate network upgrades, and/or improve customer satisfaction.</p>	<p>2025 – 2026: Complete Pilot, begin marketing, gather data on construction cost, operating expense, and take-rate.</p> <p>2026 – 2027: Evaluate pilot results, refine delivery strategies, marketing, staffing, and product offerings for Phase 1 rollout.</p>	<p>Strategic partners for customer service, home installation, and after-hours troubleshooting.</p> <p>Capital investment for fiber deployment.</p> <p>Marketing budget.</p> <p>Ongoing operational & maintenance funding.</p>	<p>Demonstration of operational success from Pilot.</p> <p>Exceeding take rate of 20% for pilot and 33% for Phase 1.</p> <p>Positive customer feedback and subscription growth.</p> <p>Sustainable financial model to cost-recover operationally within five years.</p>	<p>Council-approved on December 19, 2022.</p> <p>City Council Priority May 2025</p>
HIGH PRIORITY		LOWER PRIORITY		COUNCIL-DIRECTED POLICY UPDATE
High priority. Provide UAC and Council with status updates as it relates to metrics for success during Pilot and Phase 1 (i.e. take rate, customer satisfaction, cost per passing, cashflow projection)		N/A		N/A

<p>Standing Topic 11</p>	<p>Long-Term Strategy for CPAU’s Natural Gas Utility: Develop a comprehensive 5–20 year plan to align the gas utility with climate goals, financial stability, and regulatory changes, while evaluating options for electrification, biogas integration, and long-term infrastructure strategy.</p>			
<p>BENEFICIAL IMPACTS</p>	<p>TIMELINE</p>	<p>RESOURCES NEEDED</p>	<p>MEASURE OF SUCCESS</p>	<p>STATE MANDATED / LOCAL LAW / COUNCIL-APPROVED</p>
<p>Integrates climate impact, regulatory environment, and evolving market conditions (e.g., supply, building electrification trends).</p> <p>Ensures financial stability by addressing costs, procurement strategies, tariffs, revenues, and the utility’s contribution to the city.</p> <p>Identifies how best to align the gas utility with Palo Alto’s sustainability goals and community expectations over the long term.</p>	<p>Timeline will be designed for a 2-3 year planning horizon.</p> <p>2025 expected work to share preliminary analysis of strategies for a physical and financial transition of the gas utility to relevant policymakers and shareholders.</p>	<p>Staff analysis (Utilities, Administrative Services Department, S/CAP) and potential consultants for policy, engineering, and market assessments.</p> <p>Consulting support for hydraulic model development, analysis, rate studies, and financial modeling.</p> <p>Legal counsel for evolving regulations</p> <p>Stakeholder outreach resources for public engagement.</p>	<p>Completion and City Council adoption of a 5–20 year gas utility strategy.</p> <p>Clear articulation of how externalities and climate goals are addressed (e.g., cost of carbon, supply reliability, how pricing of gas rates should be adjusted to reflect externalities).</p> <p>Stable or well-managed utility finances, including city payment, without undermining broader climate goals.</p> <p>Positive feedback from community stakeholders on transparency and alignment with city values.</p>	<p>Gas regulation intersects with state and federal laws (CPUC, etc.).</p> <p>Local ordinances or building codes may require revision (Council approval).</p> <p>Council likely to be involved if new rate structures or code changes are required.</p>
<p>HIGH PRIORITY</p>		<p>LOWER PRIORITY</p>		<p>COUNCIL-DIRECTED POLICY UPDATE</p>
<p>High Priority, but not urgent.</p>		<p>N/A</p>		<p>Expected</p>