

Water Cost of Service & Rate Study

September 19, 2017



WATER
OUR FOCUS
OUR BUSINESS
OUR PASSION

 **carollo**
Engineers...Working Wonders With Water®



Project Overview

Cost of Service Analysis: Step-by-Step approach was utilized to develop sound and defensible rates



Policy & Rate
Structure
Review



Revenue
Requirement
Analysis



Demand
Analysis



Cost of
Service
Analysis



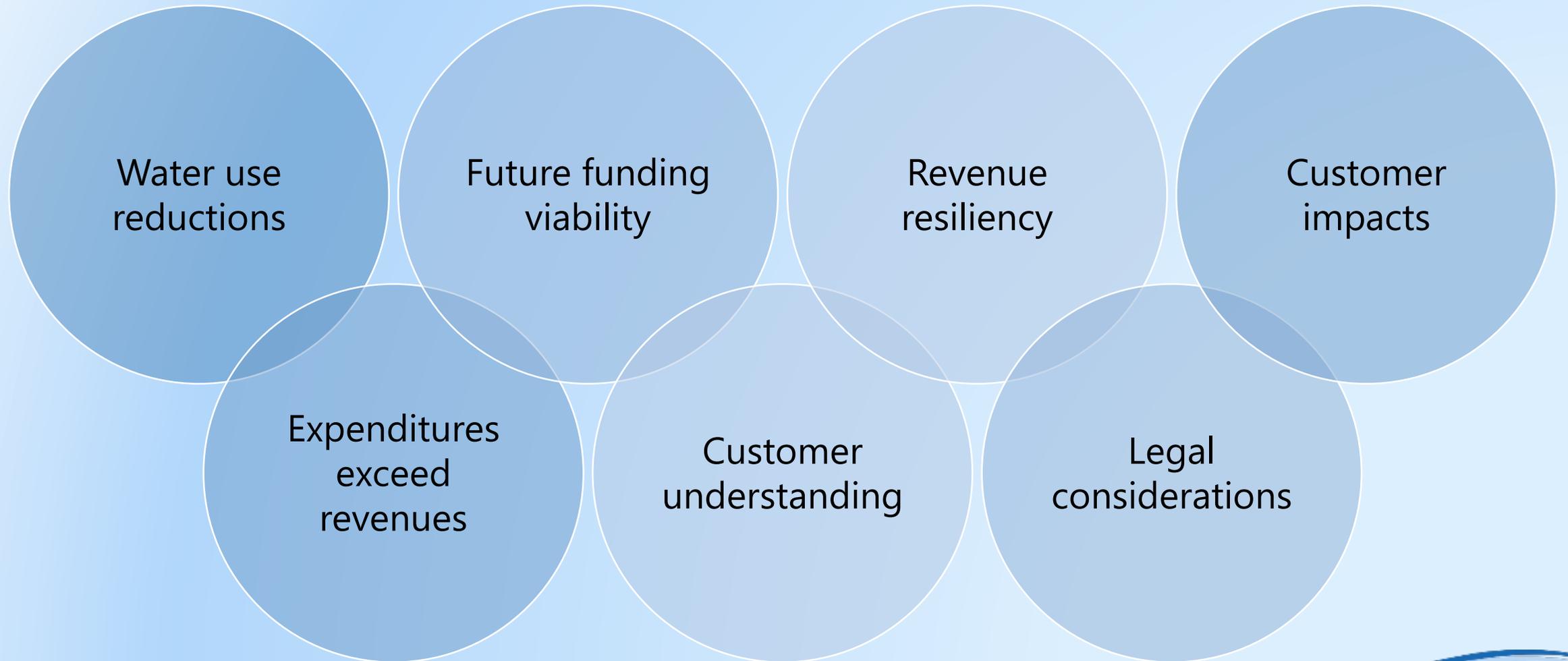
Rate-Design
Analysis



Public
Outreach &
Messaging

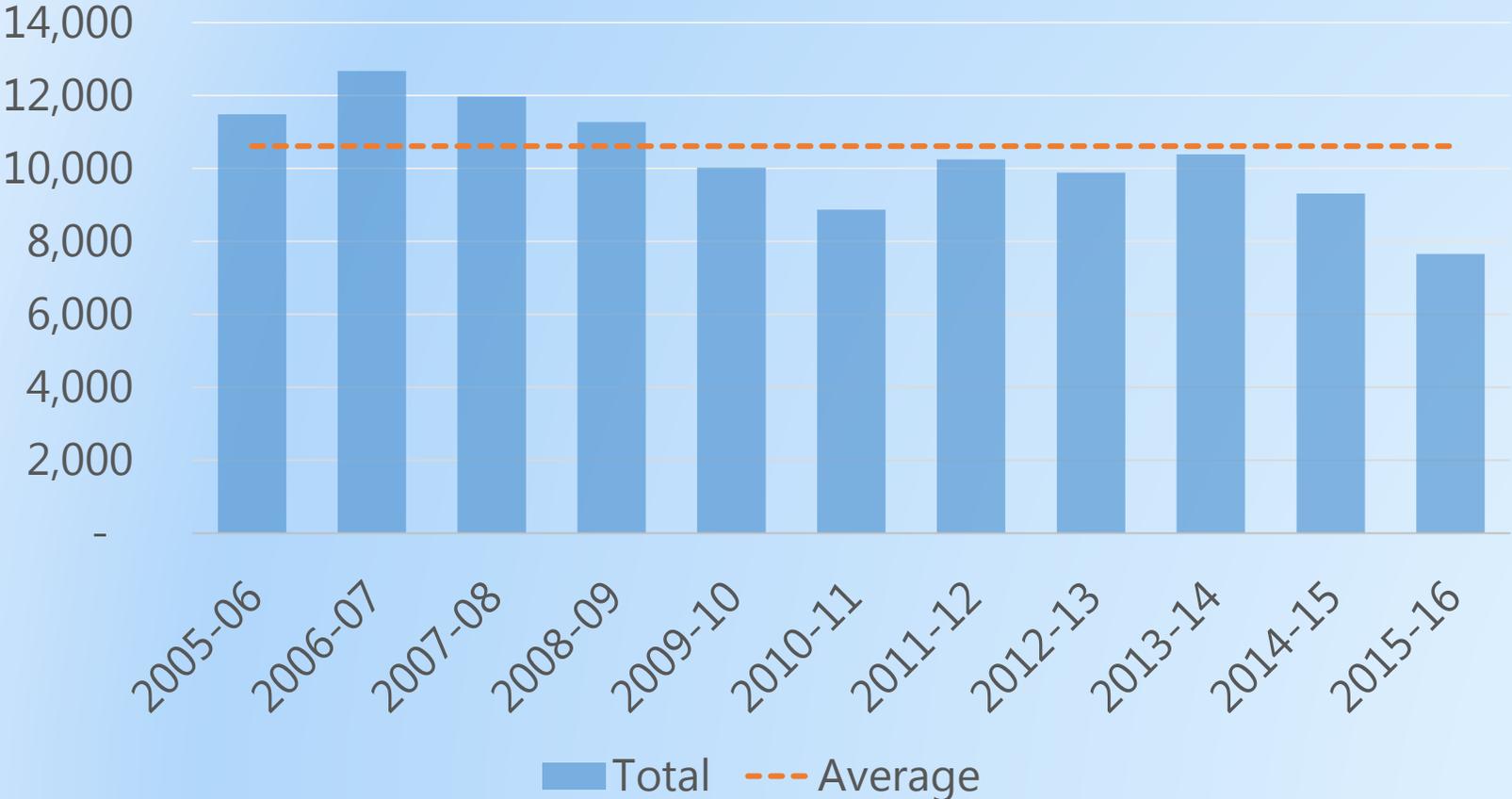


Adjusting to the New Normal: Key considerations and changes to system costs necessitated review of existing rates and charges



Falling Water Demands: Significantly impacts the City's ability to fund operations and maintain existing rate levels

10-YEAR HISTORICAL ANNUAL WATER USAGE



Demand last year **fell 26%** from the 10-year average, and was **14% lower** than the previous low set in 2010-11

Recommendations: Based on the Cost of Service Study, Carollo recommended the following actions

 Increase the percentage of Fixed Cost Recovery

 Implement Wholesale Water Pass Through

 Introduce Demand Management Rates

 Establish 5-year Rate Program

 Separate Uniform rates for each customer class

Proposed Rates: the developed Cost of Service rates have been updated to reflect the City's system and customers

CURRENT AND PROPOSED MONTHLY FIXED CHARGE						
<i>(\$/METER SIZE IN INCHES)</i>						
<u>Meter Size</u>	<u>Current Rates</u>	<u>Rates effective 1/1/2018</u>	<u>Rates effective 1/1/2019</u>	<u>Rates effective 1/1/2020</u>	<u>Rates effective 1/1/2021</u>	<u>Rates effective 1/1/2022</u>
1"	\$17.48	\$18.71	\$21.87	\$25.33	\$26.56	\$27.41
1-1/2"	\$39.31	\$46.17	\$53.97	\$62.49	\$65.53	\$67.72
2"	\$58.73	\$69.70	\$81.47	\$94.34	\$98.93	\$102.09
3"	\$114.16	\$144.23	\$168.59	\$195.19	\$204.70	\$211.23
4"	\$172.45	\$254.07	\$296.96	\$343.83	\$360.58	\$372.08
6"	\$330.91	\$516.89	\$604.14	\$699.48	\$733.56	\$756.96

Proposed Rates: the developed Cost of Service rates have been updated to reflect the City's system and customers

CONSUMPTION-BASED/COMMODITY RATES

\$ per CCF (hundred cubic feet; 1 CCF = 748 gallons)

Customer Class	Current Rates	Rates effective 1/1/2018	Rates effective 1/1/2019	Rates effective 1/1/2020	Rates effective 1/1/2021	Rates effective 1/1/2022
Single-Family Residential						
[A] Total Base & Peak Charge		\$1.49	\$1.74	\$2.01	\$2.11	\$2.17
[B] Wholesale Pass-through		\$2.68	\$2.68	\$2.68	\$2.68	\$2.68
SFR Uniform Rate [A] + [B]	N/A	\$4.17	\$4.42	\$4.69	\$4.79	\$4.85
Multi-Family Residential						
[A] Total Base & Peak Charge		\$1.36	\$1.58	\$1.83	\$1.92	\$1.98
[B] Wholesale Pass-through		\$2.68	\$2.68	\$2.68	\$2.68	\$2.68
MFR Uniform Rate [A] + [B]	N/A	\$4.04	\$4.26	\$4.51	\$4.60	\$4.66
Potable Irrigation						
[A] Total Base & Peak Charge		\$1.98	\$2.38	\$2.84	\$2.98	\$3.07
[B] Wholesale Pass-through		\$2.68	\$2.68	\$2.68	\$2.68	\$2.68
Irrigation Uniform Rate [A] + [B]	N/A	\$4.66	\$5.06	\$5.52	\$5.66	\$5.75
Commercial						
[A] Total Base & Peak Charge		\$1.37	\$1.60	\$1.85	\$1.94	\$2.01
[B] Wholesale Pass-through		\$2.68	\$2.68	\$2.68	\$2.68	\$2.68
Commercial Uniform Rate [A] + [B]	\$4.00	\$4.05	\$4.28	\$4.53	\$4.62	\$4.69

*The **Wholesale Pass-through** will be updated annually, or as necessary, to reflect any increases implemented by the City's water suppliers.

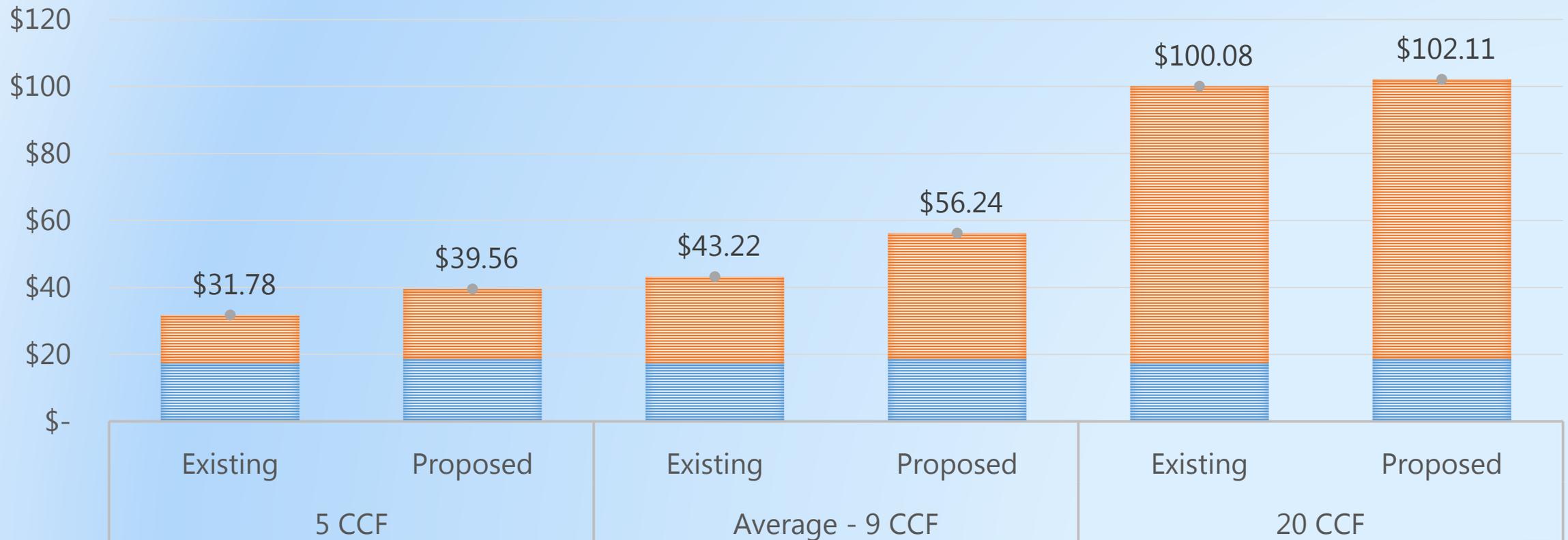


Customer Impacts

SFR Rate Impacts: Rates will vary based on usage and customer meter size

1" SFR CUSTOMER

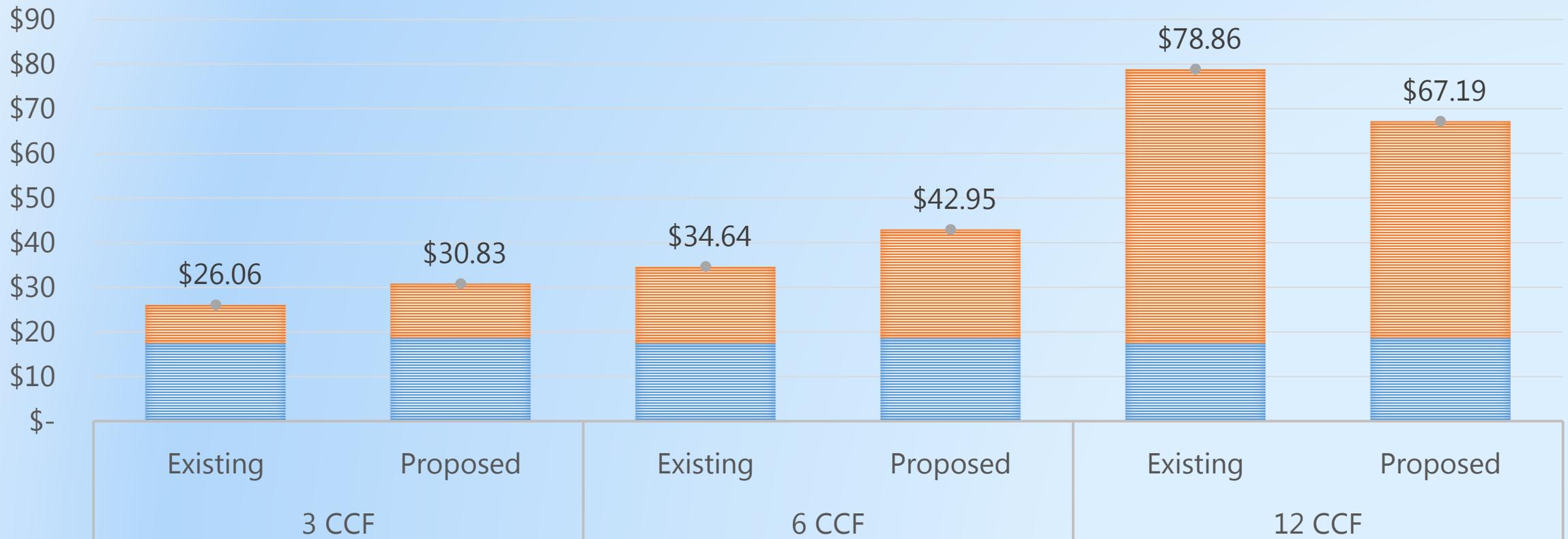
■ Fixed ■ Variable ● Total



MRF Rate Impacts: Rates will vary based on usage and customer meter size

1" MFR CUSTOMER (INDIVIDUALLY METERED)

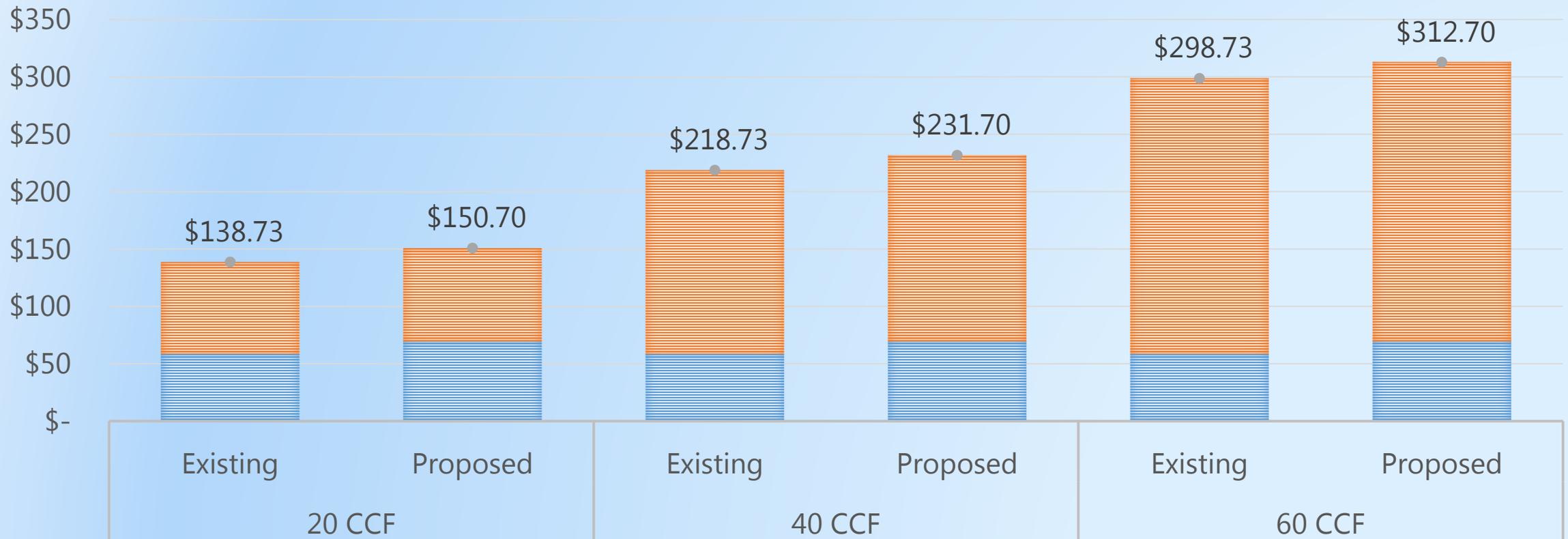
Fixed Variable Total



Commercial Rate Impacts: Rates will vary based on usage and customer meter size

2" COMMERCIAL CUSTOMER

■ Fixed ■ Variable ● Total



SFR Rate Impacts: Rates will vary based on usage and customer meter size

2" POTABLE IRRIGATION USER WITH 10,000 SQ FT

