

# Rate Study Process Overview and Procedural Guidelines

**Mary Bailey**

Controller

February 4, 2014

Rate Advisory Committee



# Overview

- SAWS periodically undergoes a study of its rate design
  - Last review was completed in December 2009
- Rate studies are done to ensure adherence to cost of service principles and to develop pricing structures that reflect utility and community objectives
  - *How are costs allocated and recovered from different types of customer classes?*
- The study will focus on rate structures for:
  - Water Delivery
  - Water Supply
  - Recycled Water
  - Wastewater

# Objectives of a Rate Design

## Consistent with industry practices

- Allow utility to meet its revenue requirements
- Recover the portion of the costs attributable to each category of customers
- Fair pricing – not unduly favoring certain categories over others
- Efficient pricing – providing customers proper price signals

# Rate Study Issues

## Major Issues to be addressed:

- Overall rate structure
  - Basis for rates: Cost of service
  - Rate types: Water, water supply fee, irrigation, conservation, recycle sewer, wholesale
  - Other: Seasonal rates, drought surcharges, sewer surcharges, waste hauling fees
- Integration of DSP rate structure with SAWS
- Funding of major initiatives:
  - Water Management Plan, Sanitary Sewer Overflow (SSO) Reduction, Conservation Program
- Possible New Multi-Family / Apartment Rate Class
- Affordability Program Improvements

# Input on Issue Prioritization

- Input sought from City Council, Board of Trustees and Rate Advisory Committee (RAC) on importance of:
  - Increased Conservation
  - Consumption characteristics of various customer classes
  - Cost of service principles
  - Fairness and equity
  - Financial stability
  - Affordability
  - Economic development

# Rate Advisory Committee (RAC)

## Purpose

- The RAC is a special purpose advisory group that provides input to the Board of Trustees and SAWS staff on the comprehensive rates, fees, and charges study
- RAC Objectives:
  - Assist staff in establishment and prioritization of pricing objectives
  - Review and analyze results of the Rate Study
  - Provide input regarding potential changes to the existing rate and fee structure

# Rate Advisory Committee (RAC)

## Membership

- Currently 15 members
  - 8 members nominated by City Council members appointed by Board at January 7 meeting
    - 1 additional nomination awaiting formal appointment at February Board meeting
    - Awaiting 1 final Council District nomination
  - 7 at-large members appointed by Board on January 7
    - Ensures representation from SAWS customer base (e.g. Outside City Limits, Multi-family, Commercial, Affordability)
  - Chairman to be appointed at February Board Meeting (Nominee: Mr. Carroll Jackson)
- Eligibility - any ratepayer, resident, property owner, Business Association, or business operator served by SAWS
- Term: RAC will disband at conclusion of Rate Study

# RAC Members

## City Council Nominations

District 1- Clem Perez,  
Former State Employee

District 2 – James  
McNamara, Retired  
School Teacher

District 3 – Roberto  
Anguiano, Former SAWS  
Board member  
*(appointment pending)*

District 4 – Mark Guerrero,  
City of San Antonio  
Employee

District 5 – Hilario Garcia,  
DSP Customer, Self-  
Employed

District 6 – Larry Underwood,  
Retired Capitol Cement  
Employee

District 7 – Mario Hune, City  
Council District 10 Chief  
of Staff

District 8 – Ken Lawrence,  
Retired U.S. Air Force  
Colonel

District 9 – Nomination  
Pending

District 10 – Will Trujillo, Self-  
Employed



# RAC Members

## At Large Appointments

- Gerardo Noriega, Greater Edwards Aquifer Alliance Nominee
- Manuel Pelaez-Prada, Hispanic Chamber of Commerce Nominee
- Roger Hill, Real Estate Council Nominee
- Allyson McKay, San Antonio Apt. Assn. Nominee
- David Kubitz, San Antonio Manufacturers Assn. Nominee
- Jorge Garcia, Plant Engineering Mgr., Toyota (Recycled Water User)
- Mark Perry, Bexar County WCID #10 Nominee (Wholesale Customer)
- Mr. Carroll Jackson, Chairman (*appointment pending*)

# RAC Bylaws & Procedures

- Chairperson appointed by SAWS Board
- Vice Chairperson elected by RAC members
- Meetings to occur at least once a month
- Quorum – 50% of appointed members plus 1
- Members may be terminated after three absences
- Consensus will be sought on all issues
  - If consensus not achieved, recommendations will be made by simple majority vote

# Tentative Schedule

## All RAC Meetings Held in Public

- Board appointed initial RAC Members & approved Bylaws – Jan 2014
- RAC starts meeting – Tuesday, Jan. 28
- Board makes additional RAC appointments including RAC chairperson – Tuesday, Feb. 4
- Board selects Rate Study consultant – Tuesday, Feb. 4
- Rain-to-Drain Tour for RAC members – Saturday, Feb. 8
- Consultant provides background rate design principles to RAC – Tuesday, Feb. 25 (Next RAC Meeting)

# Tentative Schedule (cont.)

## All RAC Meetings Held in Public

- Rate structure priorities discussed at separate meetings with Board & Council – Spring 2014
- RAC receives public input and recommends priorities – Spring 2014
- RAC and consultant discuss rate structure options – Summer 2014
- Consultant presents recommendations to RAC – Early Fall 2014
- RAC finalizes rate structure recommendations – Early Fall 2014
- Board and Council action – Late Fall 2014

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