

Preliminary Water Rate Scenarios

Mary Bailey

VP – Business Planning & Controller

April 21, 2015

Rate Advisory Committee



Rate Study Timeline

Date	Objectives
Tuesday, April 21	Individual Committee Member Feedback on Preliminary Water Rate Scenarios
Tuesday, May 5	<ol style="list-style-type: none"> 1. Combined Water & Wastewater Rate Scenarios 2. Drought Rates Proposal 3. Special Services Fees 4. Recycled Water Rates 5. Affordability Program Changes
Tuesday, May 26	Approve Final Rate Study Report
Monday, June 22	Brief SAWS Board of Trustees
July - August 2015	Continue Public Outreach
Sept - Nov 2015	<ul style="list-style-type: none"> - City Council Briefings - Follow-Up Meeting with RAC - SAWS Board approval of final rate structure changes and 2016 Budget & rate requirements - City Council approval of rate structure changes and necessary rate adjustments.
January 2016	<ol style="list-style-type: none"> 1. Implement Rate Structure and 2016 Revenue Adjustment Changes 2. Implement Special Services Fee Changes

Preliminary Water Rate Design Scenarios

Preliminary Water Rate Scenarios Recap

- Scenarios reflect updated rate model:
 - Consider all operating and capital requirements through 2020
 - DSP rate integration
 - Vista Ridge impacts
 - Provide flexibility related to
 - SAWS integration infrastructure costs and how they are financed (debt or cash)
 - Potential additional wholesale water sales
 - Changes in price of water once Financial Close is achieved

Existing Rate Structure

- Seasonal Rates
- Fixed Charge
- Volumetric Charge

Usage Block	Residential	General & Wholesale	Irrigation
	Block Thresholds (gallons)	Block Thresholds (gallons)	Block Thresholds (gallons)
Block 1	0 - 5,985	Base	0 – 6,732
Block 2	5,986 - 12,717	100% - 125% of Base	6,733 - 17,205
Block 3	12,718 - 17,205	125% - 175% of Base	>17,205
Block 4	>17,205	Over 175% of Base	

Existing Rate Structure

Block Pricing

Usage Block	Residential Standard	Residential Seasonal	General/ Commercial	Irrigation Standard	Irrigation Seasonal
	\$ Rate/100 gallons	\$ Rate/100 gallons	\$ Rate/100 gallons	\$ Rate/100 gallons	\$ Rate/100 gallons
Block 1	\$0.2291	\$0.2291	\$0.3194	\$0.3689	\$0.3689
Block 2	\$0.3315	\$0.3442	\$0.3433	\$0.4675	\$0.5006
Block 3	\$0.4675	\$0.4977	\$0.4018	\$0.8572	\$0.9912
Block 4	\$0.8185	\$0.9469	\$0.4967		

Principles of Rate Design

- Cost of service based customer class
- Send price message sooner to customers with consumption outside of the life line supply rate block
 - Revenue adjustments cannot only be borne by high users
- Continue to encourage conservation through pricing signals
- Create a life line supply rate block

Preliminary Rate Structure Options

- Fixed – Adjustment to fixed charge for life line supply
- Seasonal - Replace with drought rates
- Two residential rate scenarios
 - 6 blocks
 - 8 blocks
 - Changes in block pricing differentials
- Irrigation
 - Changes in number of blocks and pricing differentials

Rate Design Analysis

Preliminary Class Block Thresholds

Usage Block	Residential Scenario 1	Residential Scenario 2	General/Commercial Scenario	Irrigation Scenario
	Block Thresholds (gallons)	Block Thresholds (gallons)	Block Thresholds (gallons)	Block Thresholds (gallons)
Block 1	0 – 2,992	0 – 2,992	Base	0 – 8,229
Block 2	2,993 – 5,985	2,993 – 4,489	100% - 125% of Base	8,230 - 17,954
Block 3	5,986 – 8,977	4,490 – 5,985	125% - 175% of Base	17,955 - 162,316
Block 4	8,978 – 12,717	5,986 – 7,480	Over 175% of Base	>162,316
Block 5	12,718 – 17,205	7,481 – 10,473		
Block 6	>17,206	10,474 – 14,962		
Block 7		14,963 – 20,199		
Block 8		>20,199		

Base is defined as 100% of Prior Years' Average Annual Consumption

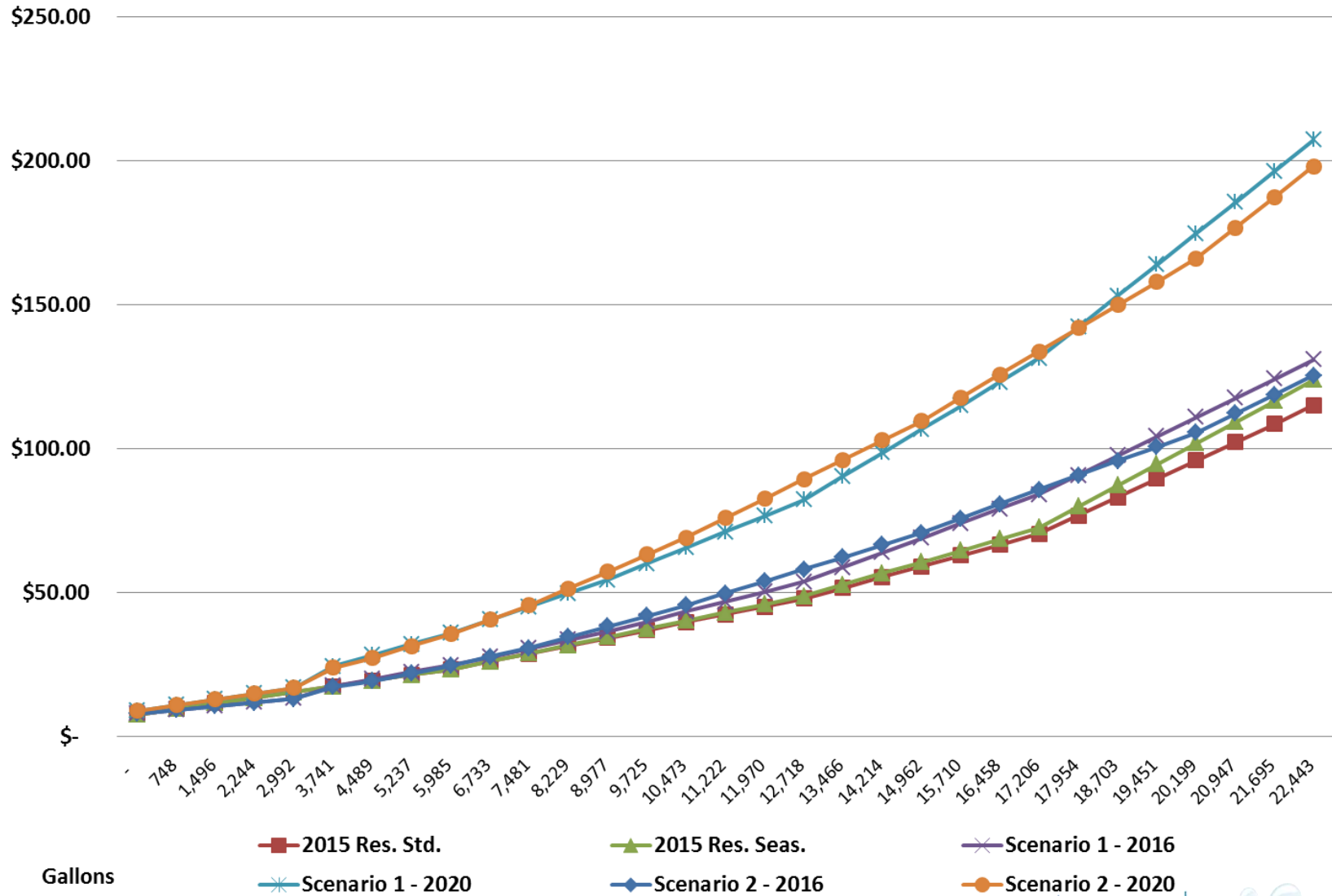
Rate Design Analysis

Preliminary Block Pricing

Usage Block	Residential Scenario 1	Residential Scenario 2	General /Commercial Scenario	Irrigation Scenario
	\$ Rate/100 gallons	\$ Rate/100 gallons	\$ Rate/100 gallons	\$ Rate/100 gallons
Block 1	\$0.1431	\$0.1407	\$0.3039	\$0.3957
Block 2	\$0.2862	\$0.2463	\$0.3494	\$0.5935
Block 3	\$0.3577	\$0.3167	\$0.4558	\$0.7913
Block 4	\$0.4293	\$0.3871	\$0.5318	\$0.9892
Block 5	\$0.6439	\$0.4574		
Block 6	\$0.8585	\$0.5278		
Block 7		\$0.6334		
Block 8		\$0.8445		

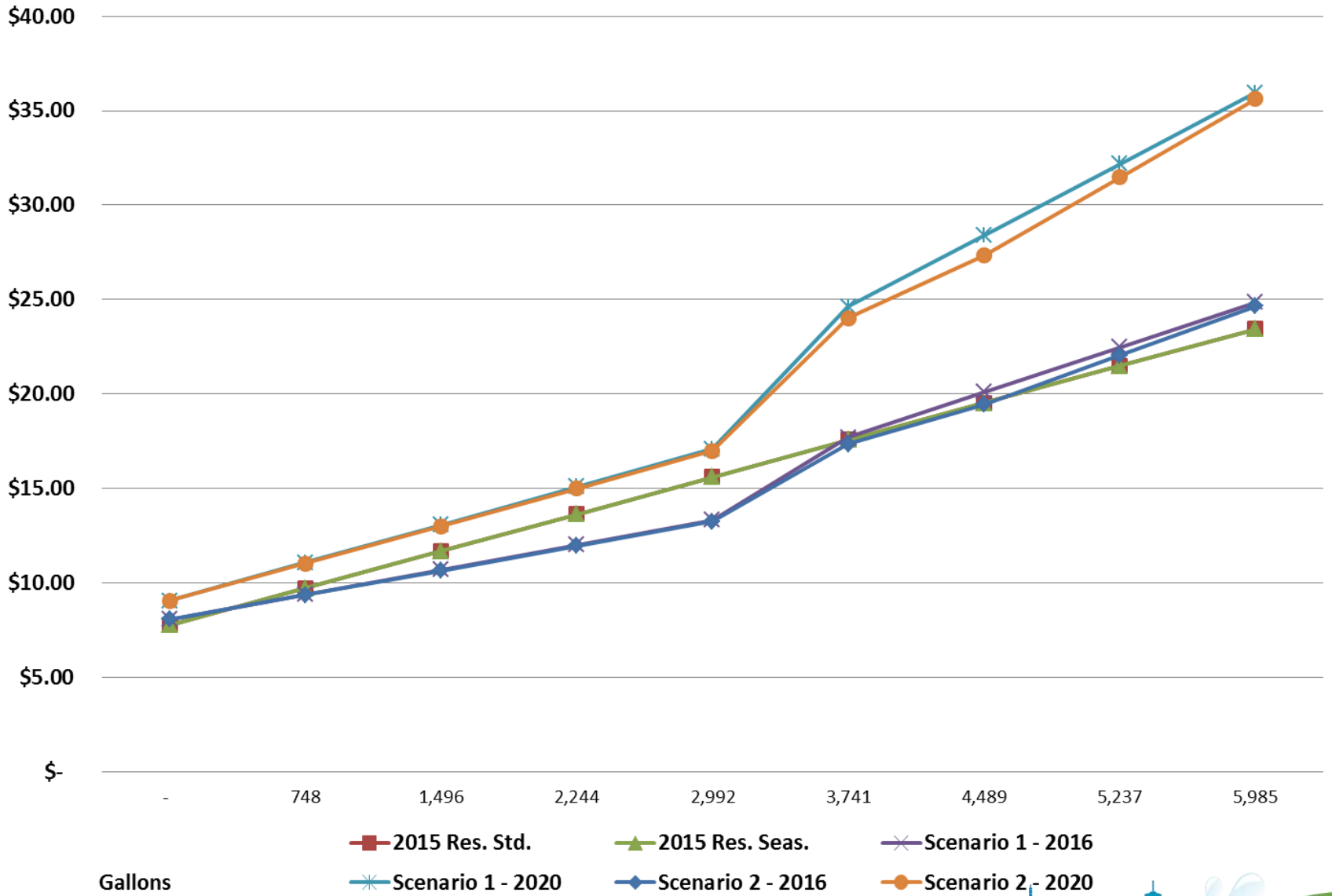
WATER ONLY

Residential - Scenario 1 (6 blocks) & Scenario 2 (8 blocks)



WATER ONLY

Residential - Scenario 1 (6 blocks) & Scenario 2 (8 blocks)

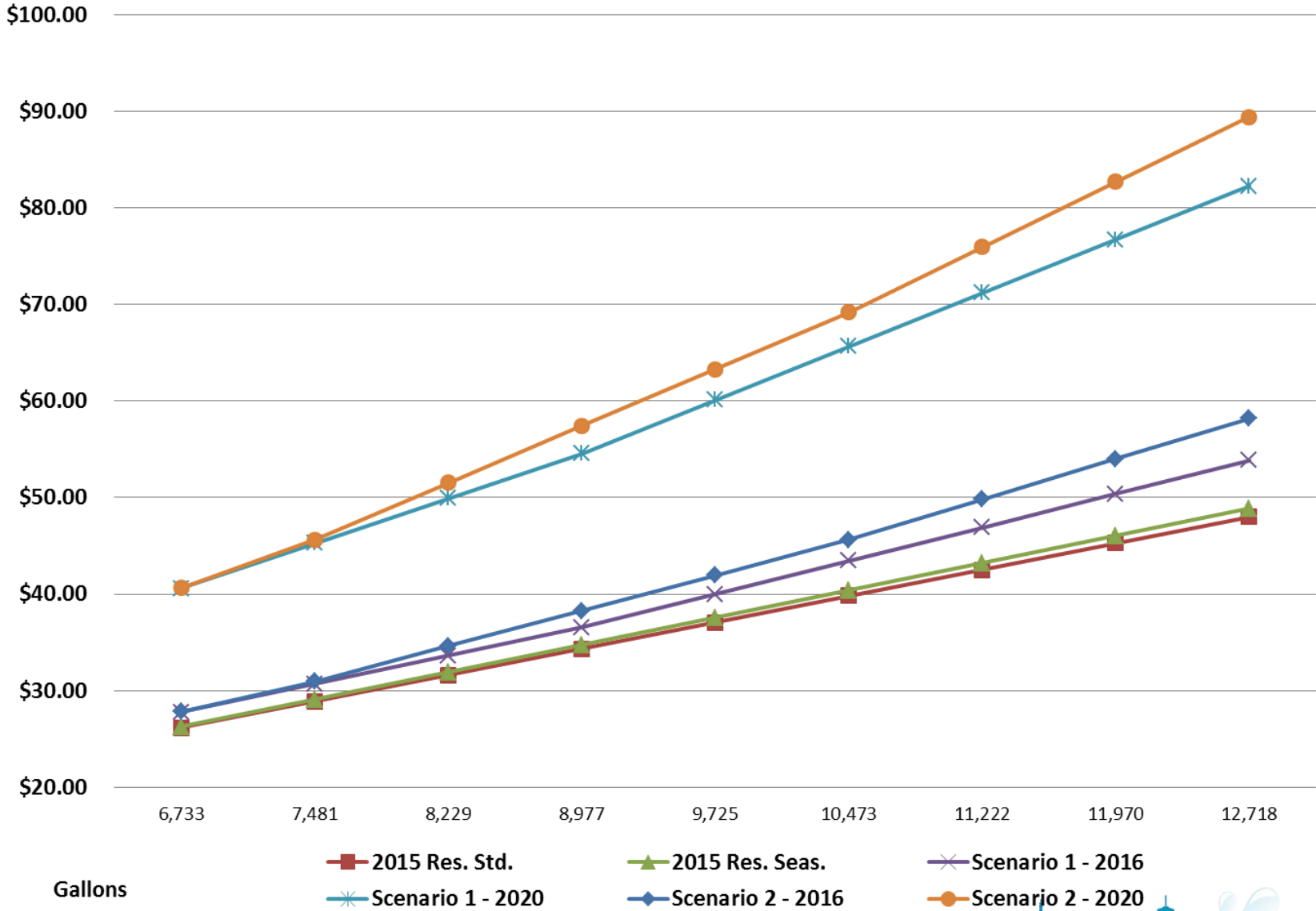


Gallons

- 2015 Res. Std.
- ▲ 2015 Res. Seas.
- ✕ Scenario 1 - 2016
- ✕ Scenario 1 - 2020
- ◆ Scenario 2 - 2016
- Scenario 2 - 2020

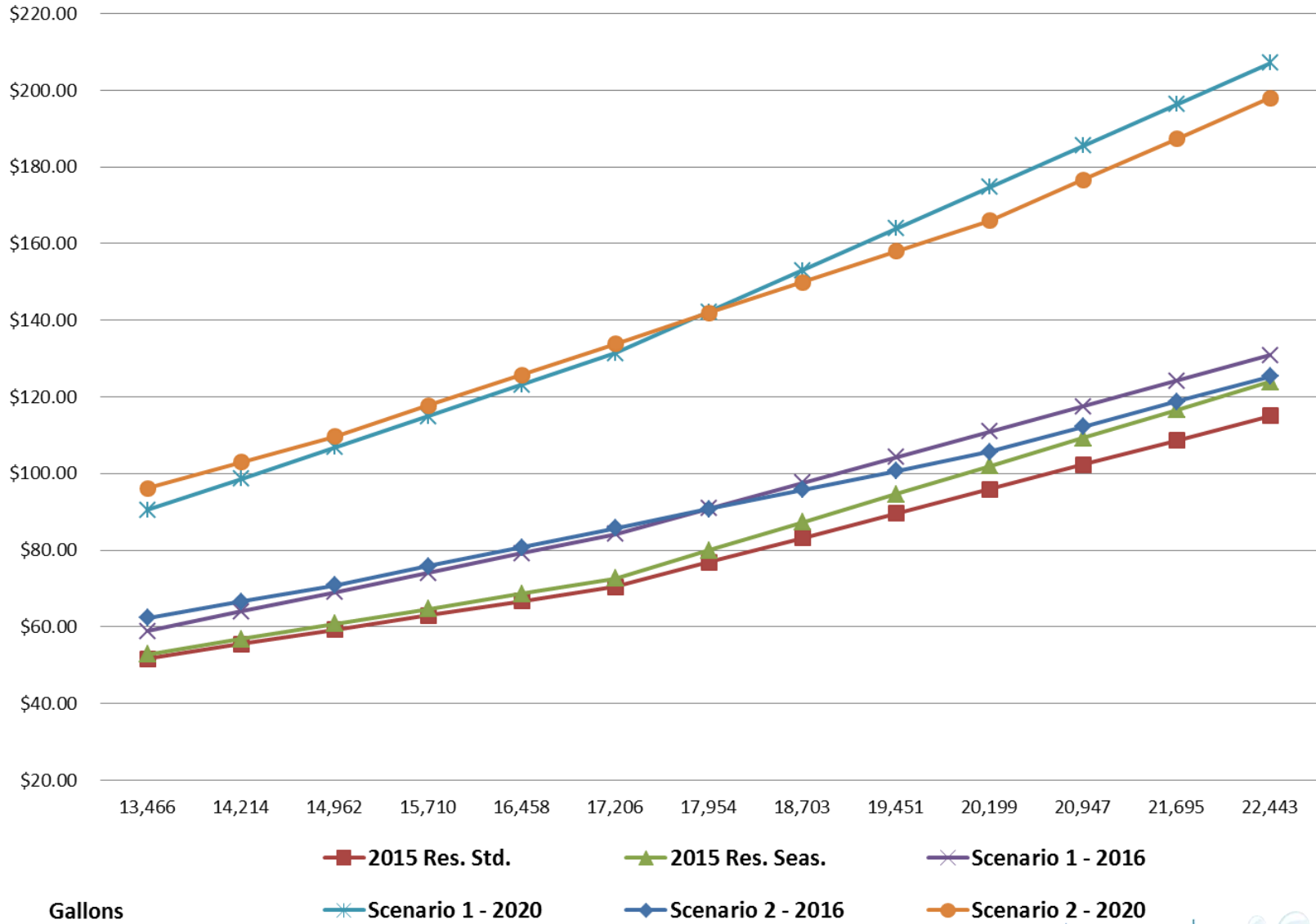
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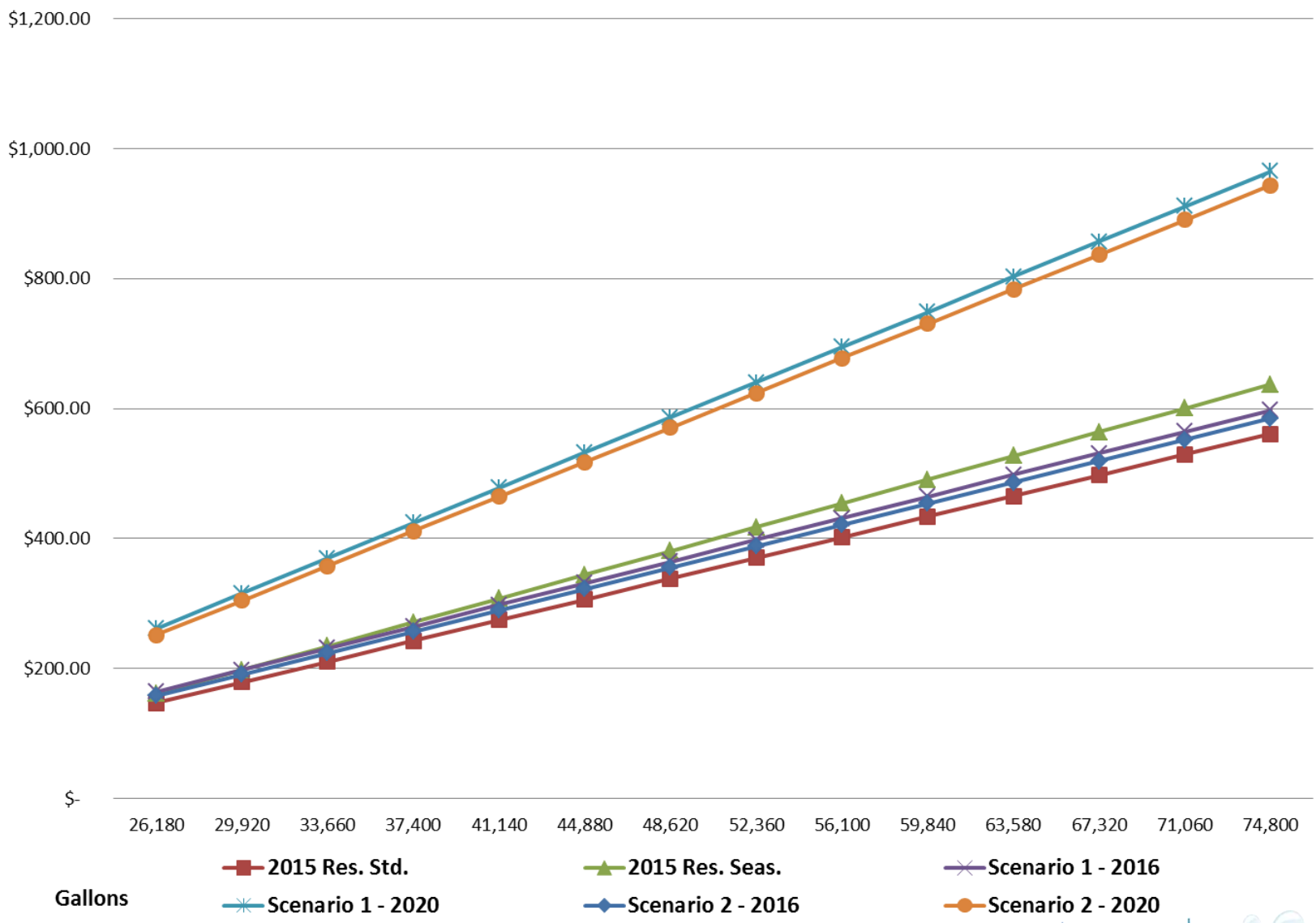
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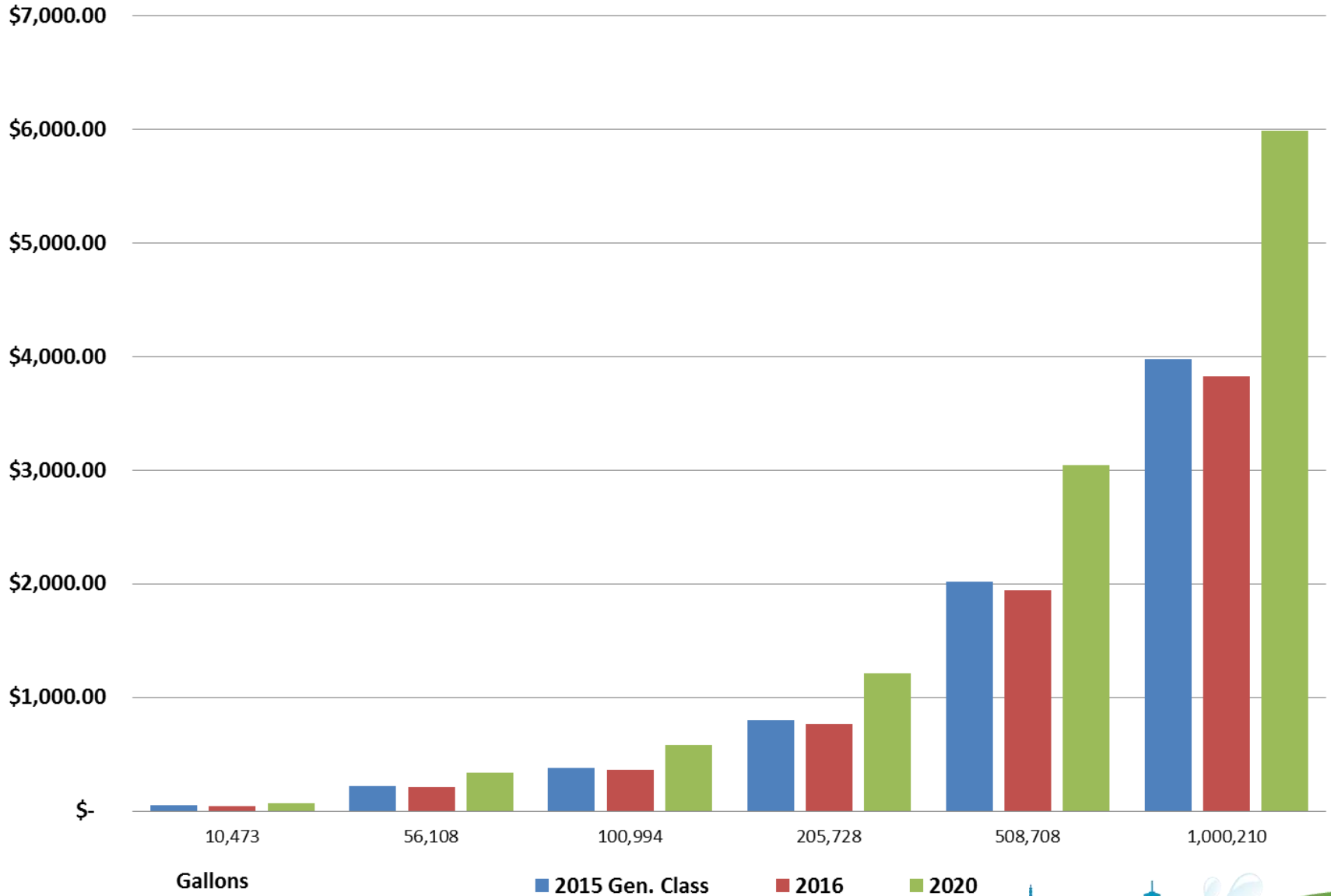
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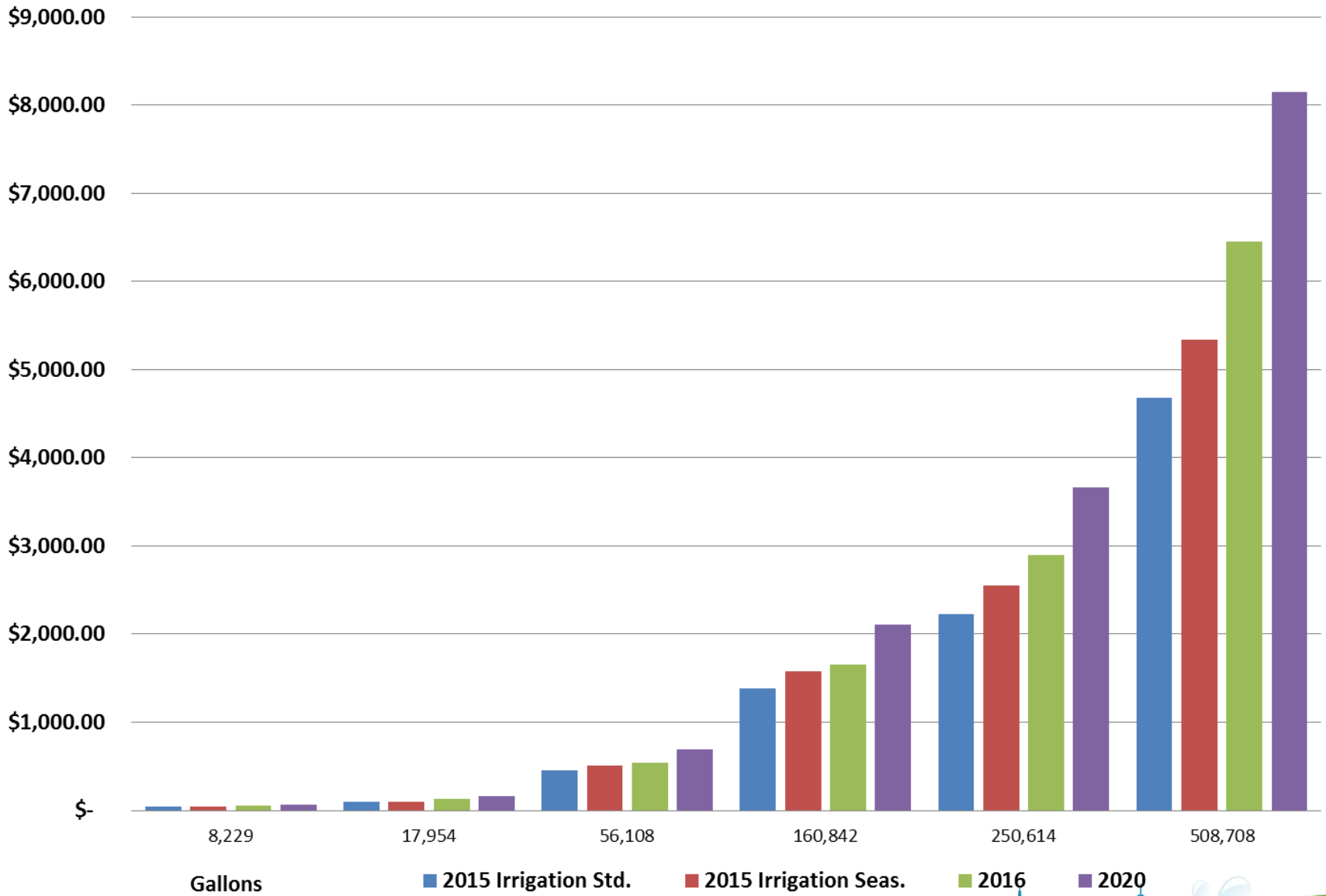
WATER ONLY

General - assumes all use at base rate



WATER ONLY

Irrigation



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