

COMMISSIONERS' PRICING POLICY CONSIDERATIONS DISCUSSION

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PRICING POLICY CONSIDERATIONS

Affordability

Conservation/Demand
Management

Cost-Based Rates

Ease of Implementation

Easy to Understand
and Update

Minimize
Customer Impacts

Rate Stability

Revenue Stability

AFFORDABILITY

The rate structure should help ensure that all customers can afford essential service

- ▶ Economically disadvantaged customers should be able to afford the essential services
- ▶ Utility should understand the cost of affordability programs

CONSERVATION/DEMAND MANAGEMENT AND EFFICIENCY

The rate structure should discourage wasteful use of all resources and encourage efficient water use, as well as assisting in the management of system demands

- ▶ Shift demand to desired periods of the day, month, or year
- ▶ Targets discretionary use
- ▶ Resource conservation/carbon footprint
- ▶ Encourage efficient use
- ▶ Deferring capital expansion

COST BASED RATES

The rate structure should ensure that each customer class is contributing equitably towards revenue requirements based upon the costs of providing service to each customer class

- ▶ Recovery of proportionate share of costs to provide service from customers
- ▶ Customers are more willing to accept their fair share of costs
- ▶ “Level of Equity” tradeoff

EASE OF IMPLEMENTATION

The rate structure should be compatible with the existing billing system, not take an inordinate amount of employee time to implement and should be based on readily available data

- ▶ Consider impact on customer service staff
- ▶ Compatible with billing software
- ▶ Based on readily available data

EASE OF UNDERSTANDING

The rate structure should be easy for customers to understand. In addition, the rate structure should be able to be effectively maintained by staff in future years

- ▶ Promote easy communication with customers and stakeholders
- ▶ Consider impact on customer service staff
- ▶ Rates can be updated without extensive study and analysis
- ▶ Consideration of data needs for rate update

MINIMIZATION OF IMPACT ON CUSTOMERS

The rate structure should be developed such that adverse rate impacts on each customer class are minimized

- ▶ Avoid large bill changes
- ▶ Consider customer service implications
- ▶ Phase in larger impacts, if necessary

RATE STABILITY

The rate structure should be developed such that dramatic year-to-year rate increases or decrease can be avoided

- ▶ Maintain smooth program of rate adjustments
- ▶ Avoid volatile swings in rates

REVENUE STABILITY

The rate structure should provide for a steady and predictable stream of revenues

- ▶ Ensure revenues are predictable and stable
- ▶ Ensure revenue streams match expenditures