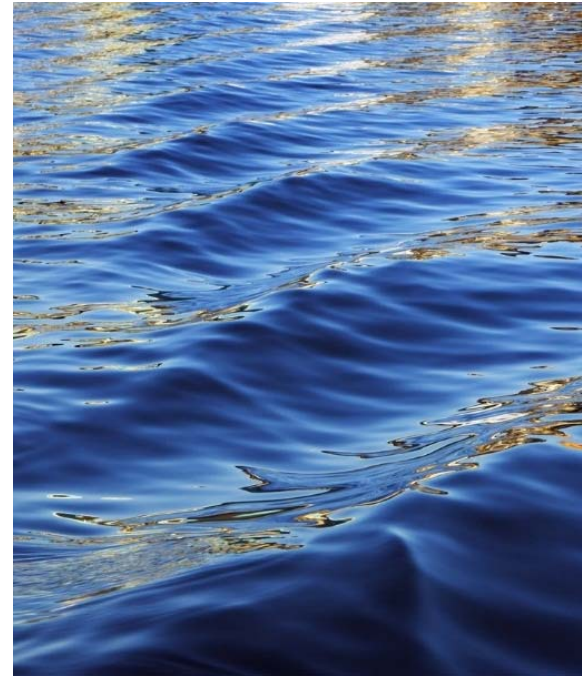


Rate-Setting Process and Ratepayer Advocate Process

Board Meeting 11/06/18



Process

- The purpose of the ratepayer advocate is to provide a third-party peer review to the Board of Directors
- Several Finance and Administration (F&A) Committees
 - July 16, 2018
 - August 20, 2018
 - September 15, 2018
 - October 22, 2018 (Special Committee Meeting)
- The ratepayer advocate will work with staff and the F&A Committee during the rate and fee setting process

Background

- SB 634 requires the Agency to engage an independent ratepayer advocate as part of the rate-setting process
 - Board of Directors to adopt rules and procedures to define the role of the ratepayer advocate
- When to engage the ratepayer advocate
 - Retail Rates (Proposition 218)
 - Wholesale Rates
 - Facility Capacity Fees
- LAFCO Terms and Conditions
 - Process must be adopted by December 31, 2018

Rate-Setting Principles

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the Agency
- Be fair and equitable – that is, they should generate revenues from customer classes which is reasonably in proportion to the cost to provide service to that customer class
- Should be responsive to Agency and stakeholder objectives
- Be easy to understand by customers
- Be easy to administer by the Agency
- Encourage efficient use and conservation of water

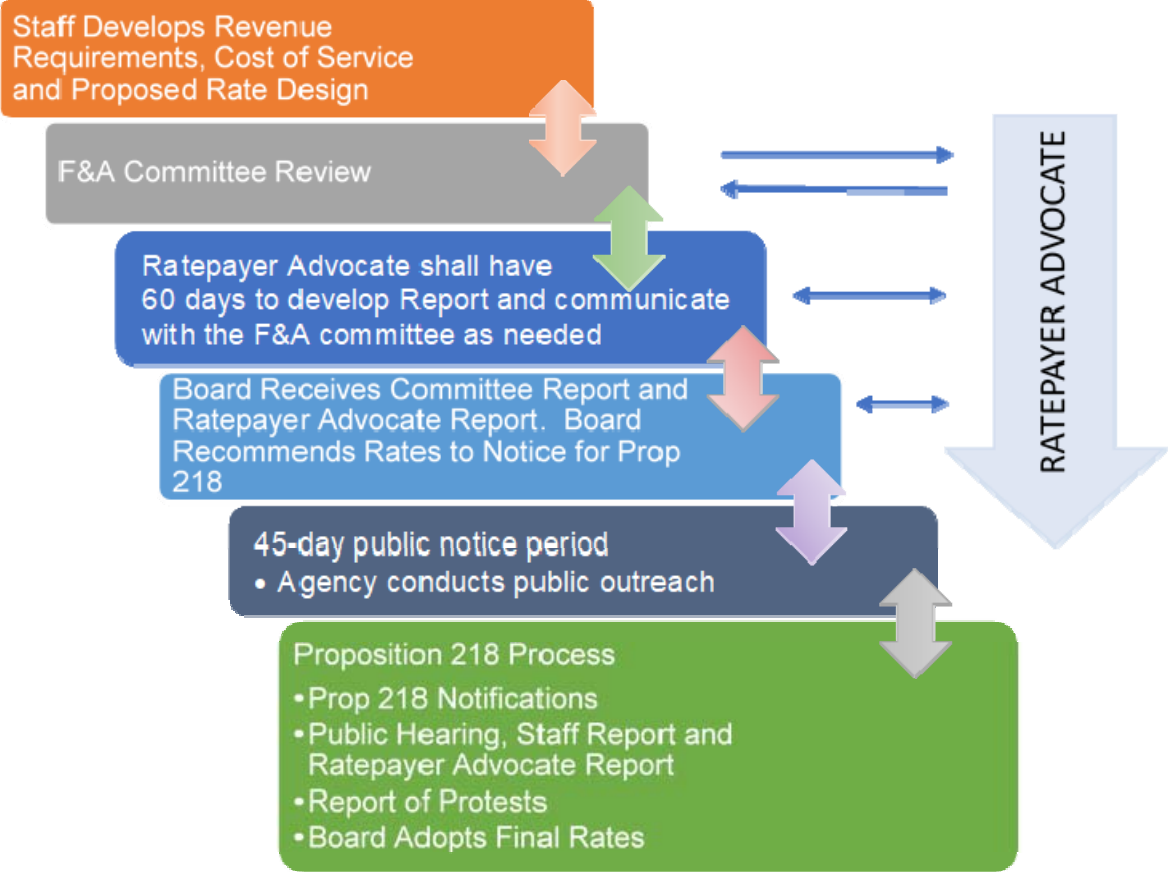
Duties of the Ratepayer Advocate

- Ratepayer Advocate shall be independent from Agency staff
- Report directly to Board of Directors
- Advocate on behalf of the customers within the Agency boundaries
- Have access to all pertinent documents
- Advise the Board of Directors on new rates and charges
- Provide information on new rates and charges to the public

Selection of the Ratepayer Advocate

- Solicit the services through a Request for Proposal (RFP)
- Ratepayer Advocate shall have sufficient experience and qualifications in the area of:
 - Public Agency rate design
 - Public Agency fiscal management
- Ratepayer Advocate not eligible if performed similar duties for the Agency in the last three years
- Ratepayer Advocate must be free of any conflict of interest in work done for rate or fee-paying customers of the Agency
- Retained up to a three year period

Retail Rate-Setting Process



Wholesale Rate-Setting Process



Facility Capacity/Connection Fee Process





Questions

