

Instruction: Please rank each of the listed pricing objectives (Most Important, Very Important, Important, or Least Important)

Pricing Objectives	Rank
AFFORDABILITY FOR ESSENTIAL USE	
CONSISTENT RESIDENTIAL RATES (SF & MF)	_____
CONSISTENT WITH DROUGHT MANAGEMENT ACTION PLAN	_____
CUSTOMER UNDERSTANDING	_____
EASE-OF-ADMINISTRATION	_____
EASE-OF-IMPLEMENTATION	_____
ENHANCE REVENUE STABILITY	_____
EQUITABLE IN ALLOCATING CIP COST	_____
EQUITABLE IN ALLOCATING WATER RESOURCE COST	_____
FAIR TO THE PUBLIC	_____
MITIGATE CUSTOMER IMPACT	_____
PROMOTES CONSERVATION	_____
PROMOTES EFFICIENCY	_____
PROVIDE REVENUE SOURCE FOR RECYCLING/CONSERVATION	_____
RATE STABILITY	_____
TARGET OUTDOOR WATER USE	_____

Completed By:

Pricing Objectives Definitions

Affordability for Essential Use – This objective addresses the importance of maintaining the price of water for essential use – i.e. that which is used for health and safety – at the lowest cost possible while considering the needs of the utility, industry practice, and regulatory conditions.

Assist with SBx 7-7-This objective states that a water rate structure aids in reducing water use 20% by 2020.

Consistent Residential Rates (SFR vs. MFR) – This objective would strive to have similar rate structures for all residential customer types – both single-family (SF) and multi-family (MF), if administratively possible.

Consistent with Drought Management Action Plan – This objective encourages the District remain consistent with the drought management plan that it has in place. Commitment to the plan allows a mechanism to allocate both water and drought penalty rates during drought conditions.

Customer Understanding – The ability for the rate structure to be explained in a manner that can be understood by customers and other stakeholders can have important impacts on the ability to build acceptance of rate adjustments.

Ease-of-Administration – An easy-to-administer rate structure decreases the ongoing costs of administering the structure, made up predominantly of additional staffing costs.

Ease-of-Implementation – Implementing a new rate structure merits careful consideration, as rate structure implementation may require upfront (one-time) costs for data gathering or billing system changes.

Enhance Revenue Stability – The ability of the rate structure to generate stable and predictable revenues from year to year can be an important consideration, particularly with regard to maintaining a good credit rating for borrowing money to address infrastructure needs, when needed or desired. It should be recognized that certain types of rate structures are more effective at maintaining revenue stability than others.

Equitable in allocating CIP Cost – This objective states that a rate structure achieves equity by allocating the cost of capital (infrastructure) to each customer class based on each class' consumption patterns and peaking characteristics.

Equitable in Allocating Water Resource Cost – This objective states that a rate structure achieves equity by reflecting the makeup of the demands on the District’s water supply in terms of allocation to each customer and the price each customer pays for it.

Fair to the Public – This objective recognizes the relevance of the public’s perception of how equitable a rate structure is and that managing that perception sometimes calls for informing/educating the public and other stakeholders.

Maintain Low Average Bill- Any new rate structure may impact the average customer’s bill. This objective stipulates that the average customer has a minimal impact from a potential rate structure and prioritizes a low rate for the average customer.

Mitigate Customer Impact – Any new rate structure may result in different impacts to different customers. This objective recognizes these impacts and aim to minimize them.

Promotes Conservation – The objective of water conservation aims to reduce total water use through a focus on reducing individual accounts that use above-average water use.

Promotes Efficiency – The objective of water efficiency includes development of benchmark standards associated with the appropriate amount of water usage for indoor and outdoor needs based on local characteristics of the District. Standards are set on an individual basis and on indoor and outdoor use parameters.

Provide Revenue Source for Recycling/Conservation – The rate structure should provide a funding mechanism to expand the recycling program of the agency, and in so doing, also determine the allocation of the program’s costs among customers.

Rate Stability – This objective aims to minimize rate increases. Careful capital and financial planning can help ensure rate stability and avoid erratic changes in rates and charges from one year to the next. Also, a steady or consistent program of smaller annual rate adjustments is generally recognized as more preferable when compared to significantly larger increase once every three or four years.

Target Outdoor Water Use – This objective targets outdoor water customers and their use by determining the appropriate amount of water to allocate for outdoor needs.