

Western Municipal Water District



CSMFO Annual Conference 2014

*Fairness & Equity in Water and Recycled Water Rates:
What's Behind the Curtain?*

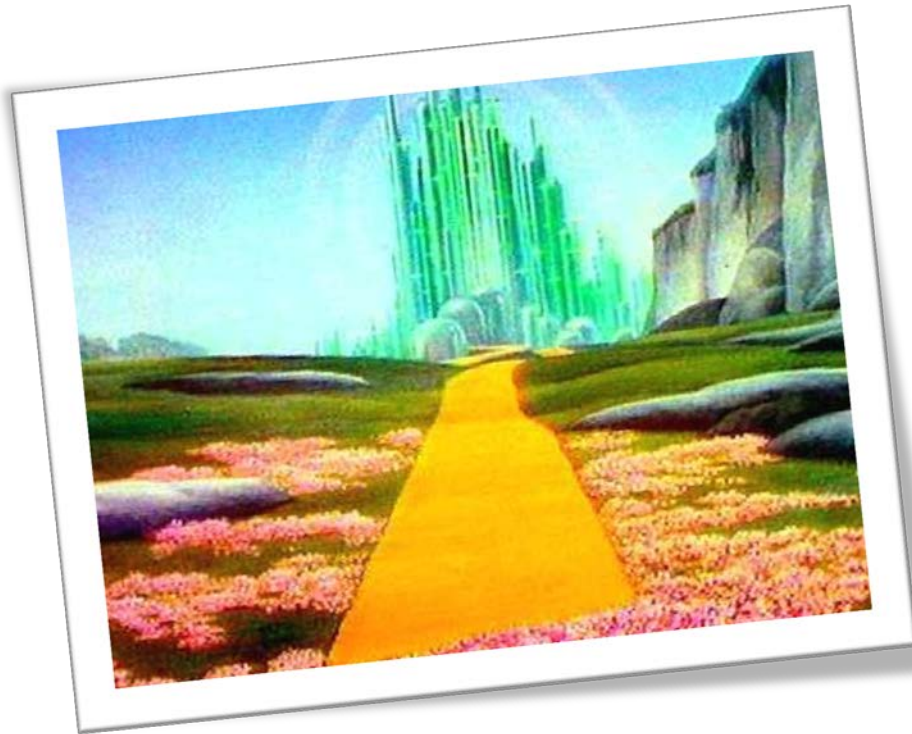
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Securing Your Water Supply

5 Lessons from the

Yellow Brick Road



DON'T BE SO RIGID

- ✓ **Consider alternative rate methodologies**
- ✓ **Consider utilizing pass-through provisions to auto-adjust rates for 3-5 years**
- ✓ **Yet go slowly – don't try to change too many things at the same time**



DON'T BE AFRAID



✓ **Give your Board alternatives – with ramifications**

Rates should reflect long-term financial plans

✓ **Recognize the tension between financial stewardship and getting re-elected**

DON'T BE SO BRAINLESS

- ✓ **Your Board can understand the cost of service model**
- ✓ **Invest time with them in multiple workshops**
- ✓ **The greater their ownership, the less likely they'll withdraw support at the hearing**



DON'T BE SO NAÏVE TO ASSUME . . .



- ✓ **Customers should be grateful**
- ✓ **They trust us since we're the experts**
- ✓ **Most people really don't care how much they pay**

➤ ***Prepare a public education plan***

DON'T BE SO **ARROGANT**

- ✓ **Thinking you have all the answers . . . or you don't need to tell others the answers**
- ✓ **Invest time with other rate setters (such as CMRG)**
- ✓ **Write a *narrative* that explains your rationale**



A FEW THINGS TO **PAVE** YOUR ROAD WITH

- ✓ **Cost of Service study (consultant)**
- ✓ **Rate model narrative (you maintain)**
- ✓ **Spreadsheets that are “bus-tested”**
- ✓ **Legal opinion on use of key revenue**
- ✓ **Board adopted revenue use policy**
- ✓ **Secret list of considerations for next time**

QUESTIONS?

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