

# 2024 Water Rates: Policy Direction

DSRSD Board of Directors Meeting  
October 17, 2023



**Dublin San Ramon  
Services District**

*Water, wastewater, recycled water*

# 2024 Water Cost of Service Study

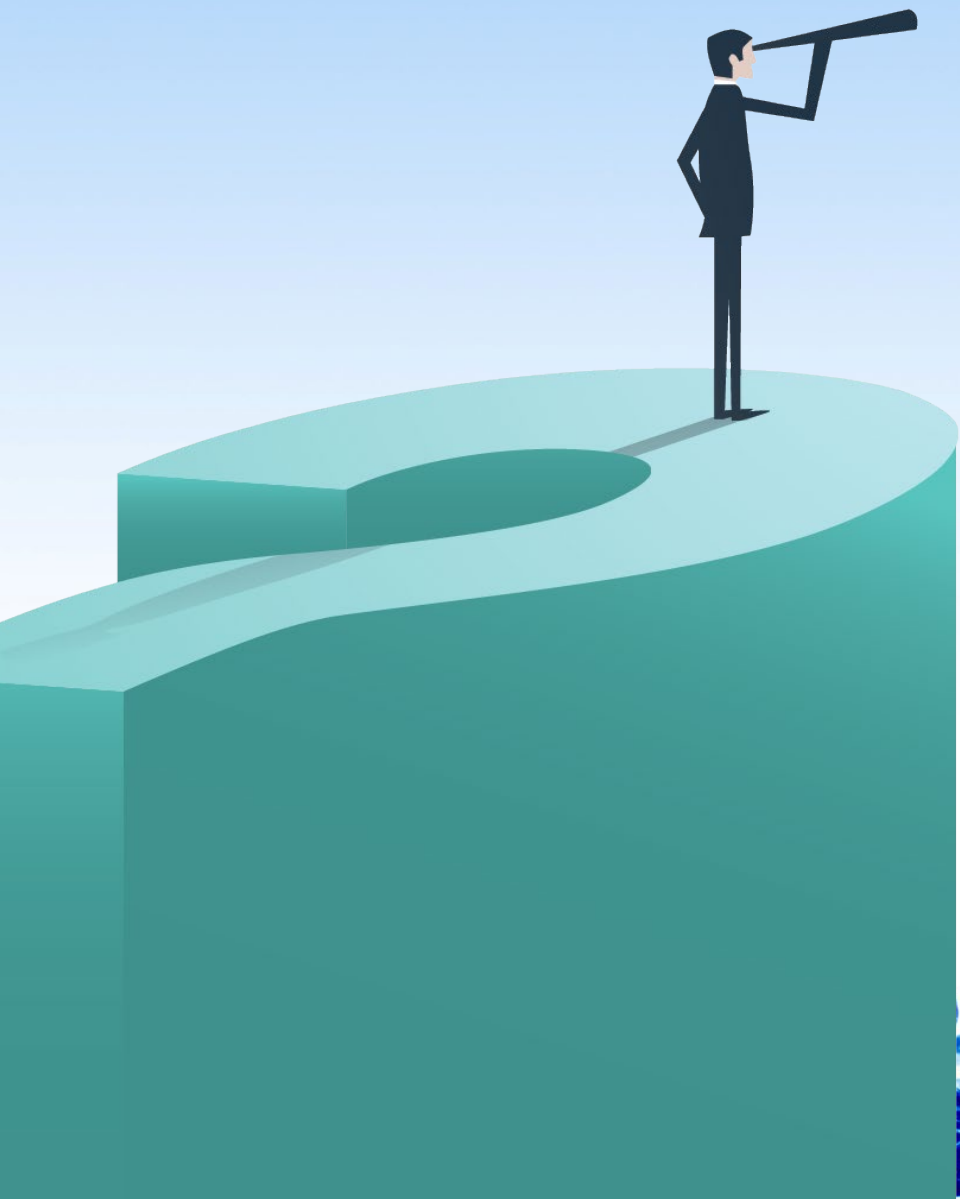
- » Last study completed in 2019
  
- » Accelerated 2024 study
  - DERWA
  - Energy
  - Underground Repair
  - Personnel
  - Unfunded Actuarial Liability (UAL)



# September 19<sup>th</sup> Board Meeting

## » Policy Issues

- » Zone 7 wholesale cost
- » Fixed & variable ratio for retail rates
- » 2024 retail rate adjustment



# Residential Consumption Demographics

	Bi-Monthly Consumption (CCF)	Percent of Total Accounts
Low	0-10	24%
Medium	11-25	58%
High	26-30+	17%





California Aqueduct

## Policy #1: Zone 7 Wholesale Rate

1. Establish a separate Zone 7 fixed charge
  - Collect **30%** of the Zone 7 fixed charge
2. Establish a separate Zone 7 fixed charge
  - Collect **100%** of the Zone 7 fixed charge
- 3a. Continue blending (status quo)
- 3b. Blend Zone 7 wholesale cost into DSRSD retail rate



Option	Description	Advantages	Disadvantages	Consumption Band	Current Bill	Estimated Bill	Est. Bill Impact	
1	Collect 30% of Zone 7 fixed charge via a separate fixed charge	Mild increase in revenue stability	Impacts to low usage customers	Low	\$99	\$108	9%	\$9
				Medium	\$187	\$181	-3%	-\$6
				High	\$216	\$206	-5%	-\$10
2	Collect 100% of Zone 7 fixed charge via a separate fixed charge	Fixed charge is collective regardless of demand	Impacts to low usage customers	Low	\$99	\$116	18%	\$18
				Medium	\$187	\$181	-6%	-\$12
				High	\$216	\$206	-10%	-\$22
3b	Blend Zone 7 wholesale cost into DSRSD retail rate	Water shortage rates mitigate revenue loss due to drought	Elimination of pass-through charge	Low	\$99	\$99	0%	\$0
				Medium	\$187	\$187	0%	\$0
				High	\$216	\$216	0%	\$0



# **Policy #1: Zone 7 Wholesale Rate – Staff Recommendation**

Include establishment of a separate fixed and variable wholesale rate charge from Zone 7 as a rate scenario in the 2024 Water Cost of Service Study



# Policy #2: Fixed vs. Variable Cost Ratio for DSRSD Retail Water Rates

- » 20% rate revenue is fixed
- » 80% rate revenue is variable
- » Best Management Practice is 30%/70% fixed/variable





Option	Description	Advantages	Disadvantages	Consumption Band	Current Bill	Estimated Bill	Est. Bill Impact
1	Reallocate the District's fixed/variable charges to 30%/70%	Increase in revenue stability	Impacts to low usage customers	Low	\$99	\$109	11% \$10
				Medium	\$187	\$189	1% \$2
				High	\$216	\$216	0% \$0
2	Option 1 + Collect 100% of Zone 7 fixed charge via a separate fixed charge	Increase in revenue stability	Impacts to low usage customers	Low	\$99	\$127	29% \$28
				Medium	\$187	\$177	-5% -\$9
				High	\$216	\$194	-10% -\$22
4 (NEW)	Option 1 + Collect 30% of Zone 7 fixed charge via a separate fixed charge	Increase in revenue stability	Impacts to low usage customers	Low	\$99	\$118	20% \$20
				Medium	\$187	\$184	-2% -\$3
				High	\$216	\$206	-5% -\$11



# Policy #2: Fixed vs. Variable Cost Ratio

## Staff Recommendation

Include reallocation of DSRSD retail costs between fixed and variable charges at a maximum ratio of 30% fixed and 70% variable as a rate scenario in the 2024 Water Cost of Service Study



# Rate Scenarios

	Zone 7 Wholesale Rate	DSRSD Retail Rate
1	Status Quo (blended)	Status Quo (20/80)
2	Separate Fixed (30%)	Status Quo (20/80)
3	Separate Fixed (100%)	Status Quo (20/80)
4	Status Quo (blended)	Reallocated (30/70)
5	Separate Fixed (30%)	Reallocated (30/70)
6	Separate Fixed (100%)	Reallocated (30/70)

# Policy #3: 2024 Rate Adjustment Timing

## Retail:

- 2.8% CPI
- \$20,000

## Wholesale:

- 3%
- \$100,000



# Policy #3: 2024 Rate Adjustment

## Staff Recommendation

Forego implementation of the authorized CPI rate adjustment for the District's retail rates in January 2024

Forego passing through the Zone 7 wholesale rate adjustment in January 2024.



# Next Steps

- » **2024 Water Cost of Service Study**
- » **Preliminary rates (2 workshops)**
- » **Public notification period**
- » **Public hearing to adopt rates**





**Questions?**