

MINUTES
RATE ADVISORY COMMITTEE
Thursday, May 7, 2009
5:30 P.M.

RAC Members Present:

Fred Arce	Gil Coronado
Kathie Estrada	Antonio Gallardo
Mike Harris	Keith Kindle
Joe Soules	Allen Townsend
Liz Tullis	

RAC Member Absent:

Paul Foster	Ron Morales
Steve Patmon	

SAWS Staff Present:

Debra Nicholas, Assistant Vice President, Communications & External Relations
Dan Crowley, Director, Financial Planning
Emma Bridges, Director, Customer Service
Phyllis Garcia, Manager, Finance
Stephen Turner, Senior Financial Modeler
Lou Lendman, Senior Financial Analyst
Pat Arriola, Financial Analyst
Carlos Mendoza, Financial Analyst
Laura Raffaniello, Financial Analyst
Scott Oliver, Corporate Counsel
Juan Soulas, Conservation Department

City of San Antonio Public Utilities Office Staff Present:

Alfred Chang	Morris Harris
Marisela Vasquez	

Raftelis Financial Consultants, Inc. Staff Present (By Telephone):

Peiffer Brandt	Harold Smith
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Citizens Present:

Jerry Morrisey	Bruce Reppert
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Agenda Item #1, Call to Order by the Chairperson

Mr. Kindle, committee chairperson, called the meeting to order.

Agenda Item #2, Staff Opening Remarks

Mr. Crowley welcomed the committee and attendees. Mr. Crowley emphasized that the final product of the Rate Study will be a rate structure which will be revenue neutral to SAWS. While there may be a need for a rate adjustment in the future to increase revenues, the rate structure that will come out of the Rate Study is not intended to result in net new revenue to SAWS.

Agenda Item #4, Citizens to be Heard

At the conclusion of Mr. Crowley's remarks, Mr. Townsend offered a motion to move Agenda Item #4 (Citizens to be Heard) ahead of Agenda Item #3. Mr. Soules seconded the motion and the committee approved the request to move the item ahead in the agenda.

There were, however, no requests by citizens to make statements before the committee.

Agenda Item #3, Conceptual Rate Design Discussion and Consideration

Mr. Louis Lendman moderated this discussion. Mr. Lendman asked the committee to work through the below issues that arose from the April 30 committee meeting one-by-one. A sixth issue was raised by Mr. Soules subsequent to the April 30 meeting and is included in the list below. The committee action regarding each issue is discussed following the description of each issue.

1. Concurrence with concept of discretionary versus non-discretionary water consumption as foundation for conceptual rate design.

Committee Action: The following two motions were passed unanimously by the committee:

- Request that staff investigate and identify businesses whose water consumption patterns are similar to residences and determine whether or not the conceptual design's residential discretionary/non-discretionary protocol can be applied to those businesses.
 - Resolved that rates should be based on cost-of-service principles to serve each class of customers.
2. Proposed cut-off for Block One, Residential Water Delivery Class: Should the cut-off be higher than 5,237 gallons per month? (Please note that all issues relating to the conceptual design for the Residential Water Delivery Class also affect the conceptual

rate design for the Irrigation Class and the Residential Water Supply Class, respectively.)

Committee Action: The following motion was passed unanimously by the committee:

- Resolved that the Block One upper limit be moved to 5,985 gallons and change the Block Two lower limit to 5,985 gallons with the upper limit of Block Two unchanged at 12,718 gallons.
3. Appropriateness of proposed cut-off's for Blocks Three and Four, Residential Water Delivery Class as they relate to large lot owners and top 5% of water users.

Committee Action: The committee reached consensus on the appropriateness of the proposed cut-off's.

4. Appropriateness of setting a price signal earlier in the year by both: (1) increasing the seasonal rates differential, and (2) increasing the length of the seasonal rates period by two months.

Committee Action: The below two motions were passed by the committee. The first motion passed with one vote against. The second motion passed unanimously.

- Resolved that it is appropriate to increase the length of the seasonal rates period by two months.
 - Resolved to leave the current differentials between the non-seasonal and seasonal rates unchanged.
5. Discussion of suitability of Conservation education programs to assist customers in using water for irrigation more efficiently.

Committee Action: The following motion was passed unanimously by the committee:

- The value of the current SAWS Conservation education program is recognized; however, SAWS needs an education program that is up to the challenge presented by the Conceptual Rate Design and the goals of the Water Management Plan; request that staff work in concert with the Conservation Department to review the Rate Design proposal and prepare recommendations to make education program improvements to meet the objectives of the proposal.

6. Appropriateness of establishing tiered rate blocks for the Water Supply rates

Committee Action: The following motion was passed unanimously by the committee:

- Request that staff go forward and investigate how a tiered rate structure would work in the first application of preliminary rates in the study, with the option for the committee to recommend a different approach after seeing the results

Following the discussion, it was suggested that since all of the above issues had been addressed that there was no need to hold the committee meeting scheduled for May 14. The committee agreed with canceling the May 14 meeting. Mr. Kindle proposed that the next meeting of the committee be held no later than the first week of June 2009. The committee also agreed.

Agenda Item #5, Adjournment

There being no other business to conduct, Mr. Kindle adjourned the committee after Agenda Item #3.