

SRSA Overview and Objectives

Sustainable Rate Structure Analysis (SRSA) is DEP's holistic rate structure study that will analyze water and wastewater rate structure options and customer assistance and credit programs.

SRSA will **provide recommendations and implementation options** for DEP to achieve a more predictable, equitable, and sustainable revenue stream.



Balance competing needs including State of Good Repair, Level of Service, climate resiliency, conservation, and green infrastructure



Promote equity and customer affordability among customer classes based on characteristics of service and demographic indices



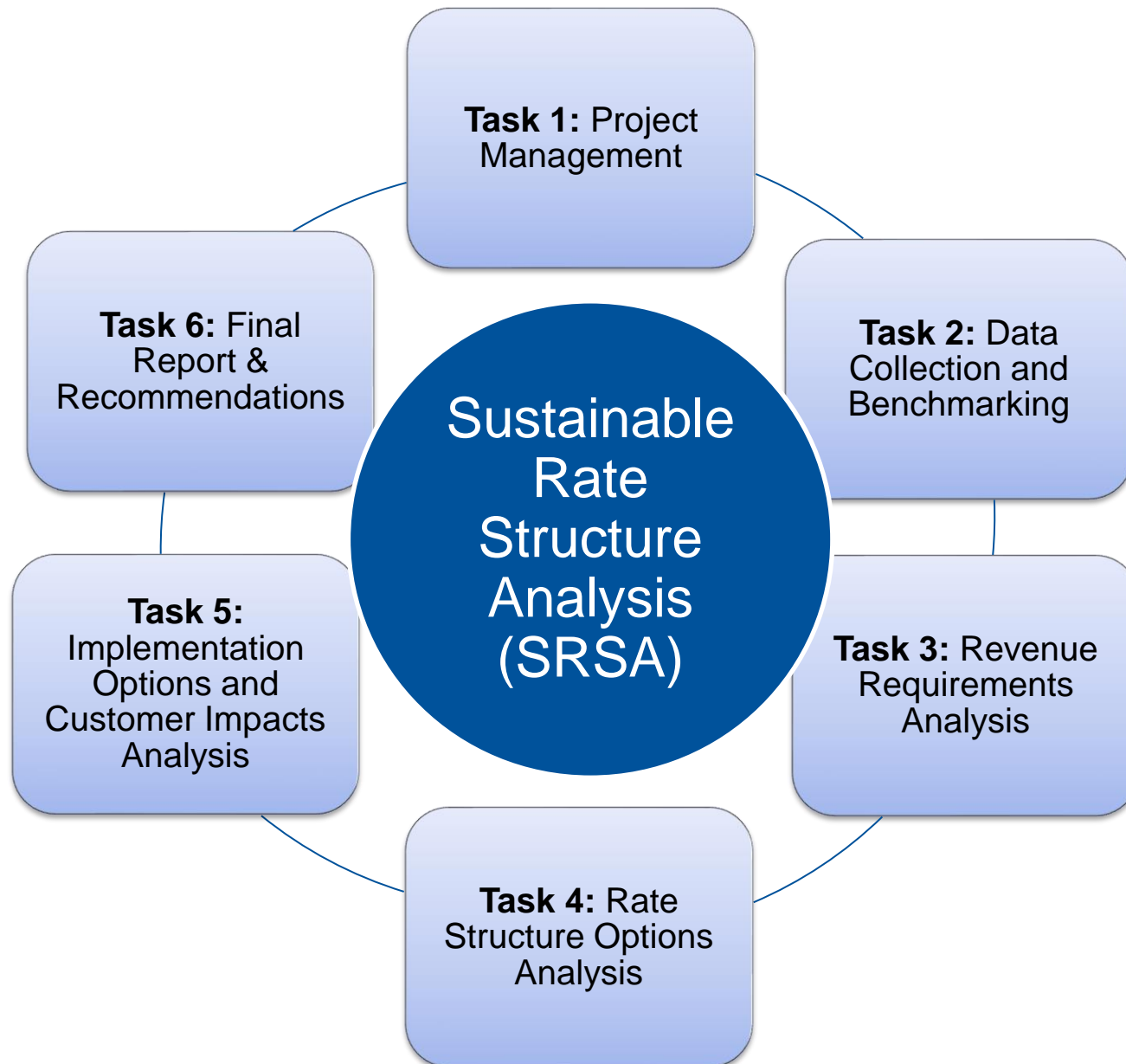
Promote rate and revenue stability



Promote a reasonable correlation between cost of service and usage



Achieve compatibility with DEP's billing system (ease of implementation from a billing and customer service perspective, plus flexible ongoing maintenance)



Task 2: Data Collection and Benchmarking

Task Objectives

Ensure necessary data is collected, and gather rate structure and program experience of other cities

Approach

Gaps: Needs vs. Available Data

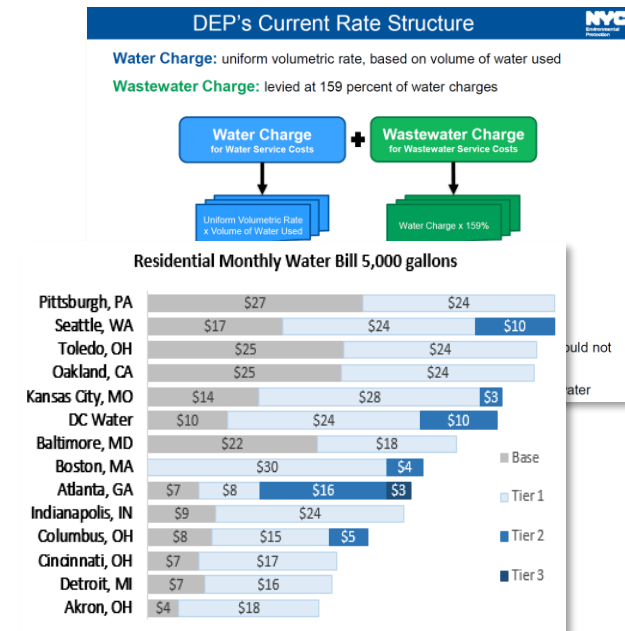
Collect and document practices of identified agencies

Outcomes / Benefits

- Build on recent initiatives
- Data needed to evaluate structures
- Lessons learned from other cities

Deliverables

- #1: Data gaps report
- #2: Comparative analysis report of rate structures in other cities



Task 3: Revenue Requirements Analysis

Task Objectives

20-year forecast of revenue requirements by system and customer class

Approach

Develop alternative forecasts of requirements

Allocate revenue requirements by system

Allocate system requirements to customer classes

Outcomes / Benefits

- Understanding of cost by system (water, sewer, and stormwater)
- Ability to evaluate capital funding
- Sensitivity analysis (demands, elasticity, cost escalation)
- Cost to serve individual customer classes to support rate structures

Deliverables

- #1: Financial forecasting model
- #2: Revenue requirements report



Task 4: Rate Structure Options Analysis

Task Objectives

Develop 3- and 5-year implementation options for 5 rate alternatives

Approach

Calculate rate structure alternatives

Evaluate rate structures with study objectives

Create 3- & 5-year implementation options

Outcomes / Benefits

- Dynamic integrated rate structure tool
- Understanding of fixed and variable components
- Evaluation of structures against study objectives
- Annual revenue impacts by option and structure

Deliverables

- #1: Rate structure options analysis model
#2: Rate structure options report

Rate Structure Report Card

Water Usage Rates	Single-Family	Multi-Family	Non-Residential	Irrigation
Legal Precedent & Local Practice	D	F	F	B
Conformance with Industry Practice	B	D	D	B
Fairness & Equity	C	D	D	C
Ease of Administration	A	A	A	A
Customer Understanding	A	B	B	A
Affordability	C	D	D	C

Task 5: Implementation Options & Customer Impacts

Task Objectives

Prepare 3- and 5-year implementation plans that fully consider all customer impacts and affordability

Approach

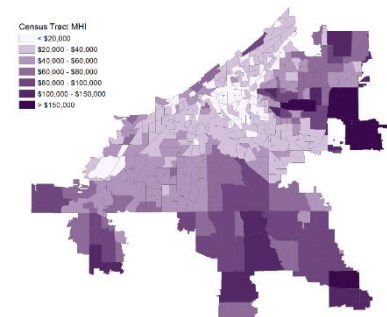
Develop detailed implementation options

Prepare Spreadsheet of Customer Impacts and Rate Simulator

Complete Customer Affordability Analysis

Outcomes / Benefits

- Implementable rate structure plans based on experience
- Clear and complete understanding of customer impacts
- More robust and effective affordability programs
- Understanding of impacts to most vulnerable customers



Deliverables

- #1: Implementation alternative analysis model and report
- #2: Customer impacts analysis model, report, and rate simulator tools
- #3: Customer affordability analysis model and report

Task 6: Final Report & Recommendations

Task Objectives

Clear documentation of study findings, conclusions, & recommendations

Approach



Outcomes / Benefits

- Inclusion and documentation of feedback received
- Open discussion of concerns and any identified issues
- Material the community and decision makers can understand
- Buy-in and support for needed changes

Deliverables

- #1: Presentation of study
- #2: SRSA report with recommendations