

**CITY OF BOULDER
WATER RESOURCES ADVISORY BOARD
AGENDA ITEM**

MEETING DATE: June 22, 2015

AGENDA TITLE: Public Hearing and Consideration of a Motion Regarding the Utility Rates Study Guiding Principles, Issues, and Key Questions

PRESENTER/S

Jeff Arthur, Director of Public Works for Utilities Joe Taddeucci, Water Resources Manager Bret Linenfelser, Water Quality Environmental Services Manager Joanna Crean, Public Works Senior Project Manager Ken Baird, Utilities Financial Manager Russ Sands, Watershed Sustainability and Outreach Supervisor Joanna Bloom, Source Water Administrator Bronwyn Weygandt, Billing Services Supervisor Annie Noble, Acting Principal Engineer for Flood and Greenways Eric M. Ameigh, Public Works Projects Coordinator
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PURPOSE

The purpose of this item is to secure a recommendation from the Water Resources Advisory Board (WRAB) on the issues, key questions, guiding principles, and workplan for the utility rates study.

QUESTIONS FOR THE BOARD

1. What questions does WRAB have about the public engagement process?
2. What feedback does WRAB have on the recommended guiding principles?
3. What feedback does WRAB have on the potential areas of study?

STAFF RECOMMENDATION

Staff recommends that WRAB discuss and vote on one or more motions that support:

1. A recommended set of utility rate structure guiding principles; and
2. A recommended draft plan of work for studying key questions and issues.

BACKGROUND

In late 2014, Utilities staff met with customers to better understand the impacts of utility rate increases approved by council in the fall of 2014. Many customers indicated they did not understand utility rate structures and/or had questions and concerns about the calculation of the charges on their utility bills. It is also best practice to periodically review rate setting methodology to assure the rates are meeting community goals and are aligned with fee-based principles. These findings led staff to propose evaluation of the rate structure and associated calculations for water, wastewater, and stormwater/flood

management utilities as part of the 2015 work plan. As a first step, a public engagement process was implemented to solicit broader feedback across all customer classes.

Public Engagement and Feedback

The initial public engagement process took place in April and May 2015 and consisted of three open houses and an online survey.

The open houses were held on April 29 and 30. Each open house was tailored to a specific customer class though all events were open to all customers. The three events had the following attendance:

- Commercial, Industrial and Institutional Customers (CII) (**11 attendees**)
- Multifamily Customers (**6 attendees**)
- Single Family Customers (**11 attendees**)

The online survey was open for five weeks and received 123 responses, of which 77 percent were single family customers, 11 percent were multifamily, and the remaining were primarily CII customers.

The public engagement opportunities were publicized via the Daily Camera (press release and News from City Hall), the city's website, the city's social media outlets, and most importantly through a post card mailed to each utility customer (approximately 26,000 in total). Despite limited participation, the open houses and online survey revealed some key themes as follows:

- Concern still exists about the 2015 rate increases amongst the customers who responded.
- There seems to be a general lack of understanding by many customers who responded about how current utility charges work.
- While stability and predictability of revenue is critical for operating the utilities, respondents also said stability and predictability in their bills is important to them. Approximately 80% of survey respondents said it is extremely or somewhat important. Open house attendees had an opportunity to weigh in on possible goals for the rate structures and also supported this goal as a top choice. Feedback indicated that predictability in their bills on a monthly and yearly basis would be beneficial to them.
- Amongst the customers who responded, there is support for the stormwater rate structure to encourage improvements that decrease stormwater impact. Examples might include incentives for removal of impervious surface or installation of detention facilities. 68% of survey respondents said it is either extremely or somewhat important.
- Both the open houses and the survey show support for a stormwater structure that varies by location within the city. Over 60% of survey respondents said it is either extremely or somewhat important. Open house attendees also supported this as a top choice amongst possible goals for the stormwater/flood management utility rate structure.

A summary of the results from the survey and open house goal voting exercise can be found in Attachment A. The complete results of the survey can be found [here](#).

GUIDING PRINCIPLES

In 2003 and 2004, WRAB, staff, and City Council engaged in a process to analyze the existing rate structure, to develop alternative structures that could meet the city's goals, and to ultimately choose a new approach. Staff and consultants developed and analyzed over 20 alternatives for their ability to meet the following water utility rate structure principles:

- Discourage wasteful use, while promoting all justified types and amounts of use;
- Be effective in yielding total revenue requirements;
- Provide revenue stability and predictability;
- Fairly allocate the total cost of service among the customer classes of service to attain equity; and
- Be dynamic in its ability to respond to changing supply and demand conditions and/or environmental concerns.

The utility rates study project provides a potential opportunity to both reaffirm the existing principles and to formally establish principles for wastewater and stormwater/flood management.

The guiding principles are high level goals and speak to what the rate structures should be designed to accomplish. They are not necessarily intended to address each and every thing that the utilities do. For instance, there are certain "givens" such as meeting regulatory and legal requirements that are not reflected in the guiding principles.

The public engagement process did not indicate a strong need or desire to change to the five guiding principles for water. A number of the principles also appear to apply to wastewater and stormwater/flood management. Therefore, staff believes the list could be slightly amended and organized in such a way that it not only represents a general set of principles across the three utilities, but that it also works in a customized way for each utility. Toward that end, staff has identified the following addition to the list that would specifically relate to the stormwater/flood management utility:

"Encourage effective onsite management of stormwater." This is a reflection of existing policy and practice that recognize the importance of onsite best management practices in reducing impacts to public infrastructure and natural drainageways.

As a result of the addition, the list of utilities rate structure guiding principles would be organized as follows:

Principle	Water Utility	Wastewater Utility	Stormwater/Flood Management Utility
Discourage wasteful use, while promoting all justified types and amounts of use.	X		
Be effective in yielding total revenue requirements.	X	X	X
Provide revenue stability and predictability for the utilities.	X	X	X
Fairly allocate the total cost of service across customer classes to attain equity.	X	X	X
Be dynamic in its ability to respond to changing supply and demand conditions and/or environmental concerns.	X		
Encourage effective onsite management of stormwater.			X

Over time, the guiding principles for all utilities should be referenced regularly and guide decision making at the policy level. For the utility rates study, the guiding principles will be used as a contextual framework for all analyses and will be used to shape any recommendations that may emerge. To aid in WRAB’s conversation, a Draft Interpretations Matrix can be found in Attachment B.

POTENTIAL AREAS OF STUDY

The purpose of the public engagement effort was to make sure staff did not proceed with analysis of rate structures without input from customers. The engagement process did not indicate a need for large-scale changes to existing rate structures. There are, however, a handful of issues and key questions that staff may pursue subject to input from WRAB. Attachment C illustrates how the potential areas of study relate to the guiding principles.

Effectiveness of Water Budgets

When water budgets were established, the rate structure was designed to adhere to the aforementioned principles. With the data from seven years of water budgets, staff believes now may be a good time to determine how well the water rate structure and water budgets are accomplishing those stated goals. Some analysis has already been completed along these lines. For example, the CII Water Budgets study has provided insights into equity within the CII customer class. A new analysis could focus on the equity between all customer classes. In addition, the Water Conservation Futures Study is currently being updated and will provide information about the progress on water conservation as well as possible goals for the future.

Cost of Service

Cost of service analyses are important to conduct on a routine basis. The analysis will determine the true costs of providing different utility services to each customer class. All three utilities would be analyzed.

Fixed vs. Variable Charges

In the water and wastewater utilities, customers pay both a fixed service charge based on meter size, and a variable quantity charge based on water consumption. Along with cost of service, this is another issue that should be revisited on a regular basis to make sure the relationship between fixed and variable charges accurately reflects the utilities' costs to provide services and conforms to industry standards.

Outside City vs. Inside City Charges

In the water and wastewater utilities, customers pay different amounts based on whether they are inside the city or outside the city. Along with cost of service and fixed and variable charges, the difference in these charges should be revisited on a regular basis to make sure the relationship accurately reflects the utilities' costs to provide services and conforms to industry standards.

Stormwater/Flood Management Calculation Methodology

A few issues have arisen in recent years about the fee calculation methodology that may be worth exploring.

First, the current stormwater monthly fee calculation uses the same basic methodology across all customer classes. Customers other than single family residential are assessed stormwater charges based on the ratios of their lot size and impervious area to a typical single family residential lot. Some large customers have questioned whether a more complex methodology might better account for unique characteristics of their properties. For example, the fee for a large agricultural property is largely driven by lot size even though the runoff impacts may not be proportionally larger than those of a single family residential lot.

Second, while revenue is collected based on a formula that compares the stormwater runoff impact of individual properties, different properties benefit from the utility in different ways. A property at the top of hill benefits from having downstream infrastructure to mitigate its runoff impacts. A downstream property benefits from having those impacts mitigated. A property in a floodplain might benefit from a capital project that alleviates the needs for flood insurance. A property already outside the floodplain still benefits from projects that mitigate impacts to access and utility service and may have already benefited from previous mitigation projects.

The public engagement process and other recent input indicate some desire to look into a different rate structure that would vary fees based on location within the city. Despite the above mentioned rationale, some customers do not believe they should pay the regular stormwater/flood management fee if their neighborhoods lack stormwater infrastructure or do not have flood risks that necessitate flood management projects. Although existing policy and practice recognize stormwater and flood management services as a city-wide benefit, staff could analyze potential changes that might allocate costs based on more localized benefits.

NEXT STEPS

Following WRAB input on the guiding principles and a proposed approach to studying issues and key questions, next steps will be as follows:

- July 2015: Staff will organize the issues and key questions into individual scopes of work and further organize those scopes into a larger project workplan. At that point, staff will determine which analyses, if any, can be completed in-house and which are likely to require consulting resources. In the cases where consulting help will be needed, staff will begin to draft requests for proposals.
- August 18, 2015: Staff will update City Council and seek any additional guidance on the direction of the project.
- Late August, 2015: Post requests for proposal.
- September 2015: Select consultants, sign contracts, and begin work.
- November 2015: Staff update to WRAB on preliminary findings and project progress.
- December 2015: Staff update to council on preliminary findings and project progress.

ATTACHMENTS

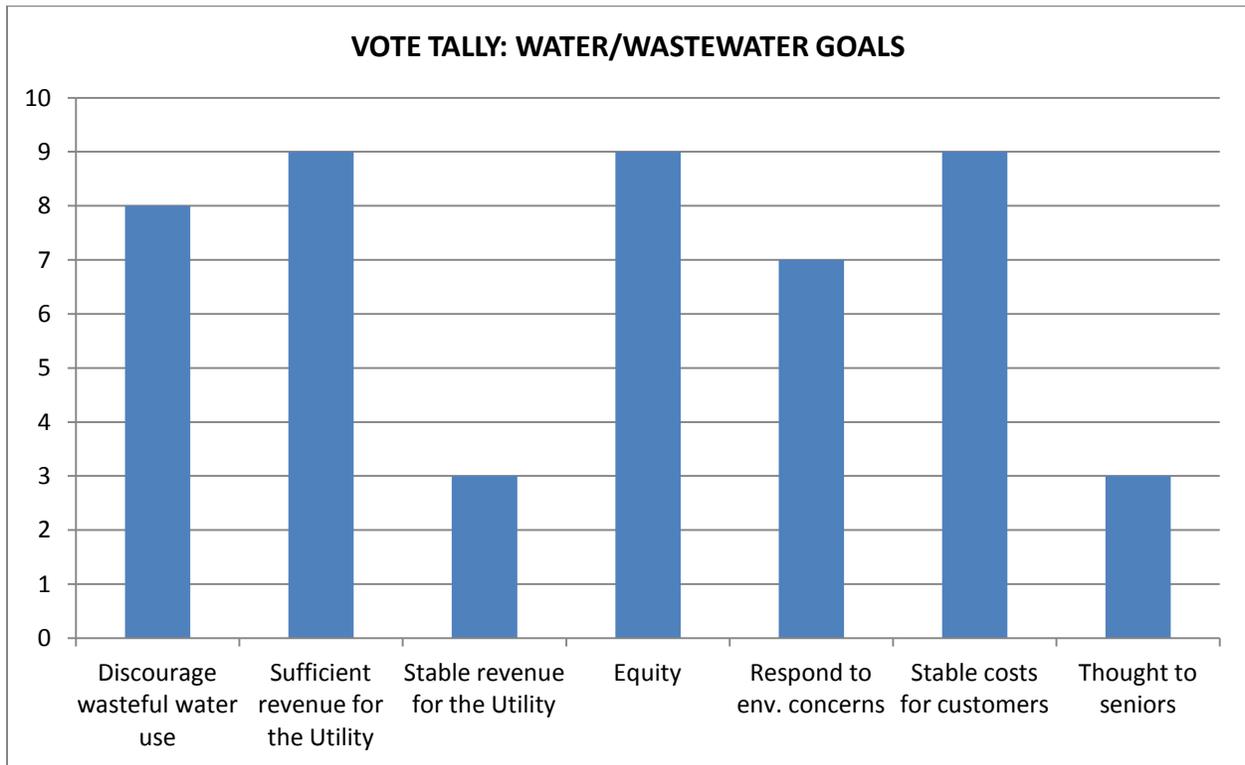
Attachment A – Results from Open Houses and Online Survey

Attachment B – Draft Principles Interpretations Matrix

Attachment C – Relation of Issues and Key Questions to Guiding Principles

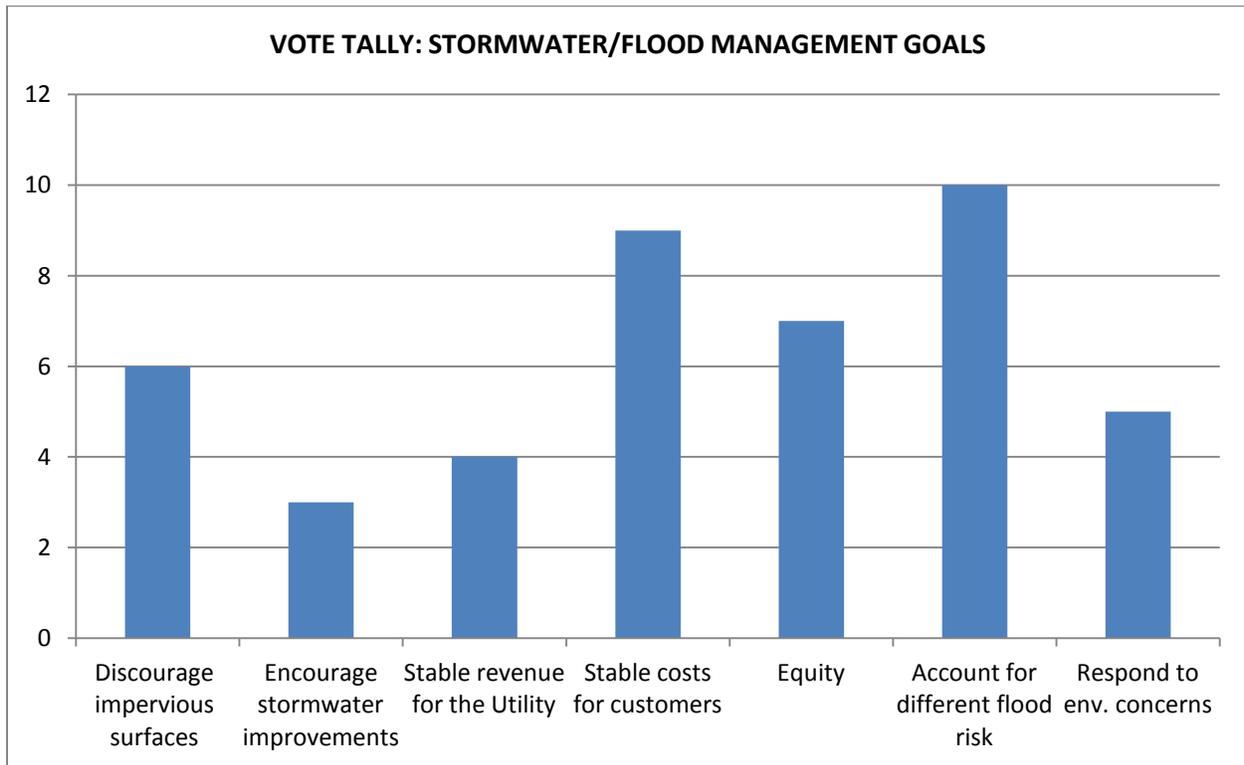
Total Results of Dot Voting Exercise from Open Houses

Water/Wastewater Goal	Ranking
Provide stable and predictable monthly costs for customers.	1 st (tie)
Yield sufficient funding to cover the costs of operating the utilities.	1 st (tie)
Fairly allocate the total cost of service among different customer types to attain equity.	1 st (tie)
Discourage wasteful water use, while promoting all justified types and amounts of use.	4 th
Be dynamic in its ability to respond to changing supply and demand conditions and/or environmental concerns.	5 th
Provide stable and predictable revenue for the utilities.	6 th (tie)
Give thought to senior citizens (write in).	6 th (tie)



Total Results of Dot Voting Exercise from Open Houses

Stormwater/Flood Management Goals	Ranking
Account for the differences in flood risk and flood mitigation needs across different parts of the city	1 st
Provide stable and predictable monthly costs for customers.	2 nd
Fairly allocate the total cost of service among different customer types to attain equity.	3 rd
Discourage impervious surfaces that create stormwater runoff.	4 th
Be dynamic in its ability to respond to changing supply and demand conditions and/or environmental concerns.	5 th
Provide stable and predictable revenue for the utility.	6 th
Encourage stormwater improvements that lessen the impact of stormwater runoff.	7 th



City of Boulder Utility Rates Survey

Monday, June 01, 2015

123

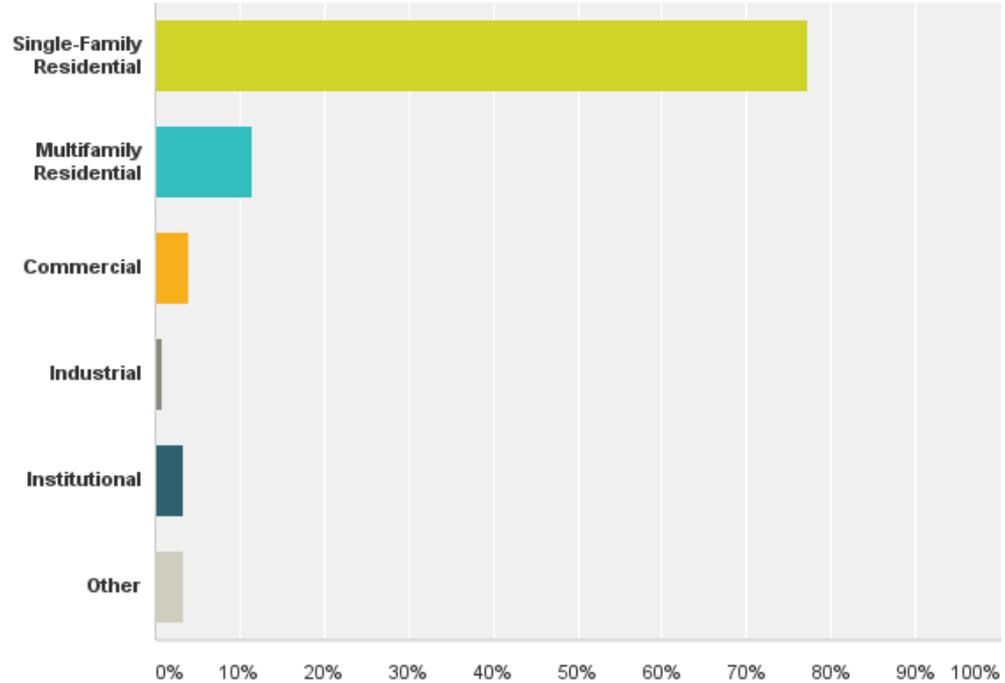
Total Responses

Date Created: Wednesday, April 15, 2015

Complete Responses: 110

Q1: Which customer category best describes you? If you have multiple types of accounts, such as one for business and one for your home, please fill out a separate survey for each.

Answered: 123 Skipped: 0



Q1: Which customer category best describes you? If you have multiple types of accounts, such as one for business and one for your home, please fill out a separate survey for each.

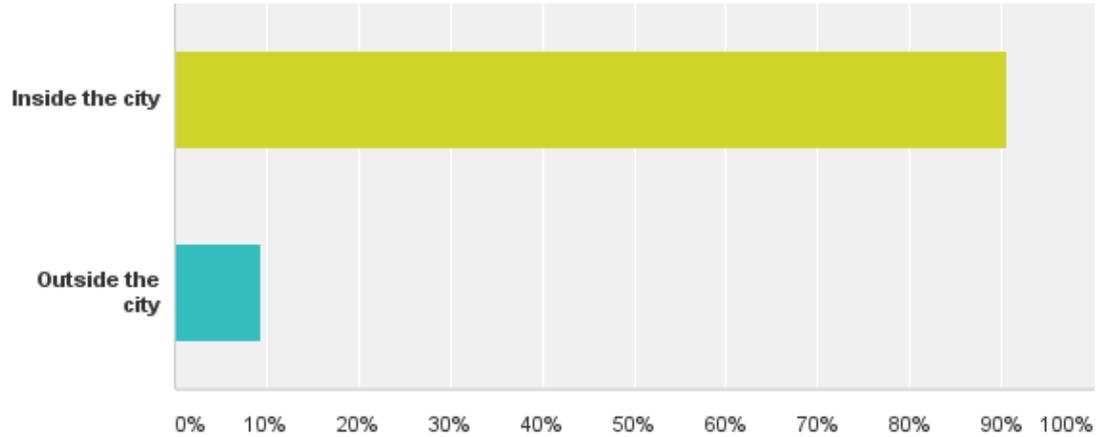
Answered: 123 Skipped: 0

Attachment A

Answer Choices	Responses
Single-Family Residential	77.24% 95
Multifamily Residential	11.38% 14
Commercial	4.07% 5
Industrial	0.81% 1
Institutional	3.25% 4
Other	3.25% 4
Total	123

Q2: Is your account for a property inside the City of Boulder or outside the City of Boulder?

Answered: 74 Skipped: 49



Q2: Is your account for a property inside the City of Boulder or outside the City of Boulder?

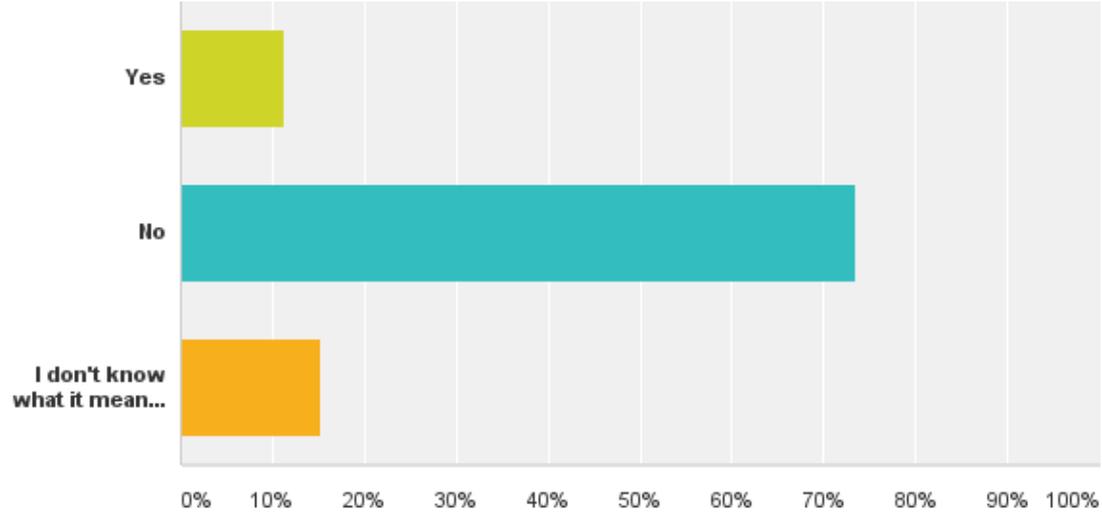
Answered: 74 Skipped: 49

Answer Choices	Responses
Inside the city	90.54% 67
Outside the city	9.46% 7
Total	74

Q3: Have you ever requested an adjustment to your water budget? (Single Family)

Answered: 98 Skipped: 25 (skipped by non-single family customers)

Attachment A



Q3: Have you ever requested an adjustment to your water budget? (Single Family)

Answered: 98 Skipped: 25 (skipped by non-single family customers)

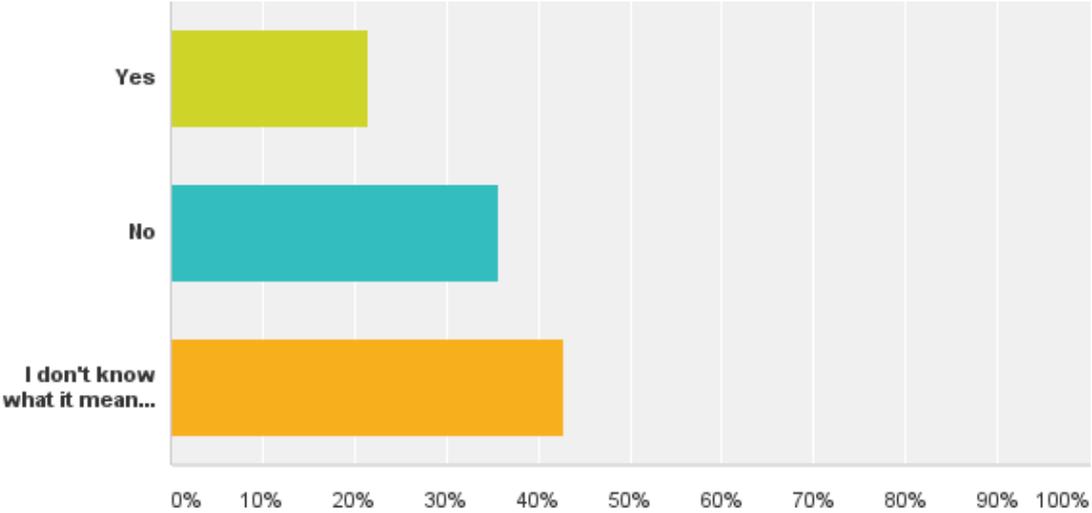
Answer Choices	Responses	
Yes	11.22%	11
No	73.47%	72
I don't know what it means to request an adjustment	15.31%	15
Total		98

Attachment A

Q4: Have you ever requested an adjustment to your water budget? (Multifamily)

Answered: 14 Skipped: 109 (skipped by non-multifamily customers)

Attachment A



Q4: Have you ever requested an adjustment to your water budget? (Multifamily)

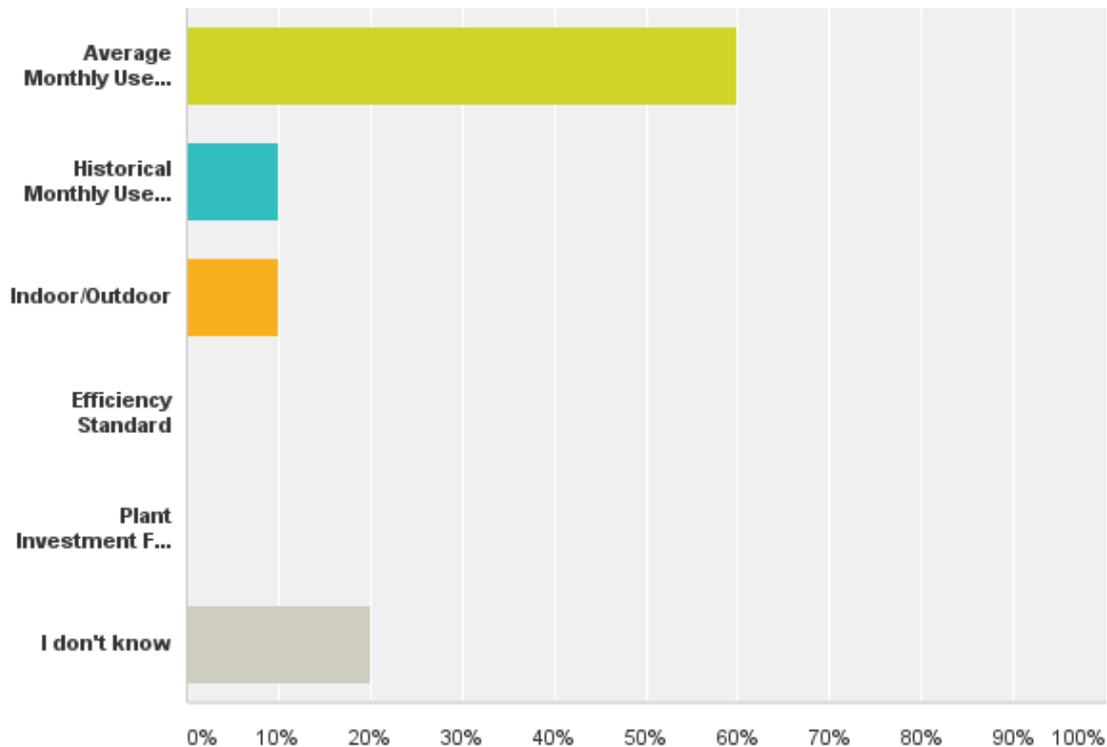
Answered: 14 Skipped: 109 (skipped by non-multifamily customers)

Answer Choices	Responses	
Yes	21.43%	3
No	35.71%	5
I don't know what it means to request an adjustment	42.86%	6
Total		14

Attachment A

Q5: What type of water budget do you have? (Commercial, Industrial, Institutional)

Answered: 10 Skipped: 113 (skipped by non-CII customers)



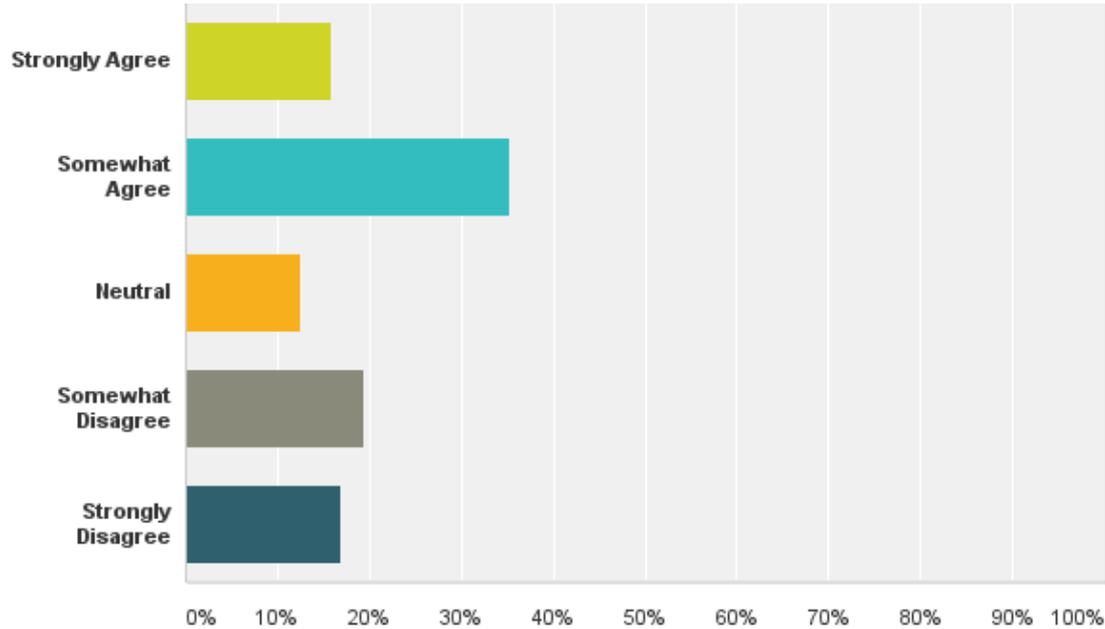
Q5: What type of water budget do you have? (Commercial, Industrial, Institutional)

Answered: 10 Skipped: 113 (skipped by non-CII customers)

Answer Choices	Responses
Average Monthly Use (AMU)	60.00% 6
Historical Monthly Use (HMU)	10.00% 1
Indoor/Outdoor	10.00% 1
Efficiency Standard	0.00% 0
Plant Investment Fee (PIF)	0.00% 0
I don't know	20.00% 2
Total	10

Q6: Please indicate your level of agreement with the following statement: "I understand how my utility bill is calculated."

Answered: 119 Skipped: 4



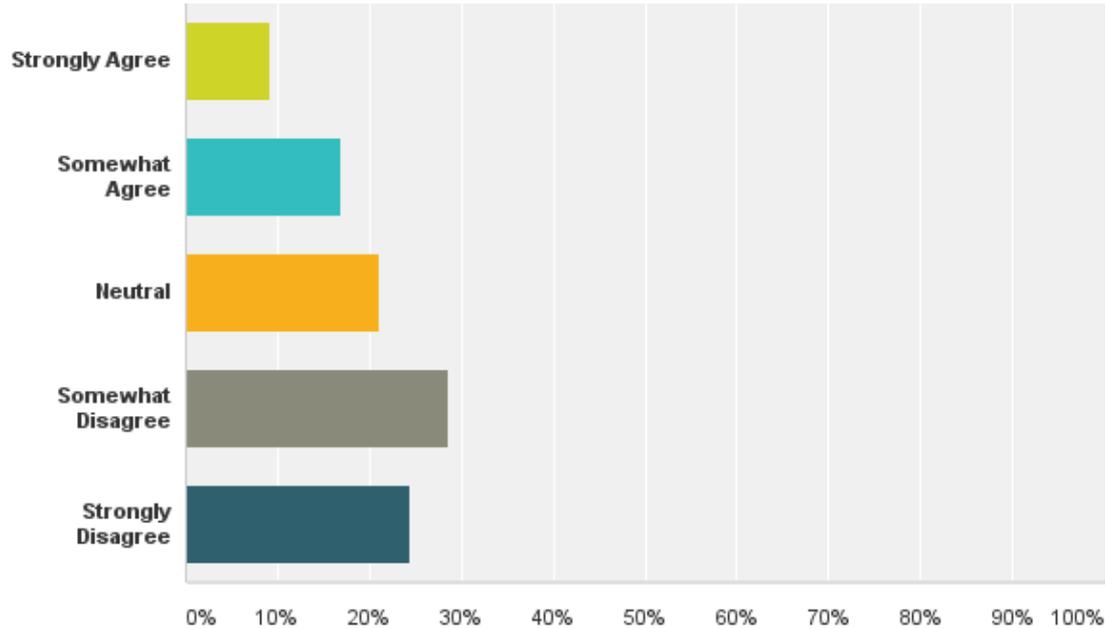
Q6: Please indicate your level of agreement with the following statement: "I understand how my utility bill is calculated."

Answered: 119 Skipped: 4

Answer Choices	Responses
Strongly Agree	15.97% 19
Somewhat Agree	35.29% 42
Neutral	12.61% 15
Somewhat Disagree	19.33% 23
Strongly Disagree	16.81% 20
Total	119

Q7: Please indicate your level of agreement with the following statement: "Overall, I feel the utility rates are fairly charged to customers."

Answered: 119 Skipped: 4



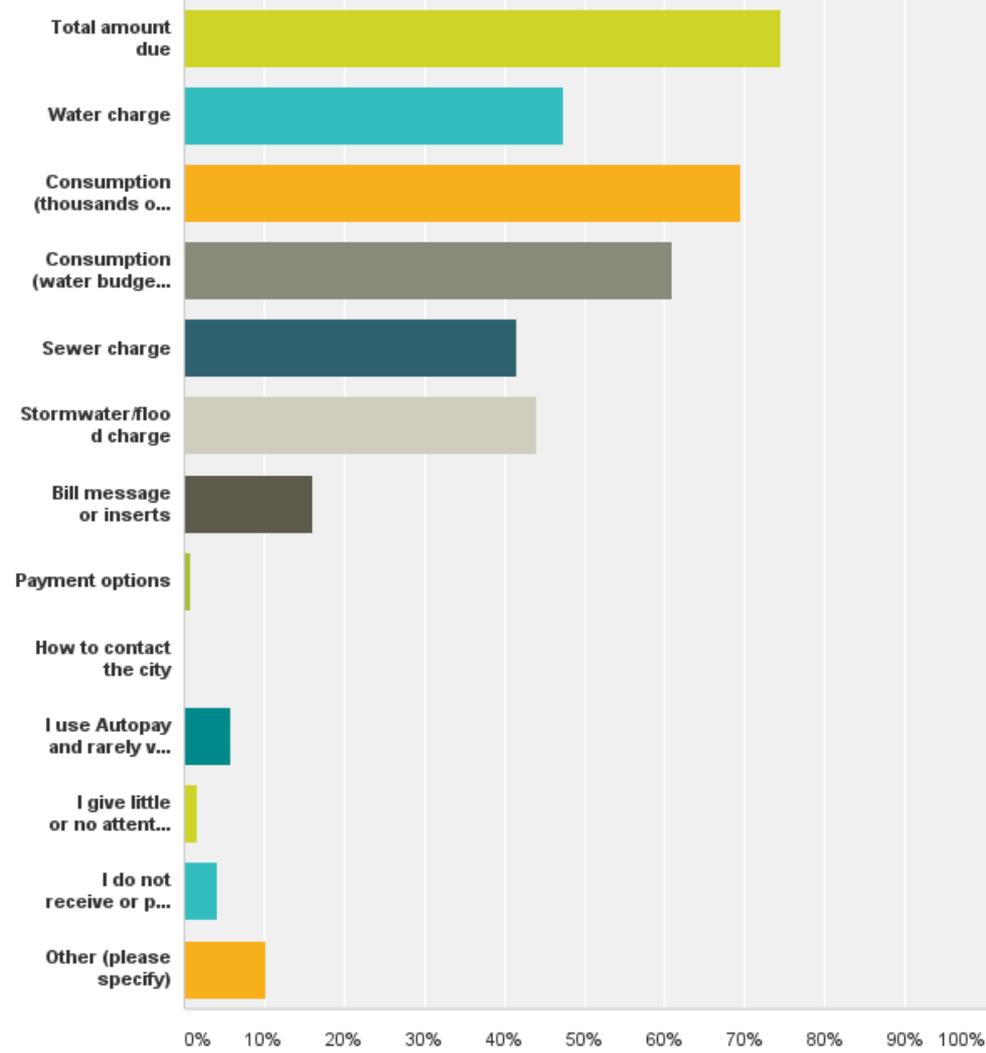
Q7: Please indicate your level of agreement with the following statement: "Overall, I feel the utility rates are fairly charged to customers."

Answered: 119 Skipped: 4

Answer Choices	Responses	
Strongly Agree	9.24%	11
Somewhat Agree	16.81%	20
Neutral	21.01%	25
Somewhat Disagree	28.57%	34
Strongly Disagree	24.37%	29
Total		119

Q8: I pay the most attention to the following portions of my utility bill (please check all that apply).

Attachment A



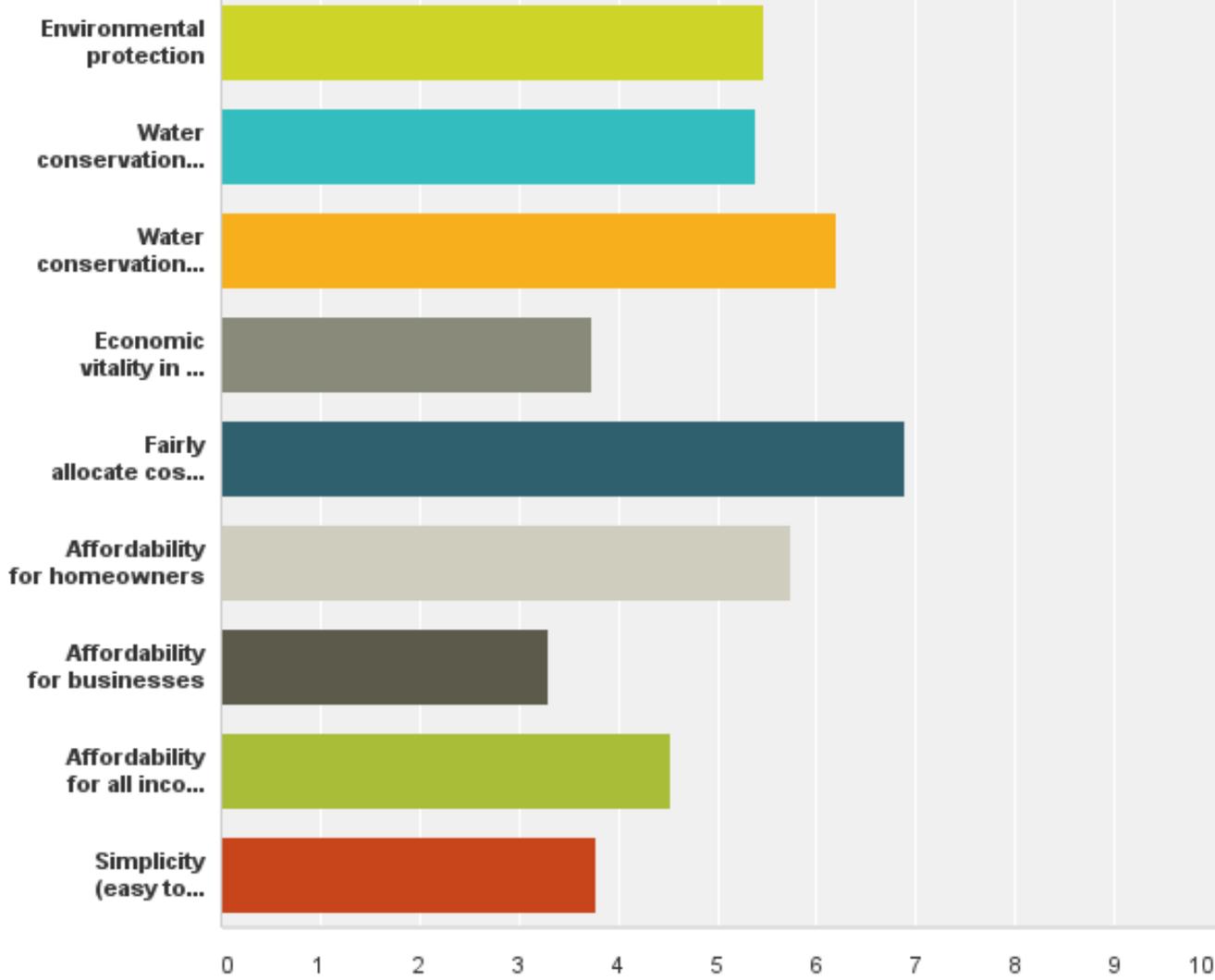
Answered: 118 Skipped: 5

Q8: I pay the most attention to the following portions of my utility bill (please check all that apply).

Answer Choices	Responses	
Total amount due	74.58%	88
Water charge	47.46%	56
Consumption (thousands of gallons used)	69.49%	82
Consumption (water budget graph)	61.02%	72
Sewer charge	41.53%	49
Stormwater/flood charge	44.07%	52
Bill message or inserts	16.10%	19
Payment options	0.85%	1
How to contact the city	0.00%	0
I use Autopay and rarely view my bill	5.93%	7
I give little or no attention to my bill	1.69%	2
I do not receive or pay my own bill	4.24%	5
Other (please specify)	10.17%	12
Total Respondents: 118		

Answered: 118 Skipped: 5

Q9: Utility rate structures for water, wastewater, and stormwater/flood should be designed to support the following (Please rank – 1 being the highest and 9 the lowest.)



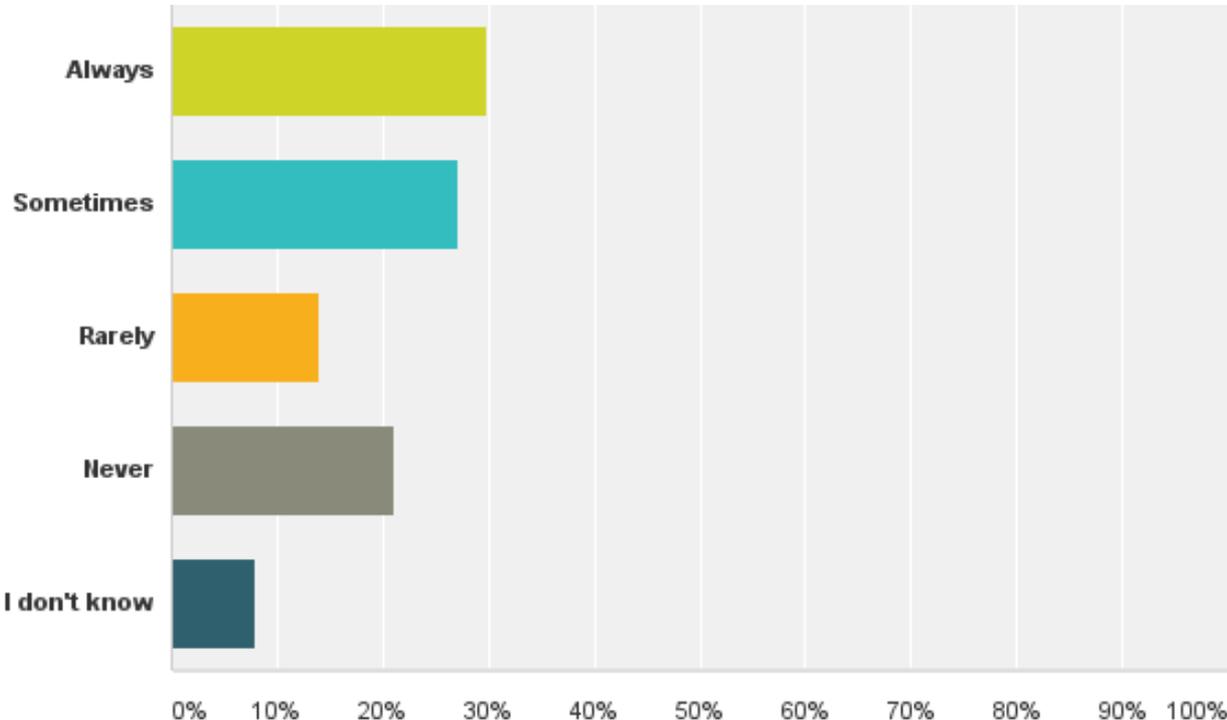
Q9: Utility rate structures for water, wastewater, and stormwater/flood should be designed to support the following (Please rank – 1 being the highest and 9 the lowest.)

	1	2	3	4	5	6	7	8	9	Total	Score
Environmental protection	12.82% 15	9.40% 11	17.09% 20	14.53% 17	10.26% 12	9.40% 11	11.97% 14	9.40% 11	5.13% 6	117	5.46
Water conservation during non-drought periods	5.13% 6	17.95% 21	14.53% 17	14.53% 17	11.97% 14	12.82% 15	7.69% 9	10.26% 12	5.13% 6	117	5.38
Water conservation during drought periods	13.68% 16	12.82% 15	20.51% 24	17.09% 20	16.24% 19	11.11% 13	6.84% 8	0.85% 1	0.85% 1	117	6.21
Economic vitality in the community	0.85% 1	4.27% 5	4.27% 5	12.82% 15	11.11% 13	18.80% 22	15.38% 18	15.38% 18	17.09% 20	117	3.74
Fairly allocate costs to customers	33.33% 39	19.66% 23	6.84% 8	12.82% 15	11.97% 14	6.84% 8	3.42% 4	4.27% 5	0.85% 1	117	6.89
Affordability for homeowners	16.24% 19	15.38% 18	11.97% 14	6.84% 8	9.40% 11	20.51% 24	11.97% 14	7.69% 9	0.00% 0	117	5.74
Affordability for businesses	1.71% 2	3.42% 4	5.13% 6	5.13% 6	6.84% 8	11.11% 13	25.64% 30	23.08% 27	17.95% 21	117	3.29
Affordability for all income levels	6.84% 8	8.55% 10	11.97% 14	11.11% 13	14.53% 17	5.13% 6	8.55% 10	19.66% 23	13.68% 16	117	4.52
Simplicity (easy to understand)	9.40% 11	8.55% 10	7.69% 9	5.13% 6	7.69% 9	4.27% 5	8.55% 10	9.40% 11	39.32% 46	117	3.77

Answered: 117 Skipped: 6

Q11: In 2007, water budgets were developed to encourage water efficiency. Have water budgets influenced you, or those you live with, to conserve water?

Answered: 114 Skipped: 9



Attachment A

Q11: In 2007, water budgets were developed to encourage water efficiency. Have water budgets influenced you, or those you live with, to conserve water?

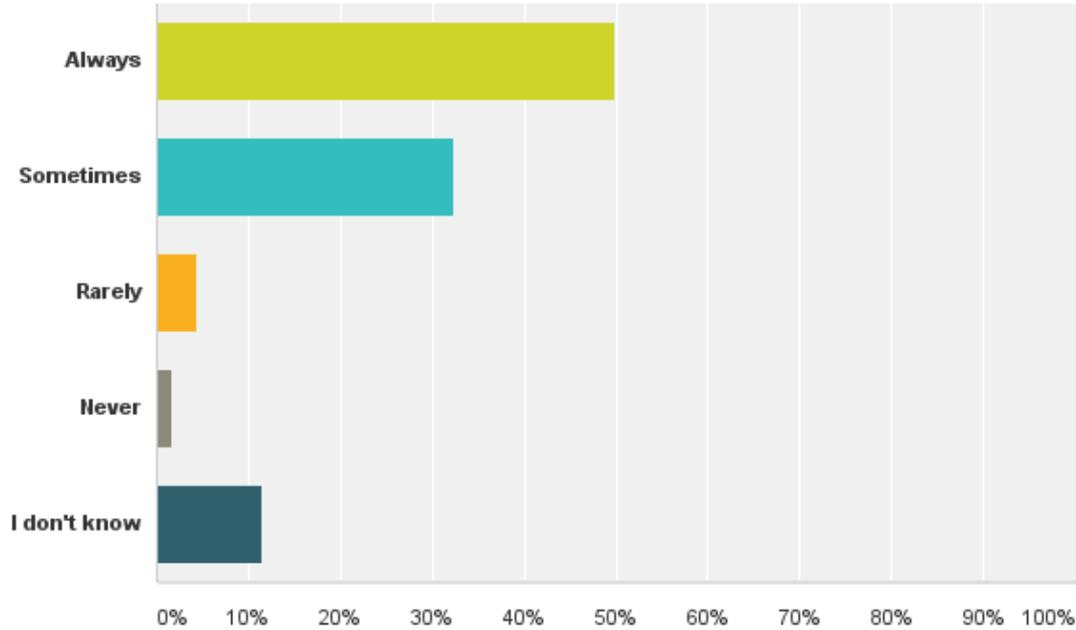
Answered: 114 Skipped: 9

Answer Choices	Responses
Always	29.82% 34
Sometimes	27.19% 31
Rarely	14.04% 16
Never	21.05% 24
I don't know	7.89% 9
Total	114

Attachment A

Q12: Are you usually able to stay within your water budget?

Answered: 114 Skipped: 9



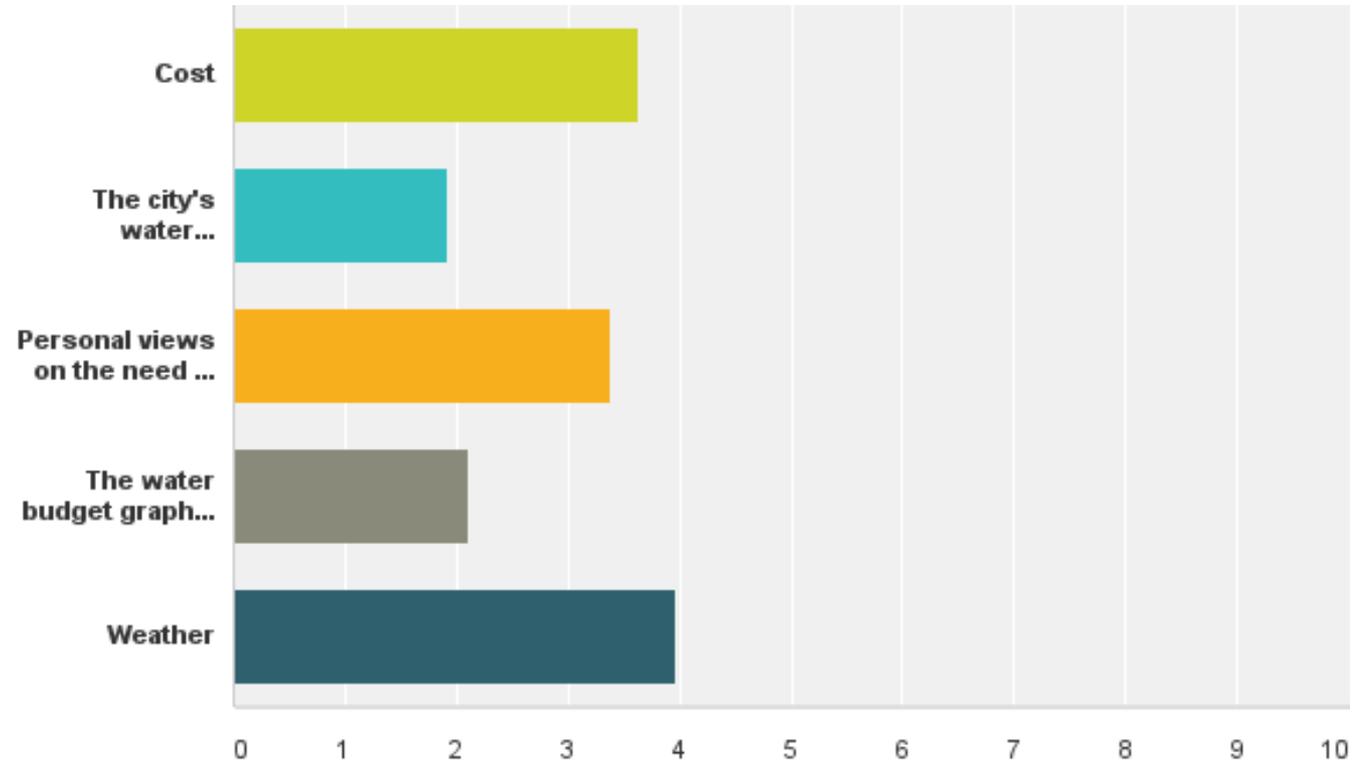
Q12: Are you usually able to stay within your water budget?

Answered: 114 Skipped: 9

Answer Choices	Responses
Always	50.00% 57
Sometimes	32.46% 37
Rarely	4.39% 5
Never	1.75% 2
I don't know	11.40% 13
Total	114

Q13: Please rank the following factors as they relate to their influence on your SUMMER water usage (1 having the most influence and 5 the least influence.)

Answered: 114 Skipped: 9



Attachment A

Q13: Please rank the following factors as they relate to their influence on your SUMMER water usage (1 having the most influence and 5 the least influence.)

Answered: 114 Skipped: 9

	1	2	3	4	5	Total	Score
Cost	28.95% 33	28.95% 33	26.32% 30	7.89% 9	7.89% 9	114	3.63
The city's water conservation outreach and education efforts	1.75% 2	6.14% 7	15.79% 18	35.09% 40	41.23% 47	114	1.92
Personal views on the need for water conservation	28.07% 32	18.42% 21	24.56% 28	21.05% 24	7.89% 9	114	3.38
The water budget graph on my bill	1.75% 2	14.04% 16	14.04% 16	33.33% 38	36.84% 42	114	2.11
Weather	39.47% 45	32.46% 37	19.30% 22	2.63% 3	6.14% 7	114	3.96

Attachment A

Q15: How important do you believe each of these goals should be for the city's Water and Wastewater Utilities' rate structures?

	Extremely Important	Somewhat Important	Neutral	Slightly Important	Not Important	Total
The rate structures should discourage wasteful water use, while promoting all justified types and amounts of use.	50.00% 56	31.25% 35	9.82% 11	4.46% 5	4.46% 5	112
The rate structures should yield sufficient funding to cover the costs of operating the Utilities.	55.86% 62	29.73% 33	9.91% 11	3.60% 4	0.90% 1	111
The rate structures should provide stable and predictable revenue for the Utilities.	23.21% 26	41.07% 46	21.43% 24	8.04% 9	6.25% 7	112
The rate structures should fairly allocate the total cost of service among different customer types to attain equity.	48.18% 53	28.18% 31	16.36% 18	1.82% 2	5.45% 6	110
The rate structures should be dynamic in their ability to respond to changing supply and demand conditions and/or environmental concerns.	26.13% 29	36.94% 41	18.02% 20	9.01% 10	9.91% 11	111
The rate structures should provide stable and predictable monthly costs for customers.	45.54% 51	33.04% 37	10.71% 12	7.14% 8	3.57% 4	112

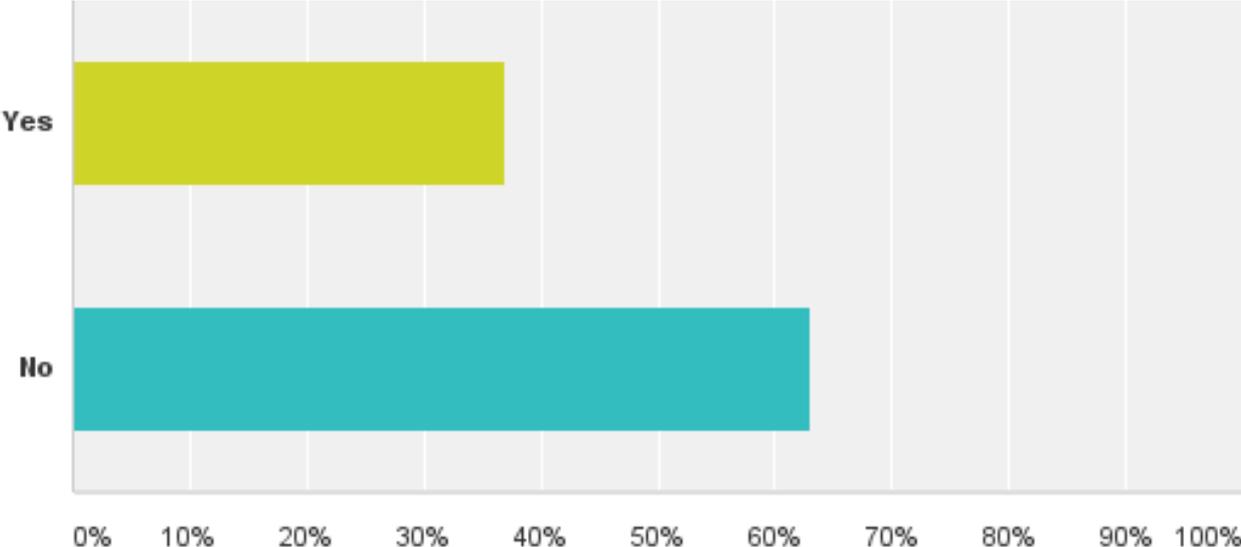
Answered: 112 Skipped: 11

Q17: How important do you believe each of these goals should be for the city's Stormwater/Flood rate structure?

	Extremely Important	Somewhat Important	Neutral	Slightly Important	Not Important	Total
The rate structure should discourage impervious surfaces that create stormwater runoff, such as parking lots.	29.91% 32	25.23% 27	15.89% 17	13.08% 14	15.89% 17	107
The rate structure should encourage stormwater improvements that lessen the impact of stormwater runoff.	36.70% 40	33.94% 37	14.68% 16	11.01% 12	3.67% 4	109
The rate structure should provide stable and predictable revenue for the Utility.	27.27% 30	41.82% 46	12.73% 14	10.00% 11	8.18% 9	110
The rate structure should provide stable and predictable monthly costs for customers.	42.73% 47	40.00% 44	6.36% 7	7.27% 8	3.64% 4	110
The rate structure should fairly allocate the total cost of service among different customer types to attain equity.	41.28% 45	34.86% 38	10.09% 11	7.34% 8	6.42% 7	109
The rate structure should account for the differences in flood risk and flood mitigation needs across different parts of the city.	27.03% 30	34.23% 38	16.22% 18	8.11% 9	14.41% 16	111
The rate structure should be dynamic in its ability to respond to changing environmental concerns.	18.18% 20	45.45% 50	19.09% 21	9.09% 10	8.18% 9	110

Q20: Would you be interested in participating in potential future engagement opportunities on the topic of water, wastewater, and/or stormwater/flood utility rate structures?

Answered: 100 Skipped: 23



Attachment A

Q20: Would you be interested in participating in potential future engagement opportunities on the topic of water, wastewater, and/or stormwater/flood utility rate structures?

Answered: 100 Skipped: 23

Answer Choices	Responses
Yes	37.00% 37
No	63.00% 63
Total	100

Attachment B – Draft Principles Interpretations Matrix

Principle	Water Utility	Wastewater Utility	Stormwater/Flood Utility
Discourage wasteful use, while promoting all justified types and amounts of use.	Balance the need for water conservation with business and household needs for water supply.	N/A	N/A
Encourage better onsite management of stormwater.	N/A	N/A	Use best management practices to reduce impacts to public infrastructure and natural drainageways.
Be effective in yielding total revenue requirements.	Recover the utility's costs.	Recover the utility's costs.	Recover the utility's costs.
Provide revenue stability and predictability for the utilities.	Avoid too much variation in revenue from month to month and year to year.	Avoid too much variation in revenue from month to month and year to year.	Avoid too much variation in revenue from month to month and year to year.
Fairly allocate the total cost of service across customer classes to attain equity.	Strive for equity within and between customer classes.	Strive for equity within and between customer classes.	Strive for equity within and between customer classes.
Be dynamic in its ability to respond to changing supply and demand conditions and/or environmental concerns.	Be flexible enough to effectively respond to drought conditions.	N/A	N/A

Attachment C – Relation of Issues and Key Questions to Guiding Principles

Principle	Water Utility	Wastewater Utility	Stormwater/Flood Utility
Discourage wasteful use, while promoting all justified types and amounts of use.	Effectiveness of Water Budgets: How have they impacted conservation?		
Encourage effective onsite management of stormwater.			Is the current calculation methodology appropriate for all customers? Are there possible incentives to encourage better stormwater management on private property and how could they work?
Be effective in yielding total revenue requirements.	Effectiveness of Water Budgets: Are they effective in meeting the utility's need to recover costs?		How might any changes to the calculation methodology affect the utility's ability to recover its costs?
Provide revenue stability and predictability for the utilities.	Effectiveness of Water Budgets: Is revenue stable and predictable and what factors are at play? Are fixed service charges and quantity charges at the ideal levels for the utility to recover its costs?	Is revenue stable and predictable and what factors are at play? Are fixed service charges and quantity charges at the ideal levels for the utility to recover its costs?	
Fairly allocate the total cost of service across customer classes to attain equity.	Effectiveness of Water Budgets: Is the rate structure as equitable as possible?		
Be dynamic in its ability to respond to changing supply and demand conditions and/or environmental concerns.	Effectiveness of Water Budgets: Has the structure been effective in limiting consumption during drought conditions?		