

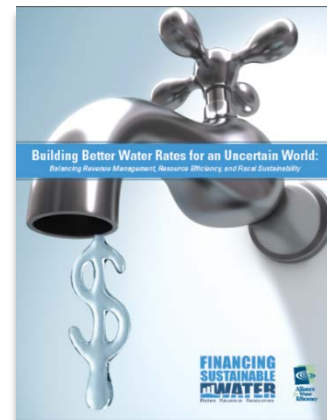
Financing Sustainable Water Rate Setting Resources for Utility Managers

AWE has developed a suite of resources to provide practical information to guide utilities from development through implementation of rate structures that balance revenue management, resource efficiency and fiscal sustainability. At www.FinancingSustainableWater.org, water managers will find the following available for download:

Building Better Rates in an Uncertain World: A Handbook for Balancing Revenue Management, Resource Efficiency and Fiscal Sustainability

This new Handbook provides the latest thinking, guidance and real world examples on the following topics:

- Ratemaking Principles and Concepts
- Steps for Building a Better (Efficiency-Oriented) Rate Structure
- Implementing an Efficiency-Oriented Rate Structure
- Public Engagement and Communications
- Financial Policies and Planning for Improved Fiscal Health



AWE Sales Forecasting and Rate Model

This analytical tool can explicitly model the effects of efficiency-oriented, non-allocation based rate structures. Typical water rate models assume that future sales are known with certainty, and do not respond to price, weather, the economy, or supply shortages—that is to say, not the world we live in. The AWE Sales Forecasting and Rate Model addresses this deficiency and enables analysis of the following:

- *Customer Consumption Variability*—weather, drought/shortage, or external shock
- *Demand Response*—Predicting future block sales (volume and revenue) with empirical price elasticities
- *Drought Pricing*—Contingency planning for revenue neutrality
- *Probability Management*—Risk theoretic simulation of revenue risks
- *Fiscal Sustainability*—Sales forecasting over a 5 Year Time Horizon





AWE Member Offering:

AWE is offering its members a unique opportunity to access training and technical assistance to support use of the new resources. Utilities must be an AWE member in good standing. Assistance options include

1. Financing Sustainable Water Workshop: \$5,000 - \$10,000

AWE staff conducts a day-long workshop for Water Utility Directors, Conservation Managers, Program Staff and other Relevant Staff, CFO's, Finance Directors, Rate Analysts, Sustainability Directors, City Managers, Business and Community Leaders, Consultants, Advocates, Mayors, City Council, County Leaders, Board Members. AWE Members may organize for staff of one organization, or bring together staff of multiple utilities.

The workshop includes a review of rate design challenges, trends and resources, and a demonstration of the AWE Sales Forecasting and Rate Model. This includes a walkthrough of the tool and a fictional case study example to help participants leave equipped to use the Model. Content may be moderately customized for the audience and regional challenges (finance, conservation, managers, etc.)

Cost will depend on the content agreed upon by AWE and the organizing AWE member. Agendas can be adapted to include the following additional sessions and content:

- **Case study using local utility's data** to review objectives, proposed rate structures and impacts on revenue, affordability, fiscal sustainability and other indices. This approach will provide attendees with a more specific, localized example of how they might use the model. The participating utility must help design the fictional case study.
- **Councilmember or Elected Official Panel** to provide an elected leader's perspective and help create dialogue between water utilities and their Boards.
- **Local Water Utility Presentation** to demonstrate a local utility's challenges and solutions
- **Local Water Utility Panel** to provide diverse utility viewpoints
- **Hands-On, Live Model Training (Laptop required)** to allow participants to get questions answered on-site and begin using the tools immediately.

A sample agenda is available at the end of this document.

*Cost does not typically include travel for speakers, catering or designed and printed materials, to be billed as incurred if not covered and managed directly by the organizing Member.

*Cost can be modified to include printed Handbooks for participants (\$20 ea. if more than 5 purchased)



2. Technical Assistance with Model Use

AWE offers limited technical assistance to utilities using the model. Utilities are responsible for providing all data needed to achieve project objectives. AWE can provide assistance with the following:

- Assistance collecting and entering appropriate weather data, determining maximum to minimum month production ratios, and clarifying other model inputs as needed.
- Assistance using the Rate Design Module to evaluate the ability of a proposed rate structure to achieve rate-setting objectives (demand impacts, revenue objectives, customer bill impacts, etc.)
- Assistance using the Rate Design Module to evaluate the effectiveness of proposed drought pricing to achieve different objectives (usage reductions, revenue neutrality, etc.)
- Assistance using the Rate Simulation Module to simulate the likelihood that a proposed rate structure will achieve financial planning objectives (revenue exceedance, sales projections, etc.)

This technical assistance is provided in hourly blocks:

- a) 5 hour block: \$150/hr (\$750)
- b) 10 hour block: \$135/hr (\$1,350)
- c) 25 hour block: \$125/hr (\$3,125)

Additional hours may be purchased for \$150/hour. Blocks of time expire one year after purchase. To inquire about these services, please contact Bill Christiansen at bill@a4we.org.

Draft Workshop Agenda (for reference only):

Building Better Efficiency-Oriented Rates in an Uncertain World

9:15 am	Welcome
9:30 am	Strategies for Aligning Rates, Revenue and Resources <i>Staff, Alliance for Water Efficiency</i> <ul style="list-style-type: none">• Utility Financial Management: Becoming Harder Than Ever• Cost Effective Efficiency: The Real Impact on Rates• Demand Trends: National and Local• Financial Policies and Planning
10:45 am	Local Water Provider Story
11:45 am	Councilmember Perspectives: How to Get to Yes on Rates
12:30 pm	Lunch and Networking
1:30 pm	Effective Rate Modeling in an Uncertain World <i>Staff, Alliance for Water Efficiency</i> <ul style="list-style-type: none">• Probability Management and the Flaw of Averages• AWE Sales Forecasting and Rate Model• Local Example and Live Model Training (Optional, Laptop Required)