



City of San Antonio

Agenda Memorandum

Agenda Item Number: 4

Agenda Date: April 4, 2022

In Control: Municipal Utilities Committee Meeting

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott, Deputy Chief Financial Officer

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

San Antonio Water System (SAWS) 2022 Rate Study

SUMMARY:

Briefing by SAWS on the status of the 2022 Rate Study including a review of the 2022 cost of service analysis, the existing rate structure, the Rate Advisory Committee process and progress to-date.

BACKGROUND INFORMATION:

SAWS periodically undertakes a rate study to ensure that the rates charged adhere to cost of service principals and reflect utility and community objectives. The rate study is conducted with the assistance of a national rate consultant and the SAWS Rate Advisory Committee ("RAC"), a special purpose advisory committee appointed by the SAWS Board of Trustees.

The last completed rate study was done in 2015, with the approved rate design recommendations going into effect in 2016. In 2019, SAWS began a new rate study, however, this study was indefinitely suspended in March 2020 due to the COVID 19 pandemic.

In September 2021, the SAWS Board of Trustees awarded a contract to Carollo Engineers, Inc. (“Carollo”) to perform a new rate study. The scope of services to be provided by Carollo include:

1. Determination of the appropriate test year for the study,
2. Allocation of cost to provide service to various customer classes (“Cost of Service Analysis”), and
3. Development of fair and equitable rate structure alternatives that recover revenue requirements for the test year (“Rate Design Study”)

In February 2022, the SAWS Board appointed 21 members to the 2022 RAC. SAWS staff solicited nominations for the 2022 RAC from each City Councilmember, business, civic and community organizations. In accordance with the 2022 RAC Bylaws approved by the SAWS Board of Trustees, the RAC will provide input during the Rate Design Study phase of the project with the ultimate objective of providing rate design recommendations to the SAWS Board of Trustees for water, wastewater and recycled water service. These recommendations shall be designed to fully recover the revenue requirements identified by Carollo for the test year and be based on the Cost of Service Analysis performed by Carollo and approved by the SAWS Board of Trustees.

The 2022 RAC is expected to have seven meetings from February 2022 through June 2022 to review rate structure alternatives and develop recommendations to the SAWS Board of Trustees regarding any changes to SAWS existing rate structures for water, wastewater and recycled water services.

ISSUE:

Briefing by SAWS on the status of the 2022 Rate Study including a review of the 2022 cost of service analysis, the existing rate structure, and the Rate Advisory Committee process and progress to-date.

RECOMMENDATION:

This item is for briefing purposes only