



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: October 1, 2009

TO: Natural Resources and Culture Committee - Agenda of October 7, 2009

FROM: Alex Ruiz, Assistant Public Utilities Director

SUBJECT: Monthly Update on Water Rate Model Development, Rate Recalibration, and Cost of Service Study

On November 10, 2008, the Water and Metropolitan Wastewater Departments brought before the City Council a consultant agreement with Raftelis Financial Consultants, Inc. (RFC) for the development of two new rate structuring models (Water and Wastewater), as well as additional services that may be required through the term of the contract.

This is the third monthly progress report on the development of the new Water rate model and now the rate recalibration effort. The following activities have occurred:

- RFC has analyzed previous rate model to extract historical data and to ensure that current requirements are met in the new model.
- RFC provided City with a list of data requirements. The City has supplied RFC with the requested data.
- City has met with stakeholder group to describe the ongoing rate modeling and to obtain stakeholder input to the model development.
 - Water Division will continue to host monthly stakeholder meetings through at least the remainder of 2009
- City has discussed with IROC the ongoing rate modeling and obtained comments/input on the model.
- City has reviewed two drafts of new rate model and provided RFC with comments and suggestions.
- The final version of the financial module is due to be received this week.
- City has met with stakeholder group to begin discussions on work associated with any recommendation as part of the recalibration effort.

Page 2

Natural Resources and Culture Committee – Agenda of October 7, 2009
October 1, 2009

The rate recalibration is in its initial stage and is estimated to be completed by December 2009. The next stakeholder meeting is anticipated to be an interactive session in which we will be working directly in the rate model to explore “What If” scenarios. The Cost of Service Study will begin in January 2010 and should be completed by December 2010.

In summary, the project is progressing on schedule.



Alex Ruiz

Assistant Public Utilities Director

RG/co