

commentletters

From: Eric Grubb <EricG@cvwdwater.com>
Sent: Thursday, June 18, 2015 2:02 PM
To: commentletters
Cc: Carrie Corder; Jo Lynne Russo-Pereyra
Subject: Comment Letter: Conservation Pricing



To: Jeanine Townsend, Clerk of the Board

RE: Cucamonga Valley Water District's Comments on Conservation Pricing

Thank you for the opportunity to provide comment on Conservation Water Pricing. Below are our comments to the three questions proposed in the meeting notice.

The Cucamonga Valley Water District implemented tiered water rates in 2008 to residential customers and then expanded tiered rates to all customer classes in 2010. Customers receive detailed water bills showing the amount of water used in each of the four tiers and a graph is included to compare current usage to last year's consumption. CVWD implements multi-year water rates for a number of reasons: efficiency with consultant expenses, improved predictability for customers, and efficiency with the costly Proposition 218 process. Enacting a multi-year rate schedule "holds the line" in operating and capital budgeting – we live within our means of each rate schedule. Fortunately, CVWD has been working on a new rate schedule with our consultant and we were able to quickly adapt to the new conservation mandates and establish a new drought stage that corresponds to the conservation tier CVWD was placed in by the SWRCB.

The State Water Board specifically requested input on the following questions:

Q1. What actions should the State Water Board take to support the development of conservation pricing by water suppliers that have not yet developed conservation rate structures and pricing mechanisms?

- (1) It is our opinion that the SWRCB could offer technical resources for agencies that want to consider budget-based billing. Regional partnerships or grants may save money for costly rate design (cost of service studies), aerial photography, and/or upgrades to existing information data systems to allow for more complicated billing and customer reporting. We want agencies to decide what works best for their community – local control is essential. In addition, establishing new rates takes a considerable amount of time. The timing of the SWRCB conservation mandates was very fast – much faster than a COSS study + Prop 218 hearing process.

Q2. What actions should the State Water Board take to support water suppliers that have already developed conservation rate structures and pricing mechanisms to improve their effectiveness?

- (2) CVWD believes that the SWRCB can support water suppliers who already have drought rates in place by reducing the mandatory conservation tier. CVWD's new drought rate will be enacted effective July 1, 2015 – we know that price elasticity will drive consumption savings to a high level.

Q3. What actions can the State Water Board take to assist water suppliers in demonstrating that existing rate structures harmonize competing legal authorities associated with water rates?

- (3) The implementation timeline of the SWRCB conservation mandates was very quick. The Cost of Service Study and Proposition 218 waiting period takes a minimum of six months to enact. Currently there is a huge demand for rate consultants and waiting lists are forming. CVWD would like to see the timeline of conservation mandates correspond to the actual amount of time it takes to put forth new drought rates.

Sincerely,
Eric Grubb

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