

City of Ventura

Instructions for Classification/Ranking of Pricing Objectives

Attached are two items regarding the pricing objectives for the City of Ventura (City). Attachment A lists eleven (11) potential pricing objectives and provides a description of each objective. As you will notice, one of the pricing objectives, conservation/demand management, has six sub-objectives. We are asking each of you to use Attachment B to help you prioritize the pricing objectives.

Attachment B, "Classification Worksheet", has two sections. In Section I, you should classify, by marking the appropriate box, each of the twelve objectives as one of the following: "Most Important", "Very Important", "Important", or "Least Important". In recognition of the fact that it would not provide for appropriate prioritization if all of the objectives are classified as Most Important or Very Important, you may only classify two (2) objectives as Most Important and three (3) objectives as Very Important. You may classify as many objectives as you wish as Important or Least Important.

In Section II, you should rank, in order of importance, the six sub-objectives of Conservation/Demand Management. Use "1" to indicate the most important sub-objective and "6" for the least important sub-objective.

It should be recognized that this worksheet is only an exercise to help facilitate discussions regarding the prioritization of pricing objectives, and will by no means be the only form of input that you will have in determining the pricing objectives that will guide the rate setting process.

Description of Potential Pricing Objectives for **City of Ventura**

Pricing Objective	Description
Cost of Service Based Allocations	The rate structure should ensure that each customer class is contributing equitably towards revenue requirements based upon the costs of providing service to each customer class.
Minimization of Customer Impacts	The rate structure should be developed such that adverse rate impacts on each customer class are minimized.
Equitable Contributions from New Customers	New customers should be responsible for the capital costs of providing them service.
Economic Development	The rate structure should incorporate a preferential rate that may be used to attract economic development to Mammoth.
Rate Stability	The rate structure should minimize dramatic rate increases or decreases over the planning period.
Affordability	The rate structure should not overly burden low volume customers.
Simple to Understand and Update	The rate structure should be easy for City customers to understand, utilizing a moderate level of educational tools. In addition, the rate structure should be able to be effectively maintained by City staff in future years.
Ease of Implementation	The rate structure should be compatible with City' billing system. In addition, the rate structure should allow for the continuation of existing management and system reports.
Defensibility	The rate structure should be consistent with the rate setting methodologies provided by AWWA and applicable laws, in order to ensure that rates are defensible if challenged in court.
Revenue Stability	The rate structure should provide for a steady and predictable stream of revenues to the utility such that the utility is capable of meeting its current financial requirements.
Conservation/Demand Management	The rate structure should encourage water conservation as well as assist in managing system demand.
Sub-Objectives	<ul style="list-style-type: none"> · Reward Economically Efficient Water Users · Surcharge Nonessential and Non-efficient Water Use · Communicate Conservation Consciousness · Reduce Peak Consumption · Reduce Seasonal Consumption · Reduce Total Consumption

Classification Worksheet

	Classification of Pricing Objectives			
	Most Important (Maximum of 2)	Very Important (Maximum of 3)	Important	Least Important
Cost of Service Based Allocations				
Minimization of Customer Impacts				
Equitable Contributions from New Customers				
Economic Development				
Rate Stability				
Affordability				
Simple to Understand and Update				
Ease of Implementation				
Defensibility				
Revenue Stability				
Conservation				

Demand Management Sub-objectives:

- Reward Economically Efficient Water Users
- Surcharge Nonessential and Non-efficient Usage
- Communicate Conservation Consciousness
- Reduce Peak Consumption
- Reduce Seasonal Consumption
- Reduce Total Consumption

Rankings

1 = most important

Your Name (optional): _____

a.