



February 13, 2017

The Honorable David Alvarez
Chairman, Environment Committee
202 C Street
San Diego, CA 92101

Dear Chairman Alvarez and Honorable Councilmembers,

On behalf of the member organizations of the Water Reliability Coalition, we encourage the Environment Committee to take the following actions in response to the *UCAN Proposal for an Independent Water Rate Consultant*:

Accept Recommendations #2, #3 and #4 from the Office of the Independent Budget Analyst Report Number 17-06 dated February 9, 2017. Those include:

- Request PUD include additional Council and IROC outreach as part of the scope of work of future COSS consultant contracts. (Recommendation #2)
- Request PUD and the IBA work with appropriate Council staff and other entities to develop a Council Policy or ordinance that requires increased transparency and access to information during future rate cases. (Recommendation #3)
- Request PUD provide an update on the status of its evaluation of the existing tiered rate structure. (Recommendation #4)

To the WRC and other observers, the 2015 rate case experience made clear the need to engage stakeholders earlier in the rate design process, and more frequently. A lack of involvement at the outset of rate development, when key assumptions and methodology decisions are made, negatively impacts the ability of the Council and stakeholders to provide critical input on policy direction. The WRC would like to work with the Council, IBA, UCAN, PUD staff and stakeholders to develop a process that maximizes transparency, enhances accountability, provides education (on rate development processes and legal constraints), and improves communication and responsiveness to ratepayers and stakeholders. This new process should last beyond the next rate case and become formal policy.

We believe an independent water rate consultant, as proposed by UCAN or the IBA's Office, is an unnecessary expenditure that could lead to confusion and distrust of the PUD and City. Recommendations #2 and #3 provide a process that should address the concerns that led to the proposal for an independent water rate consultant.

Thank you for considering our input on this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. O'Malley".

Matt O'Malley
WRC Co-Chair

A handwritten signature in blue ink, appearing to read "S. Karafin".

Sean Karafin
WRC Co-Chair

WRC

WATER RELIABILITY COALITION

