



Utility Rate Study

City of Corona



COUNCIL WORKSHOP 1

MAY 1, 2024

Agenda

- Study Objectives
- Rate Development Process
- Policy Objectives
- Schedule

The Ask

City Council review the ranking of policy objectives for each utility and affirm the top three objectives

Study Objectives

- Determine City goals for the Study
- Engage stakeholders and garner buy-in for proposed rates and fees
- Ensure financial stability for each utility – how much revenue is needed?
- Proportionally allocate cost of service – who is covering the costs?
- Design rates and fees that achieve City goals – how will we collect the revenue?
- Satisfy Proposition 218 and 26 requirements

Rate Study at a Glance

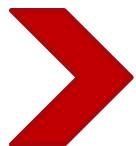
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2



3



4

Rate Setting Framework

- Financial goals and policies
- Pricing objectives

Financial Plan

- Evaluation of CIP and financing options
- Cash flow analysis for financial sufficiency

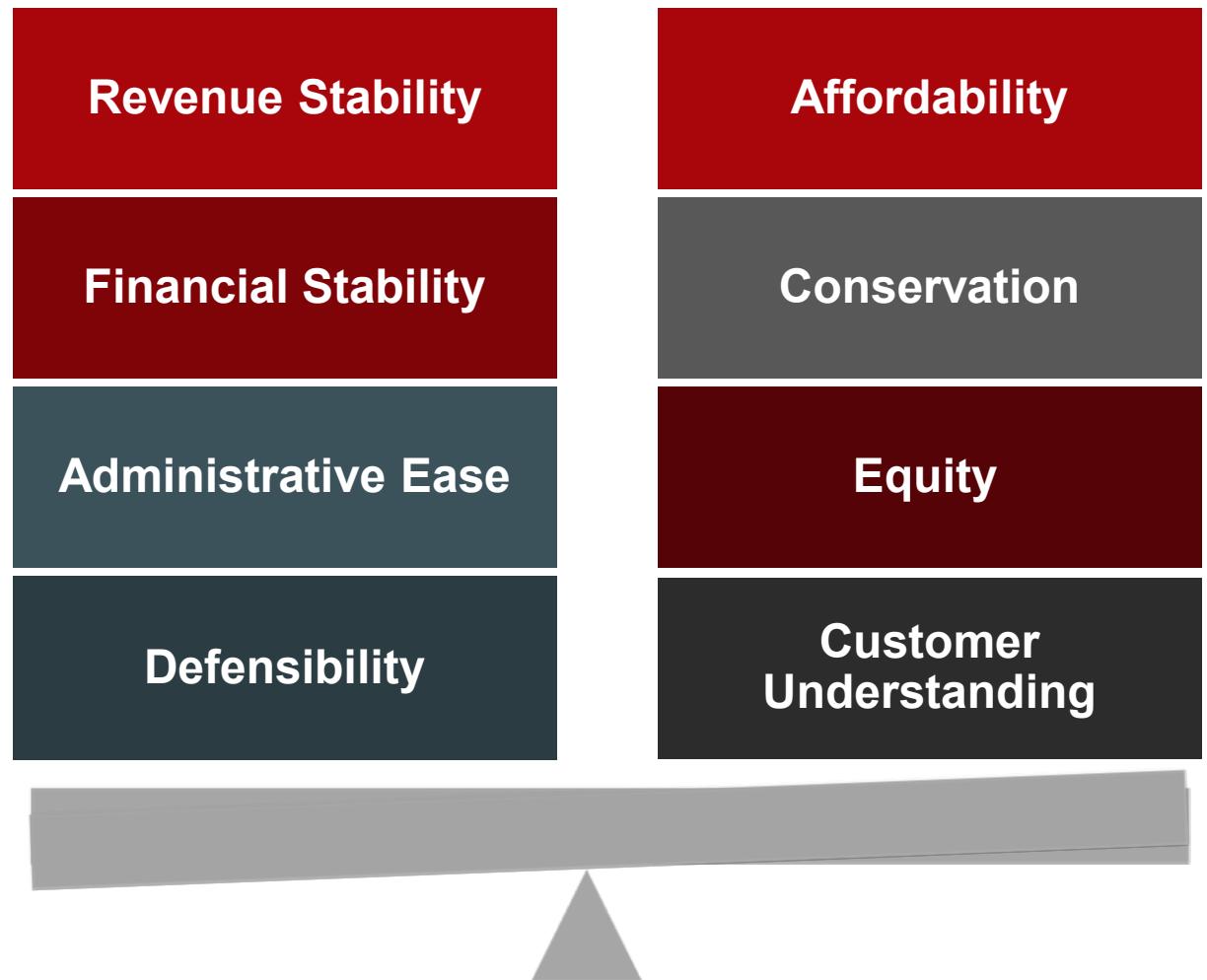
Cost of Service & Rate Design

- Cost allocations
- Rate design
 - Rate calculations
 - Customer impact analyses

Final Rate Adoption

- Report
- Prop 218 Notice
- Public Hearing

Balancing Competing Pricing Objectives



Which objectives are the most important to, you, the City Council?

- Reducing total water use
- Infrastructure resiliency
- Reducing outdoor water use
- Maintaining revenue stability to ensure financial sufficiency
- Rates as a drought management tool
- Allowing for cost-effective administration
- Allowing easy implementation
- Enhancing customer understanding

WATER

Please rank them in order of importance.

Top 3 for Water

1. Infrastructure Resiliency
2. Enhancing Customer Understanding
3. Maintaining Revenue Stability to Ensure Financial Sufficiency

Which objectives are the most important to, you, the City Council?

- Infrastructure resiliency
- Maintaining revenue stability to ensure financial sufficiency
- Allowing for cost-effective administration
- Allowing easy implementation
- Enhancing customer understanding
- Increase residential rate equity by considering household size

SEWER

Please rank them in order of importance.

Top 3 for Sewer

1. Maintaining Revenue Stability to Ensure Financial Sufficiency
2. Infrastructure Resiliency
3. Enhancing Customer Understanding

Which objectives are the most important to, you, the City Council?

- Reduce energy usage (e.g. 4 tier increasing block rate)
- Encourage electrification (e.g. flat rate TOU)
- Rate that smooths out the electrical demand curve
- Fixed costs for solar users to be connected to the grid
- Infrastructure resiliency

ELECTRIC

Please rank them in order of importance.

Top 3 for Electric

1. Fixed costs for Solar Users to be Connected to the Grid
2. Infrastructure Resiliency
3. Rate that Smooths out the Electrical Demand Curve

The Ask

City Council review the ranking of policy objectives for each utility and affirm the top three objectives

Next Steps

- RDN team will utilize these Policy Objectives in conducting the rate study
- Develop the Financial Models to determine the amount of revenue needed to fund operating and capital projects

Proposed Schedule

- **Council Workshop 1 (policy objectives)** – May 1, 2024 (TODAY)
- **Council Workshop 2 (financial plan presentation)** – June 5, 2024
- **Council Workshop 3 (rate structure options)** – July 3, 2024
- **Council Workshop 4 (recommendations)** – August 7, 2024
- **Council Meeting Authorize Notice and Receive Report** – October 2, 2024
- **Rate Hearing** – November 20, 2024
- **Second Reading** – December 4, 2024
- **Rate Implementation** – January 2025



Any other
considerations?
