

CAC Minutes
For the meeting of January 19, 2017

CAC MEMBERS IN ATTENDANCE: Hunter Causey, Mike Cowan, Genny Klein, Joshua Baile, Loretta Pineta, Paul Aldretti, Bethany Gravell, Gary Martinez, Rich Newton

CAC MEMBERS ABSENT: John Stafford

Guests:

Tim Flynn

Denver Water Staff: Katie Knoll, Heather Stauffer

Opening Remarks, Public Comments, Agenda and Minutes

No comments from members of the public

Denver Water Update

Provided in written format to all members.

Denver Water's Integrated Resource Planning:

Sarah Dominick from Denver Water's planning department gave a presentation about Denver Water's future planning efforts. She explained that currently Denver Water's planning department is looking at creating an Integrated Resource Plan (IRP) which would establish a secure water future for customers through 2065. The focal question being "How can we best prepare our water system and enhance our resources to meet our customers' water needs as future challenges and opportunities arise?" In order to best prepare for an uncertain future planners use a method of planning called scenario planning. Wherein traditional planning uses a single prediction of the future that assumes few changes happen, scenario planning allows planners to plan and prepare for multiple futures based on many different factors. Sarah presented the CAC with a process timeline in which the planning department is currently involved in a current system assessment where they will look at the current capabilities of Denver Water's system. Once the current system assessment is complete later this year, they will begin on a gaps and opportunities analysis and estimate completing the plan around July of 2018.

2017 Rates:

Todd Cristiano introduced the CAC to Denver Water's new rates manager Fletcher Davis. Todd went over the cost of service multiplier review, determining outside of city additional charges, which was used during formation of the 2017 rates requirements. In that cost of service multiplier review rates staff look at a collaborative review of cost methodologies with

evaluation criteria based on: equity and fairness, simplicity and understandability, stability and consistency with industry practice and Charter/ contract requirements. They also take into account a regional perspective in cost allocations. They aim to simplify cost allocations and eliminate specifically assigned costs that shift cost burdens. Based in these considerations, a 19% cost-of-service multiplier with regional cost allocations, consistently applied, meets the criteria. Todd explained through graphs that showed revenue requirements and revenue sources that the total amount of revenue Denver Water needs to generate from rates in order to keep operating in 2017 is around \$272 million, about a 3.0% increase from 2016. Todd then explained that the 2016 rate structure changes help to improve revenue stability. By increasing fixed revenue Denver Water is better able to weather related volatility in revenue. He explained that the three tiered thresholds also better reflect modern demand and encourages conservation at all levels. Todd explained that by moving to a more reliable fixed charge, the overall revenue recovery doesn't change, but its reliability does, making it much easier to us to count on having adequate funds to operate the system year after year. Todd gave the example of working on commission vs. working for a salary. Your overall income may not be different, but you can rely on one over the other. A copy of the 2017 proposed rates for different customer classes was provided to CAC members in a copy of Todd's presentation. The Board of Water Commissioners approved the proposed 2017 rates which will begin to take effect in April, 2017.

CAC Business:

The CAC voted on a new Board Chair. The CAC voted to elect Joshua Baile as the new Chair and Loretta Pineda as the new Vice-Chair.

The CAC discussed the structure of the CAC and different ways to engage stakeholders. Katie Knoll of Denver Water brought a proposed 2017 schedule to the CAC which was discussed and approved by the CAC. Josh Baile brought up the idea of creating a SharePoint Portal similar to the type that Denver Water uses for the Distributors for the CAC. Denver Water staff will follow up on the idea and report back to the CAC.
