

Council Meeting Staff Report

August 17, 2016

Agenda No.:	6.B.
Indexes (Council Goals):	BCC - N/A
Presenters:	Jeff Johnson; Stephen McLin
Legislative File:	8310-16

Title

Report from the Subcommittee to Address the Timing of Rate Adjustments Related to Budget Adoption

Recommended Action

I move that the Board of Public Utilities advise the Department of Public Utilities to retain the existing rate / budget timing and annual schedule.

Staff Recommendation

n/a

Body

The BPU has had several discussions concerning the timing of rate adjustment recommendations relative to budget approval. Currently rates are discussed, approved by the BPU, and forwarded to Council in the late summer, while budgets are developed by the DPU in the fall and winter and approved by BPU and Council in the spring.

The discussions concerning rate adjustment contemplated advancing them ahead of budget approval so the budget process would know what rates it could utilize during planning. After discussing with staff, there is consensus that there might be some advantages associated with this idea, but there are also negative aspects. The primary disadvantage, is that it presupposes budget approval by both the BPU and council and somewhat forces and premature discussion about budget. The current process, allows budget to drive rates and the approved budget informs the rate discussion. Structurally it makes more sense to have a budget driven rate rather than a rate driven budget.

Alternatives

BPU could reject this motion and continue discussion or forward an alternative motion to instruct the DPU to change its planning schedule so rates are determined ahead of budgets.

Fiscal and Staff Impact

n/a

Attachments

n/a