

Rate Analyst Performance Standards

As verified by the Association, GGR will serve you to at least the following standards:

1. GGR will copy to the Association all important submittals made to you. This includes at least the following: Their service and fee proposal, their invoice(s) and their final rate analysis report package. This enables Association staff to monitor GGR's performance and the performance of the RATES Program to assure that you are being well-served.
2. GGR will respond promptly to your requests. Proposals will be offered within one week of request, usually the same day. Analyses and reports will be turned around promptly.
3. If you have specific goals you want to achieve with your system(s), GGR can probably develop rates to achieve them. However, GGR is able to develop appropriate rates for system(s) given no guidance at all, too.
4. Generally, rate analysis work should not be paid for on an hourly basis. Hours worked can be fudged. (GGR does not do that, but some might.) Lump-sum fees cannot be fudged. Therefore, unless you request otherwise, GGR's fees will be on a lump-sum basis for each package of service. For example: \$XX for the water rate analysis, \$YY for the sewer rate analysis, \$ZZ for each visit made to your location to present the analysis results and recommendations, etc.
5. GGR will provide you a discount of 25 percent from their customary rates and fees. GGR will not "jack up" fees in an attempt to recoup the discount.
6. GGR provides the following guarantee:

"You will be satisfied with our work or it is free."

After 220+ analyses, no client has invoked this guarantee so far.

7. As a part of GGR's proposal to you, they will give you copies of one or more rate analysis reports similar to what you can expect to receive.
8. GGR will provide you with a reference contact list of all clients for the past five years with enough information so you can tell which were similar to your situation, to make reference checking easier.
9. Unless you request something different, a GGR rate analysis for you will include the following:
 - o A projection of rates; incomes; costs; capital improvements; equipment repair, refurbishment and replacement needs (R&R); and all other issues that could markedly affect the system's rates and finances. Except for R&R, projections cover 10 years.

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- Capital improvement projections include an estimated schedule of when they need to be done, what they will cost in future dollars and how they will likely be paid for, with debt service calculated appropriately. If you have such a schedule, that will be used. If you do not, working with you GGR will develop one. These capital improvement costs will be incorporated into your analyses and rate calculations.
 - Assuming you desire an R&R schedule, R&R needs will be projected at least 20 years into the future. If you already have an R&R schedule, GGR will use that. If you do not, GGR will help you develop one. The schedule will include all R&R needs, their estimated costs, inflation of those costs over time and a present value calculation of the annual annuity (savings amount) needed to pay for all of those costs. In plain language, these calculations will show you how much you need to save each year in order to pay for all future R&R needs. This savings deposit will be incorporated into the rate calculations.
 - If future rates will be structured as flat rates or “proportional to use” rates, there are options concerning billed volume data. For all other rate structures, rate and income projections will be based upon billed volumes of each customer for each billing period of the test year(s), assuming such data is available from your billing program. That is almost always the case. If such data is not available, GGR can arrive at billed volumes in other ways. The point being, GGR will always use the most appropriate available usage data in order to produce the most reliable income projections possible.
10. If you desire, GGR will present its results and recommendations to your board, council or commission, and to the public so everyone can understand why rates and fees should be adjusted as recommended. Quite importantly, GGR will demonstrate how rate adjustments will affect various ratepayers. This demonstration normally shows that the recommended adjustments, usually increases, will not be as hard to absorb as most ratepayers fear. This smooths the way to enabling your utility to serve ratepayers well.