Preliminary results of the Electric Cost of Service Study were presented by consultant Mark Beauchamp of Utility Financial Solutions (UFS). Mr. Beauchamp stated that the three objectives of the discussion are: 1) Financial projections and rate track, (2) Cost of service results and (3) Cost-based rate designs. This session covered the first two with the expectation to receive general direction from the District to proceed on number (3).

The following issues were discussed during the session:

- 2 different methods of determining revenue requirements: the cash basis and the utility basis. Mr. Beauchamp used the utility basis.
- The concept of debt coverage and why a cash reserve policy is important.
- Potential components of cash reserves.
- The concept of “rate of return” or “rate financed capital” and how it applies to the District as well as what the target should be.
- Rate design objectives and considerations for the District.
- Financial projection impacts with and without rate increases.

The work session adjourned at 3:45 p.m.