

BAY AREA WATER SUPPLY & CONSERVATION AGENCY

RESOLUTION NO. 2020-02

ESTABLISHING A BALANCING ACCOUNT POLICY

WHEREAS, pursuant to Section 6.05.B.1 of the Amended and Restated Water Supply Agreement between the City and County of San Francisco and Wholesale Customers in Alameda County, San Mateo County, and Santa Clara County (WSA), at the close of each fiscal year, the difference between the amount billed to the Wholesale Customers for that fiscal year and the actual Wholesale Revenue Requirement for that fiscal year is charged to, or credited to, the Balancing Account, as appropriate; and

WHEREAS, if the Balancing Account maintains a positive balance for three successive years and represents 10 percent or more of the Wholesale Revenue Requirement for the most recent fiscal year, the Board of Directors of the Bay Area Water Supply and Conservation Agency (Agency) may direct the San Francisco Public Utilities Commission (SFPUC) to apply the positive balance to one or more of the purposes set forth in Section 6.05.B.2.a of the WSA; and

WHEREAS, Section 6.05.B.2.a provides the following purposes to which a positive balance may be applied: "(a) transfer to the Wholesale Revenue Coverage Reserve, (b) amortization of any remaining negative balance from the ending balancing account under the 1984 Agreement, (c) prepayment of the existing asset balance under Section 5.03, (d) water conservation or water supply projects administered by or through BAWSCA, (e) immediate reduction of wholesale rates, or (f) continued retention for future rate stabilization purposes"; and

WHEREAS, in the absence of a direction from the Agency, the SFPUC will continue to retain the balance for rate stabilization; and

WHEREAS, in the event the Agency chooses to direct application of a positive balance in the Balancing Account, it is a prudent governance measure to require the Board of Directors to make written findings justifying the allocation of the positive balance.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Bay Area Water Supply and Conservation Agency as follows:

1. In advance of taking action to apply all or a portion of the positive balance of the Balancing Account in accordance with Section 6.05.B.2.a of the WSA, the Board of Directors must adopt findings to support such action.
2. The Board must make written findings that reasonably demonstrate that applying all or a portion of the positive balance to the selected purpose(s) is in the best interests of the Wholesale Customers and the ultimate water customers taking into consideration the following considerations set forth in the WSA:
 - a) Projected annual Wholesale Rates for the next five fiscal years;
 - b) Wholesale Revenue Coverage Reserve;

- c) Existing unpaid asset balance(s) under Section 5.03 of the WSA;
- d) Funding requirements and sources for water conservation or water supply projects administered by the Agency and an analysis comparing the use of the Balancing Account funds compared to implementing a Water Management Charge per WSA Section 3.06.A; and
- e) Any other factor(s) the Board of Directors determines are relevant to deciding whether to apply all or part of the positive balance to a purpose specified in 6.05.B.2.a of the WSA.

The findings must be in writing, address consideration of the factors stated above, and be adopted by the Board of Directors at a regular meeting.

PASSED AND ADOPTED, this 17 day of Sept. 2020 by the following vote:

AYES: Benton, Breault, Chambers, Cormack, Davis, Hindi, Jordan, Keith, Kuta, Larsson, Manalo, Matichak, Mendall, Mickelsen, Moody, O'Mahony, Pierce, Quigg, Vella, Weed, Wood, Zigterman

NOES:

ABSENT:


Chair, Board of Directors

ATTEST:


Secretary