

Number: **BP 030**

Related Admin. Procedure AP 030

Authority: Board of Directors

Effective: July 6, 2017

Revised: September 7, 2023

Reviewed: August 1, 2023

Initiating Dept./Div.: Administration/Finance



BOARD POLICY

COST OF SERVICE STUDIES

PURPOSE

Central San, as a public utility, calculates and sets rates based on the cost of providing services to customers. The State of California Government Code, including Sections 54999.7 and 53756 has the effect to require that public agencies periodically conduct a cost-of-service study for both capital charges and sewer service fees. This policy directs the District to comply with these requirements. An accompanying administrative procedure provides other guidance related to the need to ensure adequate cost support exists for changes in the District's rates.

POLICY

- I. A new or updated cost of service study shall be prepared not less frequently than required by California law and may be appropriate more frequently in certain circumstances, to be assessed by staff each time rate changes are proposed. Staff shall report to the Board at the time of the proposed rate change on whether the most recent Cost of Service study and applicable updates remain a valid basis for the proposed rates. An administrative procedure addressing this assessment is maintained by the General Manager.
- II. A cost-of-service study or update addressing rates subject to Proposition 218 shall generally be conducted not less than once every five years. This policy is also consistent with state law specifying that any public agency providing utility service to a public school or other public agency must perform a cost-of-service study not less than once every ten years.

[Original Retained by the Secretary of the District]