



Review of Reserve Policies

Finance & Insurance Committee

Item 7a

February 13, 2012

Review of Reserve Policies

- Review of policies is currently underway
- Current method was adopted with the 1999 Long Range Finance Plan
 - Minimum of 18 months of rate protection
 - Maximum of 3.5 years of rate protection
 - Goal is to provide stable and predictable water rates and charges

Review of Reserve Policies

- **Considerations**
 - Policy should address water sales volatility
 - Policy should complement more conservative budgeting of water sales
 - Clearly identify use of funds over reserve target
 - PAYG; OPEB; Storage Replenishment
- **Review of Other Fund Policies**