**WPCAG Workgroup Proposal**

**Topic**

Conservation Pricing and Rate Recovery Analysis

**Background**

This workgroup was proposed as part of a discussion following a report from the Drought Workgroup to the Implementation Workgroup in 2019 about water utilities often having to choose between generating revenue and encouraging their customers to conserve water on a daily basis and implementing restrictions during drought. While some incentives have provided solutions to some water utilities, not all utilities can take advantage of the incentives for various reasons.

Since that time, the Alliance for Water Efficiency conducted a rate setting workshop and provided information on the implementation of year round conservation and development of a suitable rate structure. This information will be used as part of this analysis.

**Purpose**

To provide a report that identifies the various regulatory and operational barriers that prevent various categories of utilities from taking advantage of conservation pricing and setting rates that would stabilize revenues while a year round conservation ethic is encouraged. This report is meant to build on the workshop hosted by the Alliance for Water Efficiency.

**Scope**

Identify regulatory and operational barriers that prevent all utilities from taking advantage of conservation pricing programs and various rate setting tools. This work will complement the broader topic of drought resiliency and year round conservation work that is being explored in the WUCC implementation process.

**Workgroup membership**

The workgroup is open to all who have an interest in the subject matter but should include various stakeholder groups.

**Existing Resources**

Report from previous conservation pricing workgroup