

Joint Committee on Austin Water Utility's Financial Plan

Committee Final Recommendations: Rate Structure & Financial Policies

Recommendation Item #1 – Rate Structure:

The Joint Committee on Austin Water Utility's Financial Plan recommends, for Council consideration, the following fixed fee, volumetric rate, and reserve fund policies for Austin Water Utility (AWU):

Current \$7.10 per Meter Equivalent Minimum Charge

- Item 1.1: The monthly meter-size based minimum charge (currently \$7.10 for a 5/8" meter) including the cost of service based components of customer charge, equivalent meter charge, and fire protection will continue to be charged the same for all customer classes. The minimum charge could continue to adjust accordingly for rate increases and to maintain cost of service.
- Item 1.2: The stakeholder and Staff participants in the next formal cost of service process are encouraged to convert any capital-based portion of the minimum charge (if any is included in the cost of service update) to one based on American Water Works Association (AWWA) meter hydraulic equivalents as used in the City's water and wastewater Impact Fee Ordinance.

Current Water Revenue Stability Fee

- Item 1.3: AWU should redesign the current meter-size-based revenue stability fee for residential customers and replace it with a tiered fee that would charge less for customers using less water and more for customers using more water, as described below.
- Item 1.4: The current revenue stability fee for non-residential customers should be redesigned and replaced with a new meter-based fixed fee appropriate for each customer class as described below.

New Tiered Minimum Water Charge (Residential)

- Item 1.5: AWU should redesign the Revenue Stability Fee ("RSF") as a tiered minimum water charge that is based on 5 tiers in which the consumption levels of the tiers are the same as the 5 volumetric rate blocks.
- Item 1.6: The tiered minimum water charge should be based on monthly water usage. The tiered minimum water charge would be charged for those bills that fall within a rate block, not a volumetric charge per 1,000 gallons.
- Item 1.7: The dollar amounts of the tiered minimum water charge would be smaller for the lower water use blocks and larger for the higher water use blocks.
- Item 1.8: Blocks 1-3 should have different fixed charges for each block, and blocks 4-5 should have the same fixed charge in order to reduce volatility of the tiered minimum water charge revenue.
- Item 1.9: The amounts for the tiered minimum water charge would start at approximately \$1.50 for block 1 and increase to approximately \$10.00 for blocks 4-5. See Attachment A, as a reference of the tiered minimum charge design and application that is proposed (based on FY2011-12 budget requirements). These amounts would be adjusted for future budget years to attain fixed revenue goals for the residential water class (See "Fixed Revenue Goals" section).

New Minimum Water Charge (Non-Residential)

- Item 1.10: Multifamily and commercial customers should be assessed a meter-size-based fixed charge that would be sufficient to meet target fixed revenue for the classes. The conversion factors for various meter sizes should be based on AWWA hydraulic equivalencies as used in the City's water and wastewater Impact Fee Ordinance (See "Fixed Revenue Goals" section).
- Item 1.11: Since large volume and wholesale customers have individual water rates for each customer based on their individual cost of service, a new minimum water charge should be determined for each large volume and wholesale customer equivalent to each class' annual fixed revenue responsibility divided by 12 months.

Fixed Revenue Goals for Water

- Item 1.12: The water fixed revenue goal for the AWU should be 20% of the total water revenue requirements.
- Item 1.13: The fixed revenue requirements, above the current monthly \$7.10 minimum charge revenue, to meet the 20% fixed water revenue goal should be allocated to each customer class based on the customer classes' relative water cost of service.
- Item 1.14: For example, for FY 2012, the target fixed revenue for the Residential class would have been 25.3%; the target for Multifamily would have been 17.8%; the target for Commercial would have been 16.3%; the target for Large Volume would have been 11.5%; and the target for Wholesale would have been 11.0%.

Volumetric Rates for Water

- Item 1.15: The current volumetric rate block consumption intervals should be replaced with new volumetric rate block intervals. Those intervals should be based on:
- Tier 1 – Bottom 10% of residential water customers according to volumes purchased
 - Tier 2 – Capped at approximately average winter residential water use per month
 - Tier 3 – Capped at approximately average summer residential water use per month
 - Tier 4 – Remainder of customers not in the other three tiers
 - Tier 5 - Top 10% of residential water customers according to volumes purchased
- Item 1.16: The initial new rate block intervals for FY2012-13 should be as follows, based on the above criteria:
- Tier 1: 0 – 2,000 gals.
 - Tier 2: 2,001 – 6,000 gals.
 - Tier 3: 6,001 – 11,000 gals.
 - Tier 4: 11,001 – 20,000 gals.
 - Tier 5: Over 20,000 gals.
- Item 1.17: Block intervals may be adjusted from time to time, consistent with block descriptions presented above, if AWU determines that patterns of usage have changed sufficiently to require adjustment to remain consistent with the criteria above for block breaks.
- Item 1.18: Block 1 rates should initially be set at approximately \$1.25 and block 5 rates should be set at approximately \$12.25, an \$11.00 variance between blocks 1 and 5 (based on the FY2011-12 budget). These amounts would adjust accordingly for rate increases and to maintain cost of service.

- Item 1.19: Volumetric residential rates for Blocks 3-5 should not be set below the average volumetric cost of water per 1,000 gallons. Only water sold in Blocks 1 and 2, which constitute on average a generous provision for essential water (as opposed to discretionary use of water) might be sold below average volumetric cost
- Item 1.20: Volumetric residential rates in Block 3 should be lower than rates for Blocks 4 and 5 to provide some amount of discretionary water use at less than premium rates to be charged in Blocks 4 and 5.
- Item 1.21: Volumetric residential rates should be designed in such a manner as to not concentrate bill impacts on a narrow range of users in Blocks 1-3, according to amount of water used (such as, for example, large increases for those using 8,000-9,000 gallons while other users in Blocks 1-3 have much lesser increases).
- Item 1.22: In future rate increases based on these new volumetric rate intervals, AWU should propose rates that maintain or minimize the increase in the dollar variance between blocks 1 and 5.

New Water Revenue Stability Reserve Fund (“Reserve Fund”)

- Item 1.23: AWU should create a Revenue Stability Reserve Fund to be used to offset revenue shortfalls where actual revenue is less than budgeted revenue for a particular fiscal year.
- Item 1.24: The target funding level for the Reserve Fund is 120 days of the budgeted operating requirements of Austin Water Utility which includes operations and maintenance and other operating transfers, but excludes debt service and other transfers. In FY 2012, 120 days of operating and maintenance and other operating transfers equals \$34,520,852.
- Item 1.25: Upon creation of the Reserve Fund, the goal to reach the target funding level will be no later than 5 years (by the end of FY2016-17 if no withdrawals are made prior to the end of that fiscal year). In FY 2017, 120 days of operating and maintenance and other operating transfers is projected to equal \$45,100,000.
- Item 1.26: Funding for the Reserve Fund may be provided from the following sources:
 - a. Reserve Fund Surcharge – a volumetric Reserve Fund Surcharge could be charged to all customer classes, in the same amount per 1,000 gallons of water sold for all classes, in order to build or replenish the Reserve Fund to target levels.
 - b. Excess Operating Cash Balances – any operating cash balances in excess of 60 days of budgeted operating requirements at the end of each fiscal year may be transferred to build or replenish the Reserve Fund to target levels.
 - c. Other Sources – available cash balances from other Utility sources may be transferred to build or replenish the Reserve Fund to target levels.
- Item 1.27: The City Council must approve any Reserve Fund utilization through a separate action.
- Item 1.28: The Reserve Fund shall only be used to offset a current year water service revenue shortfall where actual water service revenue is less than the budgeted level by 10% or greater.
- Item 1.29: The maximum use of the Reserve Fund in any fiscal year should be no more than 50% of the existing balance at the time of request for Council action.
- Item 1.30: In the event that any portion of the Reserve Fund is used, the balance should be replenished to the target levels within 5 years, provided that if the fund is drawn down during the first 5-year development period the reserve fund surcharge shall not be lower than it was during the year in which the draw-down occurred until such time as the fund reaches its 120 days of operating costs.

Water Reserve Fund Surcharge

- Item 1.31: A water volumetric Reserve Fund Surcharge per 1,000 gallons of water used shall be charged to all customer classes to build or replenish the Reserve Fund to target levels.
- Item 1.32: When the target levels of the Reserve Fund are reached, the Reserve Fund Surcharge shall be reduced to levels sufficient to only maintain the 120 days of operating requirements as may be necessitated by changes in budgeted operating costs over time.
- Item 1.33: The surcharge revenue collected to build or replenish the Reserve Fund shall not be included in the general fund transfer calculation for Austin Water Utility. Moreover, the general fund transfer calculation should also include a revenue offset in the amount of the Austin Water Utility's annual transfer to the City's Sustainability fund.
- Item 1.34: All interest earned by the Reserve Fund account should remain in the Reserve Fund in order to offset funding and replenishment requirements and to minimize rate impacts for water customers.

Recommendation Item #2 – Financial Metrics:

The Joint Committee on Austin Water Utility's Financial Plan recommends, for Council consideration, the following financial metric policies for Austin Water Utility:

Financial Metrics

- Item 2.1: The Austin Water Utility should strive to maintain an operating cash reserve equivalent to a minimum of 60 days of budgeted operations and maintenance expenses.
- Item 2.2: Encourage staff to educate financial professionals about the new reserve fund in an attempt to improve AWU's financial position with as little rate impact as possible.

Recommendation Item #3 – Other Policies:

The Joint Committee on Austin Water Utility's Financial Plan recommends, for Council consideration, the following policies for Austin Water Utility:

Other Recommendations

- Item 3.1: Impact Fees: Adopt an impact fee policy that calculates the maximum impact fee allowed by law. Consider the elimination of the current zone discount policy that has the effect of subsidizing infrastructure for new development.
- Item 3.2: Service Extension Requests (SER): Consider revising the SER Ordinance with the goal of reducing subsidies for new infrastructure to serve new growth. This includes eliminating cost reimbursement and calculating all SERs under the cost participation formula.
- Item 3.3: Green WTP sale proceeds: Reconsider directing the proceeds from the sale of the Green WTP land in order that the money from the sale is directed to the Austin Water Utility in an amount equivalent to the costs to replace the treatment capacity at Green WTP. These funds can be used by AWU to establish the Revenue Stability Reserve Fund.
- Item 3.4: Water Budget: Recommends the Austin City Council consider directing staff to work with the Water and Wastewater Commission Budget Subcommittee to evaluate cost savings options to reduce expenditures with the intent to offset the water rate and fee increases.

Attachment A

Rate Design Model – Option A

Page 1:	Rate Design Summary
Page 2:	Approved 2012 Water Rates
Page 3:	Option Rate Summary – Residential
Page 4:	Option Rate Summary – Non-Residential
Page 5:	Option Revenue Summary
Page 6:	Option Bill Comparisons – Residential
Page 7:	Cost of Service Breakeven Bill Analysis – Residential
Page 8:	Option Bill Comparison – Multifamily & Commercial
Page 9:	Option Bill Comparison – Large Volume & Wholesale
Page 10:	Volatility Comparison

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Option Results Summary

Minimum Charge: All Retail Classes	
Meter Size	Minimum Charge
5/8"	\$ 7.10
3/4"	\$ 10.00
1"	\$ 11.80
1 1/2"	\$ 17.80
2"	\$ 25.80
3"	\$ 55.00
4"	\$ 95.00
6"	\$ 190.00
8"	\$ 840.00
10"	\$ 890.00
12"	\$ 940.00

Residential Water Rates					
New Tiered Minimum Charge: Total Water Use Ending in Tier			Volumetric Rates Rates Per 1,000 Gallons		
Tier 1	0 - 2,000	\$ 1.50	Block 1	0 - 2,000	\$ 1.25
Tier 2	2,001 - 6,000	\$ 2.50	Block 2	2,001 - 6,000	\$ 2.50
Tier 3	6,001 - 11,000	\$ 4.40	Block 3	6,001 - 11,000	\$ 5.00
Tier 4	11,001 - 20,000	\$ 10.00	Block 4	11,001 - 20,000	\$ 9.50
Tier 5	Over 20,000	\$ 10.00	Block 5	Over 20,000	\$ 12.25

Volatility Measure	
Revenue Losses at 2010 Consumption Levels	
Approved Rates	\$ (38.20) Million
Option Rates	\$ (35.06) Million
Volatility Measure	\$ 3.14 Million
Positive equals less volatility and lower potential revenue losses	
Negative equals more volatility and higher potential revenue losses	

Residential Breakeven Point
 Consumption level where bill at option rates equal bill at average cost of service volume rate of \$4.36 per 1,000 gallons
 13,100 gallons

Residential Bill Comparisons

Monthly Usage Gallons 5/8" Meter	2012 Approved Rates				Projected Water Rates				Reserve Fund Surcharge	Total Bill With Surcharge	Variances	
	Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill	Minimum Charge	New Tiered Min. Charge	Volumetric	Bill w/o Surcharge			Total Bill \$ Variance	Total Bill % Variance
0	\$ 7.10	\$ 4.40	\$ -	\$ 11.50	\$ 7.10	\$ 1.50	\$ -	\$ 8.60	\$ -	\$ 8.60	\$ (2.90)	-25.2%
1,000	\$ 7.10	\$ 4.40	\$ 1.17	\$ 12.67	\$ 7.10	\$ 1.50	\$ 1.25	\$ 9.85	\$ 0.18	\$ 10.03	\$ (2.64)	-20.8%
2,000	\$ 7.10	\$ 4.40	\$ 2.34	\$ 13.84	\$ 7.10	\$ 1.50	\$ 2.50	\$ 11.10	\$ 0.36	\$ 11.46	\$ (2.38)	-17.2%
5,000	\$ 7.10	\$ 4.40	\$ 11.58	\$ 23.08	\$ 7.10	\$ 2.50	\$ 10.00	\$ 19.60	\$ 0.90	\$ 20.50	\$ (2.58)	-11.2%
6,000	\$ 7.10	\$ 4.40	\$ 14.66	\$ 26.16	\$ 7.10	\$ 2.50	\$ 12.50	\$ 22.10	\$ 1.08	\$ 23.18	\$ (2.98)	-11.4%
7,727	\$ 7.10	\$ 4.40	\$ 21.72	\$ 33.22	\$ 7.10	\$ 4.08	\$ 20.17	\$ 31.35	\$ 1.39	\$ 32.74	\$ (0.48)	-1.4%
9,000	\$ 7.10	\$ 4.40	\$ 23.90	\$ 35.40	\$ 7.10	\$ 4.40	\$ 27.50	\$ 39.00	\$ 1.62	\$ 40.62	\$ 5.22	14.7%
15,000	\$ 7.10	\$ 4.40	\$ 71.42	\$ 82.92	\$ 7.10	\$ 10.00	\$ 75.50	\$ 92.60	\$ 2.70	\$ 95.30	\$ 12.38	14.9%
25,000	\$ 7.10	\$ 4.40	\$ 180.92	\$ 192.42	\$ 7.10	\$ 10.00	\$ 184.25	\$ 201.35	\$ 4.50	\$ 205.85	\$ 13.43	7.0%
30,000	\$ 7.10	\$ 4.40	\$ 241.87	\$ 253.37	\$ 7.10	\$ 10.00	\$ 245.50	\$ 262.60	\$ 5.40	\$ 268.00	\$ 14.63	5.8%
60,000	\$ 7.10	\$ 4.40	\$ 607.57	\$ 619.07	\$ 7.10	\$ 10.00	\$ 613.00	\$ 630.10	\$ 10.80	\$ 640.90	\$ 21.83	3.5%

Residential Bill Comparisons - Customer Assistance Program Customers

Monthly Usage Gallons 5/8" Meter	2012 Approved Rates				Projected Water Rates				Reserve Fund Surcharge	Total Bill With Surcharge	Variances	
	Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill	Minimum Charge	New Tiered Min. Charge	Volumetric	Bill w/o Surcharge			Total Bill \$ Variance	Total Bill % Variance
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ -	\$ -	0.0%
1,000	\$ -	\$ -	\$ 1.17	\$ 1.17	\$ -	\$ -	\$ 1.25	\$ 1.25	\$ 0.18	\$ 1.43	\$ 0.08	6.8%
2,000	\$ -	\$ -	\$ 2.34	\$ 2.34	\$ -	\$ -	\$ 2.50	\$ 2.50	\$ 0.36	\$ 2.86	\$ 0.16	6.8%
5,000	\$ -	\$ -	\$ 11.58	\$ 11.58	\$ -	\$ -	\$ 10.00	\$ 10.00	\$ 0.90	\$ 10.90	\$ (1.58)	-13.6%
6,000	\$ -	\$ -	\$ 14.66	\$ 14.66	\$ -	\$ -	\$ 12.50	\$ 12.50	\$ 1.08	\$ 13.58	\$ (2.16)	-14.7%
7,727	\$ -	\$ -	\$ 21.72	\$ 21.72	\$ -	\$ -	\$ 20.17	\$ 20.17	\$ 1.39	\$ 21.56	\$ (1.55)	-7.2%
9,000	\$ -	\$ -	\$ 23.90	\$ 23.90	\$ -	\$ -	\$ 27.50	\$ 27.50	\$ 1.62	\$ 29.12	\$ 3.60	15.1%
15,000	\$ -	\$ -	\$ 71.42	\$ 71.42	\$ -	\$ -	\$ 75.50	\$ 75.50	\$ 2.70	\$ 78.20	\$ 4.08	5.7%
25,000	\$ -	\$ -	\$ 180.92	\$ 180.92	\$ -	\$ -	\$ 184.25	\$ 184.25	\$ 4.50	\$ 188.75	\$ 3.33	1.8%
30,000	\$ -	\$ -	\$ 241.87	\$ 241.87	\$ -	\$ -	\$ 245.50	\$ 245.50	\$ 5.40	\$ 250.90	\$ 3.63	1.5%
60,000	\$ -	\$ -	\$ 607.57	\$ 607.57	\$ -	\$ -	\$ 613.00	\$ 613.00	\$ 10.80	\$ 623.80	\$ 5.43	0.9%

Assumptions

2012 Approved Water Revenue with New Tiered Minimum Water Charge and Fixed Revenue at 20% of Total Rev.
 - New rate blocks based on rate consultant's Karen Keese general recommendations on block design
 - 0 - 2,000 gals, 2,001 - 6,000 gals, 6,001 - 11,000 gals, 11,001 - 20,000 gals, 20,001 and over
 - Residential volume rates maintain approximate \$11.00 spread between blocks 1 and 5
 - Residential RSF transformed into Tiered Minimum Water Charge with 5 tiers that are same as the current volume rate blocks
 - Fixed revenue goal of 20% of total revenue with goals by class based on cost of service allocation
 - \$22.3M revenue from Tiered Minimum Water Charge to meet 20% fixed revenue goal
 - Customer class fixed revenue goals based on cost of service based allocation:
 Residential 25.3% Multifamily 17.8% Commercial 16.3% Large Volume 11.5% Wholesale 11.0%
 - Residential Tiered Minimum Water Charge set at block 1 of \$1.50, block 2 at \$2.50, block 3 at \$5.00 and block 4-5 at \$10.00
 - Revenue Stability Reserve Fund created with target level of 120 days operating costs achieved over 5 years
 - Multifamily & Commercial classes keep current meter based RSF at new cost of service based allocation
 - Large Volume & Wholesale customers charged new monthly fixed fee to meet fixed revenue goals
 - Customer class volumetric rates reduced to adjust to higher Tiered Minimum Water Charge, meter based fee, or monthly fixed fee

	Fixed & Volume Revenue % by Class	
	% Fixed Revenue	% Volumetric Revenue
Residential	25.3%	74.7%
Multifamily	17.8%	82.2%
Commercial	16.3%	83.7%
Large Volume	11.5%	88.5%
Wholesale	11.0%	89.0%
Total	20.0%	80.0%

FY	Reserve Fund Surcharge for Revenue Stability Reserve Fund (Revenue in Millions)				Days of Operating Costs
	Rate Per 1,000 Gallons	Surcharge Revenue	Surcharge Cumulative Balance		
FY 2013	\$ 0.18	\$ 7.8	\$ 7.8	26	
FY 2014	\$ 0.18	\$ 7.9	\$ 15.7	49	
FY 2015	\$ 0.21	\$ 9.1	\$ 24.8	75	
FY 2016	\$ 0.21	\$ 9.1	\$ 33.9	98	
FY 2017	\$ 0.21	\$ 9.1	\$ 43.0	120	

Approved 2012 Water Rates

Minimum Charge - All Retail Classes		
Meter Size	Minimum Charge	
5/8"	\$	7.10
3/4"	\$	10.00
1"	\$	11.80
1 1/2"	\$	17.80
2"	\$	25.80
3"	\$	55.00
4"	\$	95.00
6"	\$	190.00
8"	\$	840.00
10"	\$	890.00
12"	\$	940.00

Revenue Stability Fee All Retail Classes		
Meter Size	Minimum Charge	
5/8"	\$	4.40
3/4"	\$	6.60
1"	\$	9.70
1 1/2"	\$	18.20
2"	\$	27.20
3"	\$	66.00
4"	\$	110.00
6"	\$	220.00
8"	\$	330.00
10"	\$	440.00
12"	\$	506.00

Minimum Charge - Wholesale		
Meter Size	Minimum Charge	
5/8"	\$	8.00
3/4"	\$	9.00
1"	\$	10.00
1 1/2"	\$	15.00
2"	\$	20.00
3"	\$	40.00
4"	\$	60.00
6"	\$	120.00
8"	\$	150.00
10"	\$	200.00
12"	\$	250.00

**Non-Residential Water Rates
Rate per 1,000 Gallons**

Multifamily		
Off-Peak Rates	\$	3.93
Peak Rates	\$	4.32
Commercial		
Off-Peak Rates	\$	4.69
Peak Rates	\$	5.15
Large Volume		
Freescale		
Off-Peak Rates	\$	4.41
Peak Rates	\$	4.86
Hospira		
Off-Peak Rates	\$	4.69
Peak Rates	\$	5.15
Samsung		
Off-Peak Rates	\$	4.56
Peak Rates	\$	5.02
Sematech		
Off-Peak Rates	\$	4.45
Peak Rates	\$	4.90
Spansion		
Off-Peak Rates	\$	4.54
Peak Rates	\$	5.00
University of Texas		
Off-Peak Rates	\$	4.69
Peak Rates	\$	5.15
Peak	July through October	
Off-Peak	November through June	

Wholesale		
Creedmore-Maha WSC	\$	3.42
High Valley WSC	\$	3.56
Lost Creek MUD	\$	4.01
Manor, City of	\$	2.99
Manville WSC	\$	4.74
Marsha WSC	\$	3.58
Morningside Subd.	\$	3.99
Night Hawk WSC	\$	3.52
North Austin MUD #1	\$	3.71
Northtown MUD	\$	3.57
Rivercrest WSC	\$	4.25
Rollingwood, City of	\$	4.13
Shady Hollow MUD	\$	4.14
Sunset Valley, City of	\$	3.57
Village of San Leanna	\$	3.91
Travis Co. WCID #10	\$	3.97
Wells Branch MUD	\$	3.46
Windermere Utility Co.	\$	8.24

Residential Volumetric Water Rates Rate per 1,000 Gallons		
Block 1	0 - 2,000	\$ 1.17
Block 2	2,001 - 9,000	\$ 3.08
Block 3	9,001 - 15,000	\$ 7.92
Block 4	15,001 - 25,000	\$ 10.95
Block 5	25,000 - over	\$ 12.19

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Option Rate Summary - Residential

Minimum Charge - All Retail Classes		
Meter Size		Minimum Charge
5/8"	\$	7.10
3/4"	\$	10.00
1"	\$	11.80
1 1/2"	\$	17.80
2"	\$	25.80
3"	\$	55.00
4"	\$	95.00
6"	\$	190.00
8"	\$	840.00
10"	\$	890.00
12"	\$	940.00

Reserve Fund Surcharge for Reserve Fund - All Classes	
Rate per 1,000 Gallons	
Rate / 1,000 Gallons	\$ 0.18

Residential Water Rates					
New Tiered Minimum Charge			Volumetric Rates		
Charge for Total Water Use Ending in Tier			Rate per 1,000 Gallons		
Tier 1	0 - 2,000	\$ 1.50	Block 1	0 - 2,000	\$ 1.25
Tier 2	2,001 - 6,000	\$ 2.50	Block 2	2,001 - 6,000	\$ 2.50
Tier 3	6,001 - 11,000	\$ 4.40	Block 3	6,001 - 11,000	\$ 5.00
Tier 4	11,001 - 20,000	\$ 10.00	Block 4	11,001 - 20,000	\$ 9.50
Tier 5	Over 20,000	\$ 10.00	Block 5	Over 20,000	\$ 12.25

**Option A
 Residential New Tiered Minimum Water Charge and
 Fixed Revenue at 20% of Total Revenue**

Option Rate Summary - Non-Residential

Minimum Charge - All Classes	
Meter Size	Minimum Charge
5/8"	\$ 7.10
3/4"	\$ 10.00
1"	\$ 11.80
1 1/2"	\$ 17.80
2"	\$ 25.80
3"	\$ 55.00
4"	\$ 95.00
6"	\$ 190.00
8"	\$ 840.00
10"	\$ 890.00
12"	\$ 940.00

Reserve Fund Surcharge for Reserve Fund - All Classes	
Rate per 1,000 Gallons	
Rate / 1,000 Gallons	\$ 0.18

Multifamily and Commercial Classes					
Multifamily		Commercial		Volumetric Rates	
New Minimum Water Charge		New Minimum Water Charge		Rate Per 1,000 Gallons	
Charge by Meter Size		Charge by Meter Size			
Meter Size	Minimum Charge	Meter Size	Minimum Charge		
5/8"	\$ 8.05	5/8"	\$ 7.25	Multifamily	
3/4"	\$ 12.08	3/4"	\$ 10.88	Off-Peak Rates	\$ 3.71
1"	\$ 17.71	1"	\$ 15.95	Peak Rates	\$ 4.08
1 1/2"	\$ 33.81	1 1/2"	\$ 30.45	Commercial	
2"	\$ 49.91	2"	\$ 44.95	Off-Peak Rates	\$ 4.46
3"	\$ 120.75	3"	\$ 108.75	Peak Rates	\$ 4.92
4"	\$ 201.25	4"	\$ 181.25	Off-Peak	November through June
6"	\$ 402.50	6"	\$ 362.50	Peak	July through October
8"	\$ 603.75	8"	\$ 543.75		
10"	\$ 805.00	10"	\$ 725.00		
12"	\$ 925.75	12"	\$ 833.75		

Minimum Charge - All Wholesale Classes	
Meter Size	Minimum Charge
5/8"	\$ 8.00
3/4"	\$ 9.00
1"	\$ 10.00
1 1/2"	\$ 15.00
2"	\$ 20.00
3"	\$ 40.00
4"	\$ 60.00
6"	\$ 120.00
8"	\$ 150.00
10"	\$ 200.00
12"	\$ 250.00

Large Volume Customers			
New Minimum Water Charge		Volumetric Rates	
Charge per Month		Rate Per 1,000 Gallons	
Meter Size	Minimum Charge		
Freescale	\$ 28,063.41	Freescale	
Hospira	\$ 2,886.48	Off-Peak Rates	\$ 3.91
Samsung	\$ 50,648.23	Peak Rates	\$ 4.30
Sematech	\$ 2,936.70	Hospira	
Spanson	\$ 17,566.71	Off-Peak Rates	\$ 4.28
Univ. of Tx	\$ 7,143.37	Peak Rates	\$ 4.71
		Samsung	
		Off-Peak Rates	\$ 4.03
		Peak Rates	\$ 4.43
		Sematech	
		Off-Peak Rates	\$ 4.06
		Peak Rates	\$ 4.47
		Spanson	
		Off-Peak Rates	\$ 4.04
		Peak Rates	\$ 4.44
Off-Peak	November through June	University of Texas	
Peak	July through October	Off-Peak Rates	\$ 4.46
		Peak Rates	\$ 4.91

Wholesale Customers			
	New Minimum Water Charge	Volumetric Rates	
	Per Month	Rate Per 1,000 Gallons	
Creedmore-Maha WSC	\$ 2,919.27	\$	3.03
High Valley WSC	\$ 213.71	\$	3.17
Lost Creek MUD	\$ 11,434.08	\$	3.53
Manor, City of	\$ -	\$	2.99
Manville WSC	\$ 1,352.28	\$	4.20
Marsha WSC	\$ 343.90	\$	3.19
Morningside Subd.	\$ 8.10	\$	3.85
Night Hawk WSC	\$ 341.96	\$	3.15
North Austin MUD #1	\$ 13,053.17	\$	3.30
Northtown MUD	\$ 9,050.28	\$	3.19
Rivercrest WSC	\$ 3,833.13	\$	3.80
Rollingwood, City of	\$ 5,085.90	\$	3.66
Shady Hollow MUD	\$ 9,222.73	\$	3.65
Sunset Valley, City of	\$ 3,034.64	\$	3.22
Village of San Leanna	\$ 157.70	\$	3.54
Travis Co. WCID #10	\$ 33,434.95	\$	3.50
Wells Branch MUD	\$ 17,308.60	\$	3.06
Windermere Utility Co.	\$ 387.91	\$	7.48

**Option A
 Residential New Tiered Minimum Water Charge and
 Fixed Revenue at 20% of Total Revenue**

Option Revenue Summary

FY 2012 Cost of Service Revenue Requirements

	Minimum Charge	Revenue Stability Fee	Total Fixed Revenue	Volumetric Rate Revenue	Total Revenue	% Fixed Revenue	% Volumetric Revenue
Residential	\$ 16.6	\$ 9.7	\$ 26.3	\$ 77.4	\$ 103.7	25.4%	74.6%
Multifamily	3.5	2.2	5.7	37.1	42.8	13.3%	86.7%
Commercial	4.3	3.6	7.9	55.1	63.0	12.5%	87.5%
Large Volume	0.2	0.1	0.3	12.7	13.0	2.3%	97.7%
Wholesale	0.1	-	0.1	11.7	11.8	0.8%	99.2%
Total	\$ 24.7	\$ 15.6	\$ 40.3	\$ 194.0	\$ 234.3	17.2%	82.8%

**Option A
 Revenue Summary**

	Minimum Charge	New Fixed Fee	Total Fixed Revenue	Volumetric Rate Revenue	Total Revenue	% Fixed Revenue	% Volumetric Revenue
Residential	\$ 16.6	\$ 9.7	\$ 26.3	\$ 77.5	\$ 103.8	25.3%	74.7%
Multifamily	3.5	4.2	7.6	35.2	42.8	17.8%	82.2%
Commercial	4.3	6.0	10.3	52.8	63.1	16.3%	83.7%
Large Volume	0.3	1.2	1.5	11.5	13.0	11.5%	88.5%
Wholesale	0.1	1.2	1.3	10.4	11.7	11.0%	89.0%
Total	\$ 24.7	\$ 22.3	\$ 47.0	\$ 187.4	\$ 234.4	20.0%	80.0%

**Reserve Fund Surcharge
 For Reserve Fund**

Volumetric Revenue
\$ 3.2
1.6
2.0
0.5
0.6
\$ 7.9

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Option Bill Comparisons - Residential

Residential Bill Comparisons

Monthly Usage Gallons 5/8" Meter	2012 Approved Rates				Projected Water Rates				Reserve Fund Surcharge	Total Bill With Surcharge	Variances	
	Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill	Minimum Charge	New Tiered Min. Charge	Volumetric	Bill w/o Surcharge			Total Bill \$ Variance	Total Bill % Variance
0	\$ 7.10	\$ 4.40	\$ -	\$ 11.50	\$ 7.10	\$ 1.50	\$ -	\$ 8.60	\$ -	\$ 8.60	\$ (2.90)	-25.2%
1,000	\$ 7.10	\$ 4.40	\$ 1.17	\$ 12.67	\$ 7.10	\$ 1.50	\$ 1.25	\$ 9.85	\$ 0.18	\$ 10.03	\$ (2.64)	-20.8%
2,000	\$ 7.10	\$ 4.40	\$ 2.34	\$ 13.84	\$ 7.10	\$ 1.50	\$ 2.50	\$ 11.10	\$ 0.36	\$ 11.46	\$ (2.38)	-17.2%
5,000	\$ 7.10	\$ 4.40	\$ 11.58	\$ 23.08	\$ 7.10	\$ 2.50	\$ 10.00	\$ 19.60	\$ 0.90	\$ 20.50	\$ (2.58)	-11.2%
6,000	\$ 7.10	\$ 4.40	\$ 14.66	\$ 26.16	\$ 7.10	\$ 2.50	\$ 12.50	\$ 22.10	\$ 1.08	\$ 23.18	\$ (2.98)	-11.4%
7,727	\$ 7.10	\$ 4.40	\$ 21.72	\$ 33.22	\$ 7.10	\$ 4.08	\$ 20.17	\$ 31.35	\$ 1.39	\$ 32.74	\$ (0.48)	-1.4%
9,000	\$ 7.10	\$ 4.40	\$ 23.90	\$ 35.40	\$ 7.10	\$ 4.40	\$ 27.50	\$ 39.00	\$ 1.62	\$ 40.62	\$ 5.22	14.7%
15,000	\$ 7.10	\$ 4.40	\$ 71.42	\$ 82.92	\$ 7.10	\$ 10.00	\$ 75.50	\$ 92.60	\$ 2.70	\$ 95.30	\$ 12.38	14.9%
25,000	\$ 7.10	\$ 4.40	\$ 180.92	\$ 192.42	\$ 7.10	\$ 10.00	\$ 184.25	\$ 201.35	\$ 4.50	\$ 205.85	\$ 13.43	7.0%
30,000	\$ 7.10	\$ 4.40	\$ 241.87	\$ 253.37	\$ 7.10	\$ 10.00	\$ 245.50	\$ 262.60	\$ 5.40	\$ 268.00	\$ 14.63	5.8%
60,000	\$ 7.10	\$ 4.40	\$ 607.57	\$ 619.07	\$ 7.10	\$ 10.00	\$ 613.00	\$ 630.10	\$ 10.80	\$ 640.90	\$ 21.83	3.5%

Residential Bill Comparisons - Customer Assistance Program Customers

Monthly Usage Gallons 5/8" Meter	2012 Approved Rates				Projected Water Rates				Reserve Fund Surcharge	Total Bill With Surcharge	Variances	
	Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill	Minimum Charge	New Tiered Min. Charge	Volumetric	Bill w/o Surcharge			Total Bill \$ Variance	Total Bill % Variance
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.00	\$ -	\$ -	\$ -	\$ -	0.0%
1,000	\$ -	\$ -	\$ 1.17	\$ 1.17	\$ -	\$ -	\$ 1.25	\$ 1.25	\$ 0.18	\$ 1.43	\$ 0.08	6.8%
2,000	\$ -	\$ -	\$ 2.34	\$ 2.34	\$ -	\$ -	\$ 2.50	\$ 2.50	\$ 0.36	\$ 2.86	\$ 0.16	6.8%
5,000	\$ -	\$ -	\$ 11.58	\$ 11.58	\$ -	\$ -	\$ 10.00	\$ 10.00	\$ 0.90	\$ 10.90	\$ (1.58)	-13.6%
6,000	\$ -	\$ -	\$ 14.66	\$ 14.66	\$ -	\$ -	\$ 12.50	\$ 12.50	\$ 1.08	\$ 13.58	\$ (2.16)	-14.7%
7,727	\$ -	\$ -	\$ 21.72	\$ 21.72	\$ -	\$ -	\$ 20.17	\$ 20.17	\$ 1.39	\$ 21.56	\$ (1.55)	-7.2%
9,000	\$ -	\$ -	\$ 23.90	\$ 23.90	\$ -	\$ -	\$ 27.50	\$ 27.50	\$ 1.62	\$ 29.12	\$ 3.60	15.1%
15,000	\$ -	\$ -	\$ 71.42	\$ 71.42	\$ -	\$ -	\$ 75.50	\$ 75.50	\$ 2.70	\$ 78.20	\$ 4.08	5.7%
25,000	\$ -	\$ -	\$ 180.92	\$ 180.92	\$ -	\$ -	\$ 184.25	\$ 184.25	\$ 4.50	\$ 188.75	\$ 3.33	1.8%
30,000	\$ -	\$ -	\$ 241.87	\$ 241.87	\$ -	\$ -	\$ 245.50	\$ 245.50	\$ 5.40	\$ 250.90	\$ 3.63	1.5%
60,000	\$ -	\$ -	\$ 607.57	\$ 607.57	\$ -	\$ -	\$ 613.00	\$ 613.00	\$ 10.80	\$ 623.80	\$ 5.43	0.9%

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Cost of Service Breakeven Bill Analysis - Residential

Volume Gallons	Option A Projected Rates										Residential Average Cost of Service Block Rates									
	Minimum Charge 5/8" Meter	Revenue Stability Fee	New Tiered Fixed Fee	Block 1 0 - 2 \$1.25	Block 2 2 - 6 \$2.50	Block 3 6 -11 \$5.00	Block 4 11 - 20 \$9.50	Block 5 20 + \$12.25	Total Bill	Minimum Charge 5/8" Meter	Revenue Stability Fee	New Tiered Fixed Fee	Block 1 0 - 2 \$4.36	Block 2 2 - 6 \$4.36	Block 3 6 -11 \$4.36	Block 4 11 - 20 \$4.36	Block 5 20 + \$4.36	Total Bill		
0	\$ 7.10	\$ -	\$ 1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.60	\$ 7.10	\$ -	\$ 1.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.60		
1,000	\$ 7.10	\$ -	\$ 1.50	\$ 1.25	\$ -	\$ -	\$ -	\$ -	\$ 9.85	\$ 7.10	\$ -	\$ 1.50	\$ 4.36	\$ -	\$ -	\$ -	\$ -	\$ 12.96		
2,000	\$ 7.10	\$ -	\$ 1.50	\$ 2.50	\$ -	\$ -	\$ -	\$ -	\$ 11.10	\$ 7.10	\$ -	\$ 1.50	\$ 8.72	\$ -	\$ -	\$ -	\$ -	\$ 17.32		
3,000	\$ 7.10	\$ -	\$ 2.50	\$ 2.50	\$ 2.50	\$ -	\$ -	\$ -	\$ 14.60	\$ 7.10	\$ -	\$ 2.50	\$ 8.72	\$ 4.36	\$ -	\$ -	\$ -	\$ 22.68		
4,000	\$ 7.10	\$ -	\$ 2.50	\$ 2.50	\$ 5.00	\$ -	\$ -	\$ -	\$ 17.10	\$ 7.10	\$ -	\$ 2.50	\$ 8.72	\$ 8.72	\$ -	\$ -	\$ -	\$ 27.04		
5,000	\$ 7.10	\$ -	\$ 2.50	\$ 2.50	\$ 7.50	\$ -	\$ -	\$ -	\$ 19.60	\$ 7.10	\$ -	\$ 2.50	\$ 8.72	\$ 13.08	\$ -	\$ -	\$ -	\$ 31.40		
6,000	\$ 7.10	\$ -	\$ 2.50	\$ 2.50	\$ 10.00	\$ -	\$ -	\$ -	\$ 22.10	\$ 7.10	\$ -	\$ 2.50	\$ 8.72	\$ 17.44	\$ -	\$ -	\$ -	\$ 35.76		
7,000	\$ 7.10	\$ -	\$ 4.40	\$ 2.50	\$ 10.00	\$ 5.00	\$ -	\$ -	\$ 29.00	\$ 7.10	\$ -	\$ 4.40	\$ 8.72	\$ 17.44	\$ 4.36	\$ -	\$ -	\$ 42.02		
8,000	\$ 7.10	\$ -	\$ 4.40	\$ 2.50	\$ 10.00	\$ 10.00	\$ -	\$ -	\$ 34.00	\$ 7.10	\$ -	\$ 4.40	\$ 8.72	\$ 17.44	\$ 8.72	\$ -	\$ -	\$ 46.38		
9,000	\$ 7.10	\$ -	\$ 4.40	\$ 2.50	\$ 10.00	\$ 15.00	\$ -	\$ -	\$ 39.00	\$ 7.10	\$ -	\$ 4.40	\$ 8.72	\$ 17.44	\$ 13.08	\$ -	\$ -	\$ 50.74		
10,000	\$ 7.10	\$ -	\$ 4.40	\$ 2.50	\$ 10.00	\$ 20.00	\$ -	\$ -	\$ 44.00	\$ 7.10	\$ -	\$ 4.40	\$ 8.72	\$ 17.44	\$ 17.44	\$ -	\$ -	\$ 55.10		
11,000	\$ 7.10	\$ -	\$ 4.40	\$ 2.50	\$ 10.00	\$ 25.00	\$ -	\$ -	\$ 49.00	\$ 7.10	\$ -	\$ 4.40	\$ 8.72	\$ 17.44	\$ 21.80	\$ -	\$ -	\$ 59.46		
12,000	\$ 7.10	\$ -	\$ 10.00	\$ 2.50	\$ 10.00	\$ 25.00	\$ 9.50	\$ -	\$ 64.10	\$ 7.10	\$ -	\$ 10.00	\$ 8.72	\$ 17.44	\$ 21.80	\$ 4.36	\$ -	\$ 69.42		
13,000	\$ 7.10	\$ -	\$ 10.00	\$ 2.50	\$ 10.00	\$ 25.00	\$ 19.00	\$ -	\$ 73.60	\$ 7.10	\$ -	\$ 10.00	\$ 8.72	\$ 17.44	\$ 21.80	\$ 8.72	\$ -	\$ 73.78		
14,000	\$ 7.10	\$ -	\$ 10.00	\$ 2.50	\$ 10.00	\$ 25.00	\$ 28.50	\$ -	\$ 83.10	\$ 7.10	\$ -	\$ 10.00	\$ 8.72	\$ 17.44	\$ 21.80	\$ 13.08	\$ -	\$ 78.14		
15,000	\$ 7.10	\$ -	\$ 10.00	\$ 2.50	\$ 10.00	\$ 25.00	\$ 38.00	\$ -	\$ 92.60	\$ 7.10	\$ -	\$ 10.00	\$ 8.72	\$ 17.44	\$ 21.80	\$ 17.44	\$ -	\$ 82.50		

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Option Bill Comparisons - Multifamily & Commercial

Non - Residential Bill Comparisons

Multifamily Customers

Meter Size	Monthly Usage Gallons	2012 Approved Rates			
		Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill
5/8"	30,000	\$ 7.10	\$ 4.40	\$ 121.80	\$ 133.30
1 1/2"	50,000	\$ 17.80	\$ 18.20	\$ 203.00	\$ 239.00
3"	100,000	\$ 55.00	\$ 66.00	\$ 406.00	\$ 527.00
6"	400,000	\$ 190.00	\$ 220.00	\$ 1,624.00	\$ 2,034.00
10"	800,000	\$ 890.00	\$ 440.00	\$ 3,248.00	\$ 4,578.00

Option A Projected Water Rates			
Minimum Charge	New Minimum Charge	Volumetric	Total Bill
\$ 7.10	\$ 8.05	\$ 115.01	\$ 130.16
\$ 17.80	\$ 33.81	\$ 191.68	\$ 243.29
\$ 55.00	\$ 120.75	\$ 383.37	\$ 559.12
\$ 190.00	\$ 402.50	\$ 1,533.47	\$ 2,125.97
\$ 890.00	\$ 805.00	\$ 3,066.93	\$ 4,761.93

Option A Variances	
Total Bill \$ Variance	Total Bill % Variance
\$ (3.14)	-2.4%
\$ 4.29	1.8%
\$ 32.12	6.1%
\$ 91.97	4.5%
\$ 183.93	4.0%

Commercial Customers

Meter Size	Monthly Usage Gallons	2012 Approved Rates			
		Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill
5/8"	30,000	\$ 7.10	\$ 4.40	\$ 145.30	\$ 156.80
1 1/2"	70,000	\$ 17.80	\$ 18.20	\$ 339.03	\$ 375.03
3"	150,000	\$ 55.00	\$ 66.00	\$ 726.50	\$ 847.50
6"	400,000	\$ 190.00	\$ 220.00	\$ 1,937.33	\$ 2,347.33
10"	750,000	\$ 890.00	\$ 440.00	\$ 3,632.50	\$ 4,962.50

Option A Projected Water Rates			
Minimum Charge	New Minimum Charge	Volumetric	Total Bill
\$ 7.10	\$ 7.25	\$ 138.40	\$ 152.75
\$ 17.80	\$ 30.45	\$ 322.93	\$ 371.18
\$ 55.00	\$ 108.75	\$ 692.00	\$ 855.75
\$ 190.00	\$ 362.50	\$ 1,845.33	\$ 2,397.83
\$ 890.00	\$ 725.00	\$ 3,460.00	\$ 5,075.00

Option A Variances	
Total Bill \$ Variance	Total Bill % Variance
\$ (4.05)	-2.6%
\$ (3.85)	-1.0%
\$ 8.25	1.0%
\$ 50.50	2.2%
\$ 112.50	2.3%

Churches (Actual Customers)

Meter Size	Annualized Monthly Usage Gallons	2012 Approved Rates			
		Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill
5/8"	2,158	\$ 7.10	\$ 4.40	\$ 167.10	\$ 178.60
3/4" and 1"	4,467	\$ 21.80	\$ 16.30	\$ 338.73	\$ 376.83
2 x 1 1/2"	77,417	\$ 35.60	\$ 36.40	\$ 6,884.42	\$ 6,956.42
5/8" and 1 1/2"	16,192	\$ 24.90	\$ 22.60	\$ 1,234.11	\$ 1,281.61
4 x 2" and 1 1/2"	584,700	\$ 121.00	\$ 127.00	\$ 46,461.13	\$ 46,709.13
2" and 3"	819,650	\$ 80.80	\$ 93.20	\$ 62,782.08	\$ 62,956.08

Option A Projected Water Rates			
Minimum Charge	New Minimum Charge	Volumetric	Total Bill
\$ 7.10	\$ 7.25	\$ 158.94	\$ 173.29
\$ 21.80	\$ 26.83	\$ 322.19	\$ 370.82
\$ 35.60	\$ 60.90	\$ 6,547.61	\$ 6,644.11
\$ 24.90	\$ 37.70	\$ 1,173.85	\$ 1,236.45
\$ 121.00	\$ 210.25	\$ 44,191.19	\$ 44,522.44
\$ 80.80	\$ 153.70	\$ 59,716.22	\$ 59,950.72

Option A Variances	
Total Bill \$ Variance	Total Bill % Variance
\$ (5.31)	-3.0%
\$ (6.02)	-1.6%
\$ (312.31)	-4.5%
\$ (45.16)	-3.5%
\$ (2,186.69)	-4.7%
\$ (3,005.36)	-4.8%

Schools (Actual Customers)

Meter Size	Annualized Monthly Usage Gallons	2012 Approved Rates			
		Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill
2"	79,408	\$ 25.80	\$ 27.20	\$ 5,816.29	\$ 5,869.29
1 1/2" and 3"	110,733	\$ 72.80	\$ 84.20	\$ 8,070.37	\$ 8,227.37
4"	177,383	\$ 95.00	\$ 110.00	\$ 13,529.85	\$ 13,734.85
1" and 3"	208,792	\$ 66.80	\$ 75.70	\$ 16,355.75	\$ 16,498.25
2 x 2" and 6"	1,345,375	\$ 241.60	\$ 274.40	\$ 105,007.67	\$ 105,523.67
6"	1,660,750	\$ 190.00	\$ 220.00	\$ 130,154.16	\$ 130,564.16

Option A Projected Water Rates			
Minimum Charge	New Minimum Charge	Volumetric	Total Bill
\$ 25.80	\$ 44.95	\$ 5,816.29	\$ 5,887.04
\$ 72.80	\$ 139.20	\$ 8,070.37	\$ 8,282.37
\$ 95.00	\$ 181.25	\$ 13,529.85	\$ 13,806.10
\$ 66.80	\$ 124.70	\$ 16,355.75	\$ 16,547.25
\$ 241.60	\$ 452.40	\$ 105,007.67	\$ 105,701.67
\$ 55.00	\$ 108.75	\$ 130,154.16	\$ 130,317.91

Option A Variances	
Total Bill \$ Variance	Total Bill % Variance
\$ 17.75	0.3%
\$ 55.00	0.7%
\$ 71.25	0.5%
\$ 49.00	0.3%
\$ 178.00	0.2%
\$ (246.25)	-0.2%

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Option Bill Comparisons - Large Volume & Wholesale

Non - Residential Bill Comparisons

Large Volume Customers

Customer	Monthly Usage Gallons (1,000s)	2012 Approved Rates				Option A Projected Water Rates				Option A Variances	
		Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill	Minimum Charge	New Minimum Charge	Volumetric	Total Bill	Total Bill \$ Variance	Total Bill % Variance
Freescale	54,000	\$ 2,719.83	\$ -	\$ 246,240.00	\$ 248,959.83	\$ 2,719.83	\$ 28,063.41	\$ 218,178.00	\$ 248,961.25	\$ 1.41	0.0%
Hospira	6,803	\$ 1,290.00	\$ -	\$ 32,950.21	\$ 34,240.21	\$ 1,290.00	\$ 2,886.48	\$ 30,088.32	\$ 34,264.80	\$ 24.60	0.1%
Samsung	93,000	\$ 3,870.00	\$ -	\$ 438,340.00	\$ 442,210.00	\$ 3,870.00	\$ 50,648.23	\$ 387,283.00	\$ 441,801.23	\$ (408.77)	-0.1%
Sematech	7,222	\$ 1,290.00	\$ -	\$ 33,219.25	\$ 34,509.25	\$ 1,290.00	\$ 2,936.70	\$ 30,296.91	\$ 34,523.62	\$ 14.37	0.0%
Spanion	34,059	\$ 2,429.17	\$ -	\$ 159,851.26	\$ 162,280.42	\$ 2,429.17	\$ 17,566.71	\$ 142,185.88	\$ 162,181.75	\$ (98.67)	-0.1%
University of Texas	31,486	\$ 12,949.27	\$ -	\$ 152,499.17	\$ 165,448.44	\$ 12,949.27	\$ 7,143.37	\$ 145,110.36	\$ 165,203.00	\$ (245.44)	-0.1%

Wholesale Customers

Customer	Monthly Usage Gallons (1,000s)	2012 Approved Rates				Option A Projected Water Rates				Option A Variances	
		Minimum Charge	Revenue Stability Fee	Volumetric	Total Bill	Minimum Charge	New Minimum Charge	Volumetric	Total Bill	Total Bill \$ Variance	Total Bill % Variance
Creedmore-Maha WSC	7,397	\$ 97.58	\$ -	\$ 25,296.94	\$ 25,394.53	\$ 97.58	\$ 2,919.27	\$ 22,412.20	\$ 25,429.06	\$ 34.53	0.1%
High Valley WSC	548	\$ 19.50	\$ -	\$ 1,949.25	\$ 1,968.75	\$ 19.50	\$ 213.71	\$ 1,735.71	\$ 1,968.92	\$ 0.17	0.0%
Lost Creek MUD	24,541	\$ 196.67	\$ -	\$ 98,407.57	\$ 98,604.24	\$ 196.67	\$ 11,434.08	\$ 86,628.11	\$ 98,258.86	\$ (345.38)	-0.4%
Manor, City of	10	\$ 39.00	\$ -	\$ 29.90	\$ 68.90	\$ 39.00	\$ -	\$ 29.90	\$ 68.90	\$ -	0.0%
Manville WSC	2,500	\$ 58.58	\$ -	\$ 11,850.00	\$ 11,908.58	\$ 58.58	\$ 1,352.28	\$ 10,500.00	\$ 11,910.86	\$ 2.28	0.0%
Marsha WSC	847	\$ 19.50	\$ -	\$ 3,030.92	\$ 3,050.42	\$ 19.50	\$ 343.90	\$ 2,700.73	\$ 3,064.13	\$ 13.72	0.4%
Morningside Subd.	55	\$ 19.50	\$ -	\$ 217.79	\$ 237.29	\$ 19.50	\$ 8.10	\$ 210.15	\$ 237.74	\$ 0.45	0.2%
Night Hawk WSC	901	\$ 39.00	\$ -	\$ 3,172.52	\$ 3,211.52	\$ 39.00	\$ 341.96	\$ 2,839.04	\$ 3,220.00	\$ 8.48	0.3%
North Austin MUD #1	32,233	\$ 1,296.75	\$ -	\$ 119,585.17	\$ 120,881.92	\$ 1,296.75	\$ 13,053.17	\$ 106,369.56	\$ 120,719.48	\$ (162.44)	-0.1%
Northtown MUD	23,485	\$ 1,032.50	\$ -	\$ 83,842.40	\$ 84,874.90	\$ 1,032.50	\$ 9,050.28	\$ 74,918.00	\$ 85,000.78	\$ 125.88	0.1%
Rivercrest WSC	8,373	\$ 412.83	\$ -	\$ 35,585.11	\$ 35,997.94	\$ 412.83	\$ 3,833.13	\$ 31,817.27	\$ 36,063.23	\$ 65.29	0.2%
Rollingwood, City of	11,053	\$ 350.25	\$ -	\$ 45,650.85	\$ 46,001.10	\$ 350.25	\$ 5,085.90	\$ 40,455.72	\$ 45,891.87	\$ (109.24)	-0.2%
Shady Hollow MUD	19,255	\$ 233.50	\$ -	\$ 79,713.94	\$ 79,947.44	\$ 233.50	\$ 9,222.73	\$ 70,279.20	\$ 79,735.43	\$ (212.01)	-0.3%
Sunset Valley, City of	8,855	\$ 827.63	\$ -	\$ 31,612.80	\$ 32,440.42	\$ 827.63	\$ 3,034.64	\$ 28,513.50	\$ 32,375.77	\$ (64.65)	-0.2%
Village of San Leanna	417	\$ 39.00	\$ -	\$ 1,629.17	\$ 1,668.17	\$ 39.00	\$ 157.70	\$ 1,475.00	\$ 1,671.70	\$ 3.53	0.2%
Travis Co. WCID #10	72,209	\$ 557.58	\$ -	\$ 286,668.21	\$ 287,225.79	\$ 557.58	\$ 33,434.95	\$ 252,730.16	\$ 286,722.69	\$ (503.10)	-0.2%
Wells Branch MUD	43,757	\$ 731.33	\$ -	\$ 151,400.83	\$ 152,132.17	\$ 731.33	\$ 17,308.60	\$ 133,897.85	\$ 151,937.78	\$ (194.39)	-0.1%
Windermere Utility Co.	500	\$ 116.75	\$ -	\$ 4,120.00	\$ 4,236.75	\$ 116.75	\$ 387.91	\$ 3,740.00	\$ 4,244.66	\$ 7.91	0.2%

Option A
Residential New Tiered Minimum Water Charge and
Fixed Revenue at 20% of Total Revenue

Volatility Comparison

2012 Approved Rates & Revenue Requirements

	Minimum Charge	Revenue Stability Fee	Total Fixed Revenue	Volumetric Rate Revenue	Total Revenue
Residential	\$ 16.6	\$ 9.7	\$ 26.3	\$ 77.4	\$ 103.7
Multifamily	3.5	2.2	5.7	37.1	42.8
Commercial	4.3	3.6	7.9	55.1	63.0
Large Volume	0.2	0.1	0.3	12.7	13.0
Wholesale	0.1	-	0.1	11.7	11.8
Total	\$ 24.7	\$ 15.6	\$ 40.3	\$ 194.0	\$ 234.3

2012 Approved Rates Possible Revenue Losses Based on 2010 Consumption Reductions

	Minimum Charge	Revenue Stability Fee	Total Fixed Revenue	Volumetric Rate Revenue	Total Revenue
Residential	\$ 16.6	\$ 9.7	\$ 26.3	\$ 57.7	\$ 84.0
Multifamily	3.5	2.2	5.7	35.5	41.2
Commercial	4.3	3.6	7.9	41.5	49.4
Large Volume	0.2	0.1	0.3	10.5	10.8
Wholesale	0.1	-	0.1	10.6	10.7
Total	\$ 24.7	\$ 15.6	\$ 40.3	\$ 155.8	\$ 196.1

Potential Revenue Losses Based On 2010 Consumption Reductions \$ (38.2)

Option A Rates & Revenue Requirements

	Minimum Charge	Tiered Minimum Charge	Total Fixed Revenue	Volumetric Rate Revenue	Total Revenue
Residential	\$ 16.6	\$ 9.7	\$ 26.3	\$ 77.5	\$ 103.8
Multifamily	3.5	4.2	7.6	35.2	42.8
Commercial	4.3	6.0	10.3	52.8	63.1
Large Volume	0.3	1.2	1.5	11.5	13.0
Wholesale	0.1	1.2	1.3	10.4	11.7
Total	\$ 24.7	\$ 22.3	\$ 47.0	\$ 187.4	\$ 234.4

Option A Projected Rates - Possible Revenue Losses Possible Revenue Losses Based on 2010 Consumption Losses

	Minimum Charge	Tiered Minimum Charge	Total Fixed Revenue	Volumetric Rate Revenue	Total Revenue
Residential	\$ 16.6	\$ 10.6	\$ 27.2	\$ 59.0	\$ 86.2
Multifamily	3.5	4.2	7.6	33.7	41.4
Commercial	4.3	6.0	10.3	39.8	50.1
Large Volume	0.3	1.2	1.5	9.5	11.0
Wholesale	0.1	1.2	1.3	9.4	10.7
Total	\$ 24.7	\$ 23.2	\$ 47.9	\$ 151.5	\$ 199.3

Potential Revenue Losses Based On 2010 Consumption Losses \$ (35.1)

Change in Potential Revenue Losses Compared to Approved 2012 Rates \$ 3.1

Positive equals less volatility and lower potential revenue losses
 Negative equals more volatility and higher potential revenue losses

2010 Projected Consumption & Actual Losses (1000 Gallons)

	Projected Consumption	Actual Consumption	Lost Consumption	% Lost Consumption
Residential	18,642,980	15,290,504	3,352,476	18.0%
Multifamily	9,115,285	8,727,335	387,951	4.3%
Commercial	13,284,235	10,020,054	3,264,181	24.6%
Large Volume	2,966,368	2,475,124	491,244	16.6%
Wholesale	3,085,948	2,749,027	336,921	10.9%
Total	47,094,816	39,262,043	7,832,773	16.6%

**JOINT COMMITTEE ON AUSTIN WATER UTILITY'S FINANCIAL PLAN
REGULAR MEETING
RECOMMENDATION
May 30, 2012**

Item No. 053012 - A

TITLE: RESOLUTION 20120112-063

Motion Made By	Motion Seconded By	COMMISSIONER'S VOTE				
		Consenting	Dissenting	Abstaining	Recusal	Absent
Mickey Fishbeck Chair	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kris Bailey Vice Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sarah Faust	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J.R. (Hank) Kidwell	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chien Lee	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Luke Metzger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Brian Rodgers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBJECT:

The Joint Committee on Austin Water Utility's Financial Plan recommends the attached rate structure and financial policies for the Austin Water Utility.

Recommended by the Joint Committee on Austin Water Utility's Financial Plan

Not Recommended by the Joint Committee on Austin Water Utility's Financial Plan

No Recommendation Motion Failed - Did not receive 4 affirmative votes Motion Failed - Lack of a second

Mickey Fishbeck
Mickey Fishbeck, Chair
Joint Committee on Austin Water Utility's Financial Plan

5-30-12
Date