



Austin Water Utility

FY 2016 Volumetric Interval Analysis - Update

August 10, 2015

Joint Committee Recommendation

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

Alternative Volumetric Intervals

Based on FY16 Rates

Existing Intervals	Alternative Intervals	Charge Per 1,000 Gals	Tiered Minimum Charge
0 - 2000	0 - 2000	\$ 3.16	\$ 1.20
2,100 - 6,000	2,100 - 5,000	4.84	3.45
6,001 - 11,000	5,001 - 8,000	7.88	8.75
11,001 - 20,000	8,001 - 15,000	11.90	27.35
20,001 - Over	15,001 - Over	14.16	27.35

Alternative Volumetric Intervals Bill Impact

Usage	Existing Intervals	Alternative Intervals	\$ Variance	% Variance
0	\$ 8.30	\$ 8.30	\$ -	0.0%
1,000	11.65	11.65	-	0.0%
2,000	15.00	15.00	-	0.0%
5,000	32.34	32.34	-	0.0%
* 5,700	38.74	42.98	4.24	10.9%
6,000	37.37	45.71	8.34	22.3%
9,000	66.88	92.54	25.66	38.4%
15,000	149.98	165.08	15.10	10.1%
25,000	282.18	308.58	26.40	9.4%
30,000	353.93	380.33	26.40	7.5%
60,000	784.43	810.83	26.40	3.4%

* Annualized

Estimated net revenue increase for these rate intervals is \$13.4M.

Alternative Volumetric Intervals

Existing Intervals	Tiered Minimum Charge	Charge Per 1,000 Gals
0 - 2000	\$ 1.20	\$ 3.16
2,100 - 6,000	3.45	4.84
6,001 - 11,000	8.75	7.88
11,001 - 20,000	27.35	11.90
20,001 - Over	27.35	14.16

Alternative Intervals	Tiered Minimum Charge	Charge Per 1,000 Gals
0 - 2000	\$ 1.20	1.58
2,100 - 5,000	3.45	5.62
5,001 - 8,000	8.75	5.75
8,001 - 15,000	27.35	9.52
15,001 - Over	27.35	13.45

Reduction in volume rates to offset additional revenue. Block 2 at COS.

Alternative Volumetric Intervals Bill Impact

Usage	Existing Intervals	Alternative Intervals	\$ Variance	% Variance
0	\$ 8.30	\$ 8.30	\$ -	0.0%
1,000	11.65	10.07	(1.58)	-13.6%
2,000	15.00	11.84	(3.16)	-21.1%
5,000	32.34	31.52	(0.82)	-2.5%
* 5,700	38.74	40.40	1.66	4.3%
6,000	37.37	42.76	5.39	14.4%
9,000	66.88	82.95	16.07	24.0%
15,000	149.98	141.21	(8.77)	-5.8%
25,000	282.18	277.61	(4.57)	-1.6%
30,000	353.93	345.81	(8.12)	-2.3%
60,000	784.43	755.01	(29.42)	-3.8%

* Annualized

Estimated net revenue increase for these rate intervals is \$1.6 M.

Questions?