

2016-2017 BUDGET QUESTION
Response to Request for Information

DEPARTMENT: Austin Water

REQUEST NO.: 4

REQUESTED BY: Troxclair

DATE REQUESTED: 5/11/16

DATE POSTED: 6/1/16

REQUEST: Please provide data showing how the tiered rate structure impacts water usage/conservation.

RESPONSE: Austin Water's current residential 5 tier inclining volumetric rate block structure (shown below) is one of the most aggressive rate designs in the nation as a means to encourage conservation through water pricing. The rate design methodology follows the business model changes recommended by the 2012 and 2014 Joint Committee on Austin Water's Financial Plan (Joint Committee) and subsequently approved by Austin City Council.

Minimum Meter Charge (5/8") \$7.10	FY16		
Tier	Gallons	Tiered Minimum Charge	Volumetric Rate/1000 gallons
Tier 1	0 - 2,000	\$1.20	\$3.16
Tier 2	2,001 - 6,000	\$3.45	\$4.84
Tier 3	6,001 - 11,000	\$8.75	\$7.88
Tier 4	11,001 - 20,000	\$27.35	\$11.90
Tier 5	20,001- over	\$27.35	\$14.16

The combination of Austin Water's aggressive rate structure, strong conservation programs and drought conditions have contributed to declining residential consumption per account since FY 2011. The tables below illustrate the change in residential consumption and billed customer accounts by block since FY 2011.

As shown below, residential consumption in tiers 1 and 2 has increased from 56.2% of total consumption in FY 2011 to 72.4% of total consumption in FY 2015. During the same timeframe, consumption in tiers 4 and 5 has decreased from 24.5% of total consumption in FY 2011 to 12.7% of total consumption in FY 2015. The percent of customers bills by tier has experienced a similar increase in tiers 1 and 2 and corresponding decrease in tiers 4 and 5.

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Residential Water Consumption by Block (MGs)

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
FY 2011	4,292 23.5%	6,176 32.7%	3,998 19.3%	3,208 14.3%	2,406 10.2%	20,080
FY 2012	4,305 26.9%	5,893 35.4%	3,400 18.6%	2,326 11.9%	1,514 7.1%	17,438
FY 2013	4,345 28.0%	5,754 36.5%	3,040 18.6%	1,841 10.9%	1,011 5.9%	15,991
FY 2014	4,081 31.8%	4,952 38.1%	2,228 16.5%	1,229 8.8%	672 4.8%	13,162
FY 2015	4,416 34.2%	5,089 38.2%	2,168 14.9%	1,241 7.8%	813 4.9%	13,727

Total Annual Billed Customers by Block

	Block 1	Block 2	Block 3	Block 4	Block 5	Total
FY 2011	271,429 11.9%	879,006 38.6%	556,910 24.4%	358,728 15.7%	212,111 9.3%	2,278,18
FY 2012	291,476 12.7%	976,181 42.7%	567,345 24.8%	312,720 13.6%	140,600 6.1%	2,288,32
FY 2013	320,106 13.8%	1,044,186 45.0%	574,844 24.8%	278,756 12.0%	104,108 4.5%	2,322,00
FY 2014	356,110 16.0%	1,099,405 49.4%	484,192 22.2%	196,752 9.2%	67,882 3.2%	2,204,34
FY 2015	427,958 17.8%	1,238,063 51.5%	478,436 19.9%	185,923 7.7%	72,850 3.0%	2,403,23