



# Water and Wastewater Commission Rate Reduction Proposal

February 14, 2018





## Cost of Service Results - November

- Presented to Commission in December
- Initial COS Results
  - \$14.6 million in retail customer rate reduction
    - 2.5% overall reduction to retail water and wastewater rates
    - Reductions to Revenue Stability Reserve Fund Surcharge from \$0.19 to \$0.09 per 1,000 gallons
- Wholesale Customers
  - Increase to their current rates since rates have been frozen since 2013-2015



# Status Update

- Meetings with Mayor and Council
- Public Involvement Committee meeting on January 29th
  - Presented final rate reduction proposal
- Planned meetings with the Water and Wastewater Commission in February
  - Budget Committee
  - Full Commission
- Council consideration in March



# Cost of Service Results - January

- Revised COS Results
  - \$25.7 million in retail customer rate reduction
    - 4.5% overall reduction to retail water and wastewater rates
    - Responded to stakeholder concerns from initial results
      - Ammonia surcharge planned for November 2018
      - Review of Samsung's projected consumption
- Wholesale Customers
  - Increase to their current rates since rates have been frozen since 2013-2015



# Cost of Service Results - Detail

Customer Class	Water COS % Rate Revenue Change	Wastewater COS % Rate Revenue Change	Total COS \$ Rate Revenue Change
Residential	-1.8%	-3.1%	(\$5,021,032)
Residential – CAP	-2.7%	-14.6%	(\$1,147,366)
Multifamily	-4.9%	-4.5%	(\$6,868,436)
Commercial	-8.0%	-4.2%	(\$9,640,118)
Large Volume	-8.2%	-4.3%	(\$3,103,458)
Total Retail	-4.8%	-4.2%	(\$25,780,410)
Wholesale	42.2%	41.6%	\$5,663,934
Industrial Waste Surcharge	0.0%	62.9%	\$3,262,029
Net Change	-3.5%	-2.1%	(\$16,854,448)



# Average Customer Bill Impacts

## Average Customer Monthly Bill Impacts: 2017 Rates vs. 2018 Proposed Rates

Customer Class	Average Monthly Usage W / WW (1,000 Gals.)	2017 Existing Rates	2018 Proposed Rates	\$ Variance	% Variance
Residential	5.8 / 4.0	\$83.19	\$ 81.12	(\$2.07)	-2.5%
Residential - CAP	5.8 / 4.0	\$54.16	\$ 48.30	(\$5.86)	-10.8%
Multifamily	128.0 / 128.0	\$1,991.91	\$ 1,862.73	(\$129.18)	-6.5%
Commercial	51.0 / 47.0	\$822.87	\$ 772.62	(\$50.25)	-6.1%
Large Volume:					
Novati	5,417 / 3,640	\$66,480.78	\$ 63,685.55	(\$2,795.23)	-4.2%
NXP – Ed Bluestein	35,125 / 19,528	\$395,557.27	\$ 384,645.03	(\$10,912.24)	-2.8%
NXP – Wm Cannon	24,367 / 20,226	\$348,985.64	\$ 328,705.64	(\$20,280.00)	-5.8%
Samsung	195,000 / 153,000	\$2,563,362.92	\$ 2,381,492.37	(\$181,870.55)	-7.1%
Spancion	25,183 / 16,062	\$303,887.88	\$ 292,959.42	(\$10,928.46)	-3.6%
Univ. of Texas	33,642 / 15,449	\$389,254.74	\$ 372,295.44	(\$16,959.30)	-4.4%



# Residential – Bill Impacts

Water				
Usage	2017	2018	\$ Variance	% Variance
1,000	\$11.72	11.67	(\$0.05)	-0.4%
2,000	15.09	14.84	(0.25)	-1.7%
5,000	33.11	32.29	(0.82)	-2.5%
6,000	38.35	37.34	(1.01)	-2.6%
9,000	70.30	68.78	(1.52)	-2.2%
15,000	160.74	158.21	(2.53)	-1.6%
25,000	299.39	295.16	(4.23)	-1.4%
30,000	372.49	367.41	(5.08)	-1.4%
60,000	811.09	800.91	(10.18)	-1.3%

Wastewater				
Usage	2017	2018	\$ Variance	% Variance
1,000	\$15.60	15.31	(\$0.29)	-1.9%
2,000	20.90	20.32	(0.58)	-2.8%
3,000	31.25	30.41	(0.84)	-2.7%
4,000	41.60	40.50	(1.10)	-2.6%
5,000	51.95	50.59	(1.36)	-2.6%
6,000	62.30	60.68	(1.62)	-2.6%
8,000	83.00	80.86	(2.14)	-2.6%
10,000	103.70	101.04	(2.66)	-2.6%
15,000	155.45	151.49	(3.96)	-2.5%



# Residential CAP – Bill Impacts

Water				
Usage	2017	2018	\$ Variance	% Variance
1,000	\$2.69	2.50	(\$0.19)	-7.1%
2,000	5.38	5.00	(0.38)	-7.1%
5,000	18.34	17.42	(0.92)	-5.0%
6,000	22.66	21.56	(1.10)	-4.9%
9,000	43.45	41.84	(1.61)	-3.7%
15,000	104.39	101.76	(2.63)	-2.5%
25,000	236.34	231.27	(5.07)	-2.1%
30,000	309.44	302.77	(6.67)	-2.2%
60,000	748.04	731.77	(16.27)	-2.2%

Wastewater				
Usage	2017	2018	\$ Variance	% Variance
1,000	\$5.30	4.47	(\$0.83)	-15.6%
2,000	10.60	8.94	(1.66)	-15.6%
3,000	20.95	17.72	(3.23)	-15.4%
4,000	31.30	26.50	(4.80)	-15.3%
5,000	41.65	35.28	(6.37)	-15.3%
6,000	52.00	44.06	(7.94)	-15.3%
8,000	72.70	61.61	(11.09)	-15.3%
10,000	93.40	79.17	(14.23)	-15.2%
15,000	145.15	123.06	(22.09)	-15.2%





# AW Recommendation

- **AW Rate Reduction Proposal Key Provisions**

- \$25.7 million rate reduction effective May/June 2018
- Not proceed with the Impartial Hearing Examiner process
- Cost of service based rates for all customer classes
- 0% rate increase for FY 2019
- 0% projected increase in 2020
- CAP program enhancements
  - CAP customers waived any drought rates
  - CAP faucet/toilet repair or replacement program implemented in FY 2019
- Ammonia surcharge to be implemented in November 2018 as part of the FY 2019 Budget with a stakeholder discussion on costs, rates and processes
- No FY 2019 changes to financial policies with a stakeholder process before any change and hiring a residential rate advocate to represent residential customers
- Reporting of reserve funds and targets collectively
- Meet annually with Large Volume customers to discuss consumption projections, peaking factors and other data
- Meet annually with customer stakeholders to discuss AW's Financial Forecast
- Conduct affordability benchmark study as described by Council resolution of 2/1/2018
- Conduct Cost of Service Rate Study and PIC process no later than 2024
- Office of the City Auditor to complete special project on meter reading, billing, complaint processes and tiered rate impacts on high bills in FY 2018
- Provide updates on progress of agreement to Budget Committee of the Water and Wastewater Commission

## Next Steps

- AW & Stakeholder Joint Recommendation
  - 6 members of PIC have signed document in support
  - Others waiting Board approval for support
- Water and Wastewater Commission
  - February consideration of budget and fee schedule amendment
- Council
  - March public hearing and consideration of budget and fee schedule amendment
- Rate Reduction – Implementation in May/June 2018
- Wholesale customer rate resolution

# Questions? Discussion?

