

**AUSTIN WATER COST OF SERVICE RATE STUDY
PUBLIC INVOLVEMENT COMMITTEE
SEPTEMBER 27, 2016 – 6:00 P.M.
WALLER CREEK CENTER – ROOM #104
625 E. 10TH STREET, AUSTIN, TEXAS**



AGENDA

For more information, please visit <http://www.austintexas.gov/department/2016-cost-service-rate-study>

MISSION: The purpose of the Public Involvement Committee (PIC) is to examine the methodology being developed to determine cost of service for all customer classes with a primary focus on the retail customer classes, discuss the impacts of key cost of service factors, and advise the Austin Water Executive Team in their decision-making process.

MEETING GOAL: Comprehensive orientation to the Public Involvement Committee process and Cost of Service Rate Study objectives.

CALL TO ORDER

1. CITIZEN COMMUNICATION

The first 10 speakers signed up prior to the meeting being called to order will each be allowed a three-minute allotment to address their concerns regarding items not posted on the agenda.

2. DISCUSSION ITEMS

- a. Cost of Service Rate Study Project Team Introduction
- b. Public Involvement Committee (PIC) Process & Roles

3. STAFF BRIEFINGS, PRESENTATIONS, AND OR REPORTS

- a. Austin Water Overview
- b. Cost of Service Study Overview, Objectives & Process
- c. Rate Setting 101

4. SCHEDULE DISCUSSION

- a. Proposed Meeting Schedule

5. COMMITTEE CONCLUSION DISCUSSION

6. FUTURE AGENDA ITEMS

7. ADJOURN



PROJECT ROSTER



PROJECT ROSTER



PROJECT ROSTER



PROJECT ROSTER

**AUSTIN WATER
COST OF SERVICE RATE STUDY - 2016**

Austin Water Executive Team		
Name	Department	Title
Greg Meszaros	Austin Water	Director
David Anders	Austin Water	Assistant Director, Financial Services
Chris Chen	Austin Water	Assistant Director, Engineering Services
Joseph Gonzales	Austin Water	Utility Budget and Finance Manager
Erik Nelson	Financial Services	Corporate Budget Manager
Clark Cornwell	Law Department	Senior City Attorney
Cost of Service Project Team		
Name	Firm	Project Role
Rick Giardina	Raftelis Financial Consultants	Project Manager
Rocky Craley	Raftelis Financial Consultants	Assistant Project Manager
John Wright	Raftelis Financial Consultants	Lead Consultant
Laura Raun	Laura Raun Public Relations	Subject Matter Expert: PIC & WIC Meetings
Jennifer Perkins	Laura Raun Public Relations	Support: PIC & WIC Meetings
Steve Coonan	Alan Plummer Associates, Inc.	Subject Matter Expert: Reclaimed Water Service
PIC Members		
Name	Representative Group	
David Yanke/Grant Rabon, New Gen Strategies	Residential Customer Rate Advocate	
Karyn Keese	Residential	
Lanetta Cooper	Residential/Low Income	
Kristen Arrona, Austin Apartment Association	Multifamily	
Marcia Stokes	Multifamily	
Drew Scheberle, Greater Austin Chamber of Commerce	Commercial	
Mary Guerrero-McDonald, BOMA	Commercial	
Todd Davey, NXP	Industrial/Large Volume	
Dan Wilcox/Dave Schneider, Samsung	Industrial/Large Volume	
James Dwyer	Resource Management Commission	
Vice-Chair Chien Lee	W/WW Commission Member	
Commissioner Jesse Penn	W/WW Commission Member	
To Be Named	Environmental Community	
To Be Named	Reclaimed Customer	



PRESENTATION



PRESENTATION



PRESENTATION



PRESENTATION

CITY OF AUSTIN

PIC Orientation
PIC Meeting #1 / September 27, 2016



1

TODAY'S PIC MEETING

1. Welcome and introductions
2. Citizen Comment
3. Public Involvement Committee
4. Austin Water at a glance
5. Rate & Cost-of-Service Study objectives
6. Rate-setting 101
7. Summary and look ahead
8. Citizen comment
9. Adjourn

2

WELCOME & INTRODUCTIONS

3

Austin Water Team

- Executive Team Committee
 - Greg Meszaros, Director
 - David Anders, Assistant Director, Financial Services
 - Chris Chen, Assistant Director, Engineering Services
 - Joseph Gonzales, Budget and Finance Manager
 - Erik Nelson, Corporate Budget Manager
 - Clark Cornwell, Senior City Attorney

4

RFC Team

- Raftelis Financial Consultants, Inc.
 - Rick Giardina, CPA, Executive Vice President
 - Rocky Craley, Manager
 - John Wright, CPA, Senior Consultant
- Laura Raun Public Relations
 - Laura Raun, President
 - Jennifer Perkins
- Alan Plummer Associates, Inc.
 - Steven Coonan, PE, Principal

5

PIC MEMBERS

Customer Class Representation	Committee Member
Residential	David Yanke and Grant Rabon, New Gen Strategies – Rate Advocate Selected by City Council
Residential	Karyn Keese
Residential/Low Income	Lanetta Cooper
Multifamily	Kristen Arrona, Austin Apartment Association
Multifamily	Marcia Stokes
Commercial	Drew Scheberle, Greater Austin Chamber of Commerce
Commercial	Mary Guerrero-McDonald, BOMA
Industrial/Large Volume	Todd Davey, NXP
Industrial/Large Volume	Dan Wilcox/Dave Schneider, Samsung
Resource Management Commission	James Dwyer
W/WW Commission Member	Vice-chair Chien Lee
W/WW Commission Member	Commissioner Jesse Penn
Environmental Community Member	To be named
Reclaimed Customer	To be named

6

ROLE OF PUBLIC INVOLVEMENT COMMITTEE

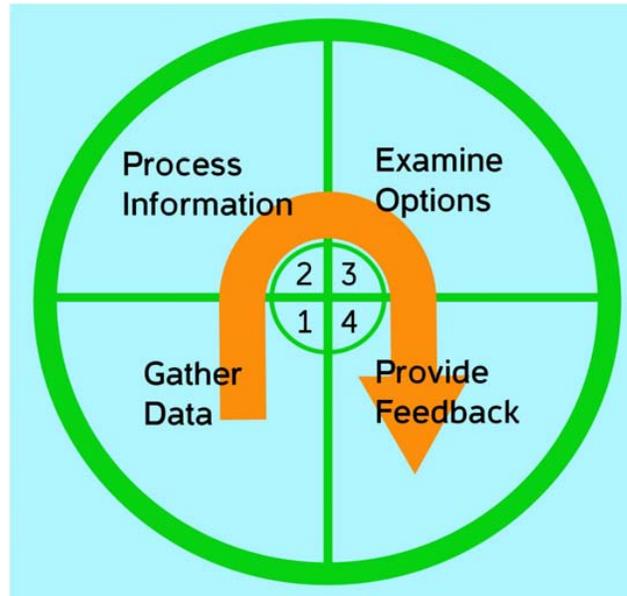
7

PIC – PURPOSE

- Examine methodology developed to determine AW's cost of providing service
- Discuss how various factors impact costs
- Provide input to Project Team and Executive Team Committee

8

PIC - PROCESS



9

PIC – FEEDBACK METHODS

» Input provided in 2 ways:

- Meeting discussion
- Online comments

https://www.austintexas.gov/water/subcommittee/input_form.cfm?committeeName=COS2016

Austin Water is conducting a Cost of Service (COS) Rate Study of its water, wastewater, and reclaimed water rates in 2016. The process entails a comprehensive review of the methodology used to allocate costs amongst customer classes and to update and improve the methods for determining fair and defensible rates of utility services.

The City and Raftelis Financial Consultants will perform the COS Rate Study to design retail and wholesale cost-based rates for water and wastewater service by reviewing the following:

- 1 Revenue Requirements – Compare Utility revenue to its expenses and determine the overall level of rate adjustment necessary.
- 2 Cost of Service – Allocate the revenue requirement between the various customer classes equitably.
- 3 Rate Design – Design rates for each customer class that meet the revenue needs of the utility along with any other rate design goals and objectives.

Over the next several months, this project will include retail and wholesale public participation committee meetings in order to receive input from the public. Meeting schedules and information will be provided on the Austin Water website.

The COS Rate Study project team and the public may submit questions, comments and informational requests by submitting through the form below. A response from the Utility may be delayed based on the volume of the requests.

Do you need to send us a document? You may email documents to [Contact COS Project Team](#). Please reference the subcommittee ID number in the "Subject" line.

In order for us to respond to you, we would need the following information provided:

First Name: _____
Last Name: _____
Email: _____
Phone: _____
Alternate Phone: _____

Are you posting a: * Comment or Question

Questions and Comments:
(3000 characters)

10

HOW INPUT IS USED

TASKS	2016												2017				
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	
Retail Customer Service Public Involvement Committee																	
Wholesale Involvement Committee																	
Cost of Service Model Development																	
Cost of Service Allocation and Rate Determination																	
Project Report and Documentation																	
Council and Commission Presentations																	

11

PIC – COMMUNICATIONS

Materials will be posted online at least 1 day in advance of the meeting

<http://www.austintexas.gov/department/2016-cost-service-rate-study>



12

PIC - GROUND RULES

ANY CONCERNS OVER
PROPOSED RULES?

13

OVERVIEW OF AUSTIN WATER

14



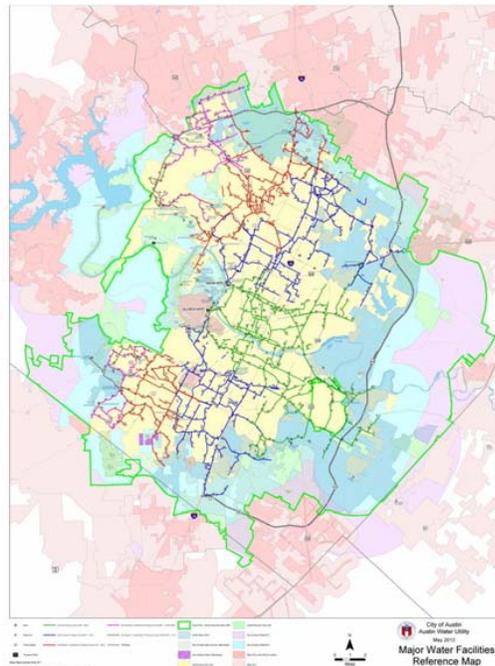
Cost of Service Rate Study 2016 Austin Water Overview

David Anders, Assistant Director



System Overview

- Austin Water
 - City department
 - Enterprise Fund
- Services provided
 - Water
 - Wastewater
 - Reclaimed Water
- Service Area
 - 544 square miles
 - 1 million population



16



System Overview

- **Water System**
 - 3 water plants – Davis, Ullrich, WTP4
 - Combined rated capacity of 335 million gallons per day
 - 3,807 miles of transmission and distribution mains
 - 31 major reservoirs, 21 major pump stations and 27,405 fire hydrants
- **Wastewater System**
 - 2 wastewater plants – Walnut Creek, South Austin Regional
 - Combined rated capacity of 150 million gallons per day
 - 2,776 miles of collection and interceptor mains
 - 134 lift stations
- **Biosolids Handling Facility**
 - Hornsby Bend sludge treatment and beneficial reuse facility
- **Reclaimed Water System**
 - 51 miles of transmission and distribution mains
 - 3 reservoirs and 3 pump stations

17



System Overview

- **Water Supply and Water Rights**
 - 100% surface water from Colorado River system
 - 325,000 Acre Feet firm water source through contracts with LCRA
- **Water Use**
 - 43,481 Million Gallons total pumpage in FY 2015
 - 133,438 Acre Feet total pumpage in FY 2015

18



FY 2017 Proposed Budget

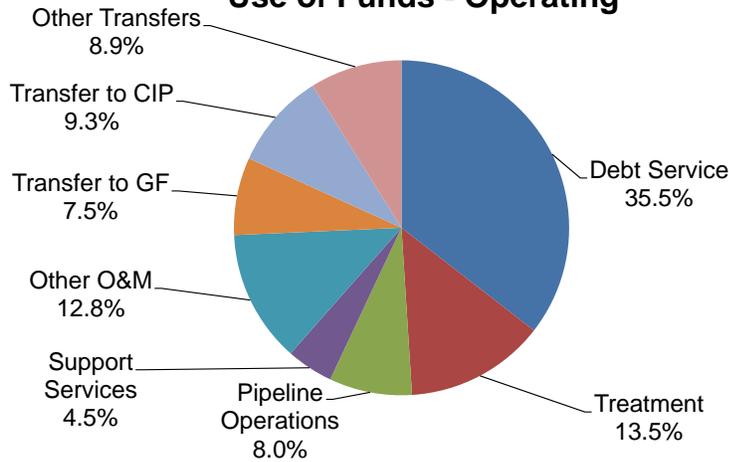
Department Expenditures:

FY 16 Amended: \$542.4 million
 FY 17 Approved Operating: \$577.5 million
 FY 17 Approved Capital: \$164.9 million

FY 2017
 positions:
 1,170.00

↑ 21.50

Use of Funds - Operating



19

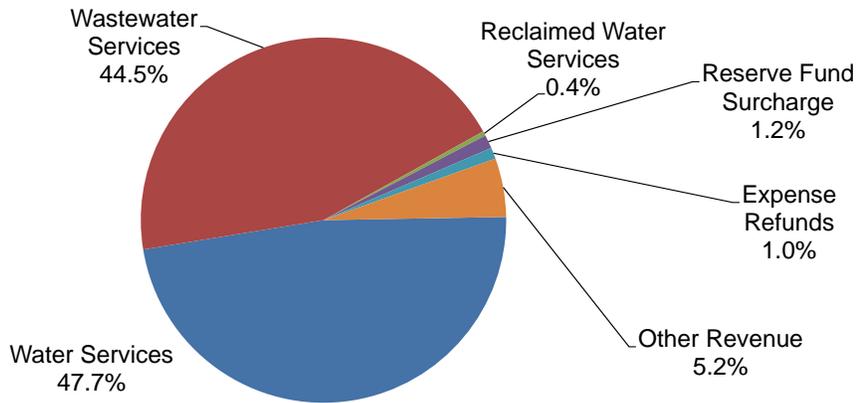


FY 2017 Proposed Budget

Department Revenue:

FY 16 Amended: \$576.7 million
 FY 16 Estimated: \$594.7 million
 FY 17 Approved: \$610.3 million

Sources of Funds



20



Customers, Consumption & Flows

Customer Class	Number of Customers as of August 2016	% of Total	Consumption/Flows FY 2015 (Gallons)	% of Total
Water Utility				
Residential	204,193	89.6%	13,725,719,800	36.4%
Multifamily	6,398	2.8%	8,874,018,594	23.5%
Commercial	17,266	7.6%	9,824,283,300	26.0%
Large Volume	5	0.0%	3,027,842,400	8.0%
Wholesale	18	0.0%	2,287,012,224	6.1%
Total	227,880	100%	37,738,876,318	100.0%
Wastewater Utility				
Residential	197,485	91.9%	8,968,044,214	34.2%
Multifamily	5,301	2.5%	7,636,472,200	29.1%
Commercial	12,079	5.6%	6,344,315,002	24.2%
Large Volume	5	0.0%	2,097,738,972	8.0%
Wholesale	11	0.0%	1,202,488,818	4.6%
Total	214,881	100%	26,249,059,206	100.0%

21



COS Study History

- 3 Previous Cost of Service Rate Studies
 - 1992 - CH2MHill
 - Settlement to wholesale rate challenge
 - Rate structure changes to create inclining block rates for residential
 - Transition to cost based rates
 - Individual wholesale customer rates
 - 1999 - Black & Veatch
 - Add a 5th block to residential volume rates
 - Use on non-coincident peak method to allocate peak costs
 - 2007 - Red Oak Consulting
 - Disaggregated Large Volume customers
 - Allocation of fire demand charges by meter size
 - Allocation of Inflow and Infiltration by volume
- 2016 Cost of Service Rate Study – Raftelis Financial Consultants, Inc.
 - Wholesale rate challenge to TX PUC

22



Current COS Status

Customer Class COS status:
Rates as a % of Identified Cost of Service

Customer Class	COS 2009 Status	Current COS Status – 2017
Residential	93%	96%
Multifamily	100%	100%
Commercial	109%	104%
Large Volume	109%	104%
Wholesale	100%	100%

23

STUDY OBJECTIVES

24

PROJECT OBJECTIVES

- Provide a basis for and develop rates and charges that:
 - Meet annual financial sufficiency needs of Financial Plan
 - Ensure the water and wastewater services are each self-sustaining
 - Identify revenue requirements for reclaimed water service
 - Meet the objectives of AW while insuring equitable cost recovery from customer classes

25

PROJECT OBJECTIVES

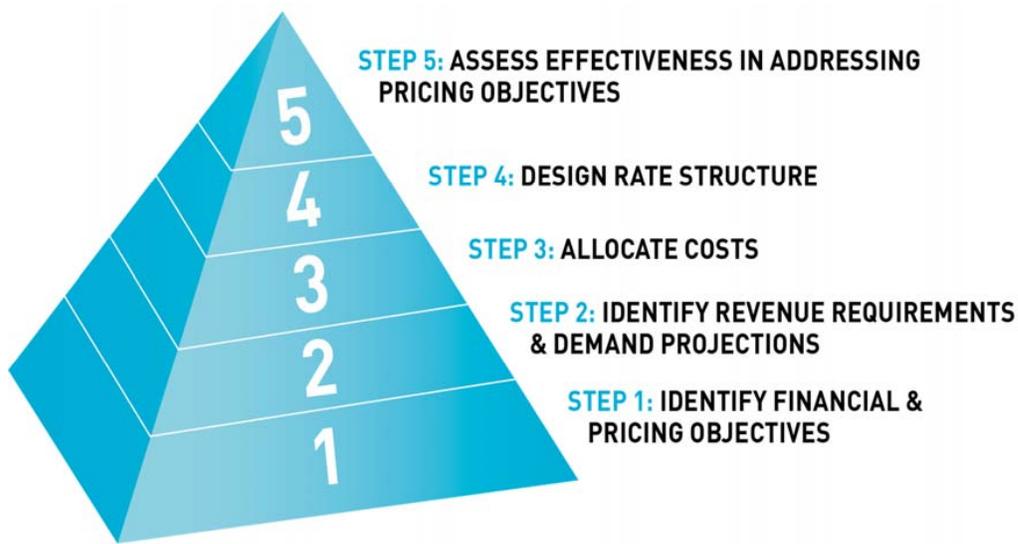
- Engage PIC and WIC for community representation and feedback
- Engage TX Public Utility Commission to assist AW in developing wholesale rate filing package
- Develop cost of service rate model for AW's future use

26

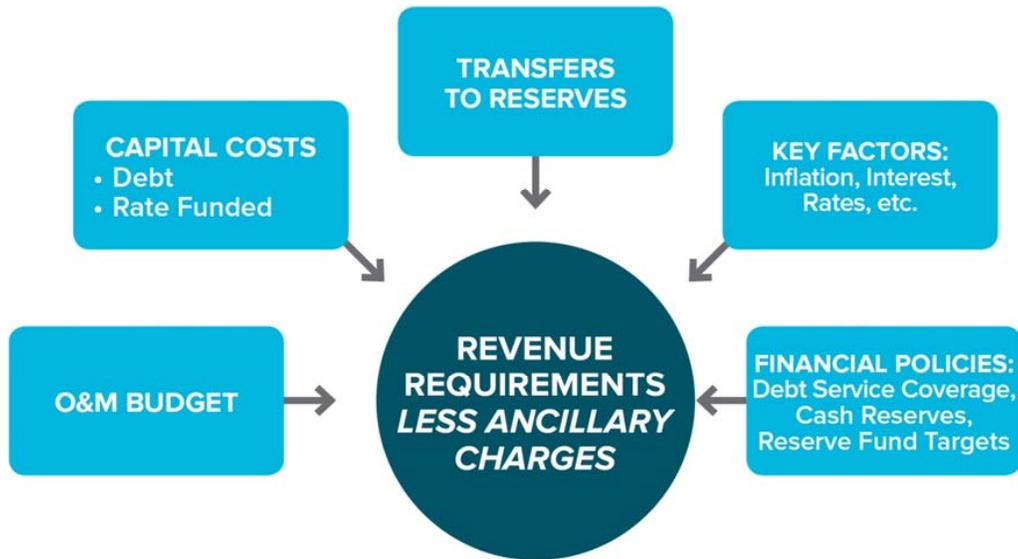
RATE-SETTING 101

27

Key Steps in the Rate Study Process



REVENUE REQUIREMENTS



29

REVENUE REQUIREMENTS

- Annual budget and financial plan will be provided by AW
- AW's FY 2017 budget
 - The basis for the development of the cost of service rate model, rates analysis, and report.
 - Comparison of current vs. new methodologies
- AW's FY 2018 budget
 - Incorporated into the cost of service rate model
 - New COS methodology will be applied to FY 2018 budget
 - Basis for the final rates proposal for Council.

30

WHAT IS COST OF SERVICE (COS)?



- Recover costs from users in proportion to their use of the system, recognizing the impact of each class on system facilities and operations
 - Converting revenue requirements into unit costs
 - Allocate costs to customer classes based on customer usage characteristics
- COS is the fundamental benchmark used to establish utility rates across the United States

31

COST OF SERVICE

- For AW, Cost of Service will include allocations among:
 - Utility Services
 - Fixed v. Volumetric components
 - Customer Classes
 - Retail v. Wholesale
 - Within Retail: Residential, Multi-Family, Commercial, and Large Volume

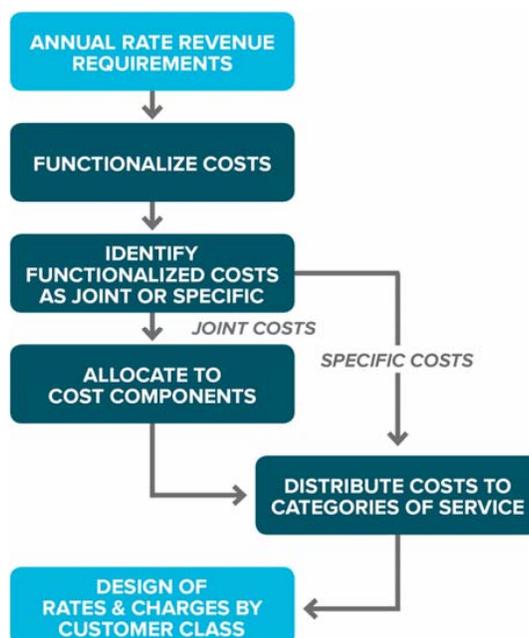
32

COST OF SERVICE



33

COST ALLOCATION PROCESS AWWA MANUAL M1 6th EDITION



34

APPROACHES FOR WHOLESALE REVENUE REQUIREMENTS

Cash Needs Basis

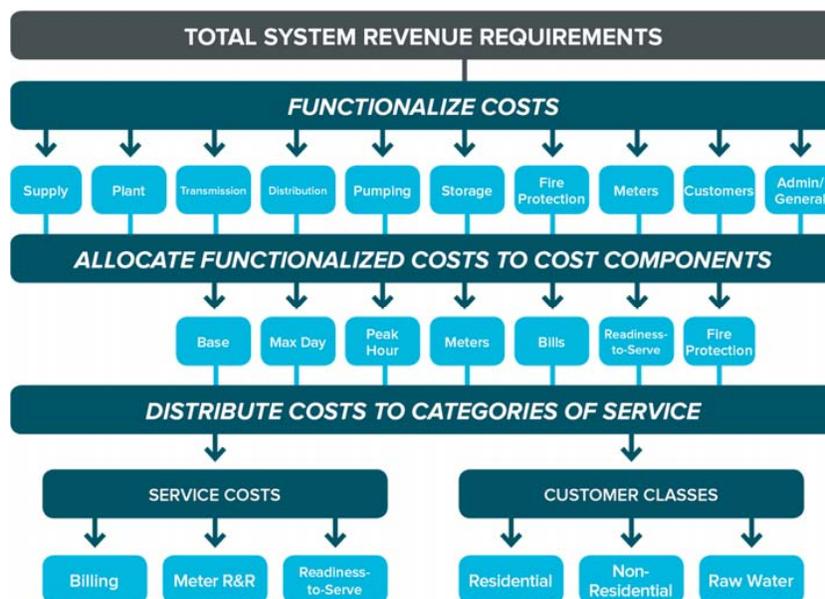
- Operating and maintenance costs
- Debt service
- Rate funded capital

Utility Basis

- Operating and maintenance costs
- Depreciation
- Return on investment

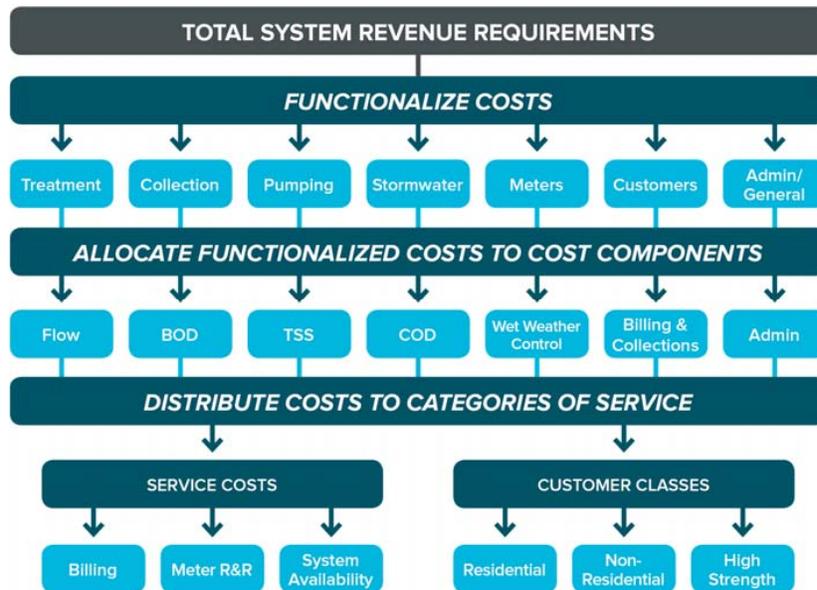
35

WATER COS



36

WASTEWATER COS



37

RATE DESIGN

Process to align rates & charges with AW objectives

- Review and evaluate existing structure
- Review and evaluate rate components
 - Cost recovered by the two fixed charges including fire demand costs
 - Volumetric user charges
 - Customer Assistance Program (CAP) costs
- Customer impacts

38

SUMMARY AND LOOK AHEAD

39

RECAP OF TODAY'S DISCUSSION

I. Orientation to Process

II. Introduction to Austin Water

III. Rate-setting 101

40

PIC -SCHEDULE & TOPICS

<u>Meeting</u>	<u>Day</u>	<u>Date</u>	<u>Objective</u>
1	Tues	27-Sep	Orientation
2	Wed	5-Oct	Retail and Wholesale
3	Tues	18-Oct	Revenue requirements
4	Tues	8-Nov	Revenue requirements - Cont'd
5	Tues	29-Nov	Water Cost Allocation
6	Tues	13-Dec	Wastewater Cost Allocation
7	Wed	4-Jan	Reclaimed Water Cost Allocation
8	Tues	17-Jan	Rates and Customer Impacts
9	Tues	31-Jan	Rates and Customer Impacts - Cont'd
10	Tues	21-Feb	Overview of Results and Wrap-up

41

PUBLIC COMMENT

42

ADJOURN

43

THANK YOU



CONTACT: RICK GIARDINA

rgiardina@raftelis.com

www.raftelis.com

FACILITATION GUIDELINES



FACILITATION GUIDELINES





FACILITATION GUIDELINES



FACILITATION GUIDELINES



Austin Water

Cost of Service Rate Study - 2016

Facilitation Ground Rules for

Public Involvement Committee

Wholesale Involvement Committee

Meetings

1. All meetings will be conducted as follows:
 - a. Discussion will be facilitated to maintain a productive and efficient process;
 - b. Meeting materials will be posted to the Austin Water website;
 - c. Proceedings are open to public and will include a comment period for public, non-committee attendees; and
 - d. Proceedings will be electronically recorded.

Individual Participants

2. Members are responsible for staying informed and attending meetings.
3. Only one person will speak at a time, and no one will interrupt when another person is speaking.
4. Each person agrees to advocate for the interests of the constituency he/she represents and express his/her own views, rather than speaking for others at the table or attributing motives to them.
5. Each person will avoid grandstanding (i.e., making extended comments or asking same question repeatedly), so that everyone has a fair chance to speak and to contribute.
6. Personal attacks will not be permitted. Participants agree to challenge ideas, not people.
7. Each person will make every effort to stay on track with the agenda and to move the deliberations forward.
8. Each person will seek to focus on the merits of what is being said, making a good faith effort to understand the concerns of others. Clarifying questions are encouraged; rhetorical questions and disparaging remarks are discouraged.
9. Each person will seek to follow a “no surprises” rule – voicing his/her concerns when they arise. The intent is to avoid raising unexpected objections late in the deliberations.
10. Each person reserves the right to disagree with any proposal and accepts responsibility for offering alternatives that accommodate his/her interests as well as the interests of others.



11. Each person agrees to keep the constituencies he/she represents informed about the issues under discussion and to seek their input and advice on any developments that emerge.
12. Each meeting will end with a brief summary of the major topics discussed, and a preview of next meeting.
13. Members will not contact Raftelis Financial Consultants between meetings.
14. Cell phones will not be used during meetings except for genuine emergencies.

PUBLIC INVOLVEMENT PLAN



PUBLIC INVOLVEMENT PLAN





PUBLIC INVOLVEMENT PLAN



PUBLIC INVOLVEMENT PLAN



City of Austin
Austin Water Utility
Cost of Service Rate Study 2016

PUBLIC INVOLVEMENT PLAN

Prepared by:
Raftelis Financial Consultants
August, 2016

**Cost of Service Rate Study 2016
Public Involvement Plan
Table of Contents**

1. Introduction.....3

2. Public Involvement Consultant.....3

3. Public Involvement Goals.....4

4. Decision-Making Responsibility4

5. Tools and Techniques5

 A. Media Outreach.....5

 B. Website5

 C. Announcements.....5

 D. Information Library6

 E. Public Involvement Committee (PIC)6

 F. Wholesale Involvement Committee (WIC).....6

 G. Meetings and Public Comment.....6

 H. Residential Rate Advocate.....7

 I. Issue Papers.....7

 J. Presentations to City Council and Commissions.....7

6. Key Study Dates8

Introduction

Austin Water (AW) is conducting a comprehensive study to update and improve its methods for determining fair and defensible rates for its services. The study will use accepted Cost of Service (COS) principles that seek the most equitable ways to link the cost involved in serving each category of “class” of customer (e.g., residential, multi-family, commercial, industrial or wholesale) with the amount each pays.

The study is being conducted from September 2016 through May 2017. The timeframe meshes with the City’s budget cycle and the new rate methodology is scheduled to be ready for use beginning in November 2018.

The Austin City Council made a commitment to COS principles in 1992. Studies in 1999 and 2007 updated the Cost of Service methodologies, and City Council again adopted the rate-setting methods that have been used since that time.

In conducting a rate study, AW’s job is to balance and reconcile the interests of all its customers. This means allocating costs, and recognizing that any costs not covered by one customer class must be borne by the others. Rate studies can be controversial because each customer class would like to shoulder less of the total burden by having other customer classes shoulder more.

The current rate model has been updated each year since 2008. AW has engaged Raftelis Financial Consultants, Inc. (RFC) to review the existing model and develop changes or a new model to better address current AW objectives.

AW is committed to making its customers aware of the rate study and to providing opportunities for the public to offer input. Toward that end, AW is providing each customer class a seat on an advisory committee whose role is to examine issues related to the study and advise the AW executive team and staff.

This Public Involvement Plan explains the tools and tactics that will be used to make information available to the public and solicit comments from them.

Public Involvement Consultant

A team of rate experts led by RFC has been contracted by the City of Austin to assist with updating and improving the existing COS methodology. RFC has contracted with Laura Raun Public Relations (LRPR) as its public involvement consultant. LRPR is an Austin, Texas-based public involvement firm with a 15-year track record of informing and engaging stakeholders, and facilitating communication and problem solving on complex issues. LRPR has worked with clients such as the City of Wimberley, the Lower Colorado River Authority, the Texas Commission on Environmental Quality, the South Central Texas Regional Water Planning Group, the Texas Ground Water Association, and the Barton Springs Edwards Aquifer Groundwater Conservation District.

Public Involvement Goals

- To provide clear, timely, and accurate information for the public;
- To promote involvement by representatives of all AW customer classes in reviewing issues, weighing tradeoffs, and advising AW on the study;
- To define roles in the rate study process so that the public understands who has responsibility for decision-making; and,
- To provide opportunities for public comment and input throughout the study.

Decision-Making Responsibilities

Within limits established by the Texas Public Utilities Commission, the Austin City Council makes the final decision about the rates charged by AW. The following table outlines the support roles that others play in the COS Rate Study.

GROUP	MEMBERS	RESPONSIBILITY
AW Project Team	<ul style="list-style-type: none"> • Financial Management Division 	Provides supporting documentation for COS calculations; provides staff support for the study
Consulting Team	<ul style="list-style-type: none"> • Raftelis Financial Consultants • Laura Raun Public Relations • Alan Plummer Associates 	Provides technical guidance and expertise; prepares issue papers; makes technical recommendations; facilitates PIC and WIC meetings and submits Rate Study Report
Public Involvement Committee (PIC)	<ul style="list-style-type: none"> • Representatives of AW retail customer classes 	Examines key issues and advises AW on impacts to retail customers (residential, multifamily, commercial, industrial)
Wholesale Involvement Committee (WIC)	<ul style="list-style-type: none"> • Representatives of AW wholesale customers 	Examines key issues and advises AW on impacts to wholesale customers
Public and Special Interest Groups	<ul style="list-style-type: none"> • Open membership 	Reviews issues and provides comments to the AW and/or City Council

AW Executive Committee	<ul style="list-style-type: none"> AW Director, Assistant Directors, Budget and Finance Manager, City Legal Department 	Determines AW's rate recommendations to City Council after considering input of all parties
Water and Wastewater Commission	<ul style="list-style-type: none"> Members appointed by City Council 	Advises the City Council, including advising the Council on recommendations on rates
Resource Management Commission	<ul style="list-style-type: none"> Members appointed by City Council 	Advises City Council on water conservation, energy, alternative energy technologies, renewable energy sources

Tools and Techniques

Efforts will be made to ensure that information is readily available to the public, and that customer representatives and interested parties are involved throughout the study. These efforts are described below.

Media Outreach

News releases will be issued to newspapers and radio stations in the Austin area. The releases, which will be developed by the AW Public Information Officer, will serve to announce each of the Public Involvement Committee meetings.

Website

A web page on the AW website will be maintained by AW to provide the public and stakeholder committees with information. Through the web page, the public and stakeholders will be able to access meeting dates and locations, meeting agendas, issue papers, and comments from Public Involvement Committee and Wholesale Involvement Committee members on study issues. An email feature will allow comments from the public to be easily submitted to AW.

AW will complete frequent updates to keep information current. The project web page address is <http://www.austintexas.gov/department/2016-cost-service-rate-study>.

Information Library

The AW is providing electronic copies on all relevant study data on the study website referenced above. Hard copies can be provided upon request at the expense of the requestor.

Public Involvement Committee (PIC)

A Public Involvement Committee will be established and include representatives from all AW retail customer classes (e.g., residential, multi-family, commercial or industrial). Members will be selected by a diverse group of organizations with direct interest in the study. Included in the PIC membership will be a Residential Customer Rate Advocate (the Advocate). The firm of NewGen Strategies & Solutions, LLC (NewGen) has been retained by the Utility to serve in this capacity. Representatives from NewGen will attend PIC meetings and participate in similar manner to any other PIC member – see description presented late in this document.

The PIC will hear from subject matter experts, examine issues and advise AW on study issues. PIC members represent their customer class and are responsible for communicating with their constituency, while considering what is best for the City as a whole. The PIC is expected to meet approximately ten (10) times over the course of the study.

A roster of PIC members will be provided.

Wholesale Involvement Committee (WIC)

A Wholesale Involvement Committee will be established and include self-selected representatives from the Utility's Wholesale customers.

The WIC will hear from subject matter experts, examine issues and advise AW on study issues. WIC members represent their agencies and their customers and are responsible for communicating with their constituency (e.g., board members and end-use customers), while considering what is best for the City as a whole. The committee is expected to meet approximately five (5) times over the course of the study.

A roster of WIC members will be provided.

Meetings and Public Comment

All PIC and WIC meetings are open to the public. Interested persons and members of special interest groups may attend. Meeting times and agendas will be posted on the study web page.

Comments, questions and requests for information from members of the public in attendance may be formally submitted in writing through the study web page throughout the study process. Written comments on the recommended rate methodology will be included in the Final Report, prepared by RFC and submitted to the City Council, at the conclusion of the study.

Residential Customer Rate Advocate

The City of Austin has contracted with a Residential Customer Rate Advocate to represent the interests of residential customers on the PIC, and to conduct outreach and provide information to single family residential customers. The Advocate will advocate on behalf of residential interests, review information from the study consultant (RFC), assess potential impacts on residential customers, and provide a written analysis to AW.

Issue Papers

Raftelis Financial Consultants will prepare issue papers on topics identified by AW as relevant to the cost of service rate study. The papers will explain decisions to be made and identify options, pros-cons and preliminary recommendations.

Issue papers will be sent to PIC members in advance of the relevant committee meeting and will be discussed during the PIC meeting. Issue papers will also be posted on the study web page for public review and comment.

Presentations to City Council, Water and Wastewater Commission, Resource Management Commission

AW will routinely update the Water and Wastewater Commission on the progress of the rate study and will provide periodic updates to the City Council.

Cost of Service Rate Study updates will be posted on the agendas of the respective bodies. Meetings are open to the public, and anyone may comment during designated public comment periods.

Prior to the adoption of new rates, City Council will hold a public hearing and receive public feedback on the proposal.

Key Study Dates

PIC MEETINGS	DATES
PIC and WIC Orientations	September 27, 2016
Retail and Wholesale Classes	October 5, 2016
Revenue Requirements	October 18 and November 8, 2016
Water Cost Allocation	November 29, 2016
Wastewater Cost Allocation	December 13, 2016
Reclaimed Water Cost Allocation	January 4, 2017
Rates and Customer Impacts	January 17 and January 31, 2017
Review of Study Results and Wrap-up	February 21, 2017
OTHER IMPORTANT MILESTONES	DATES
Final Study Report	April 28, 2017
Presentations of Final Results	May 2017
FY2017-2018 Operating Budget	August 1, 2017
Rates Effective	November 1, 2017



REFERENCE 1



REFERENCE 1



REFERENCE 1



REFERENCE 1



Residential Water Customers – Monthly water charges include: billing, metering, collections, customer service, and servicing / monitoring of fire hydrants.

Meter Size	Customer Charge	Meter Charge	Fire Protection Charge	TOTAL
5/8*	\$4.83	\$1.79	\$0.48	\$7.10
¾	\$4.83	\$5.68	\$2.49	\$13.00
1	\$4.83	\$5.83	\$4.34	\$15.00
1¼	\$4.83	\$7.66	\$4.51	\$17.00
1½	\$4.83	\$14.15	\$6.02	\$25.00
2	\$4.83	\$19.97	\$16.20	\$41.00
3	\$4.83	\$39.79	\$23.38	\$68.00
4	\$4.83	\$74.14	\$60.03	\$139.00
6	\$4.83	\$151.78	\$126.39	\$283.00
8	\$4.83	\$296.93	\$744.24	\$1,046.00
10	\$4.83	\$416.57	\$814.60	\$1,236.00
12	\$4.83	\$538.35	\$922.82	\$1,466.00

*5/8 is the average residential customer meter size

Five-Tier Fixed Charge – Based on total billed water consumption for the billing period.

Gallons of Water	Fixed Charge
0 - 2,000 Gallons	\$1.20
2,001 - 6,000 Gallons	\$3.45
6,001 - 11,000 Gallons	\$8.75
11,001 - 20,000 Gallons	\$27.35
20,001 - over Gallons	\$27.35

Five-Tier Volume Charge – Rate is charged per 1,000 gallons of total billed water consumption for the billing period. Customers must meet qualifications for [Community Assistance Program \(CAP\) rates](#).

Gallons of Water	Non-CAP	CAP
0 - 2,000 Gallons	\$3.16	\$2.47
2,001 - 6,000 Gallons	\$4.84	\$3.89
6,001 - 11,000 Gallons	\$7.88	\$5.76
11,001 - 20,000 Gallons	\$11.90	\$9.90
20,001 - over Gallons	\$14.16	\$14.16

Reserve Fund Surcharge – fee goes into a restricted reserve fund to offset water service revenue shortfalls that may impact operations and services. This **\$0.19** surcharge is per 1,000 gallons billed.

Residential Wastewater Customers – A monthly wastewater charge of **\$10.30** includes the costs of billing, collections, customer service and other account management services.

Two-Tier Volume Charge – Rate is charged per 1,000 gallons of wastewater billed during the billing period. The amount of wastewater billed is based upon water usage during the [Wastewater Averaging period](#), or monthly water consumption, whichever is lower.

Gallons of Water	Volume Charge
0 - 2,000 Gallons	\$4.90
2,001 – or more Gallons	\$9.94



Multi-Family Water Customers – Monthly water charges include: billing, metering, collections, customer service, and servicing / monitoring of fire hydrants.

Meter Size	Customer Charge	Meter Charge	Fire Protection Charge	Minimum Fixed Charge	TOTAL
5/8	\$4.83	\$1.79	\$0.48	\$18.60	\$25.70
¾	\$4.83	\$5.68	\$2.49	\$28.00	\$41.00
1	\$4.83	\$5.83	\$4.34	\$47.00	\$62.00
1¼	\$4.83	\$7.66	\$4.51	\$65.00	\$82.00
1½	\$4.83	\$14.15	\$6.02	\$93.00	\$118.00
2	\$4.83	\$19.97	\$16.20	\$149.00	\$190.00
3	\$4.83	\$39.79	\$23.38	\$298.00	\$366.00
4	\$4.83	\$74.14	\$60.03	\$465.00	\$ 604.00
6	\$4.83	\$151.78	\$126.39	\$930.00	\$1,213.00
8	\$4.83	\$296.93	\$744.24	\$1,488.00	\$2,534.00
10	\$4.83	\$416.57	\$814.60	\$2,139.00	\$3,375.00
12	\$4.83	\$538.35	\$922.82	\$3,162.00	\$4,628.00

Volume Unit Charge – Rate is charged per 1,000 gallons of water billed during the billing period.

Season	Charge
Off-peak Nov. – Jun. billing cycle	\$4.90
Peak Jul. – Oct. billing cycle	\$5.39

Reserve Fund Surcharge – fee goes into a restricted reserve fund to offset water service revenue shortfalls that may impact operations and services. This **\$0.19** surcharge is per 1,000 gallons billed.

Multi-Family Wastewater Customers – A monthly wastewater charge of **\$10.30** includes the costs of billing, collections, customer service and other account management services.

Volume Charge – A rate of **\$9.20** is charged per 1,000 gallons of wastewater billed during the billing period. The amount of wastewater billed is based upon water usage during the [Wastewater Averaging period](#), or monthly water consumption, whichever is lower.



Commercial Water Customers – Monthly water charges include: billing, metering, collections, customer service, and servicing / monitoring of fire hydrants.

Meter Size	Customer Charge	Meter Charge	Fire Protection Charge	Minimum Fixed Charge	TOTAL
5/8	\$4.83	\$1.79	\$0.48	\$10.85	\$17.95
¾	\$4.83	\$5.68	\$2.49	\$16.00	\$29.00
1	\$4.83	\$5.83	\$4.34	\$27.00	\$42.00
1¼	\$4.83	\$7.66	\$4.51	\$41.00	\$58.00
1½	\$4.83	\$14.15	\$6.02	\$54.00	\$79.00
2	\$4.83	\$19.97	\$16.20	\$87.00	\$128.00
3	\$4.83	\$39.79	\$23.38	\$174.00	\$242.00
4	\$4.83	\$74.14	\$60.03	\$271.00	\$410.00
6	\$4.83	\$151.78	\$126.39	\$543.00	\$826.00
8	\$4.83	\$296.93	\$744.24	\$868.00	\$1,914.00
10	\$4.83	\$416.57	\$814.60	\$1,248.00	\$2,484.00
12	\$4.83	\$538.35	\$922.82	\$1,845.00	\$3,311.00

Volume Unit Charge – Rate is charged per 1,000 gallons of water billed during the billing period.

Season	Charge
Off-peak Nov. – Jun. billing cycle	\$5.82
Peak Jul. – Oct. billing cycle	\$6.40

Reserve Fund Surcharge – fee goes into a restricted reserve fund to offset water service revenue shortfalls that may impact operations and services. This **\$0.19** surcharge is per 1,000 gallons billed.

Commercial Wastewater Customers – A monthly wastewater charge of **\$10.30** includes the costs of billing, collections, customer service and other account management services.

Volume Charge – A rate of **\$9.26** is charged per 1,000 gallons of wastewater billed during the billing period. The amount of wastewater billed is based upon water usage during the [Wastewater Averaging period](#), or monthly water consumption, whichever is lower.



Large Volume Water Customers – Monthly water charges include: billing, metering, collections, customer service, and servicing / monitoring of fire hydrants.

Meter Size	Customer Charge	Meter Charge	Fire Protection Charge	TOTAL
5/8	\$4.83	\$1.79	\$0.48	\$7.10
¾	\$4.83	\$5.68	\$2.49	\$13.00
1	\$4.83	\$5.83	\$4.34	\$15.00
1¼	\$4.83	\$7.66	\$4.51	\$17.00
1½	\$4.83	\$14.15	\$6.02	\$25.00
2	\$4.83	\$19.97	\$16.20	\$41.00
3	\$4.83	\$39.79	\$23.38	\$68.00
4	\$4.83	\$74.14	\$60.03	\$139.00
6	\$4.83	\$151.78	\$126.39	\$283.00
8	\$4.83	\$296.93	\$744.24	\$1,046.00
10	\$4.83	\$416.57	\$814.60	\$1,236.00
12	\$4.83	\$538.35	\$922.82	\$1,466.00

Volume Unit Charge – Rate is charged per 1,000 gallons of water billed during the billing period.

Customer	Fixed Minimum Charge	Off Peak	Peak
Freescall	\$46,500.00	\$5.17	\$5.69
Samsung	\$111,000.00	\$5.30	\$5.83
Novati	\$3,700.00	\$5.48	\$6.03
Spancion	\$22,000.00	\$5.22	\$5.75
University of Texas	\$20,000.00	\$5.82	\$6.40

Reserve Fund Surcharge – fee goes into a restricted reserve fund to offset water service revenue shortfalls that may impact operations and services. This **\$0.19** surcharge is per 1,000 gallons billed.

Large Volume Wastewater Customers – A monthly wastewater charge of **\$10.30** includes the costs of billing, collections, customer service and other account management services. Rate is charged per 1,000 gallons of wastewater billed during the billing period.

Customer	Volume Wastewater Charge
Freescall	\$8.52
Samsung	\$7.89
Novati	\$7.63
Spancion	\$7.95
University of Texas	\$9.08



Wholesale Water Customers – Monthly water charges include: billing, metering, collections, and customer service.

Meter Size	Customer Charge	Meter Charge	TOTAL
5/8	\$4.60	\$3.40	\$8.00
¾	\$4.60	\$4.40	\$9.00
1	\$4.60	\$5.40	\$10.00
1¼	\$4.60	\$7.40	\$12.00
1½	\$4.60	\$9.40	\$14.00
2	\$4.60	\$14.40	\$19.00
3	\$4.60	\$26.40	\$31.00
4	\$4.60	\$40.40	\$45.00
6	\$4.60	\$79.40	\$84.00
8	\$4.60	\$126.40	\$131.00
10	\$4.60	\$181.40	\$186.00
12	\$4.60	\$266.40	\$271.00

Volume Unit Charge – Rate is charged per 1,000 gallons of water billed during the billing period. The average wholesale water rate is **\$4.10**.

Customer	Fixed Minimum Charge	Volume Charge
Creedmoor – Maha Water Supply Corp.	\$2,800.00	\$3.89
High Valley Water Supply Corp.	\$250.00	\$3.87
City of Manor	\$0.00	\$5.09
Marsha Water Supply Corp.	\$4.50	\$3.92
Mid-Tex Utilities (Avana Subdivision)	\$0.00	\$4.10
Morningside Subdivision	\$75.00	\$5.09
Night Hawk Water Supply Corp.	\$450.00	\$3.90
North Austin MUD #1	\$0.00	\$3.71
Northtown MUD	\$0.00	\$3.57
Rivercrest Water Supply	\$4,500.00	\$4.35
City of Rollingwood	\$5,000.00	\$4.65
Shady Hollow MUD	\$7,500.00	\$4.45
Southwest Water Supply Co.	\$0.00	\$4.10
City of Sunset Valley	\$4,000.00	\$4.24
Travis Co. WCID #10	\$0.00	\$3.97
Village of San Leanna	\$200.00	\$4.06
Wells Branch MUD (N.A.G.C.)	\$0.00	\$3.46

Reserve Fund Surcharge – fee goes into a restricted reserve fund to offset water service revenue shortfalls that may impact operations and services. This **\$0.10** surcharge is per 1,000 gallons billed.



Wholesale Wastewater Customers – A monthly wastewater charge of **\$10.30** includes the costs of billing, collections, customer service and other account management services.

Volume Unit Charge – Rate is charged per 1,000 gallons of wastewater billed during the billing period. The average wholesale wastewater rate is **\$5.66**.

Customer	Volume Charge
City of Manor	\$5.64
Mid-Tex Utilities (Avena Subdivision)	\$5.66
North Austin MUD #1	\$5.19
Northtown MUD	\$5.11
City of Rollingwood	\$5.67
Shady Hollow MUD	\$5.73
City of Sunset Valley	\$5.71
Travis Co. WCID #17 (Comanche Canyon)	\$3.98
Travis Co. WCID #17 (Steiner Ranch)	\$3.80
Wells Branch MUD (N.A.G.C.)	\$5.19
City of Westlake Hills	\$5.68