



Austin Water Utility

Joint Subcommittee on Financial Plan

November 21, 2011

Resolution Summary

Council Resolution

- City Manager directed to work with Joint Subcommittee of the 3 commissions and the public
- City Manager to develop short-term and long-term financial plan recommendations to strengthen the financial stability of AWU

Resolution Tasks

- Implement a progressively based Revenue Stability Fee which increases with water usage to encourage water conservation
- Financial policy development to include:
 - Implement a separate Revenue Stability Reserve Fund
 - Develop recommendations for fixed revenue goals and a phased approach to achieving the goals
 - Develop recommendations related to debt ratios and other financial metric goals and plan to meet targeted goals
 - Financial policies on water and wastewater impact fees
- Develop water conservation programs and marketing plan targeted to high-volume, low-income households who do not qualify for a fee waiver
- Consider options for addressing volatility through volumetric rates and structures based on practices of other utilities

Topics Summary

Topics Summary

- **Tiered Revenue Stability Fee**
- Fixed Revenue Goals
- Revenue Volatility
- Revenue Stability Reserve Fund
- Financial Metrics
- Impact Fee Policies
- Water Conservation & Marketing
- Drought Emergency Rates
- Other Topics

New Handouts

New Handouts

- Presentation
- Cash Reserve History
- Historical Block Rate Increases
- Bond Rating Reports
- AWU Financial Status Report
- Article – Declining Water Demand Causes New Headaches for Water Managers
- Question Responses

Related Topics Discussion

Recommendation Process Discussion

Recommendation Process

- General Discussion and Recommendation Process for Each Topic
 - 1st Meeting – Topic Discussion
 - 2nd Meeting – AWU Preliminary Recommendations
 - 3rd Meeting – AWU Recommendations
 - 4th Meeting – Subcommittee Vote
- Subcommittee and Public would have opportunity to provide comments throughout process

Recommendation Process

Meetings	Topic Summary
Meeting 1	<ul style="list-style-type: none"> • Background Information, Topics Summary
Meeting 2	<ul style="list-style-type: none"> • Tiered Revenue Stability Fee Structure Discussion
Meeting 3	<ul style="list-style-type: none"> • Tiered Revenue Stability Fee Structure AWU Preliminary Recommendations • Fixed Revenue Goals Discussion
Meeting 4	<ul style="list-style-type: none"> • Tiered Revenue Stability Fee Structure AWU Recommendations • Fixed Revenue Goals Preliminary AWU Preliminary Recommendations • Revenue Volatility Discussion

Recommendation Process

Meetings	Topic Summary
Meeting 5	<ul style="list-style-type: none"> • Tiered Revenue Stability Fee Structure Subcommittee Vote • Fixed Revenue Goals AWU Recommendation • Revenue Volatility AWU Preliminary Recommendations • Revenue Stability Reserve Fund Discussion
Meeting 6	<ul style="list-style-type: none"> • Fixed Revenue Goals Subcommittee Vote • Revenue Volatility AWU Recommendations • Revenue Stability Reserve Fund AWU Preliminary Recommendations • Financial Metrics Discussion
Meeting 7	<ul style="list-style-type: none"> • Revenue Volatility Subcommittee Vote • Revenue Stability Reserve Fund AWU Recommendations • Financial Metrics AWU Preliminary Recommendations • Impact Fee Policies Discussion

Recommendation Process

Meetings	Topic Summary
Meeting 8	<ul style="list-style-type: none"> • Revenue Stability Reserve Fund Subcommittee Vote • Financial Metrics AWU Recommendations • Impact Fee Policies AWU Preliminary Recommendations • Water Conservation & Marketing Discussion
Meeting 9	<ul style="list-style-type: none"> • Financial Metrics Subcommittee Vote • Impact Fee Policies AWU Recommendations • Water Conservation & Marketing AWU Preliminary Recommendations • Drought Emergency Rates Discussion
Meeting 10	<ul style="list-style-type: none"> • Impact Fee Policies Subcommittee Vote • Water Conservation & Marketing AWU Recommendations • Drought Emergency Rates AWU Preliminary Recommendations

Recommendation Process

Meetings	Topic Summary
Meeting 11	<ul style="list-style-type: none"> • Water Conservation & Marketing Subcommittee Vote • Drought Emergency Rates AWU Recommendations
Meeting 12	<ul style="list-style-type: none"> • Drought Emergency Rates Vote • AWU Summary of Recommendations • Joint Subcommittee Summary of Recommendations

Introductions

Rate Consultants

Red Oak Consulting

- Rick Giardina, CPA
Director Financial Services & Senior Vice President

- Jennifer Ivey, P.E.
Project Manager

Tiered Revenue Stability Fee Structure Discussion

Resolution – Revenue Stability Fee

- The fixed Revenue Stability Fee is regressive, whereby low-water users absorb a higher percentage increase to their bill than higher users; thus is a disincentive to water conservation
- Intent of Council is to establish a graduated, progressively-based Revenue Stability Fee which increases with water usage to encourage water conservation

Tiered Revenue Stability Fee

Discussion Outline

- Approved Fee Summary
- Other utility practices
- Fee Structure & Illustrative Rates
 - 12-month water use average
 - Current month water use
- Customer classes to be included
- Average residential bill impacts

Approved Revenue Stability Fee

<u>Meter Size</u>	<u>Fee Per Month</u>	<u>Number of Accounts</u>	<u>% of Accounts</u>
5/8"	\$ 4.40	180,228	86.1%
3/4"	6.60	10,348	4.9%
1"	9.70	8,890	4.2%
1 1/2"	18.20	3,930	1.9%
2"	27.20	3,509	1.7%
3"	66.00	1,207	0.6%
4"	110.00	560	0.3%
6"	220.00	362	0.2%
8"	330.00	190	0.1%
10"	440.00	61	0.0%
12"	506.00	1	0.0%
Total Accounts		209,286	100.0%

Note: 5,275 current Customer Assistance Program (CAP) customers will have their fee waived

Approved Revenue Stability Fee

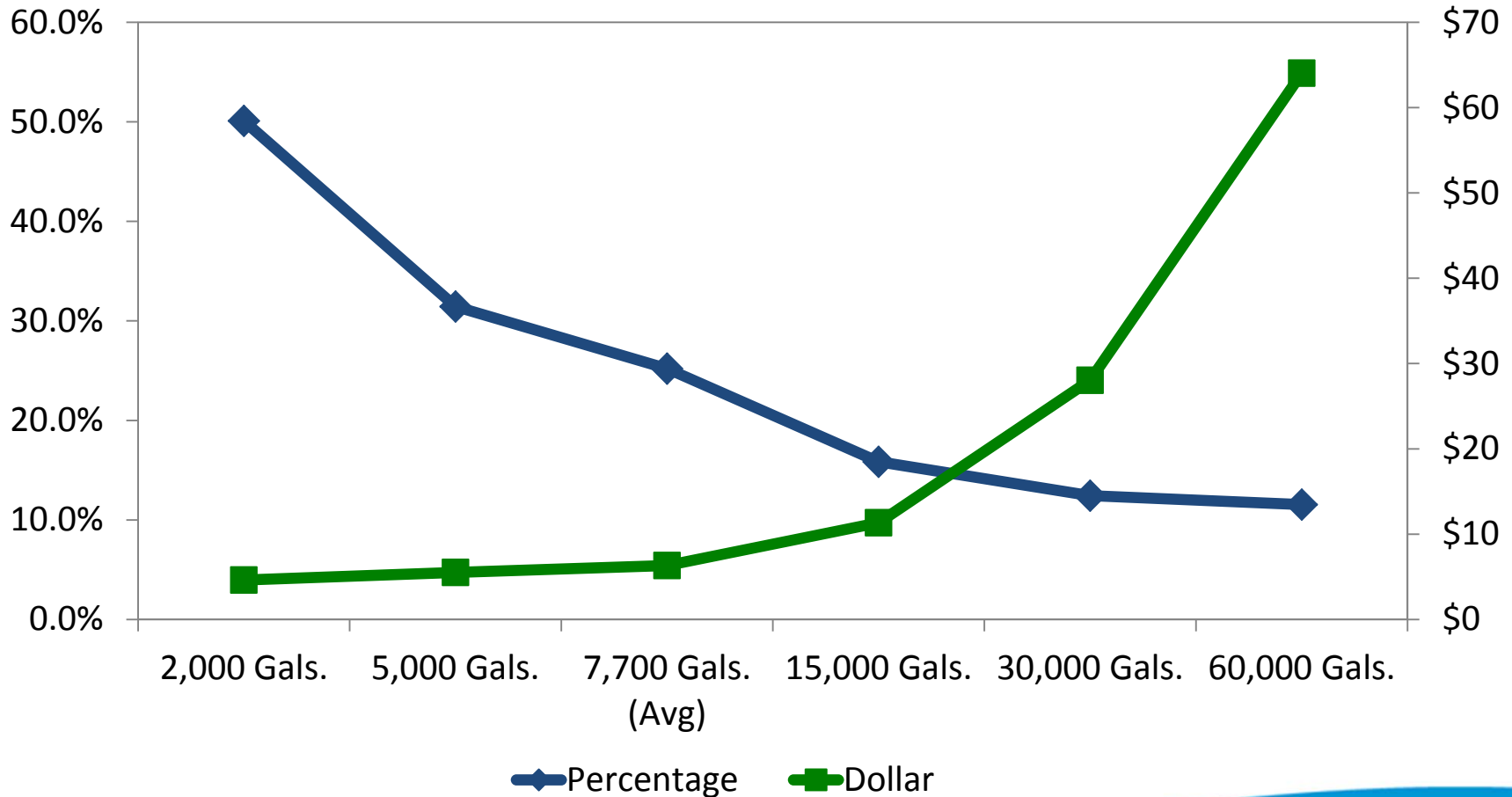
	Annual Revenue Stability Fee Collections	% of Total
Residential	\$ 10,543,127	61.7%
Multifamily	2,473,666	14.5%
Commercial	3,963,007	23.2%
Large Volume	103,505	0.6%
Wholesale	-	0.0%
Total	\$ 17,083,305	100.0%

Residential Water Bill Impacts

Approved 2012 Revenue Stability Fee Residential Water Bill Comparison - FY 2011 to FY 2012

Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 13.84	\$ 4.62	50.1%
5,000	\$ 17.56	\$ 23.08	\$ 5.52	31.4%
7,700 (Avg)	\$ 25.07	\$ 31.40	\$ 6.33	25.2%
15,000	\$ 71.58	\$ 82.92	\$ 11.34	15.8%
30,000	\$ 225.33	\$ 253.37	\$ 28.04	12.4%
60,000	\$ 555.03	\$ 619.07	\$ 64.04	11.5%

Residential Monthly Water Bill Impacts Approved 2012 Rates



Other Utility Practices

Revenue Stability Trends

Revenue Stability Trends

Joint Subcommittee Meeting
November 21, 2011

Revenue Volatility – No One Answer, Many Possible Solutions

Increase Amount of Fixed Revenues

Rates Based on More Conservative
Water Sales Estimates

Increase, Redefine Reserve Levels,
Adjust Reserve Policies

Options for Addressing Revenue Volatility

Option	Potential Change(s)	Pros	Cons
Adjust Reserve Policies	<ul style="list-style-type: none"> • Increase reserve requirements • Clarify purpose of reserves, e.g., mitigate against reduced water sales 	<ul style="list-style-type: none"> • Does not require changes to rate structure • Could increase revenues 	<ul style="list-style-type: none"> • Will take rate increases to increase reserves • Subject to annual rate setting process
Rates Based on More Conservative Water Sales Estimate	<ul style="list-style-type: none"> • Reduce assumed water sales levels as part of annual rate setting process 	<ul style="list-style-type: none"> • Same as above • Any excess revenues could add to reserves or cash-fund CIP 	<ul style="list-style-type: none"> • Will increase level of rate increases
Adjust Existing Charges	<ul style="list-style-type: none"> • Increase costs recovered through fixed Service Charge 	<ul style="list-style-type: none"> • Does not require change to rate structure • Will increase fixed revenues 	<ul style="list-style-type: none"> • Reduce price signal for conservation • Affordability concerns

Options for Addressing Revenue Volatility

Option	Potential Change(s)	Examples
New Charges/Fees	<ul style="list-style-type: none"> • Addition of one or more charges or fees 	<p>Flat Fee:</p> <ul style="list-style-type: none"> • Seismic Surcharge (EBMUD) • Customer Service Charge (SDCWA) • Rate Stabilization Fee (Melissa, TX) • Rate Stabilization (Spokane Residential) <p>Meter Size-based Fee:</p> <ul style="list-style-type: none"> • Water Supply Replacement Charge (El Paso) • Fixed Availability Fee (Charlotte) <p>Volumetric Fee:</p> <ul style="list-style-type: none"> • Environmental Charge (Phoenix) • Rate Stabilization (Spokane Commercial) • Water Revenue Adjustment (LADWP)

East Bay MUD – Seismic Improvement Program Surcharge

A flat Seismic Improvement Program Surcharge for each Single Family Residential or Multiple Family Residential account to pay for system-wide seismic improvements being made from 1995-2025. The SIP program costs are being paid over 30 years; the charge is effective on each water bill through February 28, 2025.

- **Seismic Improvement Program Surcharge:**
 - Single Family Residential - \$2.16 per month
 - Multiple Family Residential - \$10.16 per month

San Diego County Water Authority – Customer Service Charge

Customer Service Charge is a flat fee that varies for each *member agency*. The components of the Customer Service Charge include Readiness-to-Serve, Capacity Reservation, Customer Service, Emergency Storage, and Infrastructure Access charges.

- 2012 Customer Service Charges:
 - Minimum Charge - \$1,497 per month
 - Maximum Charge - \$4,722,613 per month
 - Median Charge - \$296,250 per month

City of Melissa, TX – Rate Stabilization Fee

A rate stabilization fee of \$10.00 will be assessed on all accounts with usage over 1,500 gallons of water per month.

City of Spokane, WA – Rate Stabilization Charge

The rate stabilization charge is for capital contribution purposes only and is separately itemized on the utility bill. The rate stabilization charge revenues are placed in a restricted capital fund.

- Single Family Residential - \$18.09 per month
- Multiple Family Residential - \$18.09 per month per equivalent residential unit
- Retail Commercial - \$0.4441 per ccf

El Paso Water Utilities – Water Supply Replacement Charge

A monthly water supply replacement charge shall be collected from the users of each and every service connected to the water system, including Local Government Turf Accounts and Very Large Water Users.

- Meters less than 1" \$5.91
- 1" meter \$14.77
- 1.5" meter \$29.53
- 2" meter \$47.25
- 4" meter \$147.64
- 6" meter \$295.27
- 8" meter \$549.19

Charlotte-Mecklenburg Utilities – Fixed Water and Sewer Availability Charges

All customers pay a new, fixed availability fee during each billing period. The fee helps pay for water construction projects and is based on water meter size.

<u>Meter Size</u>	<u>Water Availability Fee</u>	<u>Sewer Availability Fee</u>
5/8-inch	\$2.25	\$4.30
1-inch	\$5.63	\$10.75
2-inch	\$18.00	\$34.40
6-inch	\$118.13	\$225.75

Los Angeles Department of Water and Power – Quarterly Water Revenue Adjustments

A Water Revenue Adjustment (WRA) recovers any shortage in revenue due to variation in water sales through application of the Water Revenue Adjustment Factor (WRAF).

WRAF = (a)/(b), expressed to the nearest \$0.001 per ccf

- (a) is the Water Revenue Adjustment Account ending balance
- (b) Is the total estimated water sales for 12 months commencing with the effective date of the WRAF, excluding recycled water and public irrigation sales.

California Urban Water Conservation Council BMP 1.4 (formerly BMP-11)

Variable Revenues at least 70% of total

Promote water use efficiency pricing

California Urban Water Conservation Council BMP 1.4 – Retail Conservation Pricing

“...the goal of this BMP is to recover the maximum amount of water sales revenue from volumetric rates that is consistent with utility costs (which may include utility long-run marginal costs), financial stability, revenue sufficiency, and customer equity.”

Compliance Options:

$$\frac{V}{V + M} \geq 70\% \quad \text{OR} \quad \frac{V}{V + M} \geq \frac{V'}{V' + M'}$$

V = Revenue from volumetric rate(s)

M = Revenue from customer meter/service (fixed) charges

Revenue Stability Fee Structure Options

Tiered Fee Options

- 12 month water consumption average
 - Customers put into 3 tiers based on average
- Current month water consumption
 - Customer usage during the month determines their revenue stability fee

Tiers based on 12 Month Average Water Consumption

12 Month Average Consumption

- Summary
 - \$10.5 million required from residential customers
 - Tiered fee for residential customers only
 - Residential fee would not be based on meter size
 - 12 month average consumption from October through September
 - 30,000 customers don't have 12 months of consumption
 - 3 tiers for revenue stability fee with each tier having 1/3 of the customers with 12 months consumption
 - Customers without 12 months consumption put into middle tier
 - Assigned tier would remain with customer for 12 months
 - Tiered fees would be lowest for lower users and highest for higher users

12 Month Average Consumption

Tiered Revenue Stability Fee Structure 12 Month Average Consumption

<u>Fiscal Year</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
2007-08			
Avg Consumption Breaks	0 - 5,400	5,401 - 9,649	9,650 +
Customers	49,279	80,081	49,245
2008-09			
Avg Consumption Breaks	0 - 5,666	5,667 - 10,199	10,200 +
Customers	50,155	79,970	50,256
2009-10			
Avg Consumption Breaks	0 - 4,575	4,576 - 7,850	7,851 +
Customers	49,387	80,699	49,441
2010-11			
Avg Consumption Breaks	0 - 5,590	5,591 - 10,308	10,309 +
Customers	50,594	80,174	50,574



Illustrative Fee Options

Required Revenue **\$10,543,127**

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Total Customers Revenue</u>
Customers	52,046	82,475	52,025	186,546 186,546
Option #1				
Fee	\$ 4.71	\$ 4.71	\$ 4.71	
Revenue	\$ 2,941,640	\$ 4,661,487	\$ 2,940,453	\$10,543,580
Option #2				
Fee	\$ 2.00	\$ 4.40	\$ 7.92	
Revenue	\$ 1,249,104	\$ 4,354,680	\$ 4,944,456	\$10,548,240
Option #3				
Fee	\$ 1.00	\$ 3.00	\$ 11.14	
Revenue	\$ 624,552	\$ 2,969,100	\$ 6,954,702	\$10,548,354

Residential Water Bill Impacts

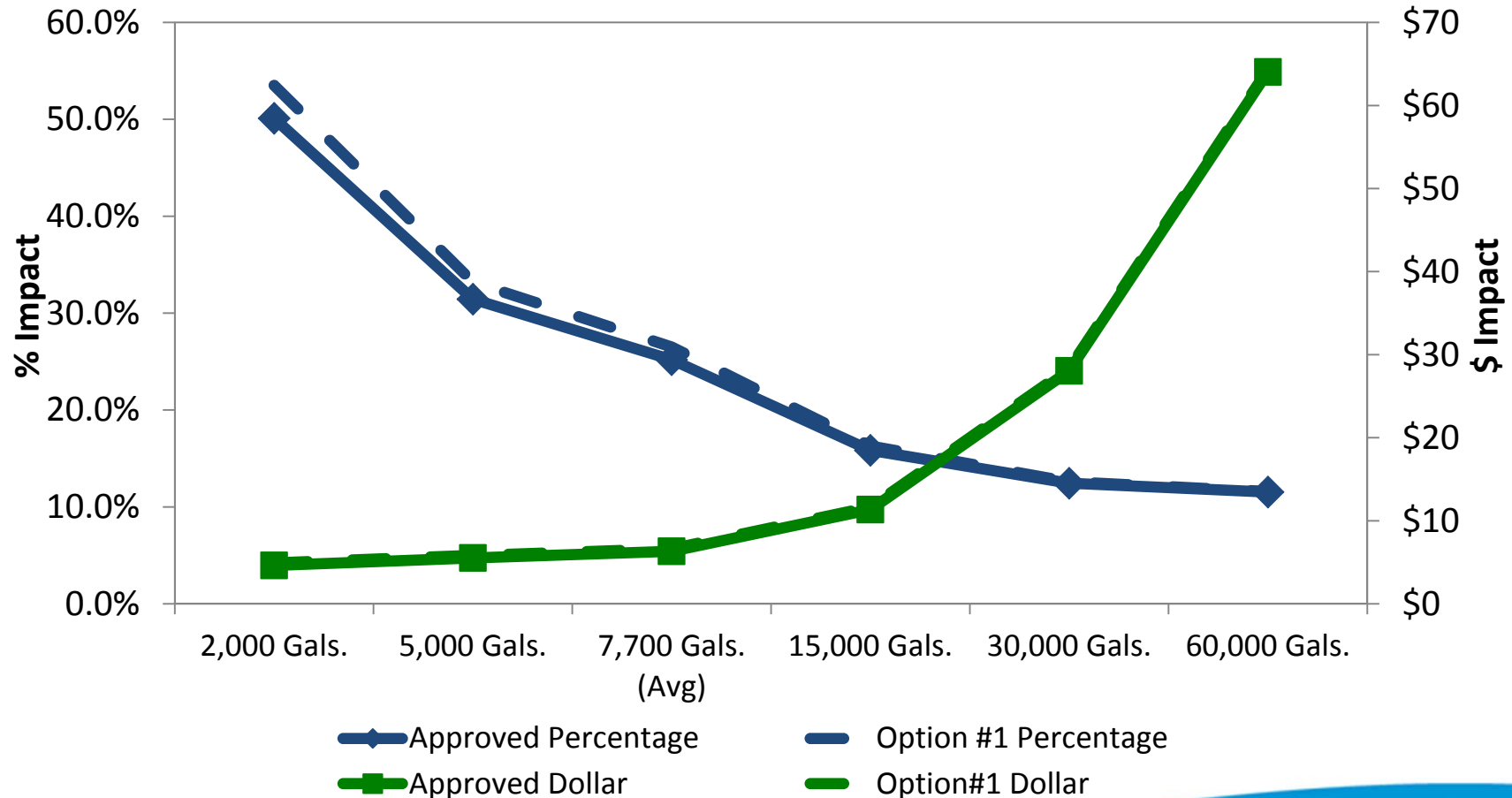
Option #1

Residential Water Bill Comparison - FY 2011 to FY 2012

Tier 1	Tier 2	Tier 3
\$4.71	\$4.71	\$4.71

Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 14.15	\$ 4.93	53.5%
5,000	\$ 17.56	\$ 23.39	\$ 5.83	33.2%
7,700 (Avg)	\$ 25.07	\$ 31.71	\$ 6.64	26.5%
15,000	\$ 71.58	\$ 83.23	\$ 11.65	16.3%
30,000	\$ 225.33	\$ 253.68	\$ 28.35	12.6%
60,000	\$ 555.03	\$ 619.38	\$ 64.35	11.6%

Residential Monthly Water Bill Impacts Approved vs. Option #1



Residential Water Bill Impacts

Option #2

Residential Water Bill Comparison - FY 2011 to FY 2012

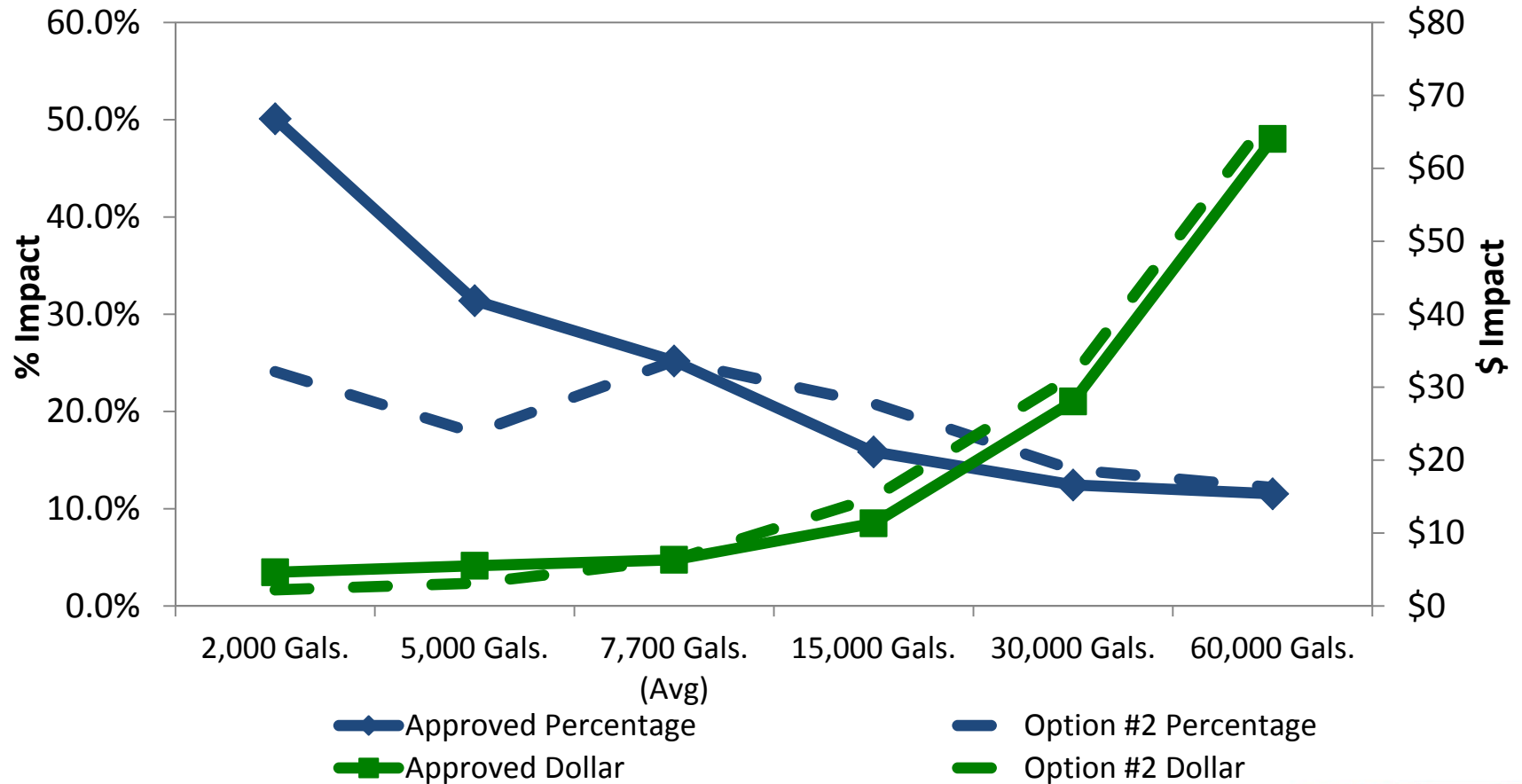
Tier 1
\$2.00

Tier 2
\$4.40

Tier 3
\$7.92

Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 11.44	\$ 2.22	24.1%
5,000	\$ 17.56	\$ 20.68	\$ 3.12	17.8%
7,700 (Avg)	\$ 25.07	\$ 31.40	\$ 6.33	25.2%
15,000	\$ 71.58	\$ 86.44	\$ 14.86	20.8%
30,000	\$ 225.33	\$ 256.89	\$ 31.56	14.0%
60,000	\$ 555.03	\$ 622.59	\$ 67.56	12.2%

Residential Monthly Water Bill Impacts Approved vs. Option #2



Residential Water Bill Impacts

Option #3

Residential Water Bill Comparison - FY 2011 to FY 2012

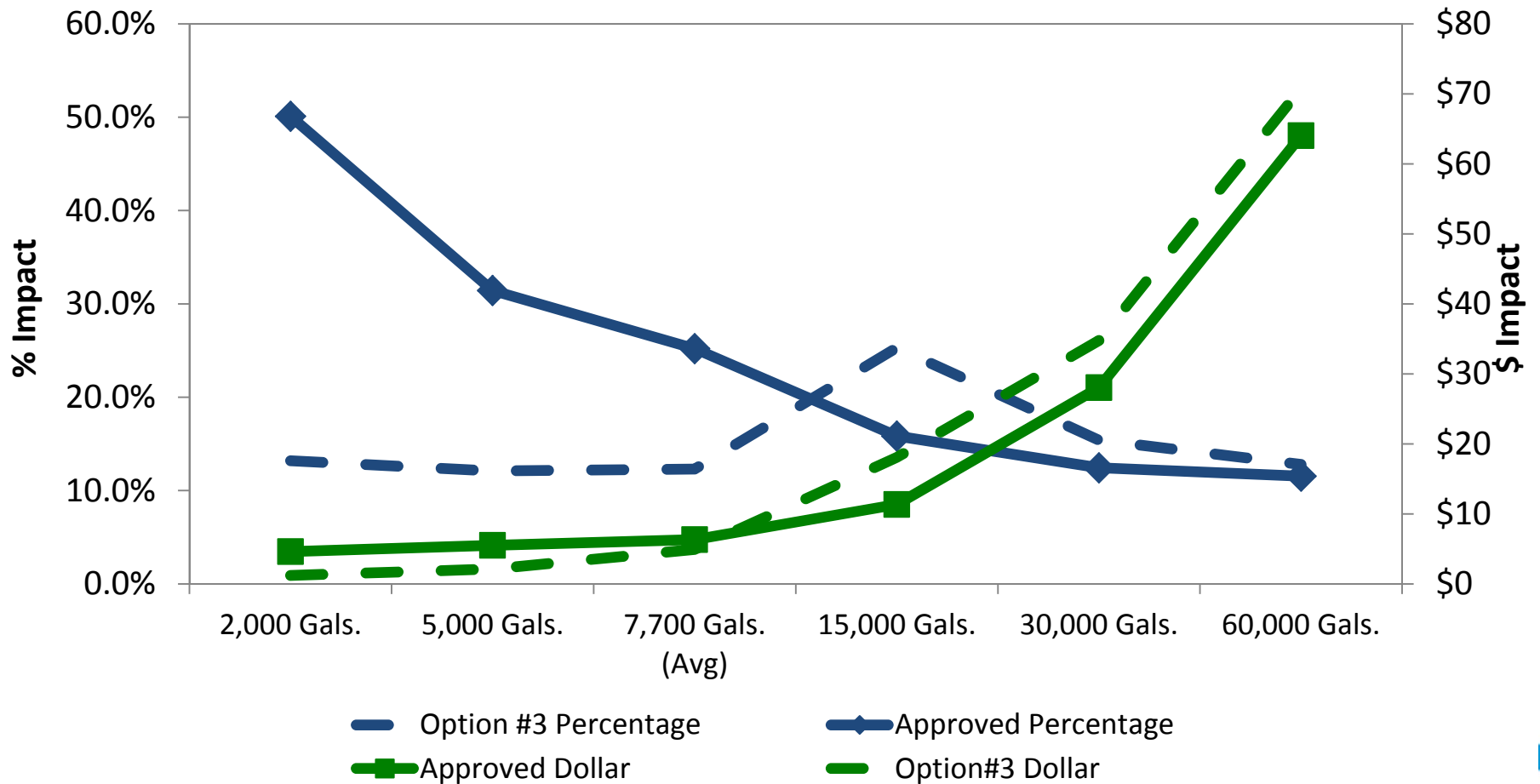
Tier 1
\$1.00

Tier 2
\$3.00

Tier 3
\$11.14

Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 10.44	\$ 1.22	13.2%
5,000	\$ 17.56	\$ 19.68	\$ 2.12	12.1%
7,700 (Avg)	\$ 25.07	\$ 30.00	\$ 4.93	19.7%
15,000	\$ 71.58	\$ 89.66	\$ 18.08	25.3%
30,000	\$ 225.33	\$ 260.11	\$ 34.78	15.4%
60,000	\$ 555.03	\$ 625.81	\$ 70.78	12.8%

Residential Monthly Water Bill Impacts Approved vs. Option #3



12 Month Average Consumption

- Advantages
 - Tiered fee with lower use customers paying less than higher use customers
 - No revenue volatility in collection of fees

12 Month Average Consumption

- Disadvantages
 - Customer must keep their tier designation for 12 months
 - Consumption breaks for each tier would change each year
 - High billing system program modification costs
 - Less conservation incentive for customers in highest tier
 - Customers with larger meters could see a reduction in their revenue stability fee

Questions?

Tiers Based on Current Month Consumption and Blocks

Tiers based on Current Month Water Use

- Summary
 - \$10.5 million required from residential customers
 - Tiered fee for residential customers only
 - Tiers based on current residential rate blocks
 - Current month water use determines a customer's revenue stability fee
 - Two Options
 - 3 tier – Block 1 (0-2,000 Gals), Block 2 (2,001 – 9,000 Gals), & Blocks 3-5 (9,001 and over Gals.)
 - 4 tier - Block 1 (0-2,000 Gals), Block 2 (2,001 – 9,000 Gals), Blocks 3-4 (9,001 – 25,000 Gals), & Block 5 (25,001 and over Gals)

Illustrative Fee Options – 4 Tiers

	Tier 1 Rate Block 1 0 - 2,000	Tier 2 Rate Block 2 2,001 - 9,000	Tier 3 Rate Blocks 3-4 9,001 - 25,000	Tier 4 Rate Block 5 25,001 - over	Total Customers Revenue
Customers	24,567	111,919	42,507	7,554	186,546
Percent	13.2%	60.0%	22.8%	4.1%	
Option #1					
Fee	\$ 1.00	\$ 3.80	\$ 8.00	\$ 12.00	
Revenue	\$ 294,800	\$ 5,103,496	\$ 4,080,704	\$ 1,087,705	\$ 10,566,705
Option #2					
Fee	\$ 1.25	\$ 4.15	\$ 7.25	\$ 10.00	
Revenue	\$ 368,500	\$ 5,573,555	\$ 3,698,138	\$ 906,421	\$ 10,546,614

Revenue Volatility

	Dry Year Revenue 2011	Wet Year Revenue 2010	Possible Revenue Loss Due to Volatility
<u>3-Tier Options</u>			
Option #1			
Revenue	\$ 11,161,679	\$ 10,052,408	\$ 1,109,271
Option #2			
Revenue	\$ 10,782,080	\$ 10,331,854	\$ 450,226
<u>4-Tier Options</u>			
Option #1			
Revenue	\$ 11,286,776	\$ 9,846,633	\$ 1,440,143
Option #2			
Revenue	\$ 11,094,569	\$ 9,998,657	\$ 1,095,912

Residential Water Bill Impacts Approved vs. 3 Tier Option #1

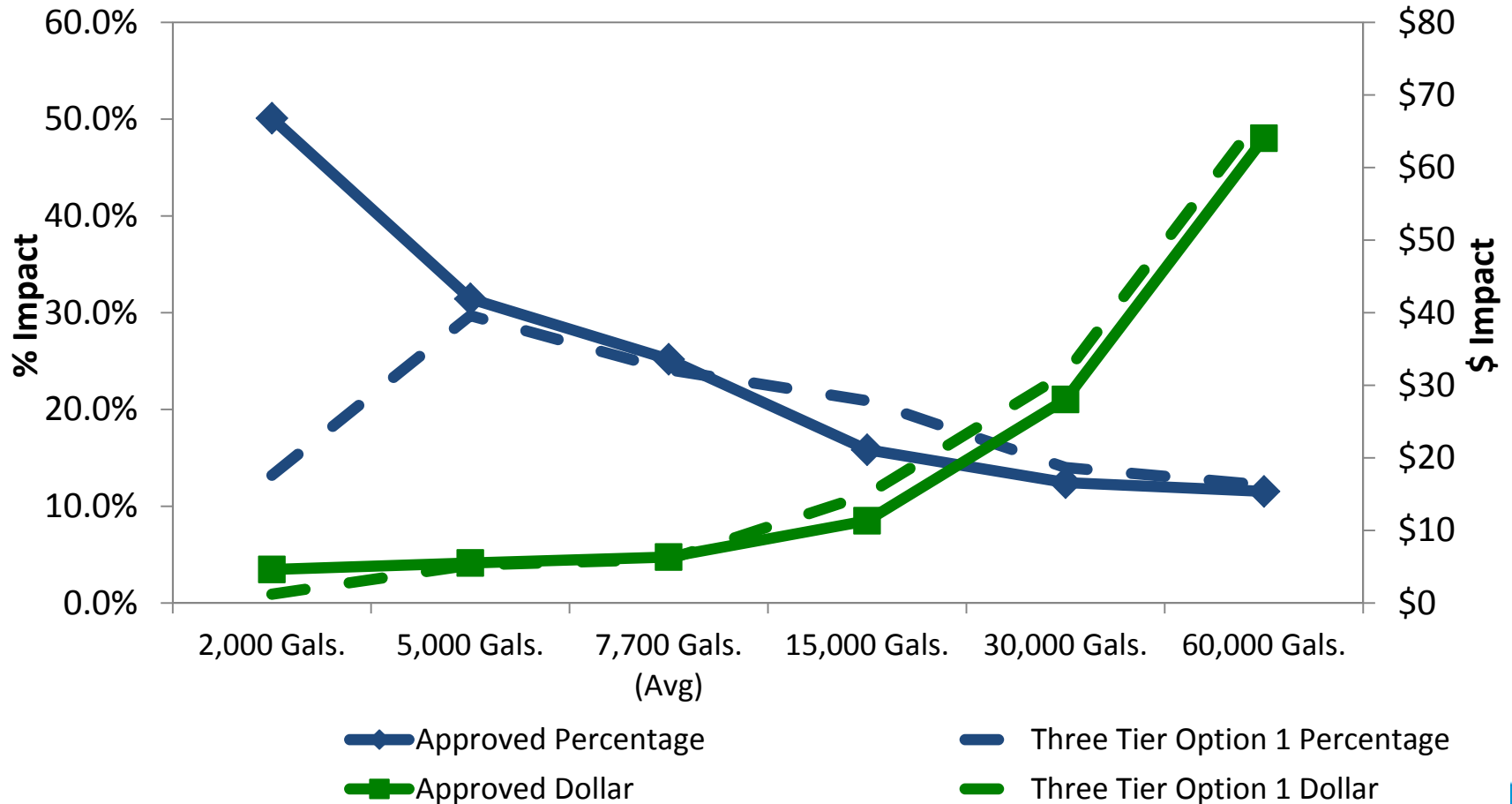
3 Tiers - Option #1

Residential Water Bill Comparison - FY 2011 to FY 2012

Tier 1 Rate Block 1 0 - 2,000 <hr/> \$1.00	Tier 2 Rate Block 2 2,001 - 9,000 <hr/> \$4.10	Tier 3 Rate Blocks 3-5 9,001 - over <hr/> \$8.00
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Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 10.44	\$ 1.22	13.2%
5,000	\$ 17.56	\$ 22.78	\$ 5.22	29.7%
7,700 (Avg)	\$ 25.07	\$ 31.10	\$ 6.03	24.1%
15,000	\$ 71.58	\$ 86.52	\$ 14.94	20.9%
30,000	\$ 225.33	\$ 256.97	\$ 31.64	14.0%
60,000	\$ 555.03	\$ 622.67	\$ 67.64	12.2%

Residential Monthly Water Bill Impacts Approved vs. 3 Tier Option #1



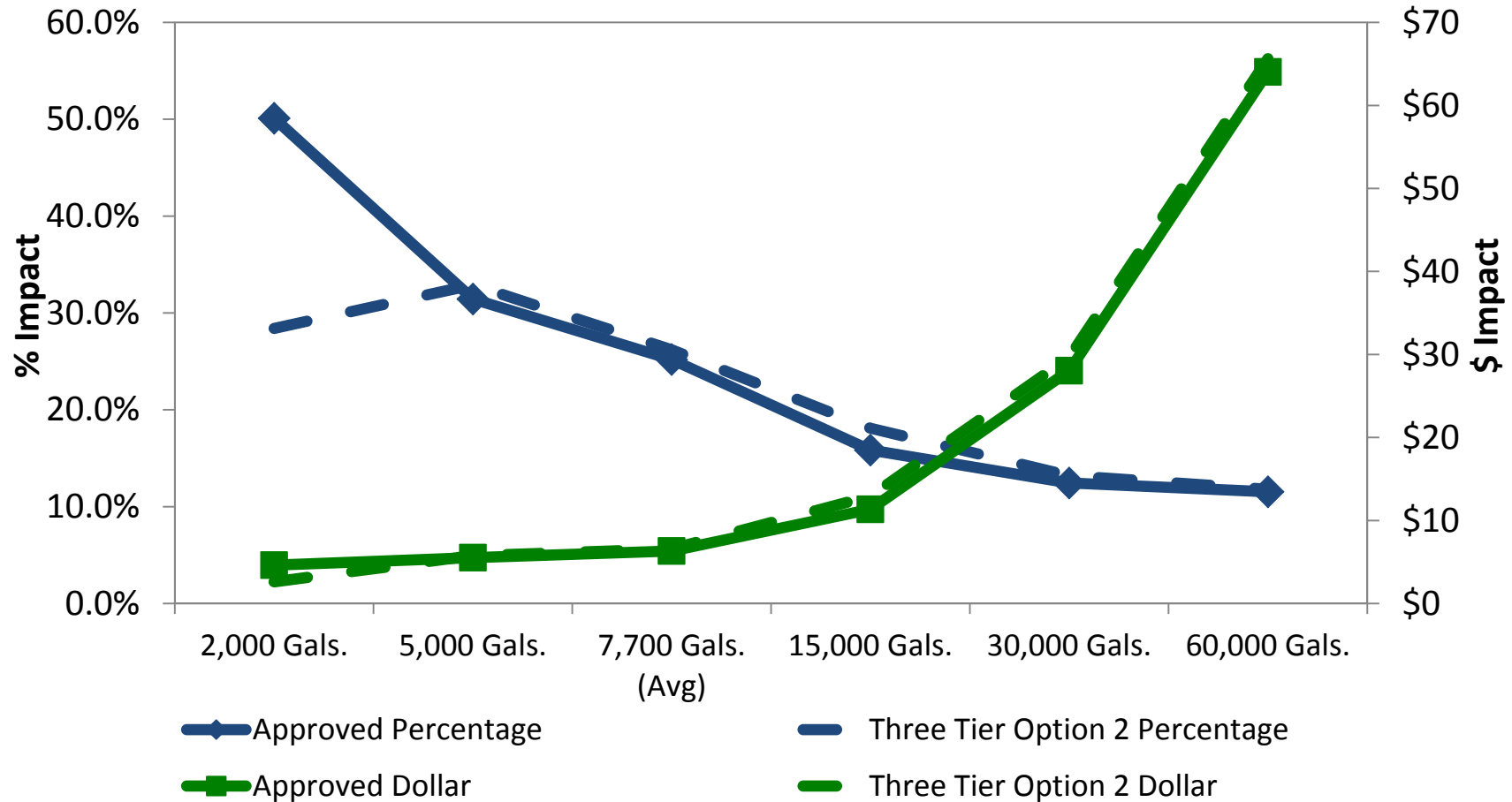
Residential Water Bill Impacts Approved vs. 3 Tier Option #2

Residential Water Bill Comparison - FY 2011 to FY 2012

Tier 1 Rate Block 1 0 - 2,000	Tier 2 Rate Block 2 2,001 - 9,000	Tier 3 Rate Blocks 3-5
\$2.40	\$4.65	\$6.00

Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 11.84	\$ 2.62	28.4%
5,000	\$ 17.56	\$ 23.33	\$ 5.77	32.9%
7,700 (Avg)	\$ 25.07	\$ 31.65	\$ 6.58	26.2%
15,000	\$ 71.58	\$ 84.52	\$ 12.94	18.1%
30,000	\$ 225.33	\$ 254.97	\$ 29.64	13.2%
60,000	\$ 555.03	\$ 620.67	\$ 65.64	11.8%

Residential Monthly Water Bill Impacts Approved vs. 3 Tier Option #2



Residential Water Bill Impacts

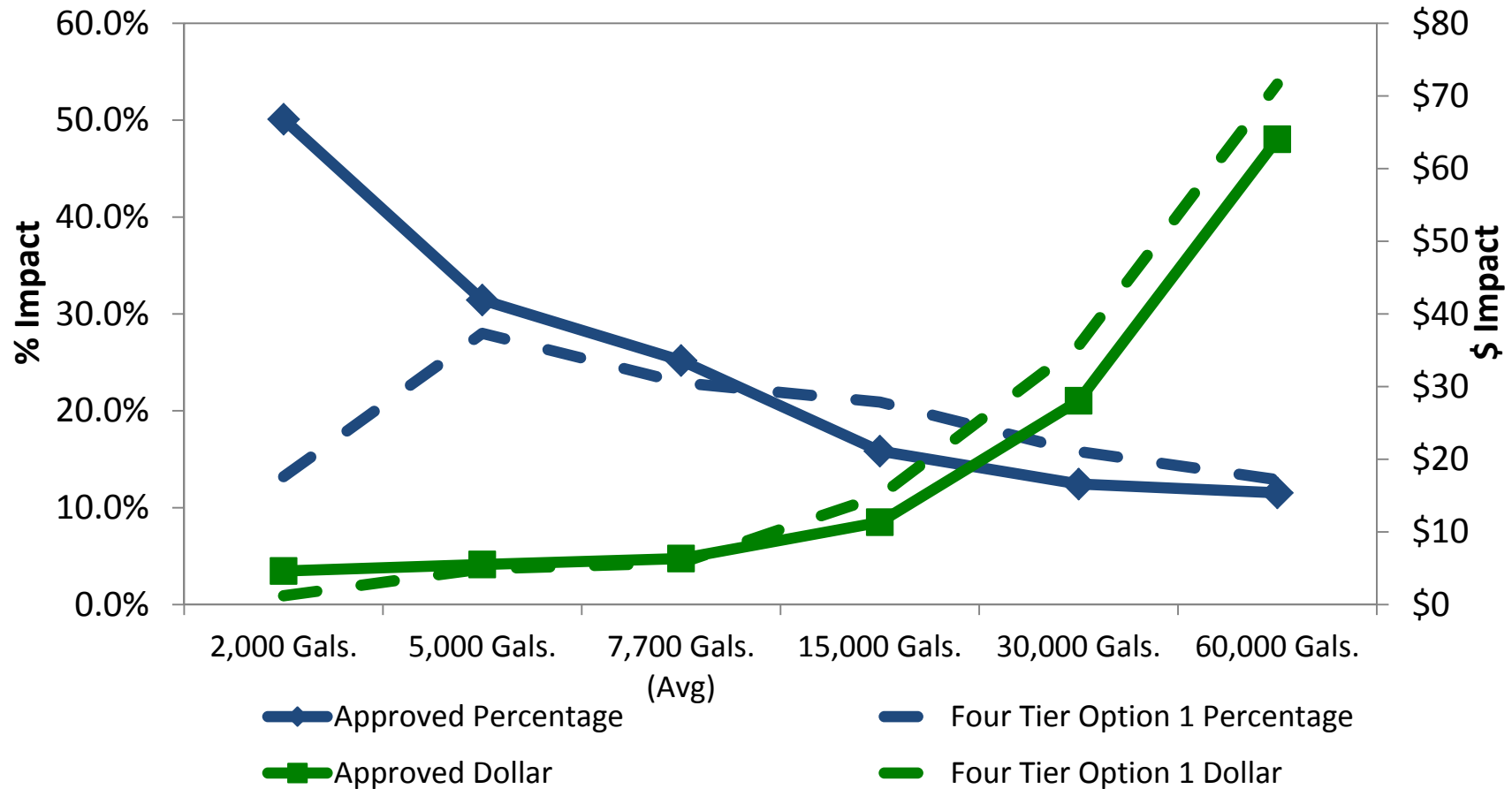
4 Tiers - Option #1

Residential Water Bill Comparison - FY 2011 to FY 2012

Tier 1 Rate Block 1 Up to 2,000	Tier 2 Rate Block 2 2,001 - 9,000	Tier 3 Rate Block 3 & 4 9,001 - 15,000	Tier 4 Rate Block 5 25,000 & Up
\$1.00	\$3.80	\$8.00	\$12.00

Monthly Usage (Gallons)	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance
2,000	\$ 9.22	\$ 10.44	\$ 1.22	13.2%
5,000	\$ 17.56	\$ 22.48	\$ 4.92	28.0%
7,700 (Avg)	\$ 25.07	\$ 30.80	\$ 5.73	22.9%
15,000	\$ 71.58	\$ 86.52	\$ 14.94	20.9%
30,000	\$ 225.33	\$ 260.97	\$ 35.64	15.8%
60,000	\$ 555.03	\$ 626.67	\$ 71.64	12.9%

Residential Monthly Water Bill Impacts Approved vs. 4 Tier Option #1



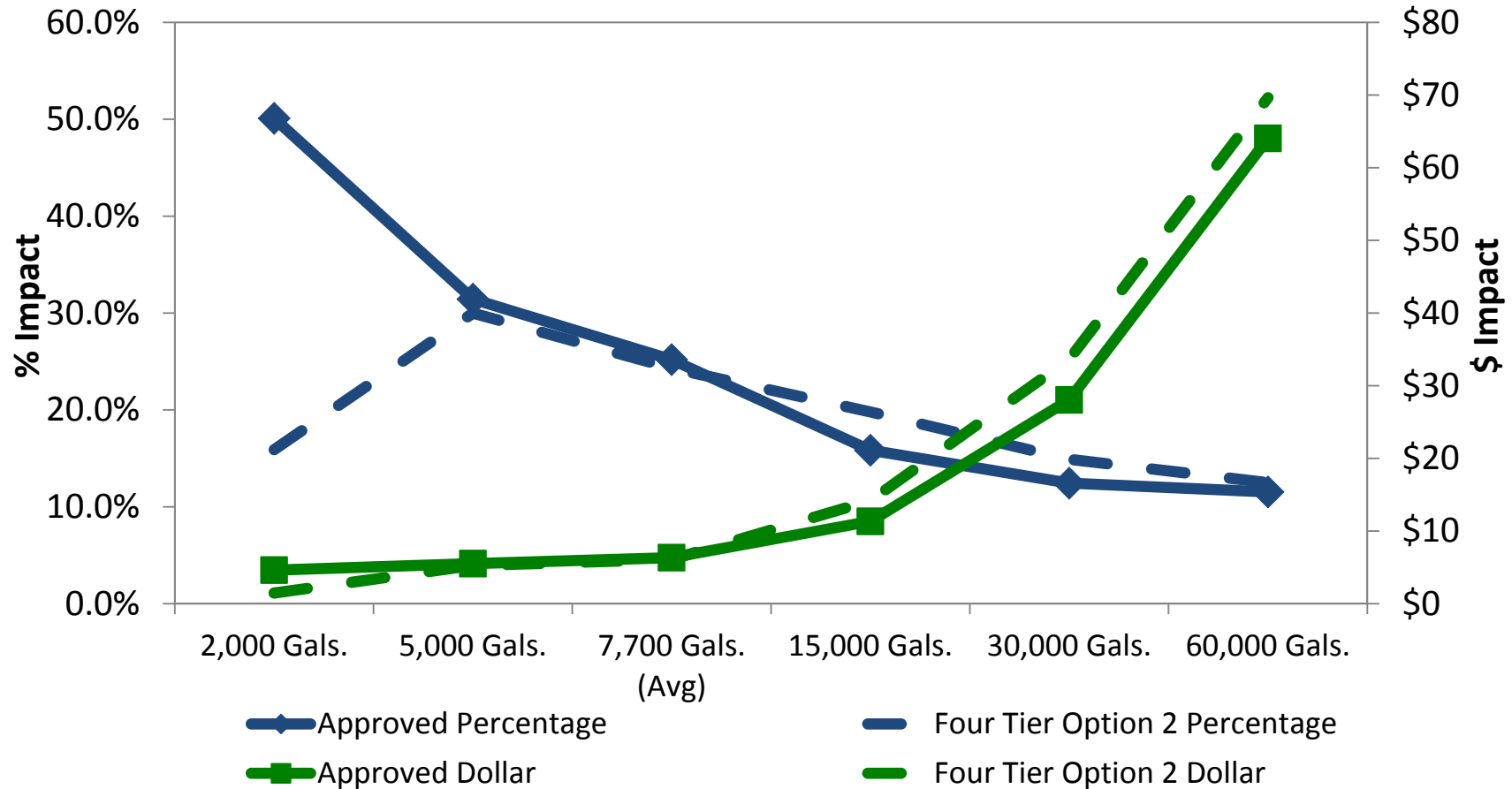
Residential Water Bill Impacts

4 Tiers - Option #2

Residential Water Bill Comparison - FY 2011 to FY 2012

Monthly Usage (Gallons)	Tier 1 Rate Block 1 Up to 2,000		Tier 2 Rate Block 2 2,001 - 9,000		Tier 3 Rate Block 3 & 4 9,001 - 15,000		Tier 4 Rate Block 5 25,000 & Up	
	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill	\$ Variance	% Variance	FY 2011 Rates Water Bill	FY 2012 Rates Water Bill
2,000	\$ 9.22	\$ 10.69	\$ 17.56	\$ 22.83	\$ 1.47	15.9%	\$ 25.07	\$ 31.15
5,000	\$ 17.56	\$ 22.83	\$ 71.58	\$ 85.77	\$ 5.27	30.0%	\$ 225.33	\$ 258.97
7,700 (Avg)	\$ 25.07	\$ 31.15	\$ 555.03	\$ 624.67	\$ 6.08	24.3%		
15,000	\$ 71.58	\$ 85.77			\$ 14.19	19.8%		
30,000	\$ 225.33	\$ 258.97			\$ 33.64	14.9%		
60,000	\$ 555.03	\$ 624.67			\$ 69.64	12.5%		

Residential Monthly Water Bill Impacts Approved vs. 4 Tier Option #2



Tiers Based on Current Month Water Use

- Advantages
 - Tiered fee with lower use customers paying less than higher use customers
 - Customers can change their revenue stability fee by reducing water use
 - Water conservation incentive
 - Revenue volatility at manageable levels

Tiers Based on Current Month Water Use

- Disadvantages
 - Some revenue volatility introduced when based on monthly water use

Questions and Discussion?