

# ABCWUA Rate Study and Communicating with the Customer

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**7/10/14**



Albuquerque Bernalillo County  
Water Utility Authority

# Overview of Rate Process and Customer Communications

- Comprehensive study to evaluate alternative rate structures and cost-of-service rates
- Staff and public involvement
- Ramifications of a successful conservation approach
- Strategy for moving forward

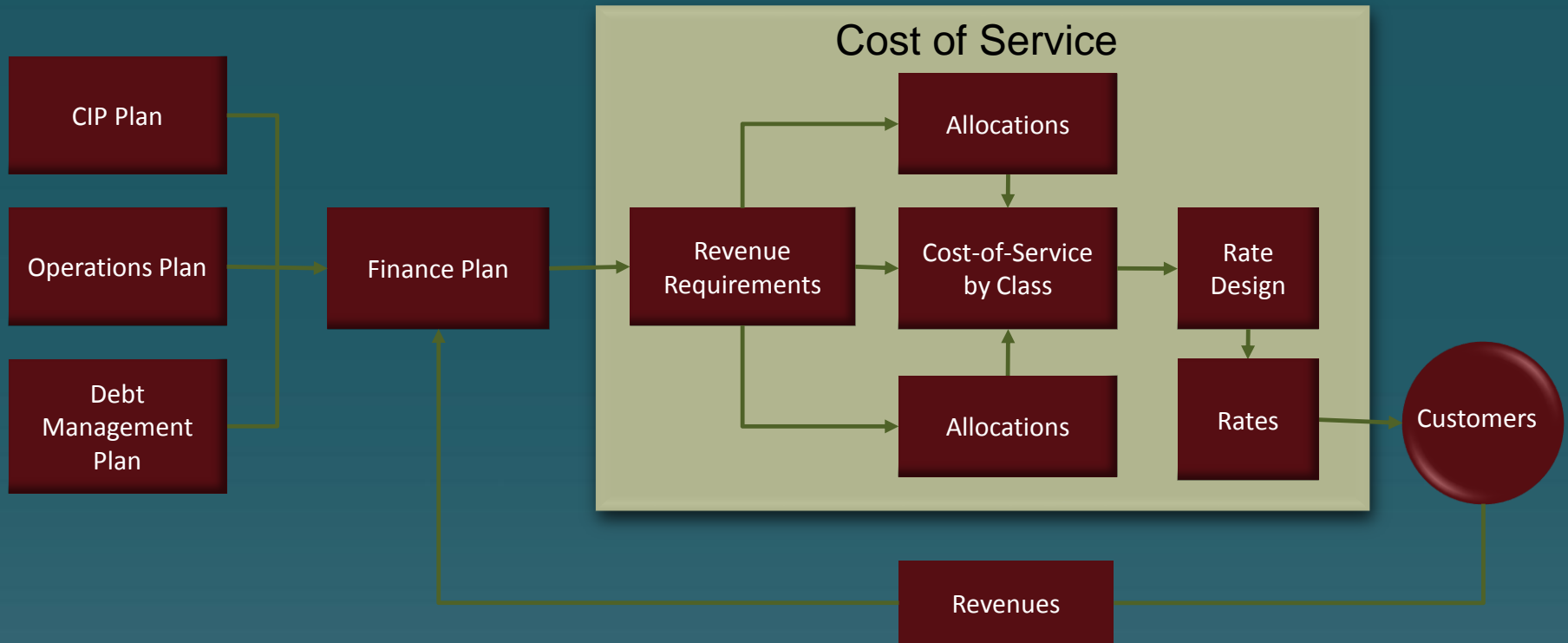


# Comprehensive Water & Wastewater Rate Study

- Rate Consultant
- Technical Advisor Committee (TAC)
- Water Resources Advisory Committee (WRAC)
- Town Hall Meetings



# Overview of Cost-of-Service Rates



# Rate Study Focus on COS

- Users pay their proportionate cost of the system
- Achieve rate equity when allocating costs and designing rates
- Based rates on standard approaches within the industry
- Legally and fiscally required by bond covenants
- Base service charges on adopted policy to collect revenues to pay debt service



# Evaluation Criteria

- Data Collection and Management
- Customer Service Requirements
- Consistency with Cost-of-Service Principles
- Interclass/Intraclass Equity
- Legal Defensibility
- Affordability
- Rate Shock
- Economic Vitality



# Evaluation Criteria

- Water Conservation
- Public Understanding – Key
- Public/Political Acceptance – Key
- Revenue Stability
- Revenue Sufficiency
- Rate Stability and Predictability



# Rate Structure Alternatives

1. Status Quo – AWC
2. Flat Rate by Class – Fixed
3. Uniform Commodity Rate – Commodity
4. Uniform Commodity Rate by Class
5. Seasonal Rate
6. Specific Block thresholds
7. Status Quo with Fixed Monthly Charges by Meter Size





# Rate Structure Alternatives

8. Status Quo with Residential Class Service Sizes 1 through 4 AWC calculated for Individual Accounts
9. Lifeline/Low income Subsidy
10. Water Budget-Based Rate



# Selected Rate

- Combination of Alternatives 7 & 8
- Base rate at a minimum collects enough Revenue for Debt Service
- Rates are evaluated every two years



# Statement of Community Goals

- These goals were established by all Stakeholders
  - TAC
  - WRAC
  - Board
  - Rate Payers (Town Hall Meetings)



# Statement of Community Goals

- A Rate Structure to be easily implemented
  - Data Collection and Management should be limited in complexity
  - Customer Service Requirements Should be Reasonable
  - The Rate Structure should be legally defensible
  - Customers should be able to understand the rate structure and understand how their bill is calculated
  - Public officials should be willing to support the rate structure



# Statement of Community Goals

- Cost-of-Service principles should be followed
  - Customers should pay in proportion to their impact on the system
  - The Rate Structure should recognize differences among different customer classes



# Statement of Community Goals

- Economic Impact of a Rate Structure on Customers shall be analyzed
  - A minimum level of service should be available to low income users at an affordable price
  - Large increases in customer bills should be avoided
  - Impacts on the community should not inhibit economic growth

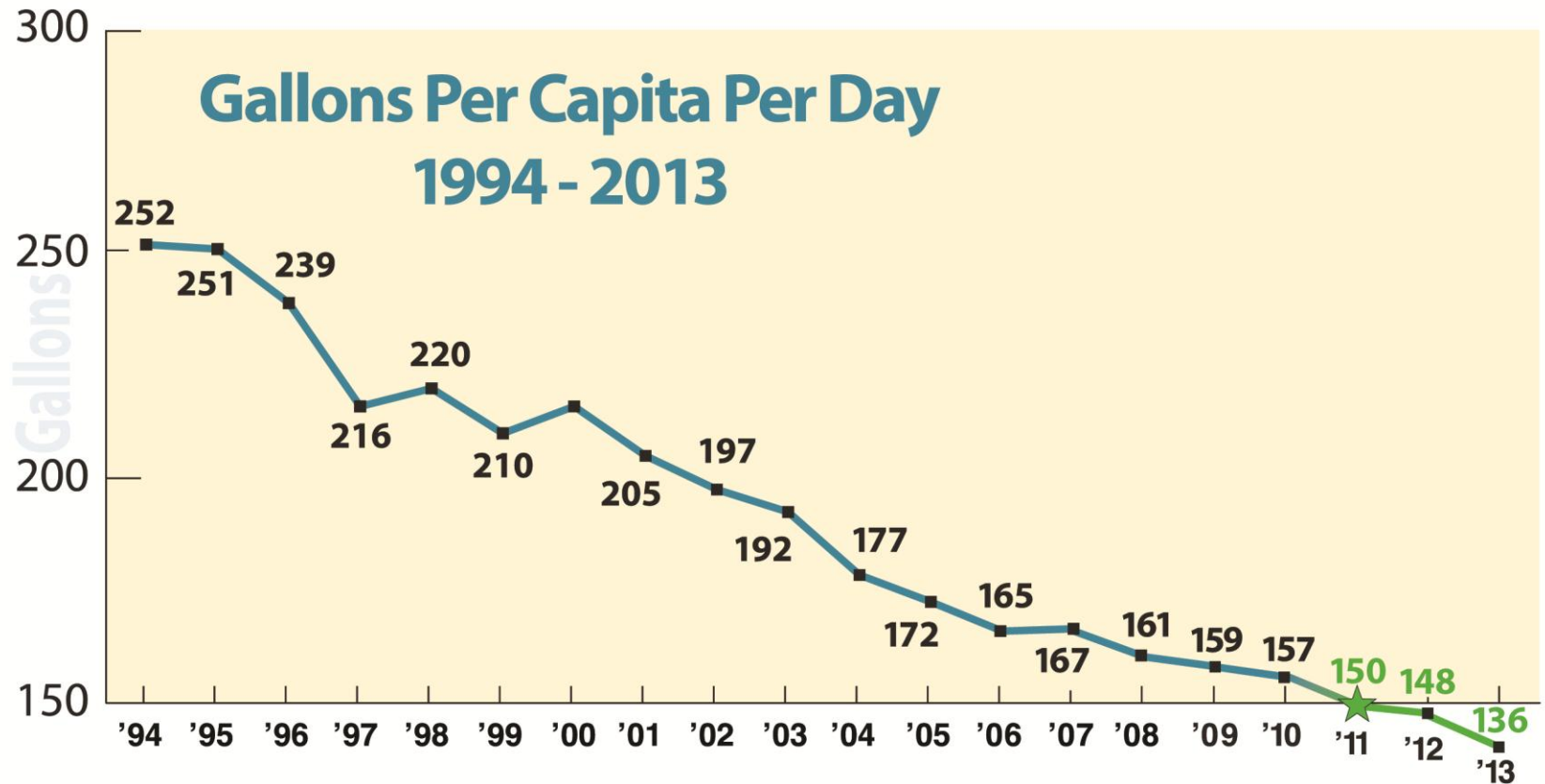


# Statement of Community Goals

- The Rate Structure should help achieve the Community's water conservation goals
  - In conjunction with other measures, the rate structure should help meet the goal of a reduction in overall water consumption by 40% by 2014
    - This has been adjusted

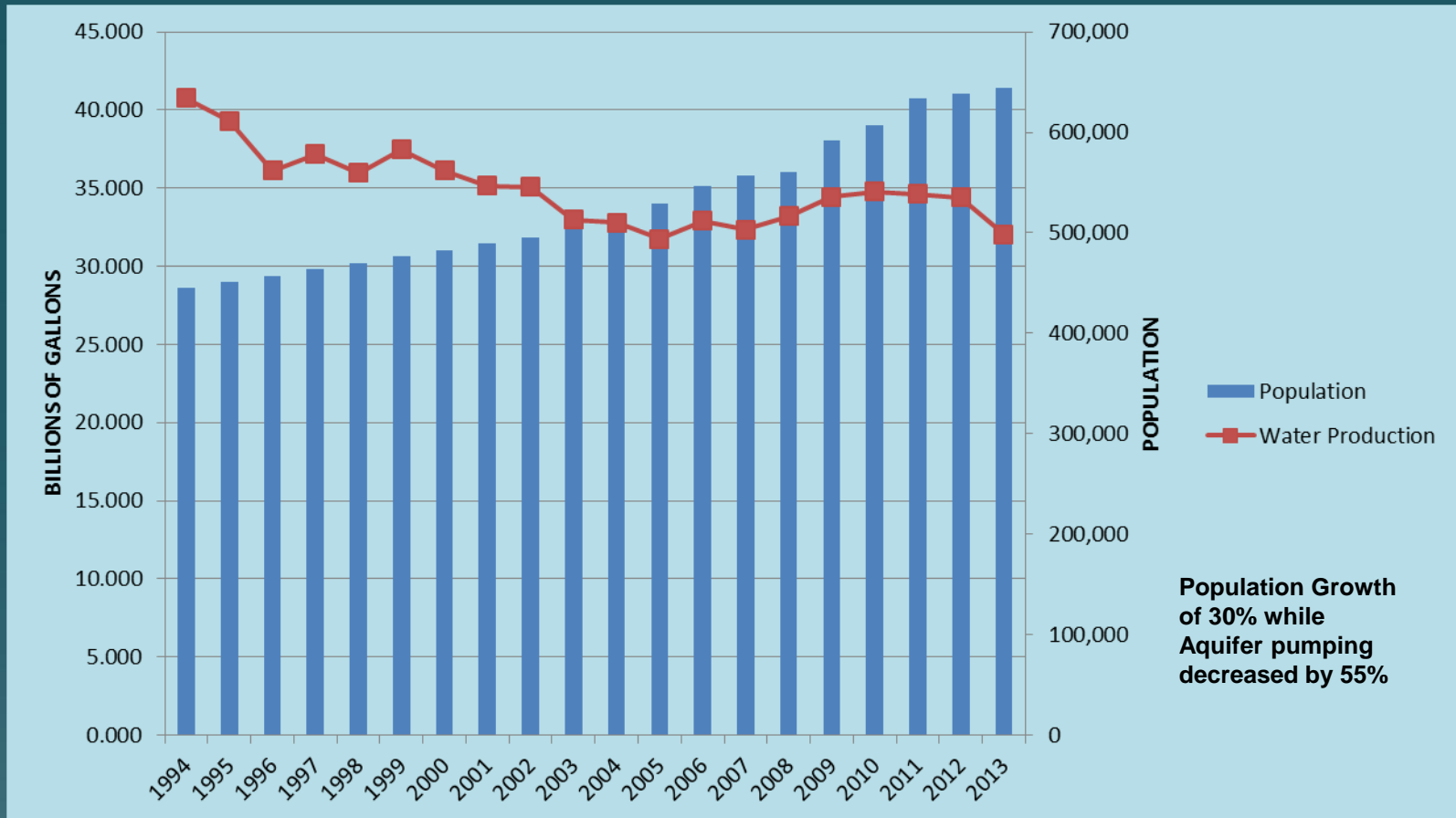


# Water Authority GPCD 1994-2013





# Production vs. Population 1994 -2013



# Statement of Community Goals

- Financial integrity of the systems must be maintained
  - Fluctuations in revenues over the year should be minimized
  - The Rate Structure must collect sufficient revenues to meet the systems' user charge requirements
  - Rate shock, rate fluctuations over time, and predictability of future rate changes should be controlled



# Communicating with Stakeholders

- Customer Advisory Committee (CAC)
- Audit Committee (ABCWUA Board)
- Town Hall Meetings
- Public Meetings
- Focus Groups
- Website
- Customer Opinion Survey (Biennially)
- Effective Utility Management



# Focus Groups

## WEIGH IN ON Albuquerque's Water Future

EARN A  
**\$20**  
CREDIT

The Water Authority will be holding a series of focus groups in January and February to solicit public input on the future of water conservation in the Albuquerque metro area. Participants will help provide direction in the development of new conservation goals and programs — and will earn a \$20 credit on their water bill for taking part!

Participants **MUST PRE-REGISTER** in order to attend. Pre-registration will be on a first-come, first-served basis and seating is limited to 45 people for each session. Call today to reserve your spot in one of these four groups:

**JANUARY 10 (Thursday), 6 p.m.-8 p.m.**  
**JANUARY 12 (Saturday), 10 a.m.-Noon**  
Indian Pueblo Cultural Center  
2401 12th St. NW

**JANUARY 24 (Thursday), 6 p.m.-8 p.m.**  
**JANUARY 26 (Saturday), 10 a.m.-Noon**  
Don Newton/Taylor Ranch Community Center  
4900 Kachina St. NW

**For High School Students Only**  
**February 28 (Thursday), 6 p.m.**  
UNM Continuing Education Center  
1634 University Blvd. NE  
(Pizza + Certificate)

To Pre-Register, Please Call 768-3655, 8a.m.-5p.m., M-F

 Albuquerque Bernalillo County  
Water Utility Authority

## WEIGH IN ON Albuquerque's Water Future

LONG-TERM  
**GOAL**  
SURPASSED!

Water Authority customers surpassed the long-term conservation per capita usage goal of 150 gallons last year, coming in at 148 gallons of usage per person per day. But we can't stop there. As a desert community, our long-term viability depends on responsible use and conservation of our most precious natural resource.

*So... What's next for water conservation in the metro area?*

*The Water Authority has been soliciting public comment on the development of new conservation programs, including:*

- » **Rebates**
- » **Rainwater harvesting**
- » **Building codes**
- » **Public awareness campaigns**
- » **Low-interest loan programs**
- ...and more!*

**We'd love to get your opinion, too!** Just follow the link on the home page at [www.abcwua.org](http://www.abcwua.org) and follow the instructions for providing input. We're looking forward to hearing your thoughts!

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# Results from last Focus Group Irrigation Classes

- One hour Classes
- Offered during the irrigation season May – September
- \$20 bill credit for attending
- Brief overview of efficient watering and need for conservation
- Attendees have reduced outdoor water use 18% more than other residents



# Results from last Focus Group

## Indoor Rebates

- Toilets - \$100 for changing 3.5 gpf or more to 1.28 or less. \$50 for changing 1.6 gpf to 1.28 or less
- Hot Water Recirculation Units - \$100 per unit
- Washing Machines - \$100 for high-efficiency, either purchase or rental
- Swamp Cooler thermostats - \$25 each



# Results from last Focus Group

## Outdoor Rebates

- Xeriscape – convert grass to low water use plants. \$1/sq.ft. or \$1.50/sq.ft. on slopes and small areas
- Rainwater Harvesting – depends on size
- Grass Removal equipment
- Soil amendment
- Irrigation system components – backflow prevention, rain sensors, pressure reduction valves



# Results from last Focus Group Audits

- All Free
- Indoor – Authority supplies new showerheads and faucet aerators
- Outdoor – stay within your irrigation budget, identify areas to xeriscape
- Leak – identify leaks
- Full Audit – All three of the above





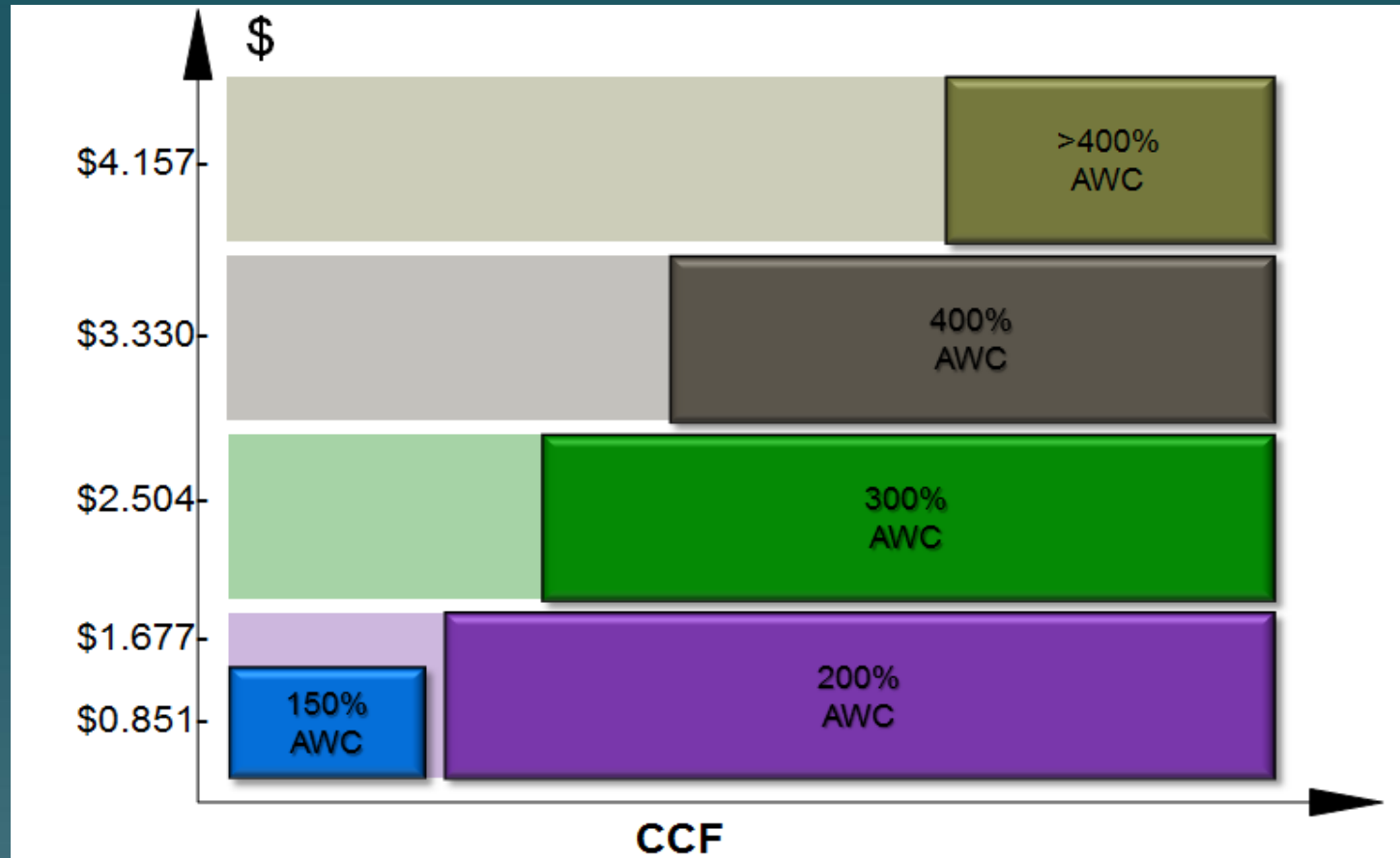
# Modifications to Rate

- Added a floor for the individual AWC so those customers with less than 4 units (1 unit = 748 gallons) in the winter do not get penalized in the summer months.
- Low income Credit Program
- Low use Block (< 150% of individual AWC)
- Set a ceiling for AWC for those customers that exceed 15 units, Surcharges doubled for this group.



# Water Commodity Rates – FY14/15

## Typical AWC



# Low Income Credit Program

- What is it?
  - Provides a credit on the current bill of
    - \$10.31 for water
    - \$9.62 for wastewater
    - \$2.00 for solid waste
- \$21.93 for qualifying low income residents
- Renew once a year, credit is applied monthly



# Strategies for Future Rates

- Will evaluate Rate escalator in event Consumption levels drop below projected levels
- Future rates increases will be applied to fixed rate
- Rate increases will be targeted for infrastructure

