

RATE STRUCTURES COMPARISON
A Reply

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RESIDENTIAL WATER CHARGES—50,000 GALLONS PER MONTH
A COMPARISON

| | |
|-------------------|----------|
| 1. Austin | \$351.22 |
| 2. SAWS | \$255.23 |
| 3. Corpus Christi | \$253.21 |
| 4. Houston | \$239.69 |
| 5. Fort Worth | \$231.57 |
| 6. Dallas | \$222.00 |
| 7. Arlington | \$177.64 |
| 8. Lubbock | \$151.50 |
| 9. Plano | \$ 97.02 |

**GENERAL CLASS WATER CHARGES—A COMPARISON
100,000-250,000-500,000 GALLONS PER MONTH
A COMPARISON**

| | |
|----------------|------|
| Austin | \$? |
| Corpus Christi | \$? |
| Houston | \$? |
| Fort Worth | \$? |
| Dallas | \$? |
| Arlington | \$? |
| SAWS | \$? |
| Lubbock | \$? |
| Plano | \$? |

**WHAT ABOUT THE RECYCLED WATER RATE
STRUCTURE?**

- **SAWS spent \$135,000,000 to create the Recycled Water System.**
- **In 2007 SAWS sold 14,147,692,359 gallons of recycled water.**
- **The RAC has not spent any time looking at the Recycled Water System or the Recycled Water Rate Structure**
- **The Recycled Water System is losing large sums of money.**

**RECYCLED WATER RATE STRUCTURE
(100% General Class Customers)**

- 1ST tier \$0.092/100 gallons way below cost
- 2nd tier \$0.1002/100 gallons way below cost

**This below cost pricing structure for
recycled water has resulted in...**

**RECYCLED WATER RATE STRUCTURE
(100% General Class Customers)**

**HUGE RECYCLED WATER REVENUE
SHORTFALLS**

2007 \$9,862,667 revenue shortfall

2008 \$8,800,000 revenue shortfall

WHY IS THE RECYCLED WATER SYSTEM LOSING MONEY?

- Golf Courses are able to purchase 50,000,000 to 85,000,000 gallons and more at a mere \$0.1002/100 gallons, and they pay no water supply fee.
- The city of Austin charges golf courses \$0.458/100 gallons of water while SAWS charges \$0.0917/100 for the first 748,000 gallons and \$0.1002 for everything above that amount.
- Why should golf courses in San Antonio pay only \$0.0917/100 to \$0.1002/100 for water when golf courses in Austin pay 457% to 461% more for water?

**SAWS ILL ADVISED PRICING POLICY FOR RECYCLED WATER
HAS LED TO....**

| | |
|-------------|--------------------------------------|
| 2007 | \$9,862,667 revenue shortfall |
| 2008 | \$8,800,000 revenue shortfall |

Guess who is required to pay for these huge recycled water revenue shortfalls?

- The residential 4th tier customers... despite the fact that there is not a single residential customer who receives recycled water.
- Since 76% to 81% of the potable water delivered to the general class customers is being sold below cost (depending on a wet or dry year), the general class customers are not being required to subsidize their fellow general class customers who are receiving recycled water at rates way below cost.
- The focus of the 2009 RAC has been on the 25,000 to 50,000 residential 4th tier customers who consume only 4.91% to 6.71% of the potable water sold by SAWS.

SAWS Staff should introduce the member of the RAC to the entire picture—all of the water delivery rate structures--and not merely fixate on the residential class.

SUGGESTIONS REGARDING THE WATER RATER STRUCTURES

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- 2) **For each budget year, recalculate the first tier water delivery rates for the residential and general class customers and set them at a rate equal to 85% of the average cost of 100 gallons of water under the new year's budget. Since the average cost of water for 2009 is \$0.145/100 gallons, the 1st tier rates for the residential and general class customers would be set at \$0.1232/100 gallons.**

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- 3) **The 2nd to 4th tier residential rates, the 2nd to 5th tier general class rates, and the 1st to 3rd tier irrigation rates would be set at levels to provide the balance of money required to achieve a revenue neutral budget for water delivery.**

SUGGESTIONS REGARDING THE WATER RATE STRUCTURES

- 4) **In the interest of conservation, the residential class seasonal rate should become the year-round rate. The use of water for outdoor irrigation in the winter months should be discouraged rather than encouraged through lower winter rates.**

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- 5) **Retain the current uniform water supply fee structure for all customer classes and all volumes of consumption. This uniform fee is fair to all customers and it encourages conservation by all customers.**

SUGGESTIONS REGARDING THE WATER RATE STRUCTURES

- 6) **The recycled water customers should be required to pay the same water supply fee as potable water customers.**
- 7) **The water supply fee should be phased in for recycled water customers over a period of three years—33 1/3% of the water supply fee the 1st year; 66 2/3% of the water supply fee the 2nd year; and 100% of the water supply fee the third year.**

SUGGESTIONS REGARDING THE WATER RATE STRUCTURES

- 8) Reexamine the numerous exemptions that have been granted with respect to the irrigation class rate structure. Far too many exemptions have been granted, and none of them can be justified on the bases of cost of service or conservation.**

Examples...

SUGGESTIONS REGARDING THE WATER RATE STRUCTURES

- 9) Reexamine the hodgepodge of exemptions that have been granted with respect to the irrigation class rate structure. Far too many exemptions have been granted, and none of them can be justified on the basis of cost of service or conservation.**
- 10) Provide the rate advisory committee with a complete list of the customers who have been granted exemptions from irrigation rate structure despite their outdoor usage of water, and provide RAC with data reflecting the volume of water used by these exempt customers.**

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- 10) Provide the rate advisory committee with a complete list of the customers who have been granted exemptions despite their outdoor usage of water and with data reflecting the volume of water used by these customers.
- 11) **Allow RAC to debate and discuss the rules and policies that should be implemented regarding exemptions from the irrigation rate structure.**