

Water and Sewer Rate Increases

Doug Evanson

Senior Vice President/Chief Financial Officer

November 18, 2014

Rates Advisory Committee Meeting



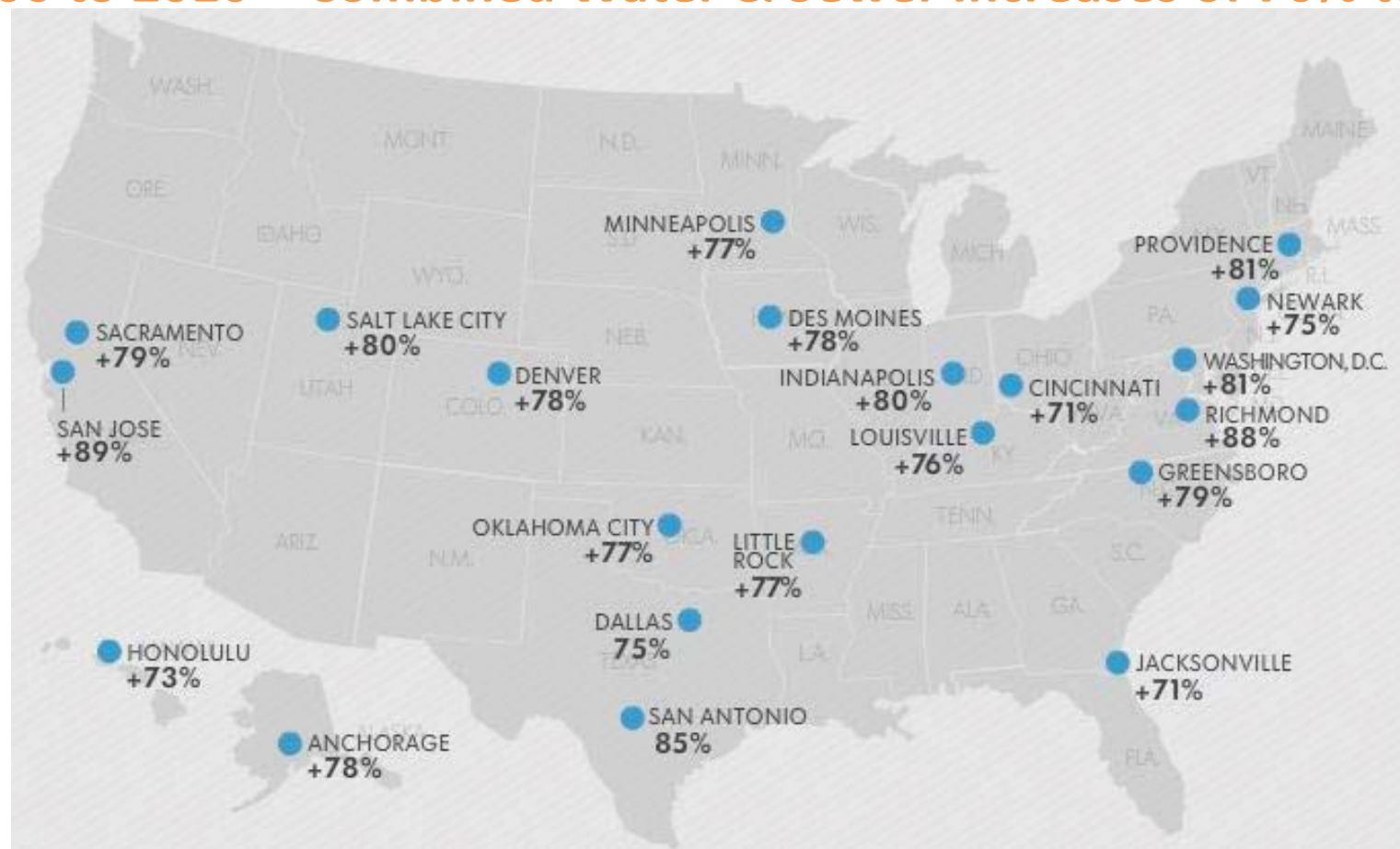
American Water Works Association (AWWA)

Water and Wastewater Rate Surveys

- Between 1996 and 2012, water and wastewater charges for residential customers have increased by 4.90% and 5.19%, annually
 - 2010 to 2012 annual increases were 6.63% and 7.24%, respectively
- 52% of water utilities surveyed use an increasing block rate structure
- Monthly service charge “is much greater for water services than wastewater services”

Water and Sewer Rates are Rising Nationally

2000 to 2010 – Combined Water & Sewer Increases of 70% to 89%



Source – Environmental Business Council Presentation New England, Inc. – Feb. 12, 2013

2010 American Water Works Association Water and Wastewater Rate Survey

Water and Sewer Rates are Rising Nationally

2000 to 2010 – Combined Water & Sewer Increases of 90% to 129%

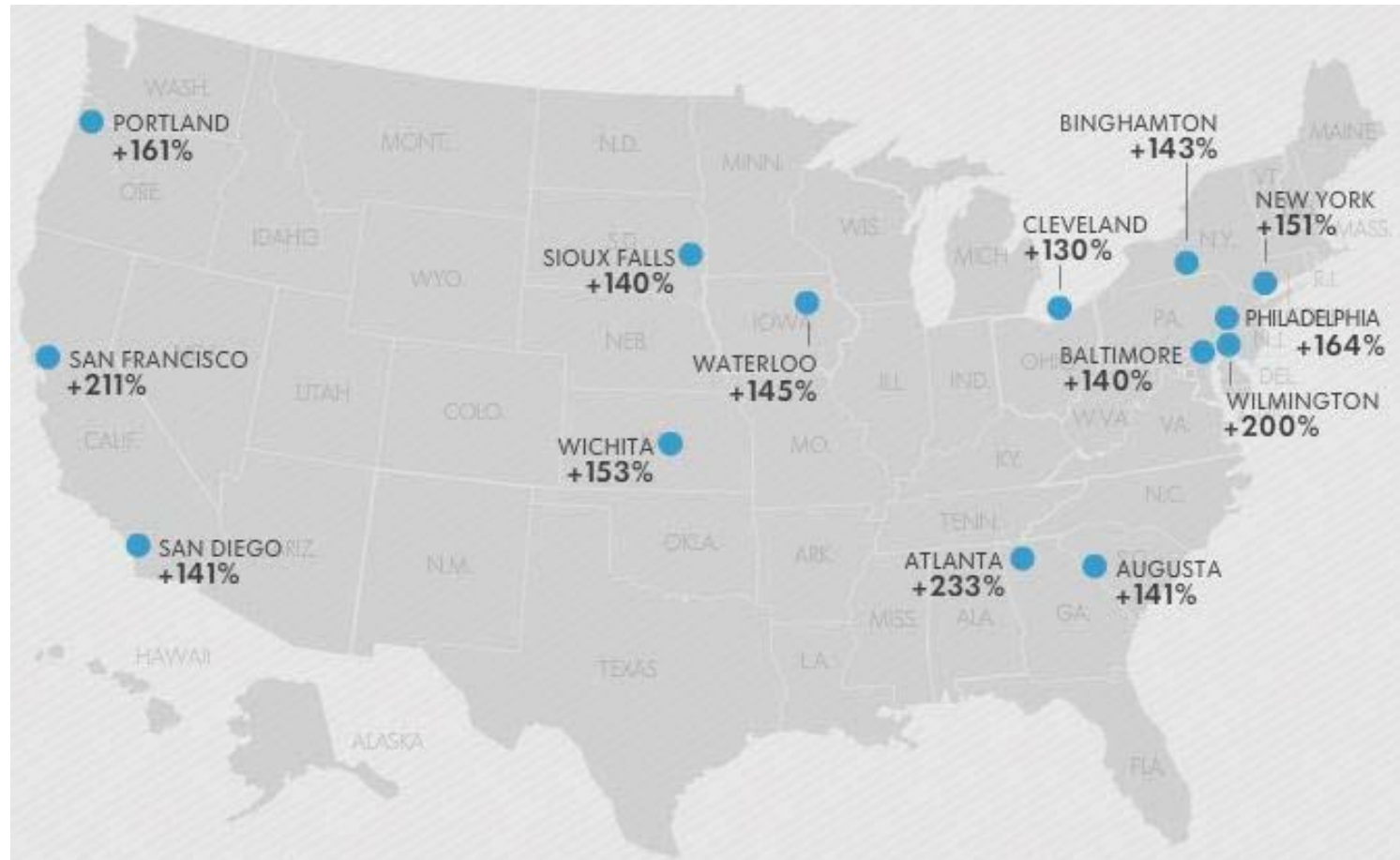


Source – Environmental Business Council Presentation New England, Inc. – Feb. 12, 2013

2010 American Water Works Association Water and Wastewater Rate Survey

Water and Sewer Rates are Rising Nationally

2000 to 2010 – Combined Water & Sewer Increases of 130% to 233%



Source – Environmental Business Council Presentation New England, Inc. – Feb. 12, 2013

2010 American Water Works Association Water and Wastewater Rate Survey

Circle of Blue's 2014 Water Pricing Survey

San Antonio Rates Remain Very Competitive

MONTHLY AVERAGE WATER BILL - MAJOR US CITIES, 2014

CITY	B	A	C
SANTA FE	\$154	\$55	\$284
SEATTLE	\$99	\$55	\$153
SAN FRANCISCO	\$93	\$49	\$137
ATLANTA	\$92	\$43	\$141
SAN DIEGO	\$89	\$50	\$150
BOSTON	\$78	\$38	\$118
LOS ANGELES	\$76	\$37	\$122
PHILADELPHIA	\$66	\$36	\$93
HOUSTON	\$59	\$31	\$106
BALTIMORE	\$59	\$37	\$88
INDIANAPOLIS	\$57	\$33	\$82
NEW YORK	\$57	\$29	\$86
SAN JOSE	\$56	\$32	\$83
COLUMBUS	\$52	\$29	\$75
TUCSON	\$52	\$24	\$111
FORT WORTH	\$47	\$25	\$75
DALLAS	\$45	\$20	\$82
SAN ANTONIO	\$44	\$23	\$74
CHICAGO	\$40	\$20	\$60
PHOENIX	\$39	\$12	\$69
FRESNO	\$29	\$19	\$37
SALT LAKE CITY	\$27	\$17	\$38
MEMPHIS	\$24	\$12	\$36

Family of four with each person using:

B - 100 gallons/day A - 50 gallons/day C - 150 gallons/day

Source: Circle of Blue - an independent, non-partisan journalism organization and nonprofit affiliate of the Pacific Institute

Circle of Blue Water & Wastewater Articles

May 2014 & March 2013

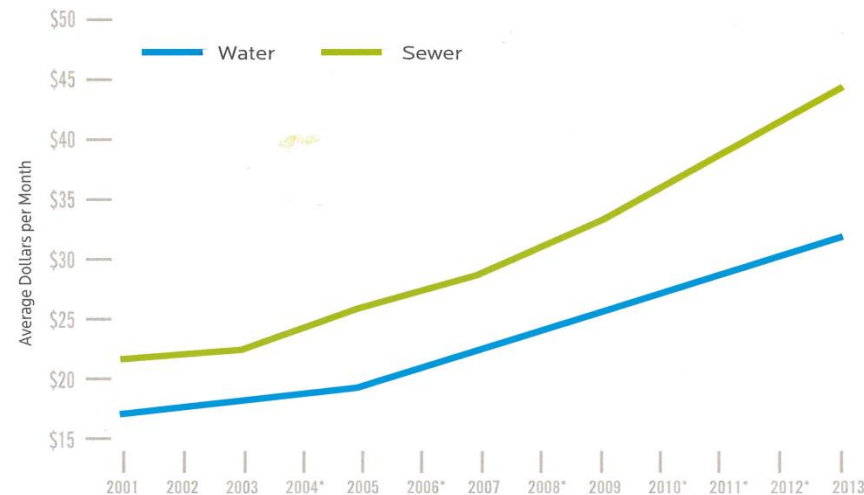
- Price of Water 2014: Up 6% in 30 Major U.S. Cities; 33% Rise Since 2010
- “What we’re seeing now, for the foreseeable future, is that the annual increase in revenue will exceed the Consumer Price Index by double on average”
- Grades assigned to America’s water infrastructure by the American Society of Civil Engineers
 - Drinking Water: D
 - Wastewater: D
- “For better or worse, the problem is money. The low grades are a result of delayed maintenance and underinvestment”

Black & Veatch 2012/2013 Rate Survey

50 Largest Cities Water/Wastewater Rate Survey

- Combined U.S. Water & Sewer rates for the 50 largest U.S. cities increased 98% from 2001 to 2013**
 - “In most regions the actual dollar impact on consumers tends to be slightly less as a result of ongoing reductions in water consumption”

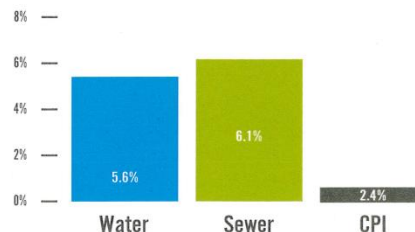
50 LARGEST CITIES TRENDING
RESIDENTIAL TYPICAL BILL - 7,500 GALLONS BILLABLE USAGE



	2001	2002	2003	2004*	2005	2006*	2007	2008*	2009	2010*	2011*	2012*	2013
WATER	\$17.01	\$17.31	\$17.77	\$18.67	\$19.57	\$20.40	\$21.23	\$23.45	\$25.66	\$27.42	\$29.18	\$30.94	\$32.70
SEWER	\$21.97	\$22.39	\$22.93	\$24.52	\$26.10	\$27.44	\$28.78	\$31.29	\$33.80	\$36.48	\$39.16	\$41.84	\$44.52

* Survey results for these years are extrapolated based on the average of the preceding and following year.

COMPOUND ANNUAL INCREASE IN SURVEYED TYPICAL BILLS 2001 - 2013



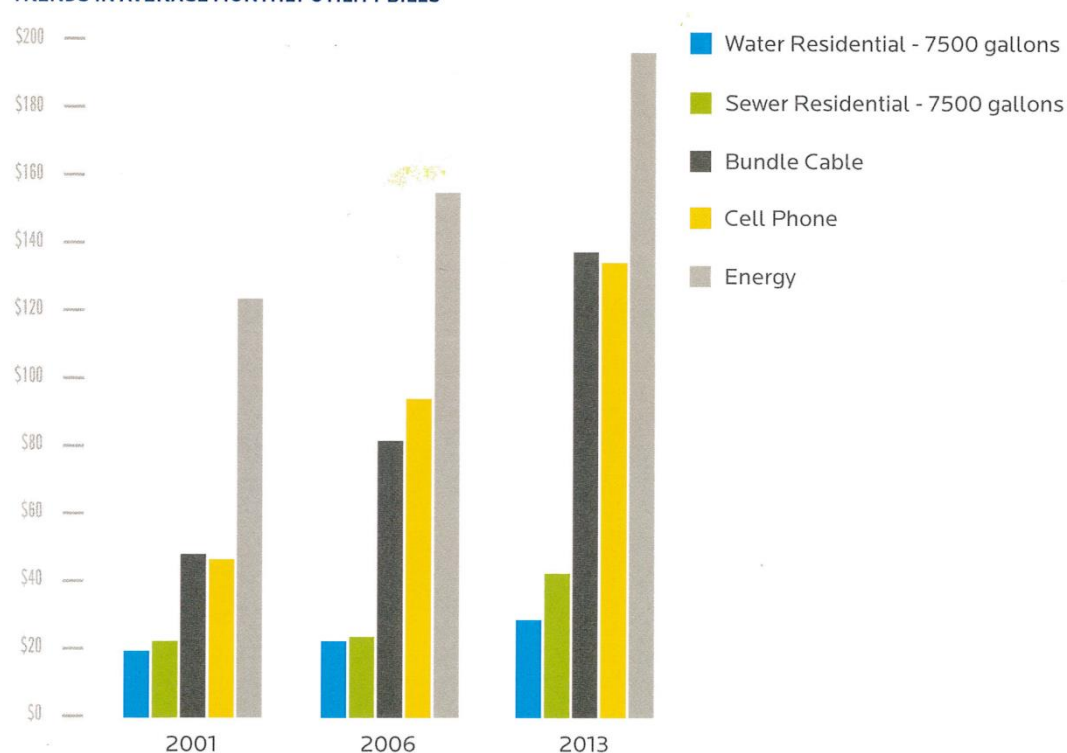
Trends in Average Monthly Utility Bills

Black & Veatch Water/Wastewater Rate Survey 2012/2013

- “... the increase in the average water and sewer bill since 2001 is significantly less than the increases seen in the typical bundled cable, mobile phone, and energy bills.”

FIGURE 3

TRENDS IN AVERAGE MONTHLY UTILITY BILLS



Water and Sewer Rate Increases

Doug Evanson

Senior Vice President/Chief Financial Officer

November 18, 2014

Rates Advisory Committee Meeting

