

## 2022 RAC Requests & Responses

Ref. No.	Date/Format Received	RAC Member	Request	Response
1	2/15/2022 WebEx Chat	Joe Yakubik	Can SAWS also provide the text and the recommendations from the 12-month addendum study as cited in both the official rate report and the CoSA analysis of the 2015 re-structure.? Specifically on Recycled Rates.	<p>Information about recycled water customer usage and rates, including recommendations made by prior Rate Advisory Committees, will be provided at the April 26<sup>th</sup> RAC meeting.</p> <p>The report from the 2015 Rate Study is available here:  <a href="https://apps.saws.org/who_we_are/community/rac/docs/2014/2015%20SAWS%20Rate%20Study%20Report_FINAL.pdf">https://apps.saws.org/who_we_are/community/rac/docs/2014/2015%20SAWS%20Rate%20Study%20Report_FINAL.pdf</a></p> <p>The analysis and recommendations related to recycled water rates are on pages 52-54 of this report.</p> <p>The report from the 2019 Rate Study is available here:  <a href="https://apps.saws.org/who_we_are/community/rac/docs/2019/RAC_Interim%20Report_Final.pdf">https://apps.saws.org/who_we_are/community/rac/docs/2019/RAC_Interim%20Report_Final.pdf</a></p> <p>Recommendations related to recycle water rates are on page 23 of this report.</p>
2	2/15/2022 WebEx Chat	Joe Yakubik	What is "averaged" over the 3 years? Bill frequency analysis data? Are there any other explanations for customer behavioral changes in addition to weather, e.g. price elasticity due to rate increases?	<p>SAWS' customer billing data for 2018, 2019 and 2020 was provided to Carollo. This data was analyzed by customer class and month to determine average day demand and max month demand by class for each of the three years. These amounts were then used to estimate max day demand and max hour demand by class for each of the three years, using the methodology outlined in Appendix A of the AWWA M1 Manual. The estimated max day peaking factors for the three years were averaged, as were the estimated max hour peaking factors. These average peaking factors were then applied to the forecast demand prepared by SAWS staff in connection with the 2022 Annual Operating Budget. This forecast takes into account recent customer growth and usage patterns and projects expected changes in those assumptions for 2022. It also serves as the underlying basis for the 2022 budgeted operating revenues, which were approved by the SAWS Board in the 2022 Annual Operating Budget. The assumptions in the 2022 Operating Budget serve as the test year for this rate study.</p>

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3	2/15/2022 WebEx Chat	Joe Yakubik	Are AWWA professional reference texts available for committee? PDF license for remote review, maybe?	The AWWA M-1 Manual and the Water Environment Foundation Manual of Practice No. 27 provide industry guidance for rate studies. SAWS is not authorized to provide electronic copies of these manuals. However, we do have a few hard copies that can be loaned to RAC members if they are interested in learning more about the process.
4	2/15/2022 WebEx Chat	Vaughn Caudill	Does SAWS have a budget program like CPS?	SAWS does not offer a budget based billing program similar to CPS Energy. SAWS believes that budget based billing could be counterproductive to our conservation focus and has the potential to obscure customer leaks and prevent their quick repair.
5	2/15/2022 WebEx Chat	Patrick Garcia	JENNIFER CAN YOU DEFINE THE TERM REVENUE NEUTRAL	As previously noted, the 2022 Annual Operating Budget serves as the test year for this rate study. Included within that budget is an assumed level of revenues based on projected customer usage for 2022 and existing rates. Any recommended changes in rate structures will need to generate the same projected amount of revenues as currently forecasted within the 2022 Budget. In total, no additional revenues are to be generated from the recommended rate structure changes, but neither can there be a revenue shortfall.
6	2/15/2022 WebEx Chat	Mike Chapline	The 2019 RAC advised on a change to the ICL vs. OCL rates based on actual cost differences. Are those changes still in effect?	The cost of service analysis recently completed by Carollo reviewed the ICL (inside city limits) vs OCL (outside city limits) rate differentials. The conclusions will be provided at the March 8 <sup>th</sup> RAC meeting.
7	2/15/2022 WebEx Chat	Jim Smyle	As the affordability issue is of high concern (2019 RAC put it at #1 priority), as we discuss rate designs, can Carollo brief the RAC on current best practice approaches in the industry for building affordability concerns into rate design?	Yes. Carollo and staff will review with the RAC examples of various rate design alternatives which have been implemented by other water utilities to address affordability concerns.

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8	2/15/2022 WebEx Chat	Jim Smyle	When we discuss recycled water rates, can we have a breakdown of usage by customer type (e.g., irrigation, manufacturing/cooling)?	As discussed further in question #1 above, more information will be provided about recycled water rates and customer usage patterns at the April 26 <sup>th</sup> RAC meeting .
9	2/15/2022 WebEx Chat	Jim Smyle	I am concerned that the 2020 numbers, with the pandemics impact on commercial and industrial usage, could be locking in a significant shift of costs for 5 years when the impact is more temporary. As such, I would hope that you could share how that 3 year average was done (simple arithmetic average? weighted? other?) and the assumptions behind the "persistence" of the impact on usage.	Please see the response to question #2 above.
10	2/15/2022 WebEx Chat	Jim Smyle	In the future discussions, can we please have a breakdown of the General Class into its sub-categories (multi-family, commercial, industrial)?	Staff will provide cost of service information at the March 8 <sup>th</sup> RAC meeting which will include a discussion of the subcategories within the General Class.
11	2/15/2022 WebEx Chat	Genevieve Trinidad	what about a shared folder?	If questions by RAC members are not addressed during the RAC meeting, the responses will be provided in this document and available on the RAC webpage: <a href="http://www.saws.org/rac">www.saws.org/rac</a>
12	2/17/2022 Email	Alfred Montoya	2019 RAC cost of service analysis, including the data they used to come to the conclusions they did.	A report summarizing the cost of service analysis and conclusions from the 2019 Rate Study is available here: <a href="https://apps.saws.org/who_we_are/community/rac/docs/2019_RAC_Interim%20Report_Final.pdf">https://apps.saws.org/who_we_are/community/rac/docs/2019_RAC_Interim%20Report_Final.pdf</a>

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13	2/17/2022 Email	Alfred Montoya	"Phase 2" consultant raw data used October-December 2021 (slide 20) "Completed customer data analysis, established assumptions and projections, developed rate model, and designed cost of service allocations" and consultant analysis. What are these conclusions, what data was used, and what was the reasoning used to arrive at the conclusions?	<p>On March 1<sup>st</sup>, the 2022 cost of service analysis performed by Carollo Engineers, Inc. is scheduled for consideration by the SAWS Board. A Technical Memorandum documenting the methodology and results of the analysis performed by Carollo has been posted on <a href="http://www.saws.org/RAC">www.saws.org/RAC</a> . If approved by the SAWS Board, this analysis will serve as the basis for the 2022 rate design study.</p> <p>At the March 8<sup>th</sup> RAC meeting, Carollo will provide an overview of their analysis and the Board approved 2022 cost of service findings.</p>
14	2/17/2022 Email	Alfred Montoya	Information on revenue generated from developer impact fees for same period used in the consultant's analysis (2018-2020)	<p>Information about impact fee revenue is included in SAWS annual financial reports. The 2020 Comprehensive Annual Financial Report is located here:  <a href="https://apps.saws.org/who_we_are/Financial_Reports/CAFR/docs/2020_Comprehensive_Annual_Financial_Report.pdf">https://apps.saws.org/who_we_are/Financial_Reports/CAFR/docs/2020_Comprehensive_Annual_Financial_Report.pdf</a></p> <p>A 10-year history of impact fee revenue (also call capital recovery fees) is on page 132 of that report. How impact fees factor into the cost of service analysis will be discussed during the cost of service overview at the March 8<sup>th</sup> RAC meeting.</p>
15	2/17/2022 Email	Alfred Montoya	Rate comparison on a <i>per gallon</i> basis vs. class of service basis.	Information about both rate revenue and cost of service will be provided on a per 1,000 gallon basis in future RAC meetings.
16	2/17/2022 Email	Alfred Montoya	Revenue impact of covid disconnection moratorium	In March 2020, SAWS temporarily suspended customer disconnections for non-payment due to COVID 19 pandemic. Customer delinquencies increased substantially during the pandemic. Prior to the pandemic, SAWS historic bad debt rate as percent of revenues averaged approximately 0.7%. SAWS bad rate was 2.89% in 2020 and 2.98% in 2021. The increase in the bad debt rate resulted in an incremental loss of revenue as compared to the historical bad debt rate of \$18.7 million in 2020 and \$19 million in 2021.

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17	2/17/2022 Email	Alfred Montoya	Disconnection data since end of moratorium (October 2021-Present) vs. pre-covid disconnections (2019).	SAWS resumed disconnections for non-payment on October 19, 2021. Prior to the moratorium on disconnections, SAWS typically performed approximately 7,000 disconnections each month. As reported to the Municipal Utilities Committee on January 25, 2022, SAWS had completed a total 6,000 disconnections since October 19, 2021. Our maximum capacity to complete disconnections is approximately 450/day, Monday – Thursday. Customer delinquencies continue to remain higher than pre-pandemic levels therefore, we expect that the number of monthly disconnections will return to pre-pandemic levels beginning in February 2022.
18	2/24/2022 Email	Christine Drennon	Average monthly consumption for residential customers and Affordability Discount Program customers by census block group for 2018, 2019 and 2020	The information was provided to Dr. Drennon on 3/17/2022. The information is available and can be provided via GIS shapefile format, upon request.
19	3/8/2022 WebEx Chat	Pat Wallace	How many residential homes fall under “Residential Class” and how many multi family, commercial and industrial units or properties fall under “General Class”	In the RAC Meeting #2 presentation, on slide 37, the 2022 budget includes an average of 517,806 residential water customers and 29,888 general water customers (25,300 commercial, 153 industrial and 4,435 multi-family). Slide 45 provides the wastewater customers, which shows an average of 462,460 residential wastewater customers and 26,207 general wastewater customers (21,811 commercial, 153 industrial and 4,243 multi-family).
20	3/8/2022 WebEx Chat	Mike Chapline	Referring back to O&M costs, why is there a cost associated with Conservation? What is it composed of?	Conservation O&M consists of the costs associated with the Conservation staff as well as the cost of the conservation programs provided to customers, including any rebate programs.

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21	3/8/2022 WebEx Chat	Mike Chapline	I believe there was an adjustment made to OCL based on the 2018 study. The study showed that the differential was not correct. The last RAC showed the differential could be lowered but no action was taken?	No change to the OCL differential was implemented during the 2019-2020 rate study since the study was suspended, as a result of the pandemic. The snapshot from 2020 showed the OCL differential could be lowered. However, the 2022 snapshot shows the current differentials are reasonable. In order to maintain rate consistency, we are currently not recommending any changes be made to the OCL differentials. We will continue to analyze the differentials whenever a cost of service study is performed to ensure the differentials are reasonable.
22	3/8/2022 WebEx Chat	Jim Smyle	Can we have the same data for the 2019, 2020 and 2021 Affordability Discount Customers that the prior RAC received for the 2017/2018 ADP customers (e.g., breakdown by income categories with number of people, shutoff rates amongst all and ADP, etc.)? After clarification, Mr. Smyle is ok with receiving the 2019 shut-off data based on the 2020/2021 COVID impacts.	We can provide a breakdown of ADP customers by their income band (poverty level). No disconnections for nonpayment were completed during the period of March 13, 2020, through October 19, 2021. Therefore, the disconnection numbers during 2020 and 2021 will not be representative of pre-pandemic service disconnections.  Staff is currently working on this request.
23	3/8/2022 WebEx Chat	Jim Smyle	Comment on Slide 58 (RAC #2 Presentation): There are two distinct classes using recycled: irrigators and commercial/industrial (e.g., for cooling). It would be good for us to see those two groups disaggregated for when we discuss recycled.	Staff will provide recycled water information at the April 26 <sup>th</sup> RAC meeting, which will include a discussion of the types of Recycled Water customers.

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24	3/17/2022 Email	Joe Yakubik	Please provide the % of customers whose bills end in each block, % of water sold to customers whose bills end in this block, % of revenue generated by customers whose bills end in this block, revenue via fixed charges by rate block, revenue via volumetric charges by rate block.	<a href="#">Please see Attachment A.24.</a>
25	3/22/2022 Email	Alfred Montoya	<p>1.) Monthly billing data for every residential customer, aggregated and averaged at the census block group level for the full year 2019, a 2019 winter month and a 2019 summer month.</p> <p>2.) The number of customers/households in each census block for 2019 and 2022.</p>	<p>Please note, the number of customers/households in each census block is not available for 2022 since that year is not yet complete. Also, please note we can provide the number of customers/households in each census block group versus census block, based on customer privacy concerns.</p> <p>Staff is currently working on this request.</p>

## Attachment A.24

Rate Block	1	2	3	4	5	6	7	8	ALL
% of Customers with bills ending in Block	31.9%	18.8%	14.8%	10.3%	11.3%	6.9%	3.1%	3.0%	100.0%
% of water sold to customers with bills ending in Block	9.0%	12.0%	13.0%	11.5%	16.4%	13.9%	8.5%	15.5%	100.0%
% of revenue generated by customers with bill ending in Block	10.9%	10.5%	10.6%	9.4%	14.1%	13.0%	8.9%	22.7%	100.0%
Revenue from fixed charge	\$23,105,737	\$17,160,974	\$13,545,699	\$ 9,389,796	\$10,382,643	\$ 6,348,784	\$ 2,828,598	\$ 2,777,297	\$ 85,539,529
Revenue from volumetric charge	\$ 8,238,534	\$12,945,092	\$16,968,526	\$17,553,084	\$30,070,703	\$31,064,098	\$22,721,258	\$62,348,299	\$201,909,594