Tonight’s Agenda

1. Welcome
2. Low-income waiver program update
3. Executive Team decisions
4. Review model results
5. Next steps
6. Public comments
7. Closing remarks
Executive Team Decisions

**Water**
- Water cost allocation approach
- Recovery of fire protection costs
- Allocation of general fund transfers
- Allocation of treatment plant maintenance costs

**Wastewater**
- Allocation of costs for I/I
- Large volume wastewater strengths

**Rate Design**
- Definition of large-volume customer
- Conservation rates for wholesale customers
- Residential subsidies
Water Cost Allocation Approach

Options

- Base/Extra Capacity
- Commodity/Demand
- Rubottom Hybrid

Basis for Decision

- Consistent with industry standards
- Promotes conservation during peak periods
Recovery of Fire Protection Costs

Options

- Recovered indirectly
- Fixed charge based on property value or fire customer class
- **Fixed charge based on meter size**

Basis for Decision

- More equitable allocation of public fire costs
- Increase revenue stability
Allocation of General Fund Transfers

Options
• Revenue-based
• Capital investment-based

Basis for Decision
• Consistent with how the amount of the transfers are determined
Allocation of Treatment Plant Maintenance Costs

Options

- Base cost only
- Base and maximum-day costs

Basis for Decision

- Aligns maintenance costs with usage
Allocation of Costs for I/I

Options

- Contributed volume
- Number of connections or land area
- Combined connections and volume

Basis of Decision

- Recognizes that I/I is a system cost
  - Individual customers cannot control I/I
  - I/I consumes flow-related capacity
Large-Volume Wastewater Strengths

Options

- Annual sampling
- 3-Year Average

Basis for Decision

- Reduce volatility in charges while maintaining equity
Definition of Large-Volume Customer

Options

- 85 MG/Year
- 50 MG/Year
- 100 MG/Year

Basis for Decision

- Consistent with a natural break in the consumption patterns for AWU’s customers
Conservation Rates for Wholesale Customers

Options

- Uniform Rates
- Seasonal Rates
- Excess-Use Rates

Basis for Decision

- Wholesale customers have individual rates that already provide conservation incentives
- Other options increase revenue volatility
Residential Subsidies

Options

- Subsidy for residential customers
- Transition to cost-of-service
- Immediate elimination of subsidy

Basis for Decision

- Achieves cost of service while reducing rate shock
## Summary of Executive Team Decisions: Water Options

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<thead>
<tr>
<th>Option</th>
<th>Status Quo</th>
<th>Proposed</th>
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<td>Fixed Charge</td>
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### Summary of Executive Team Decisions: Wastewater Options

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### Summary of Executive Team Decisions: Rate Design Options

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Review Model Results

Austin Water Utility
October 9, 2008
Comparison of Residential Bills by Consumption Levels

- Black & Veatch
- AWU Proposed
Next Steps

- Update rates for FY08-09
- Final Reports from Red Oak and the Residential Rate Advocate
- Continue Excess-Use Rate Design
- Present study results to:
  - City Manager
  - Boards and Commissions
- Public hearing on proposed rate changes
- City Council briefing and action