I. Agenda Items:
The following items were covered at the PIC meeting:
1. Welcome
2. Decisions by Executive Team
3. PIC comments from last meeting
4. Presentation on rate design
5. PIC member comments and discussion
6. Summary of decisions, agreements, and next steps
7. Public comment period

II. Decisions by Executive Team
The AWU Executive Team met after the February 19 PIC meeting and made the following decision:
   a) Wastewater Cost Allocations Issue 1 – Hybrid Method will be used (O&M allocated by function and capital allocated by design)
   b) Wastewater Cost Allocations Issue 2 – Flow, BOD, and TSS will be used to allocate wastewater costs
   c) Wastewater Cost Allocations Issue 3 – deferred (I/I cost allocations)

III. Key Interests and Issues:
PIC comments and questions focused on:

1. Low-Income Residential Subsidy. Should AWU continue its current methodology of discounted rates for Blocks 1 and 2 or waive the fixed charge for qualified low-income residential customers? The consultants are recommending that the fixed charge be waived for the low-income. It was suggested that AWU utilize Austin Energy’s low-income criteria.
2. Recovery of Low-Income Subsidy. Should AWU continue its current methodology of recovering the subsidy within the single-family residential class or recover the subsidy from all inside-city retail customer classes? The consultants are recommending the subsidy be recovered from all
inside-city retail customer classes.

3. Fifth Block for Residential. Should AWU continue its current 4-block structure, go to a 5-block structure, or go to a revised 4-block structure? The consultants are recommending a revised 4-block structure. The revised 4-block structure can provide a similar incentive for conservation as the 5-block structure and offer the added benefit of being easier to understand.

4. Conservation Incentives for Wholesale Customers. Should there be uniform rates by wholesale class, which is AWU’s current methodology, seasonal rates, or excess-use rates? The consultants are recommending AWU continue its methodology of uniform rates.

IV. Agreements and Action Needed:
In response to requests from PIC members, AWU and consultants will:

a) Provide a frequency analysis of consumption within blocks.
b) With each issue paper, provide a short summary of issues and recommendations found in the paper.
c) Include the topic of the next PIC meeting in the meeting summary.
d) Provide the break-even point in usage curve for the residential customer class.
e) Identify AWU’s top users in the commercial class.

Written comments on this meeting are due to Mike Castillo on March 10.

The Irrigation Rates issue paper will be forwarded to the PIC on March 10.

The next PIC workshop is scheduled for Monday, March 17.

A meeting was also scheduled for Monday, March 31. There will be no new issue paper for this meeting. The meeting will be used to discuss executive team decisions from prior issues. The group will also discuss requests for "what if" scenarios the PIC would like run in the COS model(s).

A meeting was scheduled for Monday, April 21. There will be no new issue paper. This meeting will be used to demonstrate the COS model, review COS results, and review "what-if" scenarios.

V. Public Comment:
Regarding Issue 1: Low-Income Residential Subsidy— Randy Chapman, Texas Legal Services Center, spoke in favor of the consultant’s recommendation that AWU waive the fixed charge for qualified low-income residential customers.

VI. Meeting Sign-In Sheet: Attached
VII. Topic for Next Meeting: Irrigation Rates

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