Hello Michael!

I would like to thank the City for its diligence in seeking input from the community and for providing an opportunity to discuss these matters in a transparent forum.

ISSUE 3: Should an irrigation class be created?

I echo the Consultant's caution in carefully considering the creation of a new customer class. It is wise to take much time to evaluate the consequences of a new class, so that we make decisions based on a long-term vision; doing so will ensure success and longevity of the change. I believe we have not had sufficient time to make an informed decision either way about this issue (of an irrigation class). I think we need more time to evaluate all the pros and cons of creating this new class.

DEFINITIONS: Could we have a glossary of important terms used in the issue papers and in the data tables?

For example, it would be very helpful to understand the relationship/use of terms such as account, address, customer, campus, class—all of which are related closely and seem to be used interchangeably sometimes (accurately and inaccurately).

DATA: Could the data be represented in more user-friendly format?

If we more easily understand what we're looking at and the significance of the data, we can make give more meaningful input. For example, it would be very helpful if a table had a summary statement so that one could more quickly and easily interpret the data (for example: "We see that over the course of 5 years from 2000-2005, the large-volume customer class grew from X members to Y members."). Another way to make the tables more easily understood would be to provide footnotes specific to a term/category/data point presented in the table.

ISSUE PAPERS: Could information in the issue papers be presented in a more easily understood manner?

Organization of the information is excellent, with the current formatting. However, the actual wording is not conducive to learning and therefore hinders comprehension, which in turn presents a challenge to providing effective, meaningful input.

I recognize that my lack of experience with water utility is a big factor in my limited understanding of the subject, and I therefore humbly request any accommodation that can be reasonably provided to facilitate information sharing.
Respectfully,
Nguyen

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Dan Wilcox, Spansion, (On behalf of both Industrial PIC members and Large Volume Industrial Customer Group LVIG)
Submitted: 02/28/2008

RE: PIC ISSUE PAPER NUMBER FOUR

ISSUE 1: DISAGGREGATION OF LARGE-VOLUME CLASS

The LVIG supports the consultants’ recommendation that the Large-Volume Class be disaggregated giving individual customers the ability to lower their rate through better system management, water conservation, reducing peak loads, and improved waste treatment practices. This methodology can also be used to promote to new companies and businesses that are considering Austin for expansion or as a new location that they can enable lower water/wastewater rates by using best known methods for water conservation/recycle and waste treatment.

ISSUE 2: LARGE-VOLUME CLASS THRESHOLD

The LVIG agrees with the consultants’ recommendation to change the class identification to Large Volume Customer Class (LVCC). This removes the implication that the customer class must be engaged in an industrial business. This designation is more accurate when you consider a customer such as The University of Texas which meets the volume criteria, but is not engaged in industrial functions.

The LVCG disagrees with the consultants’ recommendation to maintain the 85 million gallon per year amount as the minimum threshold for designating Large-Volume Customers. The current LVCC consists of 8 customers that meet these criteria and 2 of them are close to the minimum. The consultant presented data where they evaluated annual usage for all of the AWU customers and found that the same 8 customers remained on the list when the usage threshold was 30 Mgalons. Based on this data, the AWU should strongly consider reducing the minimum threshold to 30 Mgal because it would have no additional administrative burden on the Utility, but would encourage LV customers that are on the current threshold to conserve, reclaim and recycle as much as 50 Mgal of water per year per customer without risking a rate increase. This action would also benefit new companies considering Austin as a new location who have small to mid sized water requirements and may meet the 30 Mgal threshold, but not the 85 Mgal or 100 Mgal minimum.

ISSUE 3: IRRIGATION CLASS

The LVCG agrees with the consultants’ recommendation to not create an “Irrigation Class” at this time. Instead, there should be focus on improving the incentives for the use of alternatives to irrigation with potable water, such as gray water or reclaimed water. We agree that more data and information should be collected on this issue before the next round of ratemaking proceedings.
QUESTIONS FOR THE TEAM

1. Please provide more details on how costs to the main customer classes will be allocated using daily and hourly peaks when disaggregating the Large Volume Customers,

ADDITIONAL RECOMMENDATIONS

A significant amount of time in the first part of the February 19 Workshop presentation was spent on how the water allocation factors were developed based on peaking factors by customer class. The discussions indicated that limited peaking data exists for some classes and that several allocation factors are estimated using data for typical levels of service. There were also discussions about wastewater allocations based on wastewater strengths. However, the use of wastewater strength concentrations should not be the sole factor in determining the impact of various customer class loads on the wastewater system. Generally, when implementing water conservation measures the amount of wastewater returned is reduced, thus causing the concentrations to increase for the same or even less mass loading. It is extremely important that any wastewater rates and charges consider mass loading of pollutants and not just the strength concentration.

Prior to the next round of ratemaking proceedings, the AWU should develop a plan and gather data for determining more actual and accurate usage information to all customer classes, including peaking data, wastewater volume and strength data, and how customers are defined by class. In addition, this study should include evaluating the classification of customers using cumulative water meters and/or accounts to meet minimum large volume usage threshold.

The Large-Volume Industrial Group would again remind the team that significant actual metering data and sampling data exists for many customers and that it should be used where available.

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Tom Graves, Austin Apartment Association, PIC member, Multifamily Class
Submitted: 2/26/2008

Re: City of Austin
Water/Wastewater Rate Study
Comments on Meeting #5 – Customer Classification

Issue 1 – Disaggregation of large-volume customer class

Given the small number of large-volume customers and the diversity of their service requirements and load characteristics, it makes sense to treat each “customer” individually. One result of disaggregation would be that each customer would be the direct beneficiary of its own conservation and load-management efforts, rather than having to share those benefits with the other large-volume customers. This should encourage further efforts at water reuse, peak load management, etc.

Issue 2 – Adjust threshold for inclusion in large-volume class
According to the position paper, membership in the large-volume class would be unchanged at annual purchases of 30 MG. If, as was indicated by Mr. Wilcox, a lower volume threshold would make it economic for some users to reduce their usage below 85 MG (without forfeiting their large-volume status), then the threshold should be lowered to a level that fosters those efforts—especially if the reduced threshold does not bring additional customers into the class.

**Issue 3 – Establish irrigation class**

I agree with the consultants’ recommendation that irrigation usage be addressed through rate design rather than through customer classification.

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END OF PUBLIC COMMENTS FROM FEBRUARY 19th PIC MEETING.