Meeting: Public Involvement Committee
Workshop 3: Water Cost Allocations and Fire Charges

Date: 1-7-08 Time: 6pm Location: Waller Creek Center

PIC Members in Attendance:

<table>
<thead>
<tr>
<th>Name</th>
<th>Customer Class Representation</th>
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<tbody>
<tr>
<td>Angela Rubottom</td>
<td>Residential</td>
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<tr>
<td>Lanetta Cooper</td>
<td>Residential</td>
</tr>
<tr>
<td>Kristan Arrona</td>
<td>Multifamily</td>
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<tr>
<td>Tom Graves</td>
<td>Multifamily</td>
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<tr>
<td>Dan Wilcox</td>
<td>Industrial</td>
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<tr>
<td>Doris Williams</td>
<td>Commercial</td>
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<tr>
<td>Joy Smith</td>
<td>Wholesale</td>
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<td>Dale Gray</td>
<td>All</td>
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</tbody>
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I. Agenda Items:

The following items were covered at the PIC meeting of January 7:

1. Welcome
2. Review Internet Site (http://www.ci.austin.tx.us/water/costofservice.htm)
3. Overview of water system
4. Decisions by Executive Team
5. PIC comments from last meeting
6. Presentation on water cost allocations
7. PIC member comments and discussion
8. Summary of decisions and agreements
9. Public comment period

II. Decisions by Executive Team:

The AWU Executive Team met after the December PIC meeting and made the following decisions to:

(a) Provide the COS model inputs and outputs in Adobe Acrobat format.
(b) Provide “live” demonstration of model during upcoming PIC meeting.
(c) Rely on City data only (not customer-provided data because of City’s inability to control quality of outside data and maintain consistency among all customer classes).
(d) Add evaluation criterion of policy durability (defined as a policy’s ability to continue to be appropriate and result in a fair and equitable rate for all customer classes regardless of changes to the cost-of-service assumptions).
III. **Key Interests and Issues:**

PIC members comments and questions focused on:

- **Water Cost Allocation**—Commodity Demand versus Base/Extra-Capacity. Discussion focused on whether AWU’s current methodology, the Base/Extra-Capacity, is precise enough.

- **Private Fire Connection Costs**—AWU’s current methodology is to not charge for private fire connections. Discussion focused on whether to charge private fire connections for direct as well as indirect costs. Consultants recommend charging only for direct costs.

- **Public Fire Costs**—AWU’s current methodology is to recover indirectly. Discussion focused on whether to have a fixed charge based on property value, a fixed charge based on fire customer class, or a fixed charge based on water meter size as recommended by Consultants.

- **Economies of Scale** (e.g. How customers can benefit from economies of scale).

**Action Items:**
(a) PIC members will review the handouts on budget/financial policies and should they have any questions, bring them for discussion to 1-22-08 meeting.

**Agreements and Next Steps:**
(a) Written comments on meeting from PIC due 1-14-08.
(b) Wastewater Cost Allocation issue paper due to PIC 1-15-08.
(c) Next PIC Workshop scheduled for 1-22-08 (Tuesday)

IV. **Public Comment:**

One citizen spoke in favor of low-income utility customers being given financial considerations when setting the rate structure. The citizen was encouraged to submit written comments for the record. A second citizen spoke against building Water Treatment Plant #4 and urged the AWU to encourage conservation by charging higher peaking rates for all rate classes. The citizen submitted a statement for the record.

**Meeting Sign-In Sheet:** Attached

**Prepared by:** Rhonda Price, Group Solutions RJW