AUSTIN WATER UTILITY 2007 COS STUDY
MEETING SUMMARY

Meeting: Public Involvement Committee
Workshop 4: Wastewater Cost Allocations

Date: 1-22-08 Time: 6 pm Location: Waller Creek Center

PIC Attendees:

<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>
</tr>
<tr>
<td>Tom Graves</td>
<td>Multifamily</td>
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<tr>
<td>Doris Williams</td>
<td>Commercial</td>
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<tr>
<td>Jeff Covington</td>
<td>Industrial</td>
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<tr>
<td>Nelisa D. Heddin (sitting in for Joy Smith)</td>
<td>Wholesale</td>
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<tr>
<td>Myra Salas</td>
<td>Wholesale (Marsha WSC)</td>
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<td>Mario Espinoza</td>
<td>All (Water &amp; Wastewater Commission)</td>
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I. Agenda Items:
The following items were covered at the PIC meeting.

1. Welcome
2. Overview of budget and financial policies
3. Overview of wastewater system
4. Decisions by Executive Team
5. PIC comments from last meeting
6. Presentation on wastewater cost allocations
7. PIC member comments and discussion
8. Review Project Schedule
9. Summary of decision and agreements
10. Public comment period

II. Decisions by Executive Team
The AWU Executive Team met after the January 7 PIC meeting and made the following decisions:

a) Revenue Requirements Issue 1—cash basis will be used
b) Revenue Requirements Issue 2—future budgets will be used
c) Revenue Requirements Issue 3-5—not applicable because cash basis will be used

III. Key Interests and Issues:

PIC Comments and questions focused on:

1. Which of the Wastewater Cost Allocation Options is most appropriate—Design Basis, Functional Basis, or a Hybrid Approach? The AWU's current methodology is Design Basis, but the consultants are recommending a Hybrid Approach.

2. What are the appropriate customer service characteristics—Flow, BOD, and TSS only (which is AWU’s current methodology), adding Total Kjeldahl Nitrogen (TKN) and/or adding Phosphorous? The consultants are recommending adding TKN and phosphorous once sufficient data is available from an industrial pretreatment sampling program.
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3. How should I/I be estimated and added? Should it be based on combined connections and volume, contributed wastewater volume, number of connections, or land area? AWU's current methodology is to allocate 50% based on number of connections and 50% based on contributed volume. The consultants are recommending allocating I/I based on contributed wastewater volume.

Requests from PIC:
Mario Espinoza requested a cost estimate for adding TKN and phosphorous.

Agreements and Next Steps:
Rusty Cobern proposed a change (and the PIC agreed) to the schedule in order to allow everyone more time to process information:

(a) PIC meeting originally scheduled for 2-4-08 was postponed to 2-19-08.
(b) Deadline for written comments from PIC on 1-22-08 meeting extended to 2-5-08.
(c) Customer Characteristics issue paper due to PIC 2-12-08.
(d) Rate Design meetings to be held 3-3-08 and 3-17-08.
(e) An additional meeting may be scheduled for 3-31-08, if it is needed.

IV. Public Comments:
There were no public comments

Meeting Sign-In Sheet: Attached

Prepared by: Rhonda Price, Group Solutions RJW