



# Technical Customer Advisory Committee

## AGENDA

### *Members*

Janie Chermak	Elaine Hebard
Amy Ewing	Laura McCarthy
Laurie Firor	Ege Richardson
Mike Hightower	Scott Verhines
Dave Hill	

---

<b>Thursday, December 1, 2016</b>	<b>4:00 PM</b>	<b>ABCGC – 7th Floor Conference Room 7096</b>
1. Call to Order – Note presence of quorum, Introductions		4:00-4:05
2. Approval of Agenda		4:00-4:05
3. Approval of August 4, 2016 Action Summary		4:00-4:05
4. Rate Structure Overview Presentation		4:05-4:40
5. Water Conservation Goal Presentation		4:40-5:20
6. Public Comment		5:20-5:25
7. Final Comments or Questions		5:25-5:30
8. Adjournment		5:30

NOTICE TO PERSONS WITH DISABILITIES: If you have a disability and require special assistance to participate in this meeting, please contact the Water Utility Authority Office, Suite 5012, Albuquerque/Bernalillo County Government Center, phone 289-3100, as soon as possible prior to the meeting date.



# Technical Customer Advisory Committee

## ACTION SUMMARY

August 4, 2016

Members Present:

David Brookshire  
Amy Ewing  
Laurie Firor  
Elaine Hebard  
Mike Hightower  
Dave Hill  
Ege Richardson  
Scott Verhines

Members Excused:

Laura McCarthy

Water Authority Staff Present:

John Stomp, Chief Operations Officer  
Katherine Yuhas, Water Conservation Officer  
Rick Shean, Water Quality Hydrologist  
Andrew Lieuwen, Water Rights Manager

Consultants Present:

David Jordan, INTERA Inc.  
Greg Gates, CH2M

**Item 1 – Call to Order - Note presence of quorum**

The meeting was called to order at 4:06 pm by Chair Laurie Firor.

**Item 2 – Approval of Agenda**

Scott Verhines made a motion to approve the agenda. Mike Hightower seconded the motion. The motion passed on an 8-0 vote.

For: 8      Brookshire, Ewing, Firor, Hebard, Hightower, Hill, Richardson, Verhines  
Against: 0  
Excused: 1      McCarthy

**Item 3 – Approval of July 7, 2016 Action Summary**

Mike Hightower made a motion to approve the action summary. Scott Verhines seconded the motion. The motion passed on an 8-0 vote.

For: 8 Brookshire, Ewing, Firor, Hebard, Hightower, Hill, Richardson, Verhines  
Against: 0  
Excused: 1 McCarthy

**Item 4 – Report on Water 2120 Town Hall**

Katherine Yuhas provided a status report and summary statistics from the July Town Hall.

**Item 5 – Recommendation of Approval of Water 2120**

John Stomp reviewed the policies for Water 2120. TCAC members provided input on the following policies:

Policy A - adaptive management strategy was changed to adaptive management approach

Policy C - clarification needed reference for the 110-foot management level

Policy K - add healthy ecosystem to the rationale section

Amy Ewing made a motion to approve the policies as amended. Mike Hightower seconded the motion. The motion passed on a 7-1 vote.

For: 7 Brookshire, Ewing, Firor, Hightower, Hill, Richardson, Verhines  
Against: 1 Hebard  
Excused: 1 McCarthy

**Item 6 – Public Comment**

None.

**Item 7 – Final Comments and Questions**

There was a request to move the January 5, 2017 meeting to January 12, 2017 so that Elaine Hebard could attend the meeting.

**Item 8 – Adjournment**

The meeting concluded at 6:12 pm.



## Cost-of-Service Rate Study for FY2018 – Rate Structure Overview

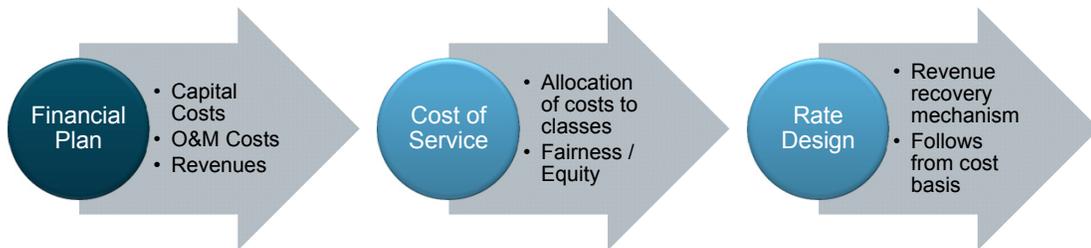
ABCWUA Technical Customer Advisory Committee

..... December 1, 2016

### Agenda

1. Cost-of-Service process
2. Current rate structure
3. Rate revenue increase policy
4. Rates and rate structure goals

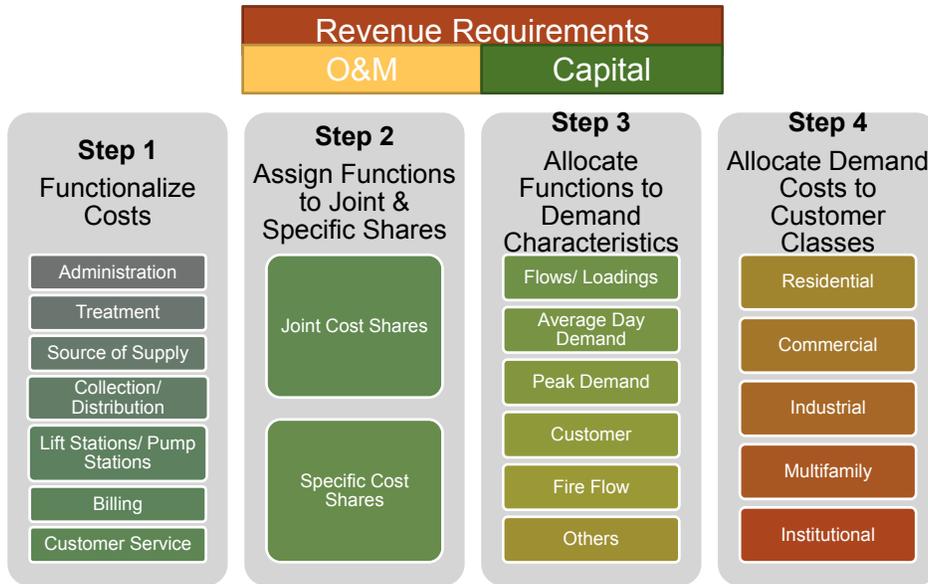
## Basic Utility Ratemaking Process



## Summary of COS

- Users pay their proportionate cost of the system
- Rate equity can be achieved by cost allocation and rate design
- Rates are based on standard approaches within the industry
- Legally and fiscally required by bond covenants
- Fixed charges originally based on adopted policy to collect revenues to pay debt service

## The most technical tasks in a rate study are Cost Allocation and Rate Design



## COS Analysis Provides Cost Basis for Rate Design

### Fixed Monthly Charges

- How much of revenue requirements are recovered?
- What fixed costs should be recovered?

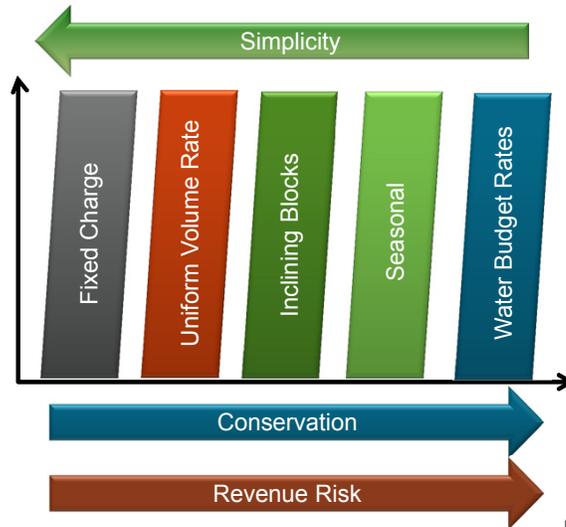
### Volume Rates per CCF

- Recovers remaining revenue requirements
- Limit reliance on surcharge blocks for revenue

### Surcharges

- Are surcharges sending the right price signal?

## Available Rate Structures



HAWKSLEY CONSULTING

## ABCWUA's Current Water Rate Structure

### Fixed Monthly Charges

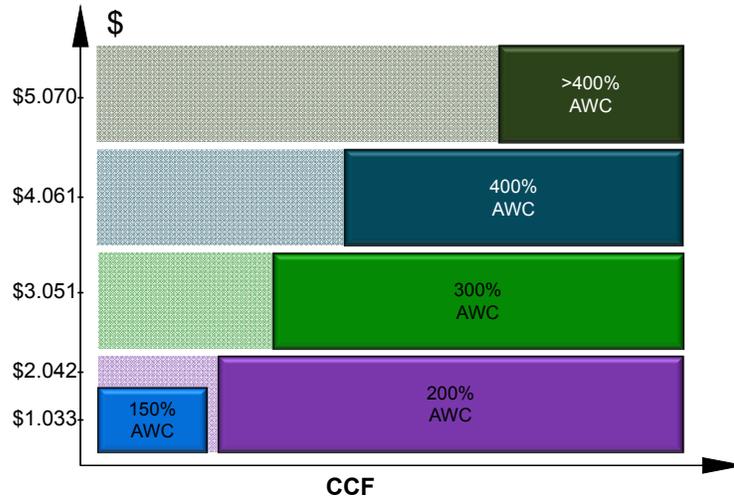
- Residential
- Multifamily
- Commercial
- Institutional
- Industrial
- Other

### Commodity Rates

- Discount block
- Base block
- Surcharge blocks
- Includes other components: State water conservation fee, water resource management strategy, etc.

HAWKSLEY CONSULTING 8

## Seasonal Excess Use Based on Typical AWC



## Benefits of Current Rate Structure

Benefits	Current Rate Structure
Conservation	✓
Revenue Stability	✓ -
Easy to Understand	✓ -
Easy to Administer	✓ -
Equitable	✓
Affordability	✓

## ABCWUA's Wastewater Rate Structure

### Fixed Monthly Charges

- Residential
- Multifamily
- Commercial
- Institutional
- Industrial
- Other

### Commodity Rates

- Base
- Rehab
- Wholesale
- Surcharges for high strength

## 5% Rate Revenue Increase in Ordinance for FY2018

### Base charge increase

- Option: Across-the-board increase
- May still require change in commodity rates

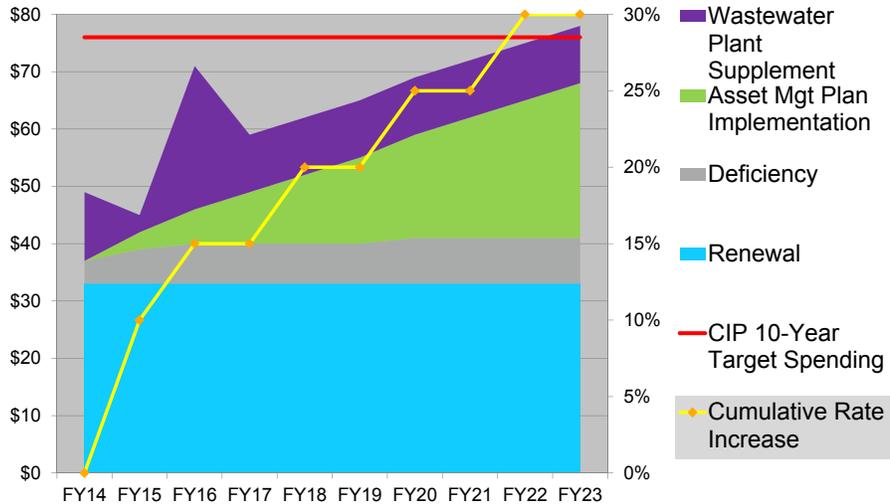
### Commodity rate increase

- Option: Maintain fixed monthly charges
- Commodity rates adjusted differently than 5%

### Combination to achieve overall revenue goal

- Move toward COS
- Increase revenue stability
- Promote conservation

## Goal is to Close the Infrastructure Needs Gap with Rate Revenues



HAWKSLEY CONSULTING

## Next Steps in Rate Study

1. Evaluate cost-of-service rates
2. Assess rates with conservation impact model
3. Prepare bill impact analysis
4. Propose rates for FY2018 to recover 5% revenue increase

HAWKSLEY CONSULTING 14