



# Technical Customer Advisory Committee

## AGENDA

### *Members*

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

Thursday, January 5, 2017	4:00 PM	ABCGC – 7th Floor Conference Room 7096
1. Call to Order		4:00-4:05
2. Approval of Agenda		4:00-4:05
3. Approval of December 1, 2016 Action Summary		4:00-4:05
4. Election of Chair/Vice-Chair		4:05-4:10
5. Approval of Open Meetings Resolution		4:05-4:10
6. Approval of 2017 Work Plan		4:10-4:15
7. Water 2120 Update		4:15-4:35
8. Rate Alternative Activity		4:35-5:20
9. Public Comment		5:20-5:25
10. Final Comments or Questions		5:25-5:30
11. 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**

**December 1, 2016**

**Members Present:**

Amy Ewing  
Laurie Firor  
Elaine Hebard  
Mike Hightower  
Dave Hill  
Laura McCarthy  
Scott Verhines

**Members Excused:**

Janie Chermak  
Ege Richardson

**Water Authority Staff Present:**

Frank Roth, Senior Policy Manager  
Stan Allred, Chief Financial Officer  
Katherine Yuhas, Water Resources Manager  
Rick Shean, Water Quality Hydrologist  
Carlos Bustos, Water Conservation Officer

**Consultants Present:**

Carol Malesky, Hawksley Consulting

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

The meeting was called to order at 4:04 pm by Chair Laurie Firor.

**Item 2 – Approval of Agenda**

Mike Hightower made a motion to approve the agenda. Laura McCarthy seconded the motion. The motion passed on a 7-0 vote.

For: 7	Ewing, Firor, Hebard, Hightower, Hill, McCarthy, Verhines
Against: 0	
Excused: 2	Chermak, Richardson

**Item 3 – Approval of August 4, 2016 Action Summary**

Amy Ewing made a motion to approve the action summary. Dave Hill seconded the motion. The motion passed on a 6-1 vote.

For: 6	Ewing, Firor, Hightower, Hill, McCarthy, Verhines
Against: 1	Hebard
Excused: 2	Chermak, Richardson

**Item 4 – Rate Structure Overview Presentation**

Carol Malesky provided an overview of the Cost-of-Service Rate Study. She reviewed the cost-of-service process, current rate structure, rate revenue increase policy, and rates and rate structure goals. Ms. Malesky will conduct her analysis and return in February 2017 to present the findings and a few rate scenarios.

**Item 5 – Water Conservation Goal Presentation**

Katherine Yuhas and Carlos Bustos discussed the update to the Water Conservation Plan based on the adopted water conservation goal of 110 gpcd. They discussed aligning the water conservation program to the adopted goal.

**Item 6 – Public Comment**

None.

**Item 7 – Final Comments and Questions**

Mike Hightower requested that John Stomp provide a presentation on Water 2120 to the Urban Land Institute.

**Item 8 – Adjournment**

The meeting concluded at 5:50 pm.

**ALBUQUERQUE BERNALILLO COUNTY  
WATER UTILITY AUTHORITY  
TECHNICAL CUSTOMER ADVISORY COMMITTEE**

**RESOLUTION**

**DETERMINING REASONABLE NOTICE OF PUBLIC MEETINGS OF THE  
TECHNICAL CUSTOMER ADVISORY COMMITTEE.**

WHEREAS, the Albuquerque Bernalillo County Water Utility Authority's Technical Customer Advisory Committee (Committee) meets in regular session at Room 7096, One Civic Plaza, and other locations; and

WHEREAS, Section 10-15-1(B) of the Open Meetings Act (NMSA 1978, Sections 10-15-1 to Section 10-15-4) states that, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act, all meetings of a quorum of members of any board, committee, administrative adjudicatory body or other policy making body of any state or local agency held for the purpose of formulating public policy, discussing public business or for the purpose of taking any action within the authority of or the delegated authority of such body, are declared to be public meetings open to the public at all times; and

WHEREAS, any meetings subject to the Open Meetings Act at which the discussion or adoption of any proposed ordinance, resolution, rule, regulation or formal action occurs shall be held only after reasonable notice to the public; and

WHEREAS, Section 10-15-1(D) of the Open Meetings Act requires the Committee to determine at least annually what constitutes reasonable notice of its public meetings.

**BE IT RESOLVED BY THE COMMITTEE:**

Section 1. Meetings of the Committee will normally be held in Room 7096 of the Albuquerque/Bernalillo County Government Center at One Civic Plaza, near the intersection of Fifth Street and Marquette Avenue, NW, Albuquerque, New Mexico, and other locations as needed.

Section 2. Regular meetings will normally be held on the first Thursday of each month. The agenda will normally be available seventy-two (72) hours prior to the meeting on the Water Authority website and at the offices of the Water Authority.

Section 3. Special meetings may be called by the Chair of the Committee upon seventy-two (72) hours notice. Special Meetings shall be subject to the same notice and agenda availability requirements as noted for regular meetings in Section 2.

Section 4. Emergency meetings will be called only under circumstances when an unexpected occurrence or condition, or the state resulting there from, requires immediate consideration or action to protect the health, safety and property of citizens or to protect the public body from substantial financial loss. The Committee will avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair of the Committee upon twenty-four (24) hours notice. The notice for all emergency meetings shall include an agenda for the meeting or information on how the public may obtain a copy of the agenda.

Section 5. For the purpose of regular and special meetings described in Sections 2 and 3 of this resolution, notice requirements are met if notice of the date, time and place are posted at least seventy-two (72) hours prior to the meeting on the Water Authority website and on the lobby bulletin board of the Albuquerque/Bernalillo County Government Center.

Section 6. For the purpose of emergency meetings described in Section 4 of this resolution, notice requirements shall be met by posting notice of the date, time, place and agenda on the Water Authority website and in the lobby of the Albuquerque/Bernalillo County Government Center.

Section 7. In addition to the information specified above, all notices shall include the following language, except the last sentence applies only to full Committee meetings:

“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.”

Section 8. Cancellations and different meeting times and places may be announced at prior meetings of the full Committee. Cancellations so announced shall also have notice given by the same methods and time frames as provided for regular meetings in Section 2. Weather, lack of quorum and other related issues may cause the cancellation of a meeting.

Section 9. Action summary minutes shall be made of all open meetings with the following minimal information:

A. Date, time, and place of meeting

B. Names of staff in attendance and a list of members present

C. A general statement of each discussion topic and of how each member voted on any motion before the Committee. A draft copy of the minutes shall be available within ten (10) working days following each meeting. Minutes do not become official until approved by the Committee at a subsequent meeting.

Section 10. Closed meetings shall not be held except as provided in Open Meetings Act.

Section 11. All or any part of this resolution may be amended or modified by the Committee from time to time. At a minimum, the Committee shall review the resolution annually as required by the Open Meetings Act.



# **Customer Advisory Committee 2017 1st and 2nd Quarters Work Plan**

## January 5, 2017

- Election of Chair/Vice-Chair
- Open Meetings Resolution
- 2017 1<sup>st</sup> Half Work Plan
- Water 2120 Update
- Rate Alternative Activity

## February 2, 2017

- Review rate structure evaluation findings and scenarios

## March 2, 2017

- Recommend preferred scenario for rate ordinance
- Education Program Update
- Review FY18 Goals & Objectives

## April 6, 2017

- Review FY18 Proposed Operating/Capital Budgets
- Irrigation Account Water Budgets

## May 4, 2017

- Tour of Water Reclamation Plant

## June 1, 2017

- Water Conservation Plan Update
- Customer Conversations Update
- Compliance Division Presentation

## ***Agenda Item #7***

### Water 2120: Securing Our Water Future TCAC Meeting January 5, 2017

1. Water 2120: Securing our Water Future – adopted by the Water Authority Board September 21, 2016
  - a. Working on spreadsheet of activities for reporting to the Water Authority Board at the end of 2017. Update the TCAC prior to reporting to the Board.
2. Next Steps
  - a. Policy A – Adaptive Management Approach – this is needed to examine future demands and supplies for next update to WRMS (ten years).
  - b. Groundwater Management Plan – managing the aquifer based on a set management level that was established at 110-feet below Pre-development conditions is the basis for this report. Other considerations include the location and size of existing contamination sites, and the location for future ASR and production wells related to the river and water rights implications.
  - c. Water Conservation Plan – reduce use from 135 gpcd to 110 gpcd over the next 20-years. Develop new or revised program to achieve the goal that would minimize rate implications to the extent possible. The plan will most likely look at reducing outdoor demands overtime, but must consider public feedback related to the future of the region.
  - d. Storage Plan – develop short and long-term storage needs considering San Juan-Chama water, native water and wastewater return flows. In the future, there will be excess wastewater return flows that could be used to meet demand through DPR or stored/IDPR.
  - e. Environmental Plan – this plan includes consideration of the existing Biological Opinion, collaboration with the ESA program, watershed management, RGSM augmentation program with COA and other environmental programs.
3. Developing schedule for the activities described in 2.a through 2.e which will be presented at a future TCAC meeting. The Water Conservation Plan update will most likely proceed ahead of the other plans and will be presented to the TCAC.



# RATES, CONSERVATION AND REVENUE

## NO RATE INCREASE

### Pros:

- Affordability – for this generation
- Predictable rates

### Cons:

- Infrastructure decay
- Decline in level of service
- Higher rates for future generations

Conservation Impact – LOW

Revenue Impact – LOW

## BASE RATE INCREASE

### Pros:

- Enough revenue to cover operational costs and infrastructure renewal
- Meet level of service needs

### Cons:

- Less reward for low use/conservation
- Less consequence (surcharges) to high water users

Conservation Impact – MEDIUM

Revenue Impact – HIGH

## HIGHER COMMODITY RATE INCREASE

### Pros:

- Higher consequence (surcharges) to high water users
- More customer choice in water use

### Cons:

- Less affordable from higher water use surcharges
- Decline in level of service
- Deferred infrastructure renewal because of revenue uncertainty

Conservation Impact - HIGH

Revenue Impact – LOW

## COMBO BASE & COMMODITY RATE INCREASE

### Pros:

- Sufficient revenue to cover operational costs and infrastructure renewal
- Meet level of service needs

### Cons:

- More complicated rate adjustments and less predictable rate changes
- Public understanding

Conservation Impact – MEDIUM/HIGH

Revenue Impact – MEDIUM



Albuquerque Bernalillo County  
Water Utility Authority

## Rates Activity

*January 6, 2017*

### Relationship between Revenue Sufficiency & Conservation

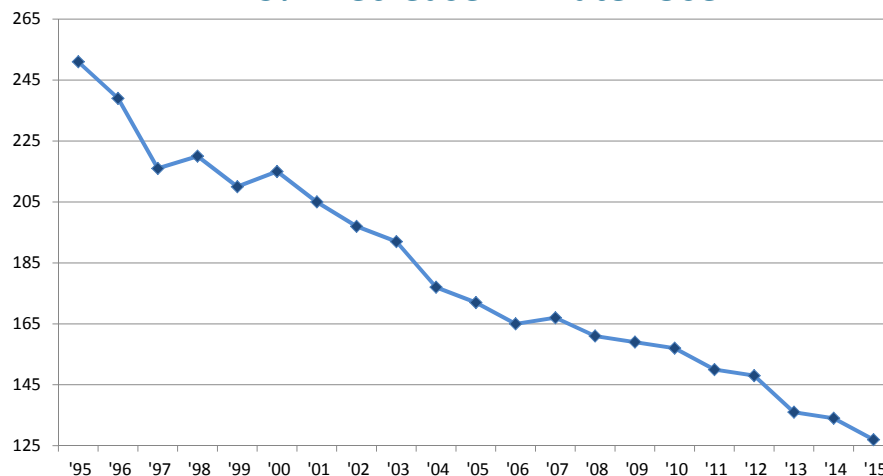


# Challenge 1

## Paradoxical Relationship between Revenue Stability and Conservation Promotion

### Conservation

#### 49% Decrease in Water Use



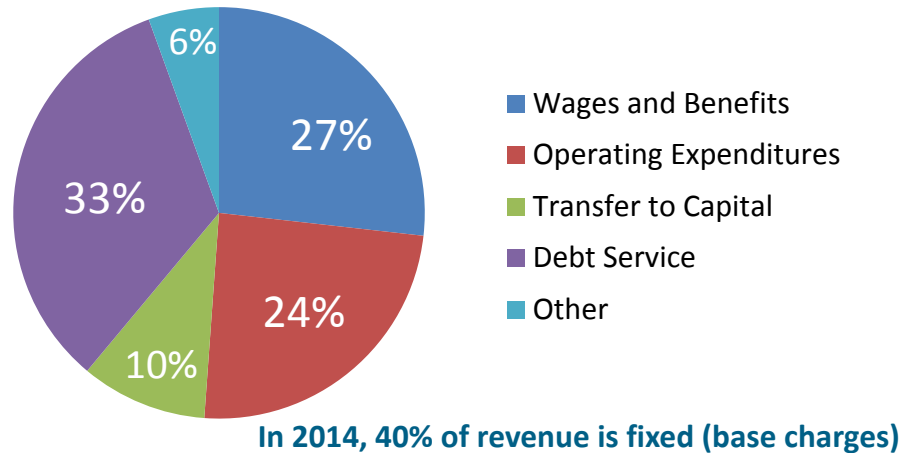
## Conservation

- *Planned* reductions through demand-side management programs/market forces
  - fixture replacement under plumbing and appliance codes
  - conservation programs, rebates
- *Unplanned* reductions from economic conditions and climatic conditions
  - drought
  - the recession, house foreclosures
  - industry reductions

## Challenge 2 Water Utility Revenue Variability Does Not Match Utility Cost Variability

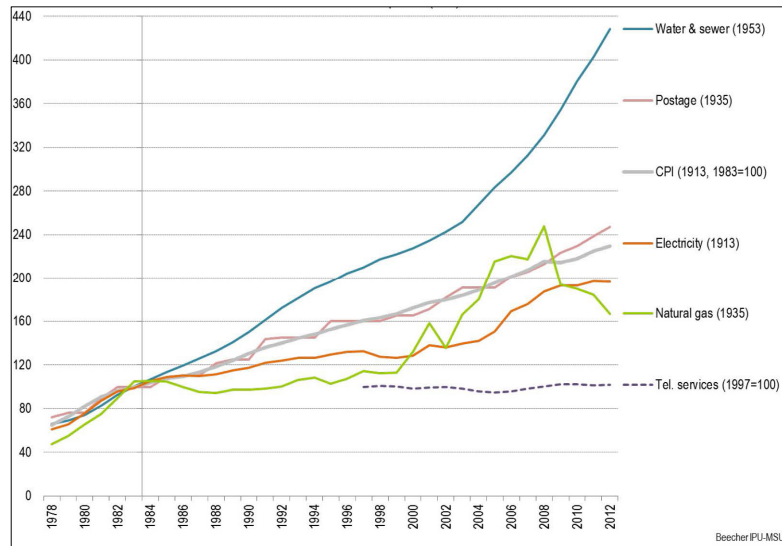
## Majority of Costs are Fixed

85% of utility costs are fixed



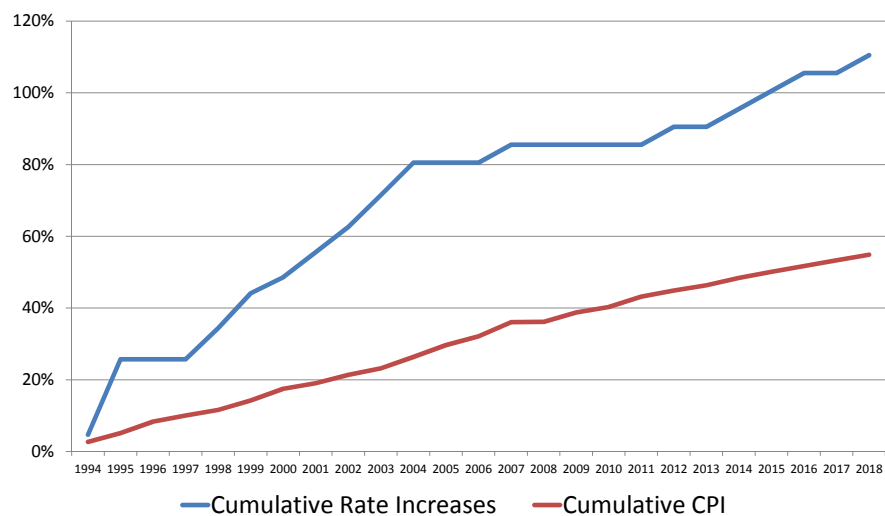
## Challenge 3 Large And Looming Gap in National Infrastructure Needs

## Trends in Consumer Price Index for Water & Sewer Utilities

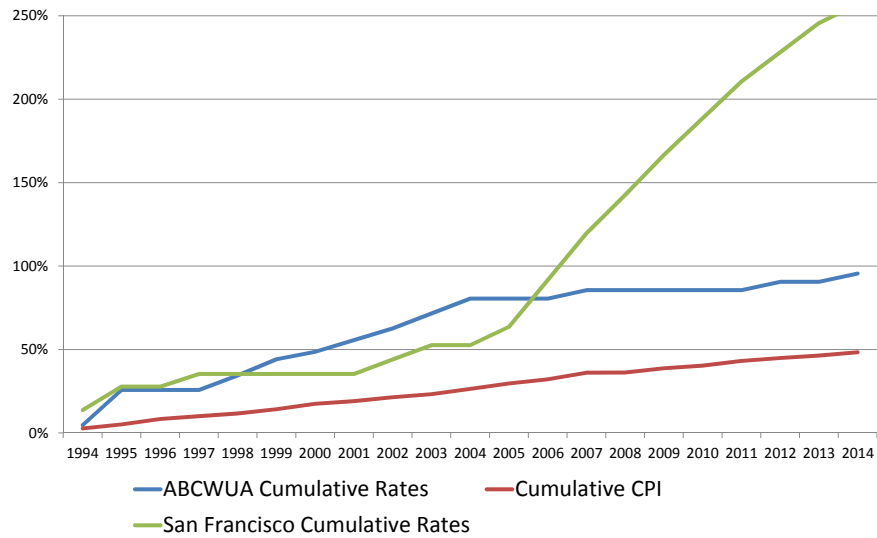


Michigan State University Institute of Public Utilities Regulatory Research & Education – February 2013

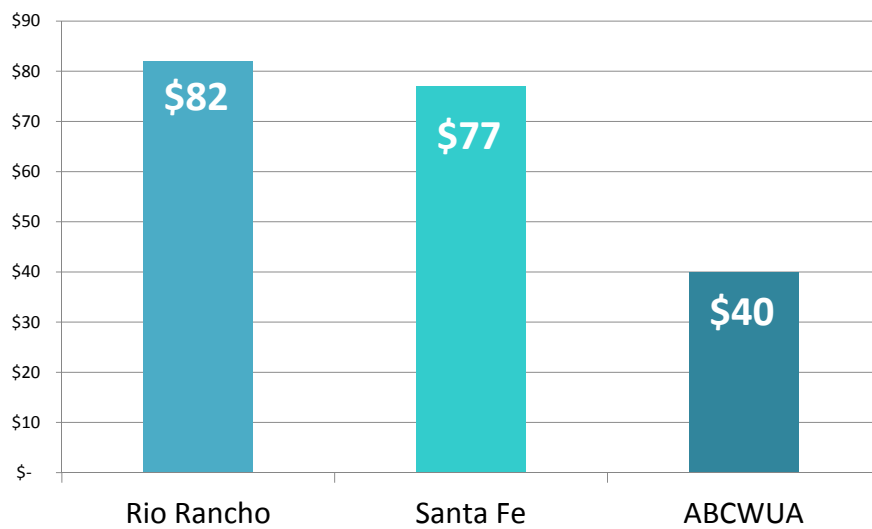
## Albuquerque Rates vs. CPI



## Rate Shock

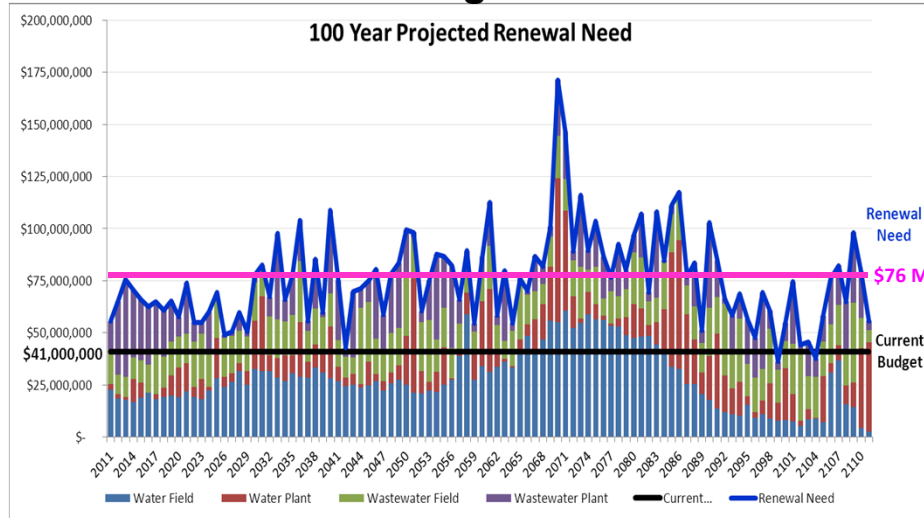


## Regional Water Rates

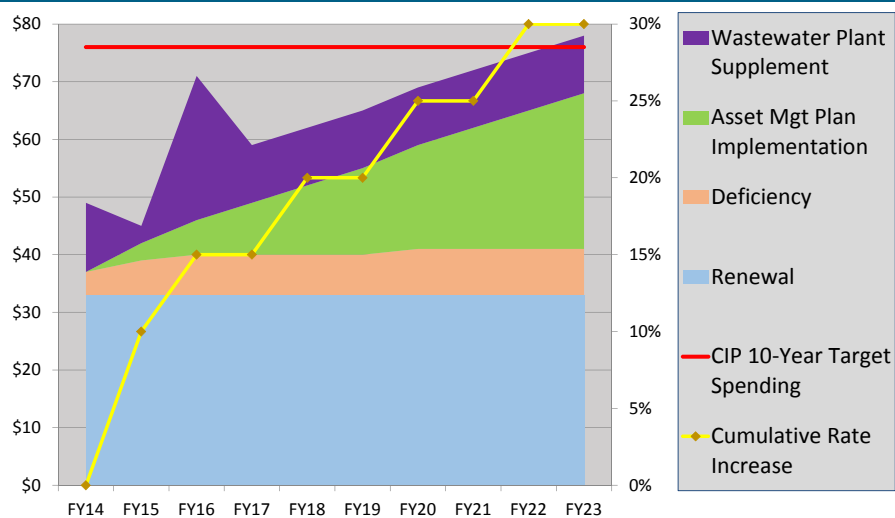


# Projected Renewal Needs

**100-Year Average = \$76 Million/Year**



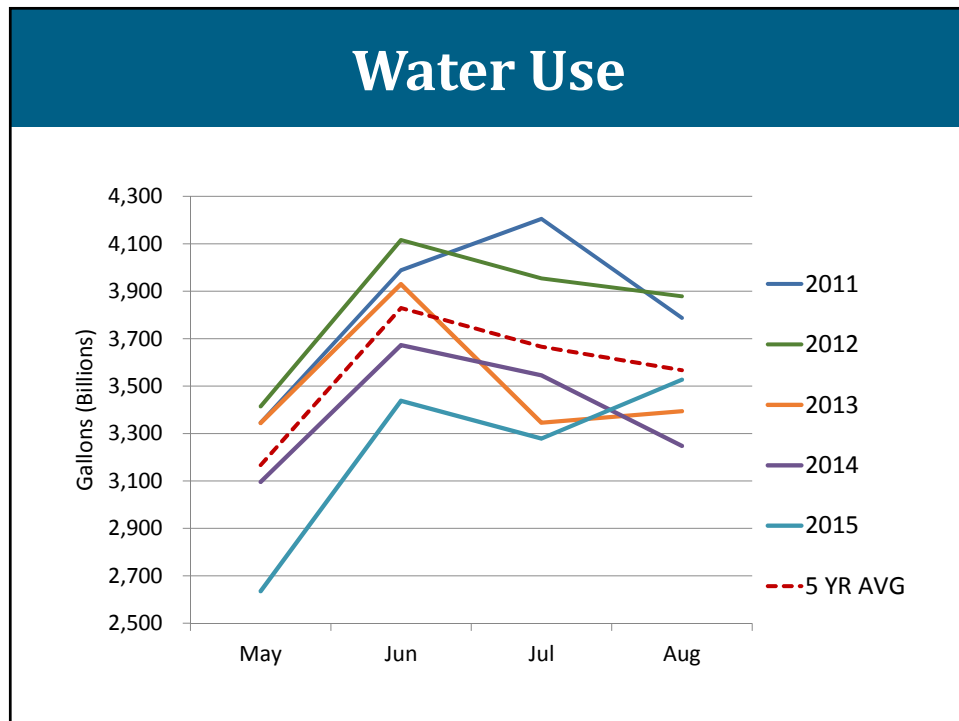
# 10-Year CIP Finance Plan





## Challenge 4

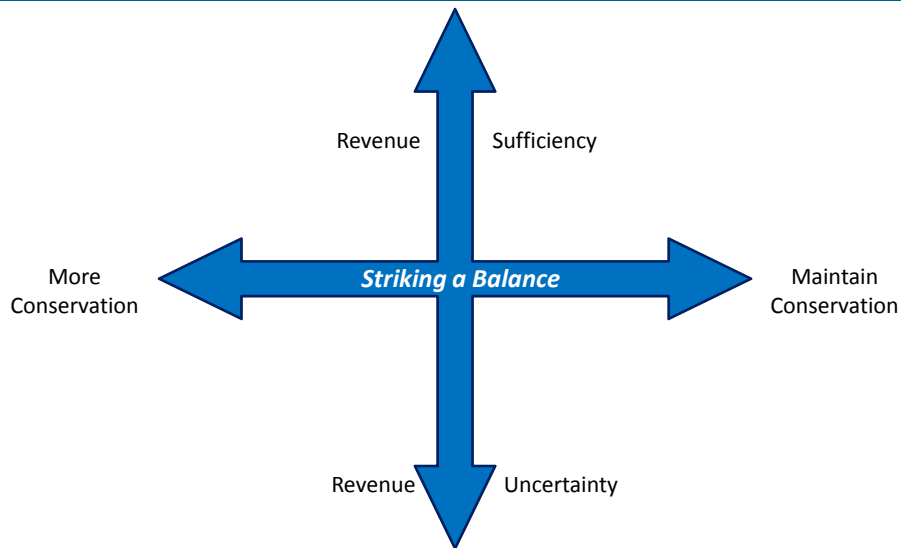
### Weather and Corresponding Customer Demand Uncertainty



## Rate Evaluation Criteria

Implementation	Equity	Customer Impact	Conservation	Financial
Customer Service Requirements	Interclass Equity	Average Change in Residential Bill	Average-Day Savings	Bond Rating Impact
Public Understanding	Intraclass Equity	Economic Development	Peak-Season Savings	Revenue Sufficiency
Public Acceptance		Rate Shock		Rate Stability
Legal Defensibility				

## Conservation Conundrum



## Rate Alternatives

### NO RATE INCREASE

#### *Pros/Cons*

Conservation Impact – LOW  
Revenue Impact – LOW

### BASE RATE INCREASE

#### *Pros/Cons*

Conservation Impact – MEDIUM  
Revenue Impact – HIGH

### HIGHER COMMODITY RATE INCREASE

#### *Pros/Cons*

Conservation Impact - HIGH  
Revenue Impact – LOW

### COMBO BASE & COMMODITY RATE INCREASE

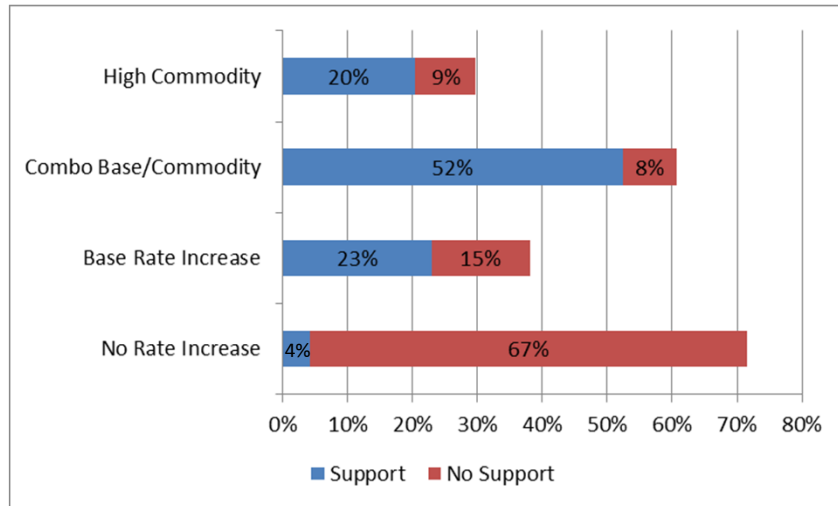
#### *Pros/Cons*

Conservation Impact – MED/HIGH  
Revenue Impact – MEDIUM

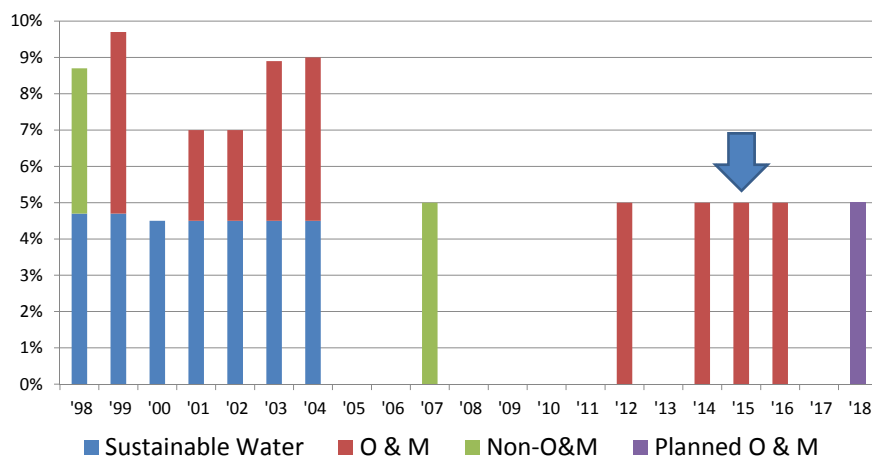
## Rate Alternatives



## Support and Non-Support of Four Alternatives



## Rate Increases – 20 Year



## Variable vs Fixed Revenue

