



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, February 2, 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 January 5, 2017 Action Summary		4:00-4:05
4. Rate Structure Evaluation Discussion		4:05-5:50
5. Public Comment		5:50-5:55
6. Final Comments or Questions		5:55-6:00
7. Adjournment		6:00

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

January 5, 2017

Members Present:

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

Members Excused:

Elaine Hebard

Water Authority Staff Present:

Frank Roth, Senior Policy Manager
John Stomp, Chief Operations Officer
Katherine Yuhas, Water Resources Manager
Carlos Bustos, Water Conservation Officer
Peter Auh, General Counsel

Others Present:

Michael Jensen

Item 1 – Call to Order - Note presence of quorum

The meeting was called to order at 4:00 pm by Vice-Chair Amy Ewing.

Item 2 – Approval of Agenda

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

For: 8	Bernard, Chermak, Ewing, Hightower, Hill, McCarthy, Richardson, Verhines
Against: 0	
Excused: 1	Hebard

Item 3 – Approval of December 1, 2016 Action Summary

Dave Hill made a motion to approve the action summary. Laura McCarthy seconded the motion. The motion passed on an 8-0 vote.

For: 8 Bernard, Chermak, Ewing, Hightower, Hill, McCarthy, Richardson, Verhines
Against: 0
Excused: 1 Hebard

Item 4 – Election of Chair/Vice Chair

Amy Ewing nominated Dave Hill for the position of chair. Scott Verhines seconded the motion. The motion passed on an 8-0 vote.

For: 8 Bernard, Chermak, Ewing, Hightower, Hill, McCarthy, Richardson, Verhines
Against: 0
Excused: 1 Hebard

Dave Hill nominated Laura McCarthy for the position of vice-chair. Janie Chermak seconded the motion. The motion passed on an 8-0 vote.

For: 8 Bernard, Chermak, Ewing, Hightower, Hill, McCarthy, Richardson, Verhines
Against: 0
Excused: 1 Hebard

Item 5 – Approval of Open Meetings Resolution

Scott Verhines made a motion to approve the resolution. Amy Ewing seconded the motion. The motion passed an 8-0 vote.

For: 8 Bernard, Chermak, Ewing, Hightower, Hill, McCarthy, Richardson, Verhines
Against: 0
Excused: 1 Hebard

Item 6 – Approval of 2017 Work Plan

Frank Roth reviewed the work plan for January through June 2017. Amy Ewing made a motion to approve. Ege Richardson seconded the motion. The motion passed an 8-0 vote.

For: 8 Bernard, Chermak, Ewing, Hightower, Hill, McCarthy, Richardson, Verhines
Against: 0
Excused: 1 Hebard

Item 7 – Water 2120 Update

John Stomp discussed the next steps for implementing Water 2120. He reviewed the adaptive management approach, the groundwater management plan, the water conservation plan, the storage plan, and environmental plan.

Item 8 – Rate Alternative Activity

Frank Roth provided a presentation on the topic of rates, conservation and revenue. The TCAC members engaged in an activity to learn about the relationship between revenue stability and conservation, revenue and cost variability, infrastructure needs, and demand uncertainty.

Item 9 – Public Comment

Michael Jensen was present and provided comments.

Item 10 – Final Comments and Questions

None.

Item 11 – Adjournment

The meeting concluded at 5:50 pm.

Agenda Item #4

Cost-of-Service Rate Study for FY2018 – Rate Structure Scenarios

ABCWUA Technical Customer Advisory Committee

..... February 2, 2017

Agenda

- 1. General cost of service**
- 2. Current rate structure**
- 3. Fixed monthly charges rate components**
- 4. Review rate structure scenarios**

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General Cost of Service

Total revenue requirement for FY2018

Allocate O&M, debt service, rehabilitation costs, working capital, and rate stabilization transfers between water and wastewater

Water revenue requirement

Wastewater revenue requirement

Allocate to customer classes

Rate design determines how those \$ are recovered

Scenario A: Existing
46% recovered from
fixed charges

Scenario B: Proposed
50% recovered from
fixed charges

Scenario C: Proposed 50% from
fixed charges and greater
wastewater cost recovery

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General Cost of Service

- 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

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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.

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ABCWUA's Wastewater Rate Structure

Fixed Monthly Charges

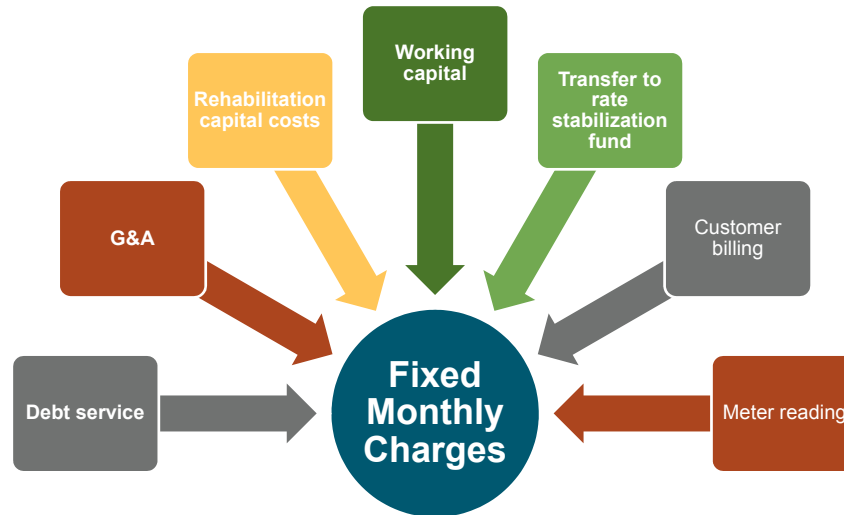
- Residential
- Multifamily
- Commercial
- Institutional
- Industrial
- Other

Commodity Rates

- Base
- Rehab
- Wholesale
- Surcharges for high strength

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What is Recovered through Fixed Charges?



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Scenario A: Across-the-Board Increase

Base charges increased across the board by 5%
 Commodity charges increased across the board by 5%

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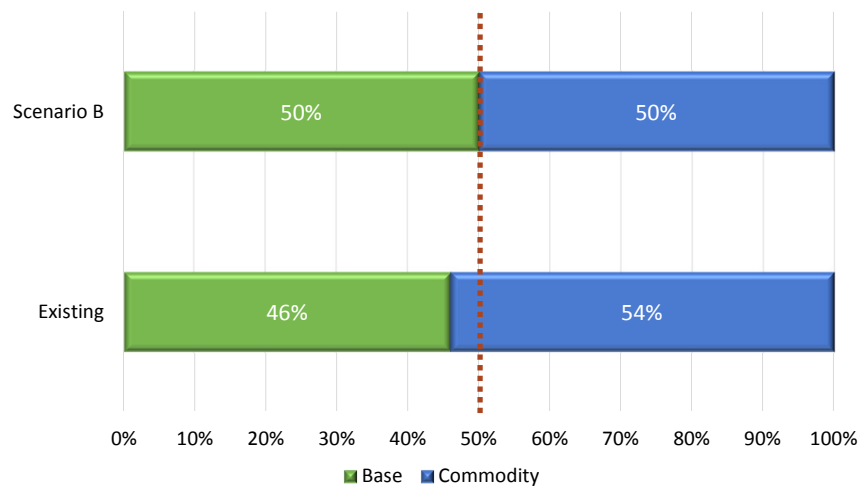
Scenario B: Fixed Charges to Recover 50% of Revenue

Base charges increased to generate 50% of rate revenue required
Commodity charges adjusted to recover the remaining portion of revenue required

- Fixed charges currently recover 46% of rate revenue required

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Revenue Recovery Components



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Scenario C: Adjustment Towards Cost of Service

Base charges increased to generate 50% of rate revenue required
Commodity charges adjusted to recover the remaining portion of revenue required

- Additional rate revenue requirement for FY2018
- Allocate 25% water and 75% to wastewater
- Moves toward cost of service for wastewater to reflect increasing needs for wastewater system rehab

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5% Rate Revenue Increase in Ordinance for FY2018

A: Across the board increase

- Across-the-board increase for fixed charges and commodity rates

B: Recover 50% of revenue from fixed charges

- Fixed monthly charges adjusted differently than 5%
- Commodity rates adjusted differently than 5%

C: Move towards COS

- Move toward COS
- More revenue recovered from wastewater rates

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Next Steps in Rate Study

1. Calculate rates
2. Prepare bill impact analysis
3. Choose rate alternative

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Your questions and thoughts are welcome

THANK YOU!

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