



Technical Customer Advisory Committee

AGENDA

Members

Melissa Armijo
Andrew Bernard
Janie Chermak
Mike Hightower
Dave Hill

Amy Miller
Ege Richardson
Ron Schwarzwald
Scott Verhines

Thursday, December 6, 2018

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 October 4, 2018 Action Summary | 4:00-4:05 |
| 4. Water-Sewer Rate Evaluation Presentation | 4:05-5:00 |
| 5. Customer Conversations Results Presentation | 5:00-5:30 |
| 6. Public Comment | 5:30-5:35 |
| 7. Adjournment | 5:35 |

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

October 4, 2018

Members Present:

Andrew Bernard
Amy Miller
Ege Richardson
Ron Schwarzwald

Members Excused:

Melissa Armijo
Janie Chermak
Mike Hightower
Dave Hill
Scott Verhines

Water Authority Staff Present:

Rick Shean, Water Rights Program Manager
Diane Agnew, Water Quality Hydrologist
Kate Mendoza, Water Resources Specialist
Elizabeth Anderson, Water Quality Program Manager
Frank Roth, Senior Policy Manager

Item 1 – Call to Order - Note presence of quorum

The meeting was called to order at 4:00 pm by Chair Ege Richardson.

Item 2 – Approval of Agenda

Ron Schwarzwald made a motion to approve the agenda. Andrew Bernard seconded the motion. The motion passed on a 4-0 vote.

For: 4	Bernard, Miller, Richardson, Schwarzwald
Against: 0	
Excused: 5	Armijo, Chermak, Hightower, Hill, Verhines

Item 3 – Approval of September 6, 2018 Action Summary

Ron Schwarzwaldner made a motion to approve the action summary. Amy Miller seconded the motion. The motion passed on a 4-0 vote.

For: 4 Armijo, Hill, Miller, Richardson
Against: 0
Excused: 5 Bernard, Chermak, Hightower, Schwarzwaldner, Verhines

Item 4 – Water 2120 Environmental Plan Discussion

Rick Shean provided an overview of the Environmental Plan as a component of the Water 2120 water resources management strategy. Water Authority staff reviewed the six policies below that will be addressed in the Environmental Plan.

- Policy E - Support Regional Water Resources Planning and Management
- Policy H - Implement the Water Quality Protection Policy and Action Plan
- Policy I - Protect and Enhance Storage of Native, San Juan-Chama Water and other water resources
- Policy J - Protect Valued Environmental and Cultural Resources
- Policy K - Preserve and Enhance the Quality of Life in the Region
- Policy M - Encourage and Facilitate Public Involvement

The TCAC discussed several proposed activities and provided recommendations to staff.

Item 5 – Public Comment

Elaine Hebard provided comments.

Item 6 – Adjournment

The meeting concluded at 5:05 pm.

A close-up photograph of water splashing, with droplets frozen in mid-air, creating a dynamic and energetic background.


 **Stantec**

ABCWUA Technical
Customer Advisory
Committee

Cost-of-Service Rate
Study for FY 2020 –
Rate Study Overview

December 6, 2018

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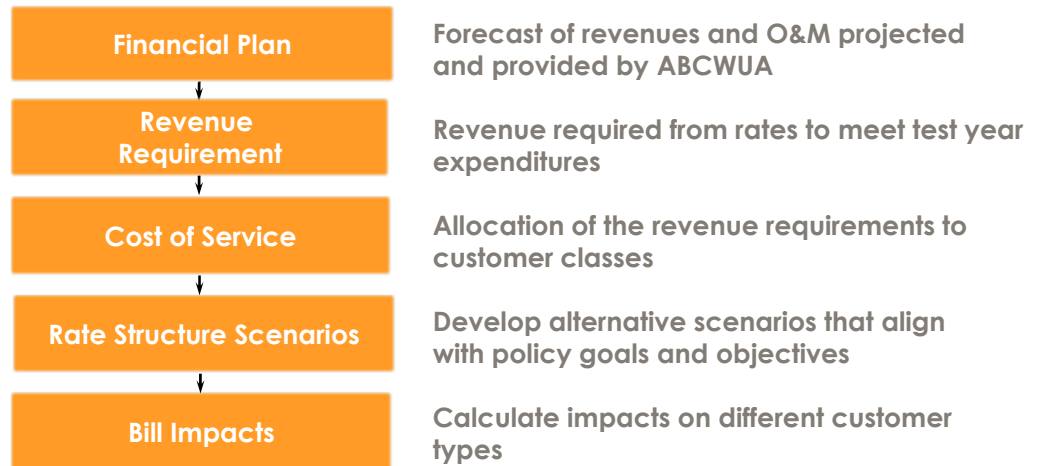
A photograph of deep blue water with gentle ripples and small waves, providing a calm and textured background.

Agenda

1. Cost-of-Service Process
2. Rate Revenue Increase Policy
3. Current Rate Structure
4. Rates and Rate Structure Goals

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Basic Utility Ratemaking Process



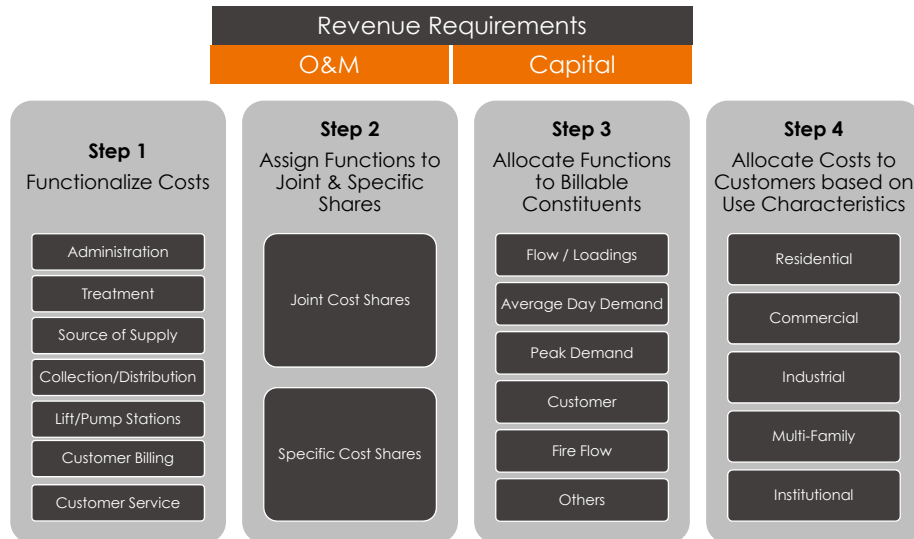
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Summary of COS

- 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**
 - Currently recover **48%** of total rate revenue collected

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Water and Sewer Cost-of-Service Process



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COS Analysis Provides Cost Basis for Rate Design

Fixed Monthly Charges

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

Commodity Rates per CCF

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

Surcharges

- Are surcharges sending the right price signal?

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Rate Revenue Increase Policy Approaches

Base Charge Increase

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

Commodity Rates Increase

- Option: Maintain fixed monthly charges
- Adjust commodity rates to meet revenue increase

Combination to achieve overall revenue goal

- Option: Adjust base charges and commodity rates
- Increase revenue stability
- Promote conservation

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ABCWUA's Current Water Rate Structure

Fixed Monthly Charges

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

Commodity Rates per CCF

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

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Benefits of Current Rate Structure

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

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ABCWUA's Current 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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Rate Design Pricing Objectives

- **Pricing objectives provide the framework for evaluating rate structure options including:**

Revenue sufficiency	Customer understanding
Revenue stability	Conservation
Legal defensibility	Peak savings
Interclass equity	Administrative burden
Intraclass equity	Essential use affordability
Intergenerational equity	Bill stability

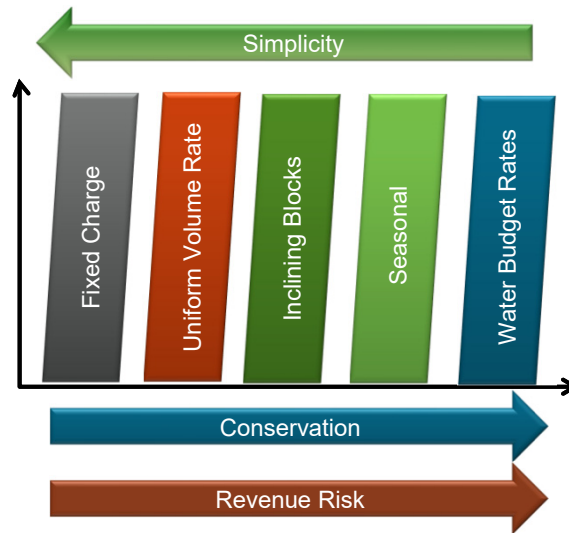
11

Balancing Competing Objectives

Revenue Stability	VS	Conservation Pricing Signal
Revenue Stability	VS	Low User Impacts (Δ in fixed charge)
Intraclass Equity	VS	Administrative Burden
Affordability	VS	Cost-of-Service Equity

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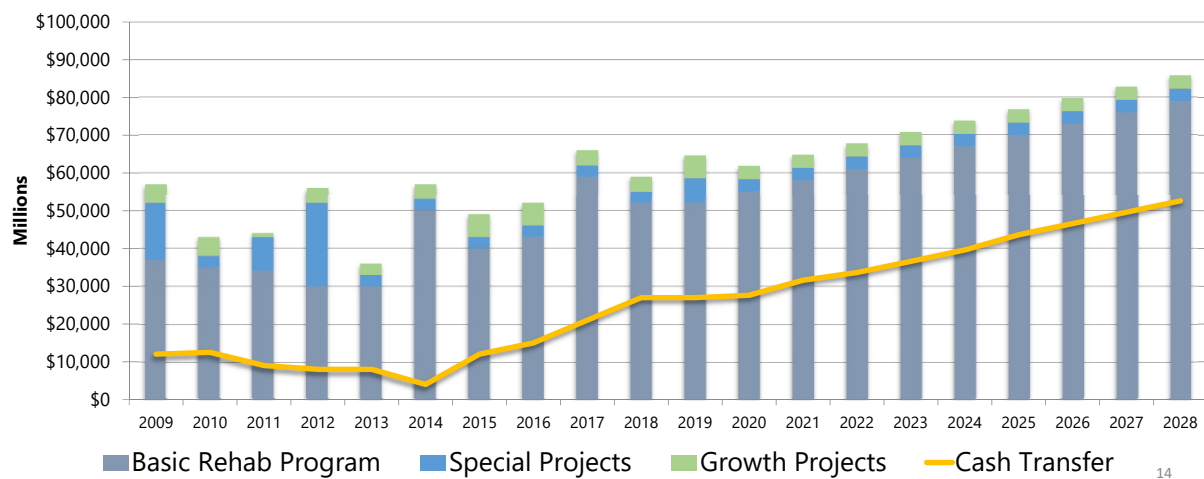
Range of Water Rate Structures



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CIP Spending – Decade Plan

Ratemaking

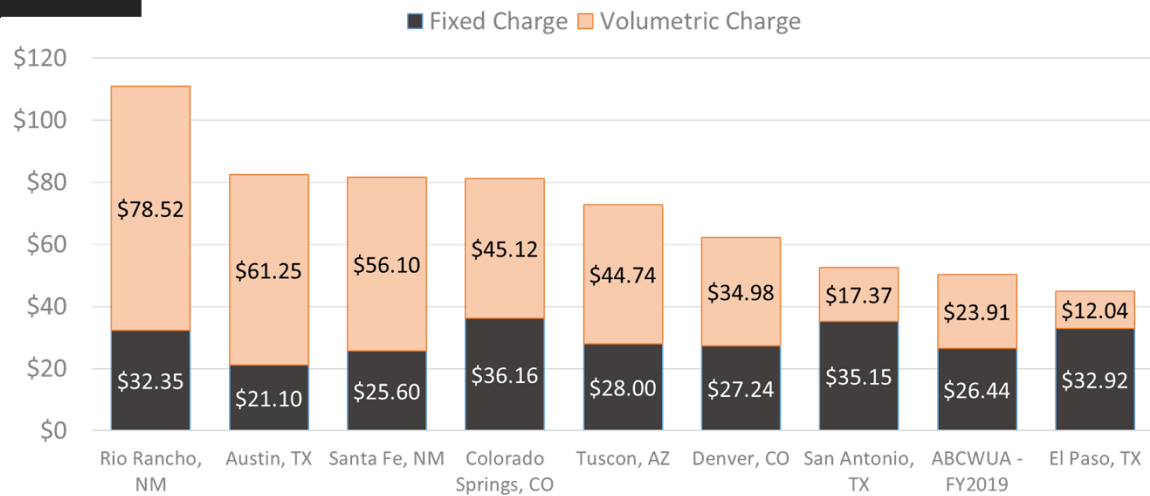


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Average Use Monthly Bill Comparison - 2018

Water and Sewer Combined

Total Single Family Bill, 8 Units, 6 AWC



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Next Steps in Rate Study

1. No rate increase planned for FY2020
2. Evaluate cost-of-service rates for FY2020, compare with current rates
3. Assess rates with conservation impact model
4. Evaluate rates and anticipated rate revenue increase for FY2021 next year
5. Review the proposed Water Resource Charge (formerly called Water Supply Charge) terminology and methodology

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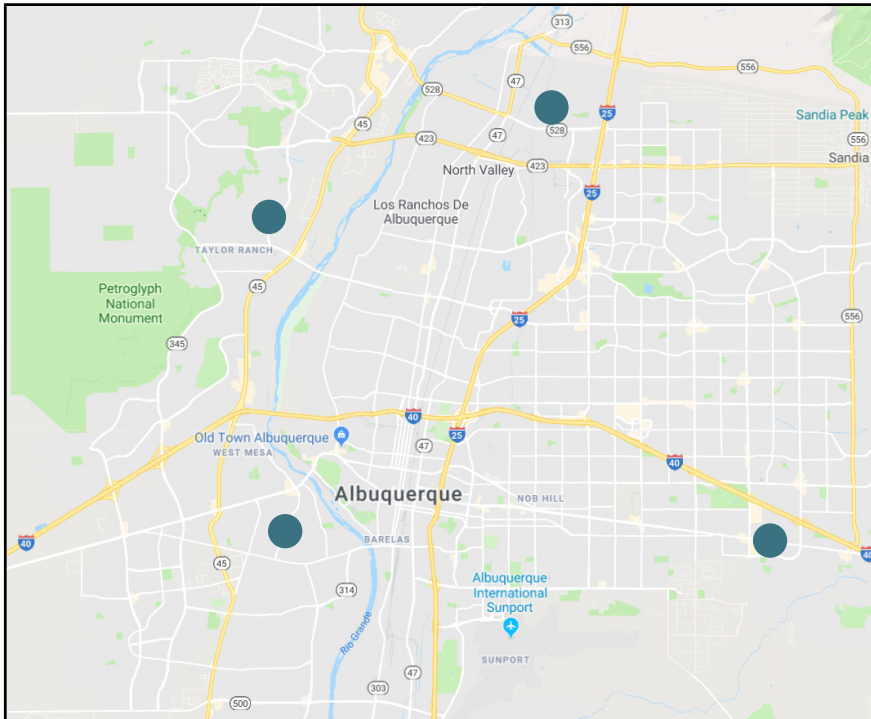


Customer Conversations

Drinking Water Quality and Annual Water Quality Report Summary Results



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177 Participants

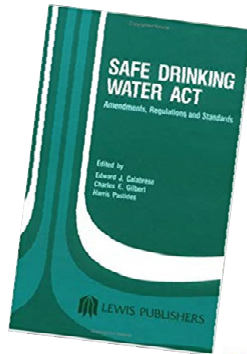
Oct 18 – SE (45)
Oct 24 – NW (46)
Nov 8 – SW (41)
Nov 13 – NE (45)



Meeting Topics and Activities

REGULATORY = Safe Drinking Water

- Meeting EPA Requirements



AESTHETIC

- Taste
- Odor
- Appearance
- Pressure



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Meeting Topics and Activities

Aesthetic Topic

- Water Quality Conundrum
- Discussion Activity on
What Are Your Main Aesthetic Concerns About Water Quality?

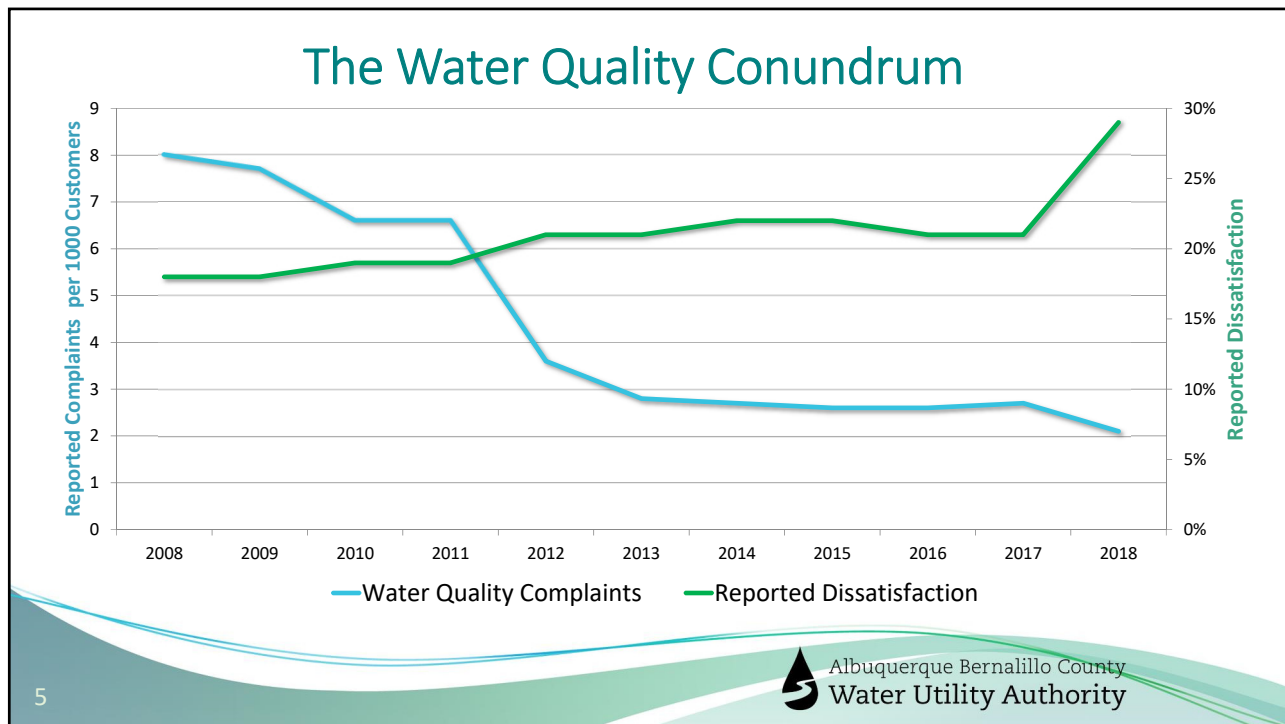
Regulatory Topic

- Water Research Foundation Video – *Protecting Our Drinking Water*
- Pharmaceuticals & Personal Care Products (PPCPs)
- Analytical Techniques, SDWA Testing & Monitoring
- Water Quality Report
- Discussion Activity on
How Can We Improve Our Water Quality Report?

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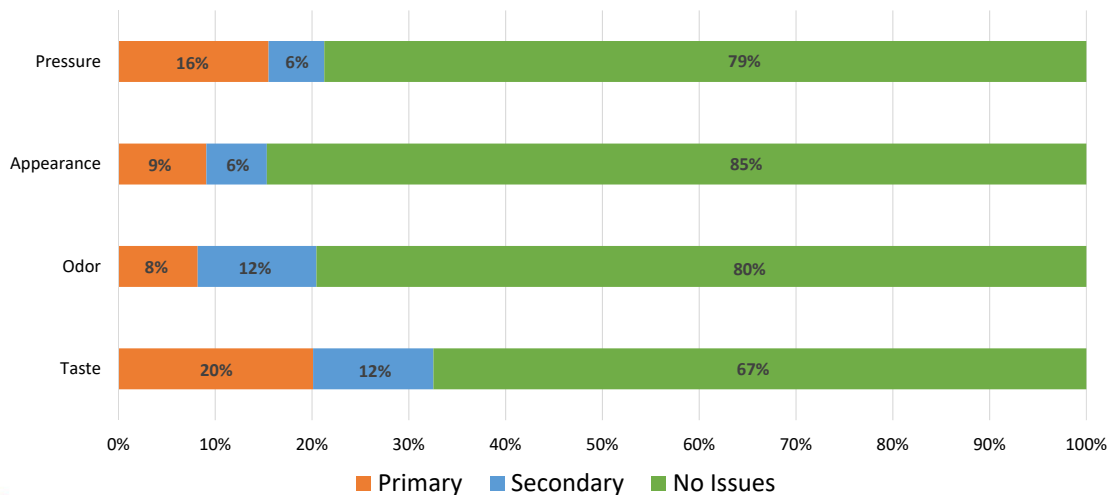
- Green dot for not experiencing issues
- Orange dot for primary concern
- Blue dot for secondary concern

What issues have you experienced with drinking water quality at your home in the last year?

TASTE	ODOR	APPEARANCE	PRESSURE

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Aesthetic Water Quality Activity Results



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Aesthetic Water Quality Activity



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Aesthetic Water Quality Activity Feedback

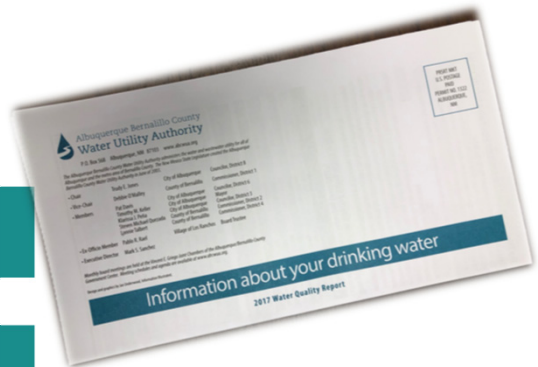
- Chlorine was main issue for both taste and odor
- Many filter their tap water for drinking purposes
- Some experienced swamp, river or stale smell
- Some experienced milky or rusty appearance
- Hardness a major concern because of resulting mineral residue on faucets/shower heads and rings in sinks/tubs
- Some experienced either low or high pressure; desire for more consistent pressure throughout the day
- Some felt that Water Quality Conundrum issue was related to Flint Michigan crisis



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Water Quality Report

- Required by Federal Safe Drinking Water Act (SDWA)
- Public notice of what was detected during required monitoring of regulated substances
- How does our drinking water quality compare to the standards in the SDWA?



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How Can We Improve Our Water Quality Report?



✚ What do you like about the Water Quality Report...

△ What do you not like...

? What else would you like to know about water quality...

💡 Ideas to improve the Water Quality Report...

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Water Quality Report Activity



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Water Quality Report Activity Feedback

What Customers Liked

- Graphics, Diagrams, Source Water Map
- Comprehensive & Detailed Information
 - Definitions section with technical terms
 - Easy to read and straight to the point
- Encourages Trust & Confidence in Our Water
 - Transparency
 - Commitment of Water Authority to exceeding regulatory standards
- Highlights Awards – Do More of This
- Opportunities for Customer Involvement & Conservation



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Water Quality Report Activity Feedback

What Customers Disliked

- “Cognitive Overload” – Too Hard to Read & Too Time-Consuming
- Content
 - Too much detailed information – make it more brief
 - Too technical – provide information in layman terms
 - Charts & tables are difficult to understand
- Flow
 - Hard to know what to read first – “uninviting”
- Format/Style
 - Looks like junk mail – cover needs to intrigue people to look inside
 - Needs more color – something eye catching to draw you in to read more
 - Font size too small
 - Needs executive summary – highlight what I need to know about my water quality
 - Newspaper-style: folded design, awkward paper size, unsatisfying paper texture
 - Needs cover and table of contents

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Water Quality Report Activity Feedback

What Customers Would Like to Know about Water Quality

- Information on micro-plastics, pesticides, glyphosate
- Kirkland AFB Jet Fuel plume status
- Current issues or concerns in water quality
- Notification of changes in regulatory standards
- Describe improvements in standards & technologies
- Clarification of changes in treatment processes
- How Albuquerque compares with other cities in water quality and pricing
- Highlight awards and accomplishments



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Water Quality Report Activity Feedback

Ideas for Improvement to Water Quality Report

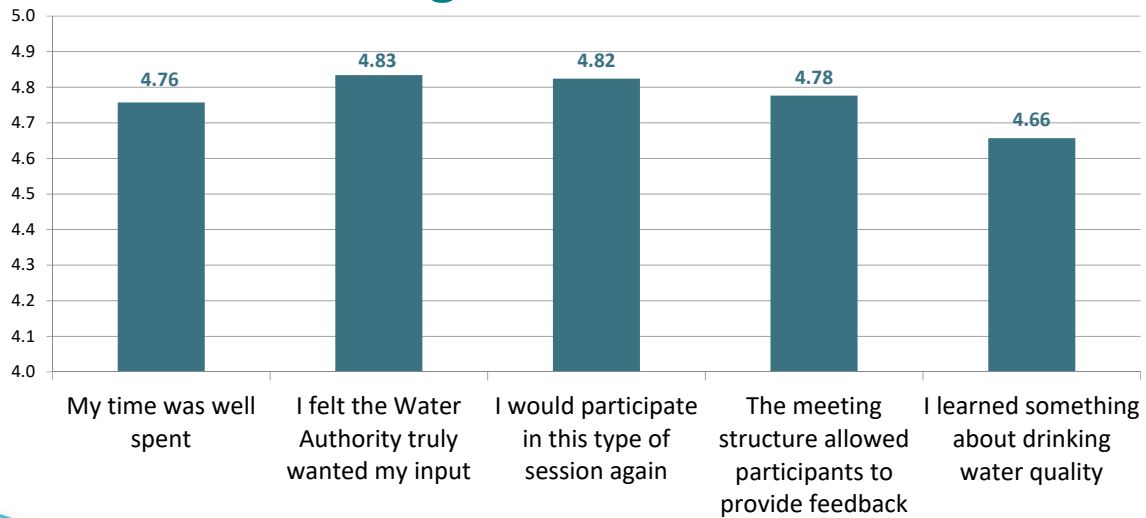
- Change format to standard paper size or brochure/booklet style
 - Put simple messages at the front and complex tables at the end
 - Send out mailings more frequently with smaller chunks of information
 - Send information out quarterly with bills and/or Sunday paper
- Use infographics (less text) – more visual communication
- Use more color and larger font
- Magazine format with different sections, color-coded to table of contents
- Executive summary – what I need to know about my drinking water quality; what are the top five issues/concerns
- Provide the most important information, provide details on website
- Create an online water quality report quiz; provide \$1 bill credit for answering questions correctly

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Meeting Evaluation Scores



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Questions / Comments on Ideas for Improvement to Water Quality Report

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