

## Late Backup

August 25, 2011

The Honorable Lee Leffingwell  
The Honorable Chris Riley  
The Honorable Mike Martinez  
The Honorable Kathie Tovo  
The Honorable Laura Morrison  
The Honorable Bill Spelman  
The Honorable Sheryl Cole

Dear Mayor Leffingwell, Mayor Pro Tem Cole and City Council Members,

We are a coalition of consumer, environmental, low-income, and faith-based advocates. The proposed rate increase requested by the Austin Water Utility unfairly burdens low-income customers and people trying to conserve water while benefiting the largest consumers.

The Austin Water Utility's answers to questions from the Water & Wastewater Budget Committee show that residents using 2000 gallons per month or less will see a 66.2% increase in their bill just this year alone. The average residential water user will see an increase of 26.4% on their monthly water bill. (AWU's chart showing these increases is attached.)

By contrast, residents using over 60,000 gallons per month would see a 6.5% increase in their bill and large volume commercial customers would see a 5.6% increase while small businesses using less water would see increases of 17% to 28%. Those large water users who drive summer "peak" demands should cover the costs of infrastructure and water needed to serve them. As proposed, these water customers are paying the smallest increase.

Low-income households should be protected from unfair rate increases. While there may be some rationale for increasing "cost of service" charges for residential versus commercial rate classes, large volume residential ratepayers should pay more of this cost. Similarly, small businesses using less water should not bear the brunt of commercial rate increases. Those using the most are paying less than their fair share.

The proposed increases are for FY 2012. The Water Utility has indicated that it plans to raise water rates for the next four years on top of the increases proposed this year. The Utility says the rate increase for the "average" residential water user will increase more than 66% over five years: just last year the Utility said the five-year increase would only be 36%.

The proposed rate increase also includes a newly requested "Sustainability Fee" that is both regressive in nature and inappropriately named. This fee is proposed to start at \$6.00 per month per household, and escalates from there. The fee was first proposed by the Water Utility this spring without adequate supporting analysis or public input. The largest of the identified "costs" underlying the proposed "Sustainability Fee" is a "loss of water sales." This is not the proper place to recover lost revenue. In order to operate effectively and realistically in the future the utility must assume long-term conservation in its revenue projections and budget accordingly. It is not always possible to predict what will happen with revenues and the utility

should have a reserve to make up for reasonable shortfalls. If revenues continue not to live up to expectations the water utility needs to make sure that it is not overestimating future water sales or underestimating the impact of water conservation programs and adjust accordingly.

We appreciate Austin Water's desire for revenue stability. However, stability can be achieved without burdening working families or discouraging water conservation. Similarly, if Austin Water wants to identify specific, line item costs on its bills they should list the large, recently incurred costs that are driving the need for such major rate increases. If conservation is a listed line item, those funds should be specifically dedicated to water conservation and returned to the customers in the form of incentives and rebates.

The Water Utility proposes a "customer assistance program" to waive the \$6.00 per month fee for qualified customers; however, the Utility has not provided information on how it will assure that qualifying customers are actually enrolled in the program. Furthermore, there should be a clear commitment to funding low-income water efficiency measures.

The Water Utility acknowledges that water efficiency is a reliable and cost-effective means of extending water "supply." However, the proposed rate structure discourages efficiency due to higher fixed charges. The Water Utility should be required to justify its rapidly increasing costs and challenged to reduce unnecessary expenditures.

The larger context of steep increases every single year from 2004 through the proposed 2016 rate increase is deeply troubling. These past and proposed rate increases, both in structure and total amount, deserve much greater City Council and public understanding. The Council should hear extensive public comment and provide guidance to the Austin Water Utility before a rate proposal is made final.

Sincerely,

Ruby Roa  
Austin Ladies of Charity

Brigid Shea  
Former Austin City Councilmember

Doris Williams  
Citizen

Susana Almanza  
PODER

Paul Robbins  
Citizen

Kathy Stark  
Austin Tenants Council

Tom "Smitty" Smith  
Public Citizen Texas Office

Walter Moreau  
Foundation Communities

Lanetta Cooper  
Texas Legal Services Center

Sarah Faust  
Water & Wastewater Commission

David Foster  
Clean Water Action

Roy Waley  
Austin Group, Sierra Club

Jennifer Walker  
Lone Star Chapter, Sierra Club

Heather K. Way  
Citizen

Mark Yznaga  
Citizen

Karen Hadden  
SEED Coalition

Debbie Russell  
SMD2, Del Valle ISD Board of Trustees  
V.P., Austin Peace & Justice Center

Marcelo Tafoya  
LULAC, Council 5848

Jeff Jack  
Citizen

Bill Bunch  
Save Our Springs Alliance

Enclosure

**Residential (5/8" meter)**

Gallons	2011	Proposed 2012	Variance	Percent Variance		Annual Volume Distribution
2,000	\$ 9.22	\$ 15.32	\$ 6.10	66.2%	Block 1	17.8%
7,727 *	26.71	33.76	7.05	26.4%	Block 2	43.5%
15,000	71.58	81.07	9.49	13.3%	Block 3	17.5%
30,000	225.33	243.22	17.89	7.9%	Block 4	12.4%
60,000	555.03	590.92	35.89	6.5%	Block 5	8.8%
					Total	100.0%

**Multifamily (1-1/2" meter)**

Gallons	2011	Proposed 2012	Variance	Percent Variance
25,000	\$ 110.58	\$ 141.92	\$ 31.34	28.3%
50,000	205.92	240.83	34.91	17.0%
75,000	301.25	339.75	38.50	12.8%
128,213 *	505.66	551.83	46.17	9.1%
200,000	777.92	834.33	56.41	7.3%
400,000	1,540.58	1,625.67	85.09	5.5%

**Commercial (1-1/2" meter)**

Gallons	2011	Proposed 2012	Variance	Percent Variance
25,000	\$ 128.42	\$ 161.08	\$ 32.66	25.4%
58,862 *	283.67	322.49	38.82	13.7%
75,000	354.75	396.50	41.75	11.8%
125,000	581.08	632.17	51.09	8.8%
200,000	920.58	985.67	65.09	7.1%
400,000	1,825.92	1,928.33	102.41	5.6%

\* Average annualized usage in each customer class.

Other volumes based on fixed monthly amount.

**Large Volume (10" meter)**

Each of the six (6) individual LV customers has their own volume projections.

Below is an example for two (2) LV customers.

	Avg Monthly Gallons	2011	Proposed 2012	Variance	Percent Variance
Sematech	7,221,600	\$ 31,195	\$ 34,303	\$ 3,108	10.0%
Samsung	93,000,000	408,960	439,550	30,590	7.5%