



Public Utilities Committee

Fire Demand Meter Charges

January 20, 2016

Background

- Historical Water Meter Charges
 - Compound and Fire Demand meters with a larger and smaller meter size have fixed charges based on the larger meter size
- Cost of Service Rate Study – 2009
 - Fire protection costs previously were not equitably allocated
 - Increased fire protection cost allocation for larger size meters
- Water Revenue Fixed Fee Increases
 - 2012 Revenue Stability Fee was used as first step to increasing our fixed revenue from 11% to 17%
 - Impacts to customers spurred the creation of Joint Committee

Background

Joint Committee on Austin Water Financial Plan

- 2012 Joint Committee
 - Increase fixed revenue to 20% of total revenue
 - Water rate structure changes
 - Revenue Stability Reserve Fund and Surcharge
- 2014 Joint Committee
 - Increase fixed revenue to 25% of total revenue over 2 year transition in 2016 and 2017
 - Current fixed revenue at 22.5% in 2016
 - Transition Block 2 residential water rate to average cost of service over 2 year transition in 2016 and 2017

Fire Demand Meter Issue

- Arboretum Park Condos
 - Multifamily customer with 39 homes
 - Master water meter – 8" x 2" fired demand meter
 - Previous 2012 fixed charge - \$1,170 per month
 - Previous 2013 fixed charge - \$1,462 per month
 - Current 2016 fixed charge - \$2,534 per month
 - Fixed charge per condo - \$64.97 per month
- Residential Fixed Charges
 - 5/8" typical water meter fixed charge - \$7.10 per month
 - Tiered fixed fee based on gallons used ranges from \$1.20 to \$27.35 per month

Customer Request – 2013

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 - Consider options for fixed fees for fire demand meters
 - Implement a fire demand “CAP” program for low users
 - Reclassify fire demand meters to charge only at the smaller meter size
- Austin Water Analysis
 - 1,200 compound or fire demand meters
 - All compound or fire demand meters would be treated the same
 - Billing at smaller meter size would reduce revenue by \$250,000
 - All customers fixed charges would increase to offset revenue
 - Fixed charge goals would still have to be met
 - As fixed charges increased, volume charges are reduced
 - Shifts fire protection costs to smaller meter sizes

Austin Water Recommendation

- Cost of Service Rate Study in 2016
 - Austin Water is conducting a comprehensive rate study in 2016
 - Fire protection cost allocation and recovery will be discussed
 - Fixed charge revenue will be discussed
 - Customer classification, such as small multifamily or commercial class, will be discussed
 - All customer class representatives will be able to participate in discussion on any changes
- Recommendation
 - Austin Water recommends that any fire demand meter charges be reviewed during the upcoming Cost of Service Rate Study

Questions?