



Effectively Managing Conflicting Interest in a Cost-of-Service Study

Findings from the Austin Water Utility Cost-of-Service Study

April 17, 2009



Presenters/Contributors

			
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Presentation Objectives

- Review study objectives
- Describe the Public Involvement Committee (PIC) process
- Highlight innovative approaches used in the study
- Review the results of an anonymous survey of PIC members
- Present key findings
- Questions and answers

Review Study Objectives

Develop Methodologies

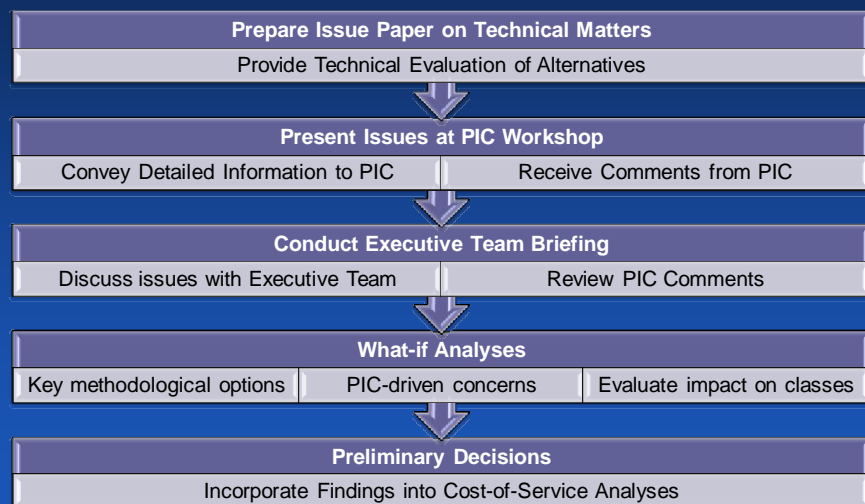
- Fair, equitable, and defensible
- Promote conservation
- Protect financial health

Public Process

- Open and transparent
- Incorporates meaningful participation by members of each rate class

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Description of the Process



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Anonymous Survey of PIC Members



Online survey of PIC members

7 of 10 PIC members participated in survey

44 questions taking approximately 15 minutes to complete

Results were overwhelmingly positive

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Innovative Approaches

Executive Team Participation

- Attend all PIC meetings
- Provided direct decision-making authority

PIC Composition

- Class advocates
- Competing concerns
- Paid residential rate advocate

Credible "What-if" Analyses

- Transparency of process
- Flexible to address unknown concerns
- Modular design

Electronic Communications

- Web Site and email
- Model review and demonstrations using LiveMeeting
- Sustainability and convenience
- Anonymous survey of PIC members at end of study

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Executive Team Participation

Goal

- At least 3 of the 4 members attended each PIC meeting
- Executive team receive direct feedback and answered specific questions, providing context for the study

Survey Results

- All respondents agreed or strongly agreed that Executive Team participation was important
- 86% of respondents agreed or strongly agreed that Executive Team considered their comments prior to making final recommendations

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PIC Composition

Composition

- 2 members from each rate class
- Paid residential rate advocate
- 1 Water and Wastewater Commissioner

Survey Results

- Most thought PIC was representative of AWU's customer base
- 40 percent suggested more representatives needed
- Three respondents specifically identified commercial customers as under-represented

Findings

- Consider future commercial rate advocate
- Consider having more representation on the PIC in future studies
- Seek customer class groups, associations, or commissions

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Role of Residential Rate Advocate

Description

- Professional rate consultant with experience in water and wastewater rates
- Play a constructive role in developing/evaluating options
- Attend and contribute to each PIC meeting

Role

- To make it equitable among classes—other classes hired rate consultants
- Provide outreach and technical assistance to residential customers
- Represent residential customers' views on the PIC
- Conduct analyses and evaluate recommendations from the point of view of residential rate payers

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“What-if” Analyses

Model Designed for “What-if” Analyses

- Increased credibility of results
- Required modular design
- Answered the questions that were asked—not just the easy ones
- Drop-down menus allowed project team to create unique combinations of scenarios

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Importance of “What-If” Analyses

Allowed PIC to comment from position of knowledge

- Identify issues that had material impacts on their classes' rates
- Helped achieve consensus among classes



Enhanced transparency

- Showed the impacts to PIC
- Added to credibility of study results

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Electronic Communications

Methods

- Website
- Email
- LiveMeeting
- Anonymous survey of PIC

Survey Results

- All respondents used City website and email
- All were either satisfied or very satisfied with website and email
- 4 out of 7 used LiveMeeting
- All either agreed or strongly agreed it was helpful

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Key Findings

1. Executive team participation added credibility and transparency
2. Deferring key decisions by executive team built credibility and allowed better decision making
3. Providing details of the analyses—enhanced credibility
4. LiveMeeting was very successful—allowing direct review of the models provided credibility
5. Respectfulness is contagious—professional facilitator set the standard
6. Be prepared to answer the questions asked, not just those you wish were asked

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More information

Study web site

<http://www.ci.austin.tx.us/water/costofservice.htm>

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Complete Survey Results

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Clarity of Purpose

The purpose of the Public Involvement Committee (PIC) in Austin Water Utility's Public Involvement Process was clearly defined.

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	42.9%	3
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Were Deadlines Realistic

Deadlines were established throughout the PIC process. An example was a deadline to submit comments to the Utility concerning a certain issue discussed during a PIC meeting. Were the deadlines realistic?

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	71.4%	5
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Was the PIC Representative

Do you believe the makeup of the Public Involvement Committee (PIC) was an accurate representation of Austin Water Utility's customer base?

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	28.6%	2
Disagree	28.6%	2
Strongly Disagree	0.0%	0
Indifferent	14.3%	1
<i>answered question</i>		7
<i>skipped question</i>		0

Opinions on PIC Membership

Please describe your opinion of the PIC membership makeup, which was two representatives from each customer class and one water & wastewater commissioner:

Answer Options	Response Frequency	Response Count
Just right	60.0%	3
Needed more representatives	40.0%	2
Too many representatives	0.0%	0
<i>answered question</i>		5
<i>skipped question</i>		2

Other: Two said the commercial class was not well represented

Were PIC Members Active Participants

As a PIC member do you feel you were an active participant in Austin Water Utility's Cost of Service (COS) Study?

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	57.1%	4
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Scheduling of Work

In prior COS studies, Austin Water Utility and consultants met for several months to discuss cost allocation issues, direction, public involvement, rate design, etc. prior to the formation of a public involvement committee. During this COS Study, PIC members were involved in the process from the beginning of the Study. Although trickier to implement successfully (possible unforeseen events and delays in the Study), do you believe this was an appropriate method now and in the future?

Answer Options	Response Frequency	Response Count
Strongly Agree	71.4%	5
Agree	28.6%	2
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Respectful of PIC Time

The Austin Water Utility staff and its consultants were respectful of my time.

Answer Options	Response Frequency	Response Count
Strongly Agree	71.4%	5
Agree	28.6%	2
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Open and Transparent Process

The Austin Water Utility staff and its consultants followed an open and transparent process with the PIC members and the general public.

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	57.1%	4
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Amount of Information

The Austin Water Utility staff and its consultants provided enough information for me to evaluate the issues discussed.

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	42.9%	3
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	14.3%	1
<i>answered question</i>		7
<i>skipped question</i>		0

Valued PIC Contributions

The Austin Water Utility staff and its consultants valued my contribution as a PIC member to the Cost of Service Study.

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	57.1%	4
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Encouraged Participation

The Austin Water Utility staff and its consultants encouraged me to participate, ask questions and express my point of view.

Answer Options	Response Frequency	Response Count
Strongly Agree	71.4%	5
Agree	28.6%	2
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Answered Questions Respectfully

The Austin Water Utility staff and its consultants answered my questions in a respectful and informative way.

Answer Options	Response Frequency	Response Count
Strongly Agree	85.7%	6
Agree	14.3%	1
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Information Understandable

The Austin Water Utility staff and its consultants presented the Cost of Service Study information in an understandable way.

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	42.9%	3
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0



Pace of Conducting Meetings

The Austin Water Utility staff and its consultants conducted the meetings at a reasonable pace.

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	57.1%	4
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0



Were PIC Members Respectful

Members of the PIC were chosen to represent various classes of customers within Austin Water Utility's system. This process can result in PIC members that advocate different outcomes. Notwithstanding the natural differences in opinions, were the other PIC members respectful to you, your questions, and comments?

Answer Options	Response Frequency	Response Count
Strongly Agree	57.1%	4
Agree	42.9%	3
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Appropriateness of Level of Participation

Do you feel the level of participation available to the stakeholders and the general public was appropriate in addressing their concerns?

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	57.1%	4
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Concerns Incorporated In Plan

Do you feel PIC member and public concerns and recommendations were considered and incorporated into the plan?

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	57.1%	4
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	14.3%	1
<i>answered question</i>		7
<i>skipped question</i>		0

Pre-Determined Outcome

Do you feel the Austin Water Utility did not steer the results of the Cost of Service Study to a pre-determined outcome?

Answer Options	Response Frequency	Response Count
Strongly Agree	14.3%	1
Agree	57.1%	4
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	14.3%	1
<i>answered question</i>		7
<i>skipped question</i>		0

Executive Team Participation

The Cost of Service Study Executive Team (Austin Water Director, Deputy Director & two Assistant Directors) were present at all PIC meetings. Was this participation important to you?

Answer Options	Response Frequency	Response Count
Strongly Agree	85.7%	6
Agree	14.3%	1
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0



Fair Results

As a PIC member, do you believe that once fully implemented, the changes recommended by this Cost of Service Study will result in a rate structure that is fair to ALL customer classes?

Answer Options	Response Frequency	Response Count
Strongly Agree	14.3%	1
Agree	28.6%	2
Disagree	42.9%	3
Strongly Disagree	14.3%	1
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0



Adequate Time to Ask Questions

Do you feel as a PIC member you were adequately given the chance to ask questions and provide your comments and concerns?

Answer Options	Response Frequency	Response Count
Strongly Agree	85.7%	6
Agree	14.3%	1
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Transparent Process

Do you feel that COS Study was a transparent process?

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	28.6%	2
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	14.3%	1
<i>answered question</i>		7
<i>skipped question</i>		0

Number of Meetings

The Austin Water Utility held eleven public involvement meetings, each lasting approximately three hours, from December 2007 through October 2008. Please describe your opinion of the number of meetings.

Answer Options	Response Frequency	Response Count
Just right	42.9%	3
Indifferent	14.3%	1
Too many	14.3%	1
Too few	0.0%	0
Other (please specify)	28.6%	2
<i>answered question</i>		7
<i>skipped question</i>		0

Convenience of Meeting Times

Do you feel the time (generally 6pm to 9pm) was convenient?

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	57.1%	4
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

Use of Project Web Site

Did you visit the website for Austin Water Utility's Public Involvement Process?

Answer Options	Response Frequency	Response Count
Yes	100.0%	7
No	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

How Satisfied with Web Site

If "Yes" to the question above, how satisfied were you with the website?

Answer Options	Response Frequency	Response Count
Very satisfied	28.6%	2
Satisfied	71.4%	5
Dissatisfied	0.0%	0
Very dissatisfied	0.0%	0
Not Applicable	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

How Satisfied with Email

How satisfied were you with email communication?

Answer Options	Response Frequency	Response Count
Very satisfied	71.4%	5
Satisfied	28.6%	2
Dissatisfied	0.0%	0
Very dissatisfied	0.0%	0
Not Applicable	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

LiveMeeting Participation

One key element of the rate study was the detailed cost-of-service model that incorporates the various technical methodologies into an Excel spreadsheet. The Project Team and Red Oak Consulting conducted online Microsoft LiveMeetings to provide PIC members an opportunity to better understand the cost-of-service models. Did you participate in a LiveMeeting?

Answer Options	Response Frequency	Response Count
Yes	57.1%	4
No	42.9%	3
<i>answered question</i>		7
<i>skipped question</i>		0

Value of LiveMeeting

If yes to the previous question, did you find the LiveMeetings informative and helpful?

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	28.6%	2
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
Not Applicable	42.9%	3
<i>answered question</i>		7
<i>skipped question</i>		0



Technical Presentations

The PIC process was designed to communicate technical details to the PIC members. Increasing that challenge is the fact that each PIC member brings a different level of technical interest and experience. Please provide your opinion of Red Oak's presentations to the PIC.

Answer Options	Response Frequency	Response Count
Just right	28.6%	2
Sometimes too technical, but I was easily able to ask	28.6%	2
Not technical enough (not enough details or specifics)	14.3%	1
Too technical	0.0%	0
Other (please specify)	28.6%	2
<i>answered question</i>		7
<i>skipped question</i>		0



Issue Papers and PowerPoint

Red Oak's Issue Papers and PowerPoint presentations were a central element of the PIC meeting presentations.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	Indifferent	Response Count
Were the PowerPoint presentations professional?	5	2	0	0	0	7
Were the graphics helpful in understanding the technical	3	3	1	0	0	7
Were the presenters knowledgeable?	7	0	0	0	0	7
Were the presenters understandable (not too technical)?	4	3	0	0	0	7
Were the issue papers presented in an understandable way?	3	4	0	0	0	7
answered question						7
skipped question						0

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Executive Team Considerations

The Executive Team (Utility Director, Deputy Director & two Assistant Directors) made several decisions throughout the COS study. One element of their decision-making process was to consider the opinions of the various members of the PIC. Do you believe the Executive Team listened to your comments and took them into consideration prior to making their final recommendation?

Answer Options	Response Frequency	Response Count
Strongly Agree	28.6%	2
Agree	57.1%	4
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	14.3%	1
answered question		7
skipped question		0

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Executive Team Understanding

Do you feel the Executive Team understood your comments and concerns?

Answer Options	Response Frequency	Response Count
Strongly Agree	42.9%	3
Agree	42.9%	3
Disagree	14.3%	1
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Respectfulness of Executive Team

Were the Executive Team members respectful to you, your questions, and your comments?

Answer Options	Response Frequency	Response Count
Strongly Agree	85.7%	6
Agree	14.3%	1
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Respectfulness of Project Team

The Project Team (Utility Financial Managers and Rate Analysts) coordinated the PIC meetings, information dissemination (handouts, emails, website), and generally coordinated all PIC communications outside the evening meetings. Were the Project Team members respectful to you, your questions, and your comments?

Answer Options	Response Frequency	Response Count
Strongly Agree	85.7%	6
Agree	14.3%	1
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Formality of PIC meetings

It's sometimes difficult for the Executive and Project Teams to balance the level of formality of a public process like the PIC. Humor and informality can sometimes assist in making the process interesting and effective. Do you feel the PIC meetings struck an appropriate balance between being formal or informal?

Answer Options	Response Frequency	Response Count
Strongly Agree	57.1%	4
Agree	42.9%	3
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

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Appropriateness of Humor

Was the level of humor appropriate and respectful?

Answer Options	Response Frequency	Response Count
Strongly Agree	71.4%	5
Agree	28.6%	2
Disagree	0.0%	0
Strongly Disagree	0.0%	0
Indifferent	0.0%	0
<i>answered question</i>		7
<i>skipped question</i>		0

