



FY 2019 Water Rate Recommendations

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9/17/18

FY 2019 Budget Approval

Proposed Rate Increases

Per FY 2018 FOP				
	FY19	FY20	FY21	FY22
Electric*	0.0%	0.0%	1.6%	1.6%
Water	2.5%	2.5%	5.0%	5.0%
Wastewater	0.0%	0.0%	5.0%	5.0%

Proposed Rate Increases for FY 2019 FOP					
	FY19	FY20	FY21	FY22	FY23
Electric*	0.0%	0.0%	1.0%	1.0%	1.0%
Water	6.0%	6.0%	6.0%	6.0%	6.0%
Wastewater	0.0%	0.0%	6.0%	6.0%	6.0%

**Electric rate increases are only applied to the Distribution and Customer Charge, which results in the corresponding percentage increases.*



Goals for Rate Design Development

- Develop two year proposed rate design plan
- Allocate costs and rates to appropriate classes driving need for new water supply
- Assure revenue recovery by assuring an appropriate balance between fixed and variable rates
- Evaluate revenue distribution and rate design for rating agency attributes
- Continue reducing inside vs outside City limit differentials

Ratio of Peak Month to Average Month

Rate Class	Average Monthly Demand FY 2017	Ratio July 2017 Demand to Average	Ratio August 2016 Demand to Average
Residential	164,707,903	1.38	1.41
Irrigation	53,582,675	1.65	1.61
Multi Unit	20,093,188	1.11	1.00
General Service	62,268,170	1.24	1.24

Summary of Rate Changes by Class

Rate Class	FY 2019	FY 2020
Residential Inside City Limits	6.0%	4.6%
Residential Outside City Limits	-5.9%	-1.6%
Irrigation Inside City Limits	15.1%	15.7%
Irrigation Outside City Limits	5.3%	4.9%
Multi Unit Inside City Limits	1.5%	3.8%
Multi Unit Outside City Limits	-12.9%	-0.4%
General Service Inside City Limits	5.7%	4.1%
General Service Outside City Limits	-6.8%	-8.2%
Monthly Unit Charge Inside City Limits	6.0%	6.0%
Monthly Unit Charge Outside City Limits	-12.2%	-3.6%
Total All Rate Classes	6.0%	6.0%

Proposed 2019 Residential Rates

Residential Bills	Current	Proposed	Difference	% Inc
Customer Charge	\$ 11.12	\$ 12.80	\$ 1.68	15%
Usage Charge				
1st Block 0-7500	\$ 1.936	\$ 1.550	\$ (0.39)	-20%
2nd Block 7501-15,000	\$ 2.581	\$ 3.643	\$ 1.06	41%
3rd Block 15,001-25,000	\$ 3.227	\$ 4.263	\$ 1.04	32%
4th Block above 25,000	\$ 4.840	\$ 5.425	\$ 0.59	12%

Proposed 2019 Residential Bills

Residential Bills	Usage	Current	Proposed	Difference	% Inc
Monthly Water Bill					
With Usage of	1,000	\$ 13.06	\$ 14.35	\$ 1.29	10%
	2000	\$ 14.99	\$ 15.90	\$ 0.91	6%
	3000	\$ 16.93	\$ 17.45	\$ 0.52	3%
	4000	\$ 18.86	\$ 19.00	\$ 0.14	1%
	5000	\$ 20.80	\$ 20.55	\$ (0.25)	-1%
	6000	\$ 22.74	\$ 22.10	\$ (0.64)	-3%
	7500	\$ 25.64	\$ 24.43	\$ (1.22)	-5%
	8000	\$ 26.93	\$ 26.25	\$ (0.68)	-3%
	9000	\$ 29.51	\$ 29.89	\$ 0.38	1%
	10000	\$ 32.09	\$ 33.53	\$ 1.44	4%
	12000	\$ 37.25	\$ 40.82	\$ 3.56	10%
	15000	\$ 45.00	\$ 51.74	\$ 6.75	15%
	20000	\$ 61.13	\$ 73.06	\$ 11.92	20%
	25000	\$ 77.27	\$ 94.37	\$ 17.10	22%
	40000	\$ 149.87	\$ 175.74	\$ 25.88	17%

There are not many users in these blocks

The customers in these blocks will actually see a reduction in their bill.

Comparison of Residential Water Bills

		NBU 2019	NBU 2020			
Usage in Gallons	NBU	Proposed	Proposed	SAWS	Austin	San Marcos
3000	\$ 16.93	\$ 17.45	\$ 17.65	\$ 22.84	\$ 21.99	\$ 33.16
6000	\$ 22.74	\$ 22.10	\$ 22.30	\$ 34.33	\$ 54.98	\$ 44.26
9000	\$ 29.51	\$ 29.89	\$ 30.85	\$ 51.01	\$ 68.34	\$ 63.67
12000	\$ 37.25	\$ 40.82	\$ 43.30	\$ 70.29	\$ 118.82	\$ 85.87
15000	\$ 45.00	\$ 51.74	\$ 55.75	\$ 90.91	\$ 157.52	\$ 110.86
25000	\$ 77.27	\$ 94.37	\$ 105.25	\$ 189.08	\$ 294.07	\$ 198.71
40000	\$ 149.87	\$ 175.74	\$ 202.75	\$ 363.39	\$ 502.22	\$ 337.31
		NBU 2019	NBU 2020	Springs Hill	Crystal Clear	Canyon Lake
Usage in Gallons	NBU	Proposed	Proposed	WSC	SUD	Water
3000	\$ 16.93	\$ 17.45	\$ 17.65	\$ 49.50	\$ 56.48	\$ 55.45
6000	\$ 22.74	\$ 22.10	\$ 22.30	\$ 62.50	\$ 72.26	\$ 70.00
9000	\$ 29.51	\$ 29.89	\$ 30.85	\$ 76.00	\$ 89.06	\$ 84.55
12000	\$ 37.25	\$ 40.82	\$ 43.30	\$ 89.50	\$ 107.98	\$ 102.10
15000	\$ 45.00	\$ 51.74	\$ 55.75	\$ 103.00	\$ 127.96	\$ 121.15
25000	\$ 77.27	\$ 94.37	\$ 105.25	\$ 150.50	\$ 203.96	\$ 184.65
40000	\$ 149.87	\$ 175.74	\$ 202.75	\$ 229.25	\$ 289.36	\$ 304.65

Proposed Rates - Landscape Irrigation

	NBU	NBU 2019		%	NBU 2020		%
Landscape Rate	Current	Proposed	Difference	Inc	Proposed	Difference	Inc
Customer	\$ 6.41	\$ 4.73	\$ (1.68)	-26%	\$ 4.93	\$ 0.20	4%
Usage							
Block 1; 0-7,500	\$ 2.581	\$ 3.643	\$ 1.06	41%	\$ 4.150	\$ 0.51	14%
Block 2; 7,501-25,000	\$ 3.227	\$ 4.263	\$ 1.04	32%	\$ 4.950	\$ 0.69	16%
Block 3; Excess of 25,000	\$ 4.840	\$ 5.425	\$ 0.59	12%	\$ 6.500	\$ 1.08	20%

Comparison of Water Bills Landscape Irrigation

	NBU	NBU 2019	NBU 2020	SAWS
Usage in Gallons	Current	Proposed	Proposed	2019
3000	\$ 14.15	\$ 15.66	\$ 17.38	\$ 32.50
6000	\$ 25.77	\$ 30.31	\$ 34.63	\$ 51.13
9000	\$ 30.61	\$ 38.44	\$ 43.48	\$ 71.57
12000	\$ 40.29	\$ 51.23	\$ 58.33	\$ 97.23
15000	\$ 49.97	\$ 64.02	\$ 73.18	\$ 122.88
25000	\$ 82.24	\$ 106.64	\$ 122.68	\$ 224.93
40000	\$ 154.84	\$ 188.02	\$ 220.18	\$ 388.38

Multi-Unit Rates and Monthly Bills

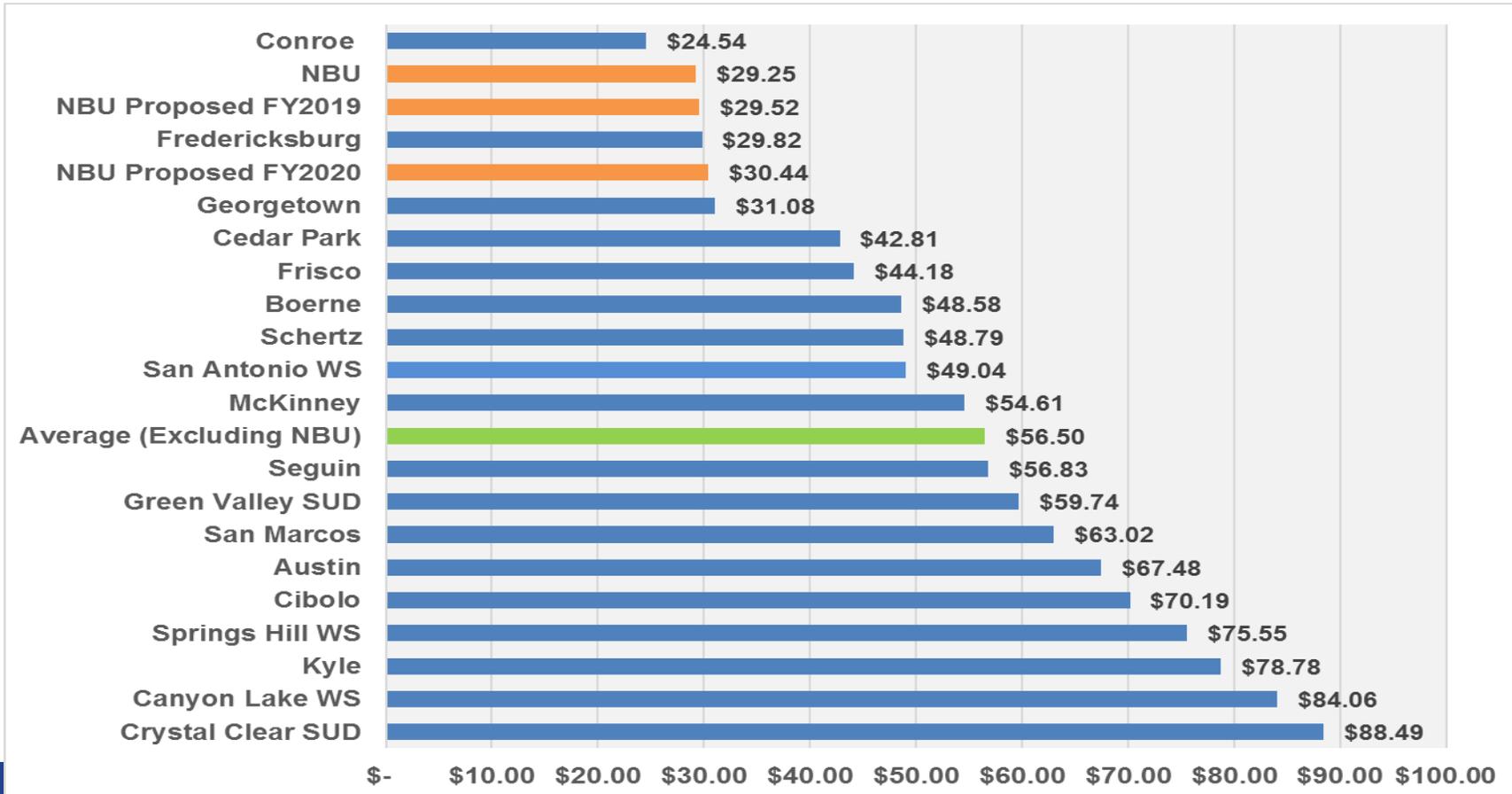
			Proposed 2019	Proposed 2020	2019 Difference	% Inc
Multi Unit Bills	Usage	Current				
Customer Charge		\$ 11.12	\$ 12.80	\$ 13.00	\$ 1.68	15%
Additional Unit Charge		\$ 5.43	\$ 5.76	\$ 6.10	\$ 0.33	6%
Multi Unit 2-4 Inside						
Usage Block						
Block 1; 0-8,000		\$ 2.101	\$ 1.850	\$ 1.850	\$ (0.25)	-12%
Block 2; 8,001-20,000		\$ 2.221	\$ 2.450	\$ 2.550	\$ 0.23	10%
Block 3; Excess of 20,000		\$ 2.625	\$ 3.000	\$ 3.380	\$ 0.38	14%
Monthly Water Bill						
With Usage of						
	5000	\$ 18.72	\$ 18.21	\$ 18.60	\$ (0.51)	-3%
	7500	\$ 23.97	\$ 22.83	\$ 23.23	\$ (1.14)	-5%
	8000	\$ 25.02	\$ 23.76	\$ 24.15	\$ (1.26)	-5%
	12000	\$ 33.90	\$ 33.56	\$ 34.35	\$ (0.35)	-1%
	15000	\$ 40.57	\$ 40.91	\$ 42.00	\$ 0.34	1%

General Service Rates and Monthly Bills

			Proposed	Proposed	2019	%
Commercial Bills	Usage	Current	2019	2020	Difference	Inc
Customer Charge		\$ 12.67	\$ 13.39	\$ 13.93	\$ 0.72	6%
Usage Charge						
Block 1; 0-5,000		\$ 2.054	\$ 2.171	\$ 2.258	\$ 0.12	6%
Block 2; 5,001-50,000		\$ 2.133	\$ 2.255	\$ 2.345	\$ 0.12	6%
Block 3; 50,001-200,000		\$ 2.203	\$ 2.329	\$ 2.422	\$ 0.13	6%
Block 4; Excess of 200,000		\$ 2.355	\$ 2.489	\$ 2.589	\$ 0.13	6%
Monthly Water Bill						
With Usage of						
	5000	\$ 22.94	\$ 24.25	\$ 25.22	\$ 1.31	6%
	10000	\$ 33.61	\$ 35.52	\$ 36.94	\$ 1.92	6%
	20000	\$ 54.94	\$ 58.07	\$ 60.39	\$ 3.13	6%
	30000	\$ 76.27	\$ 80.61	\$ 83.84	\$ 4.35	6%
	39868	\$ 97.31	\$ 102.86	\$ 106.97	\$ 5.55	6%
	50000	\$ 118.93	\$ 125.70	\$ 130.73	\$ 6.78	6%

Residential Bill Comparisons

(8900 gallons)



Residential Total Bill Impact

Average Residential Rates - FY 2018-2023



Commercial Bill Comparisons

(30,300 gallons)



Fitch Bond Rating Attributes

Stronger

Residential charges for combined water/sewer utilities less than or equal to 1.2% of median household income (MHI)

Approximately 30% or more of revenues recovered from fixed base charges

Mid-range

Residential charges for combined water/sewer utilities less than or equal to 1.5% of MHI

Approximately 15% or more of revenues recovered from fixed base charges

NBU Fitch MHI Attribute

NBU Monthly Bill	2019	2020
Water for 7500 gallons	\$ 24.43	\$ 24.63
Sewer for 6,000 gallons	\$ 39.93	\$ 39.93
Total	\$ 64.35	\$ 64.55
NB Monthly Income (2016 MHI)	\$ 5,135	\$ 5,135
NBU Monthly bill as % of MHI	1.25%	1.26%

NBU Fitch Fixed Charge Analysis

			Existing Rates	FY 2019	FY 2020
% Revenues from Fixed Charges			35%	35%	34%
% Revenues from Usage Charges			65%	65%	66%
Total			100%	100%	100%

Summary

- Showing a two year rate plan for Board consideration, but only asking for approval of the first year
- Costs have been assigned equitably to the appropriate rate classes
- Achieved a reasonable balance between fixed and variable rates to assure revenue recovery and alignment with rating agency attributes
- Have eliminated inside/outside rate differential with 2020 rate design