

This presentation premiered at WaterSmart Innovations

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Water Rates

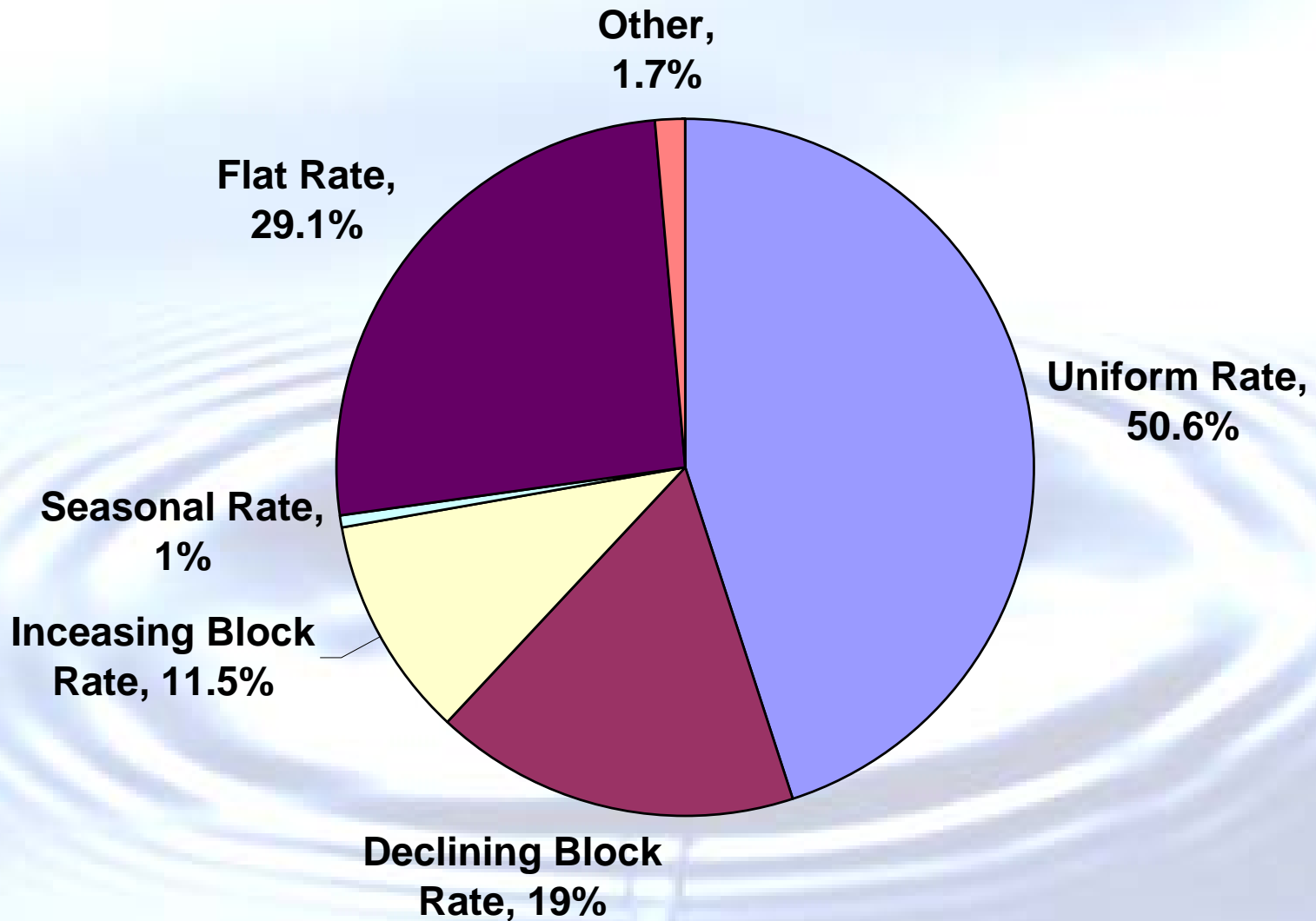


THE GOOD THE BAD AND THE UGLY

Heather Cooley & Taryn Hutchins-Cabibi
Water Smart Innovations Conference
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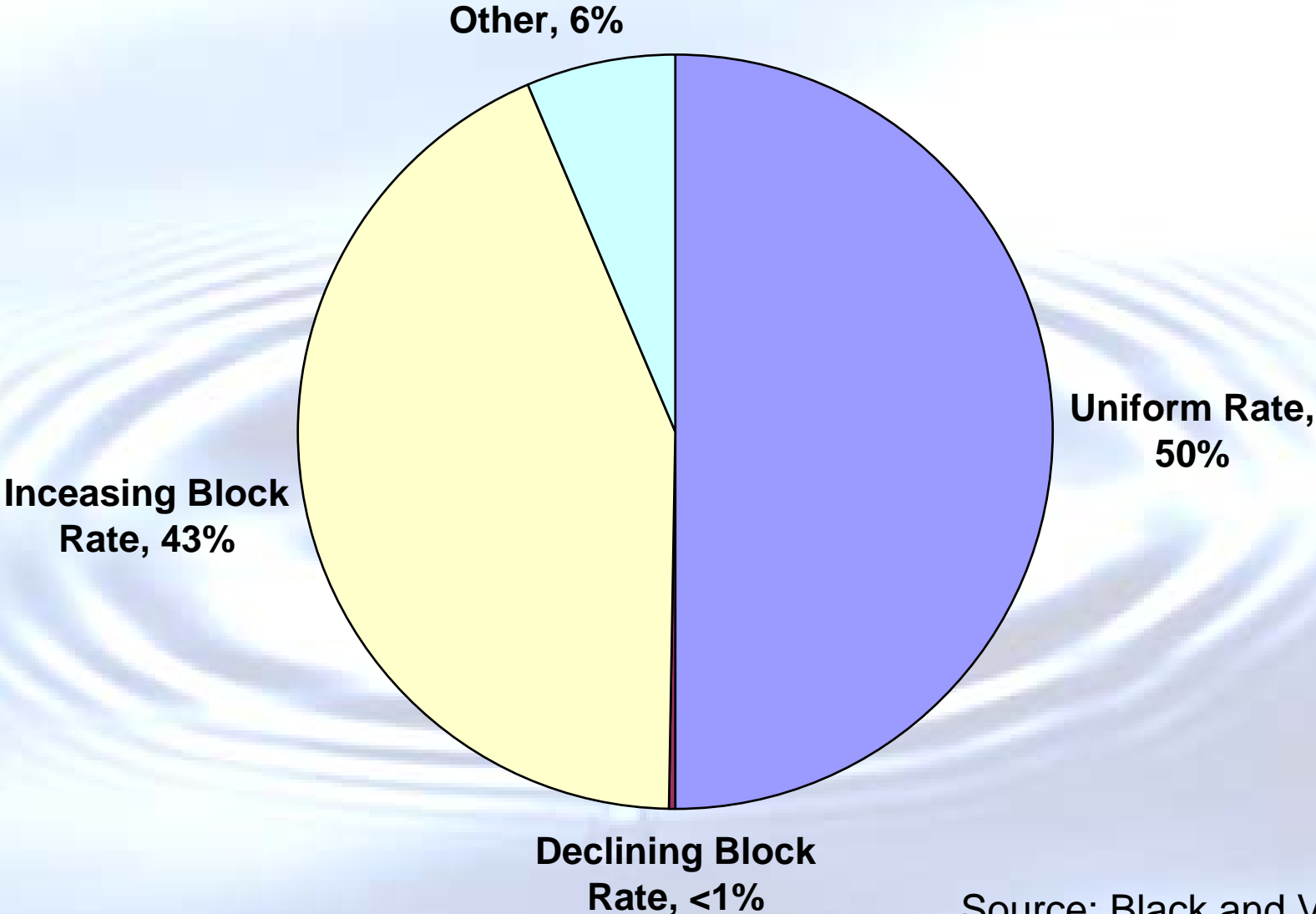


Residential Rate Survey, 2000

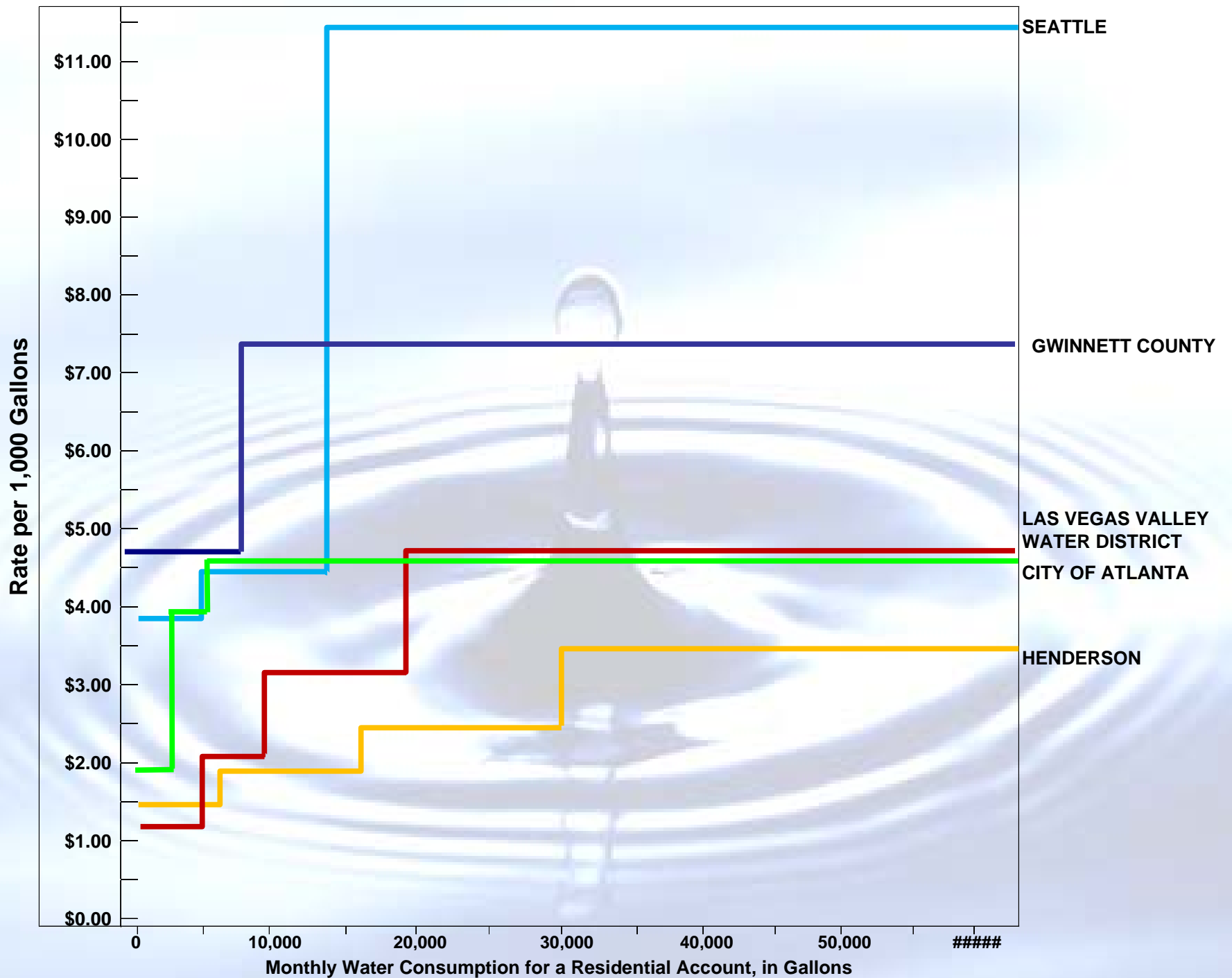


Note: Does not add up to 100% because some use more than one rate type.
EPA Community Water Survey, 2000 (>1,200 communities surveyed)

California Residential Rate Survey, 2006



Source: Black and Veatch



Factors Affecting Rates

A high-speed photograph of a water droplet falling into a pool of water. The droplet is captured mid-fall, just above the surface, creating a crown-like splash. Concentric ripples emanate from the point of impact, spreading outwards across the water's surface. The background is a soft, out-of-focus blue, suggesting a sky or a large body of water.

Issues Affecting Rate Structures?

- Increasing cost of operations and projects
- Pressure to keep rates low given poor economy
- Effects on demand (and revenue)
- Competition for limited resources
- Long-term vs. short-term (drought) pricing
- Equity/ Fairness

Factors Affecting Rate Design

- Revenue stability and cost recovery
- Fair and equitable
- Encourage conservation/ keep demand low
- Billing constraints

What are the biggest challenges to developing fair and equitable pricing for the C&I sectors that you work with?

Customer Classification

“How do you find a rate structure that works for a TV repair shop and Pepsi Cola?”



Rate Making Process

- Analyze how water is used
 - Evaluate impacts
- What is the goal of the rate adjustment?
 - Factor in elasticity
 - Community involvement
 - Public education

Conclusions

- Non conservation-oriented rate structures are still dominant.
- Suggests there is tremendous potential to reduce demand, for all sectors.
- There are many factors affecting rate-making process.
- Process is key!

Questions?



Heather Cooley

510.251.1600

hcooley@pacinst.org



**WESTERN RESOURCE
ADVOCATES**

Taryn Hutchins-Cabibi

303.444.1188

Taryn@westernresources.org