

This presentation premiered at WaterSmart Innovations

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**SouthWest
Water CompanySM**

Conservation-Oriented Water Rates – A Research Study

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The Southwest Water Company Research Study



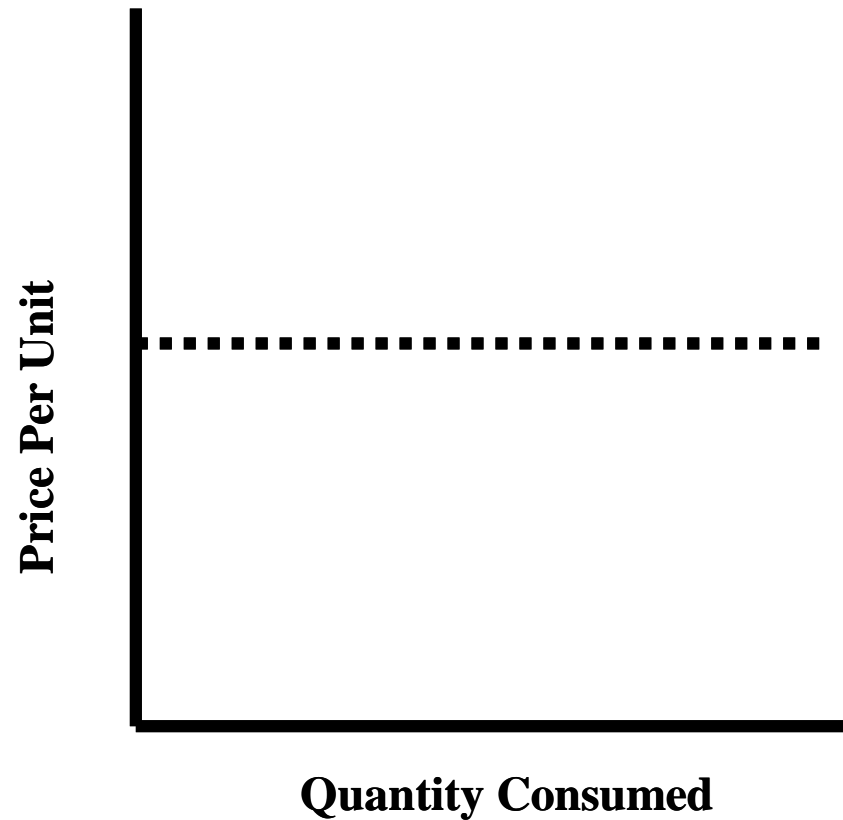
California Public Utilities Commission's Water Action Plan

The California Urban Water Conservation Council (CUWCC)

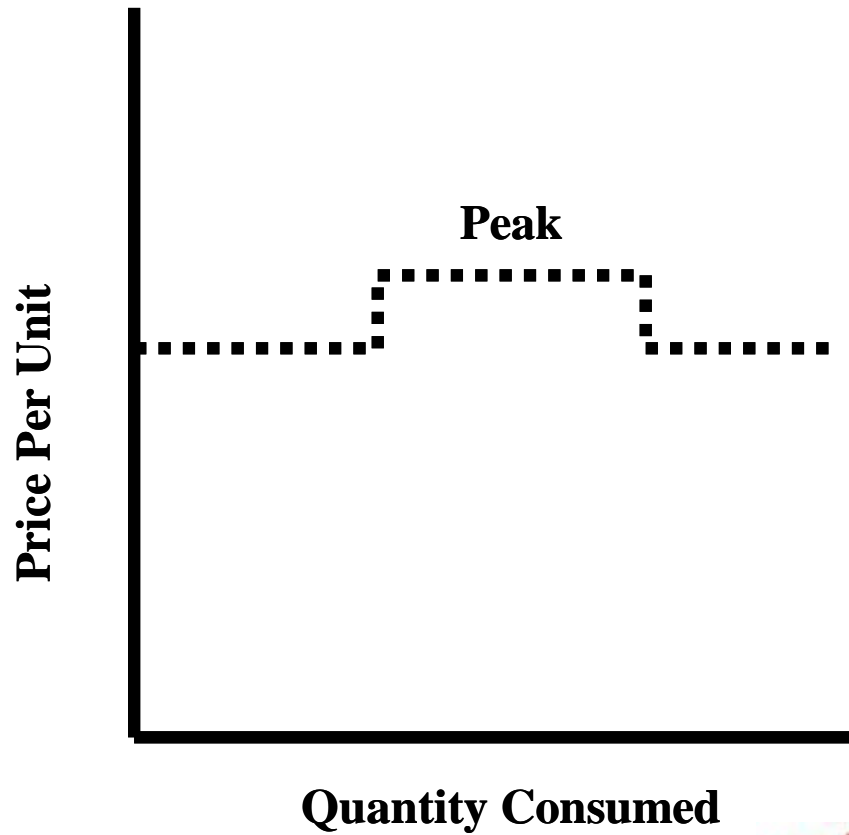


- Its Mission
- Its Best Management Practices (BMPs)

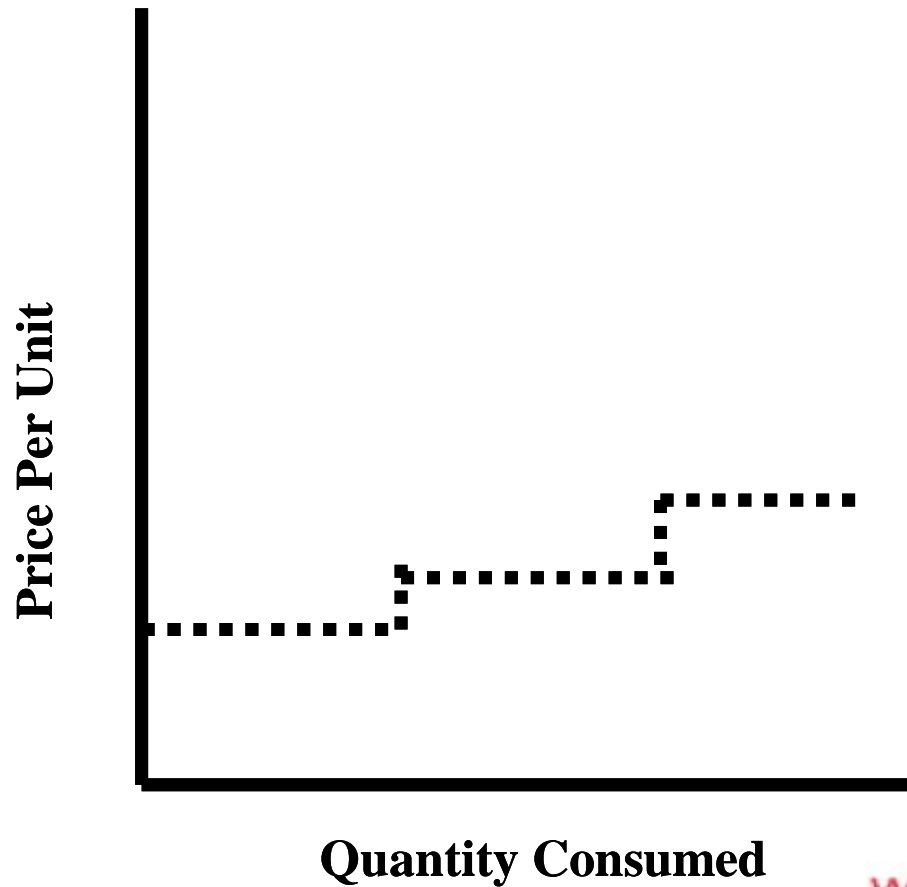
Uniform Rates



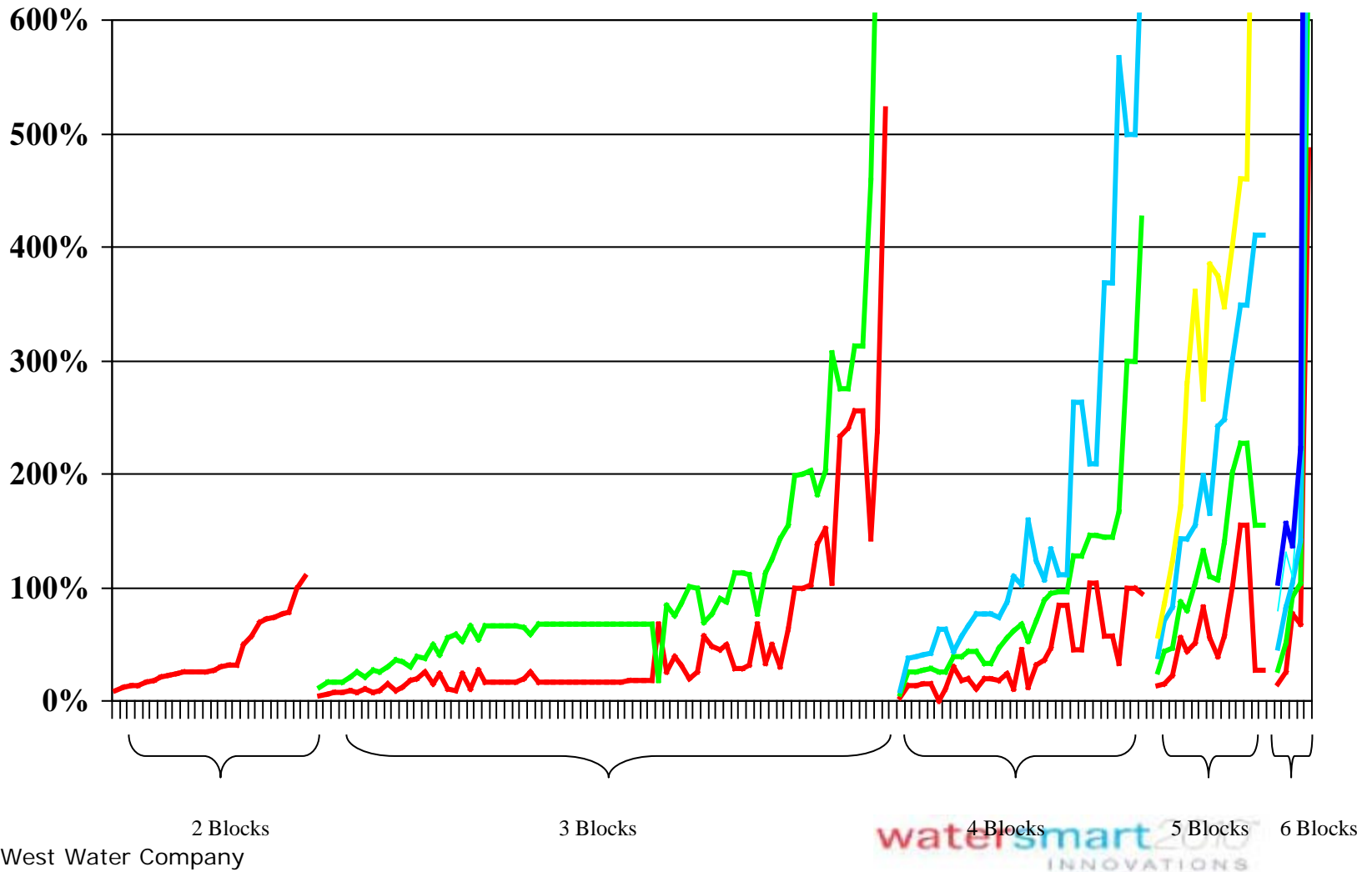
Seasonal Rates



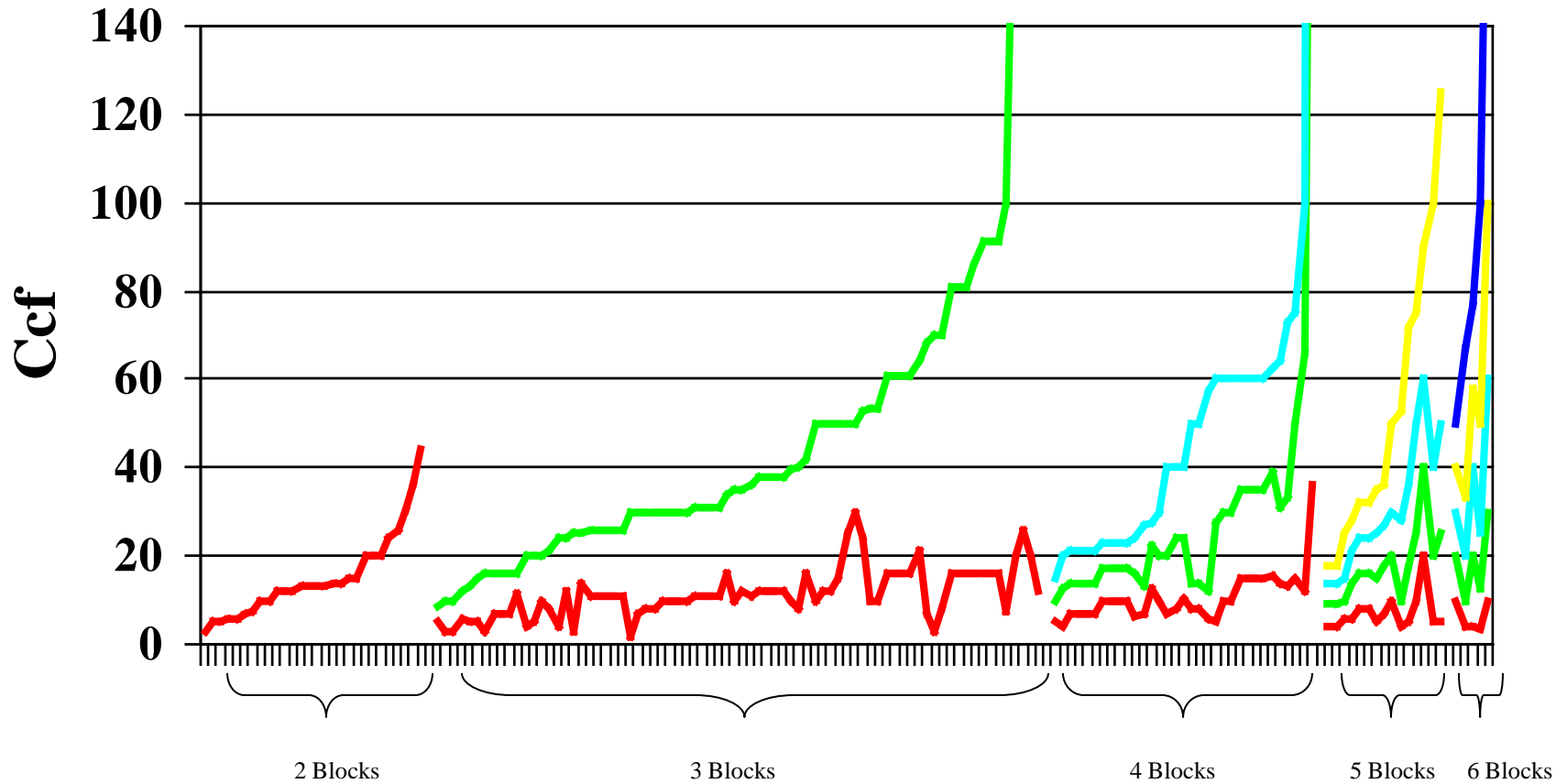
Inclining Block Rates



Percent Increase In Each Block's Quantity Rate As Compared To The First Block's Quantity Rate



Switchpoints



Conclusions From The Southwest Water Company Research Study

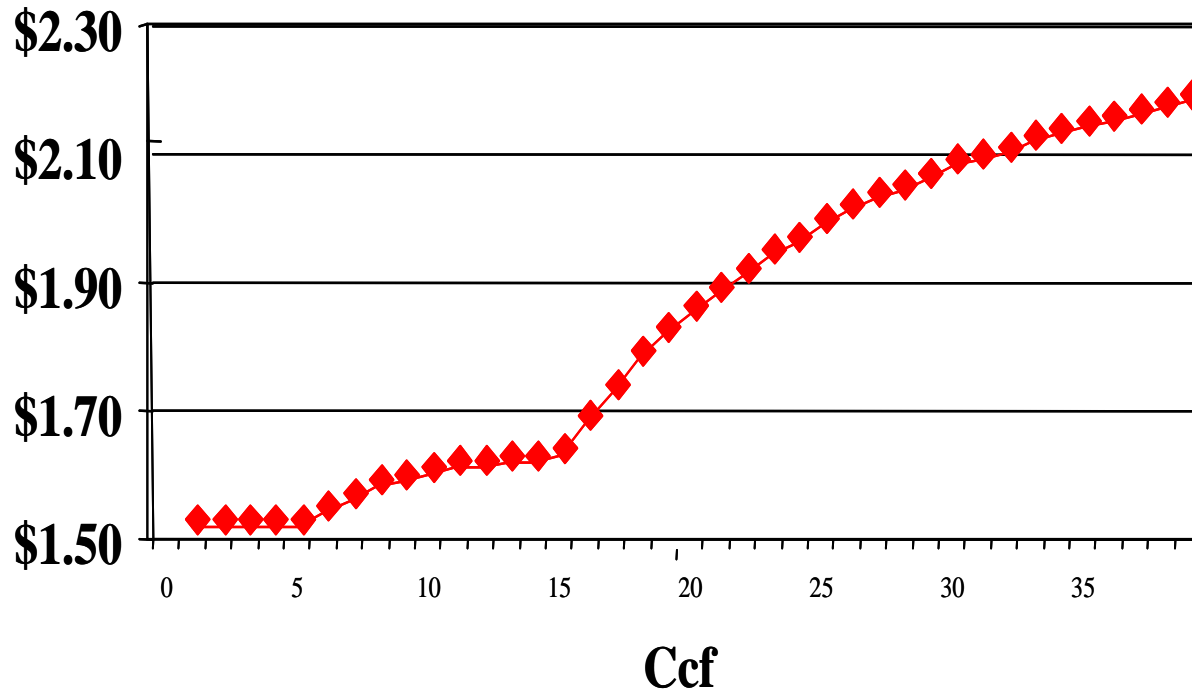


- 3-Tier Structures Are the Most Common
- The Greater The Number Of Tiers, The Greater The Focus On High-Volume Users
- **MANY UTILITIES ARE BEGINNING TO DESIGN WATER RATES THAT FOCUS DIRECTLY ON HIGH VOLUME WATER USERS**

The Suburban Residential Price Signal Index



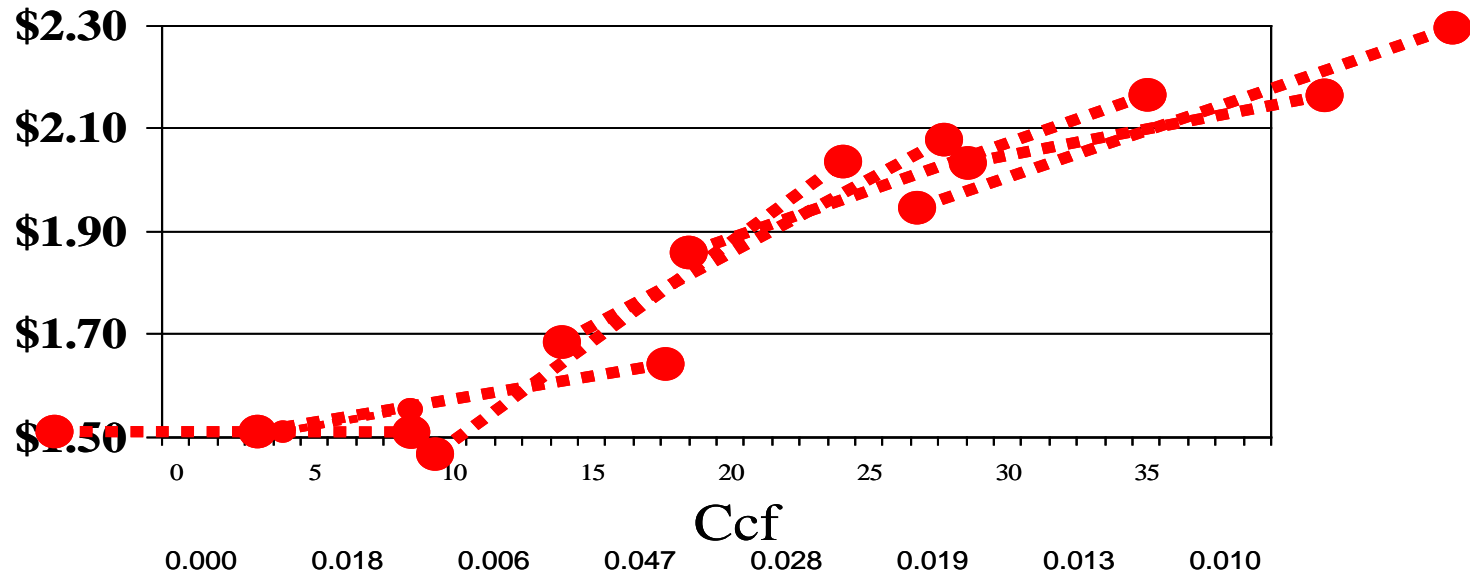
· Average Price Per Ccf
Long Beach Water Department



The Suburban Residential Price Signal Index



Least Squares Regressions In 5 Ccf Increments Long Beach Water Department



Regression Coefficients

Average = .018

The Suburban Residential Price Signal Index



Input Parameters

Enter Rate Design To Be Evaluated

Block 1		Block 2		Block 3		Block 4		Block 5		Block 6	
Ccf	\$	Add'l Ccf	\$	Add'l Ccf	\$	Add'l Ccf	\$	Add'l Ccf	\$	Add'l Ccf	\$

Note: For the highest usage block, enter "100" in the "Ccf" Field

The Suburban Residential Price Signal Index



Input Parameters

Enter Rate Design To Be Evaluated

Block 1		Block 2		Block 3	
Ccf	\$	Add'l Ccf	\$	Add'l Ccf	\$
5	\$1.5150	10	\$1.6830	100	\$2.5250

Note: For the highest usage block, enter "100" in the "Ccf" Field

The Suburban Residential Price Signal Index



CALCULATION RESULTS USING SRPSI USAGE MATRIX

(1 Ccf to 39 Ccf in 5 Ccf Increments, Except For First Block Which is 4 Ccf)

Compare Amounts In **Red**

Blocks	Structures Reported	No. of Rate SRPSI Index	Average							
			1-4 Ccf	5-9 Ccf	10-14 Ccf	15-19 Ccf	20-24 Ccf	25-29 Ccf	30-34 Ccf	35-39 Ccf

SRPSI For Rate Design Being Evaluated

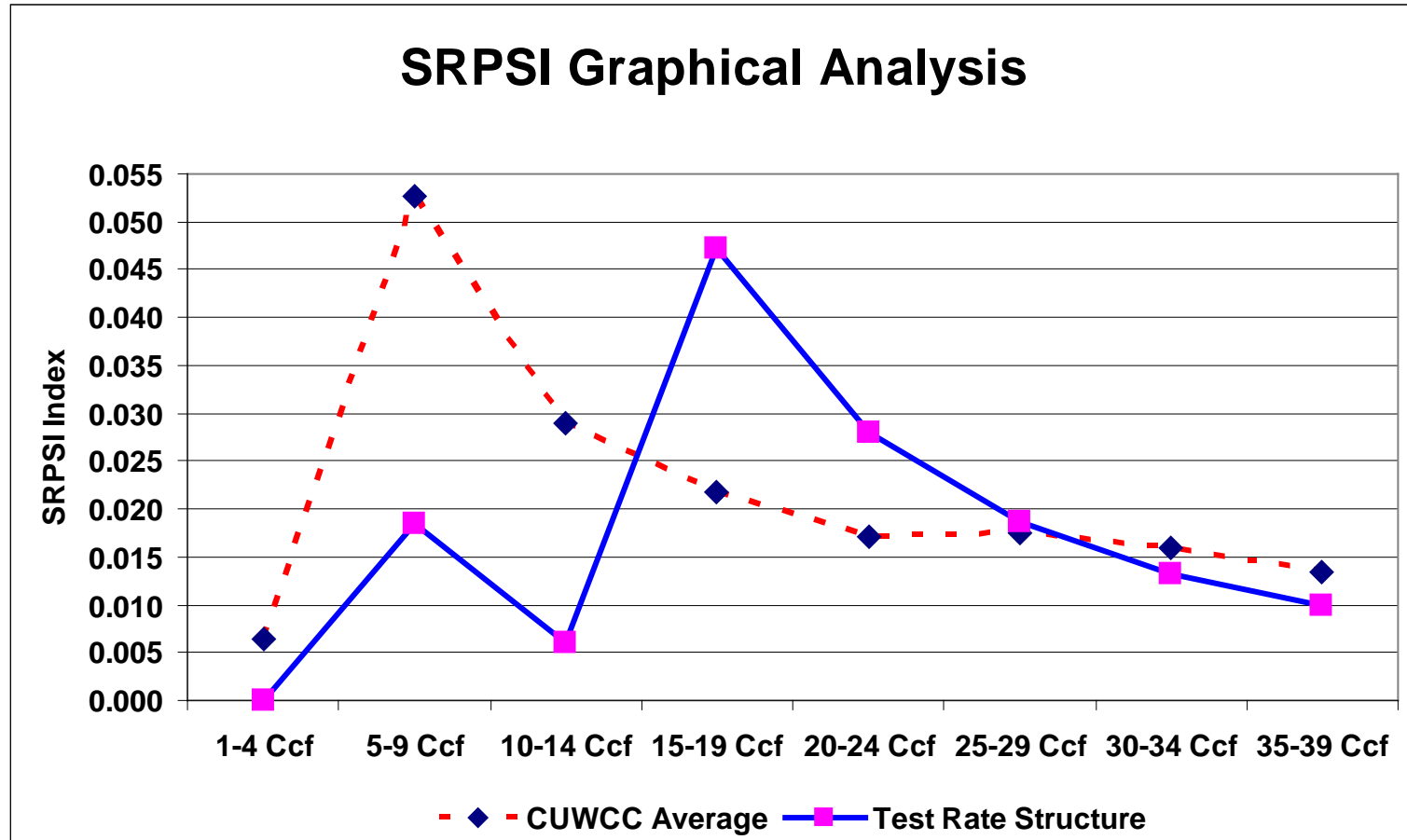
3	N/A	0.018	0.000	0.018	0.006	0.047	0.028	0.019	0.013	0.010
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Comparison SRPSI's For The 172 Inclining Block Rate Structures Used By CUWCC Members

2	23	0.013	0.002	0.009	0.028	0.025	0.016	0.011	0.010	0.008
3	91	0.022	0.006	0.053	0.029	0.022	0.017	0.018	0.016	0.013
4	37	0.031	0.018	0.035	0.030	0.031	0.037	0.039	0.033	0.029
5	17	0.050	0.009	0.061	0.052	0.055	0.056	0.055	0.060	0.055
6	4	0.053	0.028	0.122	0.075	0.049	0.039	0.039	0.037	0.035
All	172	0.026	0.009	0.046	0.032	0.028	0.026	0.026	0.024	0.021

Note: The higher the SRPSI index, the stronger the price signal customers are receiving about their usage.

The Suburban Residential Price Signal Index





Questions & Comments?

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