

Utility Rate Task Force

Meeting No. 1

May 16, 2013, 6:00 PM

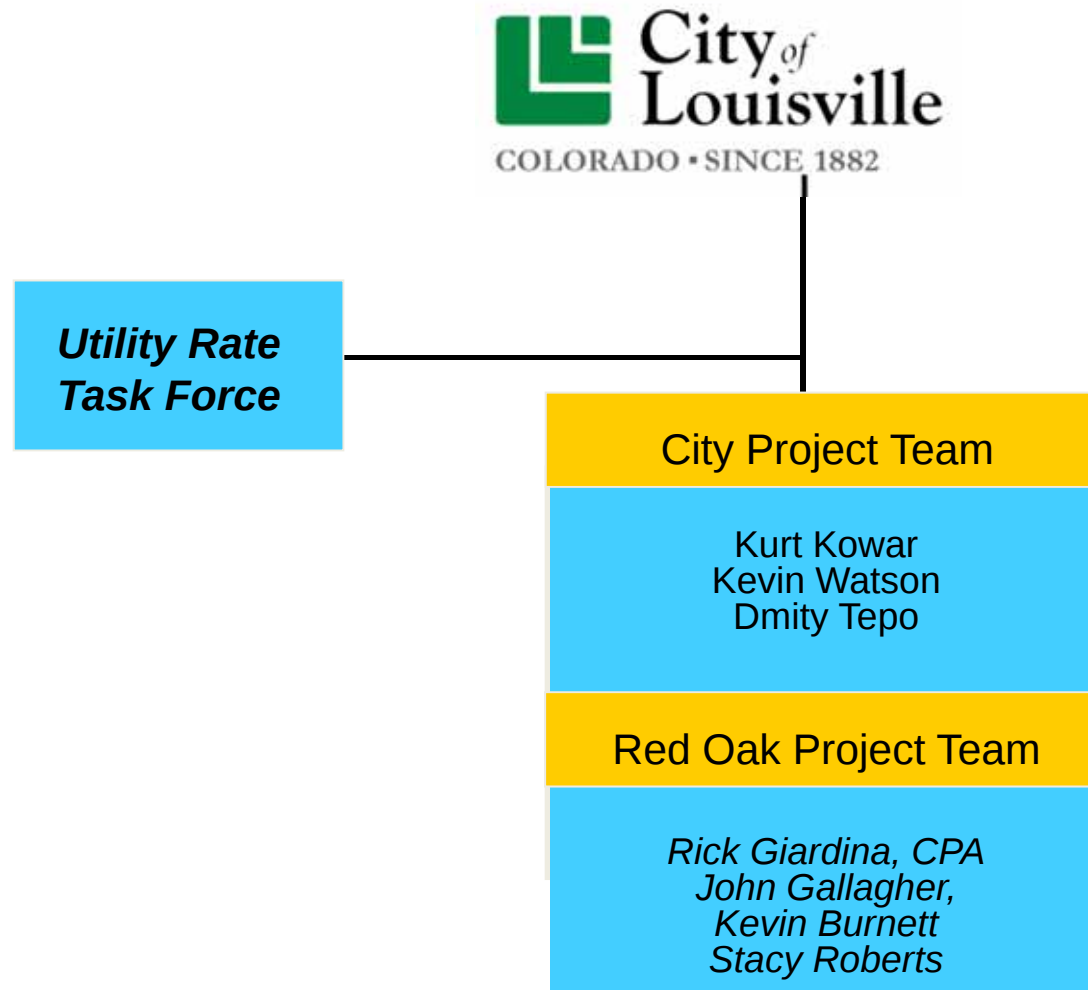
City Hall, 749 Main St.



Agenda

- Introductions
- Mission Statement
- Task Force Organization / Participation Process
- Rate Study Scope
- Water & Wastewater System Overview
- Rate Making 101
- Closing Comments

Project Team Organization



Mission Statement

Utility Rate Task Force has been created to:

-  Allow for citizen input into ratemaking process
-  Determine appropriate rate structure objectives
-  Educate the community
-  Recommend to the Council rate structures that achieve established objectives

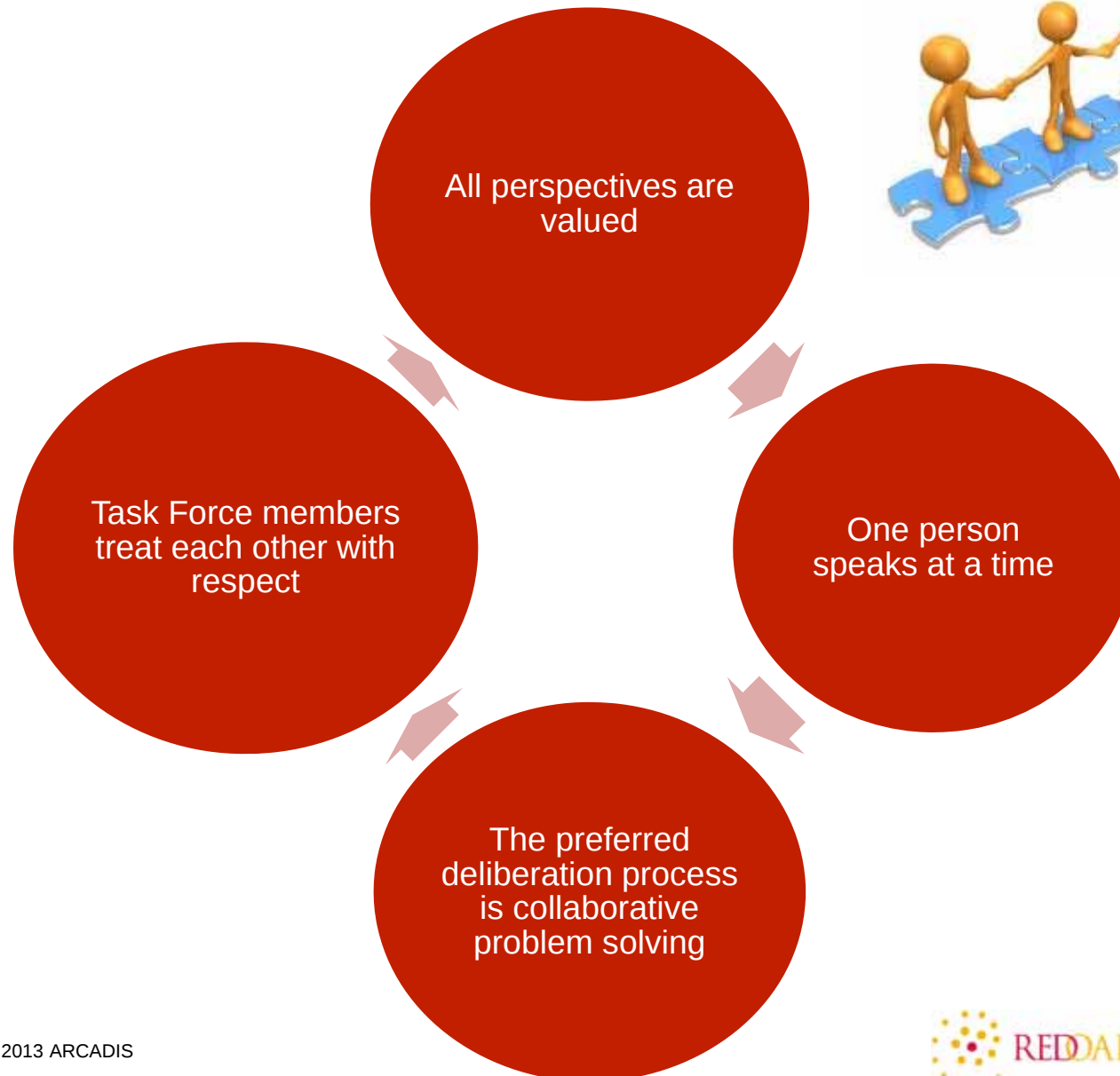
Role of Task Force Members

-  Become familiar with financial information and rate structure
-  Examine rate design alternatives
-  Identify issues and concerns
-  Ensure that community values and concerns are considered

Participant Qualities

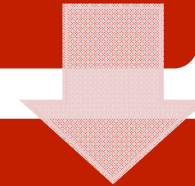
-  Willingness to work cooperatively with other members
-  Ability to present perspectives of organizations or other constituencies
-  Commitment to attend a concentrated series of meetings

Discussion Process

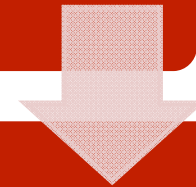


Task Force Work Product

Scope and content of Task Force's discussion



Findings and conclusions on issues considered



Recommendations for further study and analysis

Task Force Meetings

Meeting #1

Finalize Mission Statement

Review member roles and objectives

Overview of rates

Finalize meeting dates and times

Task Force Meetings

Meeting #2

Draft financial plan results

Pros and cons of different rate structures

Conceptual Design Workshop

Alternative rate structures to be modeled

Task Force Meetings

Meeting #3

Financial plan results

Rate design alternatives

Proposed system
development fees

Task Force Meetings

Meeting #4

Finalize rate design alternatives

Summarize recommendations for City Council

Meeting Schedule

Determine Schedule for
Meetings #2, #3, and #4:

Where?

When?

O.K. Everybody, let's take 5



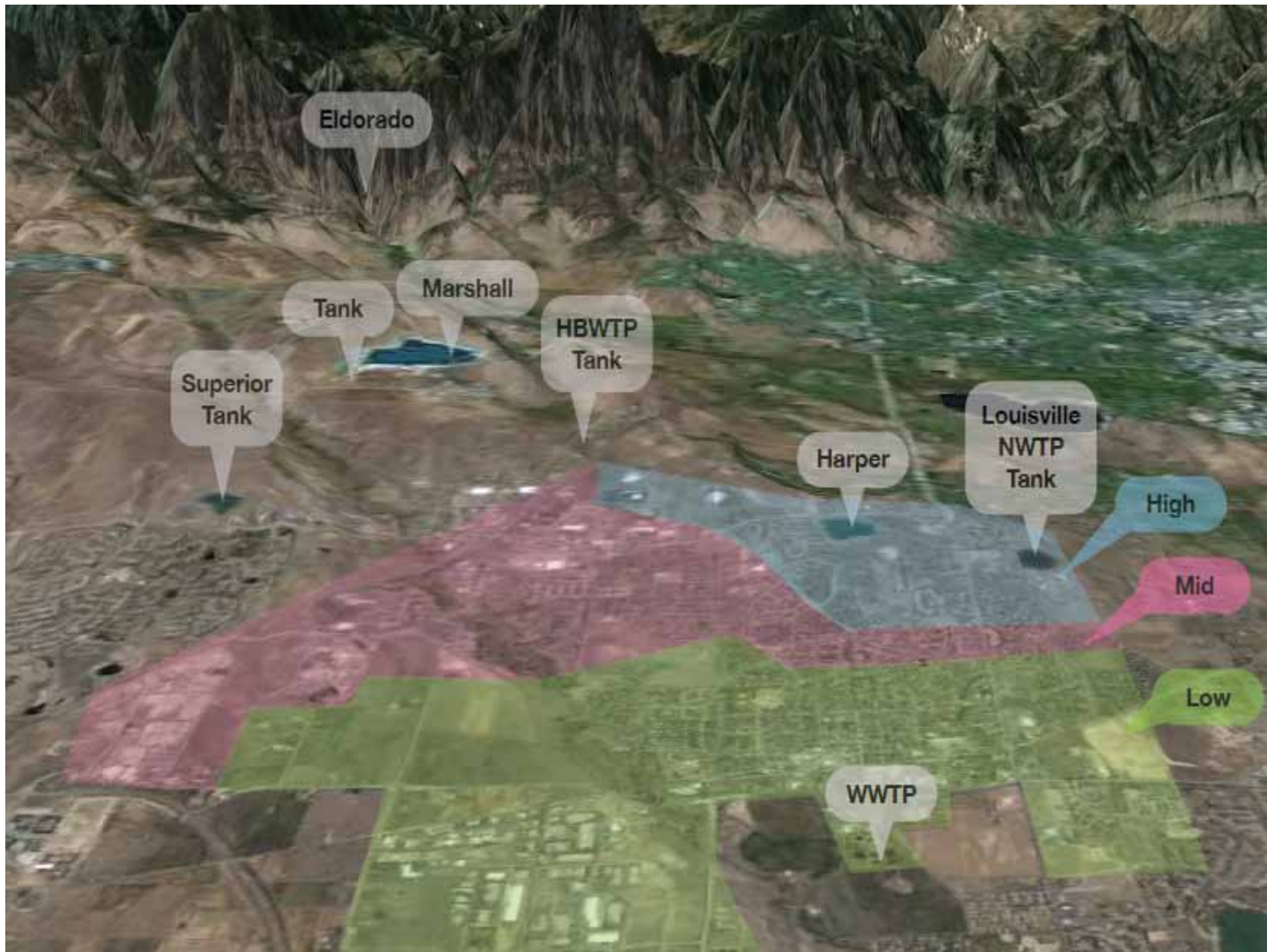
Overview of Water & Wastewater System

Kurt Kowar

Dmitry Tepo

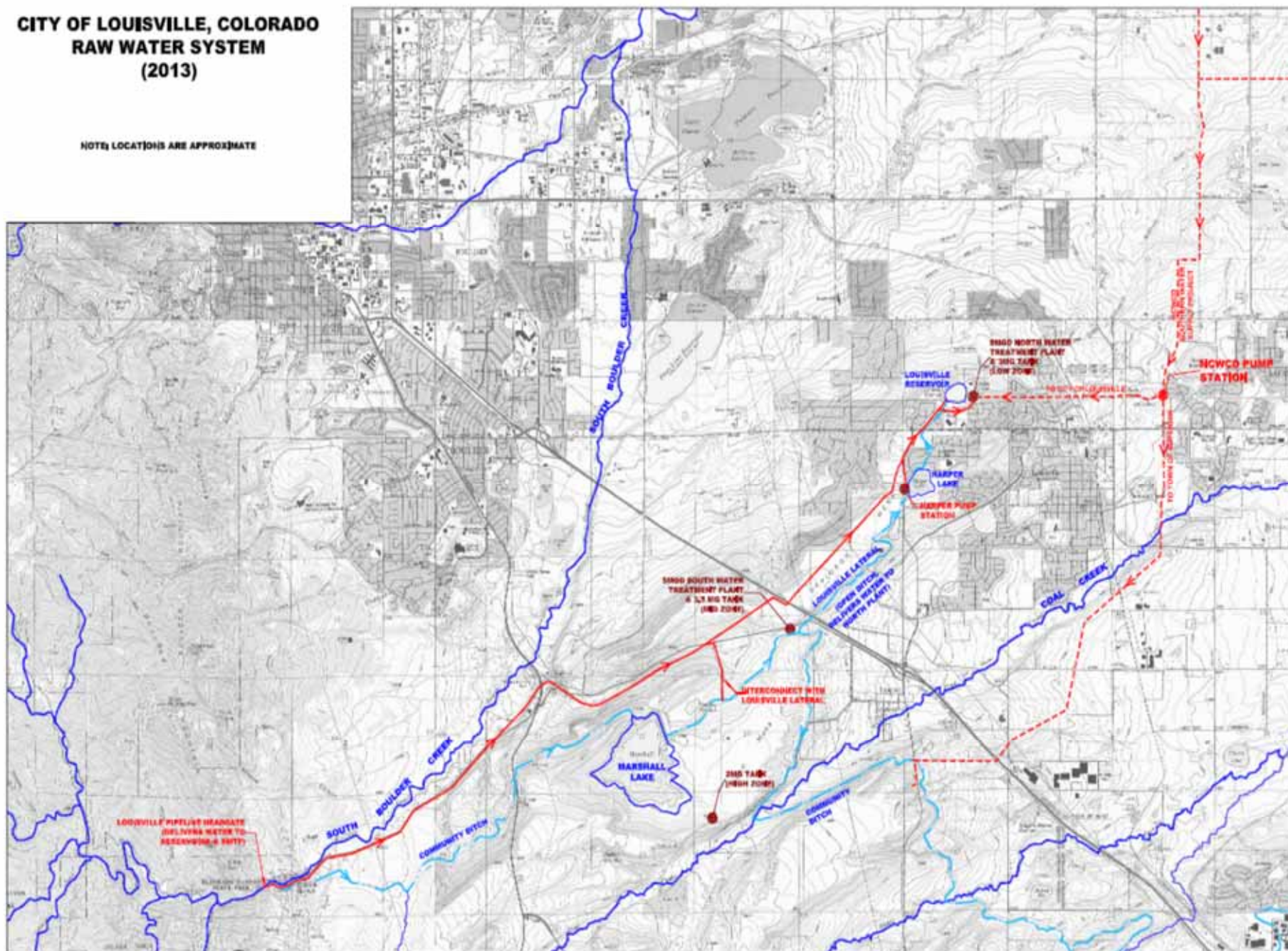
Public Works Department

City of Louisville



**CITY OF LOUISVILLE, COLORADO
RAW WATER SYSTEM
(2013)**

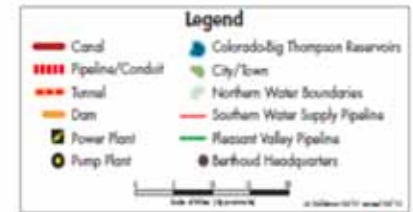
NOTE: LOCATIONS ARE APPROXIMATE





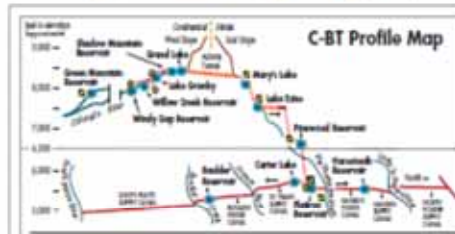
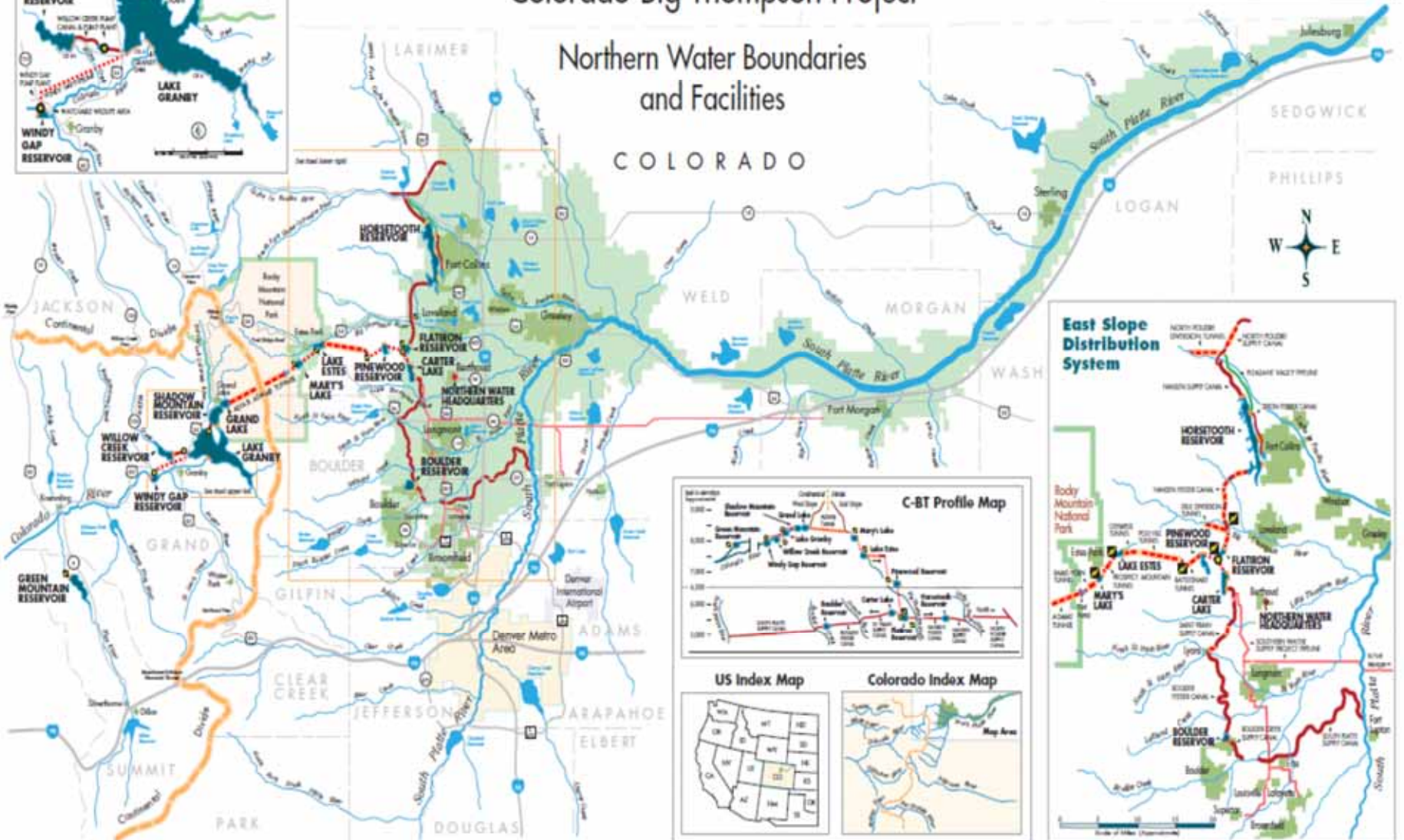
Northern Water

Colorado-Big Thompson Project



Northern Water Boundaries and Facilities

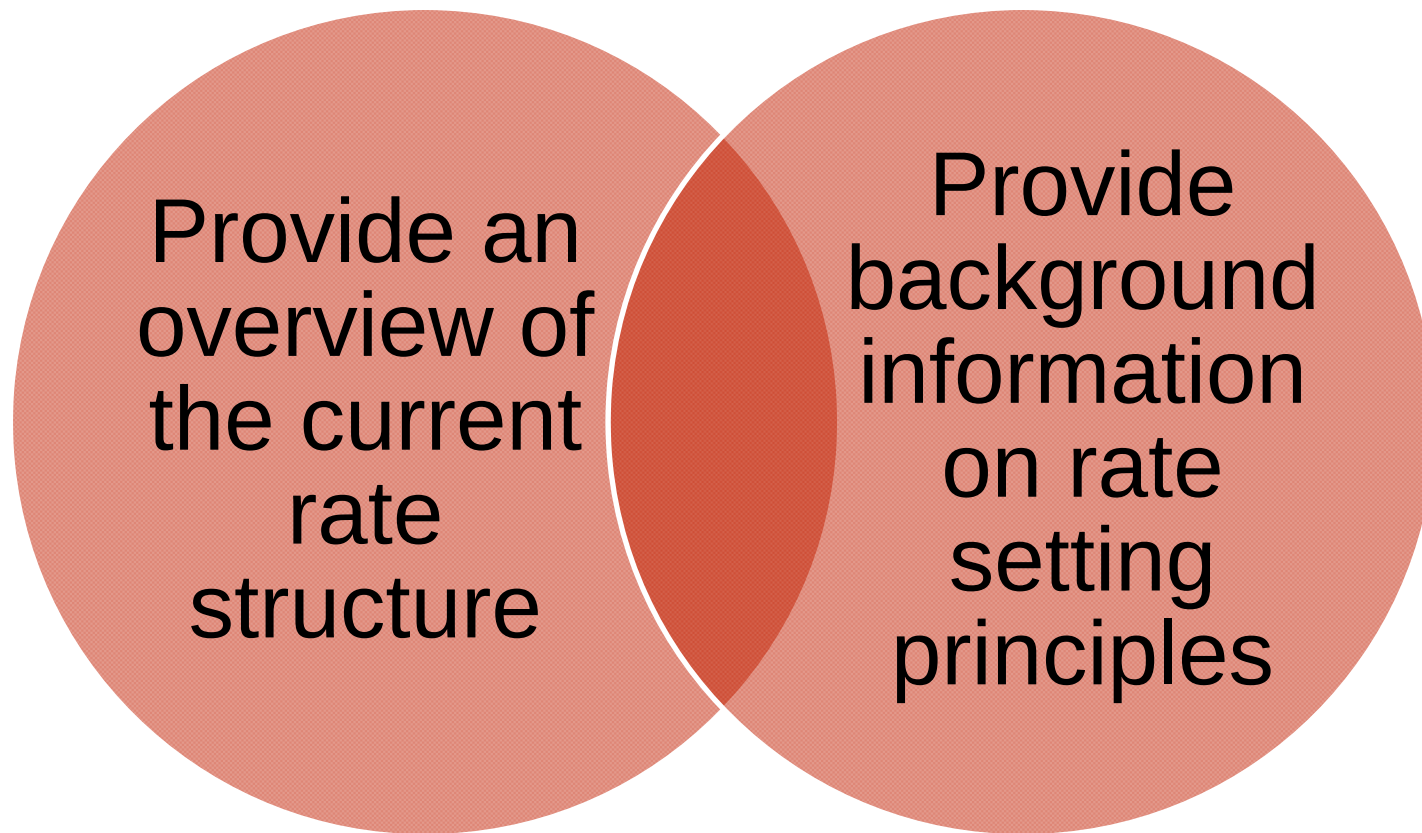
COLORADO



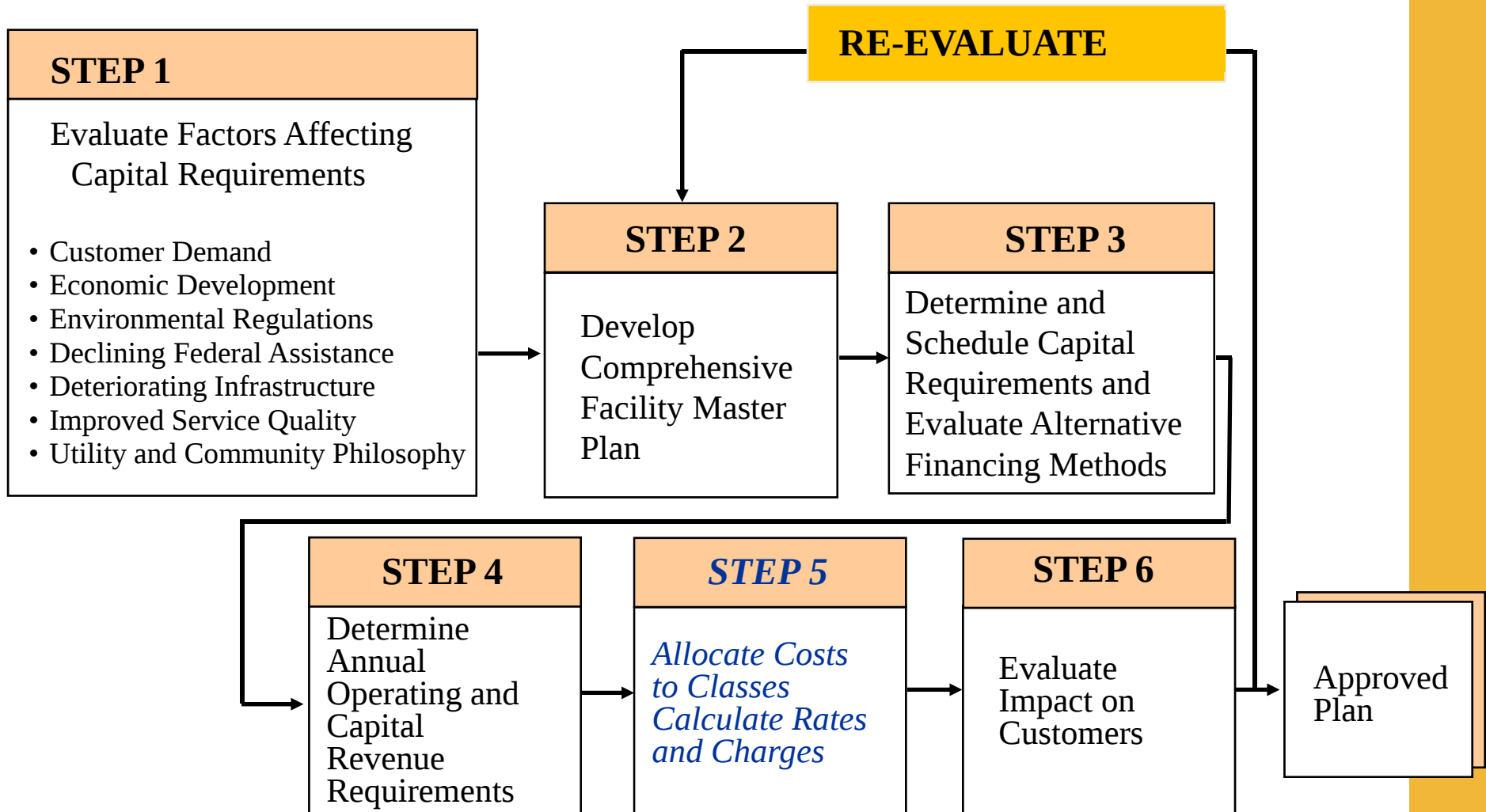
Overview of Rate Setting Process

“Rate Making 101”

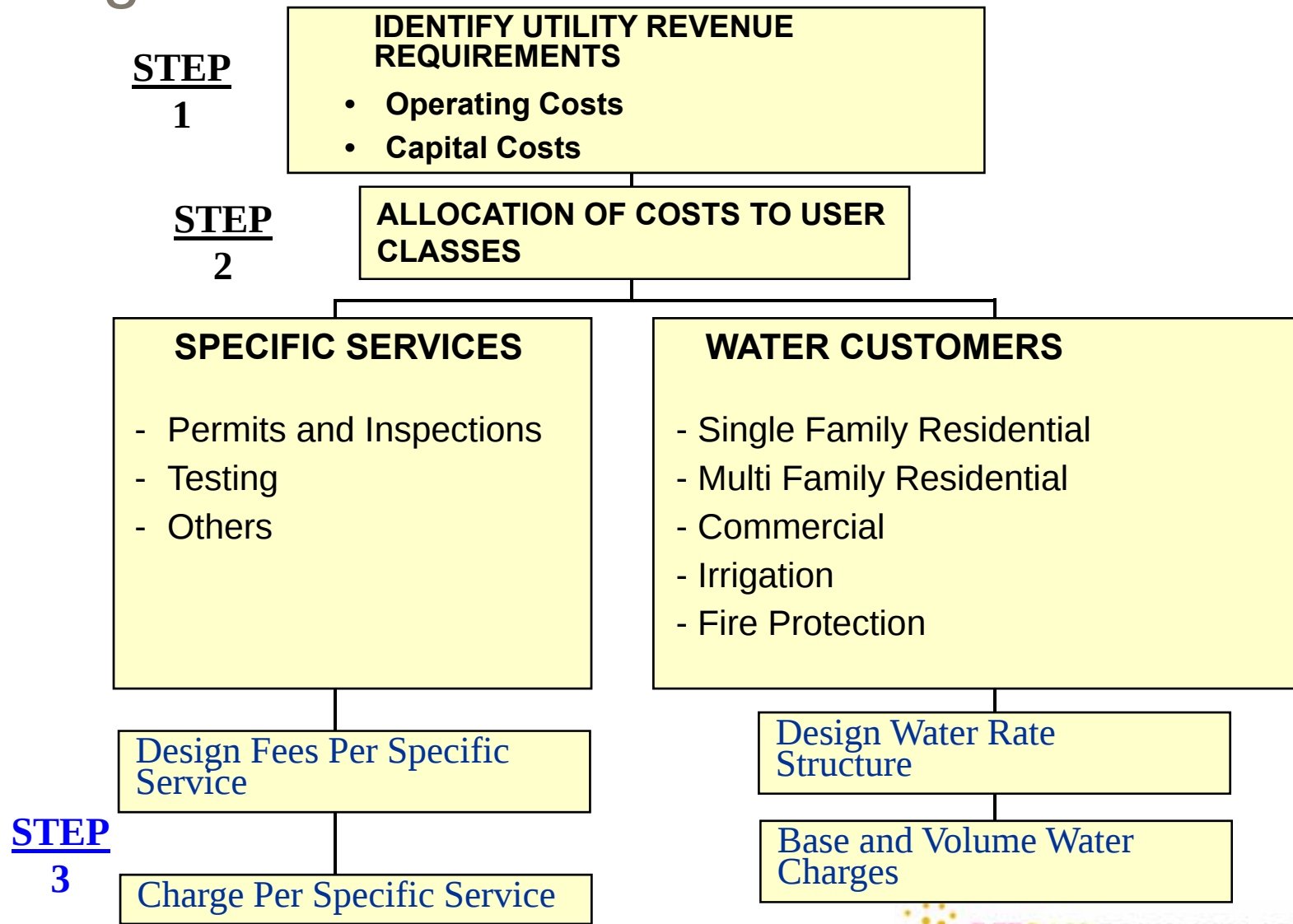
Why “Rate Making 101”?



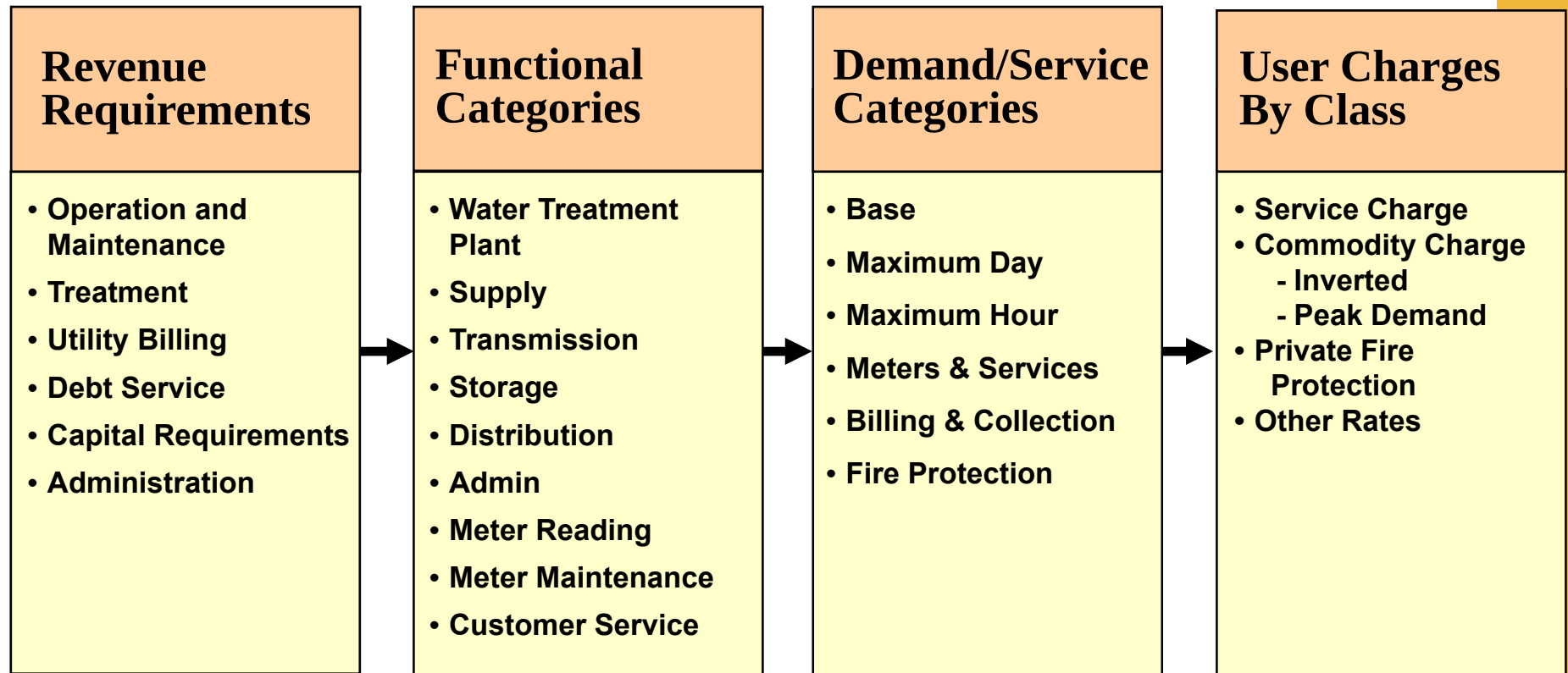
Capital and Financial Planning Process



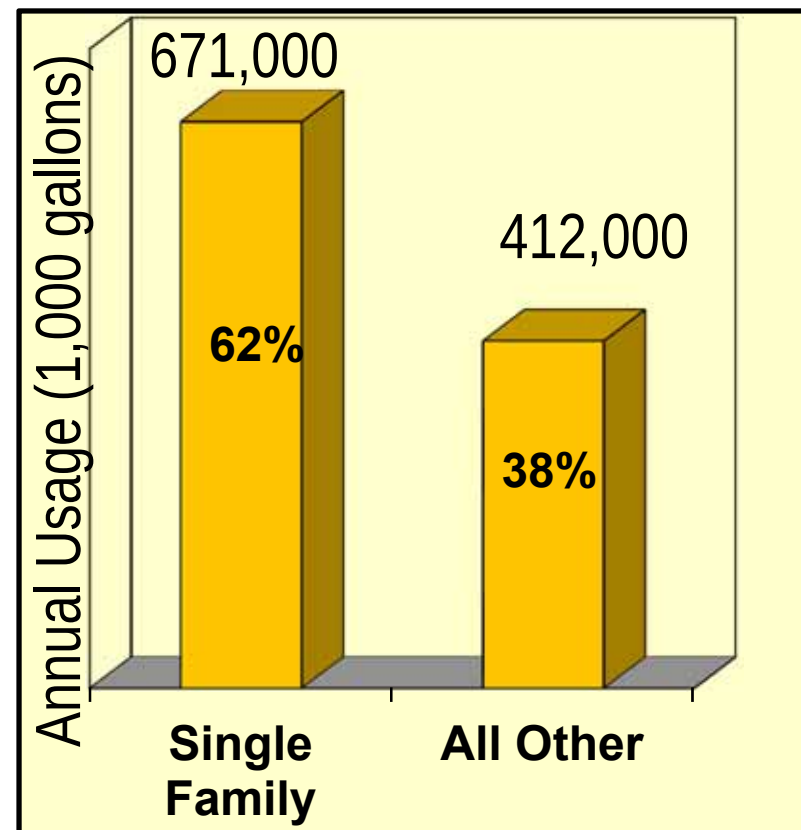
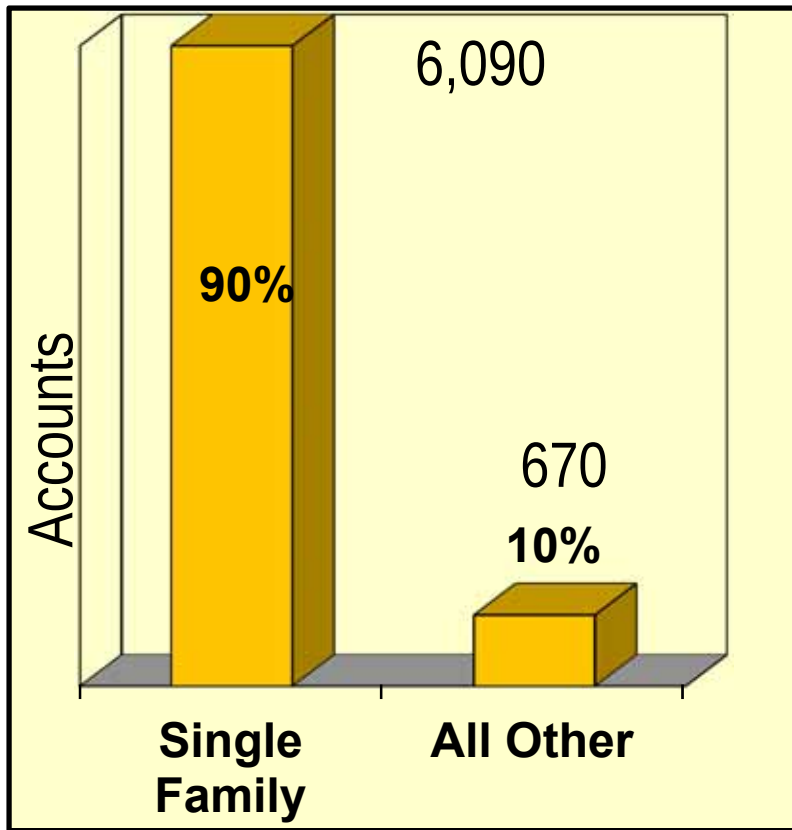
General Cost Determination and Rate Setting Process



Water Utility Cost Allocation Diagram



Water Rate Background



City's 2-Part Rate Structure

Minimum Charge

- Recover (at least): cost of meter reading, meter maintenance and replacement, distribution mains fire protection and customer service – is assessed based on meter size.

Volume Rate

- Recover volume related costs to meet average and peak demands– is assessed based on metered water use.

Monthly Minimum Charge – Water (\$/Month)

Meter Size	Single Family	All Other
All	\$12.08	N/A
3/4"	N/A	12.08
1 "	N/A	24.15
1 1/2"	N/A	36.24
2"	N/A	48.24
3"	N/A	96.63
4"	N/A	193.24
6"	N/A	386.51

Volume Rate – Water (\$/1,000 gallons)

Usage Block	Single Family	All Other
1 st Block	\$0.00	\$3.48
2 nd Block	3.48	8.67
3 rd Block	8.67	9.36
4 th Block	9.36	10.00
5 th Block	10.00	10.67
6 th Block	10.67	N/A

Volume Rate Blocks – Water (1,000 gallons)

Usage Block	Single Family
1 st Block	0 - 5
2 nd Block	6 - 20
3 rd Block	21 - 30
4 th Block	31 - 40
5 th Block	41 - 50
6 th Block	> 50

Volume Rate Blocks – Water (1,000 gallons)

Usage Block	All Other			
	3/4"	1"	1 1/2"	2"
1 st Block	0 - 20	0 - 40	0 – 80	0 - 160
2 nd Block	21 – 30	41 - 60	81 - 120	161 - 240
3 rd Block	31 – 40	61 - 80	121 - 160	241 - 320
4 th Block	41 - 50	81 - 100	161 - 200	321 - 400
5 th Block	> 50	> 100	> 200	> 400

Volume Rate Blocks – Water (1,000 gallons)

Usage Block	All Other		
	3"	4"	6"
1 st Block	0 - 320	0 – 640	0 – 1,280
2 nd Block	321 - 480	641 - 960	1,281 – 1,920
3 rd Block	481 - 640	961 – 1,280	1,921 – 2,560
4 th Block	641 - 800	1,281 – 1,600	2,561 – 3,200
5 th Block	> 800	> 1,600	> 3,200

Wastewater Rate Background

Two rate groups:

- Residential
- Commercial

Multiple structures:

- Flat rate
- Seasonal inverted block

Wastewater Rates

Fee Basis	Single Family	All Other	
		May - Sep	Oct - Apr
Monthly Charge	\$16.29	N/A	N/A
Monthly Minimum	N/A	20.43	19.58
1 st Block	N/A	0.00	0.00
2 nd Block	N/A	1.13	1.21
3 rd Block	N/A	1.16	1.34
4 th Block	N/A	1.26	1.51
5 th Block	N/A	1.34	1.62
6 th Block	N/A	1.51	1.77
7 th Block	N/A	1.61	1.89
8 th Block	N/A	1.68	2.09
9 th Block	N/A	1.82	2.22
10 th Block	N/A	N/A	2.37

Pricing Objectives



<u>Volume Rate</u>	<u>Meter Size</u>	<u>Single Family</u>	<u>All Other</u>
1 st Block	All	\$0.00	\$3.48
2 nd Block	All	3.48	8.67
3 rd Block	All	8.67	9.36
4 th Block	All	9.36	10.00
5 th Block	All	10.00	10.67
6 th Block	All	10.67	N/A
<u>Monthly Minimum</u>			
Single Family	All	12.08	
All Other	3/4"		12.08
	1"		24.15
	1 1/2"		36.24
	2"		48.24
	3"		96.63
	4"		193.24
	6"		386.51

Development of rates which equitably assign the cost of providing service to customer classes or groups while generating a reliable stream of revenues to the department.

Pricing Objectives

Revenue Stability Effective in providing a stable revenue stream to recover revenue requirements in the face of variable external factors such as tourism and weather.	Fixed Income/Affordability Having a rate structure that mitigates rates/cost to low income users.
Peak Usage Reduction Assigns the cost of providing peaking facilities to those customers having significant peak to average water use patterns, i.e., discourages the use of water during periods of peak demand.	Customer Acceptance Having the rate structure both understandable and acceptable to customers.
Water Conservation Effective in promoting the efficient use of resources on a year-round basis.	Growth Pays for Itself Supports new housing, commercial, and industrial development; allows the City to be rate competitive with adjacent and similar communities.

Pricing Objectives

Cost-of-Service Equity Developing rates so that each customer's quarterly water bill equals the cost borne by the City in providing that service.	Large Volume Customers Has minimum to moderate financial impacts on large water users and significant sewer accounts.
Customer Impact Minimizes rate impact among customers in similar classes, in both the short-term and long-term.	Administrative Ease Minimize the administrative burdens associated with implementing and sustaining the use of a rate structure.

Pricing Objectives Evaluation Matrix

Evaluation Criteria	Weight (1-5)*										Total	Average	Ranking
Revenue Stability													
Peak Usage Reduction													
Water Conservation													
Fixed Income/Affordability													
Customer Acceptance													
Growth Pays for Itself													
Cost-of-Service Equity													
Customer Impact													
Large Volume Customers													
Administrative Ease													

* Weight 1 = Not Important 5 = Very Important

Agenda Meeting #2

Meeting # 1 Summary

Share draft financial plan results

Present pros and cons of different rate structures

Conceptual Design Workshop

Define rate structure alternatives



Closing Comments