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July 15, 2016

Via Electronic Mail and First Class Mail

Luly E. Massaro, Commission Clerk Rhode Island Public Utilities Commission 89 Jefferson Boulevard Warwick, Rhode Island 02888

Re: Newport Water Division – Docket No. 4595

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter are an original and nine copies of Portsmouth Water & Fire District's ("PWFD") Responses to Newport Water's Third Set of Data Requests, issued on June 24, 2016, including a CD containing electronic files responsive to data request 3-2. Please note that the electronic files on the CD are in old formats that PWFD was unable to open or otherwise access.

Thank you for your attention to this matter.

Sincerely,

Adam M. Ramos

AMR:cw Enclosures

cc: RIPUC Service List (electronically only)

Joseph A. Keough, Jr., Esq. (w/encls., via First Class Mail) Christy Hetherington, Esq. (w/encls., via First Class Mail)

Allison Genco, Esq. (w/encls., via First Class Mail)

55910732 (38210.167824)

▶ALBANY ▶ BOSTON ▶ CONCORD ▶ HARTFORD ▶ NEW YORK ▶ PROVIDENCE

Docket No. 4595 - City of Newport Water Division – Rate Application Updated 5/18/16

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1322 Patterson Ave SE, Suite 1000		
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Dr. Kay Davoodi, P.E., Director	Khojasteh.davoodi@navy.mil;	
Utility Rates and Studies Office	1	

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Warwick, RI 02888	Sharon.ColbyCamara@puc.ri.gov;	

Docket No.: 4595

In Re: City of Newport, Utilities Department, Water Division
Portsmouth Water & Fire District's
Responses to Newport Water's Third Set of Data Requests
Issued June 24, 2016

Newport Water 3-1

Request:

On pages 1 of his testimony, Mr. Woodcock describes having worked on "more than 500 water and wastewater rate and financial studies" and on page 2 describes having provided expert testimony before a number of state public utility commissions." With regard to this testimony:

- a. Please provide a list of all such cases and studies involving the calculation of customer demand over the past 10 years.
- b. For each of the cases and studies identified in part (a) above, please identify each case or study in which Mr. Woodcock used the methodology set forth in American Water Works Association Manual M-1, Principles of Water Rates, Fees and Charges (Appendix A), Editions 5 and 6.
- c. For each of the cases and studies identified in part (b) above, please provide copies of any testimony or studies identified.

Response:

- a. Mr. Woodcock has been involved in 30 cases over the past 10 years involving the use of customer demand factors. Those 30 cases include the nine (9) Newport Water matters during that time period. Attached is a listing of all cases in which Mr. Woodcock has been involved over the last 10 years. The cases highlighted in yellow are the cases that involved the use of customer demand data. Mr. Woodcock did not calculate nor develop the demand factor in any of these cases.
- b. Mr. Woodcock did not use the methodology set forth in American Water Works Association Manual M-1, Principles of Water Rates, Fees and Charges (Appendix A), Editions 5 and 6 in any of these cases. It is Mr. Woodcock and Portsmouth Water and Fire District's ("PWFD") position and understanding that estimation methods such as the method proposed by NWD in this docket should be applied only when actual data from a demand study is unavailable.
- c. None.

Number	Year	Client	Amount
Kent County Wat	er Authority	Y	
06-19	2006	Conservation Rates	
06-20	2007	PWSB Rates 2007	
06-21	2007	PW Pass though	
06-22	2009	Providence Water	
06-23	2009	PW Pass Through	
06-24	2009	Fire Hydrant re-rates	
06-25	2011	Providence Conservation Rates	
06-26	2012	Use of Restricted Funds	
06-27	2013	Providence Water Rates 2013	
06-28	2013	Pass Through Increase 2013	
06-29	2014	2014-15 Rate Filing	
Lancaster, MA 08-07 08-08 Springfield, MA	2008 2015	Rates Update 2008 Rates Update 2015	
09-04	2008	Rate Contracts	
Pangar Water Di	otriot		
Bangor Water Dis	2009	2009 Rate Case	
Tata & Howard 20-03	2011	Spencer 2011	
Mansfield, MA			
21-15	2006	2006 Sewer Conn Fees	
21-16	2006	2006 Water Rates	
21-17	2006	2006 Sewer Rates	
21-18	2007	2007 Rates	
21-19	2008	2008 Water Rates	
21-20	2010	Connection Fees	
21-21	2012	Capital Charges	
21-22	2013	Sewer Rates	
Milford, NH			
24-03	2006	2006 Impact Fee	
21 00	2000	2000 1111111111111111111111111111111111	
Regional Water A			
35-02	2009	Conservation Rates	
35-03	2011	Advice on rate case/new surcharge	
Colchester, CT 48-02	2006	Water Rates	
United Water Co			
52-03	2011	Wakefield Water Case 2011	

Raftelis Financia	al Consultin	<u>q</u>
53-05	2006	Winthrop MA
53-06	2006	Baltimore
53-07	2006	Dartmouth Model
53-08	2007	Canton MA
53-09	2007	North Kingstown RI
53-10	2009	Belmont MA
53-11	2010	Edmonton Regional Water
53-12	2011	Belmont 2012
53-13	2011	Peterborough NH
53-14	2011	Groton-Ledyard
53-15	2012	Edmonton/RWCG
53-16	2013	Pennichuck Water East
53-17	2015	Haverhill MA
53-18	2015	Tolland CT
53-19	2015	Northampton MA
53-20	2015	Wayland MA
53-21	2015	Stoughton MA
53-22	2015	Medford MA
53-23	2016	Melrose, MA
53-24	2016	Portland Water District ME
53-25	2016	Kittery Water District ME

<u>Kaplin, Stewart, Meloff, et. Al.</u> 54-02 1999-17 Walnut Crossing vs. Limerick Twp.

Portsmouth Water & Fire District, RI

55-05	2006	Newport Rates 2007
<mark>55-06</mark>	2008	Newport Rates 2008
<mark>55-07</mark>	2009	Newport COS
<mark>55-08</mark>	2010	Newport Demand Study
<mark>55-09</mark>	2011	Newport Rates 2011
<mark>55-10</mark>	2011	Newport Water Contract
<mark>55-11</mark>	2013	District Rates 2014
<mark>55-12</mark>	2014	Newport Rates Doc 4243
<mark>55-13</mark>	2016	Newport Rates Doc 4595

East Provider	nce, RI	
56-02	2008	Retail Rate Review
56-03	2009	Sewer Bond Reviews
56-04	2009	Water Bonds
56-05	2010	Water Bonds 2010
56-06	2011	Bonds 2011
56-07	2013-14	Rates
56-08	2014	Water Bonds 2014
Northborough	<u>, MA</u>	
58-02	2012	Water Rates FST
58-03	2015	Water Rates
58-04	2016	Marlborough Contract
58-05	2016	Water & Sewer Rates for FY 17

<u>Framingham, MA</u> 62-04 62-05	2012 2015	Nestles Sewer rates Apartment/Condo billing
Arlington, MA 64-02	2013	Water/Sewer Rates
Norwood, MA 72-04 72-05 72-06 72-07	2013 2014 2015 2016	Water & Sewer Rates Water & Sewer rates Water & Sewer rates Water & Sewer Rates
Heitkamp 73-03	2006	Bethel CT rate study
N. Andover, MA 74-03 74-04	2009 2010	follow-up followup 2010
Pawtucket Water	Supply Boa	ard
75-08	2006	2007 Rates
75-09	2006	2006/7 Lease/Bonds
75-10	2009	Bonds
75-11 75-11	2010	2010 Rates
75-12 75-13	2011 2013	2011-12 Bonds 2013 Bonds
Shirley, MA		
78-02	2008	Rates/Surplus
Watertown, MA		
84-04	2007	Rates Update/Billing
84-05	2008	FY 2009 Rates
84-06	2009	FY 2010 Rates
84-07	2010	FY 2011 Rates
84-08	2011	FY 2012 Rates
84-09	2012	FY 2013 Rates
84-10	2013	FY 2014 Rates
84-11	2014	FY 2015 Rates
84-12	2015	FY 2016 Rates
84-13	2016	FY 2017 Rates
Holliston, MA		
87-03	2006	Updates/review
87-04	2010	Update/review

Ayer, MA

89-04 2007 2007/8 Rates

89-05 2008 W/S Connection Fees

Pare Engineering

91-02 2008 Smithfield RI Rates

91-03 E. Smithfield RI – Rate Structure for merger

Dedham Westwood Water District

92-03 Customer Complaint

PB Consult

94-03 2006 WASA 94-04 2007 WASA 94-05 2007 WASA

Duxbury, MA

96-02 2006 Rate Update

Weston & Sampson

100-03 2010 Abington-Rockland 100-04 2013 Makepeace Corp

Adler Pollock & Sheehan

106-01 2006 Woonsocket Rates

Holden, MA

107-01 2006 Misc Fees

107-02 2015 Lawsuit v. Worcester – Sewer Rates

Winchester, MA

108-01 2006 Water & Sewer Rates

Westford, MA

109-01 2006 System Development Charge Abbot Mills

109-02 2007 Water Rates

 109-03
 2007
 JPI – SDC challenge

 109-04
 2009
 Water rates for 2010

 109-05
 2011
 Misc work 2011

Valley Water Co. CT

110-01 2006 Rate filing with DPUC

Wilmington, MA

111-01 2006 Water Rates – MWRA

Medford, MA		
112-01	2006	Water & Sewer Rates
112-02	2009	Ph 2
112-03	2012	Tiered Rates
Coventry DI		
Coventry RI 114-01	2006	Cower Dates/Assessments
114-01	2006 2007	Sewer Rates/Assessments Bond Certificate 2007
114-02	2007	Bond Certificate 2007 Bond Certificate 2009
114-03	2009	Sewer Rates
114-05	2011	Bond Certification 2011
114-06	2011	Sewer Rates
114-07	2012	2012 Sewer Bonds
	20.2	2012 Comor Bende
Middletown, RI		
115-01	2006	WW Contract with Newport
115-02	2006	Bond Certificate 2007
115-03	2007	Bond Certificate 2007B
115-04	2011	Stormwater Utility
115-05	2012	2012 Sewer Bonds
115-06	2013	2013 Sewer Bonds
MaDanald'a LICA	шс	
McDonald's USA 116-01	2007	Charlton Rates
110-01	2007	Chanton Nates
Edmonton Region	nal Custom	er Group
117-01	2007	EPCOR Rates
	2007	EPCOR Rates
Carver, MA		
	2007	EPCOR Rates Water District Finance
<u>Carver, MA</u> 118-01		
Carver, MA 118-01 Portsmouth, NH	2007	Water District Finance
<u>Carver, MA</u> 118-01		
Carver, MA 118-01 Portsmouth, NH 119-01	2007	Water District Finance
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water	2007 2007 <u>District</u>	Water District Finance Impact Fee Consulting
Carver, MA 118-01 Portsmouth, NH 119-01	2007	Water District Finance
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water	2007 2007 <u>District</u>	Water District Finance Impact Fee Consulting
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01	2007 2007 <u>District</u>	Water District Finance Impact Fee Consulting
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01	2007 2007 District 2007	Water District Finance Impact Fee Consulting Water rates
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En	2007 2007 District 2007 2007 gineers	Water District Finance Impact Fee Consulting Water rates Cost of Service
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01	2007 2007 District 2007 2007 gineers 2008	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01 122-02	2007 2007 District 2007 2007 2007 gineers 2008 2009	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan Boothbay Water Dist
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01	2007 2007 District 2007 2007 gineers 2008	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan
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Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01 122-02 122-03	2007 2007 District 2007 2007 2007 gineers 2008 2009 2009	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan Boothbay Water Dist
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01 122-02 122-03 Underwood Engin 125-01 Meredith, NH	2007 2007 District 2007 2007 gineers 2008 2009 2009 neers, Inc.	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan Boothbay Water Dist Kittery Maine
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01 122-02 122-03 Underwood Engin 125-01 Meredith, NH 126-01	2007 2007 District 2007 2007 2007 gineers 2008 2009 2009 neers, Inc. 2008	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan Boothbay Water Dist Kittery Maine General Consulting Sewer model
Carver, MA 118-01 Portsmouth, NH 119-01 Sandwich Water 120-01 KKWWD, ME 121-01 Wright Pierce En 122-01 122-02 122-03 Underwood Engin 125-01 Meredith, NH	2007 2007 District 2007 2007 2007 gineers 2008 2009 2009 neers, Inc. 2008	Water District Finance Impact Fee Consulting Water rates Cost of Service KCWA IFR Plan Boothbay Water Dist Kittery Maine General Consulting

Nashua, NH

127-01 2008 Sewer Model

Newmarket, NH

128-01 2008 Water & Sewer Rates

Maine Water Company (Aqua)

 129-01
 2008
 Camden Rockland

 129-02
 2010
 Camden Rockland

 129-03
 2014
 Biddeford Saco

Medway MA

130-01 2008 Sewer Rates/Betterments

Spencer, MA

131-01 2008 Water Rates

Startex-Jackson-Wellford-Duncan Water District SC

132-01 2008 Rate Review

Fairfax Country Water Authority

133-01 2009 Falls Church Litigation Support

<u>Orono – Veazie Water District Maine</u>

134-01 2009 Rate Study

North East MD - Venable LLP

135-01 2009 Expert Witness – Water Rates

Denver Water

136-01 2009 Arvada Litigation

East Bridgewater, MA

137-01 2010 Connection Fees Water Rates

Milford Water Company

138-01 2010 Hopedale Litigation

Woodard & Curran

139-01 2010 Peterborough NH – sewer rates

Walpole, MA

140-01
 140-02
 2010
 Litigation – Connection Fees
 Connection Fee Update

East Northfield Water Company

141-01 2011 Water Rate Filing

Ashland, MA

142-01 2011 Water & Sewer Rates Part 1

Waltham, MA

143-01 2011 Revenue Projections

Aquarion Water - Mystic

144-01 2011 Wholesale/Contract Rates with Groton Utilities

Millbury, MA

145-01 2011 Rates

Templeton, MA

146-01 Sewer Assessments

146-02 2012 Sewer Rates/Assessment

Fairfax County

147-01 2012 Rate Reviews

Whitinsville Water Co.

148-01 2012 Private Fire Charges

Artesian Water Co. v. Chester Water Authority

149-01 2012 Arbitration

Newton, MA

150-01 2012 water & sewer rates

Krause Kalfayan Benink & Slavens

151-01 2013 Petaluma sewer/stormwater

Greenville Water District

152-02 2013 Water Rates 2013

Bethel, CT

153-01 2010 Bethel CT rates 2010 153-02 2013 Sale to Aquarion 153-03 2014 Water Rates 2014

Grafton Water District (MA)

154-01 2013 Solar Power Contract

Metropolitan Water District of SC

155-01 2013 San Diego County Water Auth Litig

Westlake, OH

156-01 2013 Litigation with Cleveland over water

Kalamazoo Regional Water & Wastewater Commission

157-01 2014 Litigation – Kalamazoo

Salisbury, MA

158-01 2014 Sewer Rates

Lakes Region (NH) Water Co.

159-01 2014 Wholesale Water Rates NHPUC

Pennichuck Water Co

160-01 2014 COSS for Tyngsborough 160-02 2015 COSS for Hudson/PEU

Stonehill College

161-01 2014 Water Rates from Brockton

Horsley Witten Group, Inc

162-01 2014 N. Smithfied RI Sewer Assessments

Bristol County Water Authority

163-01 2015 Intervene Providence Water

Moosehead Sanitary District, ME

164-01 2015 Litigation Support

Livermore Falls Water District, ME

165-01 2016 COS

Docket No.: 4595

In Re: City of Newport, Utilities Department, Water Division
Portsmouth Water & Fire District's
Responses to Newport Water's Third Set of Data Requests
Issued June 24, 2016

Newport Water 3-2 Page 1 of 3

Request:

Please provide the following publications and presentations authored or prepared by Mr. Woodcock:

- a. "Allocating Costs and Alternative Rate Structures", Small Systems Rates and Revenue Seminar, New England Water Association, March 7, 1991.
- b. "Introduction to AWWA Alternative Water Rates Manual", AWWA Convention, Philadelphia, PA, June 23, 1991.
- c. "Alternative Water Rate Structures", CT Section AWWA Annual Meeting, May 22, 1992.
- d. Emerging Trends in Water Rates", Presentation to AWWA Rocky Mountain Section, November 4, 1992.
- e. Presentation on Rate Structure Alternatives, AWWA National Convention, New York, NY, June 19, 1994.
- f. "Rate Design Alternatives and Innovations", New England Water Works Association Seminar – Water Rates Committee, December 4, 1996, October 30, 1997, and April 29, 1998.
- g. Considerations in Water & Wastewater Tariff Design, presented to conference in Johannesburg, South Africa, May 18-22, 1998.
- h. "Developing Rate Structures", Maine Water Utilities Association, February 1999.
- i. "New Challenges in Water Utility Rate Making", New England Water Works Association Meeting, May 11, 1999.
- j. "Setting New Rates", Maine Water Utility Symposium, Portland, Maine, May 10, 2000.
- k. AWWA's New Super Manual on Rate Setting, AWWA National Convention, Denver, CO, June 2000.
- l. "Rates & Charges in the Legal Environment", AWWA National Convention, New Orleans, June 2002.

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In Re: City of Newport, Utilities Department, Water Division Portsmouth Water & Fire District's Responses to Newport Water's Third Set of Data Requests Issued June 24, 2016

Newport Water 3-2 Page 2 of 3

- m. Water Rates for Small Systems, Seminar at AWWA National Convention, Anaheim, CA, June 2003.
- n. <u>"Water Rates, Fees and The Legal Environment"</u>, contributing author, April 2005, American Water Works Association, Denver CO.
- o. New England Water Works Association as Teacher/Seminar Presenter, Water Utility Ratemaking, 1997 present.
- p. "New Concepts in Utility Rate Adjustments", Atlantic States Rural Water & Wastewater Association, Warwick RI, March 29, 2006.
- q. "New Concepts in Utility Rate Adjustments", Atlantic States Rural Water & Wastewater Association, Burriville RI, April 26, 2006.
- r. "Setting Rates in a Tough Economy" AWWA Worldwide Webcast, May 13, 2009.
- s. "Setting Rates in a Tough Economy" AWWA Worldwide Webcast, May 13, 2009.

Response:

Mr. Woodcock has conducted a reasonable search for the publications and presentations listed in this request. He has been able to locate and produce some of them, but others either no longer exist, are unavailable, or Mr. Woodcock has located only electronic versions in older formats that he is no longer able to access and open. For those that Mr. Woodcock was able to locate and print, they are attached. For those that Mr. Woodcock has located, but was unable to open, PWFD has provided electronic files. Additionally, some of the items requested may have been presentations that did not have associated documents. Specific responses to each document requested are set forth below.

- a. No documents located and/or available.
- b. No documents located and/or available.
- c. No documents located and/or available.
- d. Electronic file produced; unable to open.

Docket No.: 4595

In Re: City of Newport, Utilities Department, Water Division Portsmouth Water & Fire District's

Responses to Newport Water's Third Set of Data Requests

Issued June 24, 2016

Newport Water 3-2 Page 3 of 3

- e. Electronic file produced; unable to open.
- f. Electronic file produced; unable to open.
- g. No documents located and/or available.
- h. No documents located and/or available.
- i. No documents located and/or available.
- j. Copy attached.
- k. No documents located and/or available.
- 1. No documents located and/or available.
- m. No documents located and/or available.
- n. This document is a book that cannot be copied, but it is available at the AWWA website (awwa.org).
- o. No documents located and/or available.
- p. Copy attached.
- q. Copy attached (same as p.).
- r. No documents located and/or available.
- s. No documents located and/or available (same as r.).

55863655 (38210.167824)

NEW CONCEPTS IN UTILITY RATE ADJUSTMENTS

ASRWWA
March 2006
Warwick RI

Christopher Woodcock WOODCOCK & ASSOCIATES, INC.

Why Have New Concepts and Alternative Rate Designs Grown?

- As Cost of Water Has Increased the Focus on Rates and Charges has Increased
- More Consumer Involvement
- Increase in Use of Alternative or Innovative Rate Structures
- AWWA Manual M34 Alternative Rates
- Alternatives Now Included in M1 Rate Manual



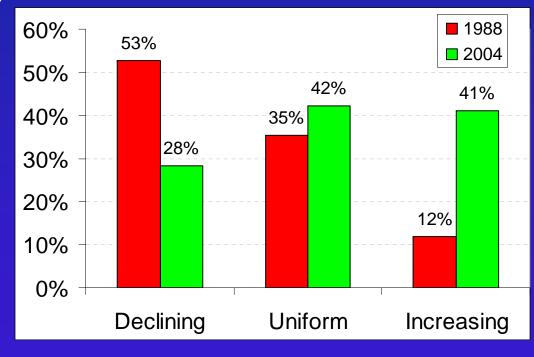
What Are Some of the Newer or Alternative Rates?

- Not so new in New England
 - Uniform Charges
 - Increasing Blocks
- Newer to New England
 - Seasonal
 - Rates by Class
 - Life-Line
 - Economic Development
 - Off-Peak or Interruptible
 - Marginal Cost



WHAT IS THE TREND WITH RATE STRUCTURES?

- Declining Block Rates WereOnce Most Prevalent
- Still Presented in AWWA Manual M1 but now as an alternative
- Illegal or Discouraged in Many States



MORE TRENDS

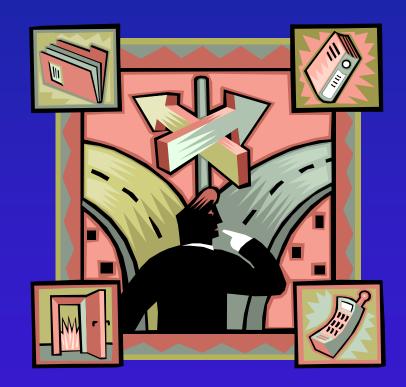
- Seasonal Rates
 - In 1988 Survey 4% had seasonal rates
 - In 2004 Survey 14% had seasonal rates
- Life-line Rates
 - In 2004 Survey: 15% have low income discounts, and 16 had low volume discounts





WHAT'S BEST FOR ME?

- Examine Community Goals
- Examine Utility Goals
- Design Rates to Meet those Goals
- Goals Often are Conflicting
 - Community vs. Utility
 - Equity vs. Affordability
 - Conservation vs.Revenue Stability



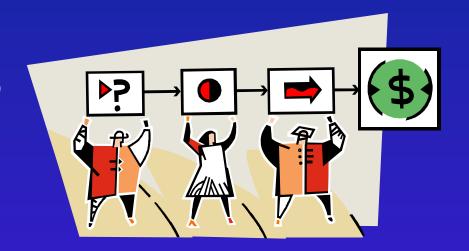
CRITERIA

- Affordability
- Equity
- Simplicity
- Revenue Stability
- Tradition
- "Public Policy"
- Administration
 - Conservation
 - Economic Development



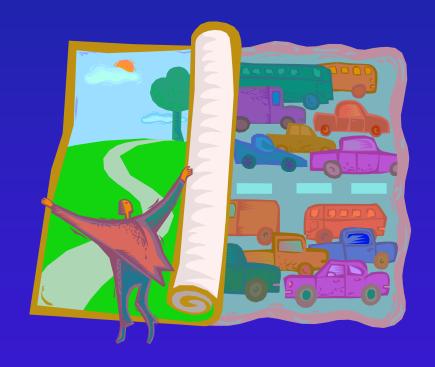
"FINANCING IDEAS"

- Privatization –"Public/Private Partnership
- Foreign Investment
- Indexed Rate Increases
- More Frequent Increases
- Reserves
- Development Charges



DEVEOPMENT CHARGES

- Impact Fees, Connection Charges, System Development Fee
- Growth Pays For Growth
- RI Title 45 (Chapter 45-22)
- Court Challenges



INCREASING BLOCK RATES

- Typically Used to Encourage WaterConservation Summer Outdoor Use
- Best to do Rates by Class
 - Can encourage wasteful use if done incorrectly
 - Where blocks set is critical
 - Need frequent billing



EXAMPLE OF INCREASING BLOCK RATE IMPACTS

Monthly Water Use

gal/month	gal/day
1,000	32
2,000	65
4,000	129
6,000	194
8,000	258
10,000	323

Monthly Water Bill

Uniform	Incr. Block
\$13.04	\$11.90
\$16.18	\$13.89
\$22.46	\$17.89
\$28.74	\$29.50
\$35.02	\$41.11
\$41.30	\$52.72

LIFE-LINE RATES

- Criteria
 - Should be Income Based (not age)
 - Only Provide Sanitary Use Do Not Promote Waste
- Use Others to Determine Eligibility
 - Electric, gas, phone bill
 - LIHEAP, SSI
- Can Adjust
 - Metered Rate
 - Service Charge
- Typically Small Financial Impact



SEASONAL RATES

- Irrigation demands typically cause system peaks – most expensive water to provide
- Discretionary Use?
- Need good summer billing period – monthly billing
- All use at higher rate or excess use?



QUESTIONS?



SETTING WATER RATES



Maine Water Utility Symposium
Portland, Maine
May 10, 2000

Christopher Woodcock
Woodcock & Associates, Inc.
Wayland, Massachusetts



What Does the Future Hold?

- Costs Will Go Up
 Faster Than Inflation
- ConsumerInvolvement WillIncrease
- Affordability Will Become Bigger Issue
- Alternative Rates &Fees





Municipal Charges

- Meter & ChargeMunicipal Buildings
- Charge For Services
 - ◆ Sewer Billing
 - **♦** Backhoe
- Public Fire Protection





Unbundling Charges

- More Demands for Specific Services
- Offer "Free" or Charge Individual?
 - ◆ Special Meter Reads
 - ◆ Meter Set/Test
 - **♦** Leak Detection
 - ◆ Seasonal Turn-On/Off
 - **♦** Late Payment
 - **♦** Connection Fee



What is the Future of Water Rates?

- Block Rates
- Affordability
- Fixed Charges
- Economic Development or Retention
- Class Rates
- Conservation Rates





Rate Structures Trends

- More Frequent Billing
- Seasonal Rates
- Declining Blocks
 - ◆ No Longer Most Prevalent
 - ◆ Illegal in MA, RI, discouraged in others
- Inclining Block Rates



** Why Affordability is Important to Utilities

- Increased Costs -->Slower Payments
- Growing Receivables
- Increased Collection Costs
 - ◆ Disconnect Notices
 - ◆ Termination Proceedings
 - ◆ Turn-on Turn-off Costs
- Low Income or Life-line Rates





What is Affordable?

- SDWA: 2% Median Income
- USDA: 1.5% of Median Income
- AWWARF Manual:2% for Lower Income





Easy Low Income Rates

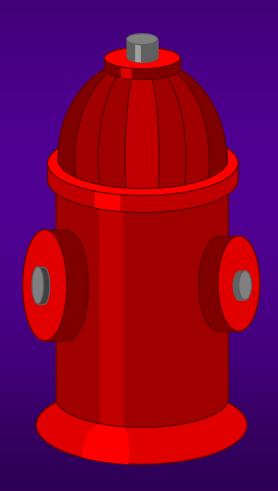
- Reduce Fixed or UsePortion of Bill or Both
- Base Eligibility on Income -- NOT Age
- Use Others to Verify
 - ♦ Electric
 - ♦ Gas
 - ◆ Phone





Fixed Charges

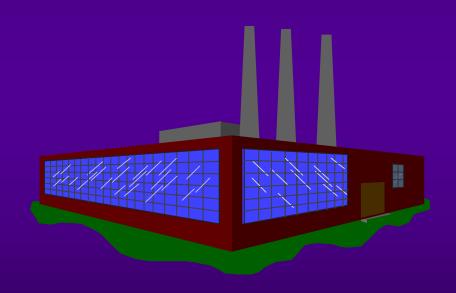
- Fixed Costs for Water Are High
- Predictable Revenues
- Minimum Charges -->Service Charges
- Capacity --> Fire Protection Charges





Economic Development or Retention Rates

- Using Water Rates to Further Public Policy & Goals
- Availability vs. Cost
- Who Pays For Subsidy? Who Benefits?
- ◆ Term of Reduction
- Guarantees





Rates By Customer Class

- Historic: One Rate
 Schedule for all Classes
- Emerging: Separate Rates for Each Class
 - ◆ Residential, Commercial, Industrial
- Allows Rates to Be Tailored for Different Uses

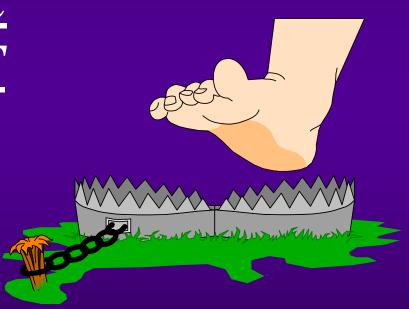






Conservation Rates

Increasing Block
Rates Are NOT
Necessarily
Conservation
Rates





Conservation Rates

- Rates Should TargetSpecific Uses
- Price Elasticity of Water
- Non-essential vs.Essential Water Use
- Seasonal Conservation (Supply) or Peak Reduction





Types of Conservation Rates

- Seasonal
- ◆ Increasing Block BY CLASS
- Second Water Meter Rate
- Goal Based Rates





Where's The Gold?

- No Easy Answer
- Be Aware of Emerging Solutions
- Know Your Costs
- Know YourCustomers

