

**Tualatin Valley Water District**  
Delivering The Best Water • Service • Value

**Rate Advisory  
Committee Meeting**  
October 5, 2016



**Presented by:**  
HDR Engineering, Inc.



## Overview of Tonight's Presentation

- **Affordability**
  - Review the various programs available to TVWD to address affordability
  - **Key question:** Should TVWD augment its customer assistance program and rates to better address the issue of affordability?
- **Introduction of Topics for Next RAC Meeting**
  - Hydrant Fees
  - Multi-Year Rate Adjustments
  - Common Service Consolidation

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## Issue 1 – Review of Affordability

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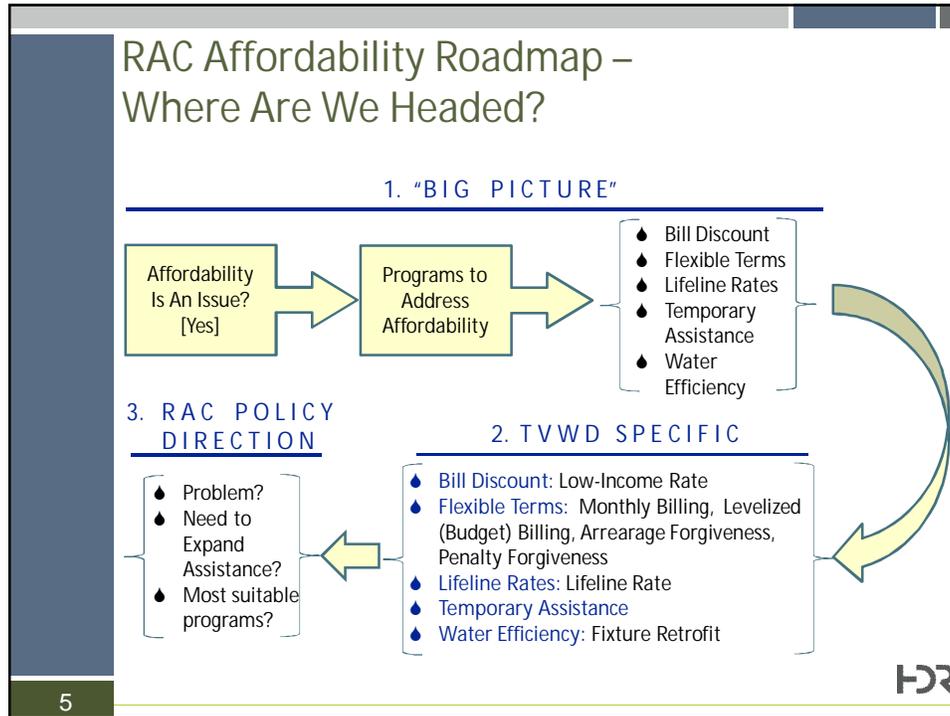


## Review of the Last RAC Meeting - Affordability

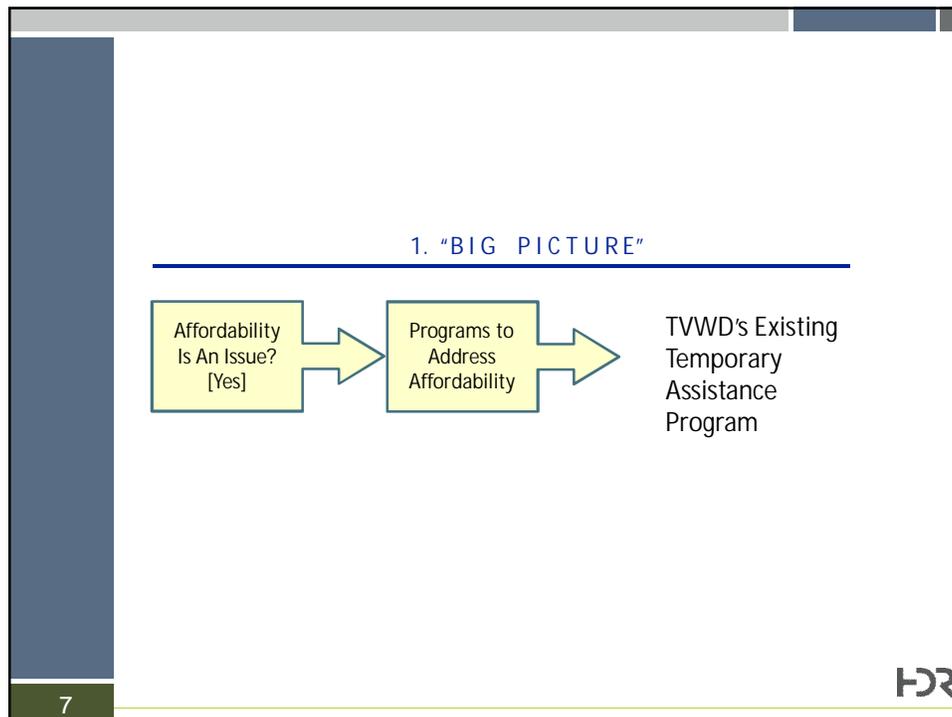
- Reviewed the national perspective on affordability
  - Defining affordability – median household income
- Reviewed TVWD's specific service area
  - RAC concluded that TVWD likely has a segment of its customers with affordability issues
- Reviewed different categories of assistance programs
  - Bill discount
  - Flexible terms
  - Lifeline rates
  - Temporary assistance
  - Water efficiency

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- ## Policy Direction Requested from the RAC on the Issue of Affordability
- Based Upon What You Know and Understand Today:
1. Is affordability an issue at TVWD – now or in the future?
  2. Should TVWD continue its current policy of addressing affordability?
  3. TVWD’s current customer emergency assistance program (CEAP) – adequate or need to be modified?
  4. Should TVWD explore other customer assistance programs? Yes or No – If yes, which specific programs?
    - a. Bill discount
    - b. Flexible terms
    - c. Lifeline rates
    - d. Temporary assistance
    - e. Water efficiency
- HDR**
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### TVWD's Current Assistance Program: Customer Emergency Assistance Program (CEAP)

- Designed to provide financial relief to qualified customers in need (assisted 170 customers last year)
  - Credit is applied directly to customer's bill
  - Customer may request assistance; TVWD directs customer to "Care to Share" for qualification screening and intake. Qualification requires:
    - TVWD customer for at least 6 months
    - Face an impending shut-off
    - Make a partial payment (if bill > \$100)
    - Not received CEAP assistance in the last year
    - Maximum assistance = \$100; Typical distribution = \$65 to water and \$35 to CWS portions of the bill
- Funding primarily comes from donations

## 2. TVWD SPECIFIC

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- ◆ **Bill Discount:** Low-Income Rate
- ◆ **Flexible Terms:** Monthly billing, Levelized (Budget) Billing, Arrearage Forgiveness, Penalty Forgiveness
- ◆ **Lifeline Rates:** Lifeline Rate
- ◆ **Temporary Assistance**
- ◆ **Water Efficiency:** Fixture Retrofit

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## Bill Discount



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# 1. Bill Discount: Low-Income Rate

Bill Discount – Low-Income Rate	
Discounted rate for a qualifying customer.	
TVWD Specific – TVWD would establish a separate and distinct rate for a low-income qualifying customer. A criteria and mechanism to qualify customers would need to be determined and established.	
<p>Opportunities –</p> <ul style="list-style-type: none"> <li>• “Shrinks the bill” on a continuous basis.</li> <li>• Creates a “true” discounted and more affordable bill.</li> </ul> <p>Challenges –</p> <ul style="list-style-type: none"> <li>• Administering and qualifying customers.</li> <li>• Cost of the program.</li> </ul>	<p>Considerations –</p> <ul style="list-style-type: none"> <li>• Need to determine qualification criteria and method to screen and qualify applicants.</li> <li>• Level of discount to be provided (rate components and level of discount).</li> <li>• Billing system issues should be minimal.</li> </ul>



# 1. Bill Discount: Low-Income Rate (cont.)

Bill Discount – Low-Income Rate	
Discounted rate for a qualifying customer.	
<p>Administrative Considerations</p> <ul style="list-style-type: none"> <li>• Qualification screening can be provided internally or externally; use an existing qualification standard (e.g. show proof of low-income rate qualification from another utility).</li> <li>• Addition of a new rate schedule.</li> </ul>	
<p>Estimated Program Cost</p> <ul style="list-style-type: none"> <li>• Administration (if internal qualification) – Estimated at \$10/customer or \$30,000</li> <li>• Subsidy/Discount – Estimated annual cost ≈ \$220,000; \$0.30/month impact to all District customers<sup>[1]</sup></li> </ul>	
<p>Targeted Group</p> <ul style="list-style-type: none"> <li>• Qualifying low-income customers (estimated – 5% of residential customers ≈ 2,900 customers)</li> <li>• Other? Disabled – Estimated number of qualifying customers is unknown, but likely minimal.</li> </ul>	
<p>Other Considerations</p> <ul style="list-style-type: none"> <li>• Provides direct assistance to low-income customers, but all qualified customers may not apply for assistance.</li> </ul>	



## Policy Decisions Needed for a Low-Income Rate

- Low income rate is a discounted rate for “qualifying” customers
  - May be a separate rate or a discount on an existing rate
- To implement a low-income rate, a number of key policy decisions are required
  - Qualification criteria
  - Administration/Screening
  - Other qualified customers (e.g. disabled)
  - Rate structure
  - Level of the discount
  - Administrative and subsidy costs

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## Low-Income Rate: Qualification Criteria

- TVWD can establish their own criteria to qualify eligible customers or TVWD can use an already established low-income criteria (e.g. PGE qualifying criteria)
- Qualifying generally is based upon household income and size of the family unit (See next slide for example)

HDR's Preferred Approach to Low-Income Rate - Qualification  
Utilize an existing qualification criteria (e.g. PGE – LIHEAP/OEAP)  
as the screening criteria to qualify customers for  
a low-income rate.

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## Example of Qualifying Income Guidelines

PGE 2016 Income Guidelines for LIHEAP<sup>[1]</sup> and OEAP<sup>[2]</sup> (eff., October 1, 2015)

Size of Family Unit	Gross Annual Income	Gross Monthly Income
1	\$21,933	\$1,827.75
2	28,681	2,390.08
3	35,429	2,952.42
4	42,177	3,514.75
5	48,926	4,077.17
6	55,674	4,639.50
7	56,939	4,744.92
8	58,205	4,850.42
9	59,470	4,955.83
10	60,735	5,061.25
11	62,001	5,166.75
12	63,266	5,272.17
Each Add'l Member	1,265	105.44

[1] – LIHEAP – Low-Income Home Energy Assistance Program  
 [2] – OEAP – Oregon Energy Assistance Program



## Low-Income Rate: Administration/Screening

- Administration and screening may be dependent upon the qualification criteria used
  - Proof of income – Utilize an outside agency
  - Accept screening from another organization – administer internally (i.e., TVWD)
- Not a perfect approach since some customers may not pay a utility bill to another organization

HDR's Preferred Approach to Low-Income Rate - Administration  
 Use of an existing criteria and proof from another organization, then TVWD should administer in-house. Otherwise, use an outside organization to screen and qualify applicants.



## Low-Income Rate: Other Qualifying Customers

- Focus is on low-income, but many programs qualify other customers – most commonly disabled customers
  - Qualification can be as simple as showing disabled parking placard
- Senior citizens sometimes included but age as a sole criteria does not imply or indicate affordability issues

HDR's Preferred Approach to Low-Income Rate –  
Other Qualifying Customers

TVWD should include disabled customers in the low-income rate (i.e. low-income/disabled rate). A senior citizen (over a specific age) is not sufficient qualifying criteria.

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## Low-Income Rate: Rate Structure

- Rate can be either:
  - Separate and distinct structure (rate schedule)
  - Existing structure in which a discount is provided
- Advantages/disadvantages to each approach
  - A separate rate would clearly identify that TVWD has a low-income/disabled rate, while providing TVWD with greater flexibility in how the discount is provided

HDR's Preferred Approach to Low-Income Rate – Rate Structure

TVWD should establish a separate and distinct rate to clearly communicate the program, but also provide the Commissioner's greater flexibility to discount different components of the rate. The low-income/disabled rate structure should be the same as the existing residential rate structure with discounted rates (prices).

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## Low-Income Rate: Level of the Discount

- Method used to discount the rate and level of discount provided is a matter of policy
- Methods include:
  - Discounted meter (fixed) charge
  - Discounted consumption charge (1<sup>st</sup> tier only)
  - Discounted consumption charge (1<sup>st</sup> and 2<sup>nd</sup> tier)
  - Discount all components of the rate
- When poorly designed, criticisms include:
  - Discourages conservation and efficient use
  - Provides different levels of benefit to qualifying customers
- HDR suggests a discounted fixed charge



## Low-Income Rate: Level of the Discount

Comparison of Different Methods for Providing Discounted Rates			
Discount Approach	Amount of Discount	Revised Typical Monthly Bill	% Bill Discount
Discount of Fixed Charge <sup>[1]</sup>			
0%	\$0.00/Month	\$40.71	0%
50%	6.15/Month	34.56	15%
100%	12.29/Month	28.42	30%
Discount 1 <sup>st</sup> Pricing Block <sup>[2]</sup>			
20%	\$0.81/CCF = \$5.67/month	\$35.04	14%
30%	1.22/CCF = \$8.54/month	32.17	21%
40%	1.62/CCF = \$11.34/month	29.37	28%
Discount Both Pricing Blocks <sup>[2]</sup>			
20%	\$0.81/CCF = \$5.67/month	\$35.04	14%
30%	1.22/CCF = \$8.54/month	32.17	21%
40%	1.62/CCF = \$11.34/month	29.37	28%
Fixed % Discount on Bill			
10%	\$4.07/month	\$36.64	10%
20%	8.14/month	32.57	20%
30%	12.21/month	28.50	30%

[1] – Assumes a 5/8" meter; 2017 bi-monthly rate of \$24.58/bi-month or \$12.29/month

[2] – Calculation of savings on a typical monthly bill assumes a 5/8" meter and 7 CCF/month of usage



## Low-Income Rate: Level of the Discount

- Using median household income (MHI) to establish the level or amount of discount (family of three)

Analysis of Affordability Thresholds (\$/Month)			
Income Level	1.0%	1.5%	2.0%
Annual Income = \$35,429	\$29.53	\$44.29	\$59.05

- 1.0% seemed to conservative; Mid-point between 1.0% and 1.5% is \$36.91 or a 9% discount

### HDR's Preferred Approach to Low-Income Rate – Level of Discount

Of the options reviewed, discounting of the fixed charge seems most appropriate at this time. The use of the initial 50% discount on the fixed charge also seems to be a reasonable starting point for the program.

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## Low-Income Rate: Administrative and Subsidy Costs

- Two areas – administrative costs and subsidy costs
  - Administrative costs and rate discount must be recovered to make the utility financially whole
  - Subsidy – assuming 3,000 qualifying customers, and a \$6.15/month (50%) discount, the revenue impact would be approximately \$220,000 per year
    - The meter charge could be adjusted by approximately \$0.30/month to recover this cost from all customers.
- Program appears to be administratively and financially feasible

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# Flexible Terms



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## 2a. Flexible Terms: Monthly Billing

TVWD currently bills the majority of their customers on a bi-monthly basis

Flexible Terms – Monthly Billing	
Helps TVWD customers stay current with bills by changing the frequency of billing.	
TVWD Specific – TVWD would move from bi-monthly billing (i.e., every two months) to monthly billing.	
<p>Opportunities –</p> <ul style="list-style-type: none"> <li>Bills may be more “manageable” for customers when billed monthly.</li> <li>Ability for customer to understand usage on a more frequent basis.</li> <li>Ability for TVWD to intervene sooner when customers have payment issues.</li> </ul> <p>Challenges –</p> <ul style="list-style-type: none"> <li>Potential for increased customer service interactions – doubling the amount of bills sent out.</li> <li>Combined billing with wastewater.</li> </ul>	<p>Considerations –</p> <ul style="list-style-type: none"> <li>Increased meter reading costs to move to monthly billing, or TVWD will need to estimate usage between billings.</li> <li>Increased costs to process and send out bills.</li> <li>Revenue neutral – no change in the customer’s bill, just the frequency of billing.</li> <li>Approximately 67% of surveyed utilities<sup>[1]</sup> across the U.S. bill residential customers on a monthly basis.</li> <li>Billing system issues should be minimal.</li> <li>Need for coordination with Clean Water Services.</li> </ul>

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## 2a. Flexible Terms: Monthly Billing (cont.)

Flexible Terms – Monthly Billing
Helps TVWD customers stay current with bills by changing the frequency of billing.
<b>Administrative Considerations</b> <ul style="list-style-type: none"> <li>No qualification or screening of customers</li> <li>No changes in rates, rate structures or billing procedures</li> </ul>
<b>Estimated Program Cost</b> <ul style="list-style-type: none"> <li>Additional costs for billing and postage; potential additional costs if meters are read monthly.</li> </ul>
<b>Targeted Group</b> <ul style="list-style-type: none"> <li>All customers, residential in particular</li> </ul>
<b>Other Considerations</b> <ul style="list-style-type: none"> <li>None</li> </ul>

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## 2a. Flexible Terms: Monthly Billing (cont.)

- Not as complicated as a low-income rate
  - Some internal administrative issues
  - Coordination with Clean Water?
  - Monthly vs. bi-monthly meter reading

**HDR's Preferred Approach to Monthly Billing**

Even with a discounted rate, movement to monthly billing is a low-cost alternative that will benefit and help all customers manage their utility payments.

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## 2b. Flexible Terms: Levelized Billing

Flexible Terms – Budget (Levelized) Billing	
Helps TVWD customer's budget for their bills by establishing a levelized bill.	
TVWD Specific – TVWD would create individualized levelized billing for a customer requesting this billing option.	
<p>Opportunities –</p> <ul style="list-style-type: none"> <li>• Bills may be more “manageable” for customers when they can expect the same bill.</li> <li>• Bills may be more “manageable” when summer peak billings are levelized out.</li> </ul> <p>Challenges –</p> <ul style="list-style-type: none"> <li>• Higher winter (low-use) period bills.</li> </ul>	<p>Considerations –</p> <ul style="list-style-type: none"> <li>• Billing system modifications needed?</li> <li>• Outreach needed to have customers opt-into the program</li> <li>• Revenue neutral – no change in the customer's total annual bill; only the amount of the monthly bill is levelized.</li> <li>• Customers' bills need to be “true-up” at the end of the year.</li> <li>• Reduces the price signal for conservation.</li> <li>• Absent a price signal, will customers manage their usage during the year?</li> </ul>

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## 2b. Flexible Terms: Levelized Billing (cont.)

Flexible Terms – Budget (Levelized) Billing
Helps TVWD customer's budget for their bills by establishing a levelized bill.
<p>Administrative Considerations</p> <ul style="list-style-type: none"> <li>• No qualification or screening of customers</li> <li>• No changes in rates, rate structures or billing procedures</li> <li>• Customers will need to “opt-in” and have one year of consumption history</li> <li>• Meters still read on a routine basis; annual true-up required</li> </ul>
<p>Estimated Program Cost</p> <ul style="list-style-type: none"> <li>• Potential additional costs for changing the District's billing system</li> </ul>
<p>Targeted Group</p> <ul style="list-style-type: none"> <li>• All residential customers</li> </ul>
<p>Other Considerations</p> <ul style="list-style-type: none"> <li>• Not well targeted to provide assistance to low-income customers</li> </ul>

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## 2b. Flexible Terms: Levelized Billing (cont.)

- Appears to be more of a convenience of equal billings
  - Unclear about the level of participation
  - Limited impact to the low-income customers needing assistance

HDR's Preferred Approach to Levelized Billing Program seems to have limited value to TVWD and the customer groups needing the most assistance. HDR concludes that this program should not be pursued at this time.

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## 2c. Flexible Terms: Arrearage Forgiveness

Flexible Terms – Arrearage Forgiveness	
Forgives all or a portion of past due payments for low-income/qualifying customers.	
TVWD Specific – TVWD would need to create a policy criteria and approach for past due payment forgiveness.	
<p>Opportunities –</p> <ul style="list-style-type: none"> <li>Help customers resolve past due bills.</li> </ul> <p>Challenges –</p> <ul style="list-style-type: none"> <li>Who qualifies and how much financial aid is provided?</li> </ul>	<p>Considerations –</p> <ul style="list-style-type: none"> <li>Must be a past due bill – not a current bill.</li> <li>Will customers not pay their bill, presuming they will receive arrearage forgiveness at some point?</li> <li>Not a “comfortable” role/decision for the District or its staff.</li> </ul>
<p>Administrative Considerations</p> <ul style="list-style-type: none"> <li>Customers receiving arrearage forgiveness must be screened for qualification</li> </ul>	
<p>Estimated Program Cost</p> <ul style="list-style-type: none"> <li>Unknown, absent screening criteria or level of potential forgiveness</li> </ul>	
<p>Targeted Group</p> <ul style="list-style-type: none"> <li>Low-income residential customers only</li> </ul>	
<p>Other Considerations</p> <ul style="list-style-type: none"> <li>TVWD currently has crisis assistance available; customers can use this avenue to address past due bills</li> </ul>	

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## 2c. Flexible Terms: Arrearage Forgiveness (cont.)

- If other affordability programs are pursued and TVWD’s temporary assistance program (CEAP) is maintained or enhanced, should arrearage forgiveness also be pursued?

HDR’s Preferred Approach to Arrearage Forgiveness Program is administratively challenging to determine which customers should qualify for forgiveness. This program should not be pursued if other assistance programs are pursued.

## 2d. Flexible Terms: Penalty Forgiveness

### TVWD’s Current Penalties and Fees

2. Water Service on and off for non-payment	
a. Service on and off, during office hours, Monday through Friday	\$65.00
b. After hours or weekend service on and off (an additional)	\$55.00
c. Broken promise turn off	\$65.00
3. Additional Charges, if necessary, to enforce payment of bill or charges	
a. Removal of Meter	\$115.00
b. Reinstallation of Meter	N/C
c. Installation or removal of locking device – first occurrence	\$65.00
d. Installation or removal of locking device – second occurrence	\$75.00
e. Installation or removal of locking device – third occurrence	\$150 & meter pulled
f. Repair of breakage/damage to locking mechanism (curb stops, etc.)	Parts and Labor
g. Service off water at main or reinstating service	Parts and Labor
h. Check return by bank for non-payment (NSF)	\$25.00
i. Meter tampering and/or using water without authority	\$60.00
j. Penalty for incorrect financial institution account information	\$25.00
First two times no charge. Charge per incident, third time and above	

#### Carrying Charges

Bills issued by TVWD which remain unpaid for over thirty (30) days may be subject to a carrying charge at a rate of 9% per year on the unpaid balance

## 2d. Flexible Terms: Penalty Forgiveness (cont.)

- As a part of TVWD's Resolution 10-16, it notes the following:

### **“Fee Waivers**

*The Chief Executive Officer (CEO) or designee may waive all or a portion of the Other Service Charges & Penalties in Exhibit A if the CEO or designee determines that it is in the equitable and best interest of the District considering the particular circumstances involved in each case.”*

### HDR's Preferred Approach to Penalty Forgiveness

District already has the ability to waive all or a part of penalties. The District should develop more specific guidelines outlining the types of situations or circumstances that penalties or fees may be forgiven, all or in part.

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## Lifeline Rates



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### 3. Lifeline Rate

Lifeline Rates	
Reduces bill for a set quantity of water on an ongoing basis to allow essential usage.	
<p>Opportunities –</p> <ul style="list-style-type: none"> <li>• Provide a below cost block of water for “essential needs” for all residential customers – broader benefit than just low-income customers.</li> </ul> <p>Challenges –</p> <ul style="list-style-type: none"> <li>• Provides a benefit across all residential customers which can increase the overall cost of the program.</li> <li>• Defining “essential needs”.</li> <li>• Funding the program without adversely impacting other customers.</li> </ul>	<p>Considerations –</p> <ul style="list-style-type: none"> <li>• District’s pricing blocks would need to be segregated between residential and non-residential to allow for an “essential need” block of water for residential customers.</li> <li>• Should all customers, or only residential customers, share in the on-going costs of the program?</li> </ul>

### 3. Lifeline Rate (continued)

Lifeline Rates
Reduces bill for a set quantity of water on an ongoing basis to allow essential usage.
<p>Administrative Considerations</p> <ul style="list-style-type: none"> <li>• No need to “qualify” eligible customers</li> <li>• Need to modify the billing system to handle a lifeline rate</li> </ul>
<p>Estimated Program Cost</p> <ul style="list-style-type: none"> <li>• Minimal program implementation and administrative costs</li> <li>• Estimated level of subsidy = \$3.5 million; Revenue neutral, collected from other customer via higher block prices for remaining usage.</li> </ul>
<p>Targeted Group</p> <ul style="list-style-type: none"> <li>• All residential customers</li> </ul>
<p>Other Considerations</p> <ul style="list-style-type: none"> <li>• Customer’s income or level of need is not considered; trade-off of administration/qualifying of a low-income discounted rate versus a rate structure where all residential customers receive the benefit.</li> </ul>

### 3. Lifeline Rate (continued)

- Defining “Essential Needs”

Analysis of Essential Needs Block Sizes (Per Month)			
Essential Need Gallons Per Capita Per Day	Gallons Per Month (Family of 3) <sup>[1]</sup>	Volume in CCF	Block Size for Lifeline Rate (Month)
15 gpcd	1,350 gallons	1.8 CCF	2 CCF
25 gpcd	2,250 gallons	3.0 CCF	3 CCF
35 gpcd	3,150 gallons	4.2 CCF	4 CCF
45 gpcd	4,050 gallons	5.4 CCF	5 CCF
50 gpcd	4,500 gallons	6.0 CCF	6 CCF

[1] – Assumes a family of three and a 30 day time period

**Lifeline Structure -**

“Essential Needs” Block	0 – 10 CCF (Bi-Monthly)	\$x.xx/CCF
Remaining 1 <sup>st</sup> Block	10.1 – 28 CCF	\$x.xx/CCF
Tail Block	All Usage Over 28 CCF	\$x.xx/CCF



### 3. Lifeline Rate (continued)

- Level of the Lifeline Discount

- To provide a discount similar to the low-income rate (\$6.15/month), the discounted rate for “essential needs” would be \$1.23/CCF
- All residential customers receive this discount
  - Subsidized revenue - \$4.2 million or approximately 9% of total revenue

**HDR’s Preferred Approach to Lifeline Rate**  
 Program does not appear feasible in that approximately 93% of the District’s account are residential and 5 CCF is approximately 2/3 of the typical monthly consumption or the residential consumptive use priced at a discounted rate. This approach may be more feasible if the block threshold is reduced or price is reduced, but in doing so, the key objective of the program is lost.



# Temporary Assistance

Temporary Assistance for Needy Families (TANF)

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## 4. Temporary Assistance

Temporary Assistance	
Reduces bill one time or on a short-term basis to help customers deal with urgent, unexpected hardship.	
<p><b>Opportunities –</b></p> <ul style="list-style-type: none"> <li>Targeted assistance helps customers during their time of greatest need.</li> <li>Partnering with other agencies and organizations can lessen administrative burden.</li> </ul> <p><b>Challenges –</b></p> <ul style="list-style-type: none"> <li>TVWD needs a consistent, long-term source of funding.</li> <li>Can have relatively high administrative costs.</li> </ul>	<p><b>Considerations –</b></p> <ul style="list-style-type: none"> <li>TVWD should partner with an outside organization to screen and qualify recipients of assistance.</li> <li>Build off of, and enhance, existing TVWD assistance program.</li> <li>Even with other forms of assistance, TVWD may want to retain this program.</li> </ul>
<p><b>Administrative Considerations</b></p> <ul style="list-style-type: none"> <li>Need for screening of customers</li> </ul>	
<p><b>Estimated Program Cost</b></p> <ul style="list-style-type: none"> <li>To provide consistent funding inclusion of up to \$220,000/year for funding = \$0.30/month impact to all District customers</li> </ul>	
<p><b>Targeted Group</b></p> <ul style="list-style-type: none"> <li>Low-income residential customers in short or long-term financial distress</li> </ul>	
<p><b>Other Considerations</b></p> <ul style="list-style-type: none"> <li>TVWD currently has crisis assistance available; customers can use this avenue to address past due bills.</li> </ul>	

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## 4. Temporary Assistance (continued)

- TVWD currently has a temporary assistance program in place
  - Beneficial program which lacks consistent funding
  - Similar to low-income rate program, \$220,000 in funding can be obtained from a one-time \$0.30/month increase in TVWD's fixed charges.

**HDR's Preferred Approach to Temporary Assistance**  
Current program appears to be effective and beneficial, but lacks a consistent and steady funding source. Program should be maintained and consistent funding put in place.

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## Water Efficiency



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## 5. Water Efficiency – Fixture Retrofit

Water Efficiency	
Reduces bill by directly implementing water saving measures, such as installing updated low-flow fixtures.	
<p><b>Opportunities –</b></p> <ul style="list-style-type: none"> <li>• Opportunity to directly lower consumptive use.</li> <li>• Can be a long-term solution for lowering bills by reducing consumption use.</li> <li>• Opportunity for TVWD to partner with local business community (vendors and installers).</li> </ul> <p><b>Challenges –</b></p> <ul style="list-style-type: none"> <li>• Need to review individual households to determine need and best use of limited funding.</li> <li>• Need to establish limitation of amount of financial aid provided per household.</li> <li>• May require professional installation of certain water saving devices (e.g. toilets).</li> </ul>	<p><b>Considerations –</b></p> <ul style="list-style-type: none"> <li>• TVWD currently has a conservation rebate program.</li> <li>• Need to define basis for qualification for financial assistance.</li> <li>• High capital investment with limited impact to the targeted group.</li> <li>• Relatively inefficient means of providing financial assistance.</li> <li>• Available only to low-income homeowners or also available to low-income renters?</li> </ul>

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## 5. Water Efficiency – Fixture Retrofit (cont.)

Water Efficiency
Reduces bill by directly implementing water saving measures, such as installing updated low-flow fixtures.
<p><b>Administrative Considerations</b></p> <ul style="list-style-type: none"> <li>• Need screening for qualification and level of assistance;               <ol style="list-style-type: none"> <li>1. Screen for income qualification or any other criteria, and</li> <li>2. Audit to review the household needs.</li> </ol> </li> </ul>
<p><b>Estimated Program Cost</b></p> <ul style="list-style-type: none"> <li>• Unknown depends upon level of participation               <ul style="list-style-type: none"> <li>✓ Administrative Cost estimated at \$100/retrofit; screening and audit</li> <li>✓ Estimated cost for two toilet retrofits - \$500 (2 toilets @ \$200 each) + \$100 contractor installation cost</li> </ul> </li> </ul>
<p><b>Targeted Group</b></p> <ul style="list-style-type: none"> <li>• Low-income residential homeowners</li> </ul>
<p><b>Other Considerations</b></p> <ul style="list-style-type: none"> <li>• TVWD currently has a rebate program; this program would be in addition to the rebate program.</li> <li>• Relatively high cost with limited impact to the targeted group (i.e., does not provide help to the greatest number of customers).</li> </ul>

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## 5. Water Efficiency – Fixture Retrofit (cont.)

- District has a rebate program in place
  - Low-income customers unlikely to make capital investment
- Water savings from this program can be significant
- Capital costs of the program are significant, with benefit limited to a relatively small number of qualifying customers

### HDR's Preferred Approach to Water Efficiency

Program is capital intensive and provide limited assistance. May be a fairly high administrative cost associated with the program. Given the array of available programs, HDR concluded this program should not be pursued at this time.

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## Summarizing the Technical Review of the Assistance Program Alternatives



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## Summary of the Assistance Programs

Program	Level of Administration	Relative Level of Cost to Benefit	Other Considerations
<b>Most Beneficial</b>			
Low-Income Rate	Medium To High	Low to Medium Cost/High Benefit	Specifically targets low-income customers
Monthly Billing	Low	Low to Medium Cost/Medium Benefit	Benefits all customers, helps with customer money mgmt.
Temporary Assist. Program	Medium to High	Low to Med. Cost/Low to Med. Benefit	Specifically targets financially troubled customers. Does not benefit all low-income customers
<b>Less Beneficial</b>			
Budget (Levelized) Billing	Low to Medium	Low to Med. Cost/ Low Benefit	Not targeted, may have limited benefit and customers opt-in
Arrearage Forgiveness	Low to Medium	Medium Cost/Low Benefit	Temporary assistance program can provide similar benefit
Penalty Forgiveness	Low to Medium	Low Cost/Low Benefit	Effective, but limited "after the fact" assistance
<b>Least Beneficial</b>			
Lifeline Rate Structure	Low to Medium	High Cost/Low Benefit	Too costly as currently envisioned with limited benefit
Fixture Retrofit Program	Medium to High	High Cost/Med. Benefit	Costly and effective, but limited in number of benefiting customers

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## 4. RAC INITIAL FEEDBACK

- ◆ Problem?
- ◆ Need to Expand Assistance?
- ◆ Most suitable programs?

**Key question:** Should TVWD augment its customer assistance program and rates to better address the issue of affordability?

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## RAC Policy Feedback – Issue 1: Affordability

Based Upon What You Know and Understand Today:

1. Is affordability an issue – now or in the future?
2. Should TVWD continue its current policy of addressing affordability?
3. TVWD's current customer emergency assistance program (CEAP) – adequate or need to be modified?
4. Should TVWD explore other customer assistance programs? Yes or No – If yes, which programs?
  - a. Bill discount
  - b. Flexible terms
  - c. Lifeline rates
  - d. Temporary assistance
  - e. Water efficiency

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## RAC Discussion Issues

1. Affordability
2. Hydrant Fees
3. Multi-Year Rate Adjustments
4. Common Service Consolidation
5. Duplex Billing



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## Overview Of Issue #2 – Hydrant Fees

- TVWD has an existing hydrant fee program
- Provides two types of services:
  - Hydrant meter
  - Truck hauler



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## Issue #2 – Hydrant Fees Summary and Next Steps

- There are currently 76 active hydrant permits
- 35 hydrants available for use within the TVWD's service area
- The white paper will outline the various approaches and fee levels of other utilities for comparisons
- We will review this issue in more detail at the next RAC meeting
- **Key question:** Is there a better, more cost effective, approach to monitoring and billing for hydrant water use?

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## Overview Of Issue #3 – Multi-Year Rate Adjustments

- Currently the TVWD Board adopts rates on an annual basis
- The white paper will discuss some advantages and disadvantages of multi-year rate adjustments.
- This is a policy decision based on TVWD's rate modeling and projected rate adjustments
- The next RAC meeting will include a more detailed discussion of this issue
- **Key question:** Should TVWD adopt rates for more than a single year at a time, and if so, how many years at a time?

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## Overview Of Issue #4 – Common Service Consolidation

- Currently TVWD bills each account separately for water service
- Some non-residential customers have multiple accounts and services for water
- If consumption were aggregated it would have an impact on the customer's bill
  - May increase or decrease depending on total consumption
- White paper will discuss the impacts of consolidating bills and industry standard approaches
- **Key question:** Should TVWD consider aggregating multiple meters for a single customer for billing purposes?

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## Closing and Next Meeting

- Thank you for attending
- Next meeting is Wednesday, November 2nd

