

Proposed Annual Operating Budget 2011 Tiered Water Rate

July 26, 2010



General Manager Regular Item #100210

FY11 Proposed Changes - Residential

| System | Unit | Current July 2010* | Base Change | Fuel Change | Proposed 2011 Bill** |
|--------------|---------------|--------------------|---------------|-----------------|----------------------|
| Electricity | 813 kWh | \$100.90 | \$1.50 | (\$3.25) | \$99.15 |
| Natural Gas | 25 therms | \$35.77 | \$0.16 | \$1.50 | \$37.43 |
| Water | 6,000 gallons | \$17.20 | \$2.70 | | \$19.90 |
| Wastewater | 5,000 gallons | \$31.35 | \$1.60 | | \$32.95 |
| Total | | \$185.22 | \$5.96 | (\$1.75) | \$189.43 |

- 70% of our customers will see an increase of \$2.55, or 1.7%
- 30% of our customers will see an increase of \$4.21, or 2.3%

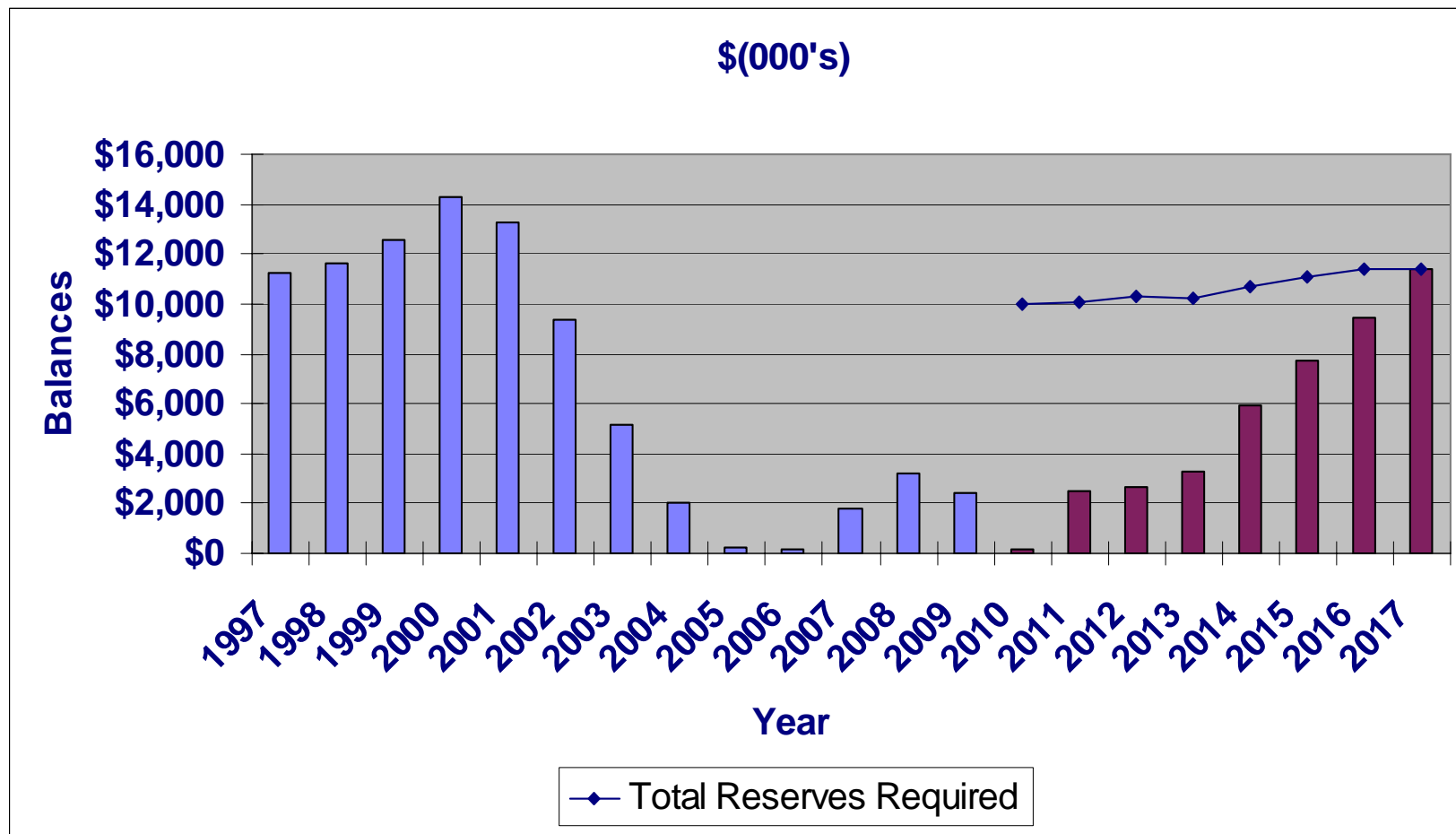
*Electricity based on the \$0.056/kWh fuel adjustment effective July 1, 2010
 Natural Gas based on the \$0.53/therm purchased gas adjustment effective July 1, 2010

**Electricity based on the \$0.052/kwh fuel adjustment to become effective October 1, 2010
 Natural Gas based on the \$0.59/therm purchased gas adjustment to become effective October 1, 2010

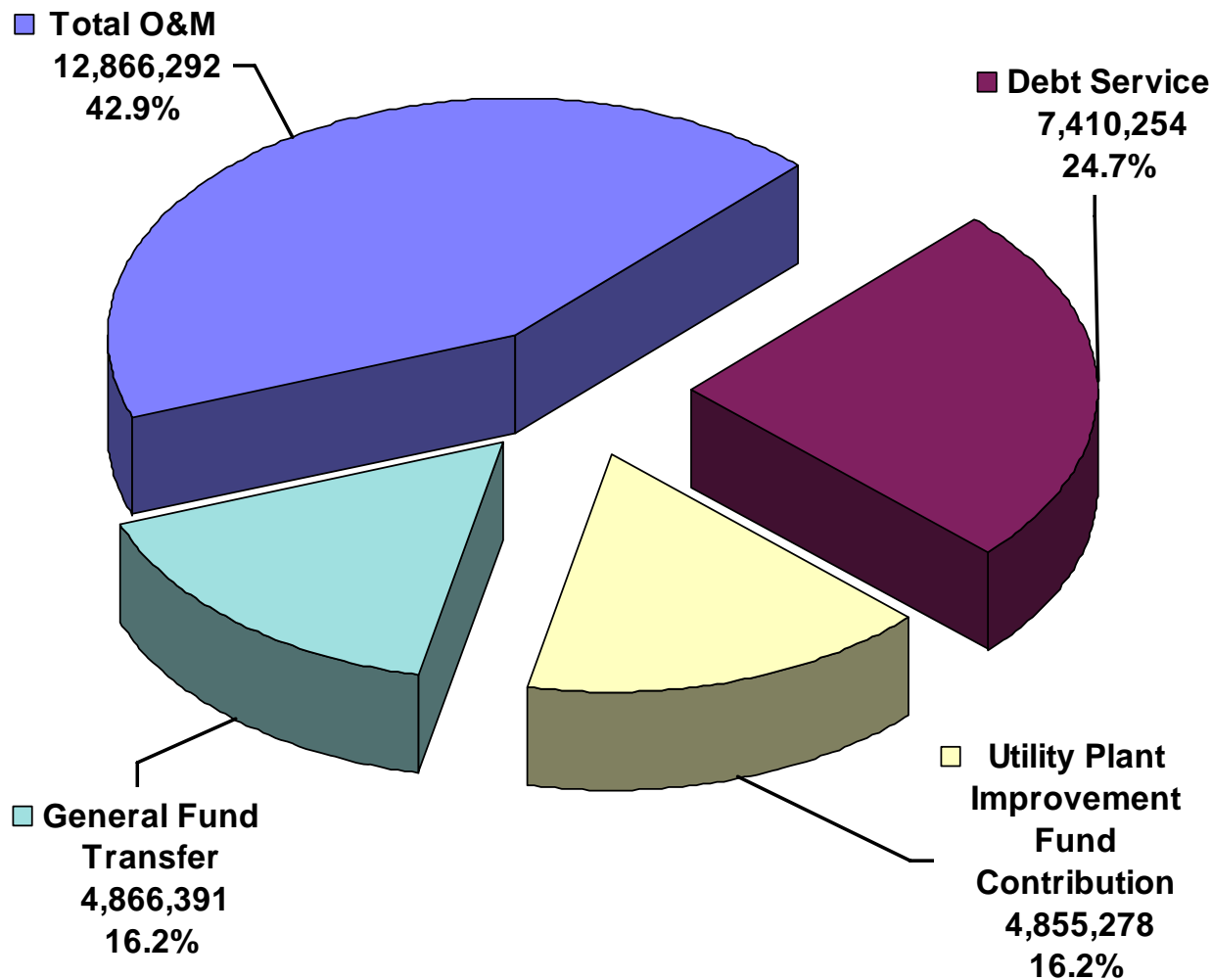
Staff Considerations

- Minimize impact to customers
 - Hold any rate increase to cost of living or less
 - Hold O&M changes to 3 percent or less
- Ensure predictable, stable revenue source
- Deliver safe and reliable service
- Begin to restore rate stabilization fund
- Avoid larger rate increases in future
- Reflect true cost of service
- Support conservation

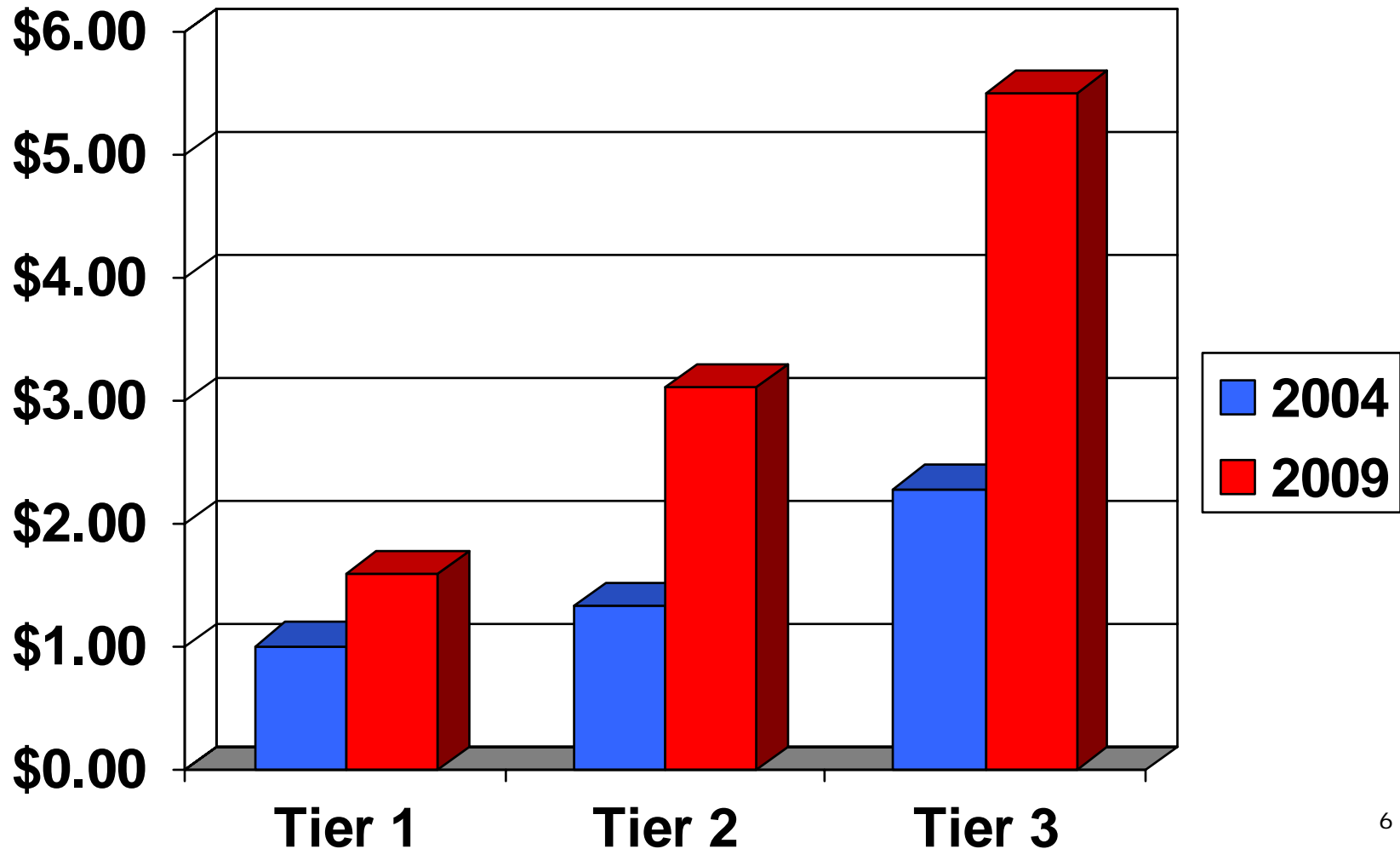
Historical and Projected Reserves - Water System



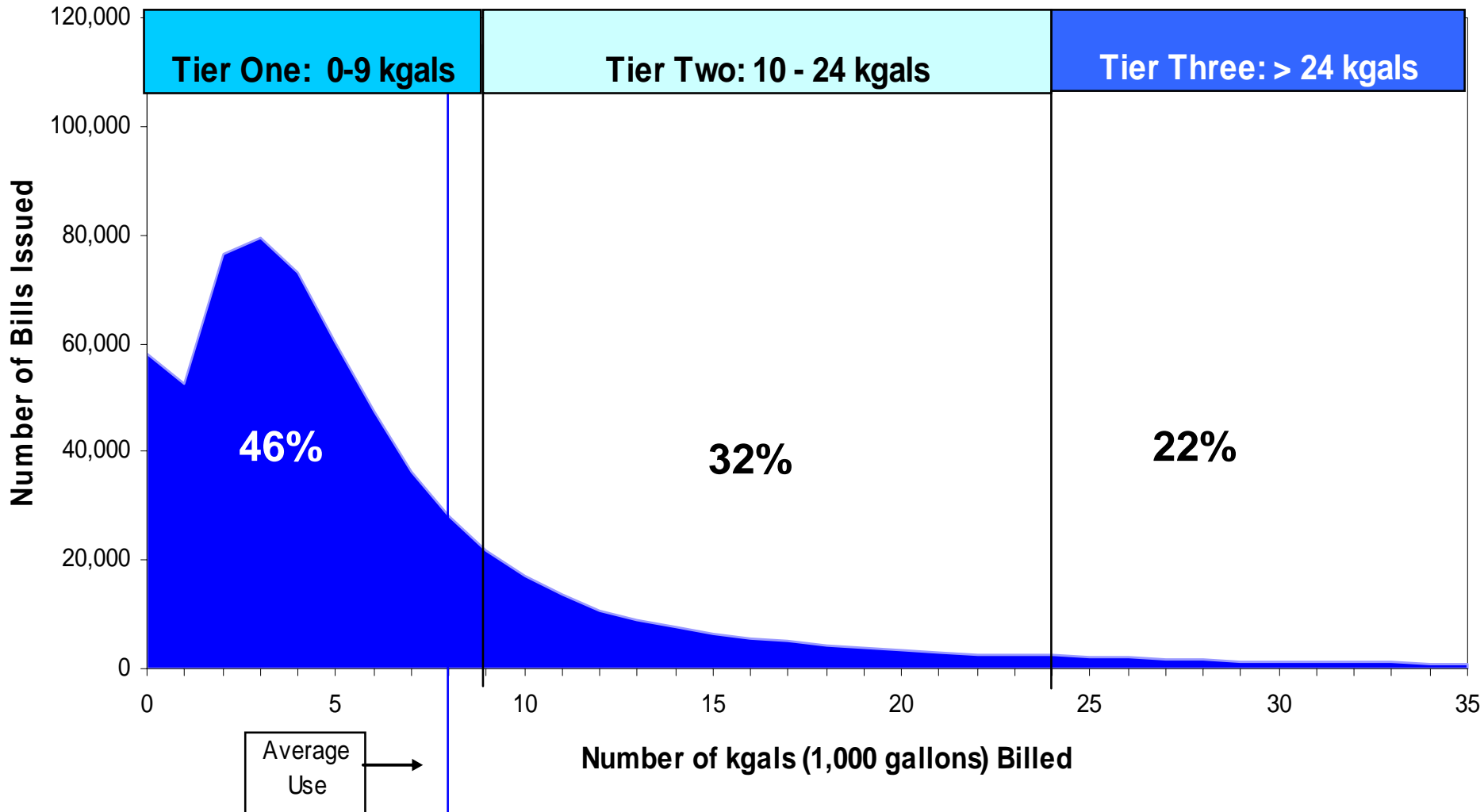
FY11 Expenses and Uses of Net Revenue - Water System



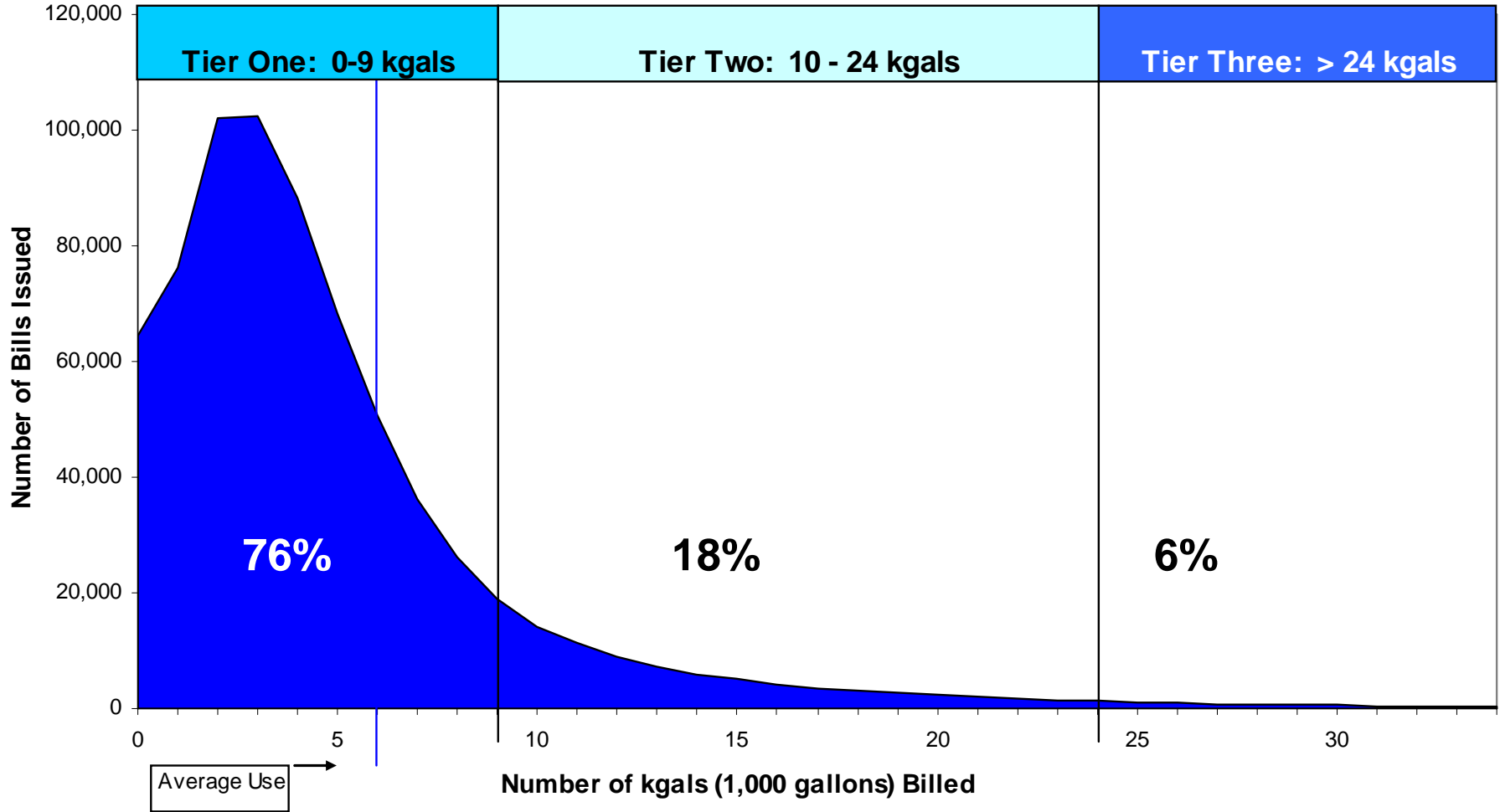
Price Change by Tier (per kgal)



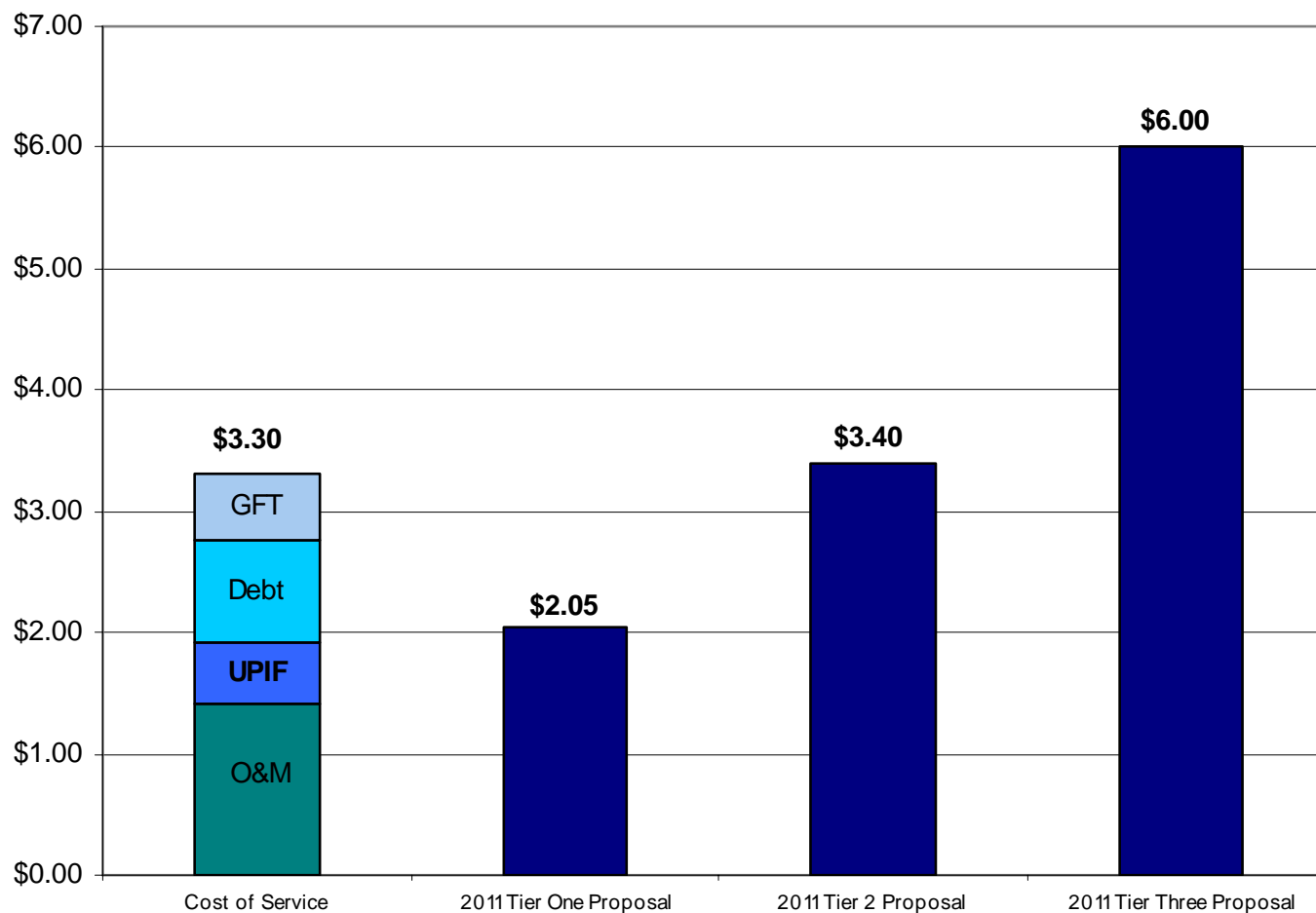
Distribution of Water Bills in FY 2004



Distribution of Water Bills in FY 2009



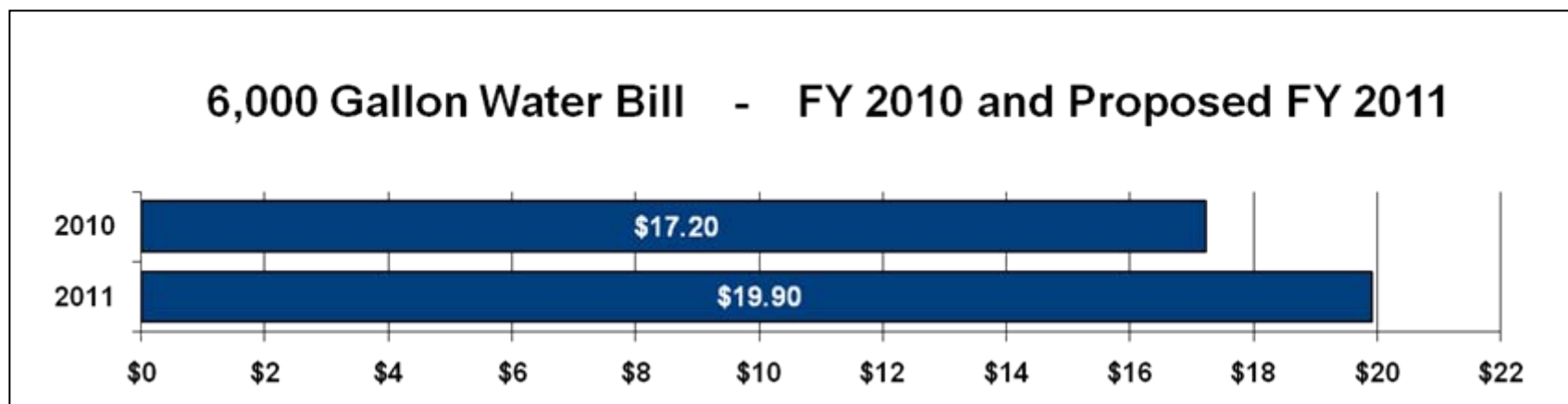
Cost to Provide Service for 1 kgal of Water vs FY11 tier proposals



Does not Include Costs Covered by Customer Charge

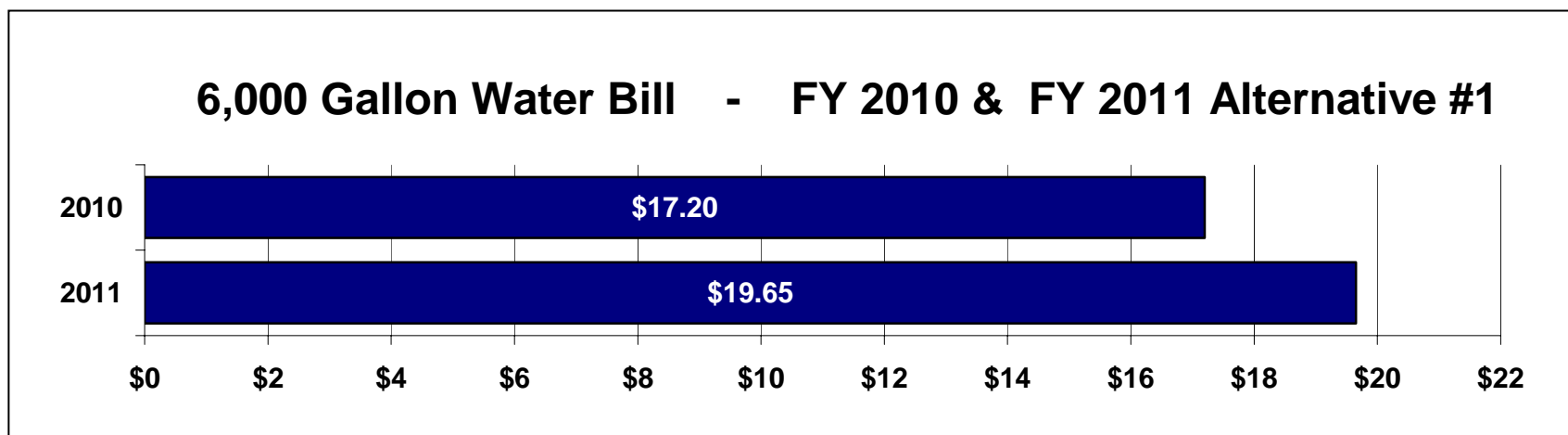
FY11 Proposed Water Rates – Residential

- ▣ Monthly customer charge \$7.30 to \$7.60
- ▣ Usage charge (\$/1,000 gallons)
 - Tier 1 (0 to 9,000 gallons) \$1.65 to \$2.05
 - Tier 2 (10,000 to 24,000 gallons) \$3.30 to \$3.40
 - Tier 3 (Over 24,000 gallons) (no change) \$6.00



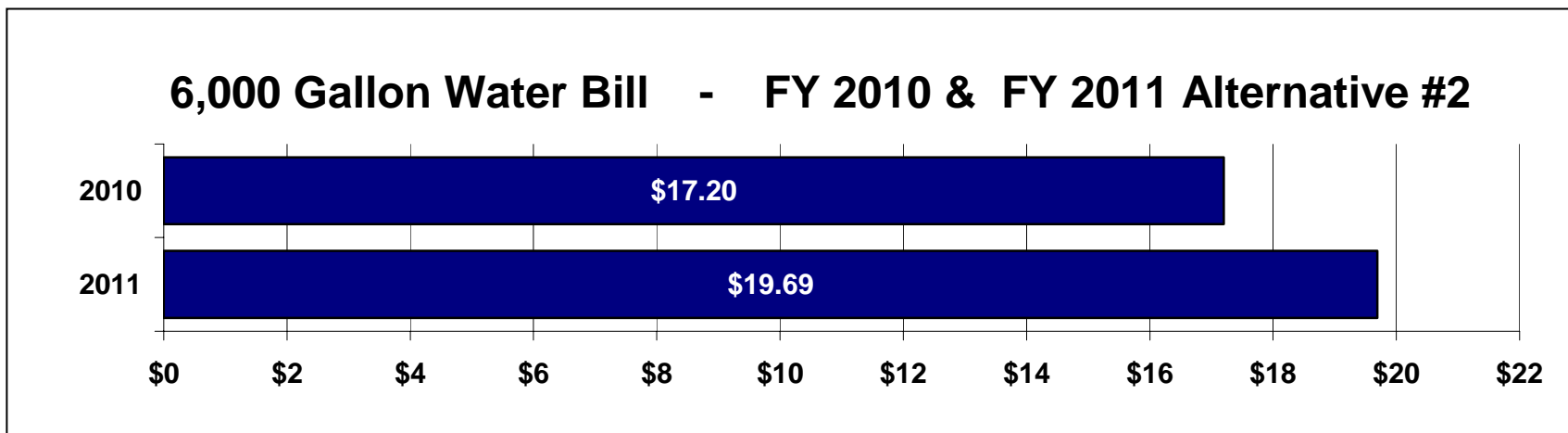
FY11 Proposed Water Rates – Residential Alternative #1

- Monthly customer charge \$7.30 to **\$7.95**
- Usage charge (\$/1,000 gallons)
 - Tier 1 (0 to 9,000 gallons) \$1.65 to **\$1.95**
 - Tier 2 (10,000 to 24,000 gallons) \$3.30 to **\$3.65**
 - Tier 3 (Over 24,000 gallons) (no change) \$6.00

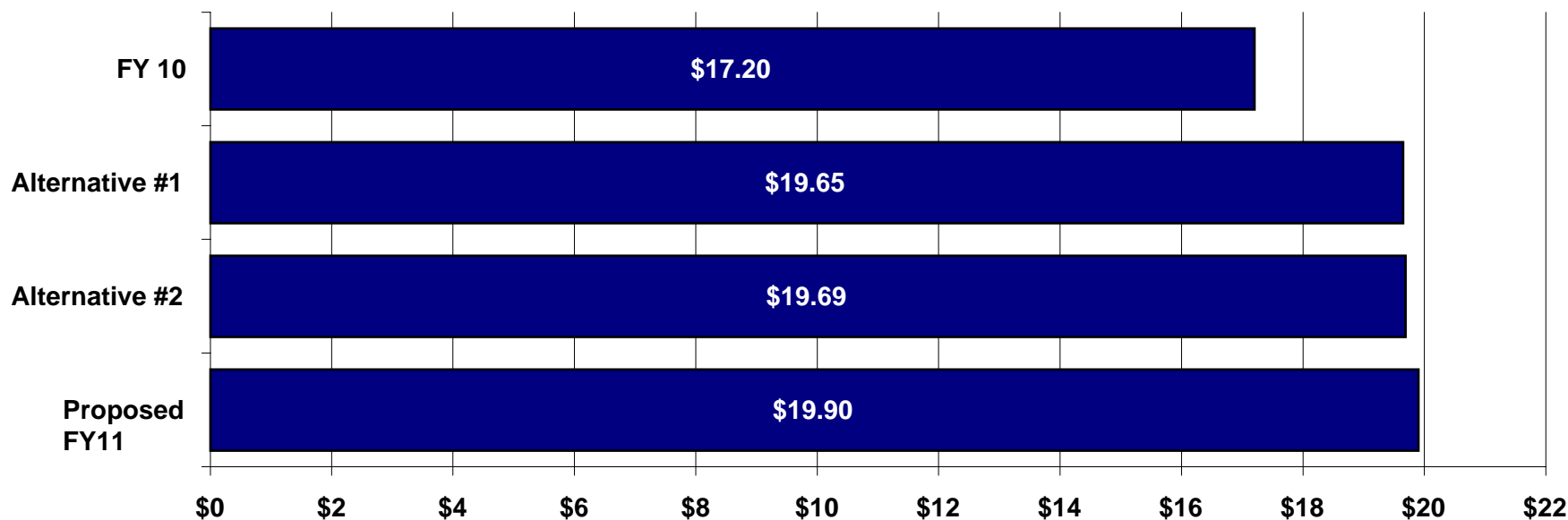


FY11 Proposed Water Rates – Residential Alternative #2

- Monthly customer charge \$7.30 to **\$7.75**
- Usage charge (\$/1,000 gallons)
 - Tier 1 (0 to 9,000 gallons) \$1.65 to **\$1.99**
 - Tier 2 (10,000 to 24,000 gallons) \$3.30 to **\$3.65**
 - Tier 3 (Over 24,000 gallons) (no change) \$6.00



FY11 Summary of Alternative Residential Water Rates (6,000 kgal)



| | FY 10 | Alternative #1 | Alternative #2 | Proposed FY 11 |
|------------------------|---------|----------------|----------------|----------------|
| Customer Charge | \$ 7.30 | \$ 7.95 | \$ 7.75 | \$ 7.60 |
| Tier 1 | \$ 1.65 | \$ 1.95 | \$ 1.99 | \$ 2.05 |
| Tier 2 | \$ 3.30 | \$ 3.65 | \$ 3.65 | \$ 3.40 |
| Tier 3 | \$ 6.00 | \$ 6.00 | \$ 6.00 | \$ 6.00 |

The Value of GRU Water



- ▣ 4 glasses (8 oz) of GRU water per day **X** 365 days =
\$0.15 per year



- ▣ 4 glasses (4 oz) of bottled water per day **X** 365 days =
\$149.65 per year

Questions?

