

RATE CHALLENGES: A TALE OF TWO CITIES

**AMWA EXECUTIVE MANAGEMENT CONFERENCE
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DADE WATER AND SEWER DEPARTMENT**

CONTEXT

- Utilities are proprietary operations, sometimes including payments to the owning enterprise
- Availability of utility services viewed as a right
- Utilities are capital-intensive with many regulatory-driven expenses sensitive to construction and energy costs
- Rate setting is a political process, making it somewhat unique to each utility and community

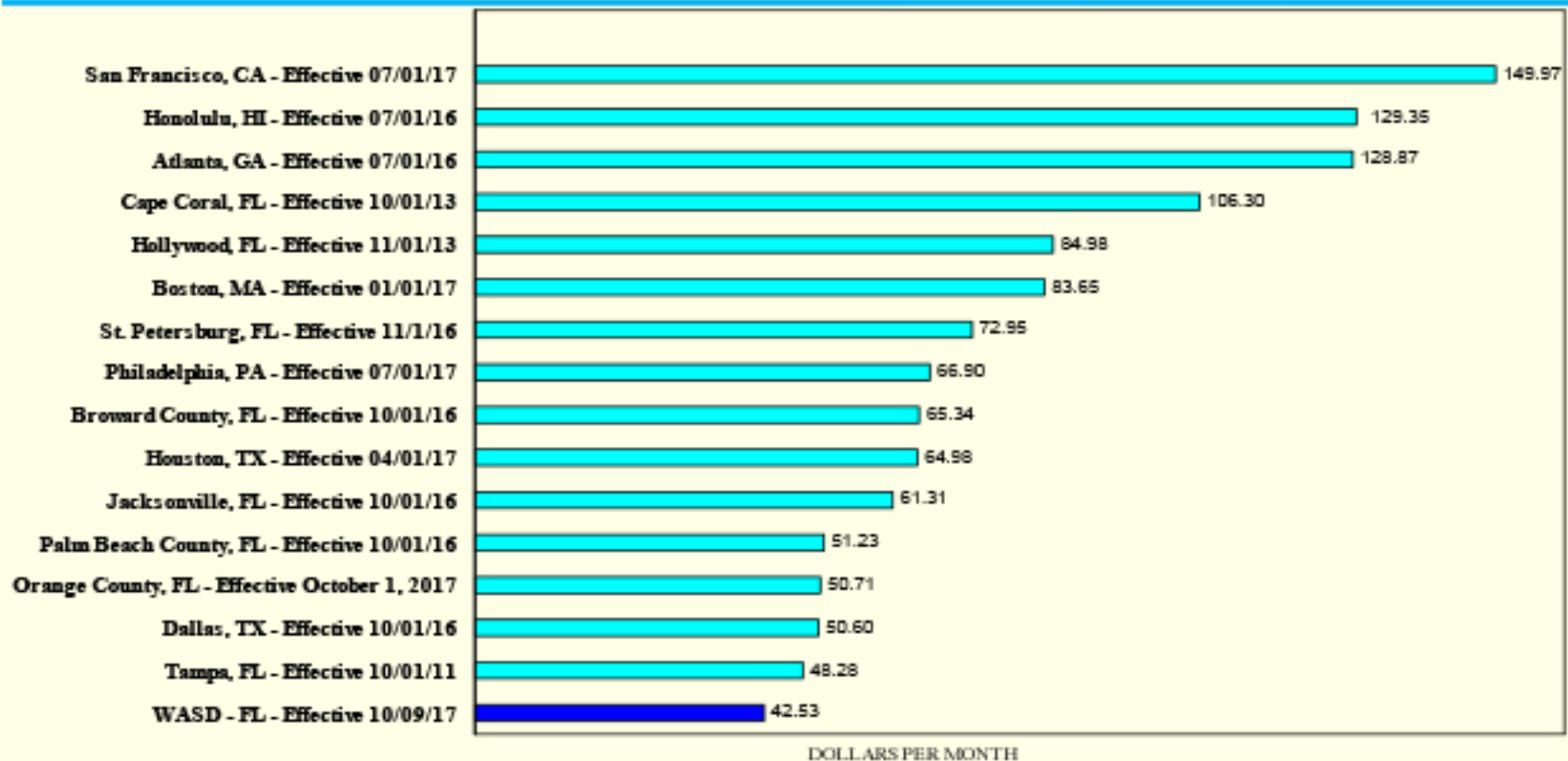
MD Water and Sewer

- WASD created in 1972 as a regional utility by merging City of Miami and County systems
- All investor-owned utilities acquired
- Municipal utilities are wholesale customers (15)
- WASD is largest utility in Florida and top 10 in the nation, 440,000 retail customers, 2.3 million population served
- FY 17-18 Budget: Operating, \$780 M; Capital, \$597 M; Staff: 2800 positions

Rate Challenges

- Implementing a \$13+ billion Capital Program
- History of low rates
- Previous rate system changes have been largely conservation based
- Declining per capita consumption
- Affordability has been tied to tier 1 (lifeline)
- Recent rate increases have occurred in tiers 2, 3, and 4

COMBINED WATER AND SEWER BILL FLORIDA MUNICIPALITIES AND MAJOR U.S. CITIES FOR THE MEDIAN RESIDENTIAL CUSTOMER*



* MEDIAN RESIDENTIAL CUSTOMER USING 5,236 GALLONS PER MONTH
Note: Miami-Dade County, FL Adopted Rate October 9, 2017

Revised 10/04/2017

Rate Constraints

- Everyone in the same class must be treated similarly
- Classes of service not based upon ability to pay
- Existing customers cannot pay the cost of extending service to new customers
- Wholesale customers pay actual cost of service, with true-up based on audited costs

Rate Approaches We Have Tried

- Dry season water rate surcharges and wet season sewer rate surcharges
- Declared drought surcharges
- Consumer Price Index Adjustments
- Use Restrictions (irrigation, plumbing code)
- Connection Charges (Impact Fees)
- Comparisons with other customer costs and other utility charges

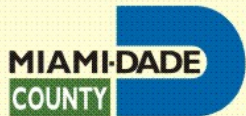
**MIAMI-DADE WATER AND SEWER DEPARTMENT
 SCHEDULE OF RATES
 RESIDENTIAL CUSTOMER (5/8" Meter)**

Meter Charge: \$3.20

Flow Rate All Usage:	Monthly Charge
Usage per 100 cubic feet (ccf):	

0 to 4 ccf (was 0 to 5 ccf)	\$0.3740
5 to 9 ccf (was 6 to 9 ccf)	\$3.3469
10 to 17 ccf	\$3.8568
18 ccf and over	\$6.3748

Usage per 1,000 gallons:	
0 to 2,992 gallons	\$0.5000
2,993 to 6,732 gallons	\$4.4745
6,733 to 12,716 gallons	\$5.1562
12,717 gallons and over	\$8.5224



Water Wholesale Rate/1000 gallons: \$1.8341

Administering Rates

- Flexible payment plans
- High bill resolution process
- One time high bill forgiveness
- Protecting tenants when landlord doesn't pay
- Maintaining a low delinquency rate

Plan for Rate Growth

- Keep annual rate growth to single digit
- Move to monthly rather than quarterly billing cycles for residential customers
- Re-calibrate fixed versus volume based charges
- Evaluate affordability funding options, but maintain low delinquency rate
- Communicate, Communicate, Communicate