

Logistics

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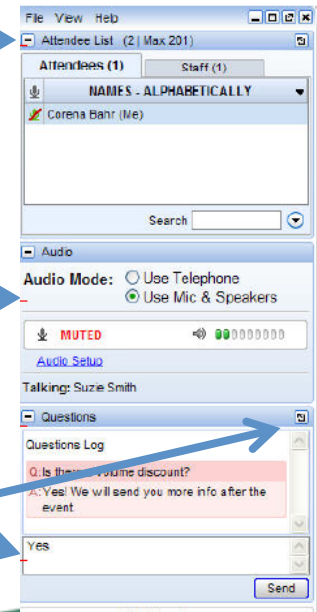


Control Panel:

Attendee List

Audio: please choose between speakers and telephone. If you do not hear audio right now, please check your speaker volume or enter #[audio pin]# if using phone.

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WEBINAR: CUSTOMER AFFORDABILITY CONSIDERATIONS IN WATER RATE-SETTING

Tuesday, December 9, 2014

<http://efcnetwork.org>

<http://efc.unc.edu>



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Dedicated to enhancing the ability of governments and other organizations to provide environmental programs and services in fair, effective, and financially sustainable ways through:

- Applied Research
- Teaching and Outreach
- Program Design and Evaluation



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Smart Management for Small Water Systems

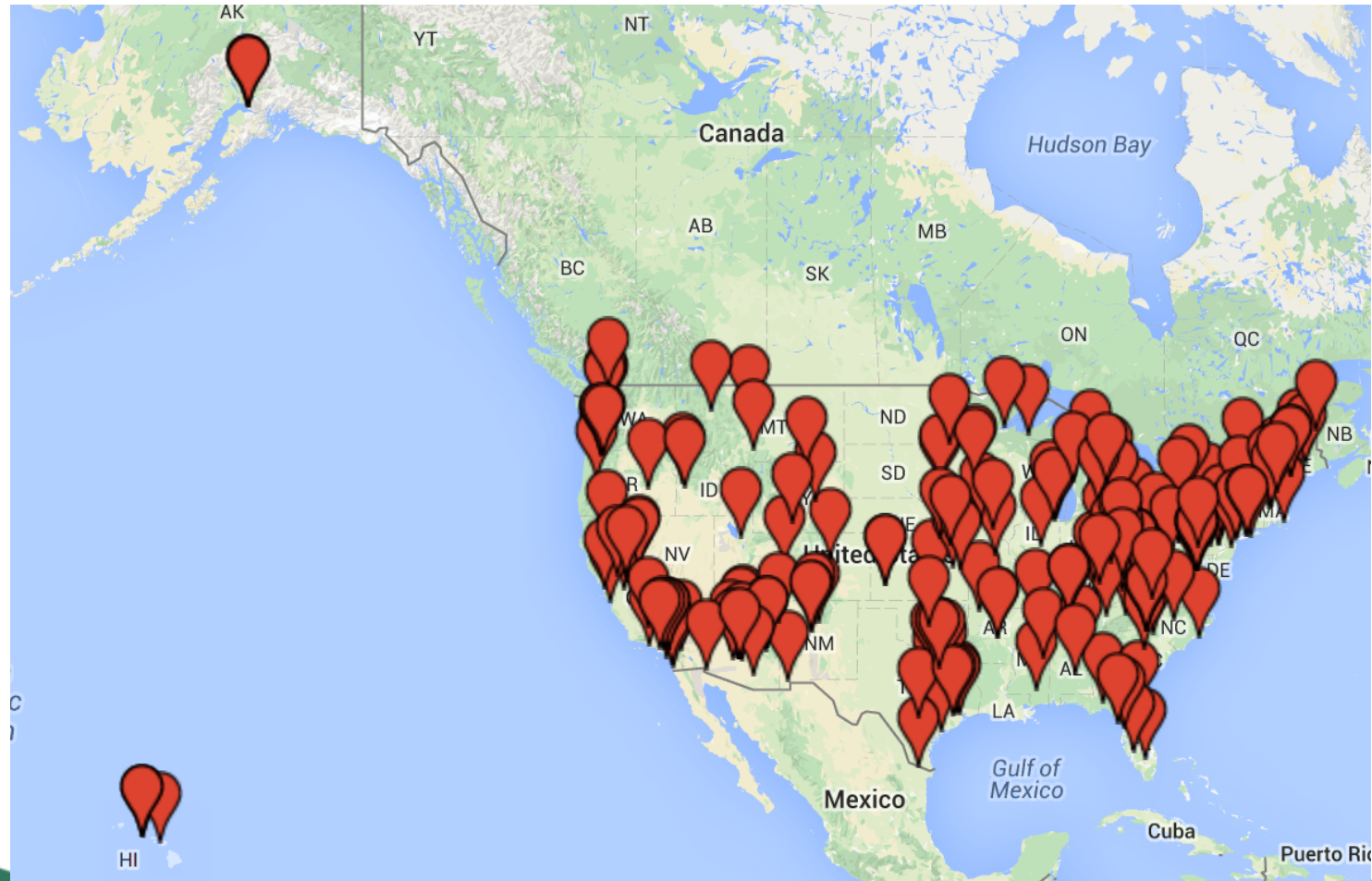
***under a Cooperative Agreement with the US EPA**

- The EFCN will provide training and technical assistance to small public water systems in all fifty states and five territories to help local water systems achieve and maintain compliance with the Safe Drinking Water Act.
- Workshops and trainings will be provided in these areas:
 - Asset Management
 - Water Loss Reduction
 - Water System Collaboration
 - Fiscal Planning and Rate Setting
 - Energy Management
 - Funding Coordination, and
 - Managerial and Financial Leadership

<http://efcnetwork.org>



Map of Today's Participants



Objectives

- Make the case for affordability as an important utility consideration
- Highlight ways to assess the affordability of water services for your customers
- Demonstrate the EFC's Affordability Assessment Tool
- Introduce approaches to help low income customers pay for their water bills



Poll Questions 1, 2 & 3



BACKGROUND



National Affordability Guidelines

- Safe Drinking Water Act established special assistance in those communities that have an average residential bill of over 2% of MHI
- USDA has a program to provide funds for water and sewer systems. Loans are made for projects where the residential water bills are 1.5% of MHI.
- National “Water Affordability Programs” report: affordability programs should be based on a measure of 2% of income for poor households, rather than using MHI.



Making the Case for Considering Affordability

- Altruistic Reasons
 - The utility's financial bottom line
- When customers have trouble paying their bills, there is a cost to the utility, in the form of:*
- Arrearages
 - Late payments
 - Disconnection notices
 - Terminating the service
 - Fielding calls from the delinquent customers



Affordability Assessment Tool

DEMO OF TOOL



Affordability of Water and Sewer Rates and the Affordability Assessment Tool

On the EFC Website
Go to
<http://efc.sog.unc.edu>
and search for
“Affordability
Assessment Tool”

UNC ENVIRONMENTAL FINANCE CENTER

Tool developed by the Environmental Finance Center at the University of North Carolina, Chapel Hill

Water & Wastewater Rates Affordability Assessment Tool

Interactive Spreadsheet Tool
Version 1.0 (July 22, 2014)

This tool allows users to enter relevant Census data on their service community to help assess the affordability of their water or wastewater rates on their residential customers. The tool also allows for a new rate structure to be entered to see how affordability compares from one rate structure to the next.

In the "Inputs" worksheet, fill in all yellow-colored cells.

Begin data inputs

Data inputs

1) Utility Information
Name of the utility:
Select the state, District of Columbia, or Puerto Rico from the dropdown menu:
Assess affordability of water, wastewater or combined water & wastewater rates?

2) Monthly Charges at [Near] the Average Residential Water Use
What is the approximate average residential monthly consumption?

River Run Utility
District of Columbia
Water & Wastewater

4,368 gallons/month or

In the "Assessment" worksheet, the tool automatically populates tables and charts to assist you in assessing the affordability of your utility's current and alternative rates for the average customer, low-income customers, and customers of varying ranges of income.

	Current rates	Alternative rates
Monthly water & wastewater bill at 5000 gallons/month	\$77.50	\$84.00
Annual bills at same level of use	\$930.00	\$1,008.00
Median Household income in 2012 for Carthage	\$33,684	
Water & Wastewater % Mill	2.76%	2.99%

Water & Wastewater Rates Assessed at 5000 Gallons/Month and the 2012 Income Levels

% of Household Income Spent on Bills

Size of bubble = proportion of population in this income bracket

Percentage number = % income spent on bills



Based on the assessment result ...

WHAT IF THERE SEEMS TO BE AN AFFORDABILITY ISSUE?



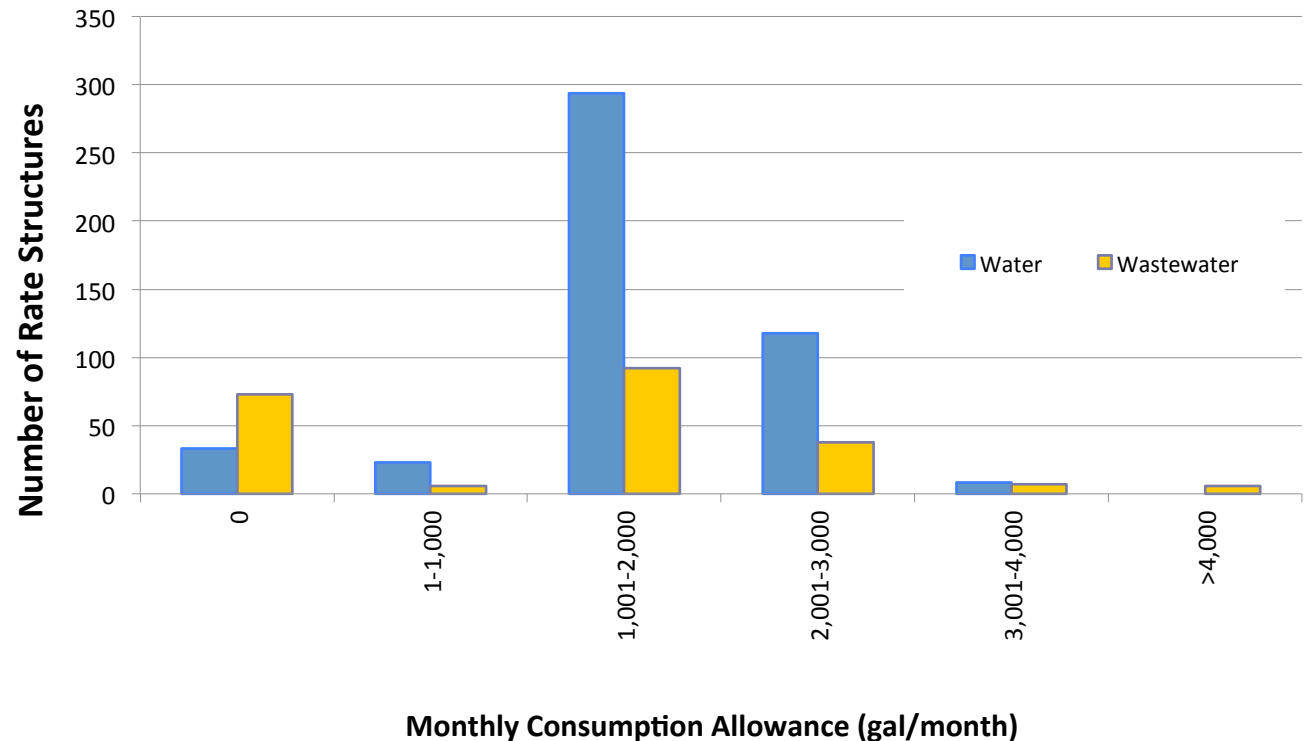
Concept of Lifeline Rates

- *“Providing a minimal amount of water, at a reduced cost to all customers, regardless of income level or ability to pay”*
 - Source: AWWA Manual M1
- Often some consumption is included in the base charge



93% of water and 69% of sewer rate structures include a minimum consumption amount with the base charge

Consumption included with Base Charge for Residential Customers among 474 Water and 217 Wastewater Rate Structures



Source: Water and Sewer Rates and Rate Structures in Alabama March 2014, by ADEM/EFC



Other EFC at UNC Resources on Affordability

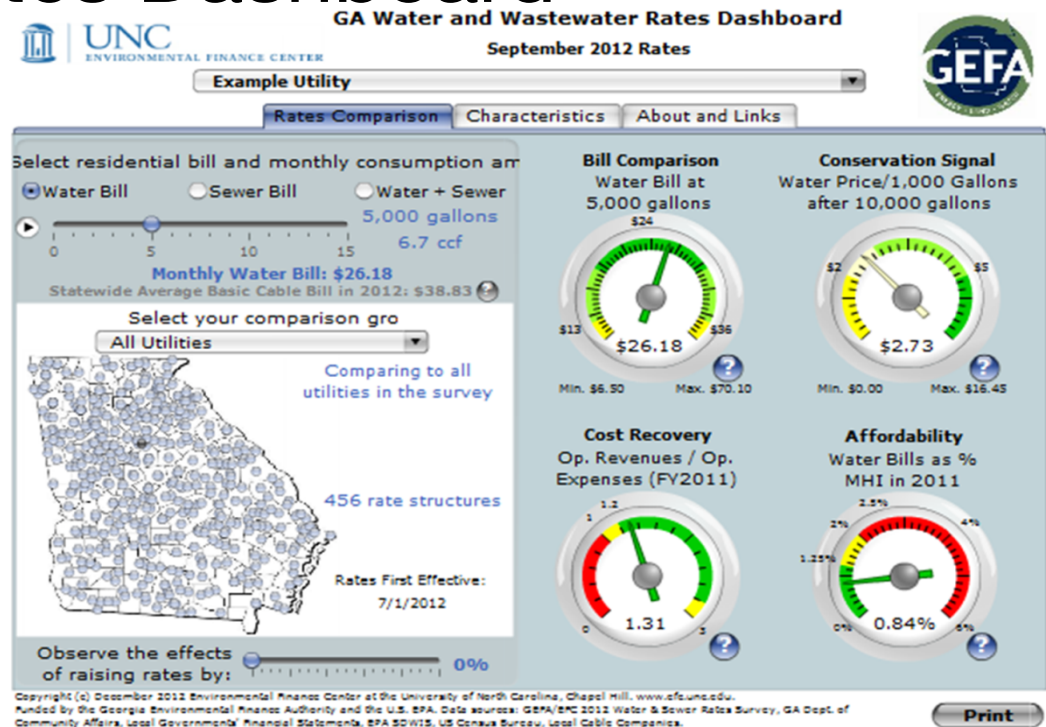
- Blog:
 - [Touching Down with Affordability of Water and Sewer Bills in Alabama](#)
 - [The Increasing Need to Address Customer Affordability](#)
 - [“Percent MHI” Indicator of Affordability of Residential Rates: Using the U.S. Census Bureau’s Median Household Income Data](#)
 - [Understanding the Financial Position of Households Using the American Community Survey](#)
- Tool - Water Utility Customer Assistance Program Cost Estimation Tool
- Water Research Foundation report - [Defining a Resilient Business Model for Water Utilities](#) – Chapter 4
- Rates dashboard – affordability dial



Some dashboards have an Affordability Dial

Example: Georgia Rates Dashboard

- On the EFC Website
Go to <http://efc.sog.unc.edu>
and search for “Georgia
Water and Wastewater
Rates Dashboard”



Rates Dashboards

- Created for AL, AZ, CO, GA, NC, TX and VA.
- Free, online, open to the public
- Compares rates against multiple characteristics:
 - Utility finances; System characteristics; Customer base socioeconomic conditions; Geography; History
- Compare to similar utilities (large samples):
 - All utilities; similar service population; similar water source; using same rate structure; similar customer income; same type of utility; within 50 miles distance



Types of Affordability Programs

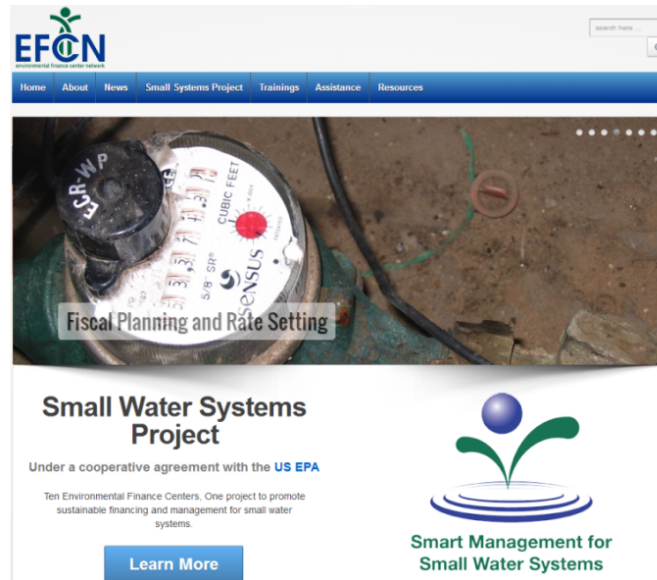
Options facing payment-troubled customers		
	Percent	Number
Payment plan to allow customer to pay amount over time	76%	231
Customer referral to private, nonutility agency	54%	163
Customer referral to a local gov. agency for assistance	49%	149
Education	35%	105
In-home conservation assistance	25%	76
Special billing arrangements	21%	64
Change in the rate customer is charged	8%	24
Other	8%	24
One-time bill credit from utility funds	3%	8

2010, Best Practices in Customer Payment Assistance Programs, Water Research Foundation #4404



Resources

Tools, trainings, assistance and resources for small water systems from the EFCN



www.efcnetwork.org



Poll Questions 4 and 5; and Evaluation survey link



Questions?

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