

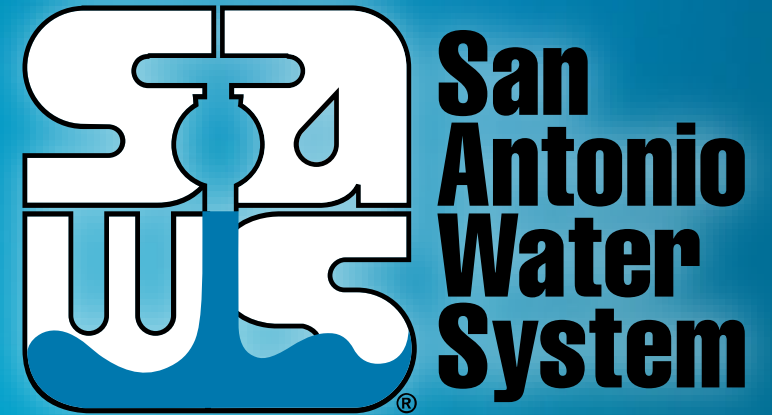
# Proposed 2023 Rate Structure & Special Service Fees

Robert R. Puente

President/Chief Executive Officer

City Council

November 10, 2022



MAKING SAN ANTONIO  
**WATERFUL**



# Proposed Ordinances

SAWS Board is recommending Council approval of:

- 1) RAC recommendations for Water Delivery, Water Supply and Wastewater rates; certain special service fee adjustments; and a new pass-through fee to support the Uplift Assistance Program
- 2) Recycled Water 5-year rate plan
- 3) Chilled Water 5-year rate plan

# RAC Residential Rate Recommendations

## Overall Residential Highlights



Average Combined Residential ICL Bill will decrease 8.7%

New 5-year average usage levels

6,275 gallons – water  
5,052 gallons – wastewater



Stronger Price Signals for water use above 9,000 gallons per month

Impacts 17% of residential customer bills



Separate Rate Structure with Reduced Rates for Affordability Program

Funded by a separate pass-through fee for non-affordability customers (Residential, General & Irrigation class customers)



# RAC Residential Rate Recommendations

## Enhanced Affordability for Essential Use

**100%** of residential bills will reflect **reduced wastewater charges**

**100%** of **bills will be lower/stay the same** for SAWS Affordability Discount Program participants, including **33% to 57% savings** for essential water use.

**83%** of residential bills will include **reduced water charges** (for customers using 9,000 gallons or less).

**20%** **reduction in fixed charges** (meter charge, minimum wastewater charge) for most residential bills.



# RAC Low-Income Residential Recommendation

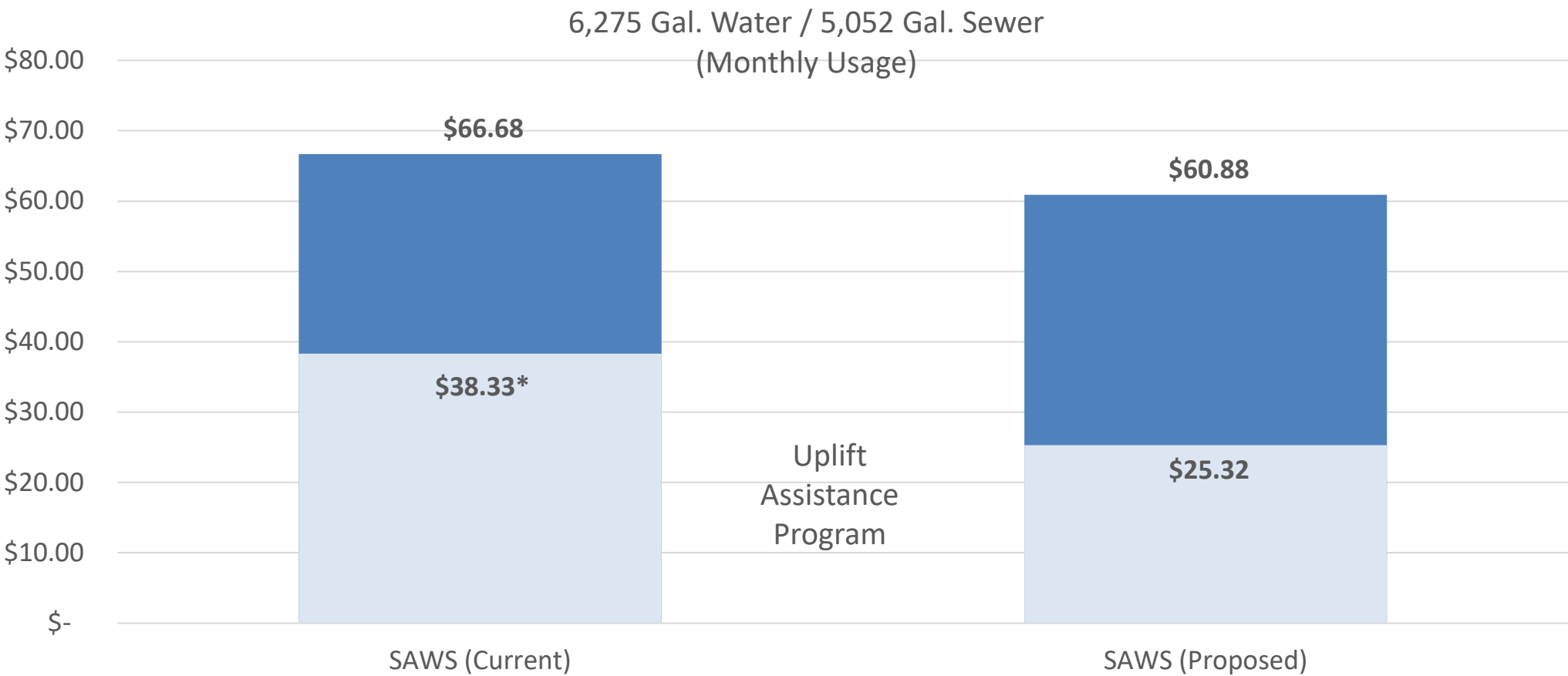
Separate rate structure with reduced rates will replace discount program

- No charge for first 2,000 gallons of water
- Comparison to non-affordability residential rates for usage above 2,000 gallons
  - Water fixed charge is ~66% lower
  - Volumetric water charges are discounted 40% - 50%
  - No fixed charge for sewer service
- Program to be paid for through the Uplift Assistance Plan pass-through charge:

	Rate per 1,000 gallons
Water	\$ 0.159
Wastewater	\$ 0.161
Combined	\$ 0.320

# Average Residential Bill

Average bill will decrease 8.7% / Uplift customers average bill will decrease a minimum of 40%



\*The bill includes a \$28.35 monthly discount provided to qualifying customers whose household income is at or below 50% of the Federal Poverty Level.

# RAC General Class Recommendation

Retain existing structure with rates adjusted for cost of service

- Rate blocks are tied to the customer's usage as percentage of their prior year average monthly usage (base/excess)
- Most customers will see ~ 7% increase in bill
- Maintain Multi-Family Class within General Class

100%

125%

175%

>175%



# RAC Irrigation Class Recommendation

Retain existing structure with adjusted tier thresholds for 1,000-gallon increments

- Rates applied to all outdoor usage
  - Measured by separate irrigation meter or assumed for customers with automatic sprinkler systems with no separate irrigation meter
- Inclining block rates continue to send price signals for discretionary outdoor water use
- Most customers will see ~2% increase in bill related to Uplift Assistance Plan pass-through fee







# Community Outreach

- Community Meetings
  - Homeowner/Neighborhood Associations
  - Bilingual Web presentation
  - Stakeholder Meetings Including Chambers
    - SA Chamber, North Chamber and San Antonio Manufacturers Association have issued letters of support for RAC recommendations
- Council Briefings
  - Individual Briefings, Municipal Utilities Committee and B Session

# Proposed Special Service Fee Updates

Services to limited groups of customers

Fees based on Cost of Service analysis

Fees were last updated in 2020

Total revenue under proposed fees - \$5.9M  
(current fees - \$5.8M)

Reduced Fees for Uplift Assistance Program Customers

- Account Deposit
- Meter Trip
- Same Day Turn-On
- Late Payment (exempt)

Backflow Inspection Compliance  
\$79.50-  
\$168.00

NEW FEE





# ConnectH2O Meter Program

- The following update to Chapter 34 (city ordinance) is proposed:
  - All public water meters are owned, operated, maintained and replaced by the San Antonio Water System.
  - The San Antonio Water System may install an advanced electronic meter and communication endpoint at a customer's water service connection for the purpose of measuring water use and transmitting that information over an electronic communication network.
  - No person shall be allowed to prohibit the installation of such an advanced electronic meter nor shall they inhibit the electronic transmission of water use information.

# Recycled Water Pricing Guidelines

## AWWA

- *AWWA Principles of Water Rates, Fees, and Charges M1 Manual (7<sup>th</sup> edition, 2017), Chapter V.1*
  - Economic analysis – consider avoided cost of alternative water supplies, enhanced drought resistance, environmental sustainability
  - Recycled water is an “imperfect substitute” for potable water, which often dictates a lower price than potable
  - Uniform rates are most common rate structure for recycled water
- Often recycled water users have added treatment costs or infrastructure costs



# RAC Recycled Water Recommendation

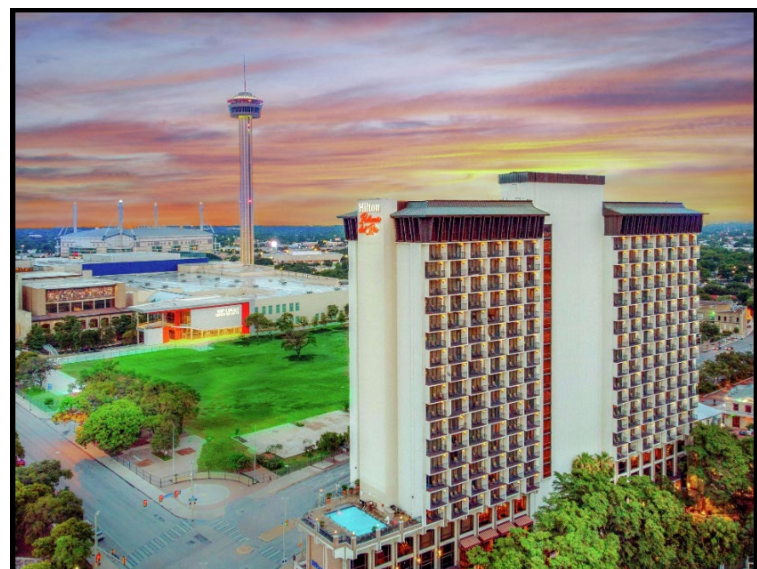
15% in Year 1 (2023) and Up to 10% per year in Years 2-5 (2024-2027)

- Maintain the current rate structure
- Recommended rate increases will bring revenue closer to calculated cost of service
  - Current rates generate 33% of the cost of the system
  - Recommended rates will generate 48% in 2023 and 71% by 2027 assuming no increases in the cost of the system
- Recommends that SAWWS conduct a study of recycled water usage by various classes of customers to determine all-in cost of such usage that will inform the ultimate level of future rate increases and potential rate structure changes

# Chilled Water System & Customers

## Supporting San Antonio's Growth Since 1968

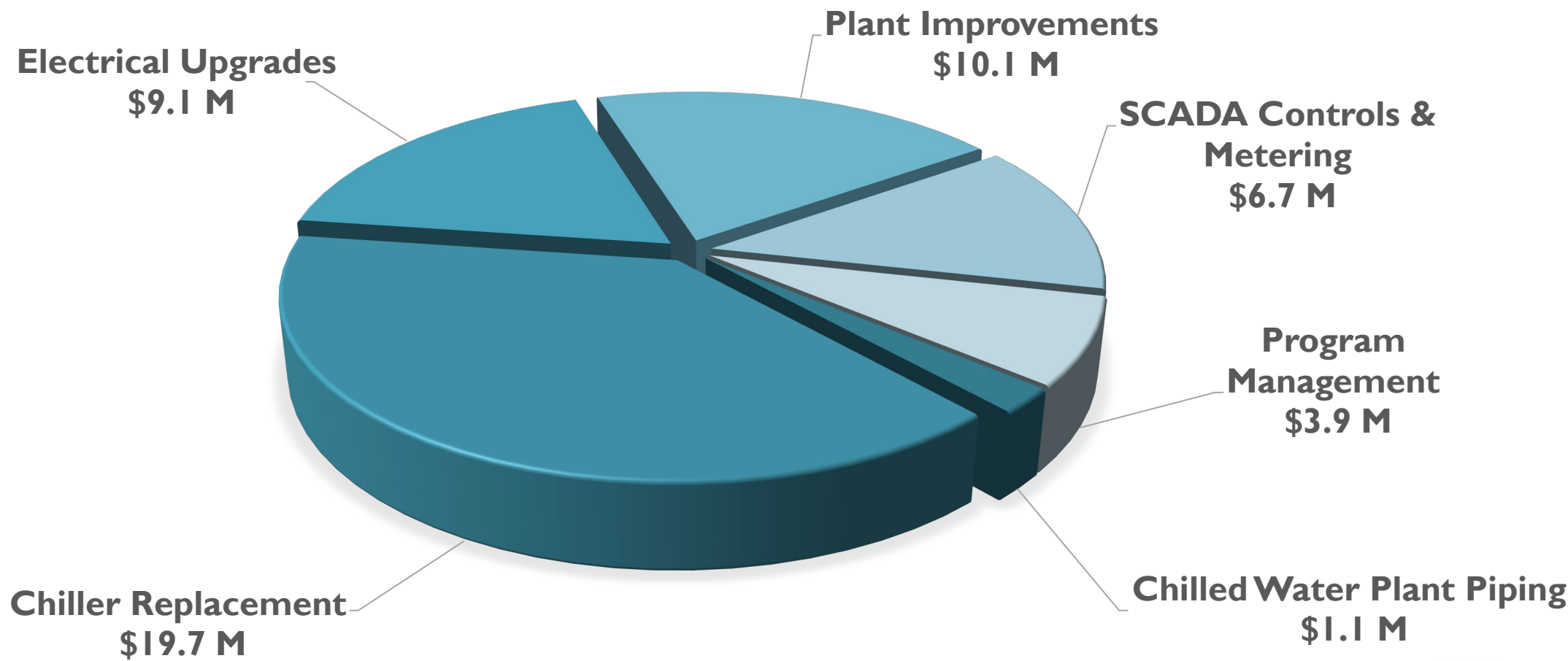
- Downtown
  - Alamodome, Convention Center,
  - Grand Hyatt, Hilton Palacio, Marriott Plaza and Riverwalk, Hotel Contessa, Fairmount Hotel, Alteza Condos
  - Tower of Americas, Chamber of Commerce, Mexican Cultural Institute, Federal Buildings
- Port SA
  - Boeing, Standard Aero, Chromalloy
  - USAF, Port SA





# Chilled Water CIP Business Plan 2023-2027

\$50.6M in Needed Capital Improvements



# Proposed Chilled Water 5-Year Rate Plan

## Proposed Annual Demand (Capacity) Charge Per Ton

Year	Downtown	Port San Antonio	% Increase
2022	\$20.24	\$22.57	Current Rates
2023	\$22.67	\$25.28	12.0%
2024*	\$25.39	\$28.31	12.0%
2025*	\$27.93	\$31.14	10.0%
2026*	\$30.16	\$33.63	8.0%
2027*	\$32.57	\$36.32	8.0%

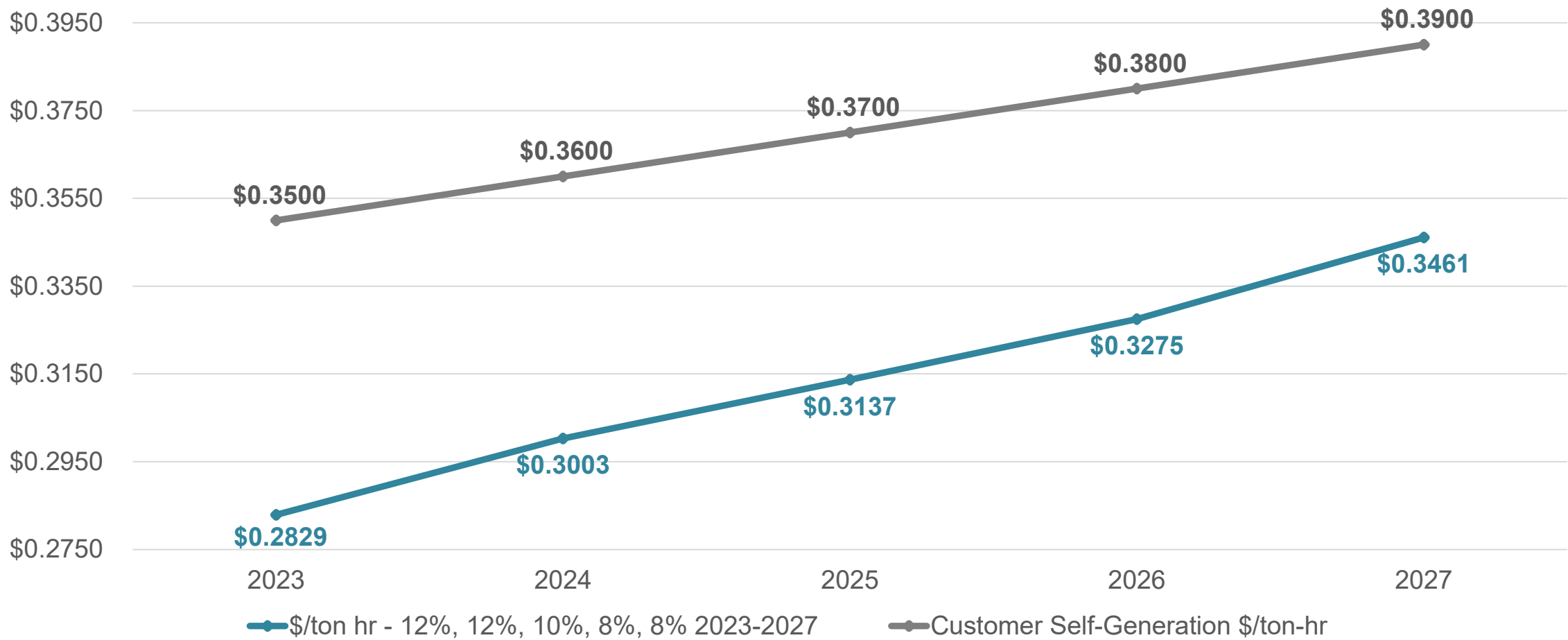
\* Amounts detailed for 2024 to 2027 are the maximum increases that can be implemented without additional approval.





# Cost per Ton-Hour

Customer Self Generation vs SAWS 5-Year Rate Plan (12%-12%-10%-8%-8%)



# Questions

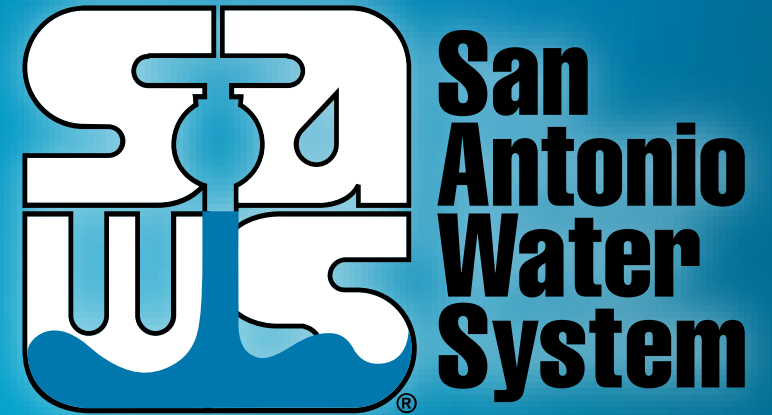
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