

RATE CASE FINDINGS

We looked at four rate increases or rate structure changes from four utilities and one actual rate decrease (**Utility R-1**), found on page 305. **Utility R-1**, because of its differences from the other rate cases, is not included in any charts.

The rate changes occurred between 1997 and 2003. Because of the complexity of the rate structures we investigated, we were unable to determine a percentage increase to each rate case; therefore, we can make no assumptions about the extent of the rate increase as a factor in the amount of water saved. The complete rate structure for each case is available in the individual case narratives.

RATE CASES	
Total Participants:	83,821
Participating Utilities:	5
Cases Analyzed:	5
Customers Analyzed:	SF
Years Analyzed:	1997 - 2003

The utilities examined were all small utilities (less than 100,000 customers) except for **Utility R-5**, which serves a bit over 100,000 customers.

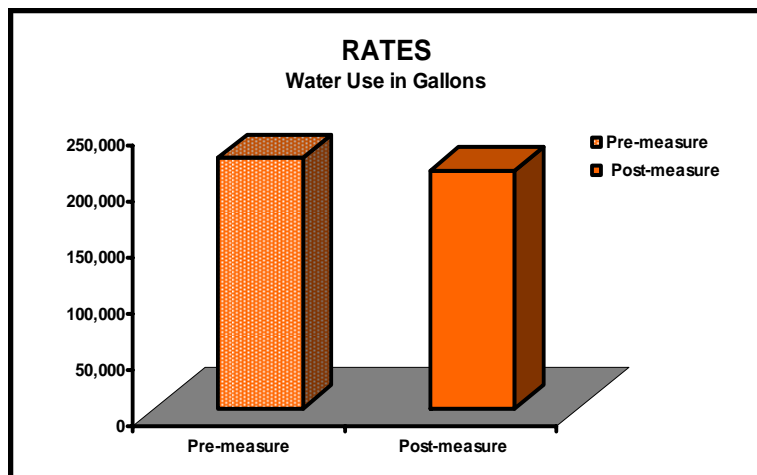
WATER SAVINGS

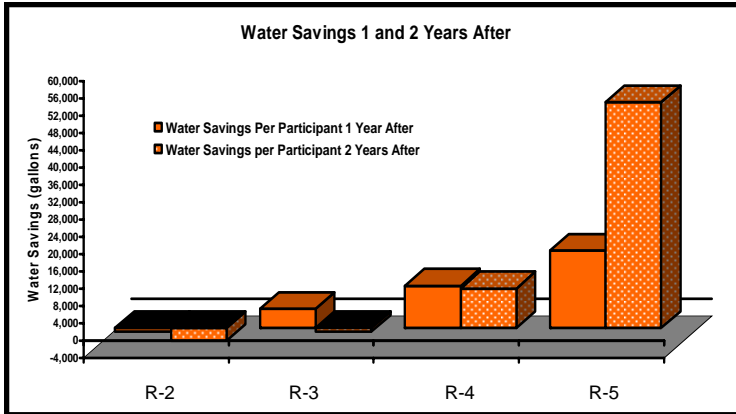
Some analyses show “negative” water savings, where control group water use decreased more (or increased less) than participant water use.

RANGE, AVERAGE, MEDIAN SAVINGS

A lack of water savings with **Utility R-1** was to be expected as it was a rate decrease. The water use savings amounted to an average of **-5,337** gallons per year (a relative increase in water use). Because this rate decrease occurred as a result of acquisition of a portion of a service area, we were able to determine that the water use for these customers went from 62% of typical for this utility to 71%.

Annual water savings for **Utility R-2** through **Utility R-5** varied from **-2,892** gallons per customer (a relative increase in water use) to 52,188 gallons per customer. The average water savings per customer, per year was 14,335 gallons. These estimates of water savings do not take into account changes in weather or any other factors that may affect water use, as no control group was available for these cases.





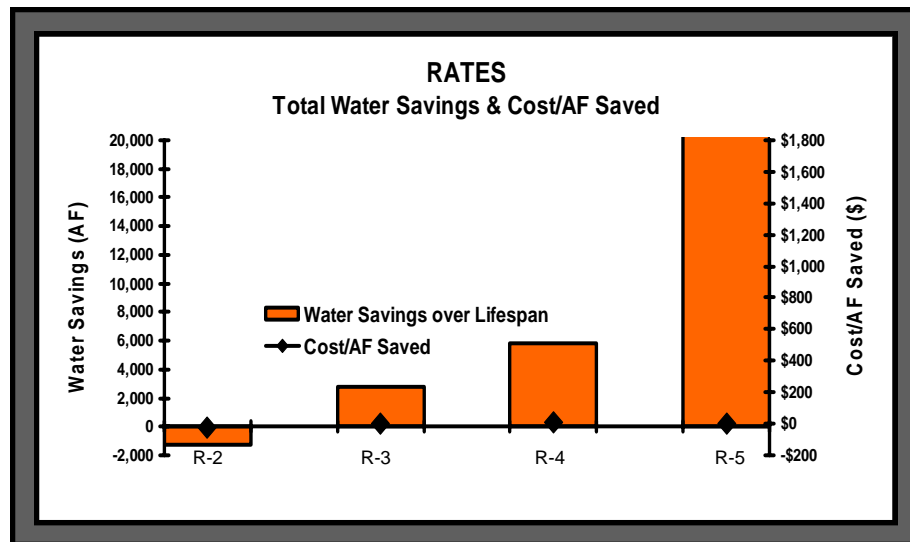
PERSISTENCE OF SAVINGS

The average water savings per participant for these programs was 9,518 gallons the first year after the rate changes and 19,151 gallons the second year after the changes, which shows a 102% increase in water savings from the first year to the second year. This is mostly due to a large increase in water savings in the second year after for **Utility R-5**.

Utility R-1, with the rate decrease, showed a savings of -4,279 gallons per customer the first year after the rate decrease and -6,394 gallons the second year after the change (these are relative increases in water use).

OVERALL LIFESPAN SAVINGS

Excluding **Utility R-1**, the water savings over the entire 20-year lifespan varied from -1,274.6 AF to 57,270.0 AF, with an average savings of 16,162.8 AF and a median savings of 4,328.0 AF.

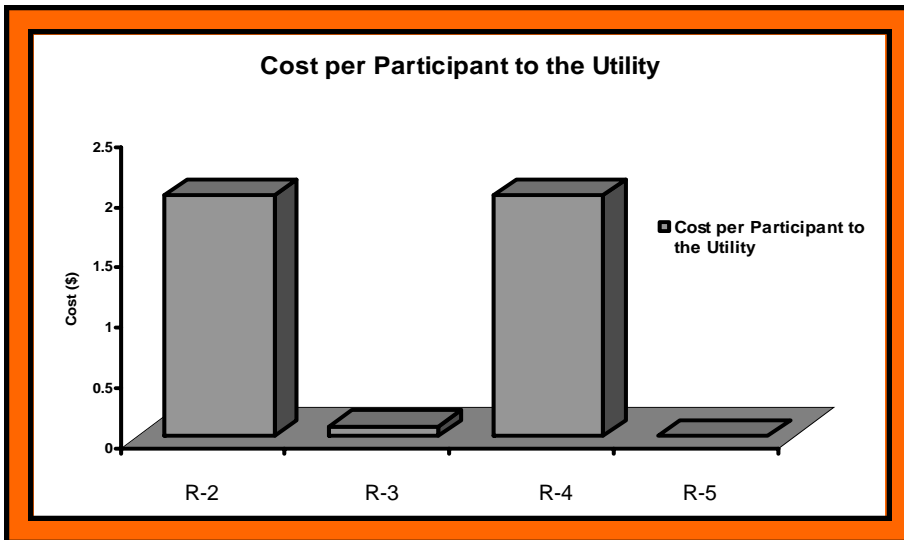


ECONOMIC ANALYSIS

COST PER ACRE FOOT SAVED

None of the utilities studied had appreciable costs related to the rate changes, so whatever water savings occurred did so very cost effectively.

Not including **Utility R-1**, the costs associated with the water savings varied from -\$22 to save an AF of water to \$6 to save an AF. The average cost to save an acre foot of water was -\$4 and the median cost was \$1.



COST TO THE UTILITY PER PARTICIPANT

The cost to the utilities to plan and implement the rate changes ranged from \$0 to \$2 per participant. The average cost to the utilities was \$1 per participant. The median cost per participant was \$1.

COST TO PARTICIPANTS

There were no quantified costs to the customers.

NET PRESENT VALUE

The Net Present Value to the utilities ranged from \$0 to **-\$37,332**, with an average of

-\$16,703. The Net Present Value to the participants ranged from **-\$460,127** to \$6,842,739, with an average of \$2,658,841. The overall Net Present Value ranged from **-\$487,551** to \$6,842,739, with an average of \$2,642,139.

Thoughts on RATES

- ◆ **Although not strictly a conservation measure, rates are often touted as a way to send a conservation message to customers: to align rates to increase the revenue burden on high water users and lighten the burden or reward the lower water users. One problem with this is that there is not necessarily a high correlation between amount of water use and the efficiency of that use. That being said, and acknowledging that rates are often changed to yield the revenue necessary to effectively run the utility (i.e. provide a consistent revenue stream), we ran analyses in the same manner as we did all other conservation programs studied; except that there was no control group for comparison.**
- ◆ **Perhaps because these utilities were of a smaller size, they did not pay a rate consultant to develop their new structures. This would probably not be the case with larger utilities. Using a rate consultant could greatly change the cost to save an AF of water.**

