

HOW DOES TMWA DETERMINE MY RATES?

As Truckee Meadows Water Authority (TMWA) strives for rates that are equitable and easy to understand, a cost of service study is periodically completed to determine if revenues are sufficient to cover costs. Using historic cost and usage data as a basis, these studies look out over the next three to five years comparing both costs and revenues. The study follows industry standards and generally accepted practices of the American Water Works Association for cost studies and rate making.

As a not-for-profit entity, profits are not a factor for TMWA when determining rates. The primary factor considered when establishing rates is the cost for supply, treatment and delivery of water to your home or business. These costs are determined by: the amount and types of customers, each customer's demand for water, the source and treatment of the water supply, the distribution of water and customer-related services. Rates are set to collect enough revenues to cover all costs. Again, since TMWA is a not-for-profit entity, it is not necessary to generate a profit margin when determining rates, because profit is not part of the cost structure for your community owned water system.

HOW DOES TMWA DECIDE IF RATES NEED TO BE ADJUSTED?

If the study finds that TMWA's revenues are not keeping pace with the cost of service, the results are then presented to the TMWA Board of Directors for their review and discussion. Based on the utility's financial performance and cost studies, the Board would determine the timing and size of a potential rate adjustment.

TMWA has several checks and balances when it comes to a rate adjustment proposal and approval, including public meetings, where customers are encouraged to participate and comment. These public meetings include workshops, the Standing Advisory Committee (or SAC – a customer group that reviews rate adjustment proposals and makes recommendations to the Board of Directors) and the TMWA Board of Directors. Advance notification of these meetings is distributed throughout the community.

EXPLANATION OF THE CHARGES ON YOUR BILL:

• Customer Charge

For metered customers, the monthly customer charge is the minimum amount a customer pays for water service. It includes a portion of the costs to maintain and replace the meter and TMWA-owned pipes to each property, and the cost of equipment and labor to read the meter, process the meter reading, process payments and provide any customer billing assistance.

• Tiered Water Usage Charges

For metered customers, this is the cost for the water you use each month. The first tier reflects the average indoor use. The second and third tiers are higher rates, respectively, for any monthly usage over-and-above the first tier. The usage charge includes a portion of the repair and replacement costs for pipes, treatment plants, wells, pumps, regulator stations and all equipment required to supply, treat and deliver water to your home or business. It also includes the services, supplies, equipment and labor required to produce safe, high-quality water, such as power, treatment chemicals, lab testing and maintenance of water pumping, treatment and storage facilities.

• Regional Water Management Fee

This fee is imposed by the Western Regional Water Commission to be expended solely for purposes of water planning. The fee is currently 1.5 percent of your total bill. TMWA has no control or discretion over this fee — it is a charge collected by TMWA and passed on to the local government.

QUICK FACTS

About TMWA:

Truckee Meadows Water Authority (TMWA) is a not-for-profit water utility, overseen by elected officials from Reno, Sparks and Washoe County. TMWA employs a highly skilled team who ensure the treatment, delivery and availability of high-quality drinking water around the clock for more than 385,000 residents of the Truckee Meadows.

About this series:

"Water Topics in Our Community" is a series of papers designed to provide the citizens of the Truckee Meadows information about key water topics in this region.

To access all of the papers, go to www.tmwa.com/topics.

About TMWA's Board of Directors:

The TMWA Board welcomes you to attend and comment at any board meeting. Meeting schedules are posted at

www.tmwa.com/meetings.

To send a question to the Board, visit us online at

www.tmwa.com/comment.

Questions or feedback?

We'd like to hear from you. Please call our Community Communications line with any remaining questions you have on this topic or other water topics. The number is

(775) 834-8290.

- **Right of Way Toll**

The Right of Way Toll is a fee charged to utilities and telecommunication companies for the right to use property owned by the government, such as the property underneath the streets. For Reno and Sparks' residents, the standard fee is 5 percent of your total bill. TMWA has no control or discretion over this fee — it is a charge collected by TMWA and passed on to the local governments.

WHAT IS TMWA DOING TO KEEP COSTS DOWN?

TMWA's Board of Directors and staff are committed to a culture of fiscal responsibility and continual assessment of all operational costs. Here are just some of the ways we are minimizing costs:

- **Water Treatment** - We use the safest and most cost-effective options for treatment. Our treatment plant operators continually monitor and evaluate the processes to ensure your water is safe, clean and reliable.
- **Power** - Our operating plans focus on using electricity when power costs are lowest, taking full advantage of NV Energy's Time-of-Use Tariffs. With power costs making up 10% - 11% of our operating budget, our treatment/distribution operators and engineers are always looking for ways to conserve electricity or use it at the least expensive time.
- **Construction** - Projects to improve and rehabilitate our water system are publicly advertised and competitively bid. We award contracts to the qualified contractor with the lowest responsive bid.
- **Supplies** - All business expenses, such as tools, office supplies and cell phone contracts, are regularly monitored. We obtain the lowest reasonable cost by competitively bidding many of these service and supply contracts.
- **Staffing** - Before hiring permanent staff, we try to supplement our work force with seasonal workers, temporary staff and interns as appropriate. In addition, we re-evaluate all vacant staff positions to determine if the position is crucial and/or if the responsibilities can be delegated to existing staff.
- **Overtime** - Salaried employees make up much of TMWA's employee base, including management, administrative and technical staff. These employees do not receive overtime pay, even during emergencies.
- **Vehicle Use** - We reduce vehicle and fuel costs by: using a Global Positioning System to find the closest vehicle to a customer call, minimizing the use of assigned vehicles for emergency response, using pool vehicles rather than individually assigned company vehicles, and standardizing vehicle types, which allows maintenance to be streamlined.
- **Automated Systems** - With the use of Automated Meter Reading equipment, it takes less than two employees to read an average of 5,400 meters per day, or 120,000 per month, at a cost of approximately \$15,000 per month. This compares to manually reading the same number of meters which would cost as much as \$50,000 a month. In January 2011, TMWA implemented an automated dispatch program which has increased efficiency and resulted in annual savings of \$230,000.
- **Outsourcing** - Using vendors/partners to provide our Billing, Call Center, Collections and Remittance operations saves more than \$500,000 annually.

IS THE COST OF GROWTH INCLUDED IN WATER RATES?

No. TMWA's Board of Directors instituted a policy that growth should pay for growth shortly after TMWA was formed in 2001. The development community pays for all new facility and water right expenses related to growth when they build a new project. A detailed topic paper is available on growth paying for growth at www.tmwa.com/topics.



TMWA has received the "Directors Award of Recognition" from the Partnership for Safe Water. With this award, TMWA's Chalk Bluff Water Treatment Plant's quality is recognized as ranking among the top two percent of water treatment plants in the country, producing high quality water for more than 385,000 residents in the Reno-Sparks area.

Learn More at: www.tmwa.com/psw

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