



TO: Board of Directors
THRU: Mark Foree, General Manager
FROM: John Erwin
DATE: October 6, 2014
SUBJECT: **Public Hearing, Second Reading and Possible Adoption of Resolution No. 215: A Resolution to Adopt a New Rate Schedule FRMWC – Former Washoe County Customer Rates**

RECOMMENDATION

Staff submits for Second Reading and adoption by resolution a new Rate Schedule -- Former Washoe County Utility Rates and Charges (FRMWC) which establishes customer rates to be charged by TMWA to former Washoe County customers following completion of the pending merger with Washoe County as set forth in Exhibit 1 to the attached Resolution.

Possible Motion: “I move to adopt Resolution 215 to adopt Rate Schedule FRMWC to be effective upon the Closing Date of the consolidation of Washoe County Community Service Water Utility into TMWA.”

INTRODUCTION

This report item involves only Agenda Item 6.c.v -- the proposed adoption of a new customer rate schedule applicable to what will be former Washoe County customers, referred to as rate schedule FRMWC.

In preparation for the merger of Washoe County Community Services Department Water Utility (“WCWU”) and the South Truckee Meadows General Improvement District (“STMGID”), staff is recommending changes to TMWA’s existing rules and rates, by:

Agenda Item 6.c.i. Amending:

1. Table of Contents
2. Introduction to the Rules
3. Rule 1 Definitions
4. Rule 5 Water System Facilities
5. Rule 7 Dedication of Water Resources and Will-Serve Commitments
6. Rule 9 Service Area Boundaries – Retail
7. Rate Schedule Large Volume Service (LVS)

8. Rate Schedule Firm Standby Partial Requirements (FSPR)

Agenda Item 6.c.i Repealing:

Rule 10 Service Area Boundaries - Wholesale

Agenda Item 6.c.ii Amending:

1. Rate Schedule Water System Facility Charges (WSF)

Agenda Item 6.c.iii Adopting:

1. Rule 10 Mt Rose-Galena Fan Domestic Well Mitigation Program

Agenda Item 6.c.iv Adopting:

1. Rate Schedule FRMSGID – Former South Truckee Meadows General Improvement District Rates and Charges

Agenda Item 6.c.v Adopting:

1. Rate Schedule FRMWC – Former Washoe County Water Utility Rates and Charges

The proposed amendments are subject to successful merger. Staff proposes that these changes be adopted now, but that they not become effective until the closing of the Merger, anticipated to occur December 31, 2014. Board review, pursuant to the tentative calendar presented below will lead to final approval of the revisions on October 15, 2014, with the revisions becoming effective with the actual close of merger.

DISCUSSION

Pursuant to the terms of the January 29, 2010 Interlocal Agreement Governing the Merger of the Washoe County Department of Water Resources and TMWA (“Merger”), TMWA and the County expressed an intention that, among other things, the Merger have little near-term rate consequences for customers of either entity. In furtherance of that intention, TMWA has agreed to adopt and apply County customer rates for the delivery of water service to what will be former Washoe County customers following the Merger. The proposed schedule FRMWC includes rates for all active, billing service sizes and is identical to the rates these Washoe County customers are currently charged.

Under current Washoe County ordinances, Washoe County customers are subject to an automatic annual inflationary rate adjustment based on the Consumer Price Index. TMWA staff is proposing eliminating that automatic annual rate adjustment. Staff proposes that Washoe Customer rates are subject to adjustments from time to time in an amount equal to the percentage increase or decrease of customer charges, usage charges and/or usage tiers, as applicable, adopted by the TMWA Board on equivalent TMWA customer rates.

Unlike the STMGID ILA, the Washoe County ILA does not specifically address right of way tolls. The City of Reno and City of Sparks currently impose by ordinance a 5% right of way toll on TMWA water customers. Those ordinances only apply to TMWA customers living within the jurisdiction of Reno or

Sparks; they do not apply to Washoe County customers living within those same jurisdictions. Washoe County has not adopted a right of way toll at this time, so no right of way toll applies to customers living in unincorporated Washoe County. Following the Merger, those former Washoe County customers living in Reno or Sparks will be obligated to pay the Right of Way toll.

Given the intention of the ILA to have little near-term rate consequences, and given the availability of Washoe County treasury to mitigate any adverse rate impacts on TMWA customers, staff is proposing a temporary right of way toll offset for former Washoe County customers to minimize near term rate impacts. Under the proposed offset, TMWA would provide a credit to offset the right of way toll due under ordinance, which credit would sunset over a five year period.

The proposed rates were provided to Washoe County staff for review and comments received were incorporated into the proposed language. Public notices were filed on August 28, 2014. The proposed revisions were presented to the TMWA Standing Advisory Committee for review and comment on September 2, 2014. The SAC did not have comments at that time, but requested the proposed revisions be brought back to the SAC at its October meeting in the event the TMWA Board had revisions or direction for the SAC. Additional public workshops were held on September 9, 2014, attended by 2 WCWU staff and 6 customers of Washoe County. No other comments, written or otherwise, have been submitted by interested parties with respect to this item.

NOTE: Revisions (redlined in the attachment) were made in the pages of the Second Reading to synchronize the "rate code" acronym used within TMWA's electronic billing system to the rate schedule pages and correct references within the schedule.

SCHEDULE FRMWC

Truckee Meadows Water Authority

RATE SCHEDULES

FRMWC - FORMER WASHOE COUNTY WATER UTILITY RATES AND CHARGES

APPLICABILITY

Rates contained in this Rate Schedule FRMWC are applicable solely to the delivery of water service to Premises receiving water service from, and located within the former retail service area of the Washoe County Community Services Department Water Utility as of December 31, 2014, subject to the Special Conditions set forth below in this rate schedule.

RATES

| **RFWSW-RFWD** – Residential Unmetered Water Service for Residential and Irrigation Service

Customer Charge per Billing Period

Up to 3/4"	\$ 89.82
1"	\$ 90.18
1 1/2"	\$ 92.12
2"	\$ 93.55
3"	\$ 94.96
4"	\$ 99.18

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

| **RMWSW-RMWD** – Residential Metered Water Service

Customer Charge per Billing Period

<u>Meter Size</u>	<u>Per Meter</u>
Up to 3/4"	\$ 17.43
1"	\$ 22.42
1 1/2"	\$ 32.07
2"	\$ 42.76
3"	\$ 68.85
4"	\$100.84
6"	\$183.85

Added: 01/01/2015

Truckee Meadows Water Authority

RATE SCHEDULES

FRMWC - FORMER WASHOE COUNTY WATER UTILITY RATES AND CHARGES

Commodity Charge per 1,000 Gallons for each Tier per Billing Period

| **RMWD1** - Meters less than 1 1/2":

Tier 1	0	to	6,999	\$2.62
Tier 2	7,000	to	20,999	\$3.27
Tier 3	21,000	to	40,999	\$3.93
Tier 4	Greater than 41,000			\$5.25

| **RMWD2** - 1 1/2" and larger meters:

Tier 1	0	to	28,999	\$2.62
Tier 2	29,000	to	150,999	\$3.27
Tier 3	151,000	to	600,999	\$3.93
Tier 4	Greater than 601,000			\$5.25

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

| **MMWSW-MMWD** – Multi-Unit Residential Metered Water Service

Customer Charge per Billing Period

<u>Meter Size</u>	<u>Per Meter</u>
Up to 3/4"	\$ 17.43
1"	\$ 22.42
1 1/2"	\$ 32.07
2"	\$ 42.76
3"	\$ 68.85
4"	\$100.84
6"	\$183.85

Commodity Charge per 1,000 Gallons for each Tier per Billing Period

| **Meters less than 1 1/2":**

Tier 1	0	to	28,999	\$2.62
Tier 2	29,000	to	150,999	\$3.27
Tier 3	151,000	to	600,999	\$3.93
Tier 4	Greater than 601,000			\$5.25

Added: 01/01/2015

Truckee Meadows Water Authority

RATE SCHEDULES

FRMWC - FORMER WASHOE COUNTY WATER UTILITY RATES AND CHARGES

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

GMWSW-GMWD – Commercial Service to Service Property(ies) with a Meter and where no other Rate Schedule is specifically applicable per Billing Period.

Customer Charge per Billing Period

<u>Meter Size</u>	<u>Per Meter</u>
Up to 3/4"	\$ 17.43
1"	\$ 22.42
1 1/2"	\$ 32.07
2"	\$ 42.76
3"	\$ 68.85
4"	\$100.84
6"	\$183.85
8"	\$276.42

Commodity Charge per 1,000 Gallons, All Meter Sizes

On Peak	\$2.94
Off Peak	\$2.52

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

Added: 01/01/2015

Truckee Meadows Water Authority

RATE SCHEDULES

FRMWC - FORMER WASHOE COUNTY WATER UTILITY RATES AND CHARGES

MISDW – Metered Irrigation Water Service

Customer Charge per Billing Period

<u>Meter Size</u>	<u>Per Meter</u>
Up to 3/4"	\$ 17.43
1"	\$ 22.42
1 1/2"	\$ 32.07
2"	\$ 42.76
3"	\$ 68.85
4"	\$100.84

Commodity Charge per 1,000 Gallons \$4.35

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

FPSW – Fire Protection Service

Customer Charge per Billing Period

<u>Meter Size</u>	<u>Per Meter</u>
3"	\$ 25.15
4"	\$ 39.50
6"	\$ 72.94
8"	\$119.00
10"	\$175.02
12"	\$253.16

Late Charge

5% of any amount in arrears from previous billings.

Other Charges

As specified in Rate Schedule OC and applied to total bill.

Added: 01/01/2015

Truckee Meadows Water Authority

RATE SCHEDULES

FRMWC - FORMER WASHOE COUNTY WATER UTILITY RATES AND CHARGES

MINIMUM CHARGE

The Minimum Charge for delivery of water service under any rate identified in this schedule shall consist of the sum of the Customer and Commodity Charges, late charge, right-of-way toll, and regional water management fee per Billing Period.

To facilitate the implementation of the merger between Authority and Washoe County Community Services Department Water Utility, Authority will apply a credit to the sum of the Customer and Commodity Charges otherwise applicable to service properties within the City of Reno and City of Sparks as follows:

Period	Credit
January 1, 2015 through December 31, 2015:	5% of total bill
January 1, 2016 through December 31, 2016:	5% of total bill
January 1, 2017 through December 31, 2017:	3% of total bill
January 1, 2018 through December 31, 2018:	2% of total bill
January 1, 2019 through December 31, 2019:	1% of total bill
After December 31, 2019:	0% of total bill

SPECIAL CONDITIONS

1. Conversion to Metered Rates. Upon any change in the billing Customer of record at an existing RFW~~DSW~~ Service Property or upon request to the Customer at the Service Property, the delivery of water service to the Service Property shall thereafter be subject to the metered rate under applicable Rate Schedule RMW~~SWD1~~ or RMWD2.
2. Installation of Meters. The Authority will install Meter Facilities as soon as practicable on any Unmetered Service Property subject to the FRMWC Rate, with costs to be borne by the Authority in accordance with Rule 6.
3. Backflow Charge. This charge applies to single family residential Customers where the Service Property has a backflow prevention assembly maintained by the Authority. The monthly charge applied per Billing Period for operations, maintenance, service and annual testing associated with the backflow prevention assembly is \$4.50.
4. Closed Tariff. Rate Schedule FRMWC is closed and shall not be applicable to any applications for the delivery of water to a new service.

Added: 01/01/2015

TRUCKEE MEADOWS WATER AUTHORITY (TMWA)
WASHOE COUNTY RATES & RULES WORKSHOP
MINUTES OF THE SEPTEMBER 9, 2014, 5:30 – 8:30 pm
1355 CAPITAL BLVD, RENO, NEVADA

The total attendance at the workshop was approximately 10 people.

John Erwin, TMWA Director of Natural Resources, welcomed the public and introduced staff. Mr. Erwin explained the purpose of the workshop was to clarify how the consolidation of the Washoe County (“County”) customers into TMWA impacts them. He stated that part of the process includes the adoption of the County rates by the TMWA Board and the focus tonight is how County rates are being converted or adopted into TMWA’s rate schedule. Additionally, Mr. Erwin provided a brief overview of the formation and history of TMWA for the benefit of County customers’ understanding (*see Attachment*).

A member of the public asked how TMWA was able to get a bond when cities have to vote to get a bond. Mr. Erwin responded that the Joint-Powers Authority Agreement (JPA) conferred to TMWA the ability to enter into contract and issue bonds. Jeff Tissier, TMWA Chief Financial Officer, clarified that the Attorney General, and bond counsel, gave TMWA the authority to issue bonds.

Mr. Erwin presented TMWA’s water resources, facilities and revenue. He provided a handout (*attached*) of the proposed County’s rates and TMWA’s rates. He explained the benefits of the consolidation are: improved management of water resources, more efficient utilization of infrastructure, and lower system maintenance costs. He stated County customers will continue to pay the same rates under TMWA, although the presentation may look different on the actual bill.

A customer from Lemmon Valley explained that he pays a flat rate and he has groundwater. He asked if TMWA, upon completion of the consolidation, will begin serving him surface water. Mr. Erwin responded that this is not what will happen and that he will continue to pay the same flat rate. The customer inquired about will-serve, water rights and a news advertising that TMWA will force them to convert from flat rate to a meter. Mr. Erwin responded that is incorrect and he will continue to be billed at the flat rate; since water is being provided to him by a utility that he is then probably a beneficiary of the water; and, with regards to service to his property, the commitment of the utility is to provide the allocated amount of acre feet to his property.

A County customer inquired about the rates eliminating the itemization of the arsenic removal, but it is still in the rate. Mr. Erwin replied that is correct as that charge has been incorporated in the customer charge.

A County customer asked if there is a schedule of rate increases going forward over the next two or five years. Mr. Erwin responded that there is no current plan to change the rates. Mr. Erwin also mentioned that the County ordinance today has an annual CPI adjustment, which will not transfer to the TMWA rate schedule.

A County customer inquired about the fact that TMWA is not regulated by the Public Utilities Commission, and expressed his concern over who limits the rates and who can the customers complain to if the rates increase too much. Mr. Erwin responded that TMWA's Board of Directors meet monthly as well as a Standing Advisory Committee (SAC), which is made up of representatives from different customer groups. TMWA has an extensive public process where staff communicates extensively to customers regarding the rate-making process well in advance of any changes to rates, including the basis for the changes, justification and calculations, public workshops, etc. Any rate increases, adjustments or amendments are then presented to the Board of Directors for a First and Second Reading and the public is welcome to participate and bring their comments.

A County customer asked if TMWA's process has no upper limit to raise rates if they convince the Board. Mr. Erwin replied that it is the same as it is today with the County and with any municipal utility, but the Board is the one who decides on the rates.

A County customer inquired about the vote on the union in the first year of TMWA's formation to keep the union in TMWA, but never happened. Mark Foree, TWMA General Manager, responded that this is not a correct statement.

A County customer asked whether TMWA has a plan, in the years of low water and drought, to allow for individuals who irrigate equitably. Mr. Erwin responded that the rate schedule currently charges the irrigation customers by how much they use. He stated that the collection of costs to run the utility are allocated to each user group (i.e. residential meter group), which is based on the group's usage pattern. Therefore, the rate regulates their usage.

A customer from Old Washoe Estates inquired about TMWA taking over their water system upon completion of the merger. He stated that there is a rumor that TMWA does not want their water system and would sell it cheaply and that a current customer has claimed he has offered to buy the water system from TMWA so that they can manage the water themselves. He wanted to know if there was any truth to these rumors. Mr. Tissier replied that one of their neighbors was interested and, as a public agency, TMWA had meetings with him, after which he lost interest. The customer asked when these meetings occurred. Mr. Tissier responded that the meeting took place a couple of weeks ago. Mr. Erwin added that their neighbor approached TMWA in May or June, but the topic was recently concluded. Mr. Foree added that the Board requested staff to provide a report outlining what would be required if someone were interested in purchasing these water systems. He also added that TMWA is not advocating for the sale, but are only responding to inquiries.

The customer from Old Washoe Estates also inquired that part of the rumor was that the quality of the water they have is terrible and the groundwater they have is better. Dwayne Smith, Washoe County Engineer, commented that both TMWA and the County systems consistently meet all the state and local water quality requirements. Mr. Smith added that there is a capital improvement project (CIP) to equip a second well to provide redundancy to that system.

The customer from Old Washoe Estates also inquired that the well would be drilled and the pumping equipment installed in August or September. Mr. Smith replied that he does not know the exact

schedule. He added that as they began the CIP process they needed to work with TMWA and have had meetings and it is moving forward. The customer also added that the legislature passed a law that a back-up well was needed for a one-well system, and she wanted to know if that is the reason for the second well or was it for increased capacity. Mr. Smith responded that it was for back-up purposes. She added that they are interested because of the recent drought and fire, and she is on the Home Owners Association. She has spoken with her board about purchasing a generator and selling the electricity back to the County because they didn't have as much pressure during the fire. Mr. Smith replied that the system never went into a negative pressure situation during the fires. She expressed her concern to keep the generators for back up electricity. Mr. Smith replied that he would be happy to continue this discussion.

A customer inquired about the delivery of water services to premises and if TMWA is in the water delivery or selling business. Mr. Erwin replied that TMWA delivers water to service properties (premises), which is why TMWA charges the rates it does for the service provided and the revenues from those services is able to sustain the utility to pay for the assets that supply water to the premises. The customer referred to the commodity charge. Mr. Erwin responded that the word 'commodity' refers to the water TMWA sells.

Kim Mazeres, TMWA Director of Customer Relations, added that staff is here to answer questions one-on-one.

The meeting came to a close at 5:58 P.M.