

## Conservation Rate Structures

Presented by: Dave Coleman, PE  
 Water Services Director  
 City of College Station  
 February 23, 2010

## Water Conservation Rate Structures

- Inclined Blocks for Residential customers (avg = 7,500 g/mo)
- Elevated Flat rate for Commercial customers

Customer Class	Usage	\$ per 1,000 gallons
Residential Single-Family	0 to 10,000	\$2.26
	11,000 to 15,000	\$2.94
	16,000 to 20,000	\$3.61
	21,000 to 25,000	\$4.28
	26,000 and up	\$4.96
Commercial - Domestic	All usage	\$2.49
Commercial - Irrigation	All usage	\$2.68
Service Fees	Vary by meter size	\$10 to \$172

## Inclined Block Rates for Residential Customers

- Residential = SFH and Duplexes only
- Market driven solution
  - Customers decide if they want to pay the premium costs
- Protects low-usage customers
- Allocates cost to source (for capacity expansion)
- Could penalize large families
- Rate structure is "one size fits all"
  - Unfair to homes with large lots
- HOA requirements & Deed restrictions
- Difficult to predict revenue impacts
- Much resistance to change culture

## Water Conservation Results

- 2005 and 2010 were comparable rainfall years
- Inclined block rates in place only for 2009 & 2010
- Commercial rates not yet enacted (started in FY-2011)

Year	Est Pop'n	Annual Usage	Peak Day
2005	81,900	4.1 bg	20.4 mg
2010	94,400	4.4 bg	21.8 mg
% Increase	15%	7%	7%

## Per Capita Usage, 12-month GPCD

	2007	2008	2009	2010
January	157	135	157	147
February	157	135	157	144
March	157	134	158	142
April	154	135	158	141
May	151	137	157	143
June	146	146	156	136
July	141	156	155	130
August	135	158	157	131
September	133	158	156	132
October	135	157	151	137
November	136	157	149	140
December	135	157	148	142

## Elevated Flat Rate for Commercial Customers

- Commercial = Apartments, HOAs, Businesses & Schools
  - Most commercial customers have separate irrigation meter
- Inclined Block Rates would not work well
  - Extreme variability among "reasonable" usage amounts
- Considered establishing customized Water Budgets
  - Billing system would not accommodate this efficiently
- Stole this idea from Mary G in Fort Worth
- A higher flat rate still provides a conservation incentive
- Homeowners complain that commercial rate is too low
- Much easier to predict revenue impacts
- Might create a "Public Institution" flat rate

## Conclusions

- ◆ Conservation Rates in General
  - Difficult to get out ahead, before crisis
  - Check with your Billing folks first
  - Must have a champion on Council or Board
  - Your supporters will not be the vocal ones
- ◆ Inclined Block Rates
  - Residential vs. Commercial is difficult
  - Revenue projections are tricky
- ◆ Elevated Flat Rates
  - Not as effective, but might be as good as it gets

For more information please contact:

Dave Coleman

[dcoleman@cstx.gov](mailto:dcoleman@cstx.gov)

979.764-3432

City of College Station, Water Services Dept.

<http://www.cstx.gov>