



Water Pricing and the Drought

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Water Pricing and the Drought

- Pricing and Revenue Considerations
- Pricing and Revenue Response Options
 - Short Term
 - Medium Term
 - Long Term

Limitations and Restrictions on Utility Pricing

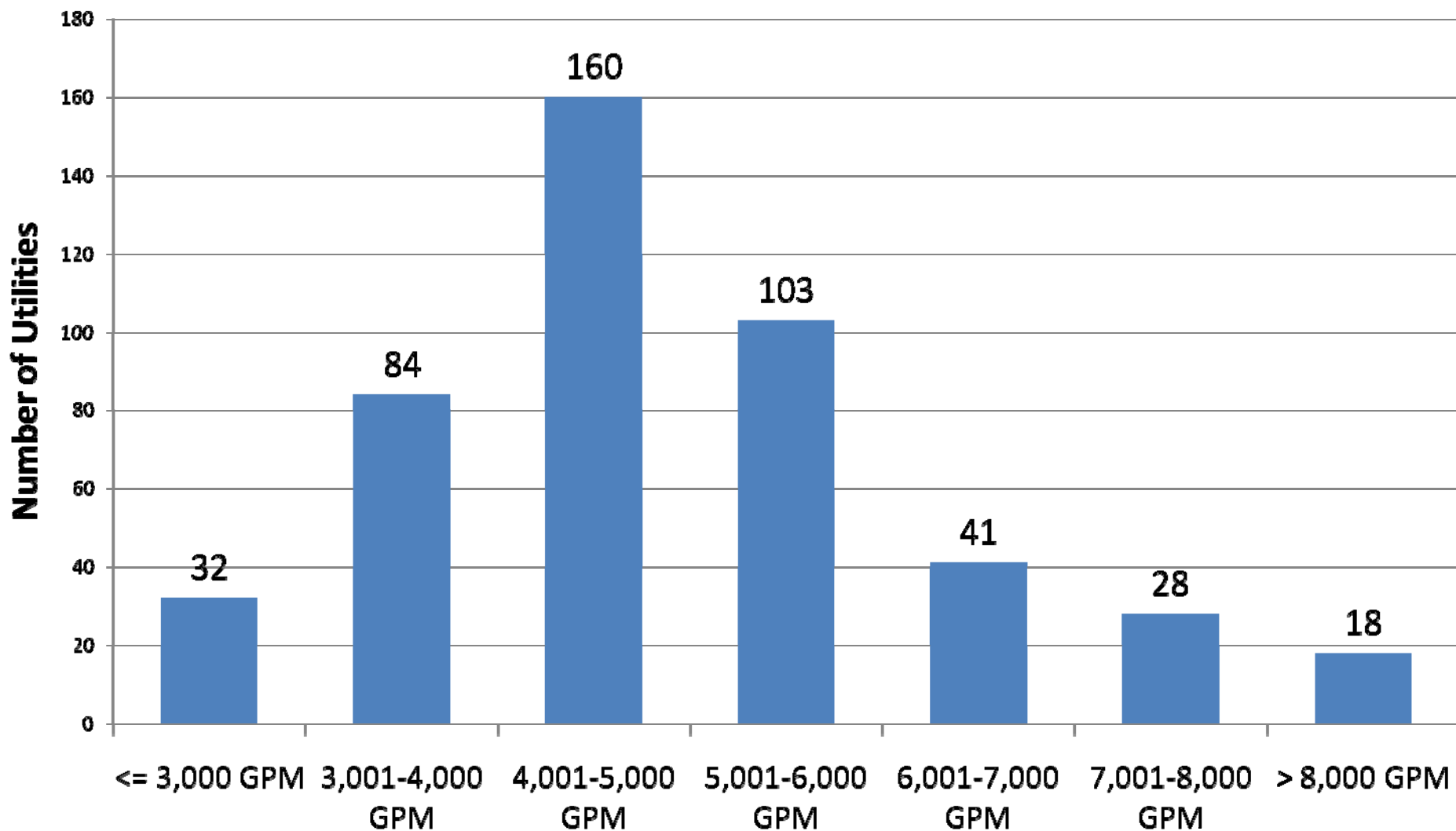
1. Government Owned Utilities
 - a) No or low debt
 - b) Revenue bond debt
2. Investor Owned Utilities
3. Non-profit water corporations

Drought Response Handicaps

- Public perception of monopolies
- Capital intensity leads to fixed costs
- Limited reserves

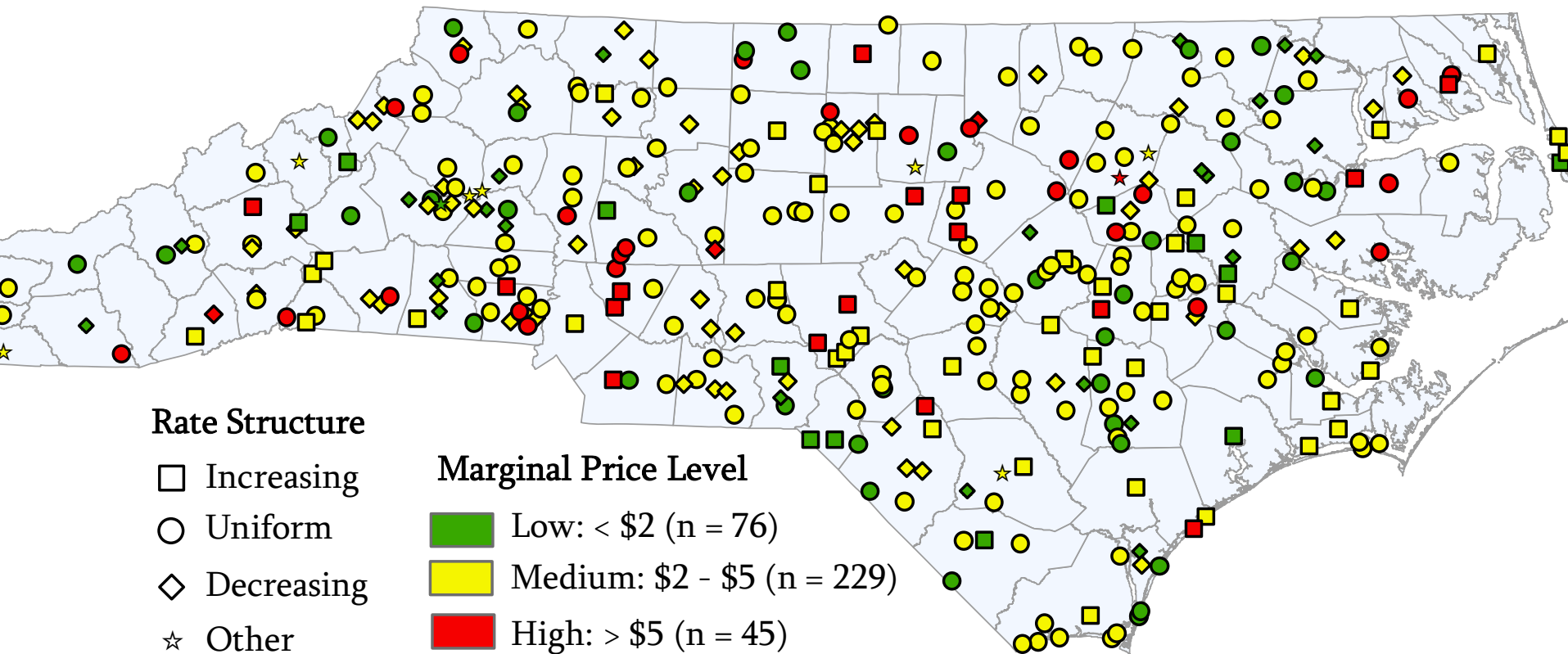


Average Residential Consumption in 2002 Among 466 Utilities



Source: Data collected by DWR, NCDENR Local Water Supply Plans

Rate Structures and Pricing Signals Across North Carolina



Source: 2007 NCLM/SOG Rate Survey, Price is \$/1,000 for Customer using 14,000 gal./mo.

Considerations

- Sudden usage reductions often lead to significant revenue reductions but only modest cost reductions
- Relationship between usage and price may be difficult to predict
- Some utility rates are artificially low
- A utility's starting point will influence difficulty of meeting uniform reduction targets

Considerations

- Current billing practices often limit the ability of price to influence demand
 - Time lag
 - Disconnections between usage and payment
- One size does not fit all

Short Term Options

- Expand usage monitoring
- Expand customer usage research
- Increase volume charges
- Increase base charges
- Increase enforcement of usage restriction penalties

Medium Term Options

- Move towards “full cost” pricing by limiting artificially low rates
- Expand pricing and consumption information included on bills
- Move to monthly billing
- Consider alternative rate structures (seasonal, water budget, uniform block, increasing block)
- Establish emergency assistance fund for water services customers

Longer Term Options

- Invest in meter technology
- Invest in reuse systems
- Fund credit program for installation of water efficiency devices/fixtures
- Fully funded capital improvement programs (CIPs) with significant conservation, efficiency, and rehabilitation investments
- Establish rate stabilization fund
- Maintain significant undesignated reserves (utility fund balance)

Supplemental Information

OCIM, Hillsborough begin water assistance program

The Herald-Sun

By Emily Coakley : The Herald-Sun

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GREENSBORO
URBAN
MINISTRY

305 West Lee Street
Greensboro, NC 27406
336.271.5959

Upcoming Events

**16th Annual
Feast of Caring -**
November 15, First
Baptist Church

WATCH THE DOCUMENTARY
AN AVERAGE DAY AT GREENSBORO URBAN MINISTRY

Our mission: To express the love of
God to people in need through practical
action in the greater Greensboro area.

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Emergency Assistance Program

General Guidelines

Hours of Operation:

- Financial interv

Times and availa

Assistance is

1. Past due rent
not assist with b
recovery facilitie
2. Past due mort
Mortgage Comp



COUNCIL APPROVES EMERGENCY ASSISTANCE PROGRAM
*"People have had few places to turn for help to pay for the most basic
requirement of life"*



il approved Council Bill 115636 which will provide

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Emergency Utility Assistance Program

This program assists homeless shelter providers with utility expenses in emergency situations. It pays for current utility bills and is limited to four times per year.

1. Select Your Utility Rate Structure:

Example: Low OR, Low Rates

2. Select Type of Bill (5,000 Gallons/Month):

☒ Water Bills

\$13.47

Rates: FY
2006-07

☐ Sewer Bills

3. Select Your Comparison Criterion:

All Systems

All Systems

☒ All Utilities

Example: Low OR, Low Rates

378 rate structures compared

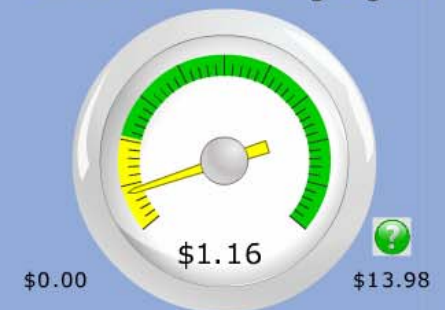


Customer profile & utility characteristics

Water Bill for 5,000 GPM



Conservation Pricing Signal



Price (\$/1000 gallons) for
water at 10,000 GPM

Operating Ratio (FY06)



Water Bills as % MHI

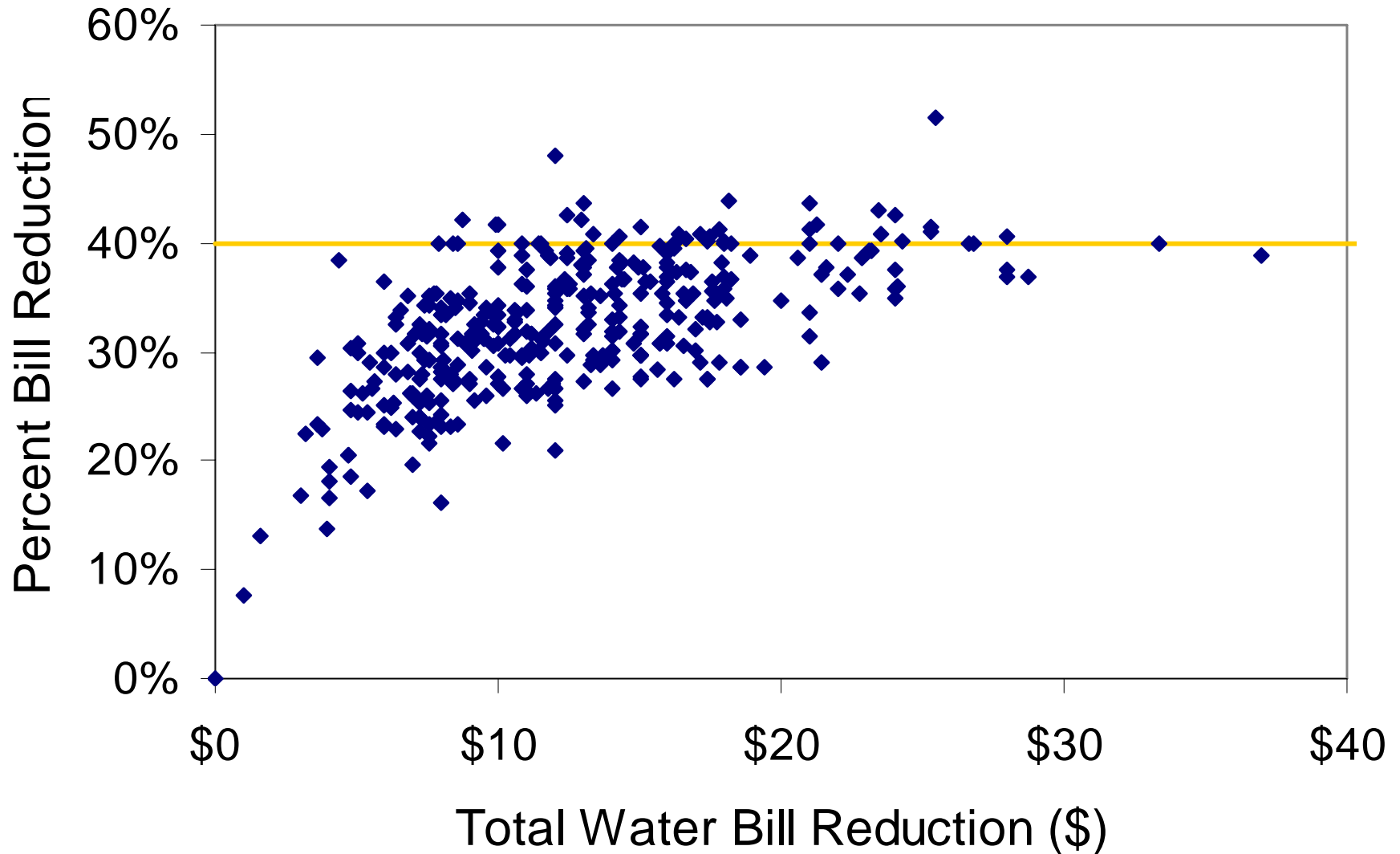


Water & sewer
oper. rev./oper. expenses
for the utility, last year

Expenditures for 5,000 GPM
as % Median Household
Income of Town B

Impact of Usage Reductions

(10,000 to 6,000 GPM -- 40% Reduction)



For More Information:

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