Sustainable Rate Structure Analysis Stakeholder Advisory Group

October 28, 2021

NYC Environmental Protection

Welcome

NYC Environmental Protection

WELCOME & IDA RESPONSE
Angela Licata
Deputy Commissioner of Sustainability

DEP'S BILLING SYSTEM LAUNCH
Mikelle Adgate
Public Affairs & Communications

COMPARATIVE RATE STRUCTURE ANALYSIS REPORT
Erin Morey
Director, Demand Management & Resilience Policy

ONE WATER NYC
Alan Cohn
Managing Director, Integrated Water Management

RESOURCES & NEXT STEPS
Mikelle Adgate
Public Affairs & Communications

Ida Response

Angela Licata

DEPUTY COMMISSIONER OF SUSTAINABILITY

NYC Environmental Protection

Ida Response

- Central Park measured 7.19" total rain
  - 3.15" in one hour

- Mayor’s New Normal Report pledges $2.7 billion to extreme rain protections and investments

- DEP commitments in the New Normal Report include:
  - Neighborhood-scale stormwater strategies for “cloudburst” neighborhoods
  - Accelerating “high-level” storm sewer upgrades
  - Prioritizing the Sustainable Rate Structure Analysis study

Photo: Greg Vigliotti, NYT

Photo: Anthony Behar, AP

DEP's Billing System Launch

Mikelle Adgate

PUBLIC AFFAIRS & COMMUNICATIONS

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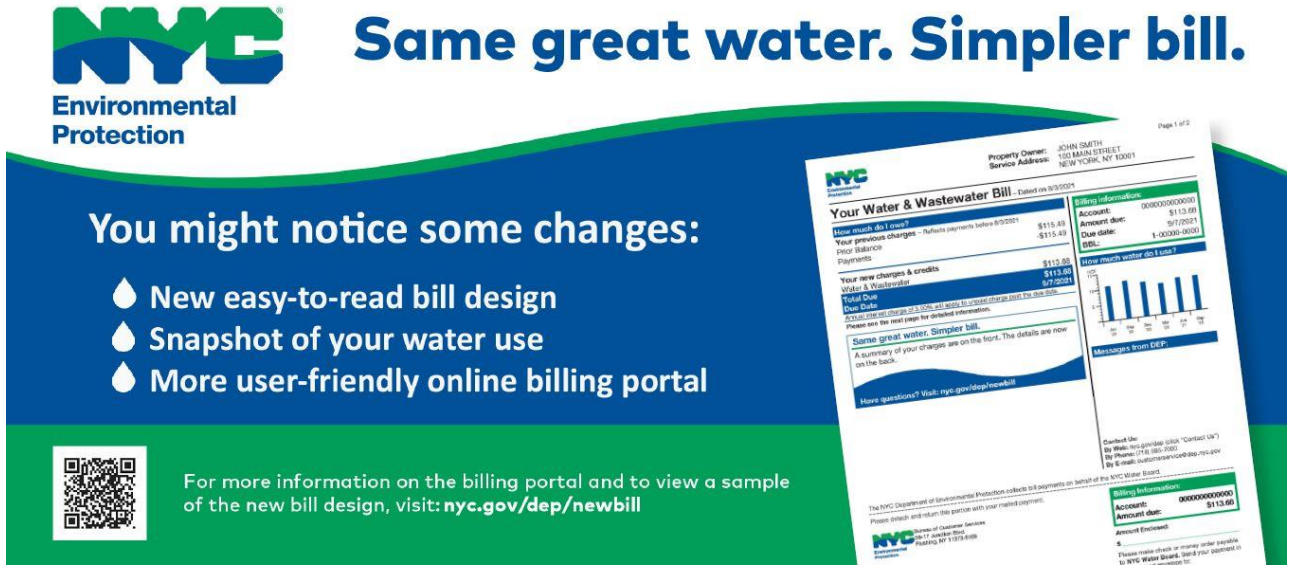

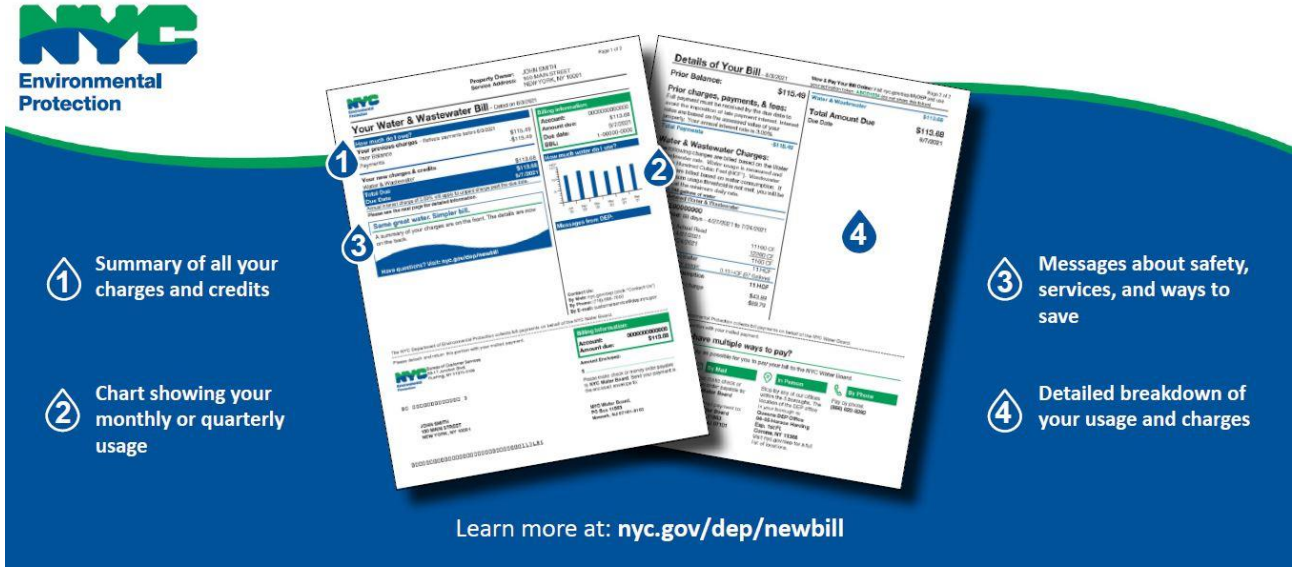

New DEP Billing System

- Launched September 7, 2021
- Easier-to-read paper bill
- More user-friendly online customer portal
- Modernized functionalities

Comparative Rate Structure Analysis Report

Erin Morey
DIRECTOR, DEMAND MANAGEMENT & RESILIENCE POLICY

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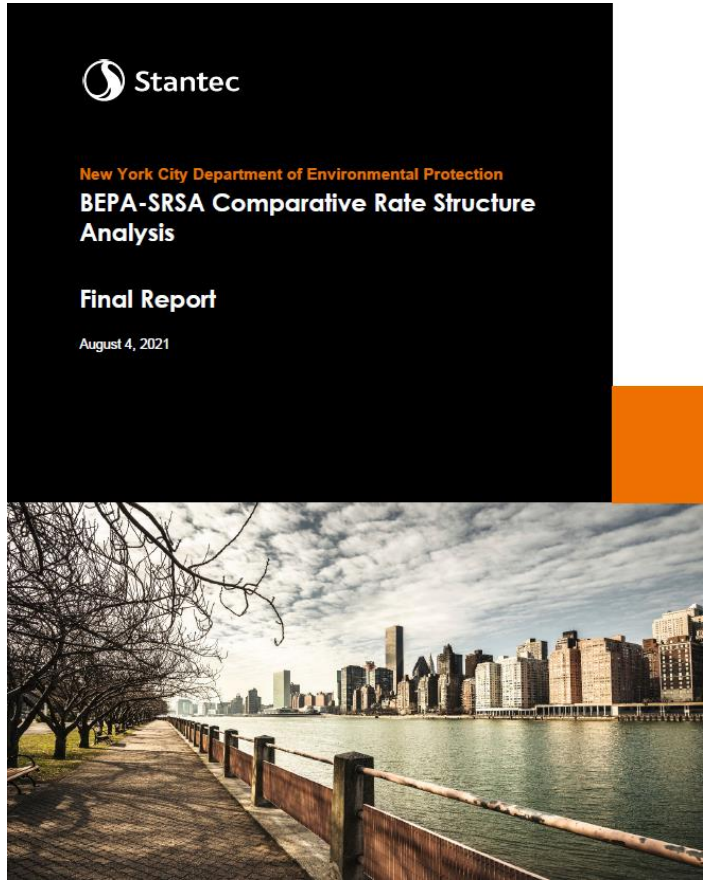
Recap of Kickoff Meeting

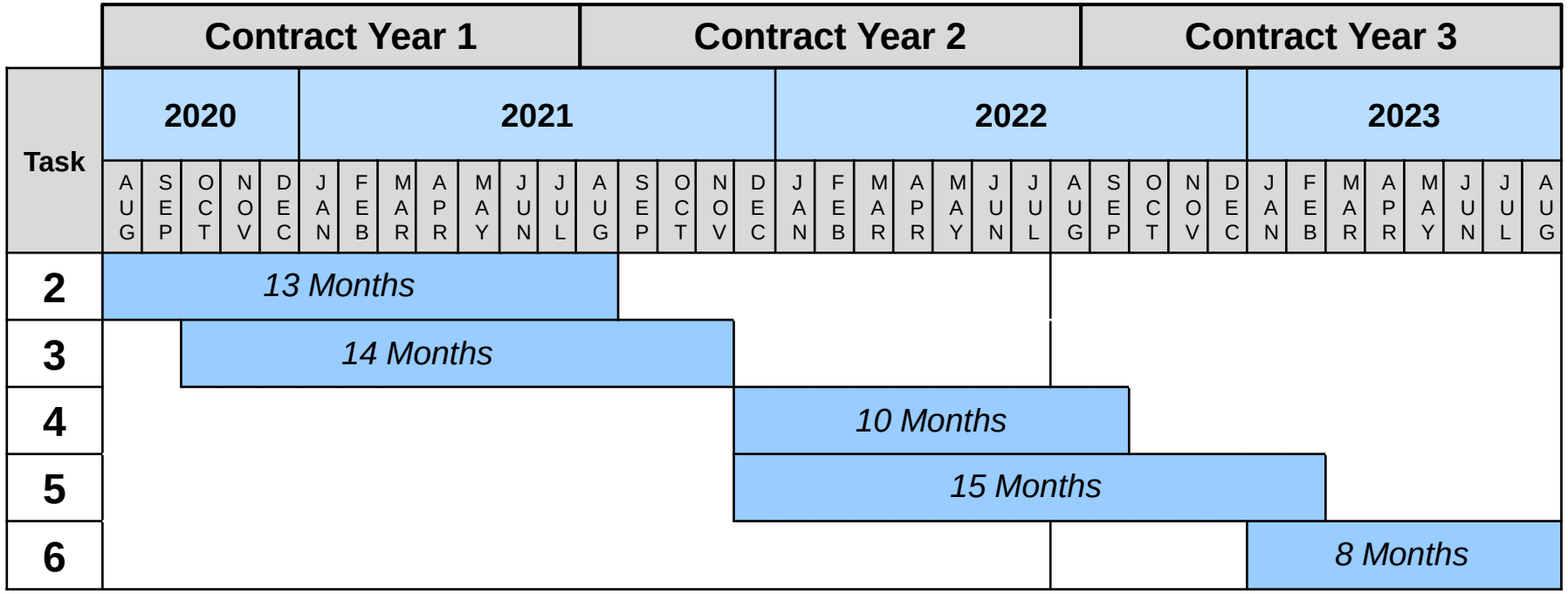
- Kicked off 3-year Sustainable Rate Structure Analysis in August 2020
- Kicked off Advisory Group and stakeholder engagement in July 2021
- Completed the Comparative Rate Structure Analysis Report since the Kickoff meeting
- Developed FAQs based on feedback from kickoff Advisory Group meeting
  - FAQs are available on DEP's website and will be updated following each Advisory Group meeting



Full report available on DEP's website.

SRSA Schedule

Note: Task schedules and overall schedule may shift as the study progresses.



Task 2: Data Collection and Comparative Analysis

Task 3: Revenue Requirements Analysis

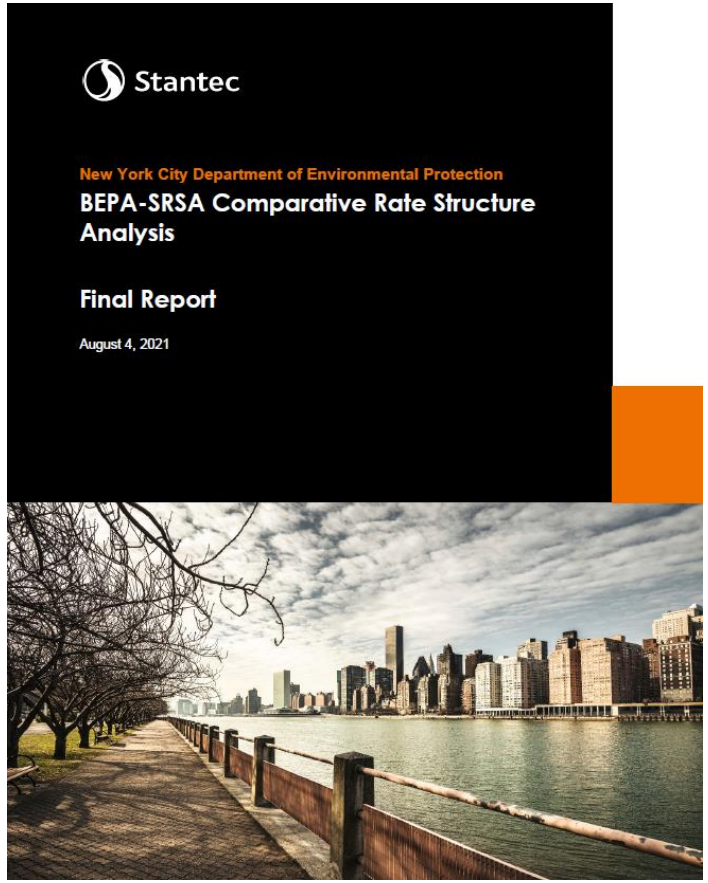
Task 4: Rate Structure Options Analysis

Task 5: Implementation Options and Customer Impacts Analysis

Task 6: Final Report and Recommendations

Comparative Analysis Report: Overview & Objectives

The Comparative Analysis Report studies the **rate structures, rate implementation options, customer affordability programming, and lessons learned** from 10 other comparable utilities.



- Highlights **strategies, best practices, and rate components** that individually accomplish DEP's Study Objectives, or can be optimized to accomplish multiple objectives

- Provides a **deep dive into understanding the "why"** of each utility's rate structure, including:
  - how rate structures can help utilities address key issues
  - how each utility arrived at their current rate structure

Comparative Analysis Report: Utility Selection Criteria

- Large, urban population
- Population of low-income customers
- High cost of living
- Coastal city with resiliency challenges
- Provides water, sewer, and stormwater service
- Implemented a stormwater charge
- Implemented customer affordability programming
- Utility faces regulatory challenges

Comparative Analysis Report: Selected Utilities

DEP selected the water utilities in Atlanta, Baltimore, Fort Lauderdale, Houston, Ithaca, Philadelphia, San Francisco, Seattle, Tampa, and Washington DC for the Comparative Analysis Report.

Comparative Analysis Report: Approach & Data Collection

- After utility selection, data was collected from available online sources on the features of each utility's rate structure, including rates and charges imposed by each utility
  - *Detailed rates are included in Appendix A in the report*

- DEP and Stantec also **conducted interviews with 8 of 10 utilities** to better understand key challenges faced, how the utilities arrived at their current rate structure, and lessons learned about rate structure modifications and implementation
  - *Interview questions are included in Appendix C in the report*

Comparative Analysis Report: Comparative Summary

- All utilities have implemented fixed charges; the majority have implemented a stormwater charge and have a Customer Assistance Program (CAP)

Utility	Fixed Charge	Stormwater Charge	CAP Program	City Population (million)[1]	MHI (thousands)[2]
New York			✓	8.80	$69
Atlanta	✓		✓	0.50	$67
Baltimore	✓	✓	✓	0.61	$50
DC Water	✓	✓	✓	0.69	$92
Ft. Lauderdale	✓	✓		0.18	$68
Houston	✓	✓	✓	2.31	$52
Ithaca	✓	✓		0.03	$34
Philadelphia	✓	✓	✓	1.58	$47
San Francisco	✓	✓[3]	✓	0.87	$124
Seattle	✓	✓	✓	0.72	$102
Tampa	✓	✓	✓	0.39	$58

Notes:
[1]Utility service population may vary from city population.
[2]ACS U.S. Census data, 2019 1-year estimates
[3]San Francisco plans to implement a stormwater charge in FY 2022.

Comparative Analysis Report: Summary – Rate Structure Options

- Multiple rate structure options, including fixed charges, stormwater charges, development investment charges, and affordability-driven rates, will be analyzed under SRSA
  - All surveyed utilities have adopted one or more of these rate structure options

Utility	Fixed Charge	Stormwater Charge	Development Investment Charge	Affordability Rate Design[1]
New York				
Atlanta	✓			
Baltimore	✓	✓		
DC Water	✓	✓	✓	✓
Ft. Lauderdale	✓	✓	✓	✓
Houston	✓	✓	✓	✓
Ithaca	✓	✓		
Philadelphia	✓	✓		
San Francisco	✓	✓ [2]	✓	
Seattle	✓	✓	✓	
Tampa	✓	✓	✓	

Notes:
[1] Cities that specifically have designed rates to provide affordability (e.g., "lifeline" rates), outside of CAP program.
[2] San Francisco plans to implement a stormwater charge in FY 2022.

Comparative Analysis Report: Summary – Assistance Options

- Customer Assistance Programs (CAPs) were compared across utilities
  - Most surveyed utilities have implemented a CAP to assist low-income customers

	Bill Discount	Temporary Assistance	Flexible Terms	Water Efficiency	Other
New York	✓		✓	✓	Multi-Family Water Assistance Program (MFWAP)
Atlanta	✓	✓	✓	✓	Financial education/resources
Baltimore	✓	✓	✓		
DC Water	✓	✓	✓		Multi-family (MF) emergency assistance
Houston	✓				
Philadelphia	✓	✓	✓	✓	Non-residential bill discounts
San Francisco	✓	✓	✓	✓	Discount for affordable housing providers; non-residential emergency assistance
Seattle	✓	✓	✓		Discount to MF tenants who pay an electric bill
Tampa	✓			✓	

Comparative Analysis Report: Takeaways by Utility

Utility	Challenges	Approach
Ft. Lauderdale, Florida	• Significant capital funding needs due to aging infrastructure • Growth in system demands • Climate change (flooding from sea level rise)	• Long-term financial planning • Stormwater charge based on gross parcel area and number of vehicle trips
Tampa, Florida	• Aging infrastructure • High number of water main breaks	• Adopted 20-year rate plan based on infrastructure needs identified in engineering studies • Water and sewer fixed charge, with annual increases
Washington, DC	• Aging infrastructure • Complying with a Combined Sewer Overflow (CSO) consent decree	• Water and sewer fixed charge • “Lifeline” rate for single-family customers

Comparative Analysis Report: Takeaways by Utility

Utility	Challenges	Approach
Baltimore, Maryland	• Aging infrastructure • Repair/replacement/improvement of utility systems	• Stepwise approach to rate structure modification (stormwater charge, followed by fixed charges, including a dedicated infrastructure charge)
San Francisco, California	• Increased flooding events • Possible combined sewer consent decree • Aging infrastructure	• 8% annual water and sewer rate increases annually • Planned stormwater charge
Seattle, Washington	• Climate change • Drought	• Water conservation-driven inclining block rate structure • Stormwater charge
Houston, Texas	• Aging infrastructure • Limited funding for required investments • Customer affordability	• Unique rate structure with a reduced rate for first 1,000 gallons/month for single-family customers

Comparative Analysis Report: Takeaways by Utility

Utility	Challenges	Approach
Ithaca, New York	• Unable to generate adequate funding to maintain infrastructure	• Stormwater charge, not the City's General Fund, to help fund infrastructure projects
Atlanta, Georgia	• Water supply challenges • Need to generate additional revenue from high consumption customers	• Ability to hold rates steady due to additional revenue stream (municipal sales tax)
Philadelphia, Pennsylvania	• Customer affordability • Funding infrastructure	• Stormwater charge • Tiered customer assistance program

Comparative Analysis Report: Takeaways – Rates

Fixed charges are a very common industry practice.
- Provides revenue stability when water usage fluctuates year over year and decreases over time

Long-term financial planning is critical.
- Helps utilities communicate long-term needs; multi-year rate plans provide transparency

Stormwater charges provide benefits.
- Creates a dedicated funding source for stormwater-related costs
- Cost can be correlated to use of the stormwater system (e.g., impervious area); can implement alongside a credit program to recognize stormwater management practices

Lifeline rate structures can be effective tools for customer affordability.
- Can help offset rate increases for low-income customers

Successful rate structure changes require significant planning.
- Stakeholder involvement and outreach cited as critical, especially for creating new charges

Comparative Analysis Report: Takeaways – Customer Assistance

Low enrollment rates are common. Utilities should understand the barriers facing low-income customers to increase participation.

- Utilities can provide multiple ways to enroll, or use self-verification, to combat challenges

Identify vulnerable populations and develop assistance programs accordingly.

- Income eligibility thresholds should account for non-discretionary costs
- Utilities with high renter populations can establish targeted programs

Multiple programs can address different needs.

- Utilities can offer flexible payment plans and emergency assistance; programs can be tiered to provide larger discounts for lowest-income customers

Establishing partnerships for assistance program outreach makes a difference.

- Utilities can partner with other agencies that administer other assistance programs to reach more customers

Successful customer assistance programs build and evolve over time.

- Long-standing programs tend to have higher enrollment rates

SRSA Advisory Group Meeting Schedule

Meeting	Topic	Proposed Schedule
Kickoff ✓	DEP Overview & Budget, Study Scope of Work, and Progress-to-Date	July 13, 2021
Meeting #2 ✓	DEP Billing System, Comparative Analysis of Other Cities' Rates, and One Water	October 28, 2021
Meeting #3	USWR Update and 20-Year Revenue Requirements Summary	February-April 2022
Meeting #4	Potential Rate Structure Options and Costs Included in Rate Structure Components	October 2022
Meeting #5	Customer Impacts, Affordability, and Implementation Options	March 2023
Meeting #6	Final Recommendations	June 2023

One Water NYC

Alan Cohn

MANAGING DIRECTOR, INTEGRATED WATER MANAGEMENT

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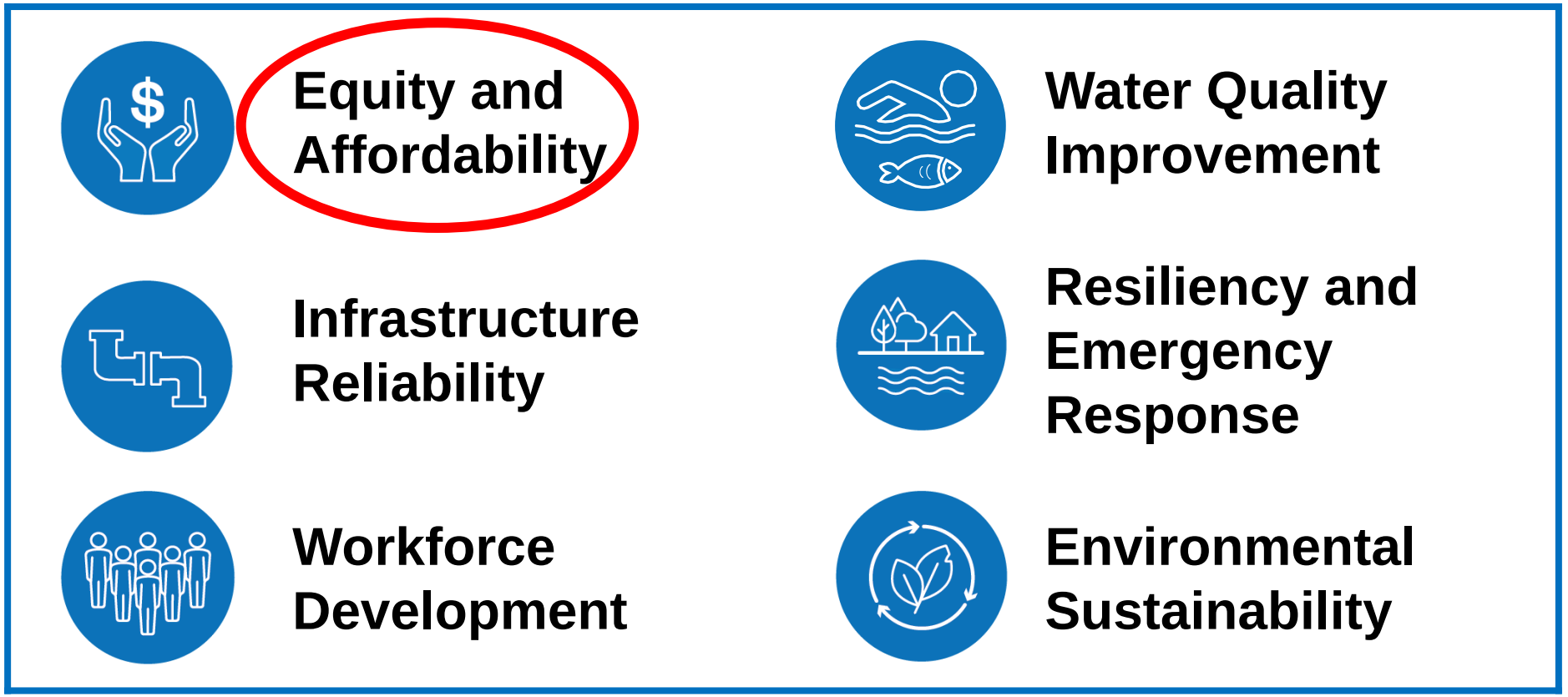
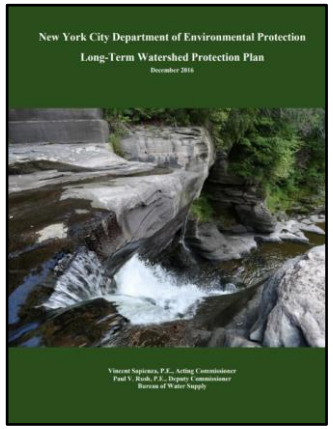
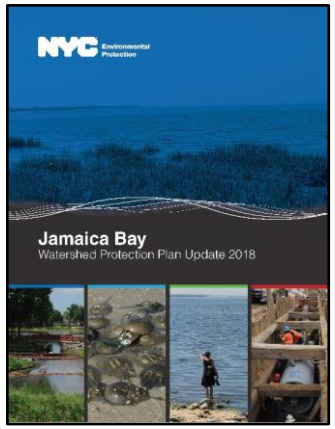
Building Consensus with Stakeholders to Meet Multiple Objectives



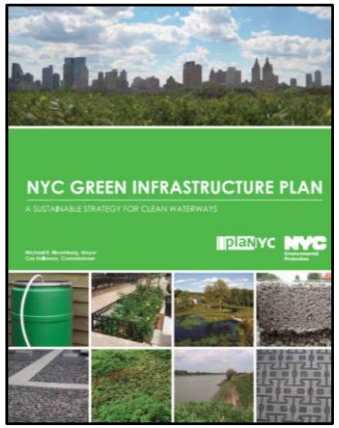
Setting the Foundation for One Water NYC



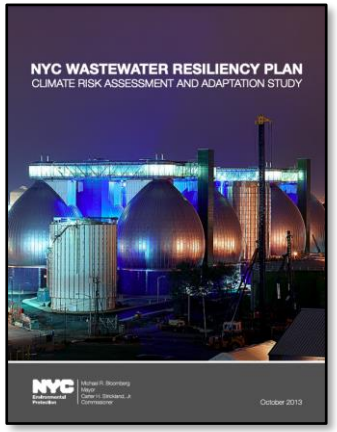
Long-Term Watershed Protection Plan (1993)



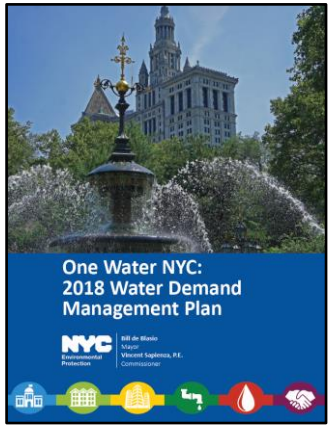
Jamaica Bay Watershed Protection Plan (2007)



Green Infrastructure Plan (2010)

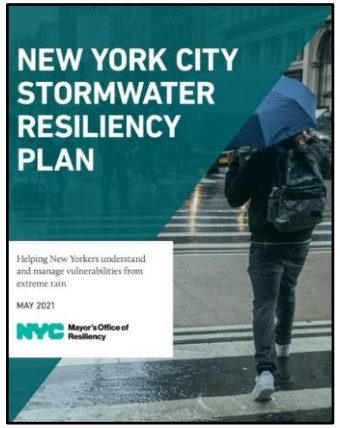


Wastewater Resiliency Plan (2013)



Demand Management Plan (2013)

Stormwater Management Program (2018)



Stormwater Resiliency Plan (2021)

One Water Example: One Water LA

DRIVERS

Population Change

Aging Infrastructure

Climate Change Threats

Heavy Dependence on Imported Water

More Stringent Regulations

Limited Funding and Resources

One Water LA: Vision

One Water LA: Timeline

** IRP – Integrated Resources Plan*

Learn More About One Water NYC

www.nyc.gov/dep/onewater

Contact Us: onewater@dep.nyc.gov

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Resources & Next Steps

Mikelle Adgate
PUBLIC AFFAIRS & COMMUNICATIONS

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Next Steps & Resources

- Next Meeting: February-April 2022
- SRSA Webpage: nyc.gov/dep/sustainableratestructureanalysis
- Comparative Analysis Report: https://www1.nyc.gov/assets/dep/downloads/pdf/whats-new/programs-initiatives/bepa-srsa-comparative-rate-structure-analysis.pdf
- FAQs: https://www1.nyc.gov/assets/dep/downloads/pdf/whats-new/programs-initiatives/srsa-faq.pdf

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Thank You!

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