SWEETWATER AUTHORITY

Finance and Administration Committee
January 6, 2025

Consideration to Approve Changes to the One-time Adjustments to Customer's Water Bills Policy

RECOMMENDATION

Staff defers to the Governing Board on the decision to approve changes to the One-time Adjustments to Customer's Water Bills Policy

OVERVIEW

At its December 11, 2024 meeting, the Board considered the One-time Adjustments to Customers' Water Bills internal staff policy (Policy) for review and provided direction to staff for amending the policy. The Policy aims to aid customers who receive an excessively high-water bill where the high-water use may have been outside of their control, offering a one-time financial relief by discounting the bill. The proposed amendments as directed by the Board are as follows:

Current Policy	Board Proposed Changes
• Excess water use is charged at the cost of wholesale water. • Only allow one adjustment for the life of a customer account.	• Excess water use is charged at the Tier 1 Single-family Residential Water Rate. • A customer account is allowed a water bill adjustment, if the account has not received an adjustment in the prior 10 years.

Staff proposes the following additional changes for the Board's consideration:

Additional Changes Proposed by Staff
• Change policy title to "Adjustments to Customers' Water Bills". • Update and revise "Purpose" statement in the policy. • Remove technical and procedural language from that policy that will be included in an internal procedure. • Add task for Customer Service to request information from the customer on the cause of the high water use and action taken to avoid any further high-water use. • Increase staff approval limits for adjustment by $500 to match the increase in cost of water bills since inception of the underlying policy to allow for administrative efficiency. Proposed changes to the limits are as follows: - General Manager approval limit change from $1,500 to $2,000 - Customer Service Manager approval limit change from $400 to $900

At its November 13, 2024 meeting, the Board approved a second water bill adjustment for a customer who had already received a one-time adjustment under the existing Policy. This discussion prompted the Board to request a broader review of the Policy, specifically to consider whether the Policy should allow for a second water bill adjustment.

Under the current Policy, customers who receive an excessively high-water bill can have their excess water usage, above their average usage, billed at a reduced rate equal to the average cost of wholesale water. In the recent exception approved by the Board, the excess water usage, originally billed at the highest Single-family Residential (SFR) Tier 4 rate, was adjusted to the lower Tier 1 rate. For reference, a comparison of the average wholesale water rate and the SFR variable water rates is provided below:

Average Cost of Wholesale Water		Sweetwater Authority Single-family Residential Variable Water Rate	
$4.11 per HCF		Tier 1 (0-4 HCF)	$5.30 per HCF
		Tier 2 (5-13 HCF)	$5.70 per HCF
		Tier 3 (14-24 HCF)	$5.84 per HCF
		Tier 4 (25+)*	$7.70 per HCF
**Excess water use is typically billed at the Tier 4 rate for Residential Customers; it should also be noted that the Policy also applies to Multi-family, Commercial, Industrial, and Public Agency Customers.*			

FISCAL IMPACT

There is no fiscal impact associated with the review of the Policy itself. However, the table below outlines the potential fiscal impact if additional adjustments are approved for customer accounts.

Estimated Fiscal Impact	
Adjustments Granted Under Current Policy (based on the 140 adjustments provided in FY 2023-24)	$62,648
Compared to:	
Estimated Annual Multiple Adjustments at Tier 1 SFR Rate [1)]	$163,356
1) *The estimated cost was calculated based the FY 2023-24 volume of water discounted and recalculated at the Tier 1 rate; in addition, this amount was doubled to estimate the increased availability of an adjustment to customers every ten years. This was staff's best effort to estimated maximum cost for adjustments in a given year. It is uncertain how many additional adjustments would be requested.*	

NEXT STEPS

1. Approve changes to the One-time Adjustments to Customer's Water Bills Policy as presented.

2. Other direction as determined by the Governing Board.

Staff Contact:
Carlos Quintero, General Manager
Roberto Yano, Assistant General Manager
Rich Stevenson, Director of Finance
Gregg Harpenau-Parks, Customer Service Manger

SUPPORTING INFORMATION

Attachments

1. Revised One-time Adjustments Policy to Customers' Water Bills Policy – with tracked changes version
2. Revised One-time Adjustments Policy to Customers' Water Bills Policy – clean version
3. Water Adjustment Survey (previously presented)

Strategic Plan

It is the Board's policy to set rules for adjusting customer's water bills so as not to profit by a customer's misfortune. Under this policy, the General Manager is authorized to approve adjustments up to $1,500; adjustments in excess of $1,500 shall be approved by the Board. In addition, all one-time adjustments are provided without a specific reason.

Past Board Actions

December 11, 2024	The Governing Board instructed that the policy be changed to grant an adjustment at the tier one rate every ten years, and the customer be educated on water saving devices and tips; and bring back the policy for Board review.
November 13, 2024	The Governing Board approved the request that all excess water consumed be charged at the Tier 1 rate; allowed the customer to enter into a two-year payment plan; and directed that the One-time Adjustments to Customer's Water Bills policy be brought to the Board for review.
March 9, 2022	The Governing Board denied a second One-time Adjustment to the account of Norberto Avila, and allowed the customer to enter into an extended payment plan.
February 9, 2022	The Governing Board denied a second One-time Adjustment to the account of Ahmad Esmailpour, and allowed the customer to enter into an extended payment plan.
March 11, 2020	The Governing Board denied a second One-time Adjustment to the account of Monica Salcedo, and allowed the customer to enter into an extended payment plan.