AWE Water Rates Message Plan

The Alliance for Water Efficiency has developed a set of key messages for utilities implementing conservation and efficiency-oriented rate structures or rate revisions. These messages have been developed to help utilities communicate to ratepayers, the social, fiscal and regulatory challenges that all utilities face, without jargon. As more regions become concerned with drought, crumbling infrastructure and population growth, these messages highlight the benefits and value of promoting water conservation and the significance of investing and planning for long-term water use efficiency solutions. Finally, these key messages may be helpful to support outreach to drive change in public perception, as utilities implement new rate structures (or a rate revision), garner support for new water resources, cultivate local support to repair aging infrastructure, and seek to grow support to add modern, more reliable technology to sustainably resolve our water supply issues.

Messages are the "elevator pitch" for communicating with the public. Messages summarize issues and must be backed up by facts. Key messages help **prioritize** key points; **focus** the speaker on what is most important; and help ensure **consistency** across written and verbal communications.

Utilities change their rate structures or increase rates under these broad scenarios, including:

- Drought or shortages of local water supplies (e.g. like pressures on groundwater);
- Operating and maintaining a reliable water system 24/7/365, including replacing aging infrastructure, responding to regulatory requirements, and addressing increasing costs (e.g. energy, safety);
- Population growth, including stretching existing supplies while building new capacity;
- Crumbling infrastructure and the significance of how a reliable water supply contributes to the growth and livelihood of the local economy;
- Regulatory mandates from local or state levels to ensure a safe and high quality supply of affordable and reliable drinking water; and
- Meeting sustainability objectives (e.g. long-term planning for the region and economy, including preparing our infrastructure to withstand extreme weather conditions, among many other disasters).

The messages have been developed to accommodate each utility's unique rate-setting scenario, and should be customized or adapted as needed to address specific challenges and/or objectives. For additional guidance on how to use these messages, please refer to the AWE Message Protocol and Q&A document on www.FinancingSustainableWater.org.

KEY MESSAGE #1:

For decades, we have worked hard to ensure high-quality drinking water continuously flows to your taps.

- Our job is to ensure clean, drinkable water is available where and when you need it 365 days a year.

- **[Utility name]** has been delivering reliable water service to you since **[year],** thanks to hundreds of miles of pipe, thousands of watts of electricity and hundreds of dedicated people working around the clock**.**

- Water is essential to human life and a shared resource for our community. It gives us sprinklers, pools and lakes to play in, keeps us clean, fuels our power grid, and keeps our economy healthy.

- Your monthly water bill payments are working to ensure our ability 24 hours a day, 7 days a week to deliver high quality, reliable water in a manner that values the environment, community and economic interests, and sustains the resources entrusted to our care.

- Water travels more than **[x]** miles, and comes from **[insert water supply source]** to your taps through a complex series of drinking water reservoirs, tunnels, pipelines, and treatment systems to service **[insert #]** customers.

KEY MESSAGE #2

To protect our water future, we need a different approach to the way we share, use and pay for water.

- Our water resources are finite. Our community must be part of this important conversation about how we can all be good stewards of water and ensure a sustainable supply for the future.
    - **[Describe your utility's supply challenges]**
- Our water rates have traditionally been much lower than other services, in part because we had ample supplies, stable costs and predictable demands. That reality is changing. Our supplies are becoming tighter, our infrastructure is aging and in need of investment, and our costs to provide service are changing.
- We are rising to the challenge, working to forecast future needs and making our system more resilient to evolving regulatory requirements, volatile weather, changing demand and other trends. As our community's needs for water grow and change, the way we value, price and use our water must reflect today's water reality.
- Our costs to deliver the water service customers expect when they turn on the faucet are rising and changing. We are not alone; utility costs are increasing across the country. Just like any business, as costs of these inputs rise, our prices must rise to reflect the cost of providing the service. **[Use below messages to describe cost drivers as appropriate]**
    - Our costs are rising to obtain new and increasingly scarce resources to supply our growing population and businesses.
    - Our costs are rising for the processes and chemicals to produce clean drinking water that meets evolving water quality standards.
    - Our costs are rising to repair and replace hundreds of miles of aging pipelines and plants that deliver water - before major service disruptions occur.
    - Our costs are rising for energy, labor and insurance to deliver billions of gallons of water to homes.
- At the same time, we must all use our water more efficiently. Using water efficiently is the most inexpensive way to make our supplies more sustainable, and it keeps your rates lower over time.
- The water bill you pay is an investment in our water future, to ensure we can continue to provide you – and generations to come – with the high quality water service you receive

today. Our new rate **(increase) (structure)** will help us make our water system stronger, so that we can provide smarter services at the lowest costs.

- The average residential bill will increase by only **[$_ to - $_]** per month.
- **[TBD%]** of our customers who use less than **[tier]** will see no change to their bills.

- We can all help to keep fresh water available and affordable for years to come by sharing this cost and using water efficiently.

Depending upon the primary reason for a rate increase or shift to an efficiency-oriented rate increase, select from the messages below to use within your customer communications.

- **Constrained Supplies (drought, primary source quality issues or population growth)**
  - The current drought means that our water supplies are limited. We must seek ways to use our current supplies more wisely and stretch them to meet our needs. Our new rates reflect the value of these limited supplies and will help us use water more efficiently by incentivizing wise water use.
  - Our community is growing too quickly to meet new demand with current supplies. More efficient water use can stretch existing supplies and help us avoid building new infrastructure or paying for new sources of water, keeping costs down.
  - Our local water sources do not meet compliance levels required by regulators due to quality issues. **[Detail quality issues].** Therefore, we are required to secure and use alternative water sources to meet demand. **[Detail alternative water source].** These water sources tend to be more costly for many reasons, including the cost to purchase and transport a new supply or a requirement for additional treatment.

- **Increasing O&M Costs**
  - Our costs will continue to rise as we use more water and need to secure more supplies to meet new demand. Our rates reflect the costs to deliver service to you. Water conservation and efficiency measures provide us the opportunity to stretch existing supplies and keep costs down when we don't need to build new infrastructure or pay for new sources of water.

- **Sustainability**
  - Our finite supply of water must be sustainable to provide water for the future. Using water efficiently helps ensure we can continue to provide reliable water service for our children and grandchildren, support our growing economy, and create a healthy environment for recreation and wildlife. Our new rate structure will help us all use water wisely and create a more secure water supply for our community.

KEY MESSAGE #3:

Conserving water and using water efficiently are the right things to do for our community, and it saves you money in the long run.

- Efficient water use is a long-term investment that produces excellent returns for our community. With limited supplies, water conservation and efficiency are necessary practices to manage our resources for the future, and it saves customers money in the long run.
    - When compared to building new storage capacity and pipes to carry new water supplies from far away, conservation is the most inexpensive solution to maintain a reliable and sustainable water supply.
    - Over the long term, conservation has been shown to benefit water customers by reducing a utility's costs for energy and chemicals to move and clean water, new storage, treatment and delivery infrastructure. Every gallon saved is a gallon that doesn't need to be pumped, treated or delivered – those savings are reflected in your water bill.
    - When we are able to reduce our costs, that helps slow the rise of water rates over the long-term. In Westminster, Colorado, for example, residents and businesses have avoided an 80% increase in tap fees and a 91% increase in consumer rates due to conservation programs in place since 1980.
- Our utility's water rates incentivize us all to use water efficiently and reflect the value of water service. The more water you use, the more expensive that water becomes.
- Conservation is the best way to manage your own water costs. The less water you use, the less you will pay. While water rates will continue to rise over time, those who conserve will always pay less than those who waste water or do not conserve.
    - Our rate structure means you will always receive the water you need for daily use at an affordable cost. We have programs to help customers reduce their water use and lower their bills. **[Detail efforts to address needs of low-income customers]**
- Conservation and efficiency also help water systems and communities become more resilient to the impacts of unpredictable and changing weather patterns, which includes not just drought, but also flooding and extreme temperatures. When we reduce our wastewater flows, our community is less susceptible to sewer overflows during periods of heavy rain.
- When we use less water, we leave more in lakes, rivers and aquifers to support healthy ecosystems, allow wildlife to thrive, and create recreational spaces for our community.

KEY MESSAGE #4:

The water provided by [insert water utility name here] continues to be affordable and one of the best values out there.

- A reliable water supply – one that is clean and conveniently delivered to your home or business 365 days a year – is the source of life.
- A minimum amount of high-quality water is required for consumption on a daily basis for survival. Poor water quality is likely to lead to infectious water-related diseases.
- We safeguard water for our community by producing an adequate supply that meets strict standards for safety and quality, and ensuring our drinking water system protects that water from our facilities to your faucet.
- And when water service is compared to the cost of staple consumer goods and other services, such as electricity, telephone, and cable, water is an outstanding value.
- The average cost for one gallon of water from your water source to your tap is half-a-cent. In comparison:
    - The national average for one gallon of whole milk is $3.50.
    - The national average for one gallon of gas is $2.86.
    - Bottled water costs about $1.21 per gallon nationwide – or about 300 times the cost of a gallon of tap water.
    - Considering that almost two thirds of all bottled water sales are single-serve 16.9oz bottles, this average cost for a gallon can be much, much higher: about $7.50 per gallon. That's almost 2,000 times the cost of a gallon of tap water.

**According 2014 AWWA survey data, the average monthly water bill for a residential customer with a 5/8" meter and using 10 ccf (7,480 gal) per month is $34.28; however, this fact can be customized by utility. Consumer price data comes from the Bureau of Labor Statistics http://data.bls.gov/cgi-bin/surveymost?ap as of March 2015; the numbers reflected above are the national average and can be customized by region. Bottled water data from IBWA and Beverage Marketing Corp. http://www.beveragemarketing.com/news-detail.asp?id=300*

Issue-Specific Messages:

Tiered Rates:

- Tiered or increasing block rates are an effective and equitable way to accurately link utility costs and customer charges. Tiered rates are designed to reward efficient customers by charging lower rates for water used in the lower tiers. When usage moves into the higher tier(s), this results in higher charges.
- Our utility's costs are driven by how much water we must secure, treat and deliver to customers. This is also known as "demand on the system."
- Large water users require more water supply, as well as energy and other treatment costs to deliver water when it's needed.
- Tiered rates allow us to bill larger users more to reflect the direct relation to the cost they impose on the water supply, treatment and delivery system. Customers who waste water or use large quantities of water cost more to serve, and therefore pay more.
- Tiered rates also create the opportunity for large users to reduce their water use and lower their water bills.

Drought:

- We are experiencing historic drought conditions that are limiting the amount of water we have and impacting the cost of providing that water to you.
- If we exceed our allocation, we will need to purchase or import additional water. These additional supplies are much more expensive.
- As our supply becomes more limited and the availability of additional supplies is uncertain, each unit of water is worth more and must be valued as such.
- We must be able to cover our minimum costs to provide you with safe, reliable water services. This includes water treatment and delivery, as well as the maintenance costs for facilities and other infrastructure assets. Proactive maintenance helps make our system more resilient and avoid costs of larger, more expensive repairs. We are adjusting rates to ensure we can maintain our systems and continue to meet your needs.
- **(California Only)** Proposition 218 requires water agencies to only charge users for the cost of providing the service. Our agency's rates are based on the costs to secure, treat and deliver water to you.
- Our water rates will be increased only by the amount necessary to recover the cost of securing, treating and delivering water, as well as maintaining the system of drinking water plants, pipelines and pump stations that enable us to provide water to you 365 days a year.