



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson

FROM: Mel Damewood, Chief Water Engineering & Operations Officer
Sue Fahey, Chief Financial Officer

DATE: May 25, 2018

SUBJECT: Water Utility – Pumping Level Charge Discrepancy

OBJECTIVE: Information Only

Issue

EWEB has different water service charges and prices, hereafter referred to as charges, which are applied to customers depending on the type of customer and their location in our service area. Different charges are applied for residential or general service, inside or outside city limits, and higher or lower elevations. Audits are routinely performed to verify customers are paying the correct charges and at times discrepancies are found.

Background

EWEB’s water system consists of one large Base Level in which approximately 85 percent of the customers reside and five smaller higher elevation pressure zones in the South Hills. While Base Level customers are supplied with water directly from the Hayden Bridge Filtration Plant and Pump Station, water delivery to the higher elevation zones require additional pump stations and reservoirs. To help offset the cost of these additional facilities, EWEB customers who reside at higher elevations pay additional charges as part of their water bill.

There are currently three levels of ‘pumping levels’, Level 1, Level 2, and Level 3. The higher the pumping level, the higher the charge. These additional charges are broken down into two components; Pumping and Delivery Charge Above the Base (Volumetric) and Fixed Pumping and Delivery Charge Above the Base (Fixed). The current additional charges are shown below:

Pumping and Delivery Charge Above the Base*

| | | |
|---|-------|-------------------|
| Services at Base Level | None | |
| Services at Level 1 (800 to 850 feet) | 24.9¢ | per 1,000 gallons |
| Services at Level 2 (975 feet) | 49.9¢ | per 1,000 gallons |
| Services at Level 3 (1,150 to 1,325 feet) | 73.8¢ | per 1,000 gallons |

Fixed Pumping and Delivery Charge Above the Base

| | |
|---------|--------|
| Level 1 | \$3.00 |
| Level 2 | \$5.00 |
| Level 3 | \$7.00 |

*The elevations referred to are equivalent reservoir overflow elevations, not household elevations.

To put the charges in perspective, a typical customer who lives in Level 1 and uses 7,000 gallons per month pays approximately \$4.74 more per month than a customer who lives in the base level and uses the same amount of water. A customer in Level 3 pays approximately \$12.16 more per month for the same amount.

Discussion

Staff routinely perform audits to ensure customers are being charged correctly and fix discrepancies when found. There is, however, one significant discrepancy in the charges that exists. This is associated with the College Hill 703 pressure zone.

There are approximately 490 customers on College Hill who are at or above an elevation at which they cannot be served directly from the Base Level. Historically these customers were served by a pump station and elevated water tank on top of College Hill. While these customers were served by a pump station above the Base Level, they have always been considered Base Level with respect to their rate codes. All other areas in the water system where customers are fed from a pump station above the Base Level are considered Pumping Level I customers and pay the higher charge.

This issue was highlighted in 2015 when a pipeline was constructed which allowed the College Hill 703 zone to be fed from the Crest 800 zone. This improvement allowed for the pump station and elevated tank to be removed from service and also highlighted the fact that the Crest 703 pressure zone, which is also fed from the Crest 800 zone, is considered Pumping Level 1. In summary we have two pressure zones fed from the same source that have different charges applied. The Crest 703 customers are charged the correct Pumping Level 1 rates while the College Hill 703 customers are charged the incorrect Base Level rate. This is illustrated in the attached Figure.

To correct this issue, EWEB staff plan to change the rate codes to those customers in the College Hill 703 zone from Base Level to Pumping Level 1. This will increase the monthly bill for the average customer in that zone between \$4.00 and \$5.00 per month.

For an implementation strategy, EWEB will send letters to all customers a notification of change in the pumping level charges 60 days prior to implementation. Staff is targeting September 2018 as the month to implement the pumping level charges.

TBL Assessment

There is an inequity between the customers in the College Hill 703 zone and all other customers that are charged Pump Level 1 rates. Changing the rate code for the College Hill 703 customers from Base Level to Pumping Level 1 corrects this inequity.

Recommendation/Requested Board Action

None. This is information only.

Crest 703 and College Hill 703 Services

College Hill 703 PZ has 486 services. They are now served from Crest 800 PZ. Their rate codes are still base level rate codes. Should rate codes be changed to pressure level 1 rate codes to align with current policy as with Crest 703 PZ?

PS

COLLEGE HILL 703

CITY VIEW 800

Crest 703 PZ has 142 services. Their rate codes are pressure level 1 rate codes because Crest 703 PZ is served from Crest 800 PZ.

CREST 703

Crest 800 PZ serves both Crest 703 PZ and College Hill 703 PZ

CREST 800

PS

CREST 975

PS