



**CALIFORNIA
AMERICAN WATER**

Monterey Peninsula Water Management District

Explaining High Bills and Water Leaks

Monday September 17, 2012

The Issue

- Recent media reports have drawn attention to incidents of high residential water bills in our system.
- **Public concern and confusion over:**
 - Cause of high bills
 - Accuracy of water meters
 - Billing system and adjustment policy

Meters

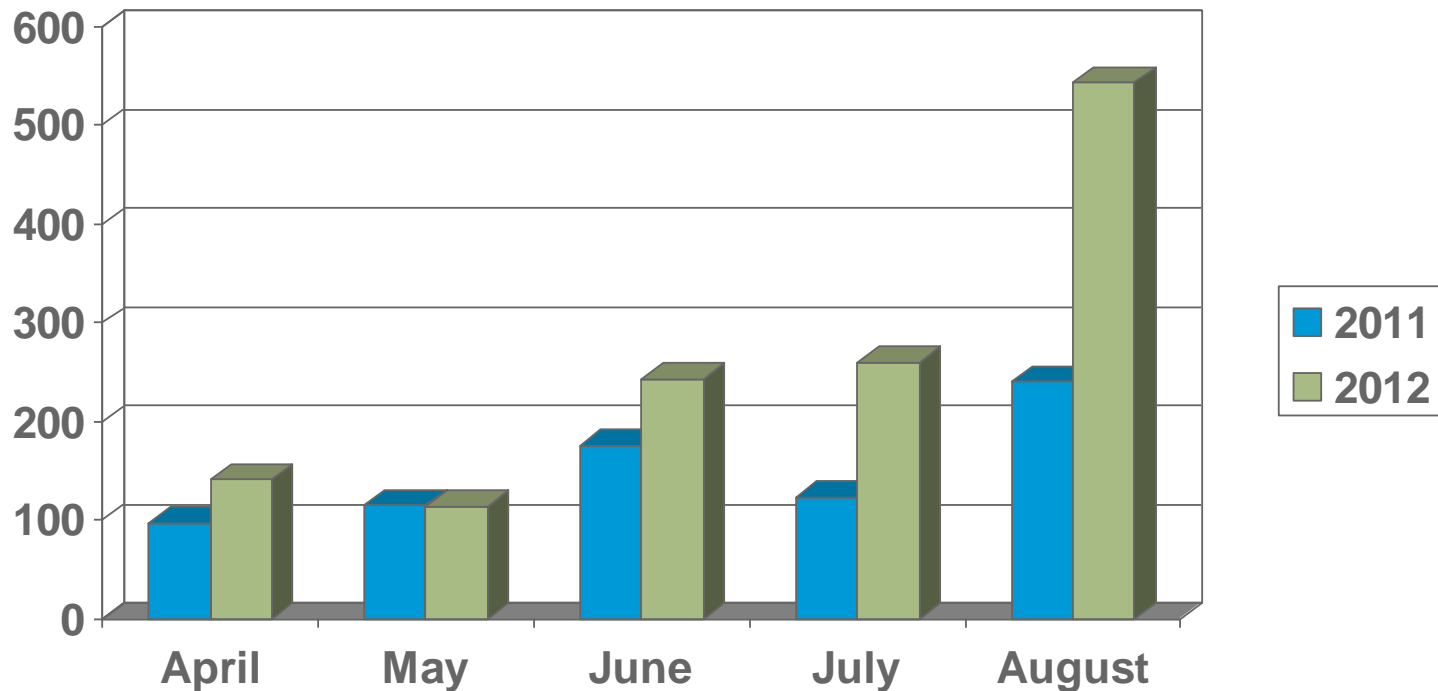
- Our water meters are manufactured by Neptune Technology Group and are tested before leaving the factory to ensure compliance with stringent American Water Works Association industry metering standards (+/- 1.5% accuracy).
- Meters are read by visually inspecting the face of the meter or with a simple device that receives a remote read.
- Unusually high reads are verified by visual inspection of the meter.
- American Water utilizes these same meters across the country for approximately 3 million homes and businesses.

Meters cont....

- As meters age, they may slow down and under record the amount of water delivered.
- Meters are replaced every 10–20 years in accordance with CPUC regulations.
- Incidents of unexplained high usage affects less than 1 percent of customers.
- We are proactive in notifying customers of unusually high water use before the bill arrives and offer adjustments, conservation services and rebates as well home water audits to identify any leaks.

High Bills

- High bills likely attributable to recent rate increases.
- HI/LOW calls for 2012 track about average compared to 2011 until the month of June; when GRC rate increase is made effective.



Conservation Rate Design*

Tier	2010	2011	Current Rate
1	\$0.2790	\$0.2972	\$0.3006
2	\$0.4057	\$0.4342	\$0.6987
3	\$0.8114	\$0.8686	\$1.3976
4	\$1.6229	\$1.7370	\$2.7950
5	\$2.8399	\$3.0398	\$3.7297

*includes surcharges applicable to each tier

Monterey Surcharges 1

Surcharge	Effective Date	Recovery Amount	How Collected	Time Period
Coastal Water Project	1-1-2007	\$2,993,260	15% of water & basic service charge	Until Recovered
12.59% MPWMD Surcharge	4-1-2012	\$5,504,722	12.59% of water, basic service, and all other surcharges	Until Recovered
Seaside Basin Surcharge	9-9-09	\$2,755,960	Surcharge based on meter size	10 Years
TIRBA (Temporary Interest Rate Balancing Account)	7-17-12	\$2,081,650	Surcharge based on meter size	12 Months

Monterey Surcharges 2

Surcharge	Effective Date	Recovery Amount	How Collected	Time Period
NOAA Surcharge (National Oceanic & Atmosphere Administration)	5-1-12	\$2,206,873	Applied to tiers	4-30-14
2010/2011 WRAM (Under Collection of Revenue)	5-9-12	2010 - \$11,790,134 2011 - \$13,404,349	Applied to tiers	Until Recovered

Leaks Add Up

- For example:
- A $\frac{1}{4}$ inch hole in an irrigation line may seem like a small leak but it can lead to a huge bill. Let's do the math.
- $\frac{1}{4}$ inch irrigation line hole = 9.17 gallons per minute.
- 9.17 gallons x 60 minutes = 550 gallons per hour.
- 550 gallons x 24 hours = 13,200 gallons per day.
- 13,200 gallons x 5 days = 66,000 gallons or 882 units.
- Leaks such as are often absorbed by the soil and leave very little visual evidence.

Leaks add up cont.....

Even though this leak ran for just five days, the impact on the bill is pronounced.

Average Bill		12-Aug		With leak		12-Aug	
Units	Rate	Charge	Units	Rate	Charge	Units	Rate
45	0.3006	\$13.53	45	0.3006	\$13.53	45	0.3006
25	0.6987	\$17.47	45	0.6987	\$31.54	45	0.6987
	1.3976		50	1.3976	\$69.88	50	1.3976
	2.795		50	2.795	\$139.75	50	2.795
	3.7297		762	3.7297	\$2,842.03	762	3.7297
		\$9.72			\$9.72		
subtotal		\$40.72		subtotal		\$3,106.45	
surcharges				surcharges			
	\$0.37/meter	\$0.37		\$0.37/meter	\$0.37		\$0.37
	\$0.69/meter	\$0.69		\$0.69/meter	\$0.69		\$0.69
	15%	\$6.11		15%	\$465.97		\$465.97
	12.59%	\$6.03		12.59%	\$496.95		\$496.95
Total		\$53.92		Total		\$3,946.52	

Water Leaks

- Leaks can account for, on average, 10,000 gallons of water wasted in the home every year, which is enough to fill a backyard swimming pool.
- 10 percent of homes have leaks that waste 90 gallons or more per day.
- Common types of leaks found in the home include leaking toilet flappers, dripping faucets and other leaking valves. All are easily correctable.
- A 1 gallon-per-minute leak adds up to 43,000 gallons per month or more than \$2,000 on a monthly water bill.
- A 1/4" hole in an irrigation line, if left running for one month, wastes nearly 400,000 gallons.
- Large amounts of water can seep into sandy soils and go undetected.

High Bill Adjustment Policy

- Customers are allowed one adjustment every 24 months.
- High bills are typically due to leaks – repair the leak and request adjustment form from customer service center.
- Unexplained usage adjustments can be considered.
- If adjustment is granted, excess is charged at 2nd tier rates.
- Customers have ability to verify meter accuracy by requesting a meter test.
- California American Water will send service technician to determine if the property has leaks – a free water wise house call can help to determine source of leak or water waste.

High Bill Adjustment Policy Continued...

- We are streamlining the adjustment process beginning Sept. 24 to reduce required paperwork for customers.
- Investing in new software and service technology as part of a companywide business transformation that will increase efficiencies in our billing systems and customer service capabilities
- Local office will review all adjustments.
- Adjustments will not be granted in instances of habitual water waste.
- If you receive a high bill, you should contact our customer service center and ask for service technician to check for leaks and request leak adjustment form, if appropriate.

No one profits from water waste

- **Water waste does not increase profit for California American water.**
- **We are only permitted to collect an amount of revenue up to that authorized by the CPUC.**
- **Any amount of revenue collected that exceeds this authorized amount is credited back to customers – there is no profit incentive in allowing water waste to continue.**
- **On the contrary, regulated water utilities are required by the CPUC to reduce water waste in their systems.**
- **Unaccounted water usage can lead to fines and other penalties that cannot be recovered through rates.**

Conclusion

- **We have researched each incident carefully. We have found no errors or pattern of errors in our meter reading and billing processes thus far.**
- **After conducting a thorough investigation, we believe the recent spate of high bills is due to typical residential water leaks that have resulted in higher than normal bills due to new and stricter conservation rates.**
- **Water restrictions are serious and require water to be treated and priced as a precious resource.**
- **Need to raise awareness of the amount of water that can be lost through household leaks (e.g. running toilet, drippy faucets, irrigation leaks).**
- **California American Water will not unfairly penalize customers who have had isolated leak incidents and who have taken responsible action to respond to and repair source of water loss.**

Non-Revenue Water (NRW)

<u>12 Mo. Period</u>	<u>Production</u>	<u>Consumption</u>	<u>NRW</u>
Oct 07 – Sep 08	13,989	12,093	1,896 (13.5%)
Oct 08 – Sep 09	12,917	11,641	1,276 (9.9%)
Oct 09 – Sep 10	12,609	11,295	1,314 (10.4%)
Oct 10 – Sep 11	12,381	11,239	1,442 (11.6%)
Sep 11 – Aug 12	11,497	10,493	1,004 (8.7%)

Cease and Desist Order

