

Questions and Answers

eAR Brown Bag Training #3 – Section #8

1. **Question:** If a Water System changed ownership towards the end of the year, what information should be provided in Charges to Customers? End of the year, or what the rates were like throughout the year?

Answer: Fill in the data that was before the change that reflects what customers were charged for most of the year to better reflect what lead to the systems yearly revenue.

2. **Question:** We have a property with a home and an additional living unit, two structures with one connection. How would this be defined? Multifamily?

Answer: According to the following definition this example would count as a multifamily home.

A single-family home is a freestanding structure that shares no common walls with another residence.

Multifamily homes contain separate residential units within a single structure.

A residential unit here is defined as a room or group of rooms intended for occupancy by a single family. The units can be adjacent either horizontally or vertically, and they typically share a heating system and public utilities such as water and sewage. Apartment buildings, condominium complexes, and duplexes are all considered multifamily homes.

3. **Question:** What if you have different meter sizes? Should you fill in this info for the largest class of meters

Answer: Fill in data for the most common meter size.

4. **Question:** What should you put in the empty fields when they are not applicable? In the past, we get errors on the submission for blank "required fields". We usually have to do a work-around by putting "0000" in those empty fields on the table.

Answer: If you are unable to submit a blank insert a 0000 value or 1 value and add context to the "Notes" box attached to the question if one is provided.

5. **Question:** Base Rate (Fixed) + Usage Rate (Variable) was not explained clearly to me. Do I need to continue my "Base rate" number down the column into the Tier 2 and Tier 3 rows in order to complete correctly? Even though the base rate is fixed and does not change per tier.

Answer: Please review the following definitions and apply the example's logic to your Non-residential water rates table.

Fixed Base Rate: a uniform charge that is applied to a customer's bill regardless of the volume of water consumed. Base rates typically include charges like source water protection fees, service fees, etc. and may include a fixed fee for the first few units of water consumed.

Variable Usage Rate: a charge that is applied to a customer's bill per unit of water consumed. This amount is affected by water consumption in the form of tiers. Tiers consist of a set charge that is tied to an upper and lower limit of water consumption. After a customer surpasses the upper limit of the first tier the customer will pay the next tier's rate until reaching the max tier.

Base Rate (Fixed) + Usage Rate (Variable) – Example 1

Single-Family

In this example, the Base Rate for Single-Family customers includes a fixed fee for the first 2 HCF of water consumed. Customers are then charged a Variable Usage Rate for water consumed beyond the first 2 HCF. For eAR reporting purposes, the water system should capture this fixed volume of water covered in the Base Rate in the initial Tier 1 for the Usage Rate structure. This will require an additional Tier added to the number selected in question A1.7.1.

In this example, the water system has four Variable Usage Rate tiers, and an additional tier is added in front so that the eAR survey can capture the initial fixed volume of water covered in the Base Rate (**Tier 1: For 0-2 HCF, \$0.00 per HCF**). In the survey table the Usage Rate for this fixed volume should be \$0.00 since the cost is already captured in the Base Rate column.

Fixed Base Rate:

\$25.00* (*includes first 2 HCF of water consumption*)

Variable Usage Rate:

Tier 1: For 0-2 HCF, \$0.00 per HCF (*Tier added to capture the fixed volume of water covered in the Base Rate*)

Tier 2: For 2-4 HCF, \$5.00 per HCF

Tier 3: For 4-12 HCF, \$5.50 per HCF

Tier 4: For 12-18 HCF, \$8.00 per HCF

Tier 5: After the initial 18 HCF, \$11.00 per HCF

Multi-Family

Fixed Base Rate:

\$10.00** (*does not include water*)

Variable Usage Rate:

Tier 1: For 0-4 HCF, \$5.00 per HCF

Tier 2: For 4-12 HCF, \$5.50 per HCF

Tier 3: For 12-18 HCF, \$8.00 per HCF

Tier 4: After the initial 18 HCF, \$11.00 per HCF

Example Notes:

Unit of Measure (UOM): hundred cubic feet (HCF)

Billing Frequency: monthly

*Based on the most common meter size (¾ inch) for single-family customers.

**Based on the most common meter size (1 inch) for multi-family customers.

In this example, customer type is single-family and multi-family customers that have a different rate structure, respectively: please select “Yes” in question A1.6.

Users only need to fill in the first row for the Base Rate column of the A1.8. Residential Rates & Charges Table.

8. Customer Charges

A. Water Rates and Charges

A.1 Does your water system charge customers for water (residential, commercial, industrial, or institutional water customers)? Yes No

A.2 Select applicable customer types: Residential Commercial Industrial Institutional

A1. Residential Water Rates and Charges

A1.1 Please select the most common rate structure used to charge Residential customers:

Single or Flat Rate – Average, static rate charged per billing cycle independent of water usage.

Base Rate – Base rates are the charges applied for receiving drinking water service regardless of the amount of water consumed. Base rates are usually include charges like sourcewater protection fees, service fees, etc.

Usage Rate – Rates that are charged based on the amount of volume or water consumed.

Fixed or Uniform - Rates that remain unchanged per billing cycle throughout the year.

Variable - Rates that are changed depending on factors like water usage, meter size, elevation, etc.

- Single or Flat Rate (Often Unmetered)
- Base Rate (Fixed) + Usage Rate (Uniform)
- Base Rate (Fixed) + Usage Rate (Variable)
- Base Rate (Variable) + Usage Rate (Uniform)
- Base Rate (Variable) + Usage Rate (Variable)
- Allocation Based (Code Sec 372 California Water Code Sections 370-374)
- Other (text box)

A1.1a. Other Notes:

A1.2 Comments on rate structure, explain allocation rate if applicable:

A1.3. Please select your billing frequency for Residential customers: monthly quarterly annually

A1.4. Please select the metric or unit of measure (UOM) used in Residential Water Rates: Hundred Cubic Feet Gallons Liters

A1.6. Does your water system have multi-family AND single family billing classes?
Single-Family- Single family detached dwellings (houses).

Multi-Family- Apartments, condominiums, town houses, duplexes and mobile homes.

A1.7. Do your rates change for different levels of water consumption?

A1.7.1. What is the number of tiers or levels of charges?

A1.7.1b Single Family

A1.7.1c Multi-Family

A1.8. Residential Rates & Charges Table

Please complete the table below – taking into consideration the following:

- You have selected monthly Billing Frequency, please submit your rate data based on this frequency.
- If your flat rate varies over the year, please use the average flat rate amount.
- Please report the most common rate for the majority of your residential customers.

Customer Class & Billing Tiers	Base Rate	Usage Rate Structure Top Metric/ Unit of Measure (UOM)	Cost per Unit of Measure (UOM)
<u>Single-family</u> - Tier 1	25	2	0.00
Tier 2	Do NOT fill in.	4	5.00
Tier 3		12	5.50
Tier 4		18	8.00
Tier 5			11.00
<u>Multi-family</u> - Tier 1		10	4
Tier 2	Do NOT fill in.	12	5.50
Tier 3		18	8.00
Tier 4			11.00

- Question:** A variety of questions regarding shut-offs were shown for section 8C (C1.1.1., 1.3, 1.4) where included in the 2023 template that was released. Are those questions included in the eAR?

Answer: Yes, there was a shut off moratorium for 2020 that affected 2021 eAR RY and many of those questions were hidden. They should reappear for the next iteration of the eAR moving forward.
- Question:** Question on section 8 Income B1.3/B1.4/B1.8 and Expenses B2.1-B2.6: Revenue is N/A for the federal facility. Would it allow us to enter 0.00 on this section? Last year, we had to enter 1.00 amount because it was not allowing us to enter 0.00.

Answer: Due to the assumption imbedded with most water systems needing some kind of revenue we cannot allow an answer of \$0 at this time. To work around this please continue to report \$1 and provide an explanation in the comment box in B1.XX
- Question:** Is this supposed to be on a full accrual basis for revenues and expenses, e.g. include Standard accounting depreciation?

Answer: Yes, grant revenue should be included on the revenue side. Don't include fixed asset depreciation on the expense side. The State Water Board utilizes this data to calculate basic financial risk indicators used in the annual Risk Assessment. Learn more here:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2023riskassessment.pdf

Annual Income; Operating Ratio; etc. Including depreciation would perhaps skew the annual income calculations.

9. Question: If we bill in December and the payment is not due till the middle of January then we have a lot of folks owing at the end of the year.

Answer: No, do not include these customers because the due date hasn't past, the system can also report by fiscal year, if their fiscal year is in July or October to better reflect their data's reporting period.