

Water Conservation & Water Rates: Communication Strategies

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Presented by Sapna Mulki

Director, Water

Hahn Public

smulki@hahnpublic.com



A Rate Case Revolt?



Reduced power,
energy and
water use



Regulatory
restraint on
rate cases



Rejection of
utilities messages
and messengers

Water Rates Increases Are A Reality

- Infrastructure improvement and replacement:
 - EPA - \$655 billion dollars needed to be invested in water and wastewater infrastructure over the next 20 years.
 - Texas - State Water Plan calls for investments in excess of \$62 billion.
- Operations and Maintenance costs
- Population Growth:
 - Government agencies estimate that by 2050, the population of the Lower Rio Grande Valley will increase by 175 percent.
- Diversification of water supply:
 - Continued dependence on Rio Grande river as a primary source is not a future guarantee
- Prolonged and severe drought cycles

A Case for Conservation

<p>Phoenix, Arizona</p>	<p>Phoenix is one of the fastest growing communities in the United States and suffers from low rainfall amounts. The state legislature has required that, after 2025, Phoenix and suburban communities must not pump groundwater faster than it can be replenished.</p>	<p>Water conservation programs instituted in 1986 and 1998 focused on pricing reform, residential and industrial/commercial conservation, landscaping, education, technical assistance, regulations, planning and research, and interagency coordination.</p>	<p>Phoenix's conservation program currently saves approximately 40 mgd. Phoenix estimates that the conservation rate structure alone saved 9 mgd.</p>
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<p>Irvine Ranch Water District, California</p>	<p>IRWD has experienced dramatic population growth, drought conditions in the late 80s and early 90s, and increasing wholesale water charges.</p>	<p>IRWD's primary conservation strategy was a new rate structure instituted in 1991. The five-tiered rate structure rewards water-efficiency and identifies when water is being wasted. The goal is to create a long-term water efficiency ethic, while maintaining stable utility revenues.</p>	<p>After the first year of the new rate structure, water use declined by 19%. Between 1991 and 1997, the district saved an estimated \$33.2 million in avoided water purchases.</p>
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A Case for Conservation

Houston, Texas

Houston's groundwater sources have experienced increasing problems with land subsidence, saltwater intrusion, and flooding. These problems, along with a state regulation to reduce groundwater use, led Houston to explore methods for managing groundwater supplies.

Houston implemented a comprehensive conservation program that included an education program, plumbing retrofits, audits, leak detection and repair, an increasing-block rate structure, and conservation planning.

The dramatic success of pilot programs has led Houston to predict a 7.3% reduction in water demand by 2006 and savings of more than \$260 million.

SAWS:

- Water demand steady for 25 years, despite a 67 percent increase in the number of water customers
- Avoided up to \$2.7 billion in additional water supply costs
- Over \$1 billion in expanded wastewater-treatment capacity costs.

Least Persuasive

LEAST PERSUASIVE



30%

Without increasing rates, we can't guarantee you'll have water, power or gas when you need it most.



28%

We aim to raise rates in small increments on a regular basis.



24%

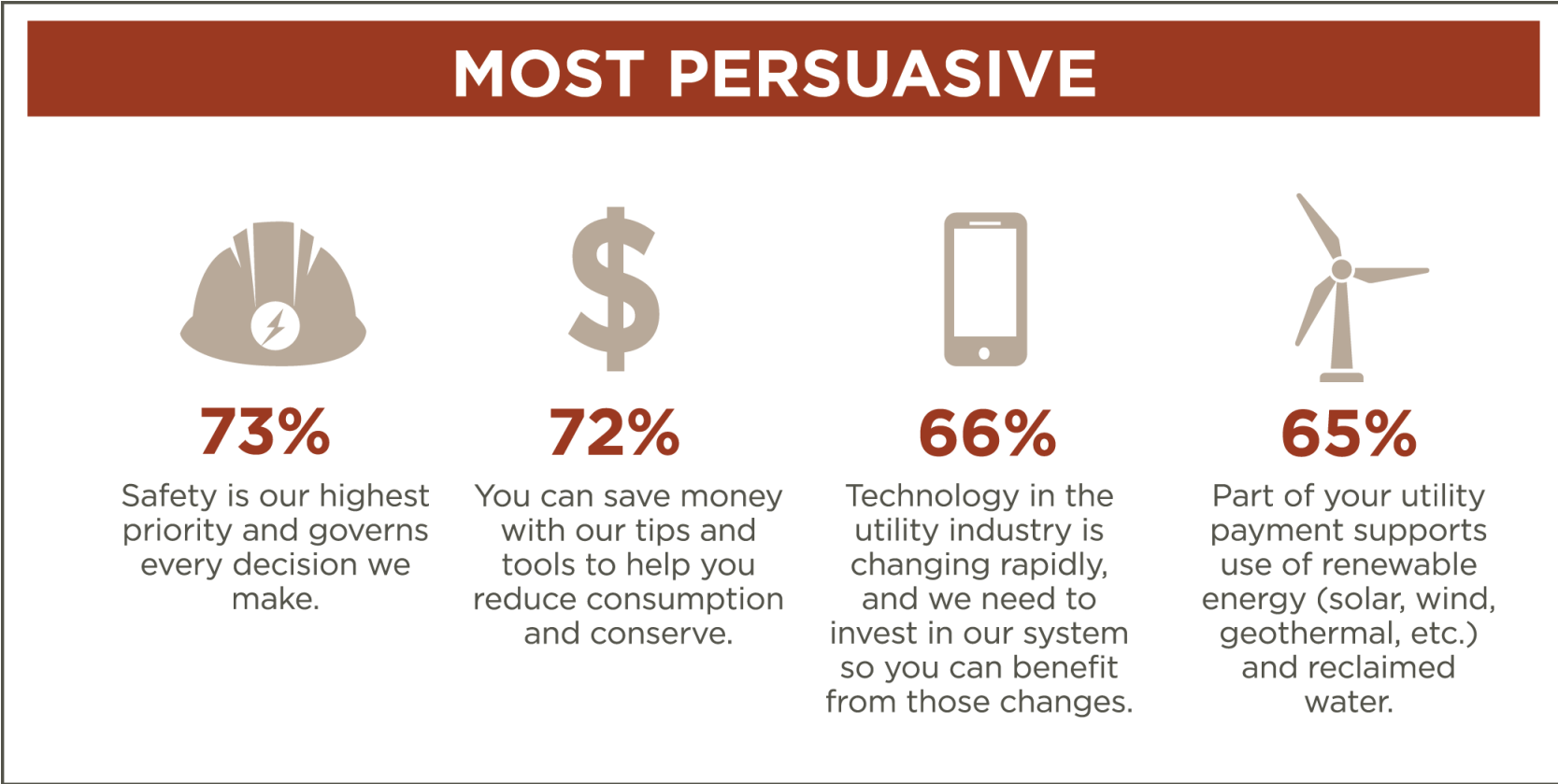
Your bills may seem high to you, but people with other providers pay more.



23%

Your utility payments help support bringing new employers and better-paying jobs to our community.

Most Persuasive



Why are the messages...

Most Persuasive

- Fair
- Factual
- Accurate
- Descriptive

Least Persuasive

- Abstract
- Complex
- Generalized

Messages/Actions That Resonate:

Water Rates Messaging for Conservation

- Gaining from saving through rebates (!)
- It is the cheapest source of water
- Rates will be significantly higher if there is no conservation
- Rate structure that reflects the following:
 - Encourages water efficiency
 - Ensures continuity of the utility's ability to maintain high water quality standards
 - Expands the water supply portfolio
 - Commitment to customer satisfaction

Conclusion/Advice

- It does not have to be a crisis each time if there is a sound plan and structure
- Know your customers:
 - Public engagement is key
 - Do not be afraid to test negative messages
 - Solicit public input through surveys
 - Quantify customer satisfaction

Conclusion/Advice

- Explore the opportunity and value that simple and accessible technologies bring to improve customer satisfaction e.g. AMIs
- It's all in the rate structure:
 - Price of water infrastructure
 - Price of the water itself
 - Future investments in technologies to tap new sources of water

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