



## H&R Waterworks, Inc.

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March 7, 2017

### RE: Update on progress to incorporate Conservation Language and Rates into H&R Tariff

Dear Customers:

While we have not received many customer calls since last year on the status of our proposed tariff changes regarding water conservation, we thought it important to provide this brief update.

The company has met with the UTC staff four times and conducted numerous phone conferences since last fall to go over the nuances of the proposed addition of language to implement the new rule on conservation requirements. Various neighborhood representatives have met with Commission staff, as well, to better understand the company proposal.

The company has proposed three separate approaches which are fair to each customer. Each of the approaches includes variations of three components which must be a part of any formula, they are:

1. The quantity of water, known as Acre Feet, which is available to each system;
2. The amount of irrigation water in inches necessary by square foot to meet historical supplemental irrigation demands during warmer weather versus what is actually available after making allowance for Essential (Indoor) water use.
3. A calculation to convert inches of water to a quantity of cubic feet (our billing measure). For example: If your lot size is 40,000 square feet and let's say the Irrigation/Rainfall seasonal factor for July is 1.5" one must apply the Irrigation/Rainfall factor as follows:  $(1.5"/12) \times 40,000$  equals 5000 cubic feet. This result becomes the Non-Essential (Outdoor) budget for July as shown on your bill. The Essential quantity (562cf) is added to the Non Essential for a total budget of 5,562cf.

The goal of the company is to have a fair, understandable, simple means to allocate water amongst customers.

In addition, the company is proposing that:

1. The formula be incorporated into the tariff
2. A quarterly report which tracks income in excess of regular tariff rates be submitted for review by the Commission
3. Funds generated by the new Conservation tier in excess of the current third tier rate (i.e. \$5.00 less \$2.81) will be held and utilized by the company to obtain, where feasible, additional water rights, conservation equipment, and to make system modifications. Such funds be separately accounted for on the books of the company for Commission review
4. Customers who exceed their Total Monthly Water Budget will be subject to restricted water service. Such customer service will not be discontinued or disconnected; rather a flow restrictor will be installed by the company. Written notice of pending installation of flow restrictor will be hand delivered to the customers service address.

The Conservation tariff language and a higher conservation rate are necessary to reduce consumption to within available water rights in each neighborhood water system. We hope that you can understand that while we would welcome the opportunity to sell as much water as each customer desires, at this time it is simply not possible. Each year we will evaluate overall usage and make determinations for each system whether or not the company can allocate more water for your Non-Essential use.

Currently the proposed tariff is scheduled for a March 29, 2017 regular meeting of the Commission. A notice may be sent to you by the Commission.

Please call me at 360-239-2694 or email me at [steveh@thewaterco.net](mailto:steveh@thewaterco.net) if you have questions or comments.

Thank you for your interest.

*Stephen L. Harrington*

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General Manager  
H&R Waterworks, Inc.