

Deferred Water Service Adjustment (DWSA)



Great Basin
Water Co.™

Deferred Water Service Adjustment Basics

Assembly Bill 436 authorizes GBWC to implement a new method of cost recovery

Insures that the revenues received by GBWC will be sufficient to pay the costs of providing a safe and reliable supply of drinking water to your taps in a cost-efficient manner.



Protects both the utility and our customers!



Deferred Water Service Adjustment Basics

Fixed vs. variable costs

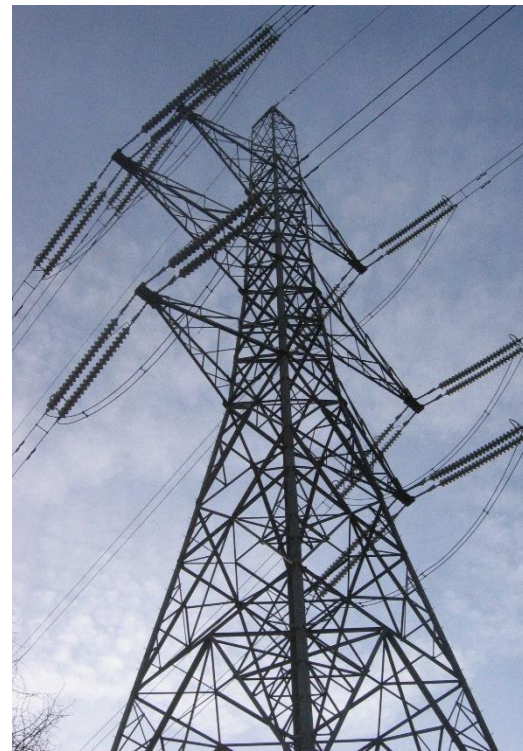
Some customers may ask: Why do my rates go up when I reduce my water use by 20%? And why isn't my bill reduced by a proportional amount?



Those are good questions and the explanation requires an understanding of fixed and variable costs.

Deferred Water Service Adjustment Basics

- Fixed costs include water mains or pipes, wells, pumps, valves, tanks, and fire hydrants among many other items required for the reliable delivery of safe drinking water.
- Variable costs fluctuate with consumption usage such as electric and chemical costs.
- These costs do not change based on water use and account for nearly 70% of GBWC's total cost.



Deferred Water Service Adjustment Basics

Just as your home mortgage doesn't change whether you occupy the home or not and your car payment doesn't change if you drive the vehicle or not, our fixed costs to have water available at your tap do not change based on how much water is used by our customers.



Monthly Payment
\$\$\$ = \$\$\$



GBWC Expense Breakdown (w/o capital investment)



Deferred Water Service Adjustment Basics

- **How the DWSA will work.**

- When the PUCN approves water rates for the utility, it is based on the expected water to be consumed and the revenue needed to cover the cost of delivering safe water to each so-called “customer class” (e.g., 5/8” residential meter).
 - Those costs include our fixed and variable costs and the volume of water that will be used during the year.
- With the DWSA in place, an analysis of the actual costs recovered from each customer class will be compared to what was approved to be received from those customer classes.
 - An account will be established based upon the variance between approved revenues and revenues actually received.
- If the analysis shows that greater revenue was collected than expected, the DWSA would effectively lower the rates paid by customers in the next year.
 - If the analysis shows that less revenue was collected than required, the DWSA would be increased for the following year to adequately recover the utility’s cost of service.

Deferred Water Service Adjustment Basics



- We are required by law to file a rate case at least every three years. A request for DWSA must be made during a rate case.



- DWSA filings occur annually beginning 1 year after the conclusion of a rate case. The next year, any balance in the DWSA accounts for the various customer classes would be included in the calculations made by the PUCN to determine our DWSA adjustments.



- Then, the DWSA process would begin again with a 'clean slate'.

Deferred Water Service Adjustment Basics

This process will be continued in each year going forward and will enable us to insure that we are adequately covering the costs of the water service we provide you.



At the same time, it guarantees that you are not being overcharged for that service.



Deferred Water Service Adjustment Summary

