

## Monthly Billing and Winter-Quarter Cap -- Frequently Asked Questions

### 1. How are the bills for wastewater service calculated?

- The cost for monthly wastewater service includes the sum of three components which include:
  - i) A wastewater treatment charge based on the estimated amount of flow delivered from the property;
  - ii) A base charge that does not vary by month and which serves as the minimum bill; and
  - iii) A city sewer maintenance fee that also is based on the estimated amount of flow delivered from the property. This is a fee remitted to the City and is not a component of AlexRenew rate revenues; AlexRenew is the billing agent for this fee.

### 2. Why does AlexRenew bill both a base charge and a treatment charge?

- The primary reasons for the two types of billing charges is to promote fairness in the recovery of costs from customers and to increase the ability to pay our bills and meet our debt obligations incurred to finance the expensive wastewater treatment and disposal plant required to provide service that meets all rules and regulations.
- The monthly Base Charge is billed to all customer accounts receiving wastewater service to help recover the fixed capital expenses needed to upgrade the plant infrastructure to protect the health of the Watershed. The Base Charge is commonly referred to in the industry as a "readiness-to-serve charge" with the purpose to recover infrastructure-related costs (e.g., debt payments, asset replacement, etc.) that have been installed to provide wastewater service at any time to the customers, whether such service is actually used.
- The remaining costs incurred by AlexRenew are recovered in the monthly wastewater treatment charges.

### 3. How are wastewater treatment charges calculated?

- Wastewater treatment charges are based on the estimated wastewater flow generated from a customer's property. For single family residential customers, the wastewater treatment charge is calculated based on metered average water usage. Wastewater flows are not generally metered and the water usage serves as a proxy or measure for wastewater flow; this is a common way to estimate the wastewater use by a home in the industry. Since a single-family customer may use water for outdoor use in the warmer months, AlexRenew has adopted a maximum monthly billing cap for the determination of the estimated amount of flow derived from a residence for the billing of the wastewater treatment charges.

### 4. What is the purpose of the monthly billing cap?

- AlexRenew has adopted a billing cap to residential customers for the billing of the wastewater treatment charges to promote fairness. The purpose of the cap is to limit the amount of wastewater treatment charges that can be billed to a single-family residential customer. Since wastewater flows are based on water use, AlexRenew recognizes that not

all water used at a residence will be returned to the sewer system (only water referred to as "indoor use" is returned to the sewer system). The primary water use that is not treated at the wastewater plant deals with outdoor water use for irrigation of lawns, pool filling, car washing and other uses.

- There is no wastewater billing cap for the commercial customers since most of the water use is returned to the sewer system; the cap only applies to the single family residential customers. This is also a general practice in the industry.

#### **5. How is the residential monthly billing cap determined?**

- The residential wastewater treatment charge cap is calculated based on the average water use by the customer during the consecutive, three-month billing period average of December through February. This 3-month period of average is the "*Winter Quarter Average*". It is the total wastewater usage during these three winter months divided by 3; it is an "average" usage over the months of December, January, and February. This calculation is done individually for each residential customer since the usage habits can vary and be different to promote fairness.

#### **6. Why use a "Winter Quarter Average?"**

- This period of water use is typically the lowest during the year because water is generally not being used for irrigation to water lawns, plants, and other landscaping which generally occurs in the warmer months. Since this outdoor water use does not typically enter the wastewater collection system, using a "Winter Quarter Average" allows for more representative measurement of the true quantity of wastewater entering the collection system from a residence.
- Since many of the residents may not be fully occupying the household during the December through February timeframe, a minimum monthly winter quarter cap equal to 4,000 gallons has been adopted. Industry studies, such as those conducted by the Water Resource Foundation, have indicated that the average person uses about 60 gallons per day of indoor water use (which would be returned to the wastewater system). Based on an average household size of 2.2 persons per residence for the City (from U.S. Census), this would equate to approximately 3,960 gallons per month ( $2.2 \times 60 \text{ gpd} \times 30 \text{ days} = 3,960$ ) which served as the basis for the 4,000-gallon minimum threshold.
- The wastewater treatment billing cap per customer shall be established based on the greater of: a) 4,000 gallons a month; or b) the customer's average monthly metered water consumption (gallons) recognized on bills rendered during the Winter Quarter Average. This level of sewer flows will serve as the basis for the residential billing cap for the remainder of the year – the billing months for the 9-month period of March – November.

#### **7. Please Illustrate how the Monthly Wastewater Treatment Billing Cap would be Determined?**

- The monthly wastewater treatment billing cap is determined annually and is based on the greater of a) minimum of 4,000 gallons a month or b) the customer's actual average monthly

metered water consumption during the winter quarter months of December, January, and February.

- For example, if the Winter Quarter Average was determined for a residence to be 3,000 gallons, the monthly billing cap would be 4,000 gallons for the remainder of the year since it is the greater amount. In no event would the billed wastewater flow exceed 4,000 gallons for the remainder of the year ending November, even if the actual water use during such period was higher.
- For example, if the Winter Quarter Average was determined for a residence to be 5,000 gallons, the monthly billing cap would be 5,000 gallons since it is the greater than the 4,000 gallon minimum cap level. In no event would the billed wastewater flow exceed 5,000 gallons for the remainder of the year ending November, even if the actual water use during such period was higher.
- Under either example, if actual water use was less than the cap limit, the customer would be billed only for the amount of the water billed; in no event would a residential customer be billed for flows higher than the cap but the billed flows could be less if the actual flows for the customer were below the established cap for the year.

**8. What if it is a new customer and there is no Winter Quarter average established? How will the customer be charged for wastewater treatment?**

- If no Winter Quarter Average use has been established because the customer is a new account, the wastewater charges shall be based on actual usage, with a cap set at not to exceed 4,000 gallons, plus any Base Charge.
- For example, if a new customer who has just moved into a property in December, there is no Winter Quarter Average flow cap that can be established for the new customer. As a result, the wastewater charges would be based on the actual usage during that month, not to exceed 4,000 gallons, plus any Base Charge.

**9. What if my wastewater usage for any given month is less than my Winter Quarter Average – how will I be charged?**

- For example, if the actual wastewater usage is 5,000 gallons and the established Winter Quarter Average was 6,000 gallons, the wastewater charges would be based on the 5,000 gallons of actual usage, plus any Base Charge.

**10. What if the customer is a "snow bird" and vacates the premise during any portion of the winter Quarter Average period, and there is no / limited usage for the (3) months of December, January, and February at my property. How would my wastewater charges be calculated?**

- If there is no or limited usage at the property during the winter quarter calculation period, the cap would be set at 4,000 gallons and the wastewater treatment charges for the remaining

billing months would be based on the actual water use, not to exceed 4,000 gallons, plus any Base Charge.

- For example, if I live in Florida for the months of December – February and have no water usage at my property in Alexandria, the cap will be set at 4,000 gallons. If the customer used 3,000 gallons a month when they returned home, they would be billed the wastewater treatment charges for 3,000 gallons of use. If the customer used 5,000 gallons a month when you returned home, you would be billed the wastewater treatment charges for 4,000 gallons of use (the cap). The Base Charge would also be billed as part of the cost of providing service

**11. If I do not have any usage in a particular month, will I receive a bill?**

- Yes, you will receive a bill which would include the Base Charge. The Base Charge is considered as the minimum bill to the extent a premise has no usage for a particular month.