



Small Water System Opportunities: Surveying State Utility Commission Best Practices

Kathryn Kline, Research Associate– Water

NRRI Colloquium, NARUC Winter Meeting

February 11, 2017



Summary of Presentation

- Overview of small water systems
- NARUC best practices resolution
- Methods
- Trends
- State websites
- Topics for future consideration



Water Systems

System Ownership	Population Served				
	<=500	501-3,300	3,301-10,000	10,001-100,000	>100,000
Public	7,602	10,188	4,323	3,419	367
Public-Private	559	524	127	54	6
Private	19,827	2,849	504	399	58
Total	27,988	13,561	4,954	3,872	431

Phelan, Dan. (2016). *Fragmentation in the Water Industry and Regulatory Impacts* [Presentation, NARUC Winter Meeting]. National Regulatory Research Institute.



Challenges Facing Small Water Systems

- Reluctance to raise rates
- Discomfort/lack of knowledge about appearing before state utility commissions
- Lack of solvency → use of own money to subsidize systems
- Challenges in using technology for electronic filing
- Challenges with using technology to communicate



Best Practices for the Regulation of Small Water Systems (NARUC 2013)

- Simplified rate applications
- Electronic filing
- Use of annual reports for cost recovery in lieu of lengthy rate cases
- Commission staff assistance in rate cases
- Simplified Rate of Return mechanisms
- Cost of living adjustments
- Rate mechanisms to facilitate emergency infrastructure funds
- Operating ratio rate mechanisms where there is very limited rate base
- Limitation of Contributions In Aid of Construction (CIAC) so rates are sustainable
- Combining water and wastewater revenue requirements for the purpose of rate cases, as appropriate



Methodology

- Complete review of commission websites and rules
- Document “best practices used” and other helpful practices not directly identified by NARUC resolution
- Phone interview with Commission Staff using prepared script to:
 - confirm findings,
 - identify any missing information, and
 - ask about most popular support mechanisms
- Document findings



Which Best Practices are Most Commonly Used? (1 droplet= 1 state utilizing best practice)

Best Practices Initial Survey

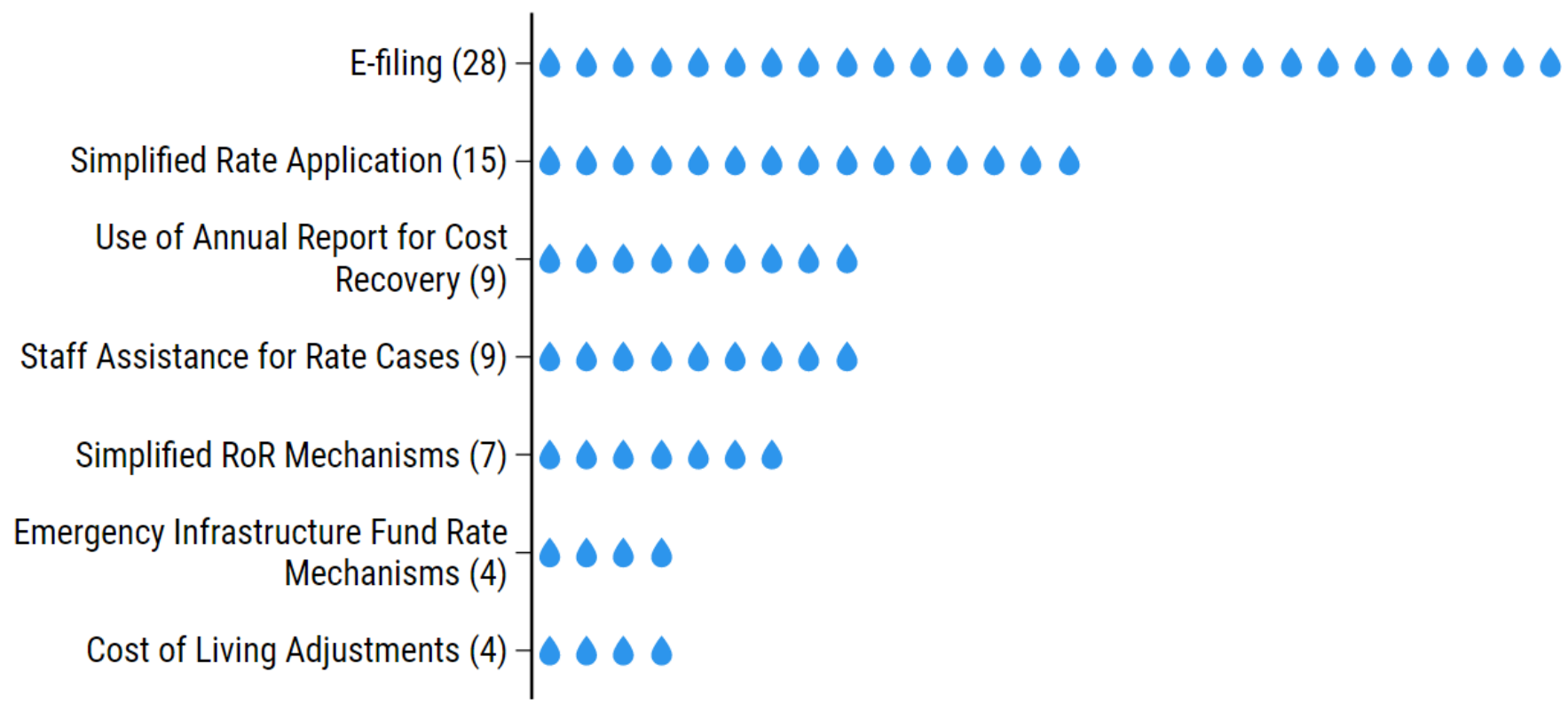


Chart represents initial survey findings, for updated numbers see final report

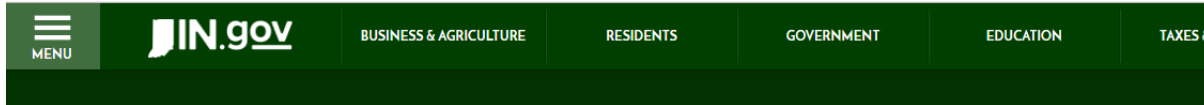


Other Practices for Supporting Small Water Systems

- Utilizing existing water pages on Commission website:
 - Handbook with detailed instructions for Filing Rate Cases
 - Frequently Asked Questions for industry
 - Links to relevant codes/forms
- Inviting SWS to contact staff directly for help
- Providing webinars on Small Water System issues
- Encouraging prudent acquisitions
- Establishing rules to discourage the creation of new small water systems when other options are available



Example: Indiana



- Other Utilities: [Listed Alphabetically](#) | [Listed by Date](#)



Industry Reports and National Issues

- AWWA District Meetings with the IURC: [Presentation](#)
- U.S. EPA Rules: [Water](#) | [Waste](#)
- U.S. EPA Research: [Water](#) | [Waste](#)
- 2013 Water Utility Resource Report: [PDF](#)

Small Utility Resources

- [2016 Small Utility Workshop](#)
- Alternative Regulatory Procedure
 - [Brochure](#)
 - [Guidelines](#)
 - Forms: [Investor-Owned](#) | [Municipal/Not-For-Profit](#)
 - Cost Index: [2016](#)
- [Small Utility Toolkit](#)
- [Educational Resources for Small Utilities](#)
- Small Utility Rate Application: [Statute](#) | [Brochure](#)
- [Flood Resilience: A Basic Guide for Water and Wastewater Utilities](#)

Administrative Materials and Forms

PLEASE NOTE: On March 22, 2016, Governor Mike Pence signed Senate Bill 347 into law. One provision of this law immediately repeals Ind. Code 8-1-30.5, which requires the Indiana Utility Regulatory Commission to collect from all water utilities data regarding use of water resources within Indiana. Effective immediately, utilities are no longer required to file the annual Water Utility Resource Report.

- Annual Report Filing Process: [Forms](#)
- Public Utility Fee Report: [Forms](#)
- Water Tracker: [Rule](#) | [Application](#)
- Wastewater Tracker: [Rule](#) | [Application](#)
- Distribution System Improvement Charge (DSIC): [Rule](#)



Additional Resources

• Specific Small Utility Resources Section
• Rate filing/
Administrative forms easily accessible



Example: West Virginia

...ensuring that reasonably priced and reliable utility services are available to all customers.

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
 201 Brooks Street Charleston, WV 25301 Toll Free: 1-800-344-5113 FAX: 304-340-0325

Seminar Listing

The seminars listed on this page are presented by the Public Service Commission of West Virginia for the educational benefit of water and sewer utilities in West Virginia at no cost to the utility. The information presented will assist utility personnel, board members, council members, mayors, and other interested parties in having a better understanding of the PSC rules, WV Code, and other areas that may affect utility operations.

[Login/Create Account](#)

[Driving directions and a list of nearby hotels and restaurants.](#)

Schedule

Name	Date	End	Location
PSC Board Member Seminar	Apr 06, 2017	Apr 08, 2017	Bridgeport, Best Western Plus - Last Date to Register: Mar 23, 2017
Managing Your Employees to Avoid Legal Conflict	May 02, 2017	May 02, 2017	Charleston, PSC - Last Date to Register: Apr 18, 2017
Utility Office Works - 1 Day	Jun 08, 2017	Jun 08, 2017	Morgantown, MUB
Safety Seminar	Jun 28, 2017	Jun 28, 2017	
Municipal/Association Seminar	Jul 18, 2017	Jul 18, 2017	
Utility Office Works - 1 Day	Aug 22, 2017	Aug 22, 2017	
PSC Board Member Seminar	Sep 21, 2017	Sep 23, 2017	
Utility Office Works - 1 Day	Oct 17, 2017	Oct 17, 2017	
Basic Accounting Seminar	Nov 07, 2017	Nov 07, 2017	
Safety Seminar	Dec 12, 2017	Dec 12, 2017	

Utility Office Works - 1 Day	Aug 22, 2017	Aug 22, 2017
PSC Board Member Seminar	Sep 21, 2017	Sep 23, 2017
Utility Office Works - 1 Day	Oct 17, 2017	Oct 17, 2017
Basic Accounting Seminar	Nov 07, 2017	Nov 07, 2017
Safety Seminar	Dec 12, 2017	Dec 12, 2017

For Questions
Please Contact REGISTRAR:

West Virginia Public Service Commission
 PO Box 812
 Charleston, WV 25323
 304.340.0440 or Toll Free 1.800.344.5113
 Fax: 304.340.3759
 ntincher@psc.state.wv.us



Example: Arizona

Arizona Corporation Commission

Doug Little, Commissioner
 Boyd Dunn, Commissioner
 Tom Forese, Chairman
 Andy Tobin, Commissioner
 Bob Burns, Commissioner

Utilities Division

[Home](#) [Electric](#) [Gas](#) [Telephone](#) [Water / Sewer](#) [Consumer Services](#)

[Home](#)
[About Us](#)
[News & Issues](#)
[Schedules & Agendas](#)
[Consumer Services](#)
[Divisions / Sections](#)
[Request for Proposals](#)
[Laws & Commission Rules](#)
[Arizona Corporation Commission](#)
[Small Water Ombudsman Office](#)

Arizona Corporation Commission
Utilities Division

Small Water Ombudsman Office

Mission Statement: *To assist small water companies in interpreting and navigating the Corporation Commission rate case, financing and compliance processes, and to help small water companies in the evaluation of long term infrastructure and acquisition planning.*

Small Water Ombudsman Office Function: *To educate, provide guidance and assistance regarding recordkeeping, assembly of information for rate case and financing applications and to provide technical review of water system needs and compliance requirements for safe, effective small water company operation and maintenance.*

Some of the ways the ACC Ombudsman Office can assist you include:

- ACC/ADEQ/ADWR compliance issues
- Filing a rate or financing application
- Identifying and recommending corrective action for engineering issues
- Planning of long-term infrastructure needs
- Billing and operational improvements

Call or email the ACC Small Water Ombudsman Office for more information.
 (602) 542-2556
accombuds@azcc.gov



Other Considerations

- What resources are easily accessible for small water systems?
- What resources are challenging for small water systems to access?
- Where is there overlap in policy that should be recognized? (e.g. emergency rate case mechanisms vs. emergency funds)
- What non-commission resources are available to support small water systems?



Topics for Future Research

- Review of acquisition methods
- Deep dive into alternative rate mechanisms for small water systems
- Process review of small water system rate application process



NRRI Report Publication

Small Water System Opportunities: Surveying State Utility Commission Best Practices

Spring 2017