

## Water System Advisory Committee (WSAC) Comments on Proposed Leak Adjustment Policy

October 25, 2013

SPU staff presented their proposed leak adjustment policy revisions for both water and sewer leaks to the Water System Advisory Committee (WSAC) at the committee's September 2013 meeting. This document serves as WSAC's formal response to the proposed policy changes, which we hope will be taken into account in determining a final policy direction.

First, we would like to commend the thorough research conducted by the group leading the policy revision, both in the number of staff interviewed for perspectives within SPU and research on existing policies at other major water utilities in the Western US. This information was valuable in providing context as to the potential impacts and their magnitude if a policy change is made.

While we appreciate and fully support the proposed change to the sewer leak policy, we do have some concerns with the proposed water leak policy, under which no water leaks would qualify for any amount of reimbursement. All other utilities reviewed by SPU under this effort had some sort of water leak adjustment, even if there was great variation among them. Furthermore, a basic review of the impacts of recent leak adjustments suggests the existing leak adjustments policy, or minor changes to it, has a negligible effect on rates.

WSAC members believe that SPU's water leak policy should have some potential for reimbursement or forgiveness for water leaks, rather than the utility's current proposal of eliminating all water leak reimbursements. Rather than recommending a particular water leak policy, WSAC proposes a list of principles that SPU could use in developing its final policy. These principles are:

- **Consistency and clarity** – We believe that any adjustment policy adopted should be consistent and clear in its application, both for utility staff and for customers.
- **Cost sharing** – We believe that the customer should be responsible for some portion of the water cost related to the leak. We believe the current 50/50 split is fair, though we would be amenable to a slight deviation from that number.
- **Customer responsibility for indoor plumbing** – We believe SPU's water leak policy should not cover indoor leaks, such as toilets or faucets, *continuing* its current practice of not doing so.
- **Outreach to customers likely to have leaks** – SPU should *continue* to send out notices with bills that are unexpectedly high or contact customers likely to have a leak to help the customer identify the situation.
- **Frequency or limit of adjustments based on time, not property ownership** – SPU should set a frequency limit for water leak adjustments for customers based on a period of time, not on property ownership (as it currently does). We believe a policy along the lines of one adjustment every two, three, five years, etc., covering up to two billing cycles, would be appropriate and limit potential overreliance or fraud.

WSAC encourages SPU to develop a water leak policy using these principles, as we believe it will benefit its customers without harming the financial integrity of the utility. As a public utility, SPU has the ability to enact policies like those of other utilities that provide some level of forgiveness to its customers for unexpected events. We believe, from citizens' perspectives, this is a major benefit of having a public utility, and hope that SPU uses these comments to formulate its final policy adjustments.

Sincerely,

WSAC Committee Members

Chris Thompson, Chair  
Kyle Stetler  
Kelly McCaffrey  
Tom Grant