

CRC Summary Meeting Notes

Meeting: Portland Water Conservation Rate Structure CRC
Meeting Date: December 20, 2012
Meeting Time: 1:00 pm
Location: Chinook Conference Room, Portland Building
Attendees: Hossein Parandvash, City of Portland
Cecelia Huynh, City of Portland
Lorna Stickel, City of Portland

CRC Members

John Davis (CRC Chairperson)
Janis Adler
Ann Widmer
Tom Foley

Other Attendees

Gary Fiske (Consultant)
Tom Chesnutt (Consultant) via WebEx
Trudy Cooper (Facilitation/Documentation)
Jamison Cavallaro (Facilitation/Documentation)

The sixth and final Portland Water Conservation Rate Structure Study Citizen Review Committee (CRC) meeting of 2012 was held on Thursday, December 20th at 1:00 p.m. in the Portland Building. The primary purpose of the sixth meeting was to discuss CRC members' rate structure matrix "score" evaluations as well as give CRC members an opportunity to provide input on the (Draft) materials and associated public involvement process for the Conservation Rate Structure Review Report. The meeting agenda is attached. Other handouts provided prior to, during, and immediately after the meeting included:

- October 18, 2012 CRC Meeting #5 (Draft) Summary Notes by Jamison Cavallaro/PWB
- Memo: Rate Structure Design Alternatives Evaluation Matrix Results by Gary Fiske (dated 12/10/12)
- Letter to Portland Water Users Coalition by PWB (dated 12/5/12)
- Conservation Rate Structure Review Report (Draft) Outline and Section One by Gary Fiske and Associates, and A&N Technical Services.
- CRC Involvement Process Questions by PWB

Introduction and Housekeeping

Hossein Parandvash opened the meeting at approximately 1:00 PM. Mr. Parandvash announced that the Final Report will be sent to the CRC by late January or early February, and thanked everyone for their work and involvement over the last six months. He told the CRC that he would prefer to receive all feedback regarding the Report via the "track change" feature of MS Word document

CRC DECISION

- November 15, 2012 CRC Meeting #5 (Draft) Summary Notes approved without corrections.
- Agreed to provide all feedback via “track change” requests.

I. STUDY Feedback // Key Points // Decisions Made

A. Memo: Illustrative Rate Structure Design Alternatives Evaluation Matrix Results

Gary Fiske provided a PowerPoint presentation about the memo to explain the method by which the CRC and PWB Technical Committee (TC) “rated/scored” the Study’s seven illustrative rate structure design alternatives. As a refresher, Mr. Fiske summarized the Study’s rate structure alternatives and criteria against which illustrative rate structures were evaluated. (NOTE: For more background information about the rank scoring process, please see *CRC Meeting #5 Summary Notes*, Technical Memo E entitled *Rate Structure Alternative Comparisons*, and *Evaluation Matrix Instructional Cover Letter*.)

The *Evaluation Matrix Results* Memo begins as follows:

“We have developed seven rate structure alternatives to evaluate against our 10 evaluation criteria. The rate structures are described in my November 8 memorandum, and include:

1. A simple seasonal rate structure for all classes.
2. A moderate 3-block rate for single family (SF) customers, and a seasonal rate for other classes.
3. A steep 3-block rate for SF customers, and a seasonal rate for other classes.
4. Increased fixed charges for all classes, with commodity rate structures similar to #3.
5. Increased fixed charges for all classes, with extremely steep 3-block rate structure for SF and large seasonal spreads for other classes.
6. A moderate 2-block rate for SF and seasonal rates for other classes.
7. A SF block rate structure similar to the previous PWB block rate, which was in effect through 2005-06. Rates for other classes are uniform.”

During the presentation Mr. Fiske fielded questions from the attendees, and highlighted the results of the CRC and TC ratings through charts and graphs. All expressed satisfaction with the memo as well as the time allotted during the meeting to discuss the raw results and rating method.

The *Evaluation Matrix Results* Memo concludes as follows:

“While the charts are useful for visualizing tradeoffs among the alternatives, they cannot capture all of the information conveyed by the raw ratings (from CRC and TC members, which have been provided in spreadsheet form in the memo) in Table 1. In particular, it is important to bear in mind that, while the estimated conservation savings impacts of the alternatives differ from one another, they almost all are less than 1%. The one exception is a steep block structure, for which the predicted savings approach 2%. But as Figure 4 shows, this alternative is perceived by our evaluators to have other handicaps.

Although the current uniform rate structure is rated more highly, on average, against the qualitative criteria than any of the alternatives, the quantitative ratings show that these perceived advantages must be weighed against a smaller conservation savings and less affordability for low-use customers. In fact, there is no one “best” alternative. As is typically the case when comparing strategy alternatives, each option has pluses and minuses that policy makers must weigh.”

CRC DECISION

- Not applicable.

KEY POINTS

- Charts were useful to depict qualitative and quantitative ratings.
- Though there are more than four CRC members, no more than four actually rated any one particular illustrative rate structure against particular evaluation criteria
- Attendees were curious about the state of academic literature regarding magnitude (i.e. curve; slope; steepness) of block rates. The consultants and PWB staff suggested that such literature is “not as strong” as the literature regarding price elasticity of demand.

B. Outline and Section One of the (Draft) Conservation Rate Structure Review Report

The attendees were briefed on progress to-date on the Report, and reviewed the outline and Section One. Very pleased overall, the CRC focused on the limitations of the study. Hossein Parandvash will coordinate all of the CRC’s feedback on the Report via “track change” requests.

CRC CONCLUSION

- The CRC strongly encouraged including, within the “Limitations” section of the Report, a robust discussion of the limitations of the current model and academic literature as well as the study’s illustrative rate structures and data gaps (e.g. land use; penetration of water saving technologies and complimentary professional trades; and other factors cited in Tech Memos. NOTE: For more details regarding the above mentioned other “yet to be quantified factors” in the decomposition of 2000 to 2011 trends in PWB retail demand like land use, penetration of water technologies/trades, and more, please see *Tech Memo B* and *CRC Meeting #4 Summary Notes under Section A, pages 2-3.*)

KEY POINTS

- Comment by Fiske: The study’s seven rate design structures have been used for illustrative purposes. However, the numbers for each structure are “very close to reality” and are appropriate to illustrate the trade-offs among rate design alternatives.

C. PWB Letter of Response to Portland Water Users Coalition

As an update regarding written correspondences between the PWB and Portland Water Users Coalition, PWB’s Hossein Parandvash distributed the latest PWB letter (dated 12/5/12). In short, Mr. Parandvash explained to the attendees that the PWB’s letter points out that the issues identified in the Portland Water Users Coalition’s letter were relevant to actual rate setting rather than rate structure, the latter of which is the focus of this study. (NOTE: Please see the letters for more detailed information.)

CRC DECISION

- Not applicable

D. Citizen Review Committee (CRC) Involvement Questions

Trudy Cooper facilitated the discussion and led the attendees in a group conversation focused on the CRC's involvement in the study. To complement the Conservation Rate Structure Review Report, the PWB utilized a standard public involvement process approach that is quite similar to that of a focus group. (NOTE: Ms. Cooper facilitated the meeting's discussion using questions prepared by the PWB staff. Please see the Appendices section of the Conservation Rate Structure Review Report for more info about the public involvement process.)

Ms. Cooper's facilitation of the PWB's questions revolved around a main theme of questioning, "How well did the CRC involvement process work?" A wide range of responses, follow-up questions, and clarifying responses were shared among the participants. All in all, the participants expressed positive feedback regarding the CRC approach, and a willingness to serve in the future.

CRC DECISION

- While their CRC meetings have concluded, the CRC members reaffirmed their willingness to participate in a meeting or workshop if called upon by for the City Council in the future.

KEY POINTS/RESPONSES

- Administration: CRC gave high marks for the PWB's administration of the CRC process citing examples such as timely distribution of materials, good interactions and facilitation, useful off-site participation option of teleconferencing/WebEx, and the option for public input from non-CRC members.
- Meetings: CRC meetings helped to explain complex memos. Specifically, the CRC members said the meetings helped to clarify info from the memos that may have been understood differently during individual prep prior to the meeting.
- Meetings: CRC meetings did not provide enough time for in-depth discussions of models.
- Meetings: Attrition in total # of CRC members from Meeting 1-6, and uneven attendance. (NOTE: Attendees speculated whether or not attrition resulted once it became apparent that the study was about "rate structures" instead of "pricing/charges/rates.")
- Meetings: it might have been helpful to have fewer meetings, and more time between meetings for reading the materials.
- Meetings: did we need more participants?
- Rate Designs: CRC gave high marks for the consultants' ability to present the way the rate structure design alternatives would perform.
- Study: Portland's iconic "ethical uniqueness" (i.e. conservation-mindedness) was a theme of several responses related to retail demand. (NOTE: Attendees speculated whether or not the assumptions were "Portland-centric;" i.e., is there a possibility that local conservation-mindedness may significantly alter the accuracy of the results of the study's models?)
- Study: Study did not provide CRC with actionable illustrative (or actual) data/info to accurately assess the administrative cost of changing rates, rate designs, or billing cycles.
- Recommendations: to consult with the Energy Trust of Oregon and Northwest Power and Conservation Council about the penetration rate of efficient appliances in the Portland area, to better determine the conservation impact of rate structure versus conservation impact of efficient appliances.

- Recommendations: the CRC members had different opinions about the rate structures. While two of the attendees favored more conservation oriented rate structures, the other two present preferred the current uniform rate structure.

Next Steps

Hossein Parandvash thanked everyone for their involvement, and reminded the CRC that the Review Report would be distributed in late January or early February for “track change” requests.

Issue Date January 15, 2013 **Prepared for PWB by** Jamison Cavallaro

Final Date January 31, 2013 **Final Version by** PWB Staff