

Somerville, MA

Utility Owner Occupied Discount

Analysis & Results

March 12th, 2020

Study Elements



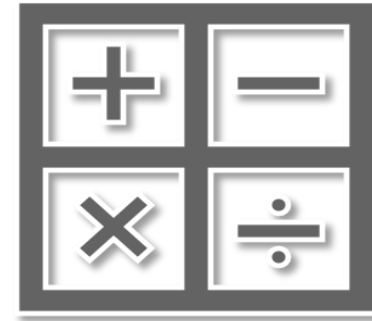
Property Analysis

Identify which properties and utility accounts are qualified as owner-occupied



Financial Analysis

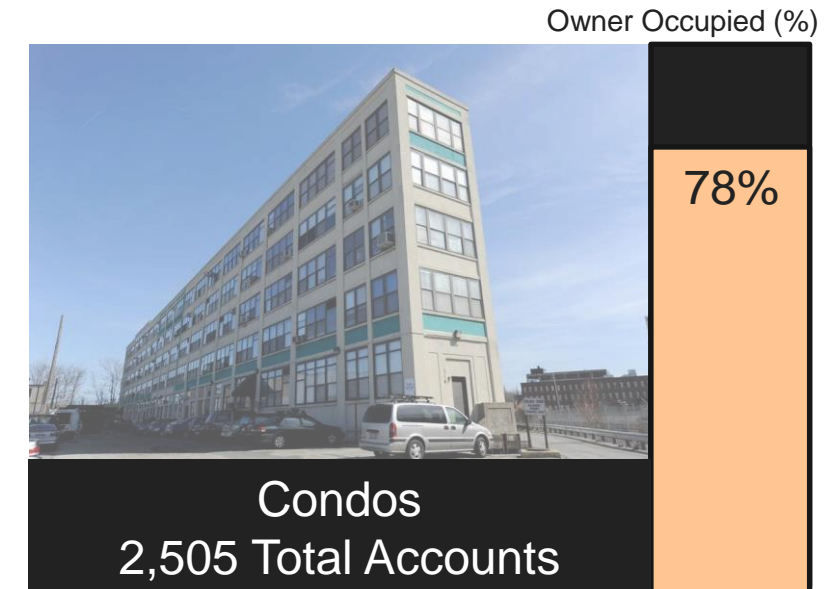
Determine the total value of owner-occupied discounts and ensure the utility is revenue neutral



Customer Impacts

Calculate the customer bill impacts of providing an owner-occupied discount

Parcel Analysis



Owner-Occupant Discount Analysis

Analysis Assumptions:

- 1) Owner occupied discount of 30% applied to all owner-occupied accounts
- 2) Revenue neutrality within the utility (Required by legislation)
- 3) Revenue reduction assumed to be recovered from all non-owner-occupants (residential and non-residential)

Somerville Water & Sewer Revenues

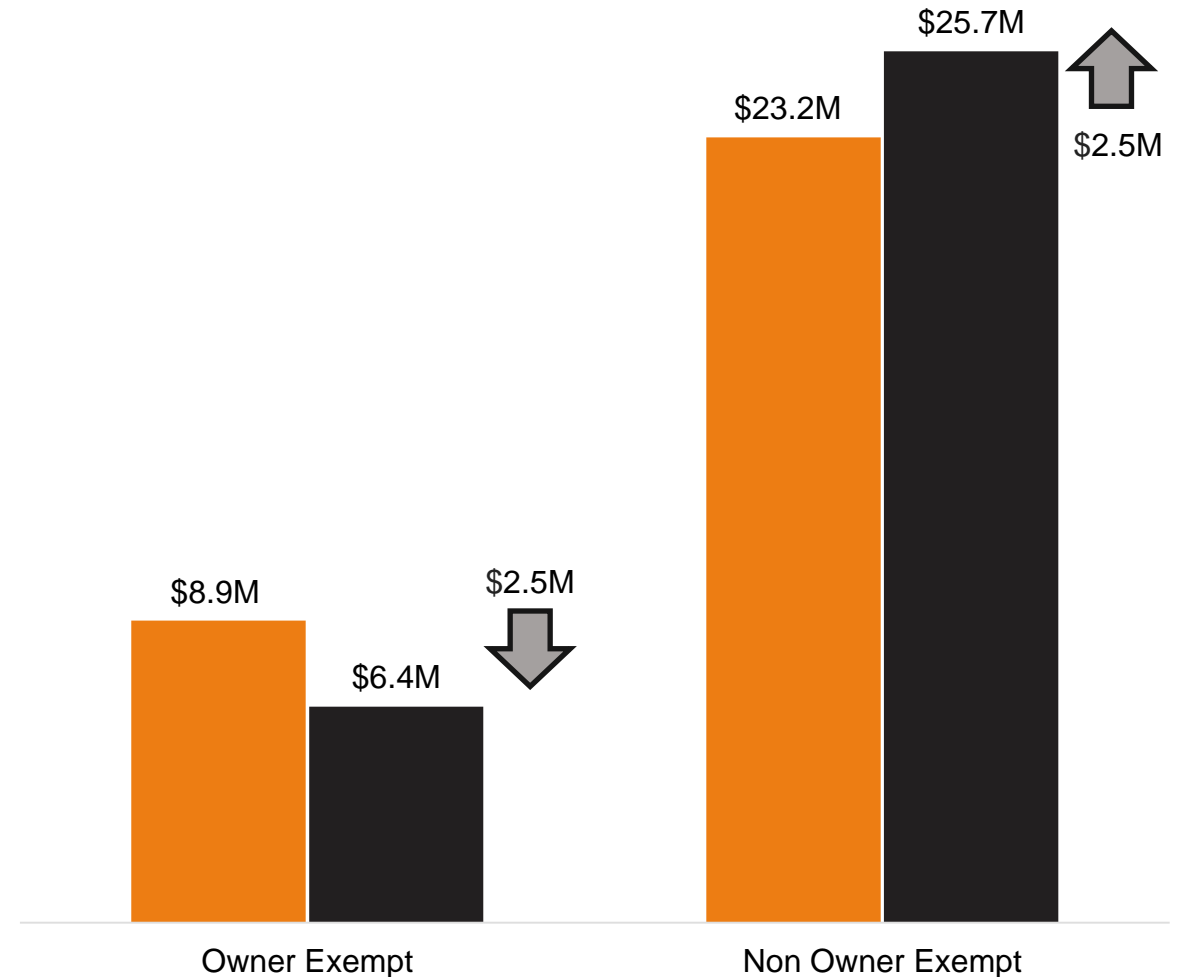
Financial Analysis:

- Owner occupied discount of 30% equals \$2.5M reduction in revenue
- Requires an increase of 11% or \$2.5M in revenue to be recovered non-owner accounts

Revenues from FY 2018 Actuals

■ Revenues by Owner Status without Discount

■ Revenues by Owner Status with Discount

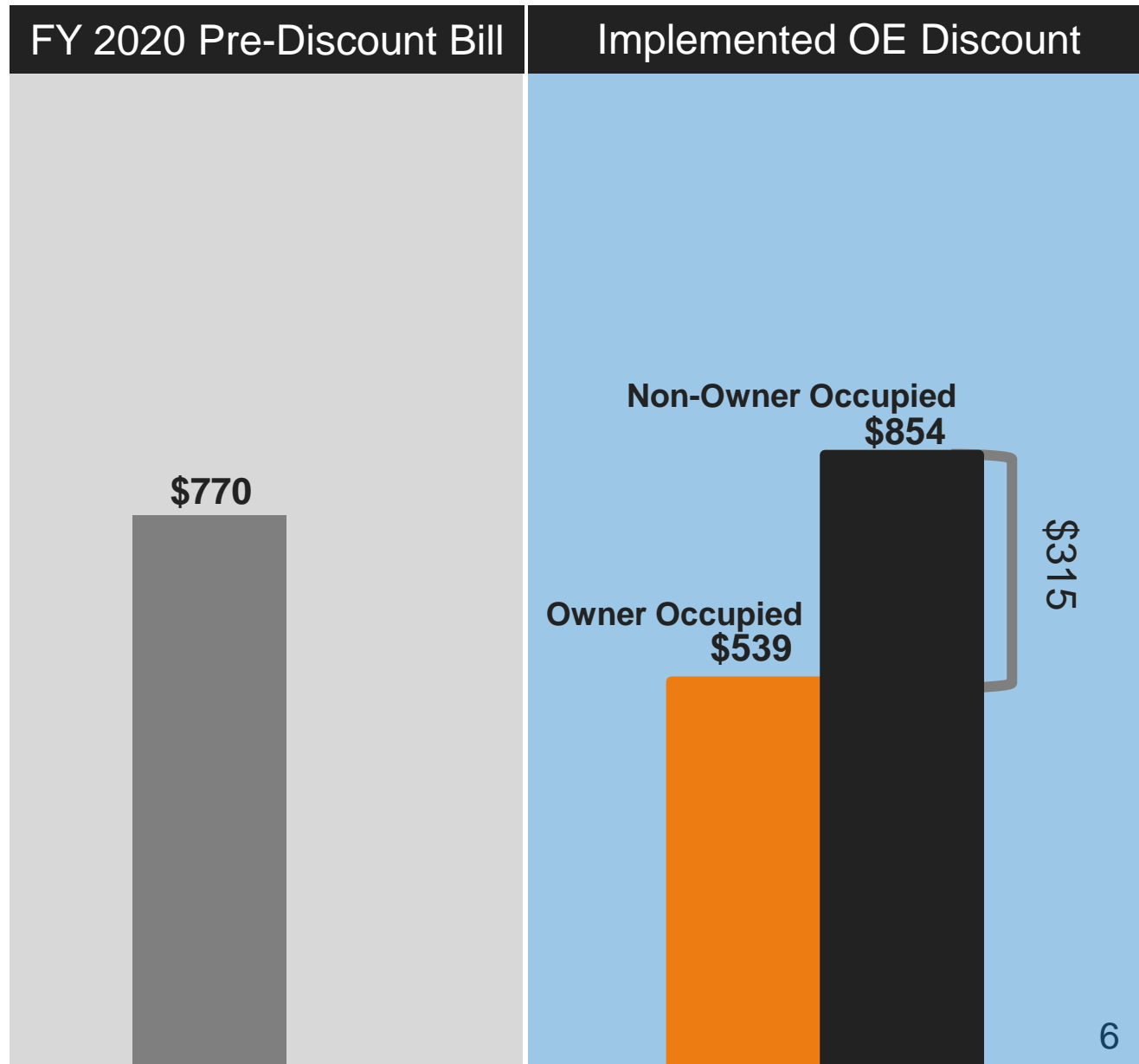


Average Single-Family Annual Bill Impacts

Customer Impact:

- Owner-occupied customers will save 30% on their bill (reduction of \$231)
- Non-owner occupied customers will see their bill increase by 11% (increase of \$84)

FY 2018 Average Single-Family Volume is 56 CCF = ~42,000 Gallons

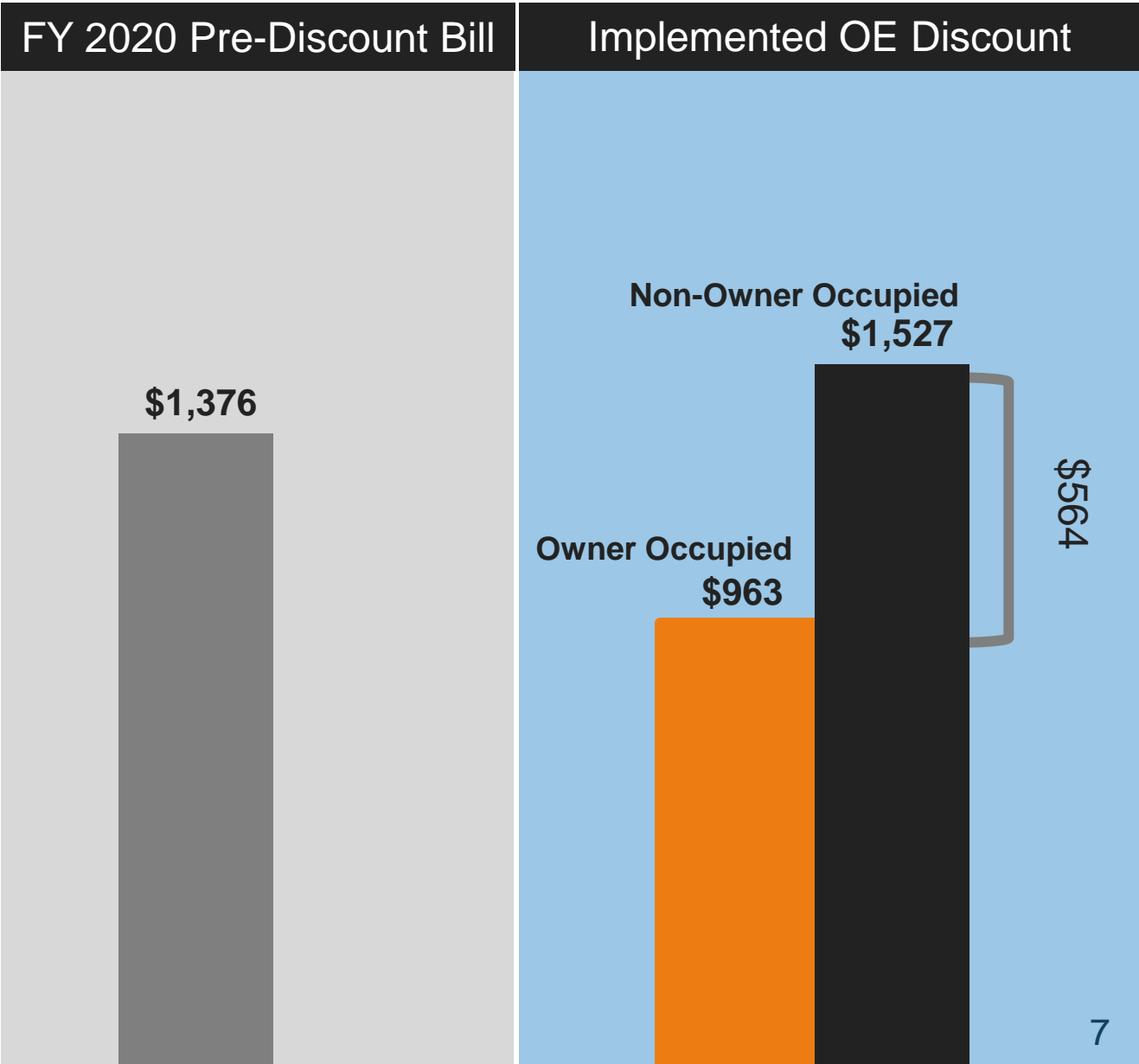


Average Two Family Annual Bill Impacts

Customer Impact:

- Owner-occupied customers will save 30% on their bill (reduction of \$413)
- Non-owner occupied customers will see their bill increase by 11% (increase of \$151)

FY 2018 Average Two-Family Volume is 91 CCF = ~68,000 Gallons

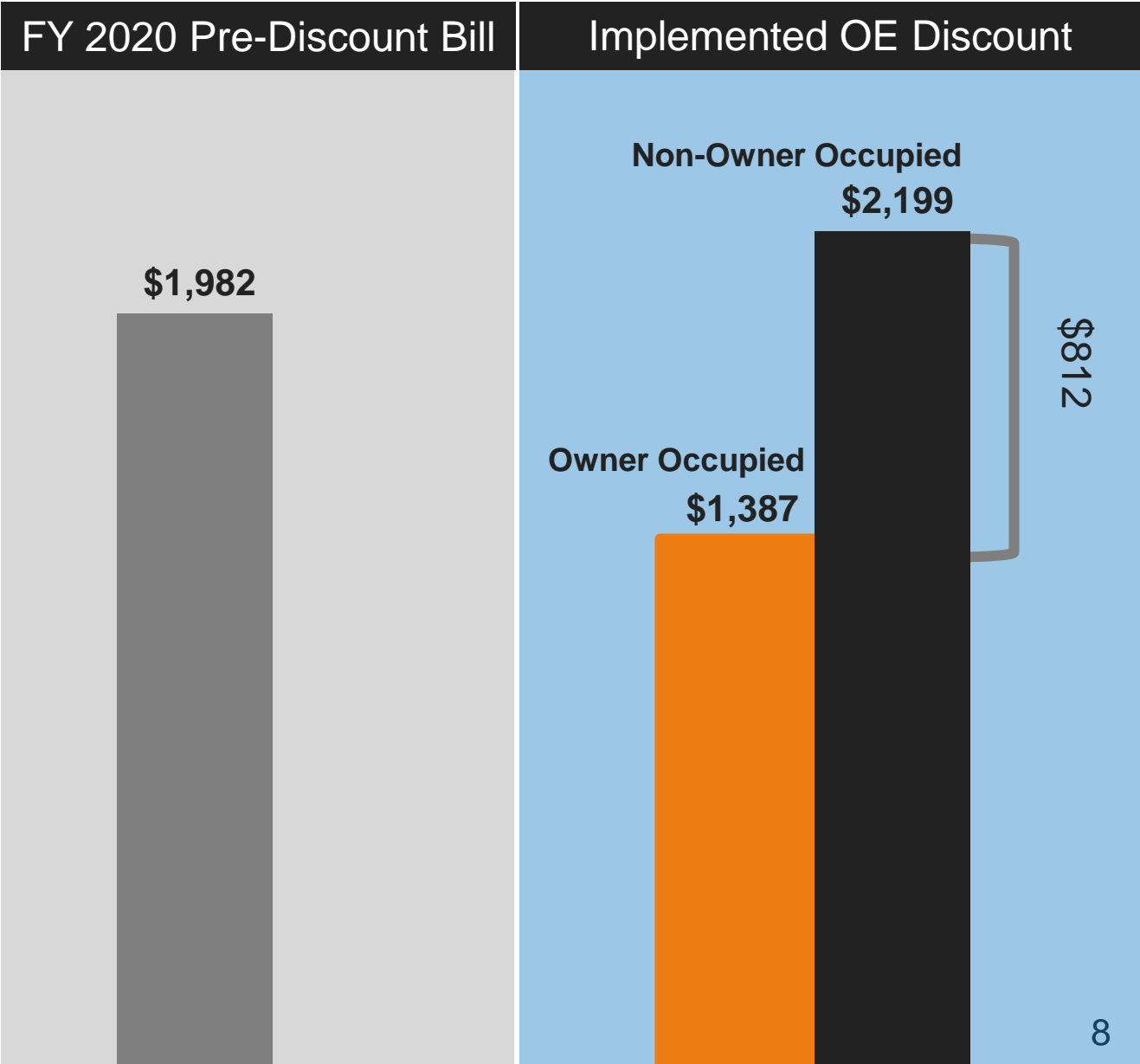


Average Three Family Annual Bill Impacts

Customer Impact:

- Owner-occupied customers will save 30% on their bill (reduction of \$595 annually)
- Non-owner-occupied customers will see their bill increase by 11% (increase of \$217 annually)

FY 2018 Average Three-Family Volume is 126 CCF = ~94,000 Gallons

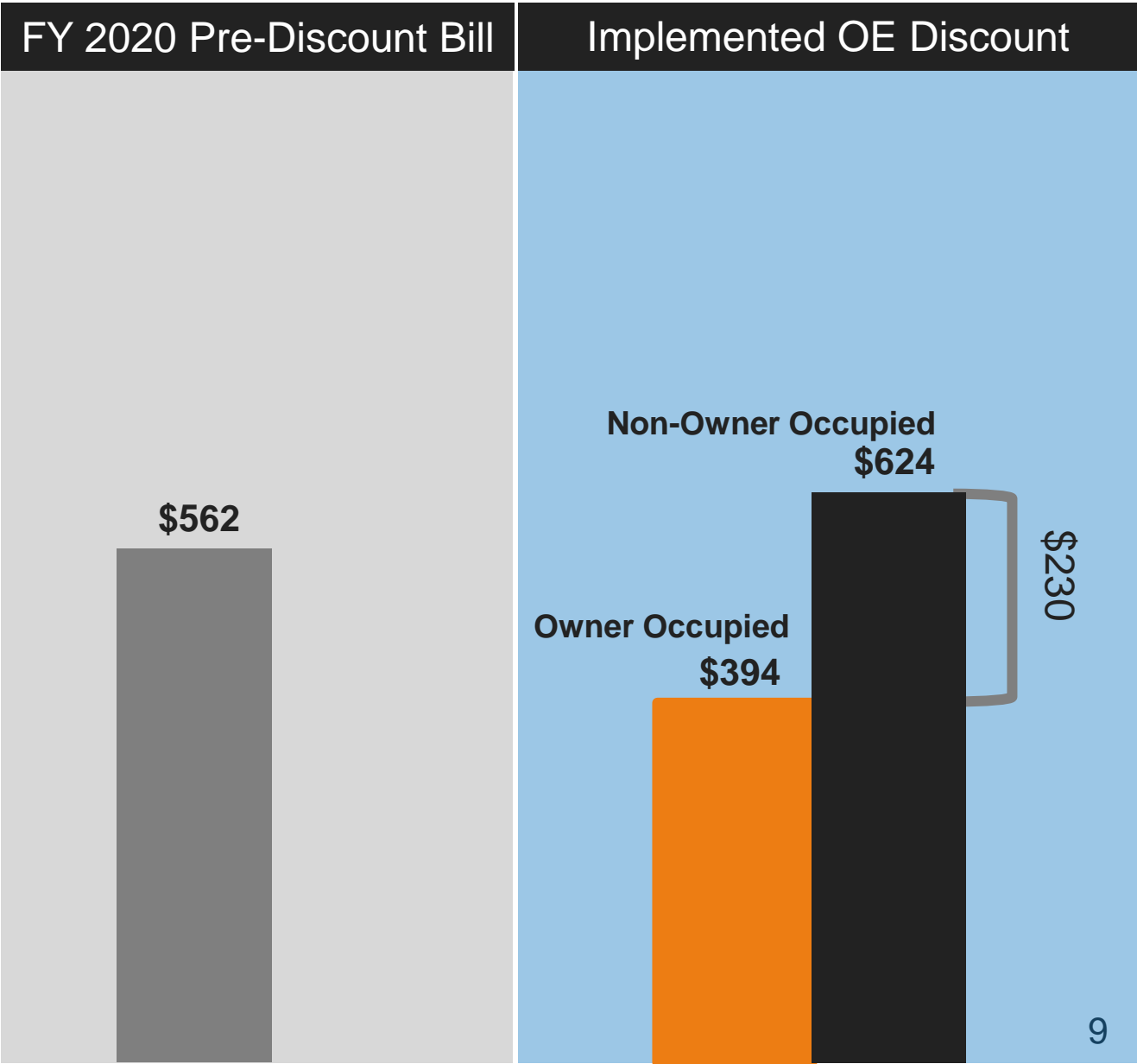


Average Condo Annual Bill Impacts

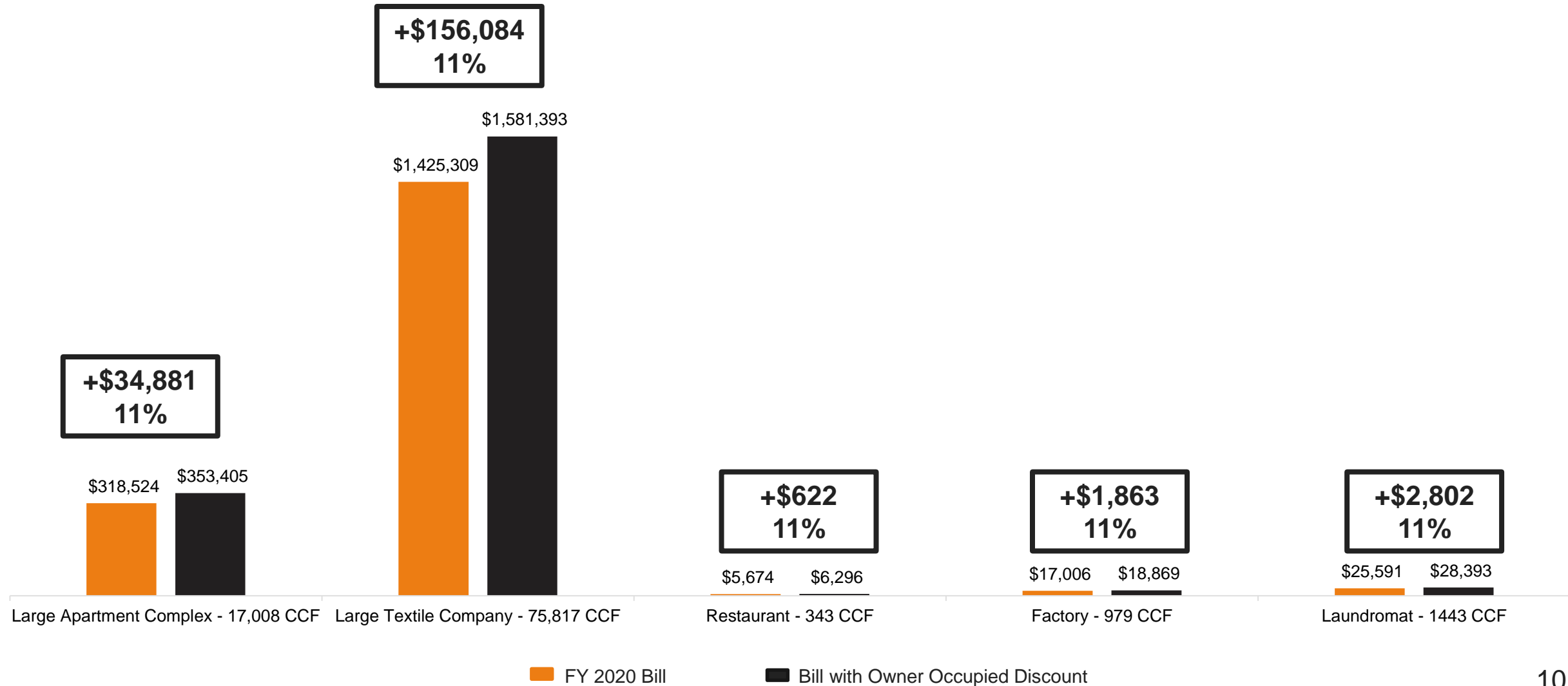
Customer Impact:

- Owner-occupied customers will save 30% on their bill (reduction of \$168)
- Non-owner-occupied customers will see their bill increase by 11% (increase of \$62)

FY 2018 Average Condo Volume is 44 CCF = ~33,000 Gallons



Non-Owner-Occupied Annual Bill Impacts

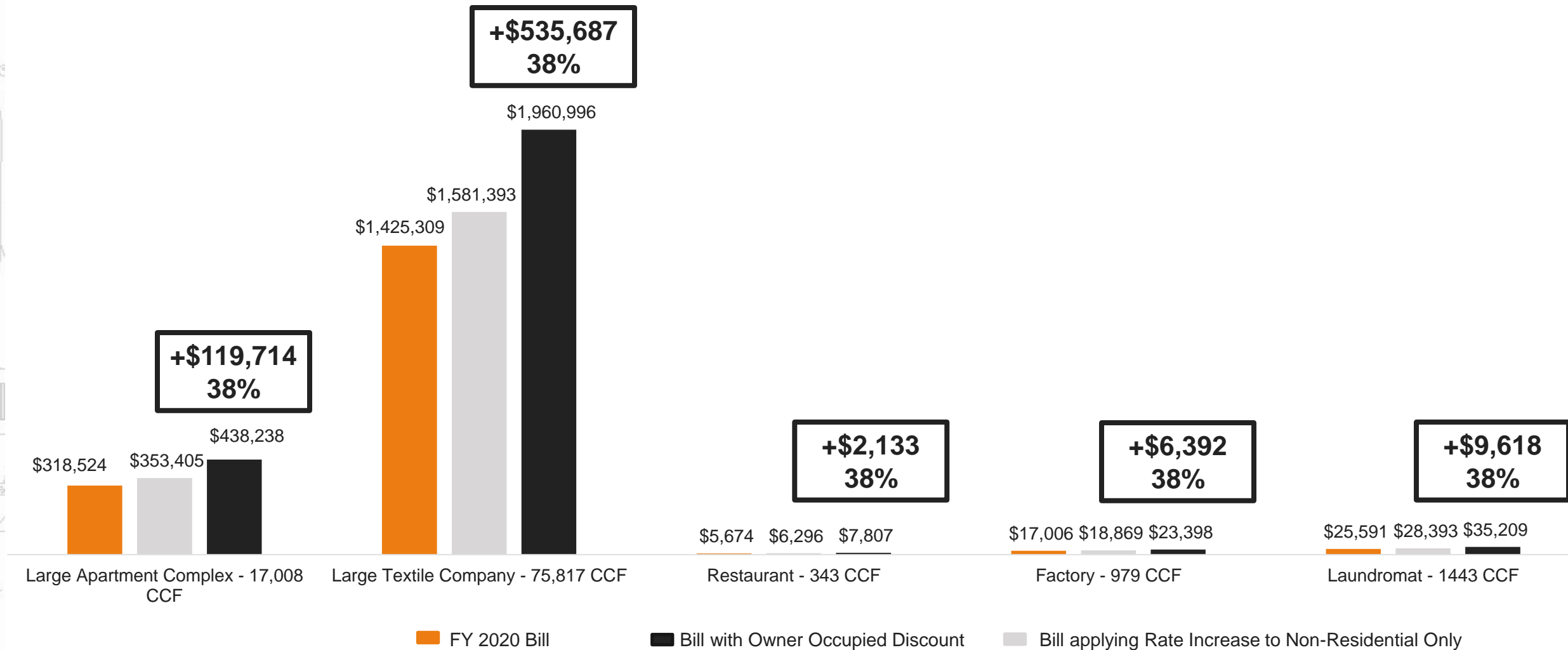


Owner-Occupant Discount Analysis

Alternative Approach:

- 1) Owner occupied discount 30%
- 2) Revenue neutrality within the utility (Required by legislation)
- 3) Revenue reduction assumed to be recovered from **only** non-residential accounts

Non-Owner-Occupied Annual Bill Impacts (Non-Residential Only)



Implementation Considerations

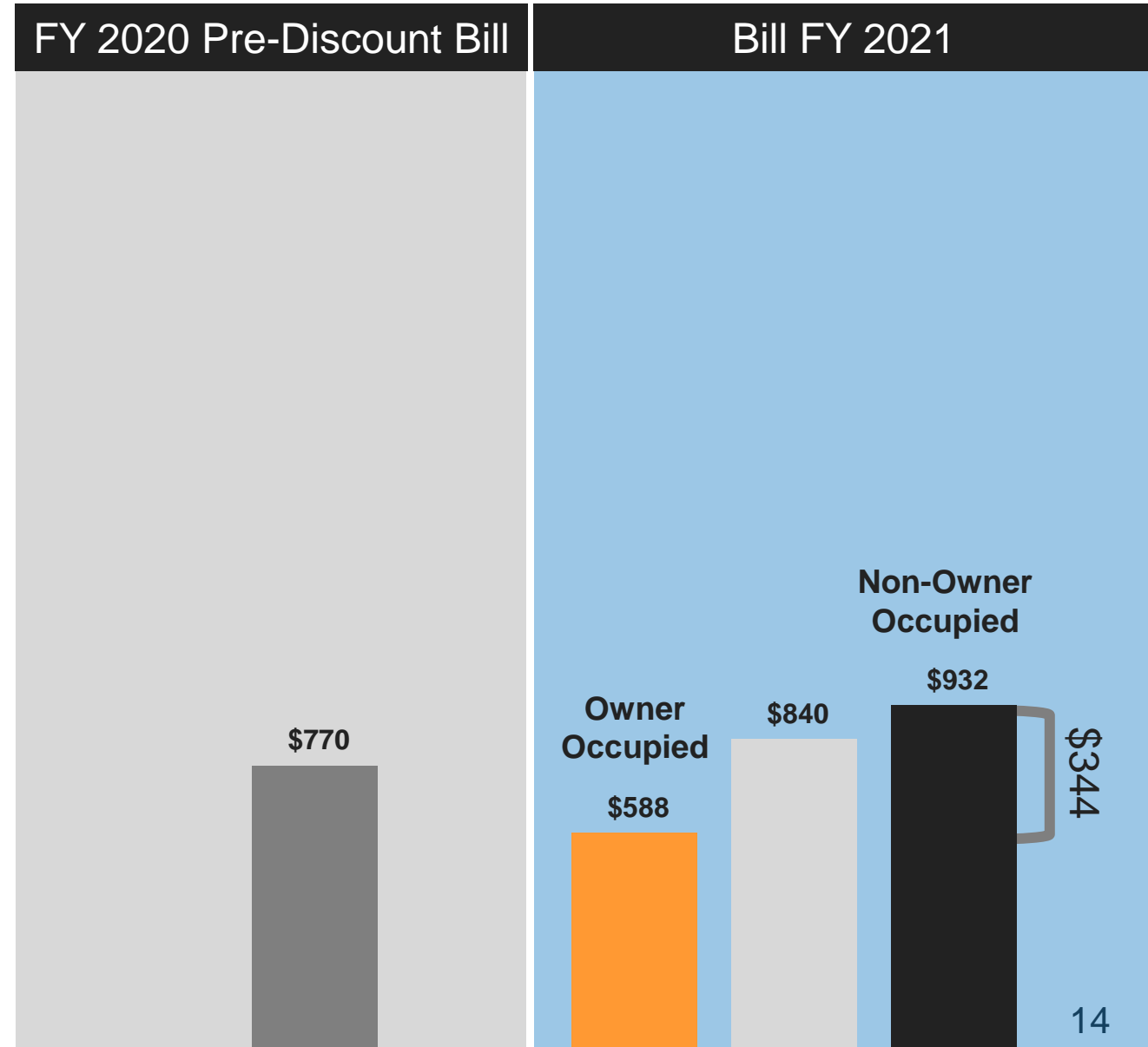
- Significant billing system changes would need to be made in order to administer an owner-occupied discount
- Certain utility accounts have mixed owner-occupied volume and non-owner volume
- Other changes to the utility rates during implementation will complicate customer impacts

Average Single-Family Annual Bill Impacts

Customer Impact:

- FY 21 Revenue Increased 7.5% for water and 10% for Sewer
- Owner-occupied customers will save 23.6% on their bill (reduction of \$182)
- Non-owner occupied customers will see their bill increase by 21.1% (increase of \$162)

FY 2018 Average Single-Family Volume is 56 CCF = ~42,000 Gallons

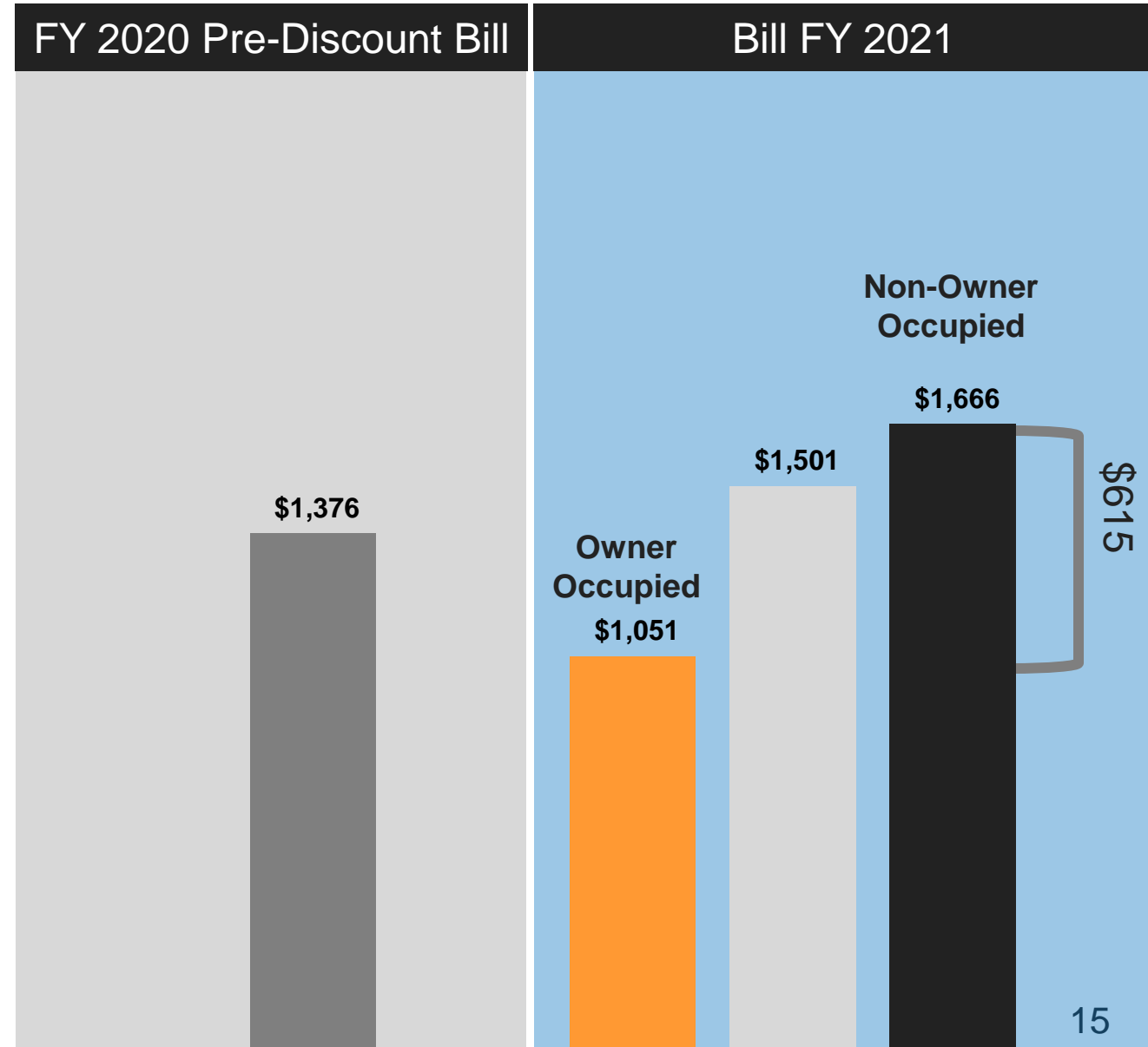


Average Two-Family Annual Bill Impacts

Customer Impact:

- FY 21 Revenue Increased 7.5% for water and 10% for Sewer
- Owner-occupied customers will save 23.6% on their bill (reduction of \$325)
- Non-owner occupied customers will see their bill increase by 21.1% (increase of \$290)

FY 2018 Average Two-Family Volume is 91 CCF = ~68,000 Gallons

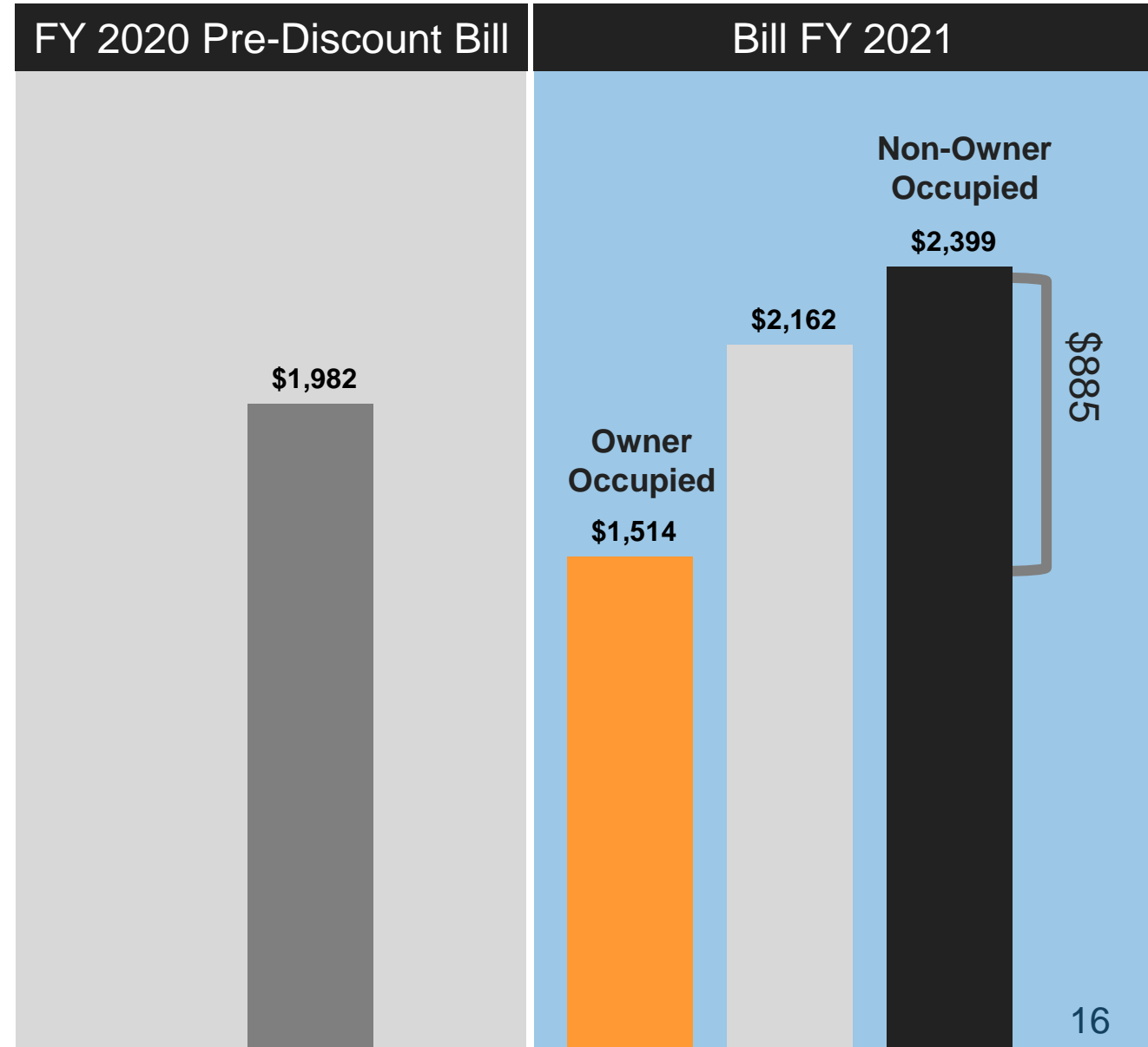


Average Three-Family Annual Bill Impacts

Customer Impact:

- FY 21 Revenue Increased 7.5% for water and 10% for Sewer
- Owner-occupied customers will save 23.6% on their bill (reduction of \$468)
- Non-owner occupied customers will see their bill increase by 21.1% (increase of \$417)

FY 2018 Average Three-Family Volume is 126 CCF = ~94,000 Gallons

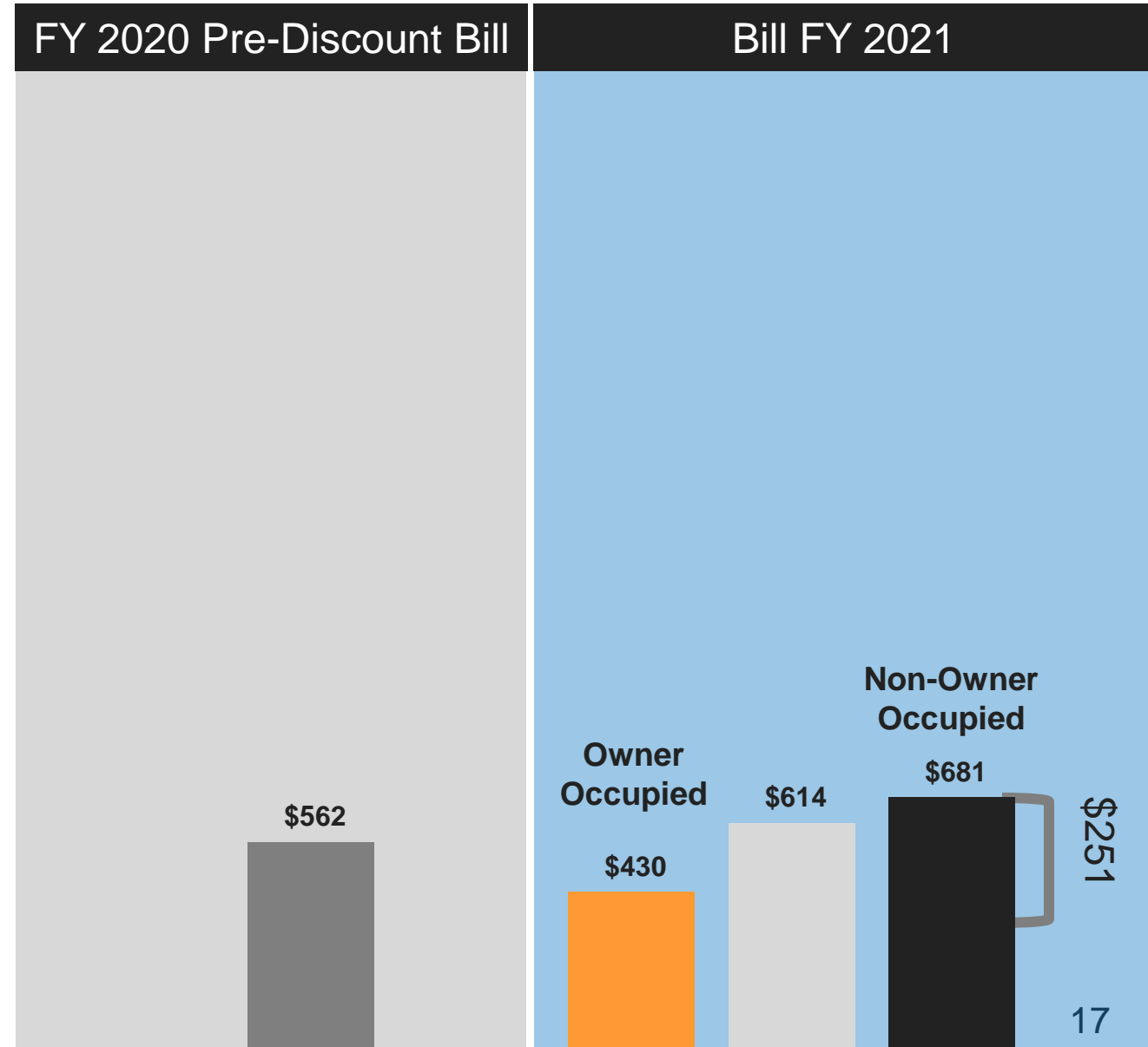


Average Condo Annual Bill Impacts

Customer Impact:





- FY 21 Revenue Increased 7.5% for water and 10% for Sewer
- Owner-occupied customers will save 23.6% on their bill (reduction of \$132)
- Non-owner occupied customers will see their bill increase by 21.1% (increase of \$119)

FY 2018 Average Condo Volume is 44 CCF = ~33,000 Gallons







Summary of Analysis

Owner Occupied Bill Impacts

Customer Example	FY 2020 Bill	Implemented OE Discount	FY 2021	Change \$	Change %
Single-Family Home	\$770	\$539	\$588	(\$182)	(23.6%) 
Two-Family Home	\$1,376	\$963	\$1,051	(\$325)	(23.6%) 
Three-Family Home	\$1,982	\$1,387	\$1,514	(\$468)	(23.6%) 
Condo	\$562	\$394	\$430	(\$132)	(23.6%) 

Non-Owner Occupied Bill Impacts

Customer Example	FY 2020 Bill	Implemented OE Discount	FY 2021	Change \$	Change %
Single-Family Home	\$770	\$854	\$932	\$162	21.1% 
Two-Family Home	\$1,376	\$1527	\$1,666	\$290	21.1% 
Three-Family Home	\$1,982	\$2,199	\$2,399	\$417	21.1% 
Condo	\$562	\$624	\$681	\$119	21.1% 



Additional Questions/Discussion



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