

Memorandum

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CITY SECRETARY
DALLAS, TEXAS



DATE: February 2, 2012

TO: Honorable Members of the Budget, Finance & Audit Committee: Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT: Budget, Finance & Audit Committee Meeting

Thursday, February 9, 2012, 3:00 p.m.

Dallas City Hall - 6ES, 1500 Marilla St., Dallas, TX 75201

The agenda for the meeting is as follows:

1. Approval of January 17, 2012 Minutes
2. Building Partnerships: Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions
Eloy Villafranca, Community Affairs Officer, Federal Deposit Insurance Corporation
3. Residential Rate Structure Analysis – Dallas Water Utilities
Jody Puckett, Director
Dallas Water Utilities

Please let me know if you have any questions.


Jerry R. Allen, Chair
Budget, Finance & Audit Committee

cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, Acting City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.

Budget, Finance & Audit Committee

Meeting Record

(Draft)

Meeting Date: 01-17- 2012

Convened: 1:04p.m.

Adjourned: 2:28 p.m.

Committee Members Present:

Jerry R. Allen, Chair
Tennell Atkins, Vice Chair
Monica Alonzo
Ann Margolin
Scott Griggs

Staff Present:

Mary Suhm, Jeanne Chipperfield, Forest Turner, Jill Jordan, Jody Puckett, Corrine Steeger, Jack Ireland, Lance Sehorn, Mike Frosch, Ben Collins, Jing Xiao, Maria Frosch, Edward Scott, Shelia Robinson, Shelia Delgado, Wallace Waits

AGENDA:

1. **Approval of the December 5, 2011 minutes**

Presenter(s):

Information Only: ____

Action Taken/Committee Recommendation(s):

Motion to approve the December 5, 2011 minutes.

Motion made by: Alonzo

Motion seconded by: Margolin

2. **SAP Billing System**

Presenter(s): Jody Puckett

Information Only: ____

Action Taken/Committee Recommendation(s):

A motion was made to approve a 17 month contract in an amount not to exceed \$7.4M to allow sufficient time to complete the managed services/hosted infrastructure contract. \$5.1M for on-going support and to complete FY11-12 projects \$2.3M for potential new projects, subject to hardware refresh contract terms.

Motion made by: Atkins

Motion Seconded by: Margolin

3. **Dallas Water Utilities Commercial Paper Program-Selection of Liquidity Facility Provider**

Presenter(s): Corrine Steeger

Information Only: ____

Action Taken/Committee Recommendation(s):

A motion was made to approve a 3 year contract for Dallas Water Utilities Series D Commercial Paper Program liquidity provider to State Street Bank and California State Teachers' Retirement System during the February 8, 2012 Council agenda meeting.

Motion made by: Atkins

Motion Seconded by: Margolin

Budget, Finance & Audit Committee

**Meeting Record
(Draft)**

4. **Financial Forecast Report**

Presenter(s): Jack Ireland

Information Only: X

Action Taken/Committee Recommendation(s): N/A

Jerry R. Allen, Chair
Budget, Finance & Audit Committee

DRAFT

Memorandum



CITY OF DALLAS

DATE February 3, 2012

TO Honorable Members of the Budget, Finance, & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Building Partnerships: Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions

On Thursday, February 9, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on Building Partnerships: Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions. The briefing will be provided by Mr. Eloy Villafranca, Community Affairs Officer for the Federal Deposit Insurance Corporation. The briefing material is attached for your review.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, Acting City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
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Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Edward Scott, City Controller
Stephanie Pegues-Cooper, Assistant to the City Manager

BUILDING PARTNERSHIPS:

Transitioning the Unbanked and Underbanked to Mainstream Financial Institutions

February 9, 2012

Eloy A. Villafranca
Community Affairs Officer
Federal Deposit Insurance Corporation
TX, OK, CO, NM
(972) 761-8010

BUILDING PARTNERSHIPS

**Working Together to Reach, Educate
and
Transition the Unbanked and
Underbanked Consumer
to
Mainstream Financial Institutions**

SYMPTOMS

- **Use of alternative service providers**
- **Paying high fees or interest for financial products**
- **Making questionable decisions with money**
- **Lack of a noticeable budget**
- **Lack of “Brick and Mortar” Bank or CU branches**
- **Limited financial knowledge**
- **Low or no credit score(s)**
- **No credit cards**
- **Lack of US or State ID**
- **All purchases and payments in cash or MO**

ELEMENTS FOR SUCCESS

- **TRUST**
- **EDUCATION**
- **PARTNERS**
- **UNDERSTANDING AGENDAS/GOALS**
- **RESOURCE INVENTORY**
- **EVERYBODY BRINGS SOMETHING**
- **TRANSPARENCY**
- **MEASUREMENTS**
- **CELEBRATING SUCCESSES**

REACHING OUT--TRUST

- **TRUST—WHERE ARE THE CONTACT POINTS?**
 - Community-based Organizations**
 - Faith-based**
 - Education-based**
 - Employment-based**
 - Family-based**
 - Entertainment-based**
- **CULTURE—DIFFERENCES IN CUSTOMS/BELIEFS**
 - Language**
 - Perceptions**

REACHING OUT--EDUCATION

- **FINANCIAL LITERACY**

 - Level**

 - Availability/Sources**

 - Costs**

 - Benefits/WIIFM**

- **CUSTOM PRODUCTS/SERVICES**

 - Income**

 - Unique needs (Agriculture, Ranching)**

 - Cultural beliefs**

REACHING OUT--PARTNERS

CANNOT BE DONE ALONE!

- **Partners**
 - **Community Individuals**
 - **Community-based Organizations**
 - **Faith-based Organizations**
 - **Other local/state/federal agencies**
 - **Professional/Technical assistance**
 - **Private Businesses**
 - **Advisory Boards**

UNDERSTANDING AGENDAS

WHAT ARE YOUR GOALS—HOW CAN WE HELP YOU ATTAIN THEM?

- ✓ **WHAT ARE YOU LOOKING TO GET?**
- ✓ **WHAT ARE YOU WILLING TO GIVE?**
- ✓ **WHAT LEVEL OF PARTNERSHIP DO YOU ENVISION?**
- ✓ **OPEN COMMUNICATION**

RESOURCE INVENTORY

- **POPULATION POCKETS**
- **BANK AND CU BRANCHES**
- **CBO LOCATIONS**
- **OTHER PARTNER LOCATIONS**
- **FINANCIAL EDUCATION SOURCES**
- **CAPACITY OF EACH SOURCE**
- **FUNDING (AVAILABLE/NEEDED)**
- **OTHER SUPPORT**

ASSETS PROVIDED

WHAT DO YOU BRING TO THE TABLE?

- **THE MARKET**
- **FINANCIAL EDUCATION**
- **FUNDING**
- **COMMUNICATION LINK**
- **SUPPLIES AND MATERIALS**
- **IN-KIND RESOURCES**
- **FINANCIAL PRODUCTS AND SERVICES**

TRANSPARENCY

- **GOALS**
- **MEASUREMENTS**
- **OPERATIONS**
- **COMMUNICATIONS**
- **LEADERSHIP**
- **ISSUES**
- **VULNERABILITY**
- **RESPECT**

MEASUREMENTS

- **COUNT EVERYTHING**
- **ALL DATA IS IMPORTANT**
- **SET GOALS—ADJUST—RESET**
- **SHORT TERM AND LONG TERM**
- **UNDERSTAND THE COSTS**
- **UNDERSTAND SUCCESS**
- **LEARN FROM EVERYTHING**
- **EVERYONE'S GOALS**

CELEBRATE



PUBLIC PARTNERS

- **Specific Goals (legislative)**
- **Specific boundaries**
- **Budgetary resources**
- **Connection to the population**
- **Knowledge Library (past, present, future)**
- **Transparent (for the most part)**
- **Layers of Management**

PRIVATE PARTNERS

- **More Entrepreneurial goals**
- **Less rigid boundaries**
- **Budgetary resources**
- **Philanthropic leanings**
- **Connection to population weaker**
- **Less policy issues**
- **Various and unlimited**

TEXAS NEW ALLIANCE TASK FORCE



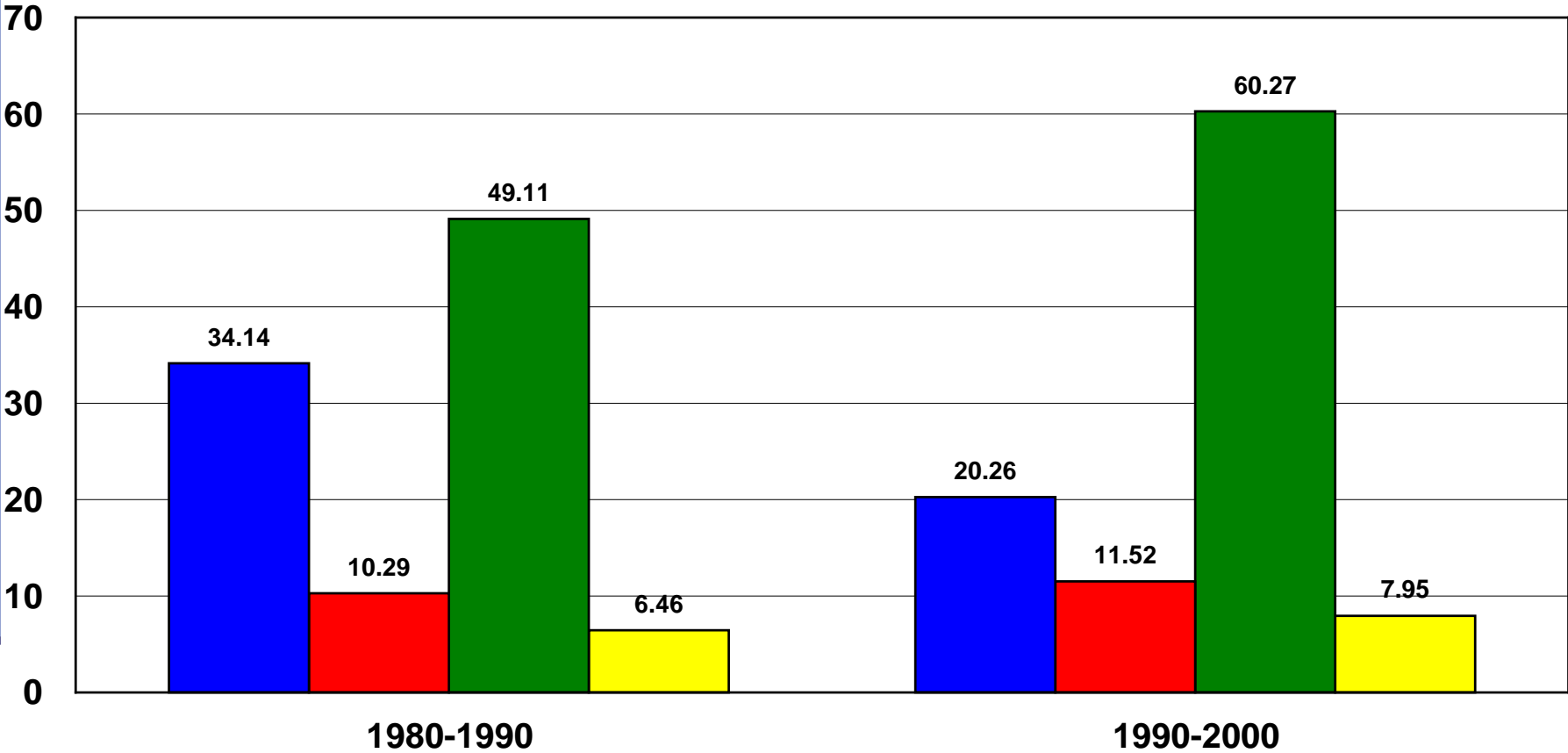
TEXAS NEW ALLIANCE TASK FORCE

The Texas New Alliance Task Force (TNATF) is a coalition of financial institutions, credit unions, community-based organizations, government agencies, and other non-profit and for-profit stakeholders committed to the economic well-being of immigrant communities working and living in Texas.

TNATF's Mission:

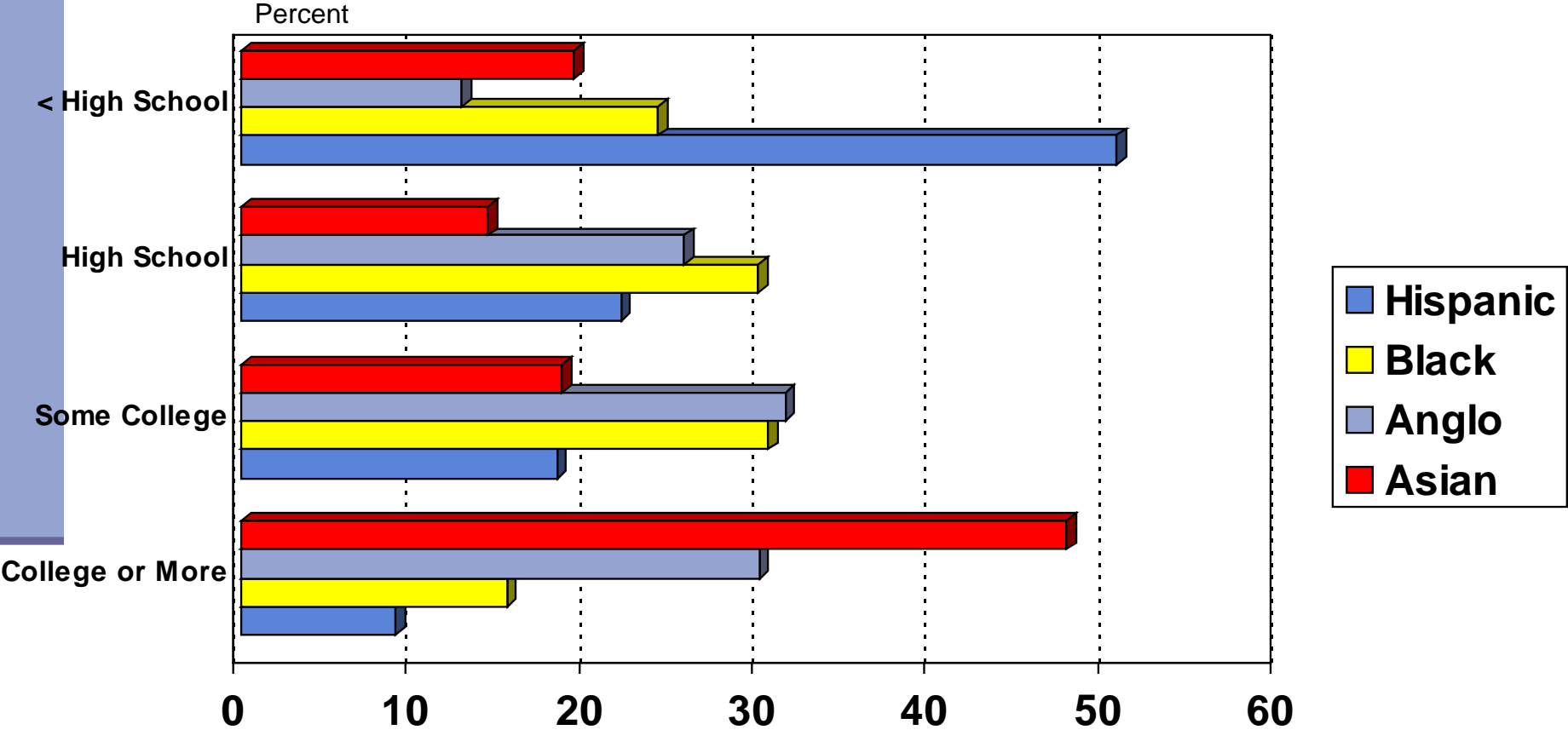
- **Improve access to the U.S. banking system among recent immigrants**
- **Take concrete steps to carry out the Action Plan outlined in the U.S.-Mexico Partnership for Prosperity Agreement**

Proportion of Net Population Change Attributable to Each Race/Ethnicity Group in Texas for 1980-1990 and 1990-2000



■ Anglo ■ Black ■ Hispanic ■ Other

Educational Attainment in 2000 in Texas for Persons 25+ Years of Age By Race/Ethnicity



Alliance for Economic Inclusion

AEI

FDIC®

AEI Coalitions

- **Boston, MA**
- **Worcester, MA**
- **Rochester, NY**
- **Wilmington, DE**
- **Baltimore, MD**
- **Black Belt region of Alabama**
- **Mississippi Gulf Coasts (Gulfport, Biloxi)**
- **Louisiana Gulf Coast (Greater New Orleans)**
- **Chicago, IL**
- **Detroit/South Michigan**
- **South Texas (Houston, Austin, San Antonio)**
- **Kansas City metropolitan area**
- **Los Angeles, CA**
- **Little Rock, AR**

Enhancing the Economic Wellness

- **Financial Education (Money Smart Program)**
- **Free Tax Preparation—VITA sites**
- **Individual Development Accounts—IDAs**
- **Low-cost Deposit Accounts**
- **Low/No-Cost Check Cashing**

Bringing Consumers into the Mainstream

- **Innovative low-cost products**
- **Affordable Housing options**
- **Coaching/Assistance**
- **Recognizing Successes**
- **Learning from mistakes**
- **Second-chance Accounts**

RAISE TEXAS



RAISE TEXAS

- Started in 2003 as TX IDA Network
- FDIC originating partner
- Promoting and implementing new IDA programs throughout the state
- Started DFW pilot program in 2005
- Evolved into TX Asset Building Coalition as IDAs matured
- In 2007 renamed RAISE TX (Resources, Assets, Investments, Savings and Education)



BANK ON CALIFORNIA

EVERYONE WELCOME

BANK ON CALIFORNIA



What is Bank on California?

A partnership between a diverse statewide coalition:

- **Office of the Governor**
- **Financial Institutions & Financial Regulatory Agencies**
- **Community Organizations**
- ***BANK ON* Mayors**

TO:

- **Raise awareness**
- **Boost financial literacy**
- **Develop and market starter accounts**
- **Help people make better financial decisions**



EVERYONE IS WELCOME*

Who Benefits?

- Financial institutions offer starter accounts that bring in new core customers and receive favorable CRA consideration.
- Helping the unbanked improves communities: In cities where a greater share of residents have a bank account, homeownership rates are higher, while crime rates are lower.



EVERYONE IS WELCOME'

Bank on California Cities

2009 Accts

San Francisco	23,434
Los Angeles	38,534
Oakland	6,545
Fresno	31,808
San Jose	6,394
Sacramento	1,353
Other	1,996
Santa Ana	NEW!!

TOTAL

110,064 !!!!

Questions?

Eloy Villafranca
evillafranc@fdic.gov

(972) 761-8010

(214) 208-0861

Memorandum



DATE February 3, 2012

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),
Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Residential Rate Structure Analysis - Dallas Water Utilities

Attached is the Residential Rate Structure Analysis – Dallas Water Utilities Briefing to be presented by the Water Utilities Department at the February 9, 2012 meeting of the Budget, Finance & Audit Committee.

If you have questions or need additional information, please let me know.



Forest E. Turner
Assistant City Manager

cc: The Honorable Mayor and Members of the City Council
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Residential Rate Structure Analysis - Dallas Water Utilities

Presented to

Budget, Finance & Audit Committee

February 9, 2012



Purpose

- Provide a menu of options to review potential changes to residential water rate structure

Outline

- Background
- Dallas' Residential Water Rate Structure
- 2012 Residential Rate Structure Review
- Alternative Rate Structures
- Summary
- Appendix

Background

Background - Rate Structure Basics

- Water rate structures are a schedule of fees designed to recover a utility's cost
- Rates for service can vary greatly based on:
 - Source of water supply
 - Debt service requirements
 - Distance for transporting the water
 - Treatment and distribution costs
- Rate structures include the following elements:
 - Customer categories - wholesale and retail (residential, general service/commercial and industrial)
 - Frequency of billing
 - Schedule of charges for each customer category

Background - Rate Structure Basics

- Typical billing for utilities include:
 - Customer Charge
 - Recovers fixed costs including :
 - Meter reading; billing / collection
 - Capital costs for meter replacements
 - Volume Charges
 - Recovers costs for supply, treatment & distribution
 - Pricing structures vary by customer category

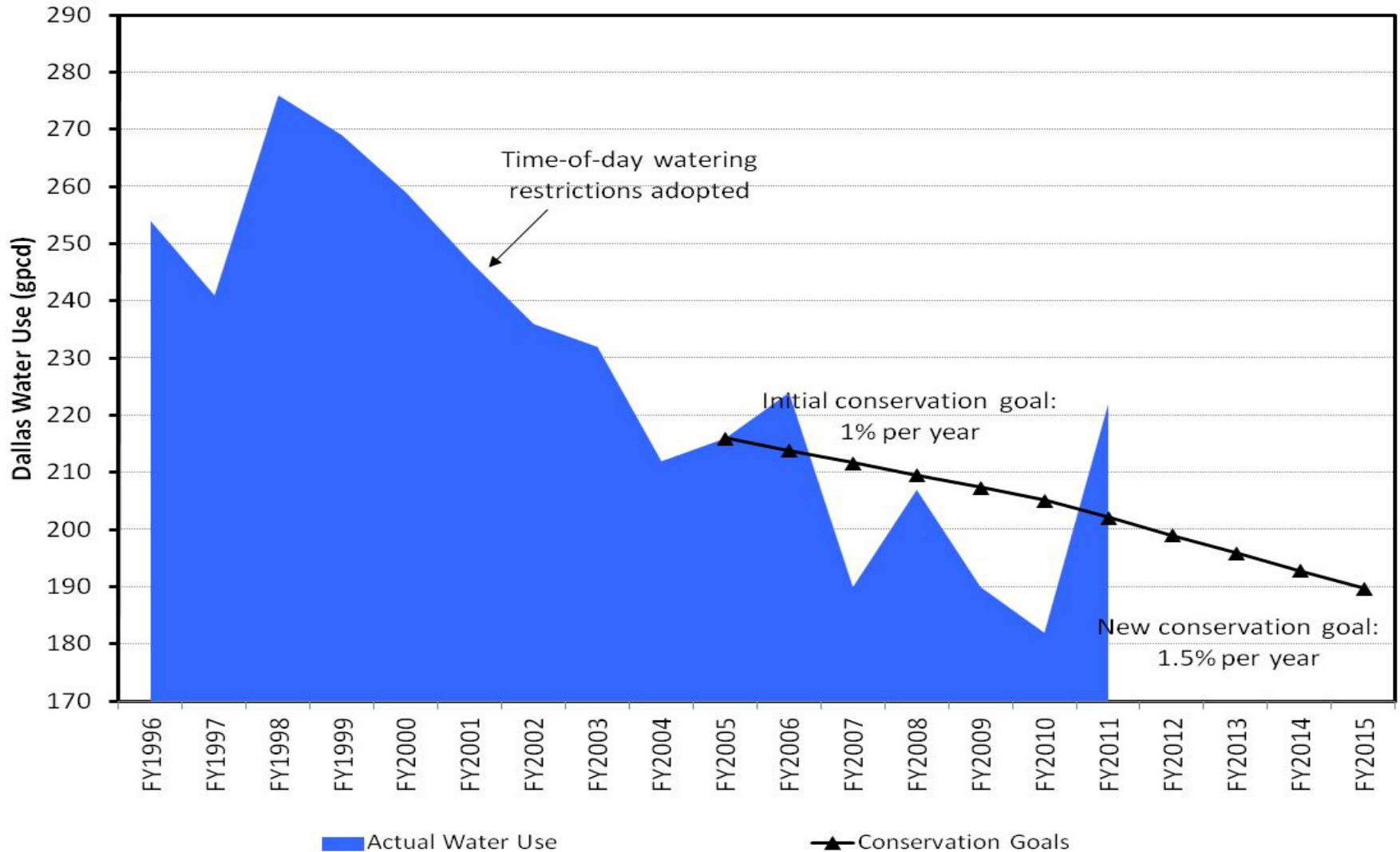
Background - Rate Structure Basics

- Typical goals and objectives common to many utilities and their customers include:
 - Revenue stability
 - Revenue sufficiency
 - Measure of affordability
 - Conservation price signal for customers to use less water
 - Customer understanding/ Complexity of structure

Background - Dallas' Residential Water Rate Structure

- Dallas has an increasing tier rate structure designed to increase water conservation
- In 2001, along with “time of day” watering, a fourth tier for water use over 15,000 gallons was added to increase conservation and reduce peak demands
- Current rate structure last reviewed in 2002 with the following results:
 - Promotes peak demand reduction
 - Same or similar end tier to other cities
 - Allows for up to 2.2 times an average customer's normal indoor domestic use without moving into the fourth tier

Background - Water Consumption Trend



Background: Review of Residential Water Rate Structure

- In September 2011, Council requested review of existing rate structure and alternative structures such as an additional rate tier
- Black & Veatch was hired to:
 - Review existing rate structure
 - Review additional rate structure options, including
 - A complete redesign of existing residential rate structure
 - Seasonal rate structure
 - Addition of one or more rate tiers to existing rate structure
 - Benchmark against rate structures for other utilities
 - Make a recommendation based on evaluation

2012 Residential Rate Structure Analysis

Review of Current Residential Rate Structure

- Customer Charge based on meter size
- Volume Charge per 1,000 gallons water use
 - Tier 1 – 0 to 4,000 gallons \$1.68
 - Tier 2 – 4,001 to 10,000 gallons \$3.35
 - Tier 3 – 10,001 to 15,000 gallons \$4.63
 - Tier 4 – Above 15,000 gallons \$6.25

Black & Veatch's Findings on Current Residential Rate Structure

- Good overall at meeting goals & objectives
 - Provides sufficient and relatively stable revenues
 - Customer familiarity with structure
 - Measure of affordability with first tier (0-4,000 gallons)
 - Within 2% US EPA affordability guidelines
 - Increasing four tier rate structure encourages conservation
- Review of rates included comparisons to other Texas cities

Black & Veatch's Findings on Current Residential Rate Structure

- Survey of water rate tiers for 16 Texas Cities resulted in:
 - Ten cities have four rate tiers or less
 - Dallas has the ninth lowest first tier (0 to 4,000 gallons)
 - Five cities have five tiers
 - Two cities have more than five tiers
 - Upper (end) tiers vary greatly from 12,000 gallons to over 100,000 gallons
 - Dallas has the second lowest upper (end) tier (above 15,000 gallons)
 - Variations in tiers is generally based on individual community goals and pre-existing rate structures

Residential Water Use and Accounts by Rate Tier for Calendar Year 2011

	Consumption (in gallons)	Residential Accounts	Percent Accounts	Volumes (billion gals)	Percent Usage
First Tier	0 – 4,000	67,726	28.7%	9.7	35.0%
Second Tier	4,001 – 10,000	94,567	40.1%	8.2	28.0%
Third Tier	10,001 – 15,000	29,510	12.5%	3.4	11.0%
Fourth Tier	15,001+	<u>44,102</u>	<u>18.7%</u>	<u>9.0</u>	<u>26.0%</u>
		235,905	100.0%	30.3	100.0%

Alternative Rate Structures

Alternative Rate Structure Review

- Two options were developed by Black and Veatch and are centered around a fifth tier
- Alternative rate structures designed to
 - Have at least 10% water use in each rate tier for revenue stability
 - Meet goals and objectives

Alternative Rate Structures Option #1

	Consumption (in gallons)	Residential Accounts	Percent Accounts	Volumes (billion gals)	Percent Usage
First Tier	0 – 4,000	67,726	28.7%	9.7	32.0%
Second Tier	4,001 – 10,000	94,567	40.1%	8.2	27.0%
Third Tier	10,001 – 15,000	29,510	12.5%	3.4	11.2%
Fourth Tier	15,001 – 30,000	29,136	12.4%	4.7	15.5%
Fifth Tier	30,000+	<u>14,966</u>	<u>6.3%</u>	<u>4.3</u>	<u>14.2%</u>
		235,905	100.0%	30.3	100.0%

Alternative Rate Structures Option #2

	Consumption (in gallons)	Residential Accounts	Percent Accounts	Volumes (billion gals)	Percent Usage
First Tier	0 – 4,000	67,726	28.7%	9.7	32.0%
Second Tier	4,001 – 10,000	94,567	40.1%	8.2	27.0%
Third Tier	10,001 – 15,000	29,510	12.5%	3.4	11.2%
Fourth Tier	15,001 – 25,000	23,458	9.9%	3.6	11.9%
Fifth Tier	25,000+	<u>20,644</u>	<u>8.8%</u>	<u>5.4</u>	<u>17.8%</u>
		235,905	100.0%	30.3	100.0%

Comparison of Rate Structures

- Current structure contains 19% of residential accounts and 9.0 BG of water use in the fourth (or end) rate tier
- Option #1 would
 - Cap the fourth tier at 30,000 gallons
 - Creates a fifth tier for water use over 30,000 gallons
 - Higher rate would impact approximately 6.3% of residential accounts
- Option #2 would
 - Cap the fourth tier at 25,000 gallons
 - Creates a fifth tier for water use over 25,000 gallons
 - Higher rate would impact approximately 8.8% of residential accounts

Considerations if Changing Rate Structure to Options #1 or #2

- May reduce overall water consumption by 0.3%
- Sends stronger conservation pricing
- Requires additional costs to revise rate structure in billing system
- Could result in increased customer call volume and customer billing complaints
- Will require a few years to determine actual customer usage patterns

Summary

Summary

- Black and Veatch 2012 review concluded:
 - Existing four tier rate structure functions well
 - Consider additional tier to residential rate if choice is to promote an even stronger conservation price
- Requires additional costs to revise rate structure in billing system
- Effective date of any rate structure changes would be October 1, 2012

Appendix

Rate Design Survey and Review

Rate Design Survey and Review

- Surveys were conducted with 16 comparable cities and utilities
- Summarized results of the survey including Dallas are as follows:
 - 10 cities had three or four rate tiers
 - 5 cities had 5 rate tiers
 - 2 cities had more than 5 rate tiers
 - End tiers vary greatly from 12,000 gallons to over 100,000 gallons
 - This variation is generally based on individual community goals and pre-existing rate structures

Residential Customer Class Rate Structure Survey (selected cities)

	Fort Worth (Gallons*)	Houston (Gallons)	Austin (Gallons)	San Antonio (Gallons)
Tier 1	0 - 5,985	0 - 2,000	0 - 2,000	0 - 5,985
Tier 2	5,986 - 14,962	2,001 - 3,000	2,001 - 9,000	5,986 - 12,717
Tier 3	14,963 - 22,443	3,001 - 4,000	9,001 - 15,000	12,718 - 17,205
Tier 4	22,443+	4,001 - 5,000	15,001 - 25,000	17,206+
Tier 5		5,001 - 6,000	25,001+	
Tier 6		6,001 - 12,000		
Tier 7		12,001+		
	Round Rock (Gallons)	Brownsville (Gallons)	Grand Prairie (Gallons)	Carrollton (Gallons)
Tier 1	0 - 10,000	0 - 3,000	0 - 3,000	0 - 2,000 (**)
Tier 2	10,000 - 20,000	3,001 - 9,000	3,001 - 20,000	2,001 - 10,000
Tier 3	20,000 - 30,000	9,001 - 16,000	20,001+	10,001 - 25,000
Tier 4	30,000 +	16,001+		25,001+

(Gallons *) - Converted From 100 Cubic Feet

(**) - Gallons Included in Monthly Charge

Residential Customer Class Rate Structure Survey (selected cities)

	<u>Arlington</u> (Gallons)	<u>Amarillo</u> (Gallons)	<u>Denton</u> (Gallons)	<u>Corpus Christi</u> (Gallons)
Tier 1	0 - 2,000	0 - 3,000 (**)	0 - 15,000	0 - 2,000 (**)
Tier 2	2,001 - 10,000	3,001 - 10,000	15,001 - 30,000	2,001 - 6,000
Tier 3	10,001 - 15,000	10,001 - 30,000	30,001 - 50,000	6,001 - 10,000
Tier 4	15,001 - 29,000	30,001 - 50,000	50,001+	10,001 - 15,000
Tier 5	29,001+	50,001+		15,001 - 50,000
				50,001 - 100,000
				100,001+
	<u>College Station</u> (Gallons)	<u>Midland</u> (Gallons)	<u>Plano</u> (Gallons)	<u>Richardson</u> (Gallons)
Tier 1	0 - 10,000	0 - 2,000 (**)	0 - 1,000 (**)	0 - 11,000
Tier 2	10,001 - 15,000	2,001 - 10,000	1,001 - 5,000	11,001 - 20,000
Tier 3	15,001 - 20,000	10,001 - 35,000	5,001 - 20,000	20,001 - 40,000
Tier 4	20,001 - 25,000	35,001+	20,001+	40,001 - 60,000
Tier 5	25,001+			60,001+
Tier 6				
Tier 7				

(**) - Gallons Included in Monthly Charge

Dallas Current Retail Rates and Customer Cities Comparison

Retail Water and Wastewater Rates

Effective October 1, 2011

Customer Charge		Water	Sewer	Combined
5/8	Inch Meter	\$4.20	\$4.10	\$8.30
3/4	Inch Meter	5.79	5.25	\$11.04
1	Inch Meter	8.40	7.61	\$16.01
1 1/2	Inch Meter	15.81	14.36	\$30.17
2	Inch Meter	24.67	22.41	\$47.08
3	Inch Meter	59.18	53.79	\$112.97
4	Inch Meter	98.63	89.62	\$188.25
6	Inch Meter	197.22	179.25	\$376.47
8	Inch Meter	330.20	300.24	\$630.44
10	Inch Meter or larger	504.93	457.08	\$962.01

Usage Charge per 1,000 gallons*

Residential

Up to 4,000 gallons	1.68	4.60
4,001 to 10,000 gallons	3.35	4.60
10,001 to 15,000 gallons	4.63	4.60
Above 15,000 gallons	6.25	4.60

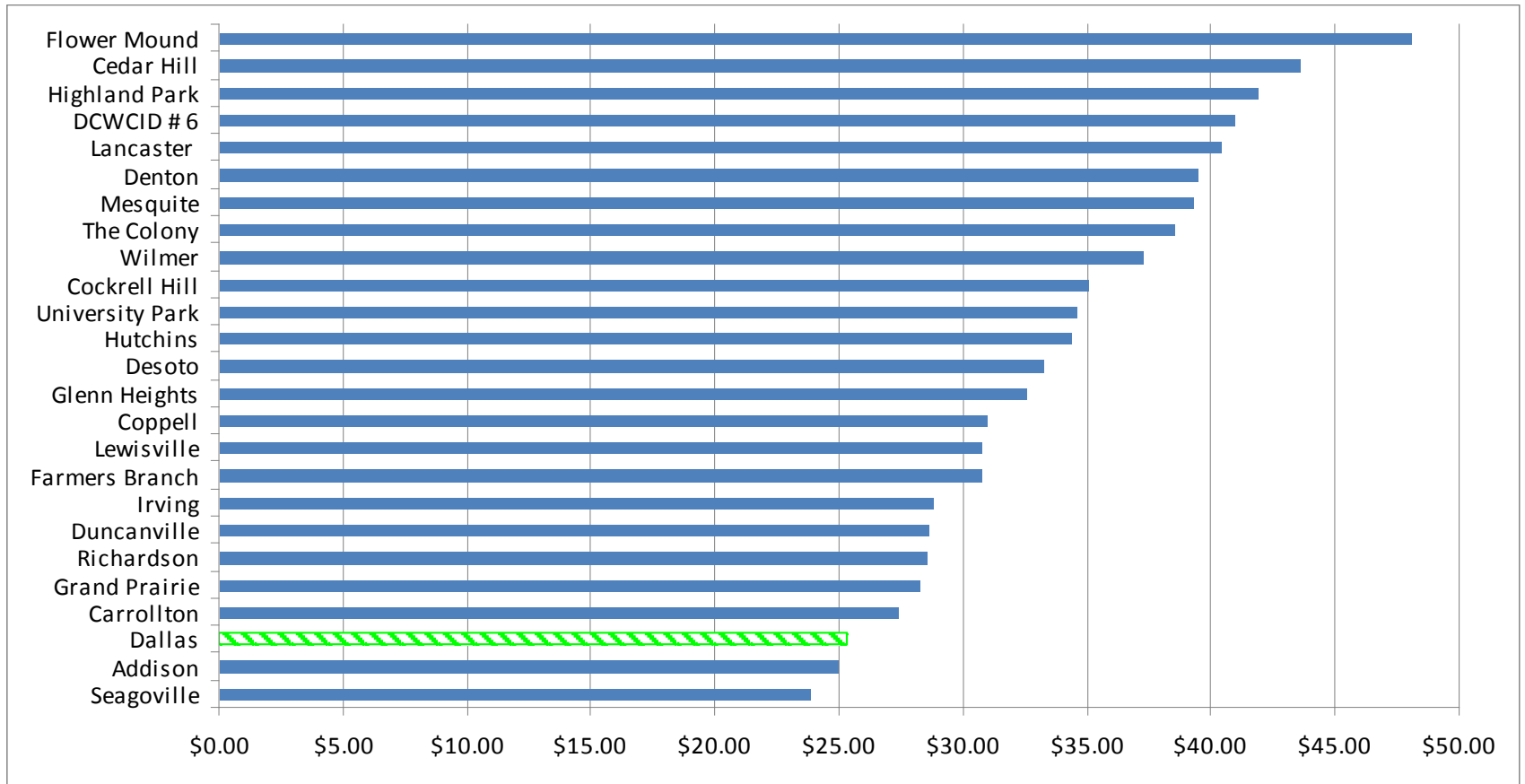
General Services

Up to 10,000 gallons	2.35	3.04
Above 10,000 gallons	2.85	3.04
Above 10,000 gallons & 1.4 times annual average monthly usage	4.12	3.04

Optional General Services

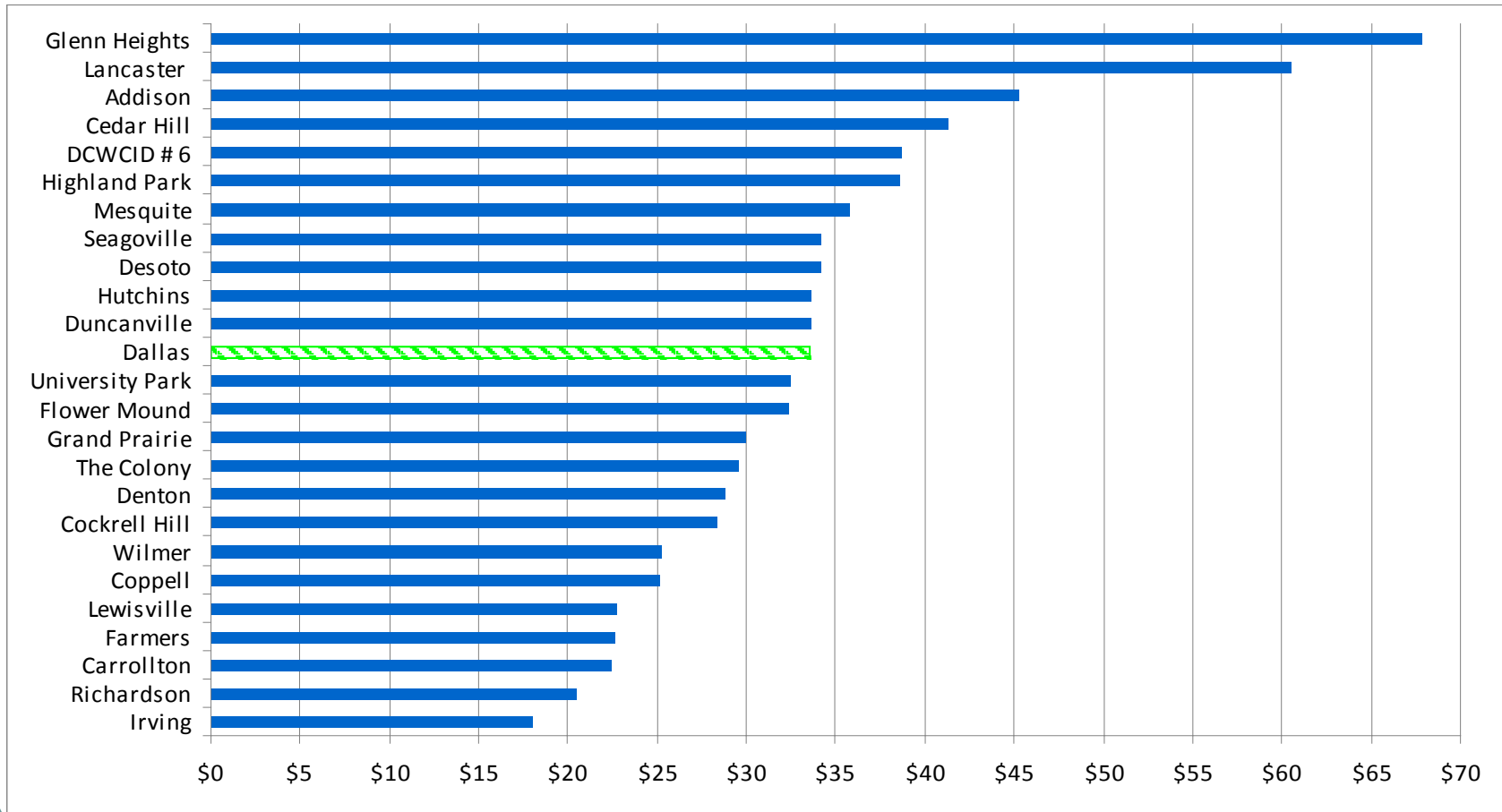
1st million gallons or less (minimum)	1,753.79	2.92
Above 1 million gallons (per 1,000 gallons)	2.29	2.92

Comparison of Customer Cities Typical Monthly Residential Water Bills



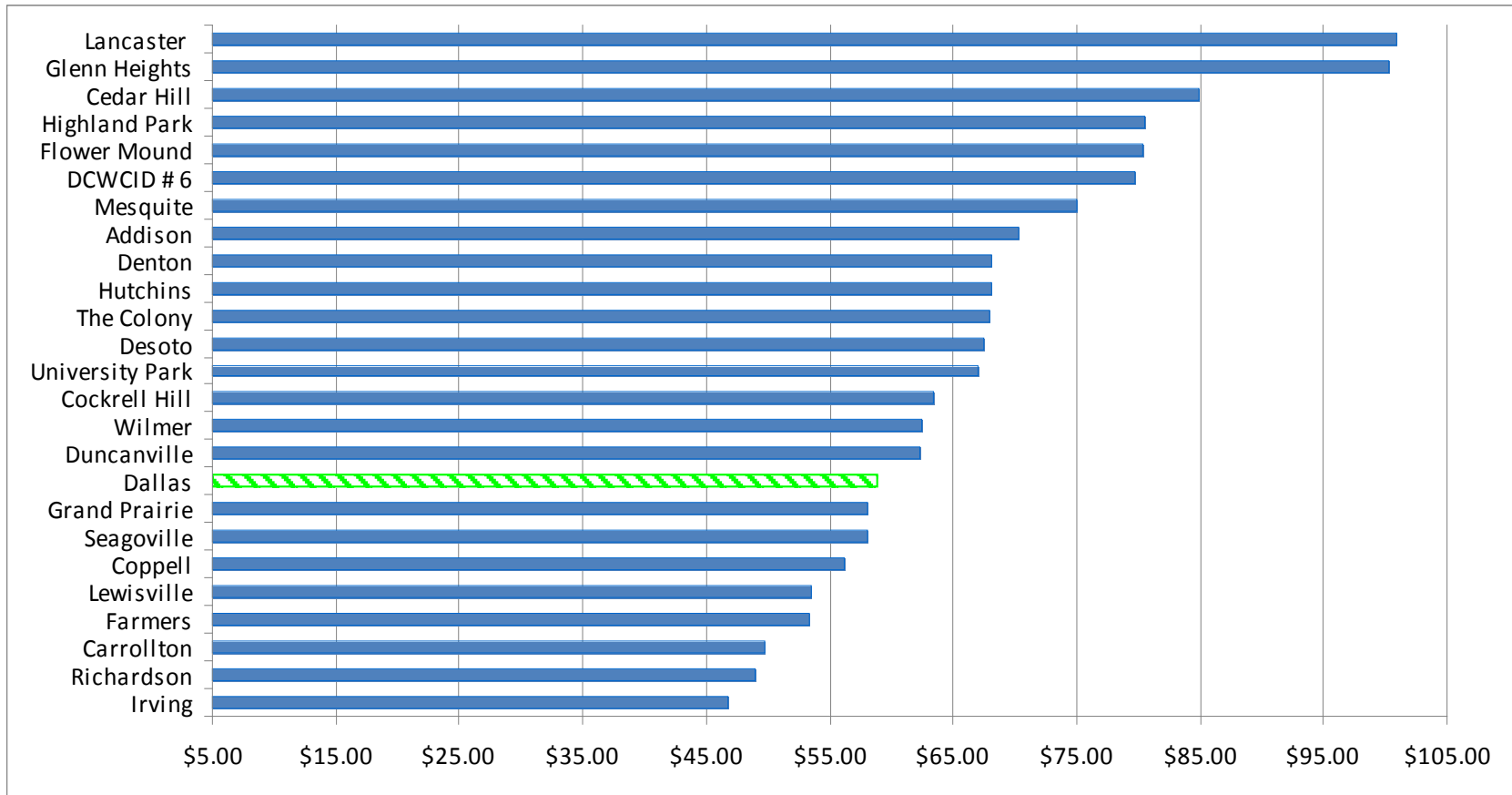
Note: Bill comparison based on annual average of 8,300 gallons per month on 5/8" meter

Comparison of Customer Cities Typical Monthly Residential Wastewater Bills



Note: Bill comparison based on 6,400 gallons for winter months average where applicable

Comparison of Customer Cities Typical Monthly Residential Water and Wastewater Bills

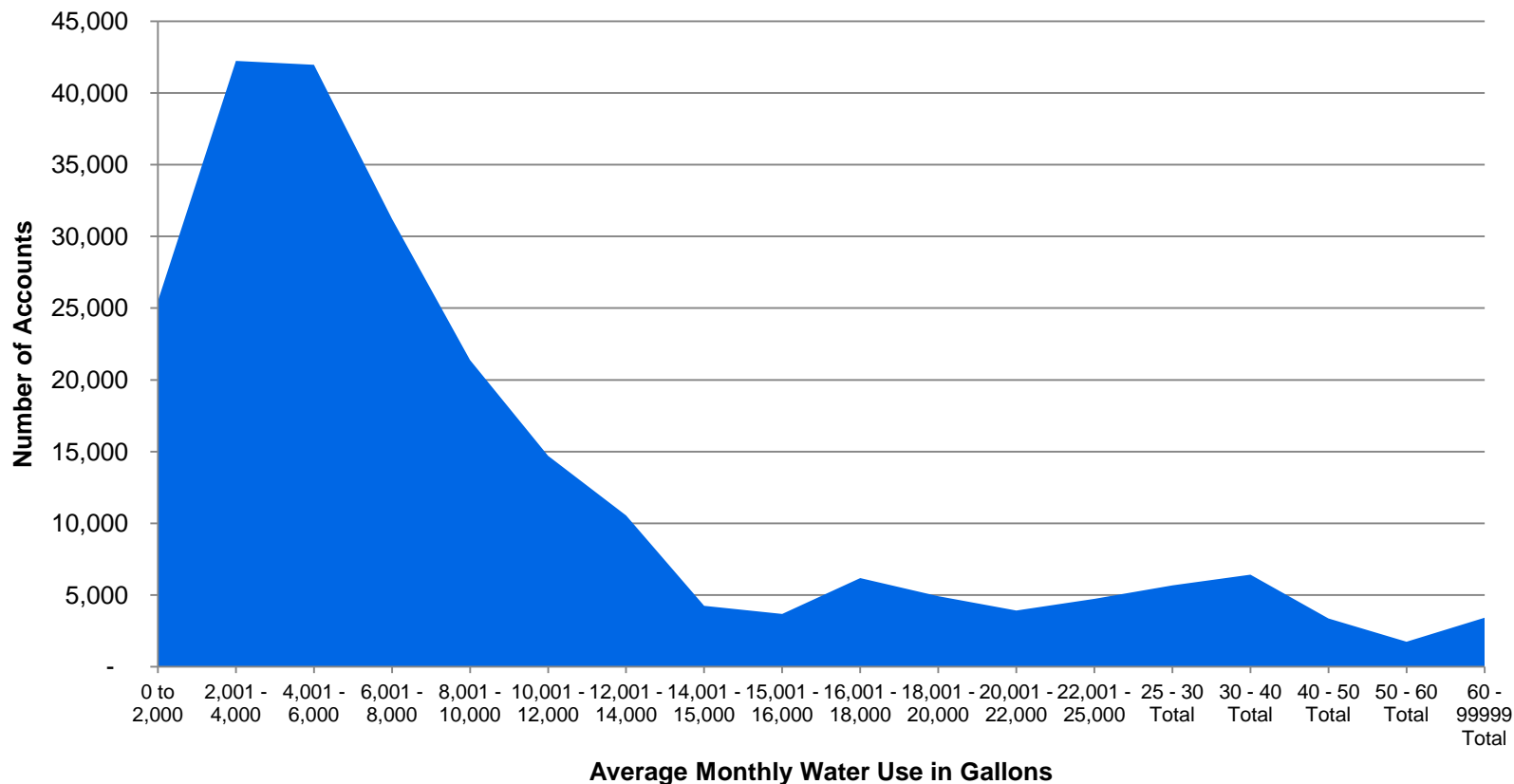


Bill comparison based on annual average of 8,300 gallons per month on 5/8" meter, 6400 gallons used for winter months average where applicable.

Residential Accounts by Rate Tier for Calendar Year 2011

Gallons per Month Usage	Residential Accounts	Percent of Households	Percent Households per Tier	Residential Rate Tier
0 to 2,000	25,493	10.8%		
2,001 - 4,000	42,233	17.9%	28.7%	Tier 1
4,001 - 6,000	41,961	17.8%		
6,001 - 8,000	31,223	13.2%		
8,001 - 10,000	21,383	9.1%	40.1%	Tier 2
10,001 - 12,000	14,708	6.2%		
12,001 - 14,000	10,550	4.5%		
14,001 - 15,000	4,252	1.8%	12.5%	Tier 3
15,001 - 16,000	3,686	1.6%		
16,001 - 18,000	6,186	2.6%		
18,001 - 20,000	4,924	2.1%		
20,001 - 22,000	3,925	1.7%		
22,001 - 25,000	4,738	2.0%		
22,001 - 25,000	5,677	2.4%		
More than 30,000	14,966	6.3%	18.7%	Tier 4
TOTALS	235,905	100.0%	100.0%	

Number of Residential Accounts by Monthly Water Use



Note: Data is for January 2011 through December 2011