

July-November Rate Change Impacts			FY 2013	Tucson Water		Mark Day, CWAC
Tier [Ccf]	% Unit Price Change	% Conservation	Elasticity*	% Realized Revenue	Conserved Acre-Feet	Revenue Lost in 5 months
Tier 1 [1-10]	-2	-2	na	98	254	\$ 179,425.00
Tier 2 [11-15]	70	-7	-0.1	93	231	\$ 282,756.00
Tier 3 [16-30]	12	-11	-0.9	89	348	\$ 1,031,136.00
Tier 4 [31+]	25	-13	-0.52	87	96	\$ 452,507.00
[45+]	-8	-8	na	92	38	\$ 178,808.00
					967	\$ 2,124,632.00
	325,851	gal=1 AF			2000+	\$ 5,000,000.00
	435.6296791	Ccf=1 AF			Annual	Projected
3/13/13						

Elasticity is the ratio of the difference between the price change of water and how much less users bought. Tier 2 price increased 70% and demand decreased 7%, a ratio of -0.1 so utility keeps 93% of what price increase was hoped to bring in. Tier 3 users got a 12% increase, but they then reduced use by 11%, and produced only 1% more revenue, for an elasticity of -0.9 (not good for the utility budget, but it is major league conservation)!