



Community and Economic Development in North Carolina and Beyond Blog: Partnership Potential Between Water Utilities and Their Non-Residential Customers

By CED Guest Author

Article: <https://ced.sog.unc.edu/partnership-potential-between-water-utilities-and-their-non-residential-customers/>

This entry was posted on May 26, 2015 and is filed under Community Development, Natural Assets

What happens if your largest water customer moves out of town? What if you suddenly need to reduce usage drastically in your service area due to an emergency – which of your customers should you call first? How has water use changed over time for your ten largest customers, and what does that mean for your bottom line? What other changes have happened with your commercial customers, and are those changes systemic or temporary? Understanding how a utility's non-residential customers use water can help answer these questions and can provide critical information to utility managers in assessing their water resources and financial stability into the future.

In 2010, non-residential customers used nearly 43% of public water supplied in the United States (Maupin et al, 2014). In fact, across the country, the portion of public water demanded by commercial, industrial, and institutional water customers has increased over the past twenty years as water efficiency in the residential sector has improved. Studying customer behavior has become an essential strategy for most businesses. Yet non-residential water customers are largely understudied and compared by utilities, in large part because it is an extremely diverse customer classification (Morales & Heaney, 2014). This group of customers can include everything from a small insurance office with one bathroom to the entire campus of a University.

The Environmental Finance Center recently took an in-depth look at the water usage and billing practices of non-residential customers of four urban utilities in North Carolina. The findings in North Carolina were consistent with national trends. Between July 2012 and June 2013, non-residential customers accounted for between 48-67% of each utility's total retail sales. During the same time, non-residential customers only comprised between 8-12% of total water meters in the service areas. Although in most cases non-residential water customers make up a small portion of number of utility customer accounts, their demand on water resources is significant.

This discrepancy between number of accounts and water use presents some real opportunity for a community and water utility to work with its commercial customers. The water utility can conduct relatively straightforward analysis on water use trends for non-residential customers and provide it to their customers as a service. Such a service may help non-residential customers see the utility as more of a partner with whom they can work with, rather than a monopoly water provider that simply charges them for a resource that is vital for their business success. Customer service representatives can form relationships with the utility's largest accounts and work alongside them as they are planning to make significant changes in operations that will impact their water use (and subsequently utility revenues).

Additionally, this analysis is useful for utilities in managing their billing database. Running business intelligence on billing records can help make sure that non-residential customers are being billed accurately. These metrics and method of analysis can also be useful for utilities in improving data accuracy and categorization.

The "non-residential" customer class is a broad and variable one. There is a great deal of information that can be learned and compared about this group of customers from billing records alone.

Mary Tiger was formerly on staff with the UNC Environmental Finance Center.

Maupin, M. J.; Kenny, S.; Hutson, J.; Lovelace, N.; Barber, & Linsey K., 2014. "Estimated Use of Water in the United States in 2010." U.S. Geological Survey Circular 1405. Washington, DC: US Department of the Interior.

Morales, M. & Heaney, J., 2014. "Classification, benchmarking, and hydroeconomic modeling of nonresidential water users." *Journal AWWA*, 106:12, E550-E560.