



Lower Rio Grande Public Water Works Authority

Water Rate Public Hearing
January 8th & 9th, 2014

Purpose of a Rate Analysis

- Required by statute
- Mandated by USDA – RD as part any federally funded project
- Requires a 3rd party to performs the rate analysis, determine fiscal capacity and make recommendations
- Findings and recommendations are presented to the board for consideration and implementation

Lower Rio Grande Public Water Works Authority §73-26-1

F. The authority shall exercise all powers allowed pursuant to law, including:

(1) regulating, supervising and operating the authority's facilities;

(2) establishing rates and imposing assessments, fees and charges and taking action necessary for the enforcement thereof;

(3) assessing a standby charge for the privilege of connection into the authority's service at some date in the future if the property line is within three hundred feet of the authority's service lines and the property line is located within the boundaries of the authority. This section applies to new connections after the enactment of this act

Need for Appropriate Rates

- A well designed rate structure is part of the proper management of a utility system
- Recovering the actual cost of water and wastewater services will ensure adequate level of service (LOS)

Rate Analysis Process

- Step 1.** Determine **full cost of providing water and wastewater services**
Operating Expenses vs. Operating Revenues
- Step 2.** Identify **reserve requirements**
- Step 3.** Establish Customer Classifications
- Residential
 - Commercial
 - Industrial
 - Bulk water users
 - Others
- Step 4.** Evaluate options and **design appropriate rate schedule**
- Step 5.** **Implement** rate structure
- Step 6.** **Review** your rates and make changes when necessary

A Rate Structure

Should:

- Generate sufficient and stable revenue to cover all operating expenses
- Be equitable
- Be easy to explain and understand
- Be updated periodically

LRGPWWA Current Water Rates

(Implemented March 2012)

Residential Water Rates

Minimum Bill		\$ 10.00	for				0	gallons
Tier 1	0-10,000	gallons	for	\$ 1.75	per	1,000	gallons	
Tier 2	10,001-20,000	gallons	for	\$ 2.00	per	1,000	gallons	
Tier 3	20,001-30,000	gallons	for	\$ 2.25	per	1,000	gallons	
Tier 4	30,000-50,000	gallons	for	\$ 2.50	per	1,000	gallons	
Tier 5	Over 50,001	gallons	for	\$ 2.75	per	1,000	gallons	

Commercial Water Rates

Minimum Bill		\$ 30.00	for				0	gallons
Tier 1	0-20,000	gallons	for	\$ 2.50	per	1,000	gallons	
Tier 2	20,001-50,000	gallons	for	\$ 3.00	per	1,000	gallons	
All over	All over 50,000	gallons	for	\$ 4.00	per	1,000	gallons	



LRGPWWA Proposed Water Rates 2014 Option #1

Proposed Residential Water Rate Schedule:

Minimum Bill	\$17.00		for				
Tier 1	0-5,000	gallons	for	\$2.75	per	1,000	gallons
Tier 2	5,001-10,000	gallons	for	\$3.25	per	1,000	gallons
Tier 3	10,001-15,000	gallons	for	\$3.75	per	1,000	gallons
Tier 4	15,001-25,000	gallons	for	\$4.50	per	1,000	gallons
Tier 5	All over 25,000	gallons	for	\$6.00	per	1,000	gallons

Proposed Commercial Water Rate Schedule:

Minimum Bill	\$32.00		for			0	gallons
Tier 1	0-20,000	gallons	for	\$3.00	per	1,000	gallons
Tier 2	20,001-50,000	gallons	for	\$4.00	per	1,000	gallons
Tier 3	All over 50,001	gallons	for	\$7.00	per	1,000	gallons

LRGPWWA Proposed Water Rates 2014

Option #2

Proposed Residential Water Rate Schedule:

Minimum Bill	\$15.50		for				
Tier 1	0-5,000	gallons	for	\$3.00	per	1,000	gallons
Tier 2	5,001-10,000	gallons	for	\$3.25	per	1,000	gallons
Tier 3	10,001-15,000	gallons	for	\$3.75	per	1,000	gallons
Tier 4	15,001-25,000	gallons	for	\$5.00	per	1,000	gallons
Tier 5	All over 25,000	gallons	for	\$6.00	per	1,000	gallons

Proposed Commercial Water Rate Schedule:

Monthly Bill	\$32.00		for			0	gallons
Tier 1	0-20,000	gallons	for	\$5.00	per	1,000	gallons
Tier 2	20,001-50,000	gallons	for	\$6.00	per	1,000	gallons
Tier 3	All over 50,001	gallons	for	\$7.00	per	1,000	gallons

Option #1 Water Rate Comparison

Residential Water Rate Schedule:		Current	Proposed	
Minimum Bill		\$10.00	\$17.00	0 gallons
Tier 1	0-5,000 gallons	\$1.75	\$2.75	per 1,000 gallons
Tier 2	5,001-10,000 gallons	\$2.00	\$3.25	per 1,000 gallons
Tier 3	10,001-15,000 gallons	\$2.25	\$3.75	per 1,000 gallons
Tier 4	15,001-25,000 gallons	\$2.50	\$4.50	per 1,000 gallons
Tier 5	All over 25,000 gallons	\$2.75	\$6.00	per 1,000 gallons
Commercial Water Rate Schedule:		Current	Proposed	
Minimum Bill		\$30.00	\$32.00	0 gallons
Tier 1	0-20,000	\$2.50	\$3.00	per 1,000 gallons
Tier 2	20,001-50,000	\$3.00	\$4.00	per 1,000 gallons
Tier 3	All over 50,001	\$.400	\$7.00	per 1,000 gallons



Option #2 Water Rate Comparison

Residential Rate		Current	Proposed	
Minimum Bill		\$10.00	\$15.50	0 gallons
Tier 1	0-5,000 gallons	\$1.75	\$3.00	per 1,000 gallons
Tier 2	5,001-10,000 gallons	\$2.00	\$3.25	per 1,000 gallons
Tier 3	10,001-15,000 gallons	\$2.25	\$3.75	per 1,000 gallons
Tier 4	15,001-25,000 gallons	\$2.50	\$5.00	per 1,000 gallons
Tier 5	All over 25,000 gallons	\$2.75	\$6.00	per 1,000 gallons
Commercial Rate Schedule:				
		Current	Proposed	
Minimum Bill		\$30.00	\$32.00	0 gallons
Tier 1	0-20,000	\$2.50	\$5.00	per 1,000 gallons
Tier 2	20,001-50,000	\$3.00	\$6.00	per 1,000 gallons
Tier 3	All over 50,001	\$4.00	\$7.00	per 1,000 gallons



Water Rate Comparison

	Existing Residential Rates	New Residential Option #1	New Residential Option #2	Existing Commercial Rates	New Commercial Option #1	New Commercial Option #2
Cost per 0 gallons	\$ 10.00	\$ 17.00	\$ 15.50	\$ 30.00	\$ 32.00	\$ 32.00
Cost per 6,000 gallons	\$ 20.50	\$ 34.00	\$ 34.25	\$ 45.00	\$ 50.00	\$ 52.00
Cost per 10,000 gallons	\$ 27.50	\$ 47.00	\$ 49.25	\$ 55.00	\$ 62.00	\$ 70.00
Cost per 20,000 gallons	\$ 57.50	\$ 88.00	\$ 104.25	\$ 80.00	\$ 92.00	\$ 122.00



Existing Wastewater Rate Structure

(Adopted September 1, 2010)

Residential Wastewater Rates:

Minimum Bill	\$ 8.45 for			0gallons			
Tier 1	0-20,000	gallons	for	\$1.25	per	1,000	gallons
Tier 3	All over 20,001	gallons	for	\$33.45		1,000	gallons

Commercial Use and Income Estimate:

Minimum Bill	\$10.45 for			0gallons			
Tier 1	0-10,000	gallons	for	\$1.25	per	1,000	gallons
Tier 2	10,001 - 20,000	gallons	for	\$1.50	per	1,000	gallons
Tier 3	20,001-50,000	gallons	for	\$ 2.00	per	1,000	gallons
All over	All over 50,0001	gallons	for	\$70.45	per	1,000	gallons



Proposed Wastewater Rates

Proposed Residential Wastewater Rate Schedule:

Minimum Bill	\$	12.00	for			0	gallons
Tier 1		0-20,000	gallons	for	\$	1.75	per 1,000 gallons
Tier 3		All over 20,001	gallons	for	\$	35.00	per 1,000 gallons

Proposed Commercial Use and Income Estimate:

Minimum Bill	\$	15.75	for			0	gallons
Tier 1		0-10,000	gallons	for	\$	2.00	per 1,000 gallons
Tier 2		10,001 - 20,000	gallons	for	\$	2.25	per 1,000 gallons
Tier 3		All Over 20,001	gallons	for	\$	3.00	per 1,000 gallons

Rate Implementation Schedule

- Proposed rate scheduled has been approved by USDA – Rural Development for implementation
- Board will consider the proposal and all comments at the ?st board meeting
- Expected implementation, February 2014

Thank You!

Thank you very much for
being here and giving us
your feedback!

Our Web Site – www.LRGauthority.org

Email us – info@LRGauthority.org



LOWER RIO GRANDE
Public Water Works Authority