

Setting Rates - It's Not a One and Done Deal

By Randy Hellbusch, Circuit Rider

NeRWA just conducted a Management Workshop in our Wahoo facility. After going around the room and asking attendees what the biggest challenge or concern was for their water system, the lack of funding or inadequate revenue seemed to be the prevailing answer.

The number one thing a water system must accomplish is to adopt a proper rate structure. Without adequate revenue the ability to properly keep the system in top operating condition is almost impossible. It takes money to buy repair parts, pay contractors, replace failing components, and keep and retain qualified staff.

NeRWA has conducted over 800 rates studies for small water systems across the state in the past 20 years or so. We have assisted many systems with multiple studies. We recommend a system do a rate study every 2 years and **no less often than every 3 years.**

Many times when presenting rate presentations to boards, I have been asked if this rate will be sufficient for many years to come. No one can predict the future, but I can usually state with confidence that the cost of providing water is going to increase every year and the rates to customers must keep pace. Many times we recommend that a water system do small annual increases. This helps keep up with the rising expenses and is much easier for the public to budget for. What really upsets John Q. Public is **RATE SHOCK**. This is usually evidence to the consumer that no one in charge was paying attention to what was happening and things got out of hand.

Consumers are usually willing to pay what is asked if they know it is a fair cost and everyone is paying their fair share.

A well run water system utility can be the #1 economic development tool a rural community has at its disposal. I have been asked the question many times: "How do you expect people to move to our community if we charge that much for our water?" My reply is: "How do you expect people to move here if you don't have clean, abundant, safe drinking water?"