

# An Effective Rate Increase Option

By Randy Hellbusch, Circuit Rider

Often times when I conduct rate studies and provide the results to the decision makers I hear: We can't raise our rates. The people in this town just can't afford that. Believe me; I understand the situation many people face financially. Rate increases aren't popular and can be hard on families and individuals with fixed or limited income. The question is: Can the people in town afford to be without it? Maybe a better question is: Can the town survive without a clean, safe, dependable water system. I have heard the comment: "Nobody will move to town if our rates increase." I would argue that no one is definitely going to move to a town that does not have a clean, safe, dependable water supply. The hard truth is that it takes a certain amount of revenue to keep water systems functioning and viable. Repair and maintenance costs are constantly increasing as well as the price of electricity to pump and deliver water. Testing costs are also constantly increasing. It is important to keep up with these rising costs.

One tool that works well to keep water systems viable is to have a minimal annual increase. Many times as little as \$1.00 or so per month can help a system keep up with the rising costs of operation. A multi-year rate ordinance can be enacted and the rates increase annually without the board or council having to revisit the issue. This not only helps the water system bring in the required revenue, but also assists the consumers with being able to budget for their utility bills without getting sticker shock from a huge increase every few years. Nobody enjoys rate increases, but smaller increases more frequently are much easier for the consumer to accept and budget for. If taking a look at rates is something you think your water system needs to do and you would like some assistance give us at NeRWA a call. We are here to assist you.