

AVOID RATE SHOCK!

By Randy Hellbusch, Circuit Rider

The Nebraska Rural Water Association has conducted rate studies for over 350 different public water/wastewater systems across the State of Nebraska. Over the past 5 years we have averaged over 50 per year.

Many systems review their water and wastewater rates every 2 or 3 years which is what is recommended. Unfortunately, some systems just seem to keep kicking the can down the road until they find themselves in a real bind. Then what do they do? I have seen many systems that need to raise rates 30% or more. Of course, you can guess the reaction of the rate payers. The biggest reaction I hear from rate payers is, "Why wasn't someone paying more attention to this? How did they let this happen?" Many times the decision makers that refuse to raise the rates when needed actually end up being the bad guys. They are the ones that are blamed for not paying attention!

What NeRWA recommends in many cases and what many systems are beginning to implement is a 3 year Rate Ordinance or resolution. The rate is increased in smaller increments on an annual basis over a 3 year period. The board approves the increases once and they automatically are adjusted on an annual basis without the board having to revisit the issue until the 3 year period has expired. Smaller increases more frequently are much more palatable to the public and are easier for customers to budget for.

If this is something your utility would like some assistance with please contact NeRWA and we will be glad to help.

This is a very generic sample of this type of ordinance.

ORDINANCE NO. 2003-324

AN ORDINANCE OF THE CITY OF _____, NEBRASKA TO ESTABLISH REVISED WATER RATES FOR THE _____ MUNICIPAL WATER SYSTEM; TO PROVIDE FOR THE REPEAL OF CONFLICTING ORDINANCES OR PARTS THEREOF; TO PROVIDE FOR AN EFFECTIVE DATE; TO PROVIDE THAT THE PROVISIONS OF THIS ORDINANCE SHALL BE MADE A PART OF THE CODE OF THE VILLAGE OF _____, AND THAT THE SECTIONS MAY BE RENUMBERED; TO PROVIDE FOR THE PUBLICATION OF THIS ORDINANCE IN PAMPHLET FORM AND THAT THIS ORDINANCE SHALL TAKE EFFECT ON JULY 1, 2012, AFTER PASSAGE, PUBLICATION, POSTING, AND PROCLAMATION AS OTHERWISE PROVIDED. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF _____, NEBRASKA:

Section 1. That Chapter 3, Article 1, Section 111, Subparagraph A of the Code of the Village of

_____ is hereby amended to read as follows:

3-111. WATER SERVICE RATES; BILLING AND COLLECTING; FUTURE RATE REVISIONS.

A. The rates charged by the Village of _____ for municipal water services on a monthly rate basis shall be as follows:

1. Time period of Jan. 1, 2013 through Dec. 31, 2013:

CLASSIFICATION MONTHLY RATE

Residential and Commercial \$_____ per month service charge plus \$_____ per 1,000 gallons or fraction thereof of usage.

2. Time period of Jan. 1, 2014 through Dec.31, 2014:

CLASSIFICATION MONTHLY RATE

Residential and Commercial \$_____ per month service charge plus \$_____ per 1,000 gallons or fraction thereof of usage.

3. Time period of Jan. 1, 2015 through Dec.31, 2015:

CLASSIFICATION MONTHLY RATE

Residential and Commercial \$_____ per month service charge plus \$_____ per 1,000 gallons or fraction thereof of usage