

Drought Rates – Background

- Drought rates and surcharges
 - Usually a part of water conservation plan
 - Many cities trigger surcharges based on water conservation stages
- Various methods for rates or surcharges
 - Increase current volume rates above a certain base level of water use
 - Additional fixed fees
 - Adjust volume block intervals downward to increase amount of customers and consumption at higher rates
 - Different rates for each drought stage

Drought Rates – Other Cities

- San Antonio
 - Stage 4 drought surcharge assessed in addition to current rates
 - Surcharge assessed on residential use above 12,717 gallons per month
 - Commercial irrigation accounts for use above 5,236 per month
 - Surcharge is flat \$4.25 per 1,000 gallons
 - In effect a minimum of one month
 - Remains in effect while in stage 4

Drought Rates – Other Cities

- Dallas
 - Stage 3 rate increase for high water demand users
 - 10% increase in rates for use above 10,000 gallons
- Denver Water
 - Stage 2 drought surcharge initiated as needed to support water use reductions
 - Guiding principals identified for developing surcharges
 - Criteria for lifting surcharges must be determined before implementation
 - Multiple options for surcharges including increasing unit rates, increasing number of tiers, and increasing seasonal rates

Drought Rates – Other Cities

- Louisville, Colorado
 - Surcharges implemented on stage II and above
 - Surcharge is a multiplier of the base rate of \$1.70 per 1,000 gallons and is on top of existing rates
 - Each stage has its own surcharge multiplier
 - Each stage also has its own adjustment to the consumption block intervals

Drought Rates – Other Cities

- North Collin, TX Water Supply Corp.
 - Excess penalty fee per 1,000 gallons for water use exceeding their individual allowed usage amounts
 - Penalty fee is different for stages 2, 3 and 4
 - Multiplier of base rate of 2, 3, and 4 for respective stages
 - Each customers allowed usage is determined by their winter and summer averages
 - Penalty fee charged for all volumes above the allowed usage

Drought Rates – Other Cities

- Durango, Colorado
 - Emergency drought surcharge added to bills if enacted by City
 - Fixed surcharge of \$1.00 for customers using between 2,000 and 10,000 gallons
 - Additional surcharge of \$2.00 for customers using above 10,000 gallons
- Fair Oaks Ranch, Texas
 - Drought surcharges for stages 2 and 3 in addition to normal rates for all usage above 25,000 or 18,000 gallons, respectively
 - Tiered fixed fee plus higher cost per 1,000 gallons for blocks above 40,000 or 25,000 gallons, respectively

Decision Points

- Method of Drought Rates
 - Increase fixed charges
 - Increase volumetric charges
 - Flat surcharge
 - Adjust block intervals
- Implementation Triggers
 - Lake levels
 - Water restriction stages