



Water Rate Adjustment FAQ

Why is the Calaveras Public Utility District (CPUD) proposing to adjust the water rates?

The District's water rates are proposed to be adjusted to cover the increasing cost of service, simplify the existing rate categories, and better promote equity among customers. Current water rate revenues are insufficient to fund the costs of operating the water system. The District's current rate structure is also proposed to be updated to be more aligned with the American Water Works Association's methodologies and recommendations. The District engaged an outside consultant to fairly calculate rates that will ensure the financial stability of the District's water fund.

What costs are recovered from the rates?

Monthly water rates are the main source of revenue used to pay the operating expenses of the water system. Operating expenses include, but are not limited to, staffing, administration, utilities, equipment, repair and maintenance of the District's aging infrastructure, and the District's annual debt service payment. The District is also responsible for costs related to long-term financial management, including maintaining adequate fund reserves. The District does not profit from rates paid by customers and can only charge rates equivalent to the cost of providing services.

The Clearwell Water Tank Replacement project is a major funding need of the District. At the final stage of the water treatment process, filtered water at the Jeff Davis Water Treatment Plant is held in a storage basin (clearwell) to allow disinfectant to treat any remaining pathogens. The existing clearwell is 50+ years old, has no baffles for disinfection, has pitting resulting in metal loss on the floor, and has failed roof beams which increases the likelihood of catastrophic failure. Improvements are needed to ensure continued safe and reliable water service. The new clearwell is a commitment to the people in the community that the District is investing in the infrastructure to ensure water availability for domestic, commercial/industrial, and fire fighting needs.

What if rate increases are not approved?

If rates are not increased, the District will not be able to afford to provide the same level of reliable water services. The District is anticipated to operate at a deficit this fiscal year, meaning that it will need to use reserves to cover costs. Additionally, it will not have sufficient operating revenues to meet its debt coverage requirement. The District issued new debt in 2021 to finance the Clearwell Water Tank

Replacement project. The District's loan agreement requires the District to maintain revenues to pay off the debt.

Why is the water rate structure changing?

Currently, the District provides a base volume of water in the minimum bill paid by customers. Customers are only charged per unit of water for excess use. The amount of water included in the base allotment varies with meter size such that larger meters are provided with more water in their base allotments. Water usage over the base is charged volume rates using a tiered structure. Due to State water conservation requirements, this type of rate structure is no longer commonly used. The proposed rate structure changes are intended to simplify the District's rate structure and better promote equity among customers.

What are the proposed rate structure changes?

The base water allotments are proposed to be eliminated such that the base rate (meter fees) have no water usage included. The tiered rate structure is also proposed to be eliminated. All treated water usage is proposed to be charged a single volume rate per unit and all untreated water usage is also proposed to be charged a single volume rate for all levels of consumption. The untreated water rate is lower because it excludes the treatment expenses such as chemicals, operations and maintenance of the treatment plant, laboratory costs, etc. The proposed rate structure also includes drought rates that could be implemented during a water shortage emergency. In a drought emergency, the meter fees would remain the same, but the volume rates would increase.

When would the proposed rates take effect?

The first rate change would take effect on July 1, 2023, with additional increases each July 1 through 2027. If the rate plan is approved, the District will review its rates and revenues each year. The District can set rates at or below the maximum adopted in the rate plan. If the maximum rate is not needed due to higher than expected revenues or lower than expected costs, the Board of Directors can implement a lower rate than described in the rate plan.

How can I learn more about the proposed rate adjustment?

If you would like to see more information about the data used for the rate adjustment and the proposed rate schedule, the study conducted by the District's outside consultant is available for review on the District's website.

The District will hold a public hearing on May 18, 2023 at 7pm at the San Andreas Town Hall located at 24 Church Hill Rd, San Andreas, CA 95249. At the public hearing, the CPUD Board of Directors will review the proposed rates as well as hear any public comments.