

FAQ: How are water rates set?

AVHCWD rates are set by determining the full cost of doing business and current revenues. By considering revenue needs (including the cost of anticipated repairs). Calculating the amount of money customers must be charged to fully cover current and projected costs. Evaluating various rate structures and design the appropriate rates using proposition 218 to protect customers and make sure that rates are fair and reasonable. Oversight by the Board of Directors ensures that necessary improvements are made to the water system, that the system is operated efficiently. Rates are based upon “cost of service,” which means that every dollar a customer pays to AVHCWD is dollar-for-dollar is what we pay to operate the system.

Rates are set to cover the costs of providing water. Major costs to operate a water system include purchased electric power, treatment costs, groundwater pumping fees, labor, and chemicals.

- AVHCWD reviews its historical costs, projected costs, and planned water system improvements.
- AVHCWD hosts public/formal hearings to receive input from customers on the rate change. Customers may also write to the Board of Directors.
- The Board of Directors vote on the proposed decision. New rates typically become effective on the following billing cycle. The entire process can take 6 months or more.

The purpose of balancing accounts is to protect both utilities and customers from unforeseeable — and uncontrollable — changes in costs, and to ensure that rates accurately reflect the cost of providing water service.