

Water Rate Methodology Change



New Consumption-Based Fixed Rate

Water use May-October 2014 will affect water rates beginning January 1, 2015

Beginning January 1, 2015, the City's water service fees will be based on a new, innovative rate structure referred to as the Consumption-Based Fixed Rate (CBFR) structure. The CBFR structure is comprised of three components - a distribution charge, a variable charge, and a supply charge.

1. Distribution Charge

A fixed charge based on the size of the water meter serving your property and comprises approximately 13% of the average monthly water bill.

2. Variable Charge

This variable charge consists of a uniform rate per unit of water for all user classes. One unit of water is equal to 100 cubic feet (ccf) of water (which is equal to 748 gallons). The variable charge will comprise approximately 20% of the average monthly water bill.

3. Supply Charge

The supply charge is calculated by using the projected annual revenue requirement related to water supply and treatment and dividing it by the total projected 6-month peak period (May through October) water use to produce a per ccf rate. The individual fee per customer is then calculated by taking the per ccf rate and multiplying it by the individual customer's prior year's 6-month peak period water use. The supply charge will comprise approximately 67% of an average monthly water bill.

Each year, the supply charge amount is recalculated based on an individual's actual water use during the prior 6-month May through October peak consumption period. So for January 1, 2015, the May-October of 2014 total volume will be used. The supply charge for each property remains the same each month until the next January 1 adjustment date.

This new rate structure and Supply Charge ensures that property owners will have increased control over their utility bills by employing conservation techniques (the Variable Charge and the Supply Charge). Property owners will be able to determinate approximately 80% of their water service fees in a given year in advance and can budget accordingly (the Distribution Fee and the Supply Charge).

Together, the rates for the three components of the City's water service fees are structured in such a way as to recover the proportionate costs of providing water service to each property receiving water service.

For new accounts, the CBFR charge will be based on estimated consumption until actual peak period (May-Oct) usage is established at which time a true-up will be accomplished.

The City has partnered with WaterSmart to provide property owners and residents with water saving tips and feedback on individual water usage. Visit your personalized water use website at Water.CityofDavis.org/WaterSmart

Bill Estimation Tool for 2015 (CBFR Structure)

Type of Charge	Distribution Fee (based on meter size)	+	Variable Charge (based on current month's consumption)	+	Supply Fee (based on summer consumption)	=	Total Bill for the Month
Charge Equation	_____	+	_____ x \$0.86	+	_____ x \$0.32	=	Total Bill for the Month
	(Fee for Your Meter)		(Monthly Volume)		(6 Month Peak Use)		
Example Calculation (typical home)	\$ 10.21 (3/4" meter)	+	(11 ccf* x \$0.86) Monthly volume (ccf) x \$/ccf	+	\$0.32 x 102 ccf	=	Total Bill for the Month
Example Figures (typical home)	\$ 10.21	+	\$9.46	+	\$32.64	=	\$52.31