

Rancho California Water District's Rate Development

Background

Rancho California Water District's (RCWD/District) mission is to deliver reliable, high-quality water, wastewater, and reclamation services to its customers and communities in a prudent and sustainable manner. RCWD's Board of Directors is committed to fulfilling the mission statement.



Rate Setting

RCWD sets its rates and charges to recover the cost of providing service. There are three primary categories of rates and charges:

- * Operating Rates and Charges to recover the operating cost of providing water and wastewater services.
- * Fees for service that are recovered directly from the specific customer that is creating the cost. If a customer did not request this service there would be no cost and no revenue.
- * Non-Operating revenues including property assessments, interest earnings on cash reserves, and developer fees. these recover the cost of designing, constructing, and replacing the facility infrastructure.

Operating Charges



Operating charges are set to only recover the cost of providing service. RCWD charges a fixed monthly water service charge intended to recover the fixed operating costs. Currently these monthly service charges recover 60% of the fixed operating costs. The unrecovered fixed costs become part of the commodity rate. The greater the meter size the greater the monthly service charge. Variable commodity rates are charged based on the amount of water used. These costs recover the variable operating costs. In July 2010, RCWD implemented a budget-based tiered rate structure with four tiers. The first two tiers provide an appropriate amount of water to meet the indoor and outdoor needs of a customer that uses water efficiently. The third tier represents an inefficient water use category and the rate charged reflects the cost of water to meet the demands in that category. The fourth tier represents a wasteful amount of water use. The fourth tier rates reflects the most expensive water supplies the District must use to provide water to this category and the cost to provide conservation programs.

Non-Operating Revenues

Non-Operating revenues are developed using a 50 year long range financial plan. This plan begins with capital facility master plans which identify infrastructure projects needed to meet current and future service requirements, as well as planned capital facility replacement needs. A financial plan is developed to meet the funding requirements of the master plans. The District utilizes a combination of debt financing and cash funding for these projects. The long range financial plan takes into consideration existing cash balances and future revenue projections to ensure adequate funding and greater funding options.

