

# Breeze

Issue 145 • Spring 2011

## Water Rate Survey Results

Water Resources Sustainability  
and Climate Change

American Water Works Association - MN Section  
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# 2010 RATE WATCHERS: AE2S presents annual water rate survey results

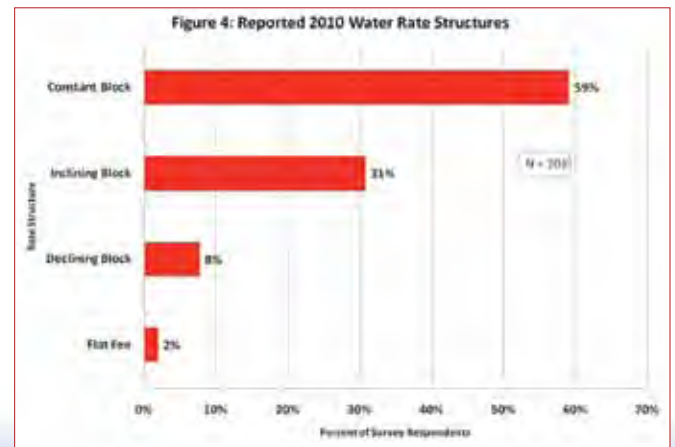
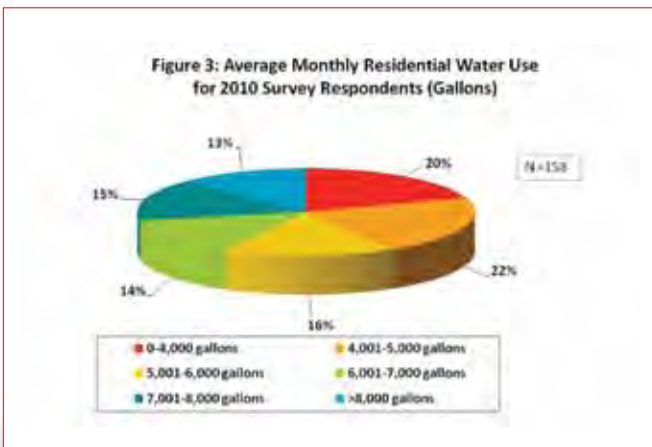
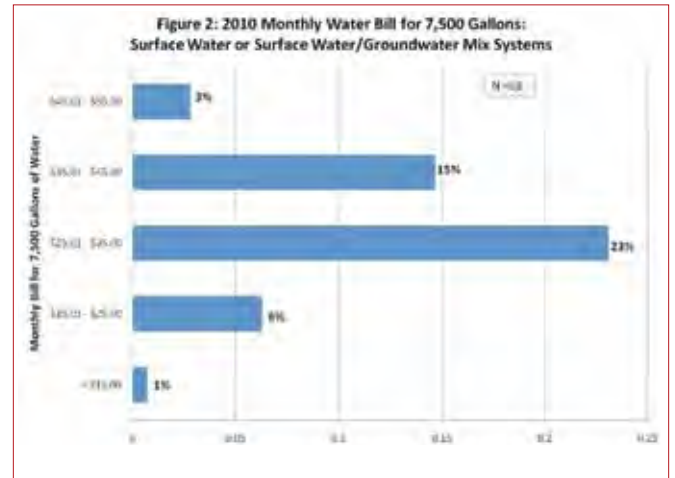
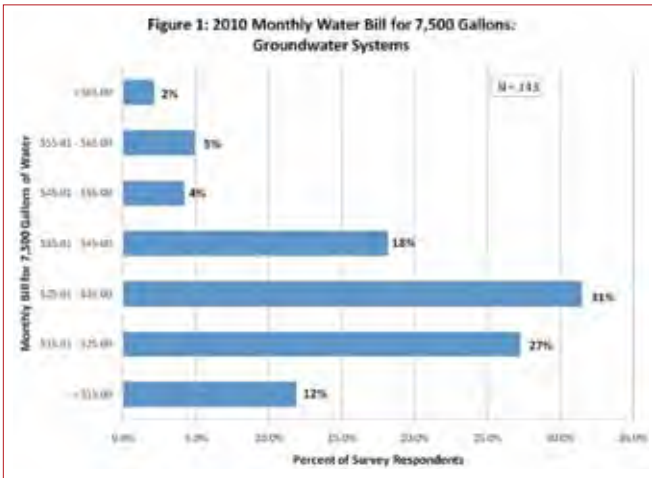
For nearly a decade, AE2S has conducted an annual survey of water, wastewater, stormwater, and solid waste utility rates throughout the North Central Region, focusing on Minnesota, Montana, North Dakota, South Dakota, and Wyoming. A total of 213 communities participated in the 2010 survey, and the results were compiled into a booklet format and distributed to all survey participants. To standardize the monthly cost of water for comparison purposes, water rates shown in the reported statistics herein are based on a billed water volume of 7,500 gallons per month. The AE2S rate survey separates statistics by system size and evaluates data for systems within the Minneapolis/St. Paul metropolitan area separately from systems outside of that area. The following graphics and accompanying discussion illustrate some of the highlights reported for water rate structures around the region in the 2010 survey. For the purpose of this article, data from systems of all sizes were grouped together to provide a general overview of the state of residential

water utility rates in our region. The number of data points used to create each graphic is noted as “N” on each chart.

### 2010 Residential Water Bill Statistics

To allow survey participants to more easily compare the monthly cost of water to systems similar to their own, data have been separated to report values associated with systems using groundwater separate from those systems utilizing surface water or a groundwater/surface water mix.

Figure 1 illustrates the variability in the overall cost for 7,500 gallons of water reported for groundwater systems. Similarly, Figure 2 summarizes the data submitted for surface water or mixed surface water/groundwater systems. The reported average and median costs for 7,500 gallons of groundwater were \$30.33 and \$29.10, respectively. The average and median costs reported for 7,500 gallons of surface water were \$32.57 and \$31.05, respectively.



## Average Water Use

When the AE2S rate survey was initiated in 2002, the average monthly residential water use for many communities in the region was approximately 7,500 gallons. As a result, this value was chosen as the benchmark for comparison of monthly utility bills. Since that time, the average monthly water usage for residential customers has decreased for a variety of reasons. In 2011, AE2S will revise the basis of the annual rate survey to a monthly bill for 5,000 gallons. Figure 3 summarizes average residential water use reported by survey participants in 2010. The reported values for average and median monthly residential water use were 5,800 gallons and 5,600 gallons, respectively.

## Rate Structure Trends and Conservation

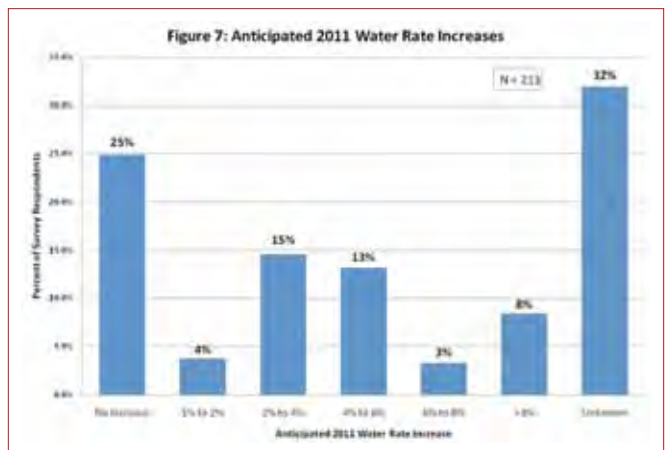
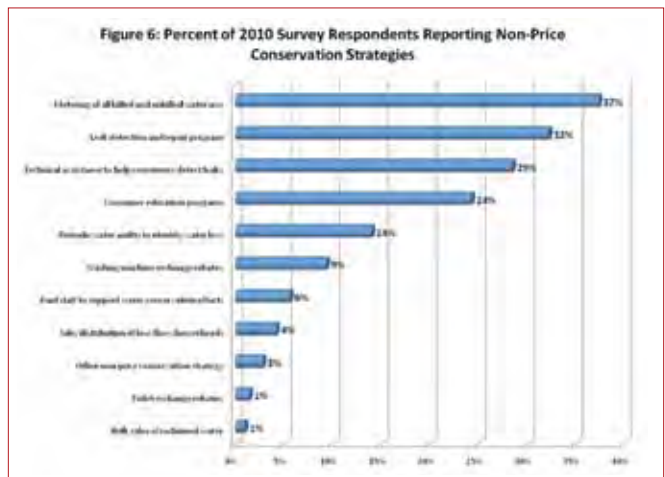
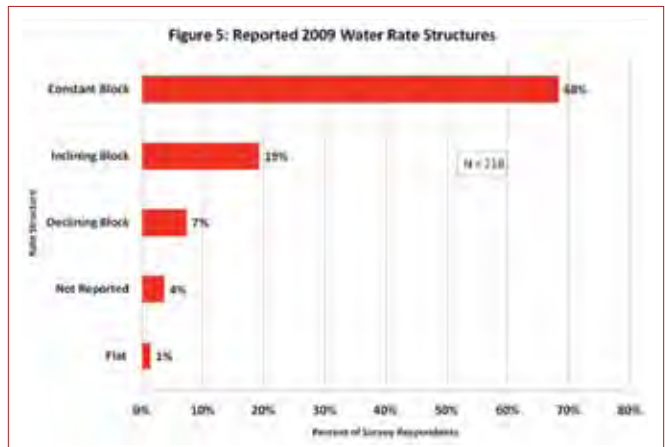
As Minnesota water systems are well aware, conservation-based rate structures are becoming increasingly common. Although states within the AE2S rate survey area other than Minnesota have not yet mandated implementation of a conservation-based water billing structure, many systems are moving in that direction. In recent years, survey participants have increasingly reported rate structure changes designed to promote water conservation, along with the implementation of non-price conservation measures. Figure 4 illustrates the breakdown of reported rate structures by 2010 rate survey respondents, while Figure 5 shows the corresponding rate structure data from the 2009 survey. It is clear that inclining block rate structures are becoming more prevalent and that constant block structures continue to be the most common option.

Although inclining block rate structures are the most frequent rate design cited in water conservation discussions, they are not the only option. In addition to striving for water conservation through pricing, many communities are also utilizing non-price conservation methods. Figure 6 provides a summary of other conservation measures currently in use by 2010 survey respondents.

## What Lies Ahead for 2011?

In addition to reporting on rates for the current year, AE2S asked each survey respondent what the future holds its water utility rates in 2011. Although many did not commit to an estimated change in the rate, Figure 7 summarizes the distribution of projections made by each recipient as of early 2010.

AE2S is pleased to share the results of our 2010 North Central Region Utility Rate survey as summarized in this article with readers of the *Breeze*. We hope to provide annually updated information gathered from future rate surveys and invite you to contact us if you would like your community to be included in future versions of the AE2S North Central Region Utility Rate Survey. ●



The AE2S North Central Region Utility Rate Survey is completed annually by AE2S Nexus, a division of Advanced Engineering and Environmental Services, Inc., (AE2S) established to assist public and private entities with issues beyond traditional engineering services. For more information on the AE2S North Central Region Utility Rate Survey or AE2S Nexus, please contact Brian Osowski, AE2S Nexus Group Manager, at 701.746.8087 or Brian.Osowski@ae2s.com.