

2018 Water and Wastewater Rate Study

Frequently Asked Questions

What is a rate study?

The water and wastewater departments conduct rate studies on a regular basis to ensure that the utility departments financial health is maintained and going in the right direction toward meeting future financial obligations. The rate study ensures that the utility department is charging its customers equitably based on the demands they place on the water system. In turn, the department will make recommendations for changes that may be needed.

Why is the City of Craig conducting a rate study now?

The City must think long-term while prioritizing necessary projects to keep water and wastewater rates low while still providing the best service possible now and for years to come. The City has identified 30 major projects in its 10-year capital improvement plan, ranging from the water distribution to the wastewater treatment facilities and systems. The anticipated cost of these projects is estimated at \$23.4 million.

How is cost of service determined?

Rate studies look at the cost of service to determine how to recover costs from customers in proportion to their use of the water system. Because it must provide water on demand, 24 hours-a-day, 7 days-a-week and treat wastewater so that it is clean enough to return to the river, the City must size and maintain a water and wastewater system that's capable of meeting peak demands that can occur primarily during hot summer days. Some customer classes cause higher peaks in demand than others. The rate study will identify the types of services provided and assign costs based on their demand needs.

How are the City of Craig's utilities funded today?

Craig's water and wastewater utilities are funded entirely by water and wastewater rates, bond sales, cash reserves, and fees for new service (called tap fees). The utilities do not make a profit or receive revenue from property and sales tax dollars. We reinvest ratepayers' money to maintain and upgrade the water and wastewater system.

When is the last time the City of Craig raised rates?

The current rate structure and pricing has been in place since 2017 for wastewater and 2016 for water.

How does Craig's water and wastewater rates compare to other communities?

In a comparison done in the last several years, Craig's rates ranked in the middle when compared to other Northwestern Colorado rates. Craig's water and wastewater rates have been increasing at a slower rate than the national average.

What are the next steps?

The Craig City Council has been providing input into the rate study since the spring. When the study is finished in September, the City Council will review and consider the recommendations and determine the best course of action. Rate changes, if any, will not take effect until January 1, 2019.

Craig will host an open house where customers can learn more about the water and wastewater system and the rate study on August 25, 2018.