

Why are you raising rates?

- Denver Water has a [large, complex system](#) with a lot of [aging infrastructure](#). Our 5-year capital plan is \$1.3 billion – that allows us to upgrade our system and build the new facilities necessary to keep the water system running.
- There are 162 major projects identified in Denver Water’s capital plan. Everything from replacing aging pipes and failing underground storage tanks to building a new water treatment plant and more. We also have ongoing operations expenses and costs associated with unplanned work, like water main breaks.
- Denver Water is funded by water rates, bond sales, cash reserves, hydropower sales and fees for new service (called System Development Charges).

How much are bills going up?

- The increase each customer sees will depend on the type of customer you are and how you use water. Your bill is composed of a fixed monthly charge and charges for how much water you use.
 - Every customer will see an increase to their monthly fixed charge. To help offset the fixed monthly charge, the charge per 1,000 gallons for many customers will see a small decrease in 2017.
 - Most residential customers have a 3/4-inch meter, and their fixed charge will increase about \$3 (to \$11.86/month up from \$8.79).
 - If you live in the suburbs and get water from one of our distributors, your bill will be higher than Denver residents. That’s because the Denver City Charter requires that suburban customers pay the full cost of service, plus an additional amount.
- The increase in the monthly fixed charge helps us even out our revenues over the year so we can repair and upgrade our system. This means less reliance on revenues from how much water customers use, which has become increasingly difficult to predict in recent years given the more frequent and extreme weather fluctuations.

Why did the fixed monthly charge increase?

The costs to collect, store, treat and deliver water are expenses that have to be paid regardless of the amount of water customers use every year. No matter how much water customers use, we still need to maintain and operate more than 3,000 miles of pipe, 19 reservoirs, 22 pump stations, 30 underground storage tanks, four treatment plants and much more. That makes it difficult to keep up with increasingly common revenue swings. To provide more revenue stability, we’ve raised the fixed monthly charge, accounting for meter size and the demands larger users have on the system. That means larger, commercial users will be billed at a higher fixed monthly charge. Your meter size is listed on your bill.

You ask me to use less water and then raise my rates. Am I being penalized for conservation?

- We always encourage [conservation](#) and the efficient use of water because it’s the right thing to do and part of our planning strategy to ensure our customers have water in the future.
- The reality is rates would be higher without our customers’ conservation efforts because we’d have to build more treatment and distribution facilities to keep up with the demand for water.
 - For example, your conservation efforts are saving Denver Water an estimated \$155 million on a [new treatment plant](#) and storage facilities because it doesn’t have to be as big as we originally estimated. That’s \$155 million we *don’t* have to recover through rates and charges.

Affordability message:

While rates are going up, Denver Water is committed to keeping water affordable, particularly for the essential indoor water use that is vital for drinking, cooking and sanitation. In 2017, customers will continue to pay the lowest rate for what they use indoors.

Type of customer, based on 115,000 gallons of annual usage	2016 average	2017 average	\$ Change
Inside City 79% of customers use 115,000 gallons or less per year	\$543	\$572	\$29/year
Read and Bill 58% of customers use 115,000 gallons or less per year	\$555	\$573	\$18/year
Total Service 60% of customers use 115,000 gallons or less per year	\$637	\$678	\$41/year

Explain the indoor use charges/tiered structure:

- Because water used indoors is for essentials like cooking, bathing, drinking and flushing toilets, we charge it the lowest rate.
- Indoor consumption is calculated by taking your “average winter consumption” - by averaging a customer’s monthly water consumption on bills dated January, February and March.
- Your average will be recalculated every winter. Each month, all year long, the amount of water you use up to your average winter consumption will be charged at the lowest rate per 1,000 gallons.
- Then, customers are allotted an additional 15,000 gallons that is charged at the next highest tier. This is the additional amount it takes to water an average-sized yard efficiently.
- Any water use above that will fall into the third, highest-priced tier.
- The minimum possible average winter consumption is 5,000 gallons, and the maximum is 15,000 gallons. The 5,000 gallon minimum was set to ensure customers aren’t penalized for low water usage during the winter, and will have up to 5,000 gallons of water to use in that first tier with

the lowest rate year-round. The minimum does not mean you will be charged for 5,000 gallons if you use less than that amount.

Types of suburban customers:

- There are three types of suburban customers, and the rates differ for each.
 - **Total Service** customers pay the highest rates because they receive the same services as Denver customers. That means Denver Water employees work in these outlying areas to operate and maintain the infrastructure, provide customer service and much more. Next year, a typical customer who uses 115,000 gallons of water will pay an average of \$678. In 2017, that's \$106 more than a comparable city-dweller.
 - **Read and Bill** customers pay the second-highest rates. They receive Denver water, along with some basic services, like reading meters and sending bills. But we don't provide system maintenance and repairs; that work is handled by the suburban distributor. A Read and Bill customer that uses 115,000 gallons of water can expect to pay about \$573 next year, roughly the same as the city equivalent.
 - And finally, there are **Master Meter** customers. These are not residential customers, but cities that buy treated water at a wholesale rate.