

## **AVR\_Water Rate Information**

The Public Utility Act of 1912 mandated that private utility companies such as AVRWC be regulated. As a result, when we want to change our rates, we must submit a General Rate Case (GRC) application to the California Public Utilities Commission (CPUC). Included in our application are detailed estimates for expenses, capital expenditures, and water sales on a forward-looking basis. Expenses are costs that have short-term benefits. In general rate cases, these costs are estimated on an annual basis. Capital expenditures are costs with long-term value. Therefore, cost recovery on capital expenditures is spread over the years the benefits will occur. For example, the cost of a reservoir is recovered in rates over its expected useful life of 40 years.

Performed every three years, the GRC is the major regulatory proceeding which provides the CPUC an opportunity to perform an exhaustive examination of AVRWC's operations and costs. The CPUC takes a broad, in-depth look at our revenues, expenses and financial outlook and considers the quality of service and other factors to arrive at just and reasonable rates. The Office of Ratepayer Advocates audits AVRWC's GRC, analyzes the application and makes a recommendation. The CPUC may host public participation hearings to receive input from our customers on the application. A formal hearing is held, and an Administrative Law Judge issues a proposed decision and the Commissioners vote on the proposed decision. To the extent that the Commission finds expenses, capital expenditures and other costs are necessary and reasonable, a rate change is authorized.

- **Water Rate Information**

Our customers pay a service charge, a fee for being connected to the system, which stays the same no matter how much water you use. This fee pays for a part of our fixed costs such as pipelines and wells. You also pay a quantity charge for each 100 cubic foot (1ccf) of water you use. 1ccf is 748 gallons. This charge covers our remaining fixed costs and variable costs such as gas, electricity and disinfection chemicals. Reducing the amount of water you use will save you money by reducing the quantity charge you pay. However, using less water will not save you money on the service charge because it stays the same regardless of usage.

**Did you know? Residential water bills are mailed every other month, covering 2 months of service.**