



Rate Increase Questions and Answers

Why do you need to raise rates?

Loudoun Water is a revenue neutral entity. We receive no tax money. Our only sources of income for operating expenses are the water and sewer bills you pay for service. The cost of wholesale water from our suppliers, Fairfax County and the City of Fairfax, has increased. In addition, the same rising costs that affect your household affect our operations. Higher prices for fuel and electricity significantly impact our team; we log a million miles a year on Loudoun roads and constantly use energy to move water around our system.

Couldn't you wait another year when the economy is better?

We put off the three-year plan as long as possible, knowing how much our customers were already being impacted by the down economy. However, if we had put it off any longer, the increases would have had to have been much greater to recoup our costs.

What have you done to keep expenses as low as possible?

As users of public money, we have always been extremely careful with funds. We constantly look for ways to tighten spending. Operational and capital spending has been reduced to support operations while remaining committed to providing safe water and dependable service. Even with the higher rates, Loudoun Water remains comparable to neighboring water utilities.

Why did the Basic charge also increase?

While your metered rate largely pays for our variable costs related to service delivery, the Basic Charge is intended to cover some – not all – of the fixed costs associated with providing service. We were not recouping enough of the fixed costs through the basic charge so the increase was necessary.

Please explain the rate structure.

The rate structure more fairly allocates costs across our customers based on “reserved purchased capacity” and a tiered rate structure.

Here's how it works - before a home can connect to Loudoun Water's system, an availability charge is paid, typically by the developer (and ultimately by you in the price of your home). Through payment of the availability charge, each home or business is entitled to an amount of “reserved purchased capacity” in the system.

For a residence, that maximum daily allocation is 550 gallons or about 50,000 gallons per quarter. Tier 1 of the new rate structure (0 – 25,000 gallons per quarter) is based on typical indoor usage of 275 gallons per day, or 25,000 gallons per quarter. Homes that keep their usage within Tier 1 are rewarded for using less than their maximum allocation. Tier 2 (25,001 – 50,000 gallons per quarter) includes an allowance for outdoor usage up to a residential customer's reserved purchased capacity. Homes that use more than their maximum allocation (>50,000 gallons per quarter) will pay a premium for creating the additional demand on the system.

How much more will I pay?

This will depend greatly on how much water you use – more so than ever before. The new rate structure is set up with 3 tiers for Residential customers and 2 tiers for Multi-family dwellings and Commercial customers. Following is a comparison for the Residential customers:

Water Rates					Wastewater Rates			
		Bills rendered on or after:					Bills rendered on or after:	
		4/1/2010	4/1/2011	4/1/2012			4/1/2010	4/1/2011
Quarterly Consumption Range (gallons)		Rate per 1,000 gallons	Rate per 1,000 gallons	Rate per 1,000 gallons				
Tier 1	0–25,000	\$1.77	\$1.90	\$2.04	Uniform rate per 1,000 gallons	\$3.14	\$3.55	\$4.02
Tier 2	25,001–50,000	\$4.96	\$5.31	\$5.69				
Tier 3	>50,000	\$6.65	\$7.12	\$7.62				
		4/1/2010	4/1/2011	4/1/2012		4/1/2010	4/1/2011	4/1/2012
Basic (Fixed) Charge:		\$24.46	\$26.18	\$28.02	Basic (Fixed) Charge:	\$21.90	\$24.76	\$27.99

This will affect each customer differently, depending upon water use. The best way to see how this will affect you is to use the Bill Calculator, available at our website (www.loudounwater.org). There you can log in to your account to see your water use history (or get it from a recent bill).

You can pick any quarter usage, but we recommend you pick your summer (highest) quarter use, and then plug that number into the rate calculator to see what your 2011 summer bill will be for that number of gallons.

How come Commercial and Multi-family customers don't have a third tier?

Commercial and Multi-family customers are a different type of customer. In the case of Commercial, there is very little need or desire for discretionary water use, as there is for a residential customer because commercial customers are motivated by their profit margins to keep water and other expenses to a bare minimum. Further, Commercial customer water use is extremely consistent. They use the same amount of water day in and day out no matter what season it is or the weather.

It's important to note here that Commercial customers have separate meters for irrigation or use a well for irrigation – either way, their irrigation is metered or paid for separately. The Commercial and Multi-family tiers are set at higher consumptions than Residential Tiers because they have paid a higher availability fee for a higher portion of the total water supply.

Multi-family customers, which are our property managers with buildings that serve multiple tenants have master meters on their buildings which serve hundreds of tenants. As is the case with the Commercial customers, they have consistent, indoor-only use and are highly motivated by their own budgets to keep water use down. They, too have separate meters or water sources for irrigation.

How will the new rates impact customers who fill a pool?

Pool filling will be more expensive, particularly for anyone who fills the pool using the 5/8th Residential size meter. As mentioned, when sold, these meters represent an allocation of the water supply that does not include the volume of water used to fill a pool. A Residential customer will pay much more to help us recoup the costs of providing that extra water.

Under the new structure it may now be more cost effective for a Residential customer to pay for a pool-filling service. Some HOAs use a temporary meter for pool filling, so depending on the meter size, they may not pay as much as a Residential customer would to fill a pool, but they will pay more than they have in previous years.