



Water Rate Changes

What to Expect...

The Orem City Council recently approved changes in water rates. The new water base rate went into effect July 1, 2016 and the water usage rate goes into effect on November 1, 2016. This flyer describes 1) why the City needs to make the rate changes, 2) previous water rates, 3) how the water base rate has changed, 4) how the water usage rate will change, and 5) how the rates were determined.

Why are my water rates changing?

The new water rate fees will provide funding to maintain and replace water pipes, construct additional storage reservoirs, deep wells, and water reuse facilities, and install automated meters.

What have my water rates been?

Before we look at the rates, let's consider the size of your **water meter**. Properties have different sizes of water meters based on how much water is needed. Most homes only require a 3/4" water meter—the smallest option. Uses that require more water than your average home (e.g. larger residential properties, restaurants, schools, hotels, etc.) have larger meters. These larger meters range between 1" and 10". The size of your water meter is shown on your utility bill as illustrated below:

CURRENT CHARGES	
Water Base Rate for 3/4" ←	14.19
Water Usage \$0.58/1000g	34.22

As you can see, your meter size only impacts one of the two water fees you see on your utility bill—the **water base rate**. The water base rate is the fee you pay because your house, apartment complex, or business is connected to the City's water system. If you have a 3/4" water meter, you have been paying a water meter base rate of \$14.19 per month. If you have a larger water meter, you have been paying a higher base rate that corresponds with your meter size. The second rate—the **water usage rate**—is what you pay for the

volume of water used each month. Currently, the monthly water usage rate is the same for everyone—\$0.58 per 1,000 gallons of water used.

Previous Read	Current Read	Consumption
3745	3804	59 ←

If you look at the number under "Consumption" on this utility bill, you will see the volume of water used was 59,000 gallons in that month. As a result, under the current system, the water usage cost for this month would be 59,000 gallons x (\$0.58/1,000 gallons) = **\$34.22**.

How did my water base rate change?

The **water meter base rate** increased on July 1, 2016. The chart below shows the rate changes by meter size.

Monthly Water Base Rates by Meter Size

Meter Size	Old Base Rate	New Base Rate
3/4"	\$14.19	\$15.74
1"	\$35.95	\$39.22
1-1/2"	\$101.22	\$110.42
2"	\$166.50	\$181.64
3"	\$253.55	\$276.59
4"	\$427.61	\$466.48
6"	\$1,080.38	\$1,178.58
8"	\$1,443.05	\$1,574.21
10"	\$2,164.59	\$2,361.32

How will my water usage rate change?

The **water usage rate** change will go into effect on November 1, 2016. Instead of continuing to have a fixed uniform rate of \$0.58 per 1,000 gallons regardless of how much water is used, the new water usage rate will be based on a tiered system that also takes meter size into account. In effect, consumers will pay a higher rate when higher volumes are used. Here is how the tiered rates will work for 3/4" meters:

Monthly Water Usage Rate for a ¾” Meter

Tier	Volume (gallons)	Rate (\$/1,000 gallons)
1	0 - 11,000	\$0.71
2	11,001 - 34,000	\$0.89
3	34,001 - 65,000	\$1.07
4	65,000 +	\$1.42

Going back to the utility bill example for the property using 59,000 gallons in a month, this is how that same water usage would be charged under the new tiered system:

The first 11,000 gallons of the 59,000 gallons would be charged based on the Tier 1 Rate. The next 23,000 gallons (34,000 – 11,000) would be charged the Tier 2 Rate. The next 25,000 gallons (59,000 – 34,000) would be charged the Tier 3 Rate. In effect, this is what the calculation would be if you have a ¾” water meter and used 59,000 gallons in a month:

Tier 1: 11,000 gallons x (\$0.71/1,000 gallons) = \$ 7.81
Tier 2: 23,000 gallons x (\$0.89/1,000 gallons) = \$20.47
Tier 3: 25,000 gallons x (\$1.07/1,000 gallons) = \$26.75
Tier 4: 0 gallons x (\$1.42/1,000 gallons) = \$ 0.00
Total: 59,000 gallons = \$55.03

What is the usage rate for larger meters?

If you have a water meter larger than ¾”, your water usage rate will also be based on the four tiers—the only difference will be the number of gallons of water allotted per tier. The following chart shows the differences based on meter sizes:

Gallons of Water per Tier by Meter Size

Meter Size	Tier 1	Tier 2	Tier 3	Tier 4
¾”	11	34	65	65+
1”	18	57	109	109+
1-½”	37	113	216	216+
2”	59	181	346	346+
3”	110	340	650	650+
4”	220	680	1,300	1,300+
6”	458	1,417	2,709	2,709+
8”	587	1,813	3,466	3,466+
10”	1,063	3,287	6,284	6,284+

**Numbers shown are thousands of gallons per month*

With this chart in mind, if you had a 3” meter and used 200,000 gallons of water in a month, this is what your water usage rate would be under the new tiered system:

Monthly Water Usage Rate for a 3” Meter

Tier	Volume (gallons)	Rate (\$/1,000 gallons)
1	0 - 110,000	\$0.71
2	110,001 - 340,000	\$0.89
3	340,001 - 650,000	\$1.07
4	650,000 +	\$1.42

Tier 1: 110,000 gallons x (\$0.71/1,000 gallons) = \$78.10
Tier 2: 90,000 gallons x (\$0.89/1,000 gallons) = \$80.10
Tier 3: 0 gallons x (\$1.07/1,000 gallons) = \$ 0.00
Tier 4: 0 gallons x (\$1.42/1,000 gallons) = \$ 0.00
Total: 200,000 gallons = \$158.20

As you can see, while each tier’s rate remains the same, regardless of the meter size, the allotment of water volume within each tier increases as meter sizes increase.

How were the rates/volumes determined?

The City of Orem references guidelines published by the American Water Works Association (www.awwa.org) to determine the water meter base rates and the associated tier volumes. As a result, as meter sizes increase, the corresponding tier volumes increase. In addition, historical monthly water use data based on meter size was used to determine the four water conservation tiered volumes.

For more detailed information, please visit:

utilities.orem.org