

# THE RATE SETTING PROCESS

Rates are updated annually to generate sufficient revenue to fund operations, maintenance and other support activities related to wastewater treatment.

The methodology used to update rates involves five basic steps:

1. determine revenue required from rates;
2. allocate revenue requirements among billable parameters (wastewater flow, waste strength, solids, and other categories);
3. develop unit costs application to all customers using revenue allocations;
4. determine revenue required from each customer class based on unit costs and discharge from each class; and
5. develop rates for each customer class based on revenue requirements and units of use.

The rates for each customer class are based on appropriate units of use. Some examples of units of use are shown below:

<b>CLASS</b>	<b>UNITS OF USE</b>
Residential (Multi-Family)	Number of living units
Hotels/Motels	Number of rooms
Restaurants	Number of seats
Schools	Number of students/teacher/ administration (population)

Industrial and some commercial users are charged using the standard unit costs along with the applicable flow, strength, etc. of that waste. For some user categories there may be a cost increase; for others it may stay the same or even decrease. The calculation is based on historic data, state imposed standards and local flow information.

Because of the above annual process, the percentage adjustment for each customer class may be different.