Full-Cost Water Pricing for Sustainable Community Water Systems

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Water Infrastructure

- Illinois water infrastructure = D-plus.
- Cost of addressing over $21.5 billion.
- High costs on communities
- Economic conditions
Why Pricing?

Figure 5. Planning context of full-cost pricing

1. Conduct Business Environmental Analysis
2. Understand the Elements of a Strategic Business Plan
3. Implement a Strategic Business Planning Process

1. Review the Requirements in the Strategic Business Plan
2. Develop Comprehensive Facility Master Plan
3. Determine and Schedule Capital Requirements

1. Derive Capital Financing Plan
2. Determine Annual Operating and Capital Requirements
3. Calculate Fees and Charges
4. Evaluate Impact on Customers

Analogy: What is the Full Cost of Driving?

- Gas
- Maintenance
- Operation
- Financing
- Road Construction & Maintenance
- Traffic Congestion
- Emissions Impacts

The Pricing Gap
The Value Gap
Community-specific Rate Design: Art, Politics, Science

Simplicity

Revenue Adequacy

Revenue Stability

Ease of Implementation

Equitability

Water Conservation

Affordability

Rate Design

Build Community Support

Figure 12. Communicating the value of tap water

Source: Association of California Water Agencies (ACWA)'s “The Best Deal Around” messaging campaign.
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Questions?
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