



Customer Rate Meeting

Rate Structures Changes

September 20, 2023

**Southeastern Colorado Water
Activity Enterprise**



Current Rate Structure

Rate Subcommittee of the Enterprise Board met during the first part of 2023.

Goals:

- Revenues must meet Revenue Requirement in Financial Model
- Simplify the Rate Structure
- Equitable to Customers

Water Rates for 2023						
Description	Water Rate (\$)	Safety of Dams (\$)	Water Activity (\$)	Environmental Stewardship (\$)	Augmentation (\$)	Proposed Total Charge (\$)
Project Water Sales						
Irrigation	13.14	0.50	0.75	0.75	--	15.14
Municipal	13.14	0.50	1.50	0.75	--	15.89
Project Water Sales used for Well Augmentation						
Irrigation for Well Augmentation	13.14	0.50	0.75	0.75	2.60	17.74
Municipal for Well Augmentation	13.14	0.50	1.50	0.75	2.60	18.49
Storage Charges						
Winter Water Storage*	2.80	0.25	--	0.75	--	3.80
Carry-Over Project Water	--	1.00	1.25	0.75	--	3.00
If and When Storage						
In District	--	0.50	0.50	0.75	--	1.75
Out of District	--	2.00	4.00	0.75	--	6.75
Aurora	--	--	10.00	--	--	10.00
Project Water Return Flows						
Irrigation	12.00	0.50	--	0.75	--	13.25
Municipal	12.00	0.50	--	0.75	--	13.25

2024 Rate Structure Changes

Approved by the Water Activity Enterprise Board of Directors, August 17, 2023

Water Sales

1. Full Use Water is purchased with the understanding that all Return Flows will be used
2. First Use Water is purchased with the understanding that up to 40% of the water will be available for resale by the Enterprise
3. Return Flows will be sold at the same rate as Full Use Water
4. Uniform Charge for Municipal & Domestic and Irrigation
5. No surcharge on Water Sales

Water Storage

1. Water Activity Enterprise (WAE) Surcharge consolidates all current surcharges
2. WAE Surcharge uniformly applied to all classes of in-District Storage
3. Winter Water contract rate incorporated into WAE Surcharge
4. Out-of-District WAE Surcharge is the same as existing contracted rates.

Correction to a Full Use Water Rate

Determined during Rate Subcommittee meetings in 2023

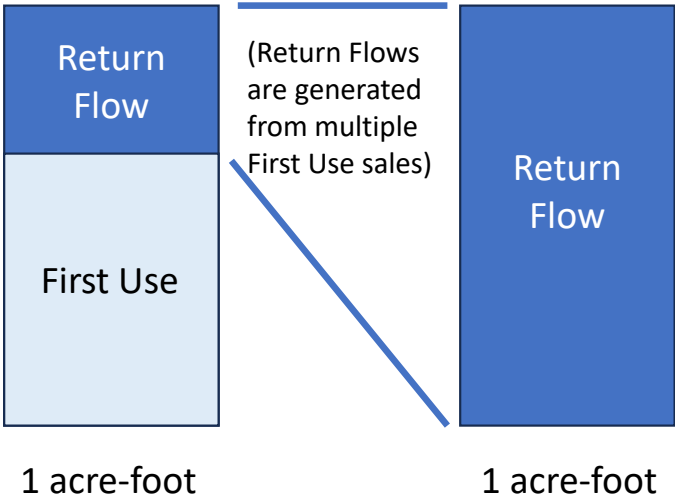
The Enterprise previously based rates on selling an acre-foot of First Use water with the expectation of collecting 40% of the amount to sell as Return Flows. Return Flows are not available on most M&I sales and subsequent Return Flows are not recovered. The Full Use rate covers the First Use and Return Flow up front.

Full Use Charges

Existing Rate:
\$13.14 = 60% First Use Water

Expected Revenue:
\$8.76 = 40% Return Flows

\$21.90 = Full Use Water Rate



Return Flow Charges

Return Flows that can be exchanged into Pueblo Reservoir are *collectively* resold by the acre-foot, at the same price as Full Use water.

\$21.90 = Return Flow Rate

This how Full Use Rate and Return Flow Rate are calculated.

Example of Billing Process

Customer A

10 AF
\$219.00

Full Use, No
Return Flow to
Enterprise

\$21.90
X 10 AF
\$219.00

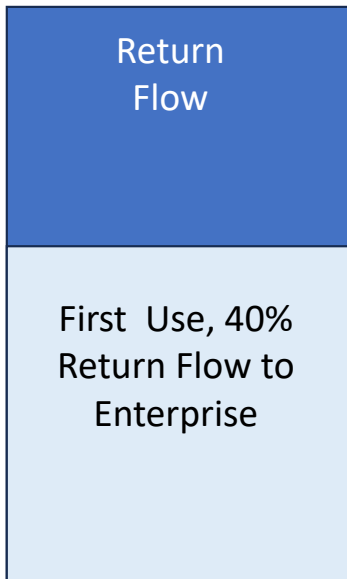
Description	Unit (AF)	\$/Unit	Total
Project Water	10	\$21.90	\$219.00
Return Flow	0	\$21.90	\$0
AMOUNT DUE			\$219.00

A customer planning to use the entire 10 acre-feet would pay \$219 up front with no credit for Return Flows generation.

Example of Billing Process

First Right of Refusal Customer D

10 AF/ 4 AF RF purchased
\$219.00



\$21.90
X 10 AF
\$219.00
X 60%
\$131.40

Return Flow
\$21.90
X 4 AF
\$87.60

Description	Unit (AF)	\$/Unit	Total
Project Water	10	\$21.90	\$219.00
Return Flow (purchased)	4	--	--
AMOUNT DUE			\$219.00

A customer who uses 10 acre-feet with 40% Return Flow would pay \$219 up front, which would cover the full amount of Return Flows that are purchased.

Example of Billing Process

Customer B

10 AF/ 2 AF RF to Enterprise
\$175.20 (after 20% credit)

Return Flow
First Use, 20% RF to Enterprise

$$\begin{array}{r}
 \$21.90 \\
 \times 10 \text{ AF} \\
 \hline
 \$219.00 \\
 \times 80\% \\
 \hline
 \$175.20
 \end{array}$$

Description	Unit (AF)	\$/Unit	Total
Project Water	10	\$21.90	\$219.00
Return Flow (Credit)	2	\$21.90	(\$43.80)
AMOUNT DUE			\$175.20

A customer who uses 10 acre-feet with 20% Return Flow generation would pay \$219 up front and receive a credit of \$43.80 for Return Flows that are generated to be resold by the Enterprise.

Example of Billing Process

Customer C

10 AF/ 4 AF RF to Enterprise
 \$131.40 (after 40% credit)

Return Flow
First Use, 40% Return Flow to Enterprise

\$21.90
X 10 AF
 \$219.00
X 60%
 \$131.40

Description	Unit (AF)	\$/Unit	Total
Project Water	10	\$21.90	\$219.00
Return Flow (Credit)	4	\$21.90	(\$87.60)
AMOUNT DUE			\$131.40

A customer who uses 10 acre-feet with 40% Return Flow generation would pay \$219 up front and receive a credit of \$87.60 for Return Flows that are generated to be resold by the Enterprise.

2024 Water and Storage Rates

Correction for Full Use Water Rates, Surcharge on Storage Only

- *This option applies current rate \$13.14 or **60%** for First Use Water.*
- *Full Use water and Return Flow rates \$21.90 or **100%** water use.*
- *Levelized Water Activity Enterprise surcharge which is applied to all classes of in-District water storage: \$4.52.*
- *Levelized Water Activity Enterprise surcharge which is applied to all classes of out-of-District water storage: \$10.00.*

Description	Proposed Rate and Surcharge (\$/ac-ft)		
	Total Charge	WAE Rate	WAE Surcharge
Project Water			
Project Water First Use 60% used	\$ 13.14	\$ 13.14	\$ -
Project Water Full Use 100% used	\$ 21.90	\$ 21.90	\$ -
Project Water Return Flow 100% used	\$ 21.90	\$ 21.90	\$ -
Storage			
Carryover Project Water	\$ 4.52	\$ -	\$ 4.52
Winter Water	\$ 4.52	\$ 2.80	\$ 1.72
Excess Capacity In District	\$ 4.52	\$ -	\$ 4.52
Excess Capacity Out of District	\$ 10.00	\$ -	\$ 10.00
Excess Capacity Aurora	\$ 10.00	\$ -	\$ 10.00

What to Expect in the future...

➤ Additional Increase of \$0.24 in Water Activity Enterprise Surcharge to all types of In-District Storage.

2025

Description	Proposed Rate and Surcharge (\$/ac-ft)		
	Total Charge	WAE Rate	WAE Surcharge
Project Water			
Project Water First Use	\$ 13.14	\$ 13.14	\$ -
Project Water Full Use	\$ 21.90	\$ 21.90	\$ -
Project Water Return Flow	\$ 21.90	\$ 21.90	\$ -
Storage			
Carryover Project Water	\$ 4.76	\$ -	\$ 4.76
Winter Water	\$ 4.76	\$ 2.80	\$ 1.96
Excess Capacity In District	\$ 4.76	\$ -	\$ 4.76
Excess Capacity Out of District	\$ 10.00	\$ -	\$ 10.00
Excess Capacity Aurora	\$ 10.00	\$ -	\$ 10.00

2026

Description	Proposed Rate and Surcharge (\$/ac-ft)		
	Total Charge	WAE Rate	WAE Surcharge
Project Water			
Project Water First Use	\$ 13.14	\$ 13.14	\$ -
Project Water Full Use	\$ 21.90	\$ 21.90	\$ -
Project Water Return Flow	\$ 21.90	\$ 21.90	\$ -
Storage			
Carryover Project Water	\$ 5.06	\$ -	\$ 5.06
Winter Water	\$ 5.06	\$ 2.80	\$ 2.26
Excess Capacity In District	\$ 5.06	\$ -	\$ 5.06
Excess Capacity Out of District	\$ 10.00	\$ -	\$ 10.00
Excess Capacity Aurora	\$ 10.00	\$ -	\$ 10.00

➤ Additional Increase of \$0.30 in Water Activity Enterprise Surcharge to all types of In-District Storage.

Questions