



Louisiana Rural Water Association (LRWA) Procedure & Example of information needed to conduct a rate study

Please Note:

Municipalities and Political Subdivisions must adopt rates in accordance with applicable State Laws regarding setting rates. (Such as Ordinances, Public Hearings, Etc.) Non-Profit systems must follow the guidelines set forth in Act 444 of 2016 and will require approval from a state or federal agency before rates can be implemented.

1. Signed Request Form from System.
2. Once staff is assigned, the System will provide all required information needed to conduct a rate study in a timely fashion, ***within 60 days.***
3. LRWA Staff compiles the information into the rate study matrix template.
4. LRWA will meet with System management and the board of directors to discuss the results of the rate study and determine a proposed rate to be submitted for review and approval if deemed necessary.
5. Once a proposed rate has been approved by the system board of directors in accordance with the applicable laws, system bylaws, and any other legal requirements the System will submit a request for a rate increase to the appropriate agency.
6. The Request for a Rate Increase to an outside agency from the System will include:
 - A letter on System Letterhead from the Board of Directors: requesting the proposed rate increase, stating the existing rates, and comments regarding the need for a rate increase.
 - Minutes from the meeting where the board of directors voted to request approval of the LRWA Rate Study
 - Proposed documentation regarding the notification of consumers of the proposed rate increase.
 - A copy of the LRWA Rate Analysis Summary with projected Budget, and the LRWA Rate Study Summary Letter provided by LRWA to the system and/or agency.
 - A copy of all supporting documents that LRWA used to conduct the rate study.
7. **Accountability Rule Requirements** – Submission to LDH must include the following:
 - the rate analysis completion report;
 - the completed rate analysis;
 - the rate analysis summary letter that includes the rate analysis findings and recommendations to maintain sustainability; and
 - documentation (such as meeting minutes, ordinance, etc.) that includes the dates that the rate analysis was presented to the legally responsible person/governing board for the community water system and the decision to implement the rate analysis findings.

8. Example of information needed to conduct a rate study:

LRWA will need documentation of all information, please provide copies of the following.

Income/Expense Related Information

- a) All Current Loan Payment Schedules and requirements, per lending agency
- b) Operational Cost Documentation for the prior two years, this can be from either/or:
 - Annual Audit Reports
 - Annual Compilation Reports

- Profit & Loss Reports
 - Income & Balance Sheets
 - *(USDA will require three years of information to be submitted with rate increase requests for non-profit water systems)*
- c)** Number of Delinquent Accounts and Total Delinquent Balance
- d)** Loan Payment/Debt Service Requirement information for any new/proposed project if applicable
- e)** Short-Lived Asset Information (for both current assets and proposed assets)
- f)** Account Balances on all Water or Wastewater Related Accounts (Reserve Accounts, Saving Accounts, Depreciation/Short Live Assets Accounts, etc.)

Water Produced/Purchased & Sold Information

- a)** Amount of Water Produced or Purchased annually in gallons. If wastewater total gallons of wastewater processed annually.
- b)** Number of connections per rate classification, and total gallons of water sold per rate classification. This information needs to be broken down for each rate classification such as:
- Residential Rate
 - Commercial Rate
 - In Town Rate
 - Out-of-Town Rate
 - School Rate
 - Industrial Rate
 - Etc

Note: All information for the rate study should be for the same time period. The system's fiscal year information works best.

Additional Rate Structure Factors

- a)** Current Rate Structures (including all rate classifications)
- b)** Other Revenues such as Sales Tax, Millage Tax, Grant Funds, and/or Fund Transfers from other accounts to Supplement Water System Operation Cost
- c)** Tap Fees and Cost Associated With
- d)** Deposits
- e)** Charges for Services (line extensions & upgrades, upsize meter, etc)
- f)** Disconnect Practices and Reconnect Fees
- g)** Bulk Water Charges (cost of water and other services/equipment required)
- h)** Charges for damages to the system (vehicle accidents, vandalism, etc)

This above list is general in nature, some items listed may not apply to your specific type of system, if you have any questions, please contact the LRWA Staff Member assisting with your rate analysis.