

Sustainability Planning & Rate Setting

Rural Utility Business Advisors (RUBA)



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DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

Infrastructure Symposium

04/08/2026

Sustainability Planning

Rate Setting

Resources



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Sustainability Planning

Sustainability: The ability to be maintained at a certain rate or level long-term.

Water Utility Sustainability: The ability to provide a certain level of water service presently and into the future.

Level of Service: Specific measurable goal or quality standard.

Water Utility Level of Service: Specific quality or standard pertaining to water safety, water treatment, water pressure, water reliability, water service, etc.

Water Utility Sustainability Planning: A guide which sets clear, realistic levels of service and a plan for achieving those levels long-term.



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Components of Sustainability Planning

Staff availability

What staff will you need?

- Clerk
- Bookkeeper
- Administrator
 - Operator
- Back-up Operator
 - Janitor
 - Etc.



Components of Sustainability Planning

Operations & Maintenance

- Daily
- Weekly
- Monthly
- Quarterly
- Annually
- Disaster response
- & Beyond



Sustainability Planning

Components of Sustainability Planning

Revenue available to cover costs

*Shameless plug for our Local Government
Informational Tutorials (LeGITs)
every Thursday at 10:00am*

*4/2/26 topic: Maximizing Your Money
(revenue generation discussed)*



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Sustainability Planning

Components of Sustainability Planning

Cost of service

(Utility Rate Setting – next section!)

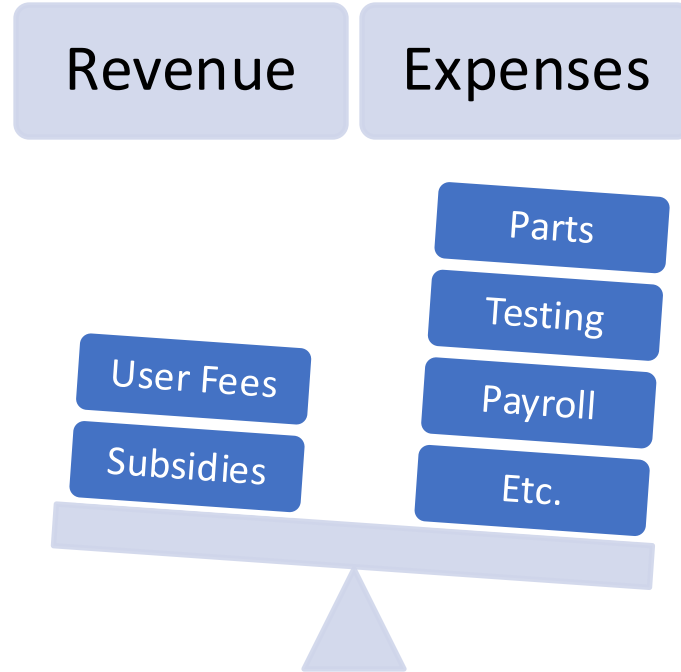
Is the cost affordable to your customer base?
(DEC Affordability Framework Calculations)



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Utility Rate Setting



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Utility Rate Setting

1. Determine Annual Cost of Service

Operations &
Maintenance

+

Repair &
Replacement

+

Annual
expenses

Longer-term
expenses

Chlorine

Electricity

Fuel Oil

Insurance

Parts

Payroll

Phone

Training

Vehicles

Worker's
Comp

Travel

Regula-
tory
Costs

Testing

Repairs

Major
Repairs

Deferred
Maintenance

Replacement



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Utility Rate Setting

2. Determine customer classifications



Residential



Commercial



School

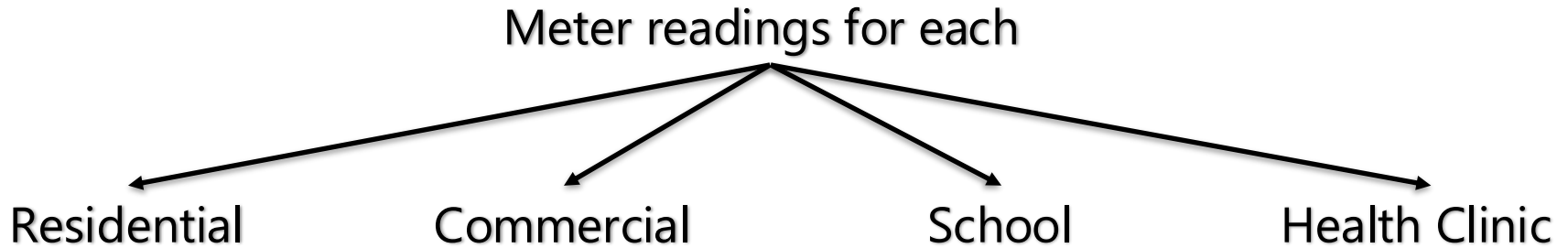


Health Clinic



Utility Rate Setting

3. Determine usage by customer classification



Total water produced – water used by customers =
Calculated Line Loss



4. Determine collection rate

$$\frac{\text{Amount Collected}}{\text{Amount Billed}} = \text{Collection Rate (\%)}$$



Utility Rate Setting

5. Do the math (flat rate)

$$\frac{\left(\frac{\$240,800}{75\%} \right) \left(55\% \right)}{12} \div 200$$

R = monthly flat rate per customer

COS = cost of service

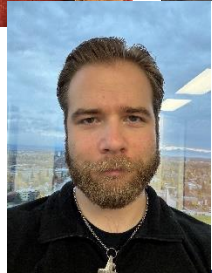
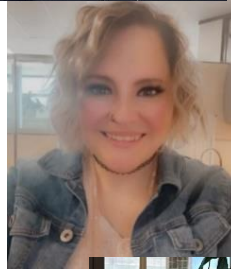
CR = collection rate

%U = percent used by class


N = number of customers in the class



Sustainability Planning & Rate Setting Resources



The Water Rate Calculator Guidebook



State of Alaska
Michael Dunleavy,
Governor
Department of Commerce, Community, and Economic Development
Julie Anderson, Commissioner



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Find your LGS!



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