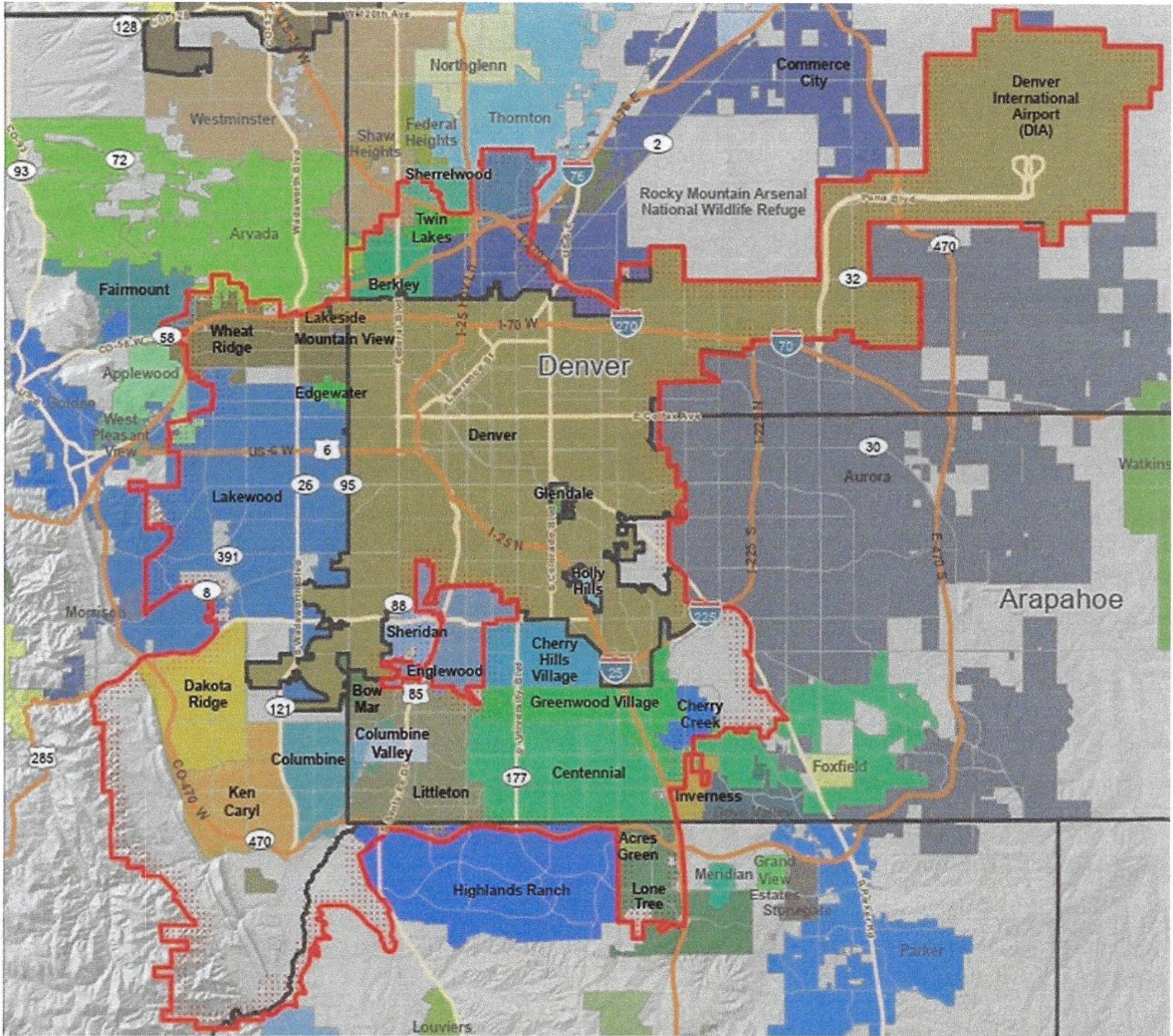


# Drought charges coming for many

Rates start in May; here's how they'll affect bills



Denver Water's service area, outlined in red on the map, includes the city of Denver and several suburban areas, totaling 1.5 million residents. PROVIDED BY DENVER WATER

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Colorado's largest water utility will charge higher rates for some customers to reduce outdoor water use in response to record-low snowpack and widespread drought throughout the state.

Denver Water's board voted Wednesday to implement the higher rates beginning in May. They will remain in effect until April 2027.

The adoption of drought pricing follows the utility's enactment of Stage 1 drought restrictions on March 25, including limits on lawn-watering to just twice per week and a request that customers wait to turn on sprinkler systems until mid-May.

The utility — which serves more than 1.5 million people across the Denver area — has not implemented drought pricing since the historically dry year of 2002. But it's not alone, with Aurora Water this week also adopting drought surcharges.

"Drought charges signal to our customers the premium value of water in a drought, while exempting essential indoor water use," Alan Salazar, Denver Water's CEO, said in a news release Wednesday. "We haven't needed to use this tool in more than 20 years ... and conditions surrounding this year's snowpack and potential runoff are shaping up to rival, and possibly be worse than, those years."

### **How will the extra charges work?**

The cost to customers will depend on how much water each household uses. Customers who use more water will pay higher rates.

Every year, Denver Water calculates each customer's average monthly indoor water use by averaging the water use listed on bills from January, February and March — when there is very little outdoor water use.

Beginning in May, customers will pay a higher rate for water usage that is greater than that indoor usage average. Denver Water will charge customers based on three tiers of water usage that it already uses to disincentivize excessive consumption:

Tier 1: average indoor water usage, calculated based on winter water use, which won't be subject to a surcharge

Tier 2: water used above the indoor water usage level, up to 15,000 gallons per month above that level

Tier 3: excess water used per month that exceeds 15,000 gallons

Under drought pricing, residential customers will pay an additional \$1.10 per 1,000 gallons used in Tier 2 and an additional \$2.20 per 1,000 gallons used in Tier 3.

### **How will this affect your bill?**

For customers inside Denver's city limits, the drought pricing will increase the Tier 2 rate from \$5.44 to \$6.54 per 1,000 gallons once water usage has exceeded the winter baseline. The Tier 3 rate will rise from \$7.25 to \$9.90 per 1,000 gallons used in that category.

The Tier 1 water usage rate of \$3.02 per 1,000 gallons will not change under drought pricing.

Denver Water customers who live in the suburbs pay different base rates but will see the same drought pricing increase.

Denver Water estimates that a single family's annual water bill will rise about \$30 if it reduces water usage by 20% over the year. A family that does not cut its water usage could see its annual bill rise by \$45.

Other types of customers — like irrigators and nonresidential users — also will pay drought fees.

Denver Water's Stage 1 restrictions include an outdoor watering schedule for residents, based on their addresses, with watering limited to before 10 a.m. or after 6 p.m. to reduce evaporation. Watering is permitted for addresses ending with an even number on Sundays and Thursdays, and for addresses ending with odd numbers on Wednesdays and Saturdays.

Raising the prices not only encourages customers to use less water but also helps the utility offset lost revenue from lower usage. Denver Water already has implemented a hiring freeze and reduced spending to prepare for lower revenue, officials said.

"We have tools to address reduced revenue and ensure the organization maintains its financial foundation for when this drought is over," Angela Bricmont, Denver Water's chief financial officer, said in the release.

