

AMERICAN WATER WORKS ASSOCIATION

MANUAL OF WATER SUPPLY PRACTICES

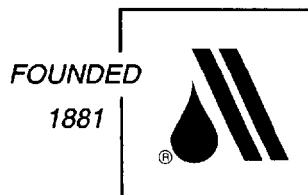
Water Rate Structures and Pricing

AWWA M34

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AWWA MANUAL M34

Second Edition



American Water Works Association

MANUAL OF WATER SUPPLY PRACTICES—M34, Second Edition
Water Rate Structures and Pricing

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Preface

In 1954 the American Water Works Association (AWWA) published the report *Determination of Water Rate Schedules*, later issued as the first AWWA manual on water rates. Since then, AWWA Manual M1, *Water Rates*, has been updated several times, most recently in 1991. With each new edition, the water rates manual has included expanded discussions on water rate designs that differ from the single-class, declining block rates developed in the manual.

Utilities across North America have been developing and implementing water rates that vary from the once-traditional declining block rates. In response to the trend to develop innovative new rates, the AWWA Rates and Charges Subcommittee determined that a manual was needed to discuss rate alternatives being considered and used. In 1992 the subcommittee completed its work and AWWA published Manual M34, *Alternative Rates*.

The Rates and Charges Subcommittee recognized the need to update this popular manual as the use of new rate alternatives continued to grow through the 1990s. This updated manual expands on the previous edition by providing new rate alternatives, expanded discussions, and more current guidance. The manual has been given a new title to better reflect its contents. The rate structures and pricing policies are no longer alternatives—in many cases they are typical. While declining block rates were once considered the norm, they are now presented as one of the alternatives to consider.

As with all the rate-related books prepared by the Rates and Charges Subcommittee, this manual will not prescribe solutions. Rather, it is intended to provide guidance and advice. The examples presented are just that—examples. The underlying data and assumptions are not endorsed or recommended by AWWA or the Rates and Charges Subcommittee for use elsewhere. The purpose of this manual is to describe the different rate forms, enumerate the advantages and disadvantages of various alternatives, present likely effects on customers and the utility, and provide information to determine which rate structures are most relevant to a particular situation.