



Water & Sewer Rate Study  
Rate Recommendations

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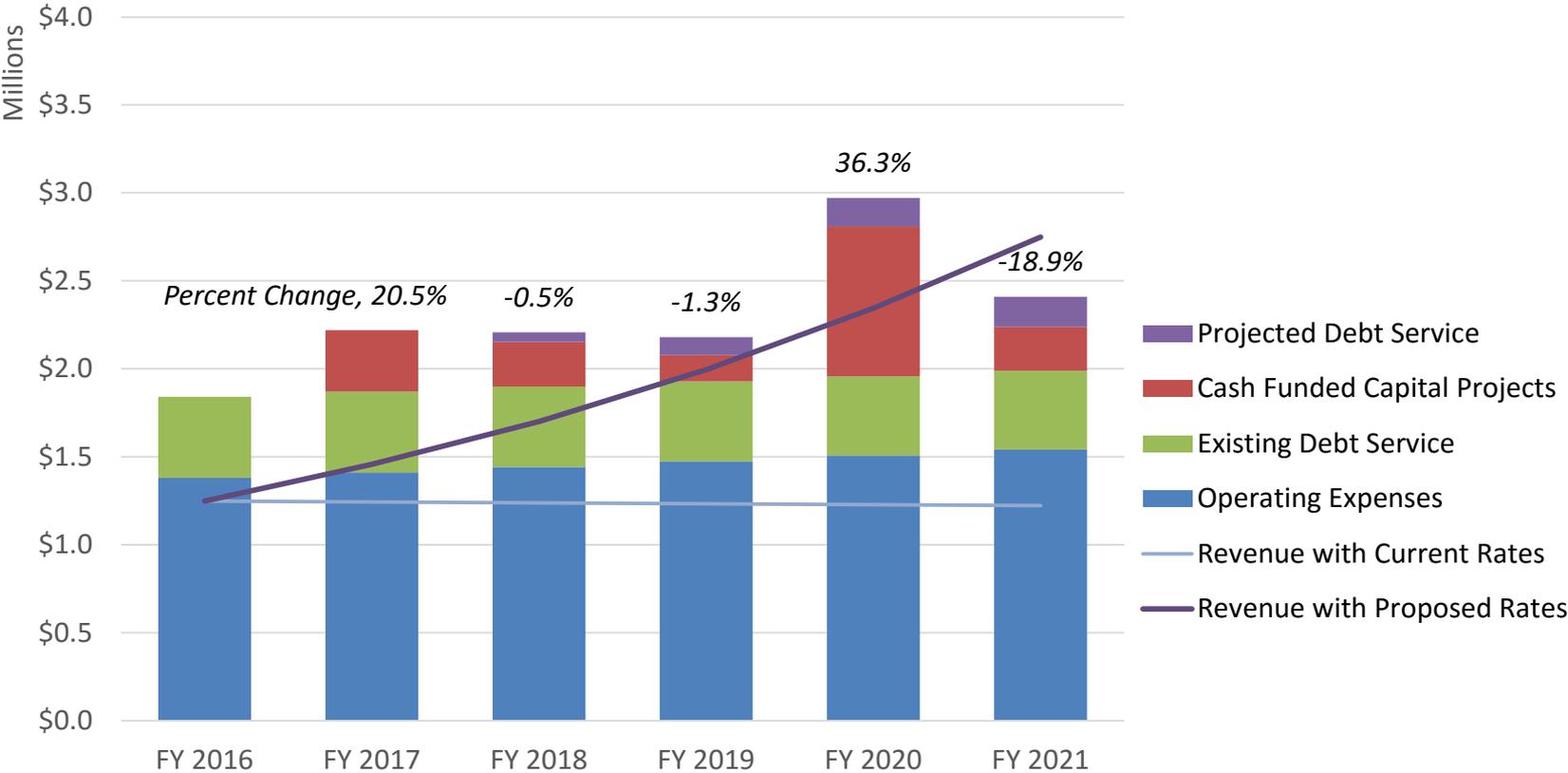
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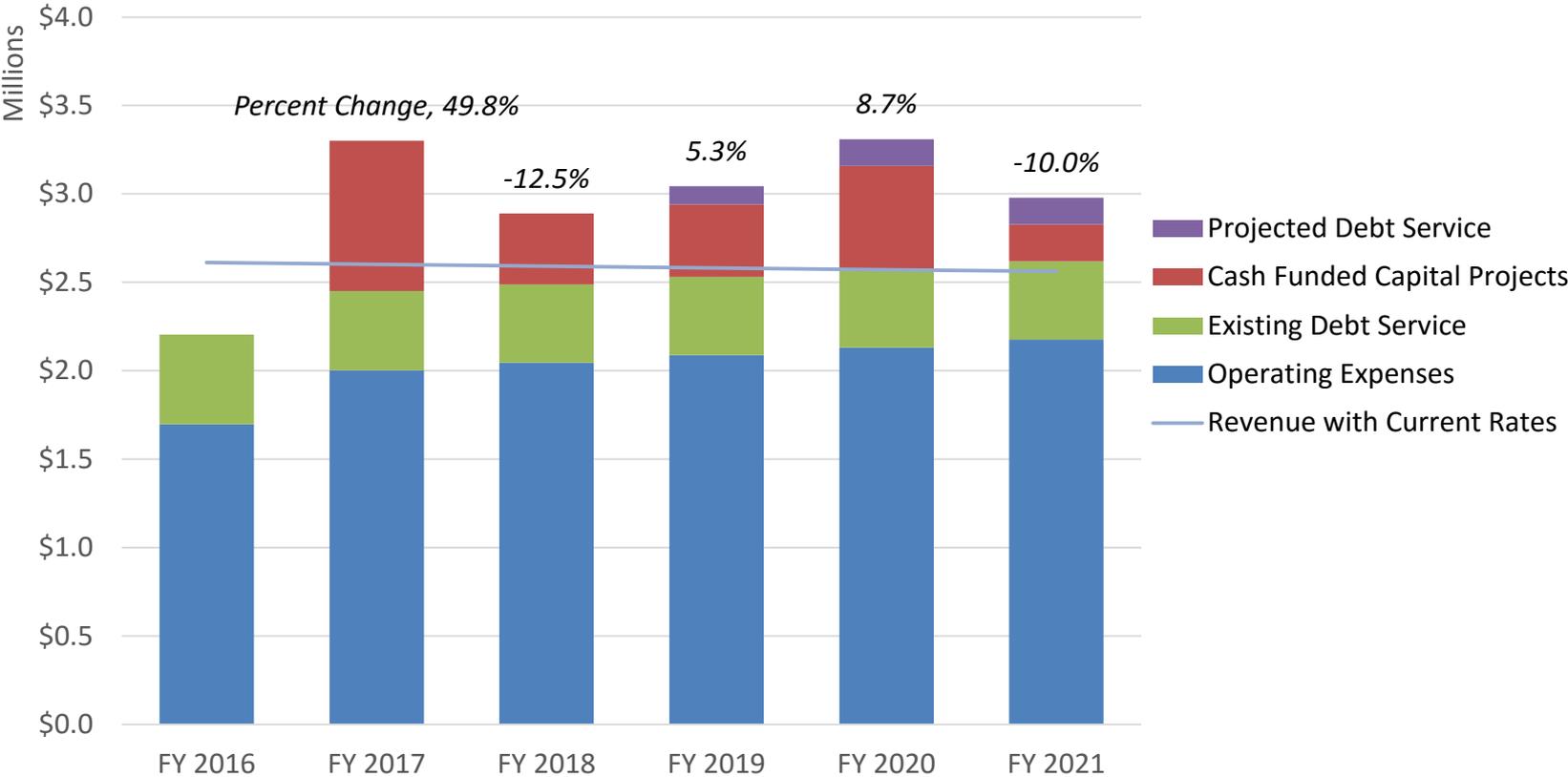
# Factors Affecting Rates

- Operating and maintenance expense changes
  - 2.0% escalation rate per year
- Capital improvement plans (aging infrastructure/regulatory compliance)
- Debt service (existing and future debt)
- Customer and consumption changes
  - No customer growth (0.0% per year)
  - Slight decrease in consumption (-0.5% per year)
- Miscellaneous revenue
  - No revenue growth (0.0% per year)
- Minimum cash balance
  - \$2,000,000 for water by the end of FY 2021
  - \$3,000,000 for sewer (maintained through FY 2021)

# Revenue Requirements vs. Revenue - Water



# Revenue Requirements vs. Revenue - Sewer



*There are no proposed rate increases for sewer*

# Rate Design

- Water
  - Semi-annual fixed charges (per meter size ratio equivalent)
  - Four tiered volume rates (charged per 100 cubic feet)
- Sewer
  - Semi-annual fixed charge (per bill)
  - One unit volume rate (charged per 100 cubic feet)

# Fixed Charge Equivalents

Meter Size (inches)	Water			Sewer		
	Customers	Meter Ratio	Equivalents	Customers	Meter Ratio	Equivalents
<b>5/8</b>	3,381	1.0	<b>3,381</b>	2,524	1.0	<b>2,524</b>
<b>3/4</b>	23	1.5	<b>35</b>	15	1.0	<b>15</b>
<b>1</b>	72	2.5	<b>180</b>	61	1.0	<b>61</b>
<b>1 1/2</b>	64	5.0	<b>320</b>	51	1.0	<b>51</b>
<b>2</b>	63	8.0	<b>504</b>	56	1.0	<b>56</b>
<b>2 1/2</b>	-	12.0	-	-	1.0	-
<b>3</b>	4	15.0	<b>60</b>	2	1.0	<b>2</b>
<b>4</b>	4	25.0	<b>100</b>	3	1.0	<b>3</b>
<b>6</b>	-	50.0	-	-	1.0	-
<b>Total</b>	<b>3,611</b>		<b>4,580</b>	<b>2,712</b>		<b>2,712</b>
Unmetered	134			27		

*Almost 99% of customers are billed semi-annually with the remainder billed monthly*

# Proposed Water Rates

## Semi-Annual Fixed Charges (per meter equivalent)

Meter Size	Meter Ratio	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
5/8	1.0	\$19.00	\$22.30	\$26.20	\$30.80	\$36.20	\$42.50
3/4	1.5	\$28.40	\$33.45	\$39.30	\$46.20	\$54.30	\$63.75
1	2.5	\$47.10	\$55.75	\$65.50	\$77.00	\$90.50	\$106.25
1 1/2	5.0	\$94.70	\$111.50	\$131.00	\$154.00	\$181.00	\$212.50
2	8.0	\$151.50	\$178.40	\$209.60	\$246.40	\$289.60	\$340.00
2 1/2	12.0	\$227.30	\$267.60	\$314.40	\$369.60	\$434.40	\$510.00
3	15.0	\$284.20	\$334.50	\$393.00	\$462.00	\$543.00	\$637.50
4	25.0	\$473.70	\$557.50	\$655.00	\$770.00	\$905.00	\$1,062.50
6	50.0	\$947.20	\$1,115.00	\$1,310.00	\$1,540.00	\$1,810.00	\$2,125.00

## Volume Rates (per 100 cubic feet)

Tier	Semi-Ann. Usage (cf)	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Tier 1	0 - 2,000	\$2.40	\$2.80	\$3.30	\$3.90	\$4.60	\$5.40
Tier 2	2,001 - 25,000	\$4.10	\$4.80	\$5.60	\$6.60	\$7.80	\$9.20
Tier 3	25,001 - 100,000	\$3.20	\$3.80	\$4.50	\$5.30	\$6.20	\$7.30
Tier 4	Over 100,000	\$2.90	\$3.40	\$4.00	\$4.70	\$5.50	\$6.50

## Semi-Annual Unmetered Customer Charge

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Flat Charge	\$201.00	\$236.20	\$277.50	\$326.10	\$383.20	\$450.30

# Proposed Sewer Rates

Semi-Annual Fixed Charge (per bill)						
	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
All Meter Sizes	\$98.00	\$98.00	\$98.00	\$98.00	\$98.00	\$98.00

Volume Rate (per 100 cubic feet)						
	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Unit Rate	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90	\$5.90

Semi-Annual Unmetered Customer Charge						
	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Flat Charge	\$359.00	\$359.00	\$359.00	\$359.00	\$359.00	\$359.00

# What's the impact on typical customers (5/8 inch meter size)?

User	Semi-Annual Usage (cf)	Semi-Annual Bill					
		Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Minimal User (10 <sup>th</sup> percentile)	900	\$191.70	\$198.60	\$207.00	\$217.00	\$228.70	\$242.20
Small User (25 <sup>th</sup> percentile)	1,600	\$249.80	\$259.50	\$271.40	\$285.60	\$302.20	\$321.30
Median (50 <sup>th</sup> percentile)	2,500	\$333.00	\$347.80	\$365.70	\$387.30	\$412.70	\$442.00
Large User (75 <sup>th</sup> percentile)	4,000	\$483.00	\$508.30	\$538.20	\$574.80	\$618.20	\$668.50
Excessive User (90 <sup>th</sup> percentile)	6,400	\$723.00	\$765.10	\$814.20	\$874.80	\$947.00	\$1,030.90

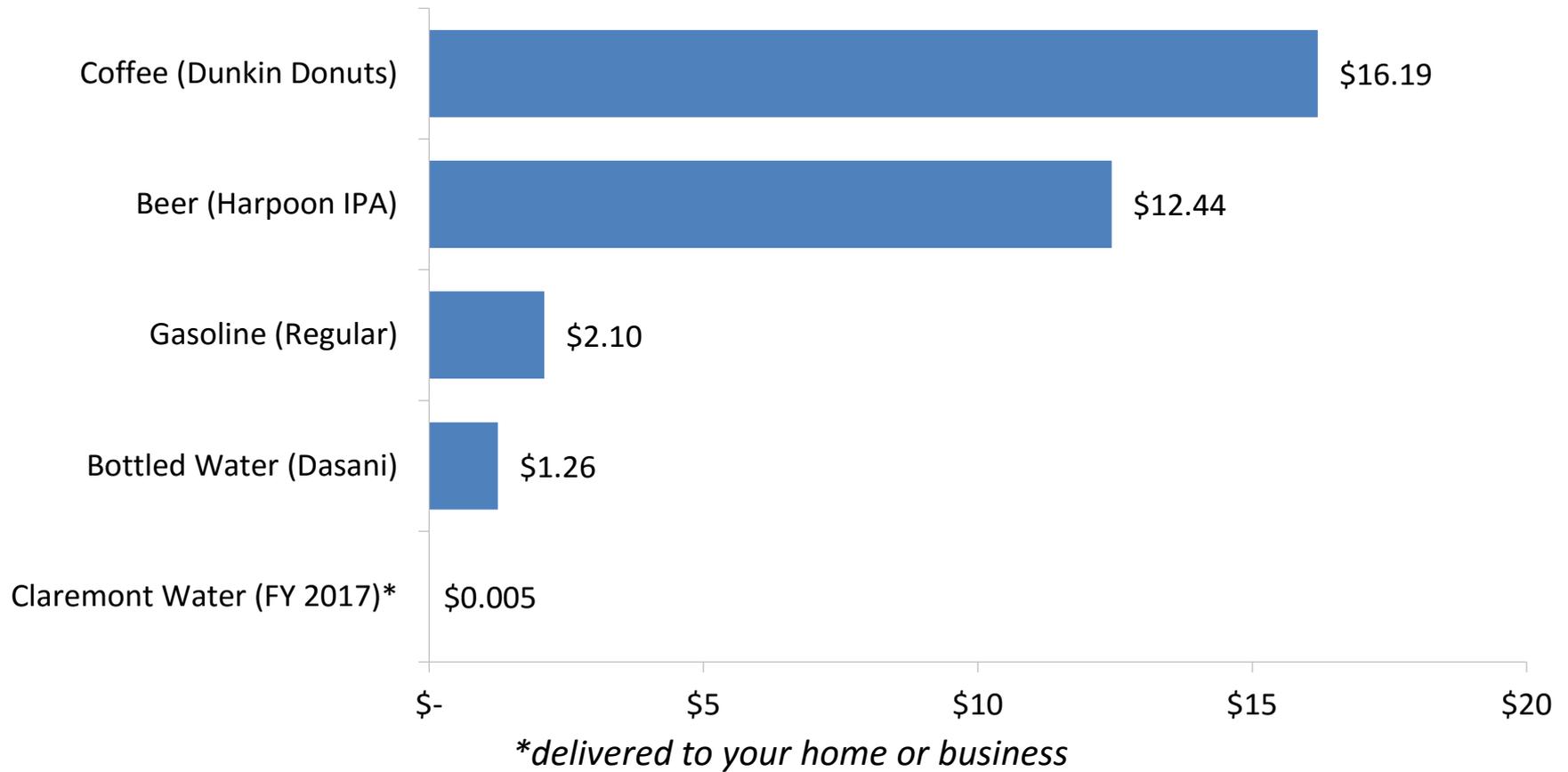
Median User (50 <sup>th</sup> percentile)	Increase from Previous Year Bill					
	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Semi-Annual		\$14.80	\$17.90	\$21.60	\$25.40	\$29.30
Monthly		\$2.47	\$2.98	\$3.60	\$4.23	\$4.88
Daily		\$0.08	\$0.10	\$0.12	\$0.14	\$0.16

# FY 2017 Combined Semi-Annual Bill Comparison\*



\*5/8 inch meter and 2,500 cubic feet of usage (median for Claremont customers)

# Value of Water (Cost per Gallon)



*The cost of bottled water is over 250 times that of Claremont tap water*

# Recommendations

- Adopt the recommended water and sewer charges and rates for the planning period FY 2017 to FY 2021
- Eliminate the fixed charge for 2 ½ inch meter size
- Review charges and rates on an annual basis and revise as needed; consider a full cost of service study for all rates and fees every four to five years