

Public Hearing Water and Wastewater Rates May 7, 2007

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Manager

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Proposed Wastewater Rates

◆ Overview

- CPNMD operates approximately 45 miles of wastewater pipelines throughout the District
- Operates 8 Lift Stations
- Treatment of Wastewater is provided by Plum Creek Wastewater Authority
- CPNMD contributes approximately 16% of total PCWA influent
- Current daily discharge 690,000 gallons per day

Why is a Wastewater Rate Redesign Necessary?

- ◆ To update wastewater rate structure and ensure financial support of ongoing maintenance programs
- ◆ Utilities should be self-sustaining enterprises adequately financed with rates based on sound engineering and economic principles.
- ◆ Rates should be equitable and proportionate to costs of providing service to a given customer
- ◆ Current Wastewater Rates are a flat fee
- ◆ Did not increase Wastewater Rates in 2006

Revenue Requirements

Item	FY2006	FY2007
Total Requirements:		
Operation & Maintenance	\$665,408	\$741,624
Capital	558,230	620,723
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Total	\$1,223,638	\$1,362,347
less:		
O&M Non-Rate Revenues	\$18,556	\$18,556
Capital Non-Rate Revenues	27,235	27,235
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Subtotal Non-Rate Revenues	\$45,791	\$45,791
User Charge Requirements:		
Operation & Maintenance	\$646,852	\$736,299
Capital	530,995	611,048
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Total	\$1,177,847	\$1,347,347

Usage Characteristics

Flow and Number of Bills by Customer Class for 2007

Customer Class	Flow (MG)	Customer (Bills)	SFEs
Residential	195.43	37,827	3,152
Townhouse	7.39	756	166
Commercial	31.80	482	186
Outside Residential	18.42	2,832	236
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	253.04	41,897	3,740

Usage Characteristics

Summary of Customer Service Characteristics

Customer Class	Flow (MG)	Customer (Bills)	SFEs
Residential	77.23%	90.28%	84.28%
Townhouse	2.92%	1.80%	4.44%
Commercial	12.57%	1.15%	4.97%
Outside Residential	7.28%	6.76%	6.31%
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	100.00%	100.00%	100.00%

Allocation of Costs

Summary Service by Customer Class for 2007

Customer Class	Flow (MG)	Customer	Total
Residential	\$804,279	\$276,264	\$1,080,544
Townhouse	30,404	5,521	35,926
Commercial	130,868	3,523	134,392
Outside Residential	75,803	20,683	96,486
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Total	\$1,041,355	\$305,992	\$1,347,347

Recommendations

The proposed wastewater rate design includes three components:

- ◆ Volume charge per 1,000 gallons of flow based on December, January and February water use
- ◆ Fixed customer charge per account per bill
- ◆ Fixed capital charge per SFE per bill

Volume charge recovers the following costs

- ◆ A portion of personnel costs
- ◆ Professional and engineering services
- ◆ Laboratory testing costs
- ◆ PCWA treatment charges
- ◆ Electricity and natural gas for lift stations
- ◆ Repair and Maintenance of collection system and lift stations
- ◆ Cash financed improvements, e.g., service vehicles, lift stations, generators, etc.
- ◆ A portion of transfers to reserves

Fixed customer charge per account recovers the followings costs

- ◆ A portion of personnel costs
- ◆ Fees and supplies
- ◆ Billing and customer service

Capital Charge

- ◆ Fixed capital charge recovers 20 percent of total capital costs for lift station improvements and system upgrades
- ◆ Transfers to reserves
- ◆ Capital portion of PCWA's treatment charges.

Volume Rates

Volume Rate per 1000 Gallons by Customer Class

Residential	\$ 3.78
Townhouse	\$ 3.78
Commercial	\$ 3.78
Outside District	\$ 4.73

Customer Charge

Fixed monthly Customer Charge

Residential \$ 7.30

Townhouse \$ 7.30

Commercial \$ 7.30

Outside District \$ 9.13

Capital Charge

Fixed monthly Capital Charge Per SFE

Residential **\$ 1.74**

Townhouse **\$ 1.25**

Commercial **\$ 4.79**

Outside District **\$ 2.18**

Results

- ◆ In general, most residential accounts increase about \$1.30 per month.
- ◆ Those that use less than 4,000 gallons per month will see a slight decrease.
- ◆ Master Metered townhouse customers (HOA's) will see an average \$10 to \$50 decrease in their monthly bill, depending on meter size and estimated flow.
- ◆ Commercial customers' changes in bills will depend on meter size and estimated flows.

Bill Comparison

Customer Class	Meter Size	Average Monthly Flow (kgal)	Existing Bill (2007)	Proposed Bill (2007)	Change in Bill
Residential	3/4"	5	\$26.63	\$27.94	\$1.31
Townhouse	1"	9	53.26	43.81	(9.45)
Townhouse	1 1/2"	12	106.52	57.64	(48.88)
Commercial	3/4"	5	26.63	30.99	4.36
Commercial	1"	22	53.26	100.03	46.77
Commercial	1 1/2"	65	106.52	272.12	165.60
Commercial	2"	90	213.04	385.76	172.72
Outside Residential	3/4"	7	33.29	38.32	5.03

Proposed Water Rates

- ◆ 2007 Budget was based upon a 10% increase in revenues over 2006 from the sale of water. Increase will generate additional \$200,000 in revenue
- ◆ Capital Improvement Fee increased from \$13.00 to \$18.00 per month for a $\frac{3}{4}$ " meter
- ◆ Customer Charge remained the same @ \$7.00 per month
- ◆ Fees from new construction will decrease approximately \$50,000

Reasons Increase is Needed

- ◆ Decrease in revenue received from new construction
- ◆ Electrical Cost for well pumping increased \$68,000 to nearly \$600,000
- ◆ Increase in capital expenditures compared to previous years

Increase By Tier

Tier 1

Existing \$2.80 per 1,000 gallons

Proposed \$3.08 per 1,000 gallons.
Revised to \$2.93 per 1,000 gallons 5-21-07

Tier 2 100.01% - 120.00% over Water Budget

Existing \$3.64 per 1,000 gallons

Proposed \$4.00 per 1,000 gallons.
Revised to \$3.80 per 1,000 gallons 5-21-07

Tier 3 120.01% - 140.00% over Water Budget

Existing \$4.48 per 1,000 gallons

Proposed \$4.93 per 1,000 gallons

Tier 4 Over 140.01% over Water Budget

Existing \$7.84 per 1,000 gallons

Proposed \$8.62 per 1,000 gallons

Sample Water Bill

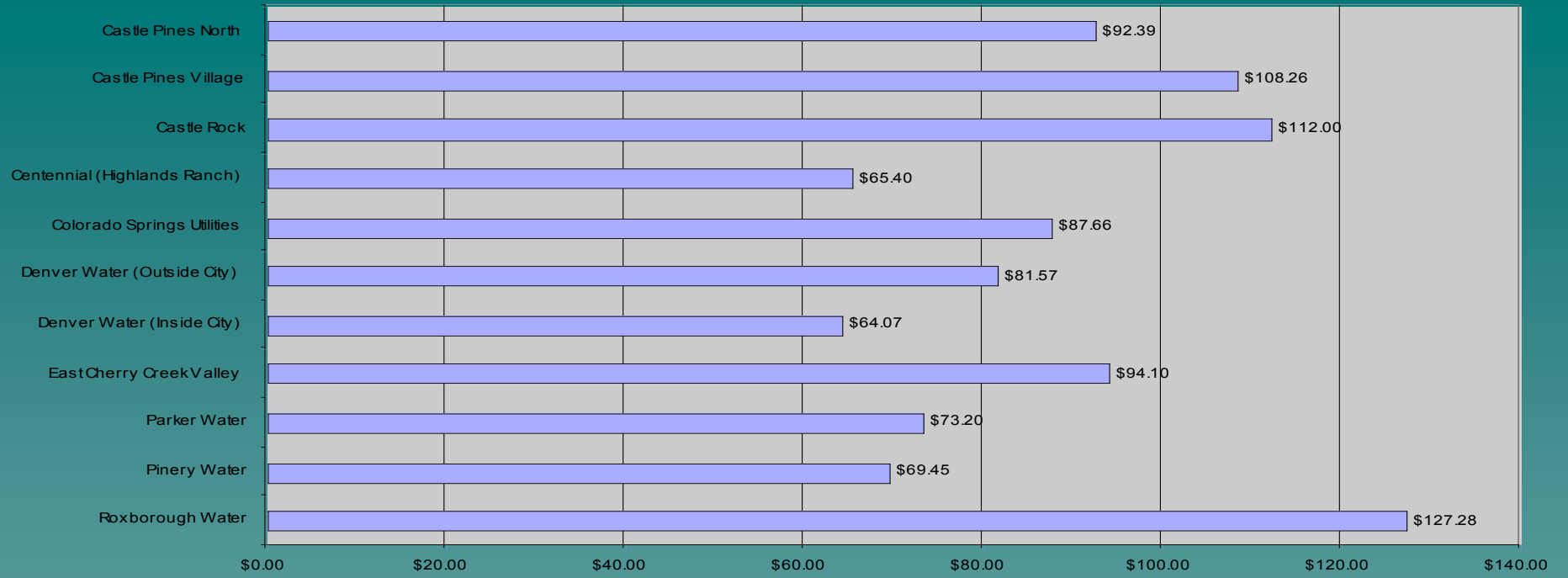
◆ Within Budget Tier 1	23,000 gallons	
– Water Charges		\$67.39
– Customer Charge		\$7.00
– Capital Improvement Fee		\$18.00
	Total	\$92.39

2006 Water Bill \$84.40

*8,250 square foot lot

Rate Comparison

- ◆ Water rates for the irrigation season in CPN were recently compared with other area communities. Shown rates are based on an average 8,250 sq. ft. lot and usage within budget (Tier 1) of 23,000 gallons (sewer and storm water charges not included)



Questions

