



# Town of Exeter

Water and Sewer Rate Study  
Rate Recommendations

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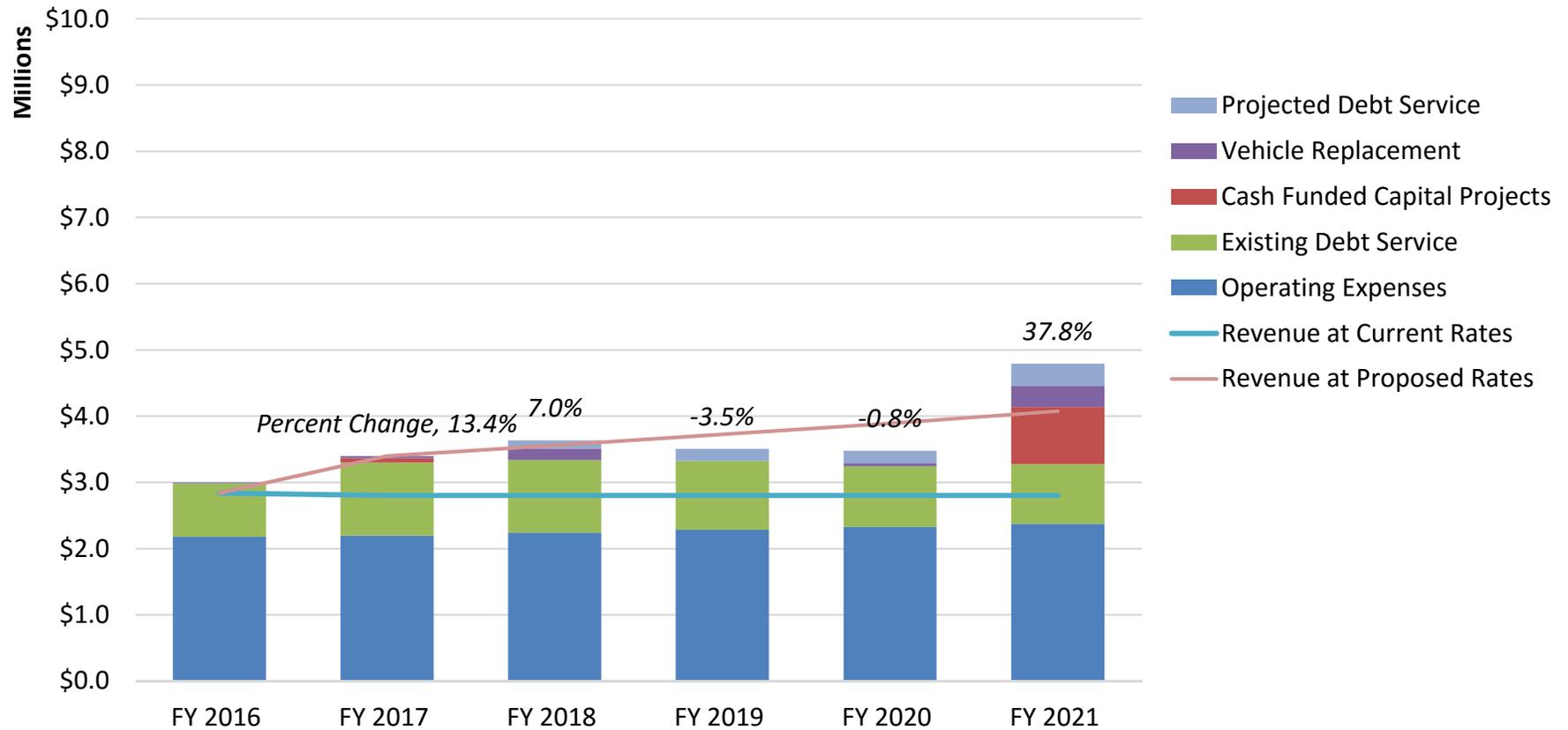
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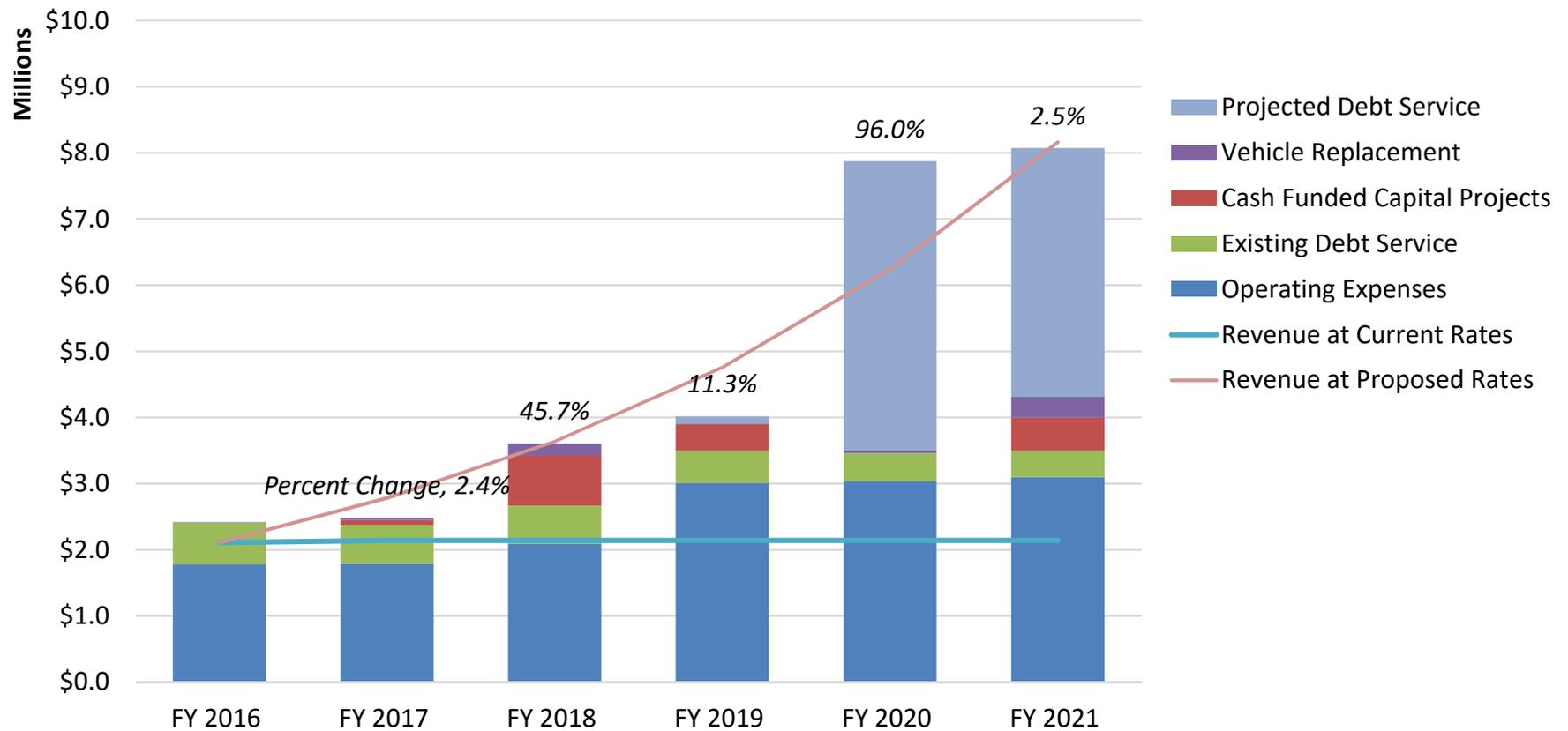
# Factors Affecting Rates

- Operating and maintenance expense changes
  - 2.0% escalation rate per year
  - Additional expenses related to the wastewater treatment facility
- Capital improvement plans (aging infrastructure/regulatory compliance)
  - \$53.58 million Wastewater Treatment Facility (WWTF)
- Debt service (existing and future debt)
  - WWTF (loan for \$53.58 million over 20 years at 2.0% starting in 2020)
- Customer and water usage/sewage generation changes
  - No growth (0.0% per year)
- Miscellaneous revenue changes
  - No growth (0.0% per year)
- Minimum cash balance
  - 90 days of operating expenses

# Revenue Requirements vs. Revenue - Water



# Revenue Requirements vs. Revenue - Sewer



# Rate Designs

## Current Rate Design

- Quarterly water and sewer service charges per bill
- Water and sewer usage rates (per 1,000 gallons)
  - 0 - 29,999 gallons
  - 30,000 – 194,999 gallons
  - Over 194,999 gallons
- Quarterly flat fee sewer customers: service charge plus 10,800 gallons of usage (120 gallons per day x 90 days)

## Alternative Rate Design

- Quarterly water and sewer service charges per bill
- Water and sewer usage rates (per 1,000 gallons)
  - 0 - 21,000 gallons
  - 21,001 – 105,000 gallons
  - Over 105,000 gallons
- Quarterly flat fee sewer customers: service charge plus 10,800 gallons of usage (120 gallons per day x 90 days)

# Projected Rates - Current Design

## Water

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Quarterly Service Charge</b>	\$28.00	\$34.00	\$36.00	\$37.50	\$39.00	\$41.00
<b>Usage Rates (per 1,000 gallons)</b>						
Tier 1 (0 - 29,999)	\$6.86	\$8.37	\$8.76	\$9.17	\$9.61	\$10.06
Tier 2 (30,000 - 194,999)	\$7.45	\$9.09	\$9.51	\$9.96	\$10.44	\$10.93
Tier 3 (Over 194,999)	\$8.00	\$9.76	\$10.22	\$10.69	\$11.21	\$11.73

## Sewer

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Quarterly Service Charge</b>	\$28.00	\$36.00	\$47.50	\$62.50	\$82.50	\$108.00
<b>Usage Rates (per 1,000 gallons)</b>						
Tier 1 (0 - 29,999)	\$4.44	\$5.86	\$7.71	\$10.14	\$13.33	\$17.53
Tier 2 (30,000 - 194,999)	\$5.23	\$6.90	\$9.08	\$11.94	\$15.70	\$20.65
Tier 3 (Over 194,999)	\$5.62	\$7.42	\$9.76	\$12.83	\$16.87	\$22.19
<b>Flat Fee Sewer Customers</b>	\$75.95	\$99.29	\$130.77	\$172.01	\$226.46	\$297.32

*Service charges are set percentages of revenue requirement  
(~15% for water and ~19% for sewer)*

# Projected Rates - Alternative Design

## Water

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Quarterly Service Charge</b>	\$28.00	\$39.50	\$40.50	\$41.50	\$42.00	\$43.00
<b>Usage Rates (per 1,000 gallons)</b>						
Tier 1 (0 - 21,000)	\$6.86	\$7.19	\$7.57	\$7.96	\$8.38	\$8.82
Tier 2 (21,001 - 105,000)	\$6.86/\$7.45	\$8.99	\$9.46	\$9.95	\$10.48	\$11.03
Tier 3 (Over 105,000)	\$7.45/\$8.00	\$10.79	\$11.36	\$11.94	\$12.57	\$13.23

## Sewer

	Current	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Quarterly Service Charge</b>	\$28.00	\$39.00	\$40.00	\$41.00	\$41.00	\$41.00
<b>Usage Rates (per 1,000 gallons)</b>						
Tier 1 (0 - 21,000)	\$4.44	\$5.25	\$7.30	\$10.00	\$13.63	\$18.31
Tier 2 (21,001 - 105,000)	\$4.44/\$5.23	\$6.56	\$9.13	\$12.50	\$17.04	\$22.89
Tier 3 (Over 105,000)	\$5.23/\$5.62	\$7.88	\$10.95	\$15.00	\$20.45	\$27.46
<b>Flat Fee Sewer Customers</b>	\$75.95	\$95.70	\$118.84	\$149.00	\$188.20	\$238.75



*Service charges are set to recover Administration and Billing expense categories*

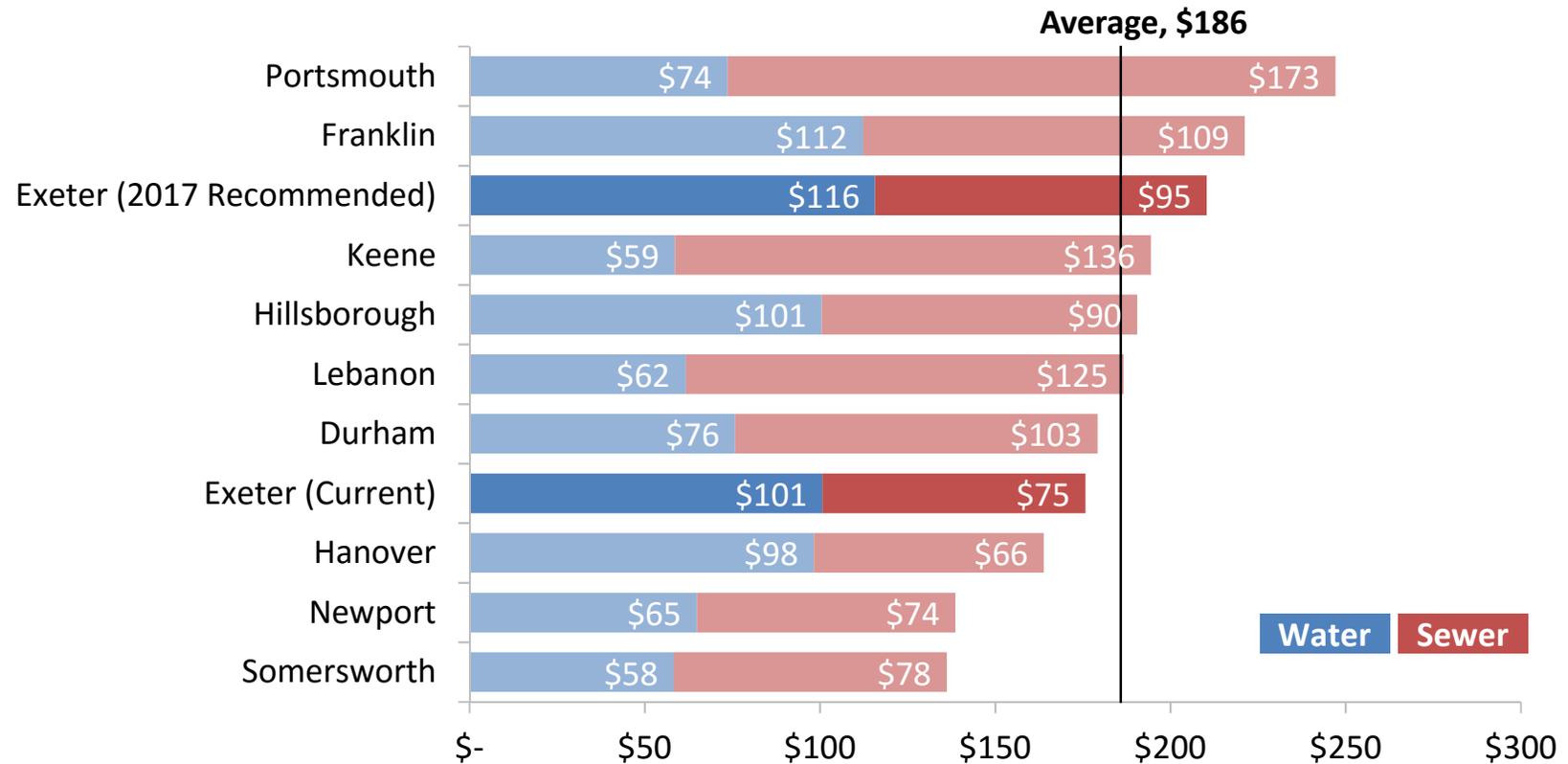
# What's the quarterly bill impact on typical customers (by meter size)?

Meter Size (inches)	Number of Customers	Median Quarterly Usage (gallons)	Current Rates	Current Rate Design	Alternative Rate Design
			FY 2016	FY 2017	
5/8	3,268	10,600	\$175.78	\$220.84	\$210.36
1	125	35,300	\$462.21	\$581.65	\$562.11
1 1/2	78	86,100	\$1,106.35	\$1,393.94	\$1,352.05
2	92	147,000	\$1,878.56	\$2,367.73	\$2,430.08
3	11	512,900	\$6,817.00	\$8,596.77	\$9,261.43
4	2	693,800	\$9,280.86	\$11,704.64	\$12,638.84

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

User (Percentile)	Number of Customers between Percentiles	Median Quarterly Usage (gallons)	Current Rates	Current Rate Design	Alternative Rate Design
			FY 2016	FY 2017	
Minimal User (10th)	337	3,600	\$96.68	\$121.23	\$123.28
Small User (25th)	490	6,600	\$130.58	\$163.92	\$160.60
Median (50th)	814	10,600	\$175.78	\$220.84	\$210.36
Large User (75th)	813	15,900	\$235.67	\$296.26	\$276.30
Excessive User (90th)	488	24,100	\$328.33	\$412.94	\$387.95

# FY 2017 Combined Quarterly Bill Comparison\*



*\*5/8 inch meter and 10,600 gallons of usage (median for Exeter customers)*

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## Discussion / Questions?

