

Mississippi State University Extension Center for Government & Community Development

Generating Needed Revenue Rate Setting

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Presentation Outline

- Customer Consumption
- Water Utility Facts
- Water Utility Comparisons
- Sewer Utility Facts
- Sewer Utility Comparisons
- Overall Utility Comparisons
- Rate Increase Scenarios



Town of XYZ

Customers by Consumption Strata

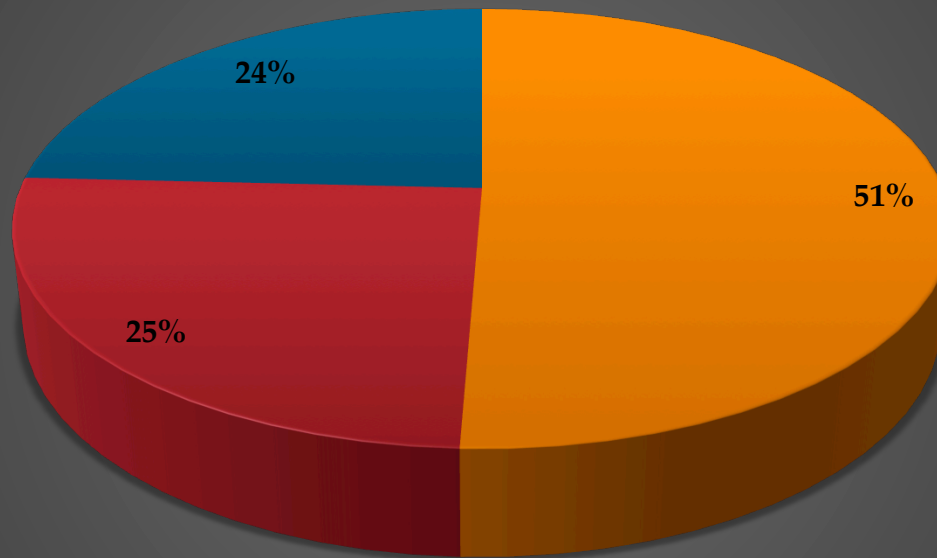
<u>Class</u>	<u># of Customers</u>	<u>% of Customers</u>	<u>Cumulative</u>
0-3,000	161	50.63%	
3,001-5,000	80	25.16%	75.79%
5,000+	77	24.21%	100.00%



Town of XYZ

Customers by Consumption Strata

of Customers



■ 0-3,000 ■ 3,001-5,000 ■ 5,000+



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Town of XYZ

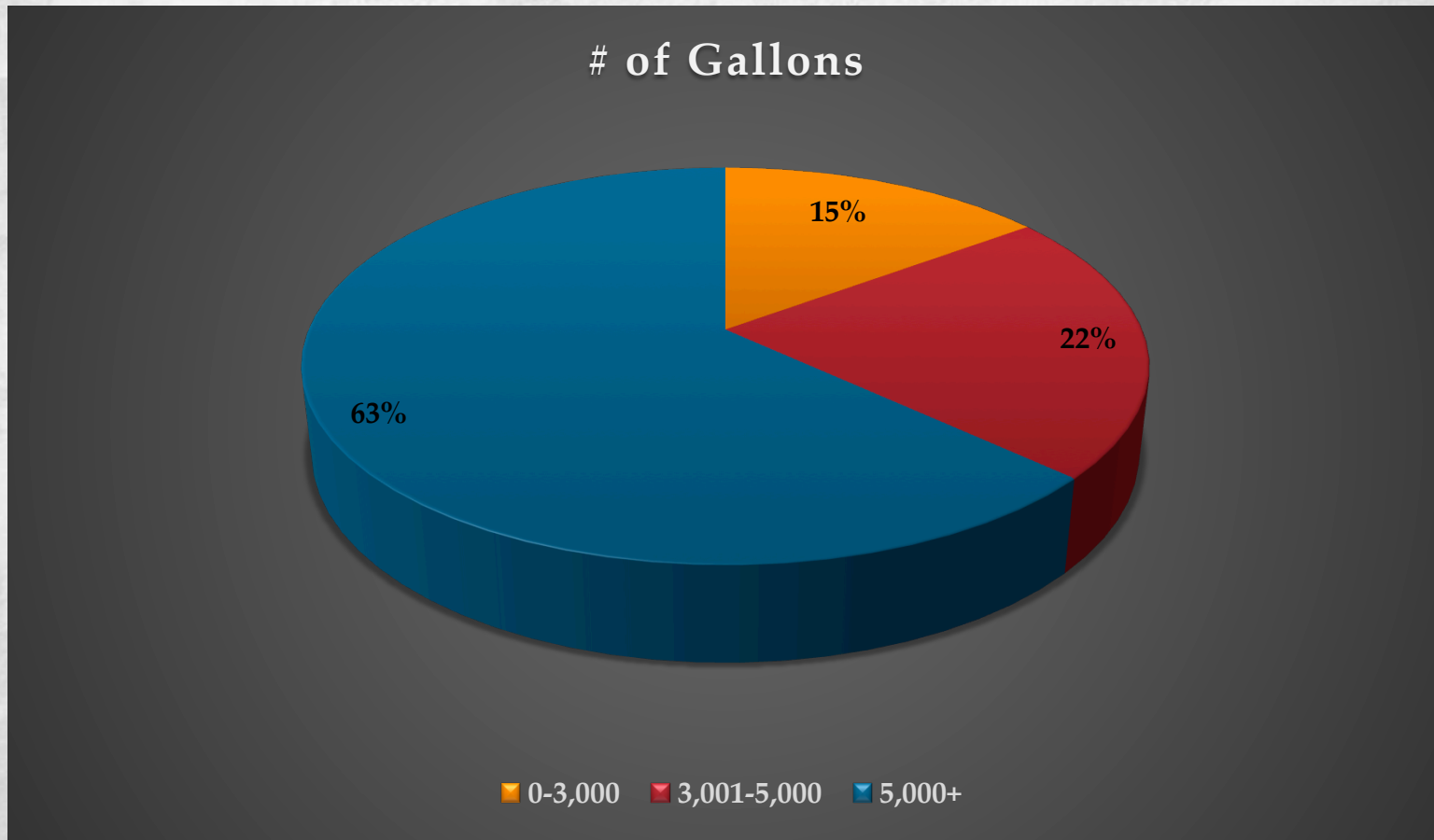
Consumption by Customer Strata

<u>Class</u>	<u># of Gallons</u>	<u>% of Customers</u>	<u>Cumulative</u>
0-3,000	208,300	14.88%	
3,001-5,000	308,300	22.02%	36.90%
5,000+	883,300	63.10%	100.00%



Town of XYZ

Consumption by Customer Strata



Town of XYZ

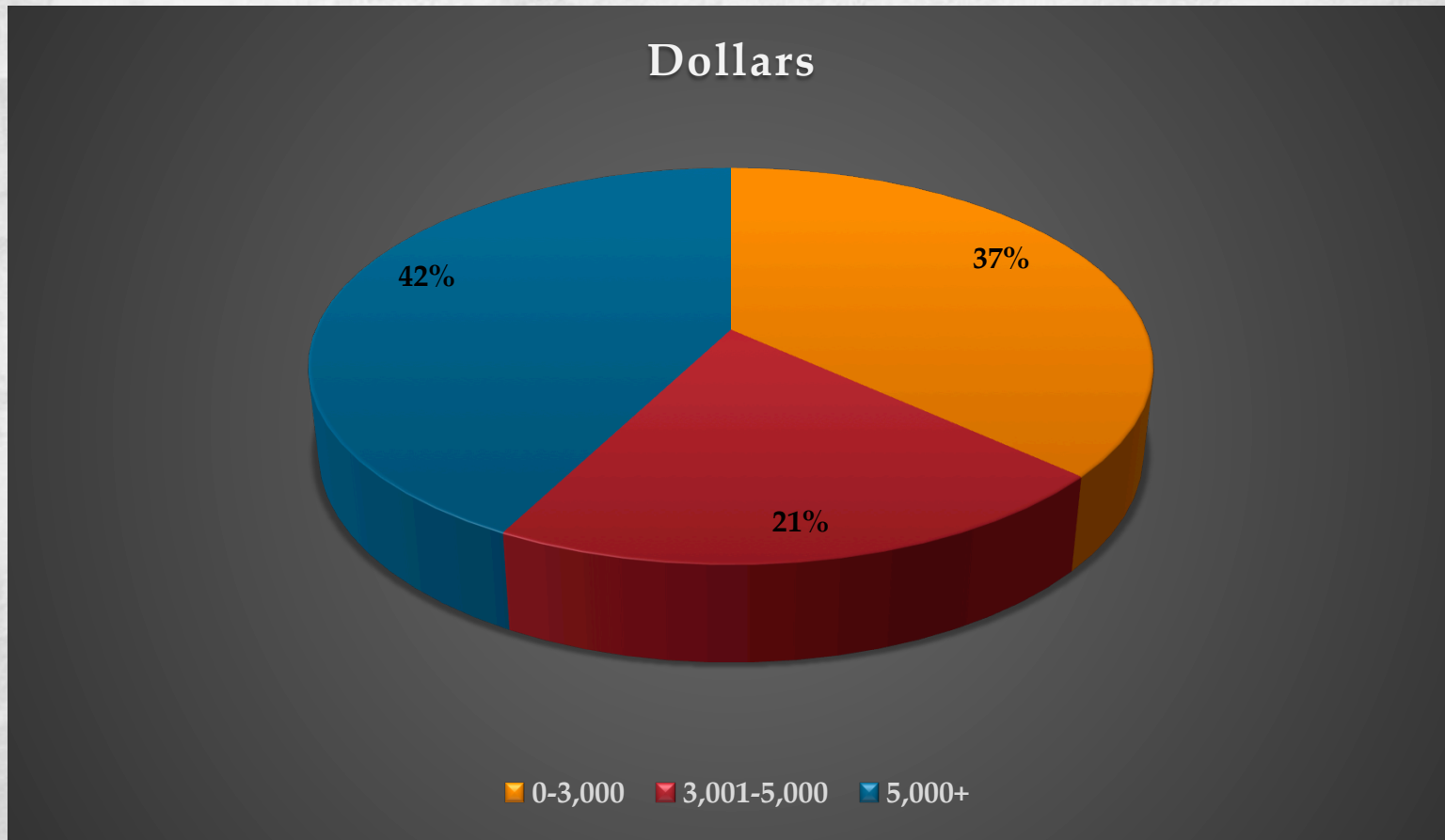
Dollars by Customer Strata

<u>Class</u>	<u>Dollars</u>	<u>% of Customers</u>	<u>Cumulative</u>
0-3,000	\$2,898.00	36.75%	
3,001-5,000	\$1,644.90	20.86%	57.61%
5,000+	\$3,342.90	42.39%	100.00%



Town of XYZ

Dollars by Customer Strata



Town of XYZ

Customers, Gallons, and Dollars

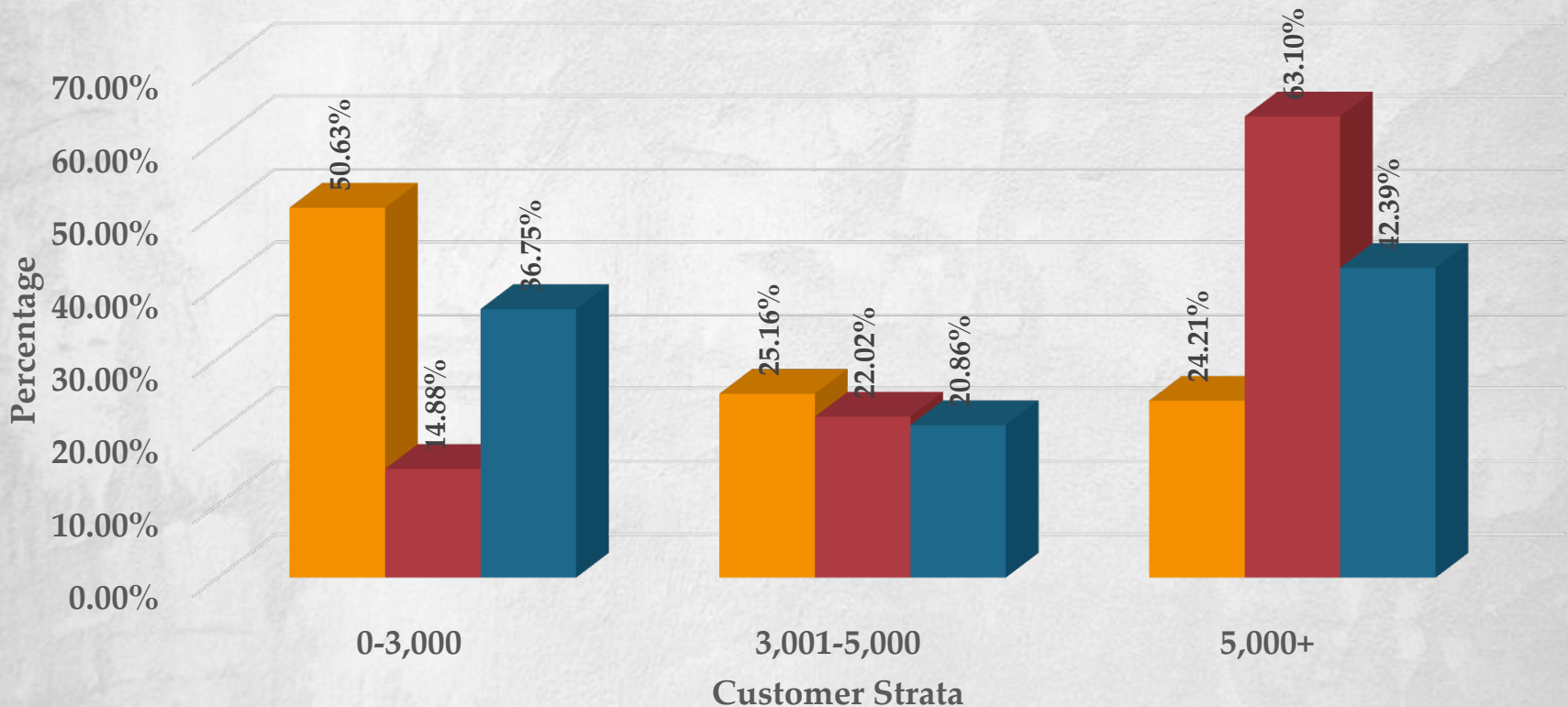
<u>Class</u>	<u>% of Customers</u>	<u>% by Gallons</u>	<u>% by Dollars</u>
0-3,000	50.63%	14.88%	36.75%
3,001-5,000	25.16%	22.02%	20.86%
5,000+	24.21%	63.10%	42.39%



Town of XYZ

Customers, Gallons, and Dollars

Customers, Gallons, Dollars



Town of XYZ Water Utility

- To achieve the USDA-RD minimum of \$32 average monthly bill, XYZ needs to generate \$10,208 per month.
- In order to achieve this, XYZ may adopt the following rate & rate structure:
 - \$22.00 base for 2,000 gallons
 - \$3.60 variable for each additional 1,000 gallons



<u>Projected Monthly Water & Sewer Revenue</u>				<u>Base Gallons</u>
<u>Month</u>	<u>Water Projection</u>	<u>Sewer Projection</u>	<u>Total</u>	
				3,000
January	\$7,224	\$3,573	\$10,797	
February	\$7,471	\$3,872	\$11,343	
March	\$7,176	\$3,619	\$10,794	
April	\$7,903	\$4,082	\$11,985	<u>Water Variable Rate</u>
May	\$8,248	\$4,127	\$12,375	\$3.00
June	\$7,886	\$4,011	\$11,897	
July	\$8,328	\$4,201	\$12,529	<u>Water Base Rate</u>
August	\$8,618	\$4,419	\$13,037	
September	\$9,194	\$4,544	\$13,738	\$18.00
October	\$7,631	\$3,893	\$11,524	
November	\$7,655	\$3,910	\$11,565	<u>Sewer Variable Rate</u>
December	\$7,104	\$3,673	\$10,777	\$2.00
Annual Revenue	\$94,436.40	\$47,923.60	\$142,360.00	
Additional Annual Water Revenue	\$0.00			
Additional Annual Sewer Revenue		\$0.00		<u>Sewer Base Rate</u>
Total Additional Annual Revenue			\$0.00	\$15.00



Public Water Systems!

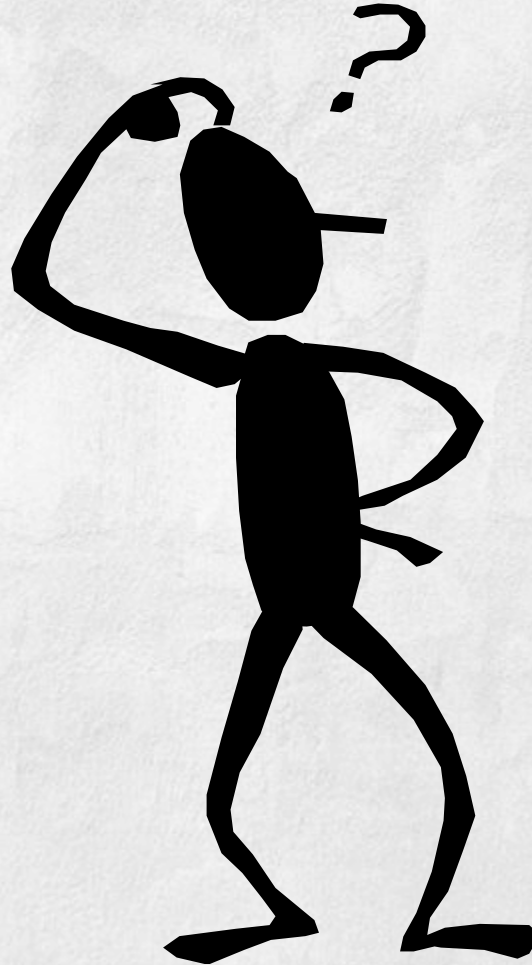
- What are these surveys showing us?
- **Rural (Small) \$16.50 average minimum and \$6.05 per 1,000 gallons!**
- **Municipal (Small) \$13.50 average minimum and \$4.95 per 1,000 gallons!**



Size of System by Meters	Minimum Wastewater Rates	Average		
		2000 or min.	3000	5000
Rural				
0-500	\$14	\$19	\$24	\$31
501-1000	\$16	\$18	\$24	\$32
1001-1500	\$13	\$17	\$23	\$30
1501-2000	\$15	\$15	\$19	\$28
2001 & up	\$25	\$16	\$22	\$31
City/Town				
0-500	\$12	\$16	\$19	\$26
501-1000	\$12	\$13	\$16	\$23
1001-1500	\$13	\$13	\$19	\$26
1501-2000	\$0	\$18	\$23	\$33
2001 & up	\$9	\$10	\$13	\$17



Questions?



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