

Rate Sheet Notes

As of 4-16-21

- **Budget**
 - This section shows the FY21 and FY22 budgets for water and sewer.
- **Notes on Non-Core User Groups**
 - “Industry” rates are for the Stone Corral Brewery’s usage of the wastewater facility.
 - The budgeted total revenue amount is based off of an estimate of the previous year’s usage. This takes into account what Stone Corral will pay for their fixed cost, the BOD premium, and metered costs for wastewater.
 - The **fixed cost** is determined by adding 15% to the Commercial and Government fixed cost. The 15% is to reserve the loading for the BOD.
 - Note: The rate on the sheet is not a formula due to a circular reference. I created a rate calculator on the rate sheet above the Industry and Allocated Accounts to calculate the rate. The rate then needs to be manually entered into the box for the rate calculation.
 - As a brewery Stone Corral pays a **premium per pound for excess Biochemical Oxygen Demand (BOD)**. These rates apply because the brewery produces more of the type of wastewater that requires higher BOD, and there is an additional cost to process the high BOD wastewater. The calculation for this is explained in the “Industrial Billing Policy”. Not all of the Stone Corral’s wastewater is high BOD wastewater, as some of the wastewater is regular wastewater used in the restaurant
 - **Metered Cost for Wastewater** is calculated by subtracting the amount of water that does not enter the wastewater system (i.e. gallons of beer produced) from the metered water. The remainder is the amount of water that is treated at the wastewater facility. Stone Coral is billed at the regular commercial metered wastewater rate for this.
 - "Allocated Accounts" These older accounts that are just holding space for a fee per year. They do this to avoid paying an allocation fee for any gallons needed for a project. They still pay a connection fee/meters/etc....for actual connection.
 - “Allocated Rate Fees” are based on 50% of the fixed fee for the Commercial and Government class.
 - Note: The rate on the sheet is not a formula due to a circular reference. I created a rate calculator on the rate sheet above the Industry and Allocated Accounts to calculate the rate. The rate then needs to be manually entered into the box for the rate calculation.

- **Notes on Non-User Group Revenue**

- “Sale of Water” refers to any sales we make to non-users. For instance a private hauler to fill another water system or to use elsewhere, like in a pool.
- “Fire Protection/Tank Fee”
 - This was instituted in FY16 as a way to help pay for the part of the water tank.
 - The fee is the sum of the following:
 - 48% of the Water Reservoir note
 - 48% of the gap loan
 - 5% of the water budget
 - FY21 Water Reservoir principal and interest is: \$37,705
 - 48% of that is **\$18,098.40**
 - FY21 principal and interest on the gap loan is \$27,832
 - 48% of that is **\$13,359.36**
 - FY21 water budget is \$369,492
 - 5% of that is **\$18,475**
 - Total FY20 Fire Protection is **\$49,932**
 - “Septage Revenue” is revenue generated by accepting septage from private haulers at the Waste Water Plant.
 - “Gateway revenue” is any revenue that would come in with a future expansion of the system to the Gateway. Any costs associated with extending the service lines would be borne by the new users.
 - “Hook-On Fees” are an estimate of revenue generated yearly from hook on fees. The annual total budgeted for hook on fees has remained at a conservative estimate as you cannot accurately predict actual revenue for a given year.
 - “Miscellaneous Fees” cover anything that turns up that is not covered by the other revenue categories. For example, a sale of a piece of equipment.
 - “Interest on Investments” is interest we earn on our bank account.

- **Gallon Usage:**

- The percentage of gallons used is from the percentage of actual gallons used by class in the most recent completed year.
- Residential Sewer usage gallons are lower than Water usage gallons due to farms which do not have sewer.
- Commercial & Government Sewer usage is significantly lower than Water usage because the waste water plant does not pay for sewer but uses about 3M gallons of water per year, which they do pay for.
- The School uses the same gallons in Water and Sewer.
- When forecasting usage for rates, previous year usage is multiplied by 0.98 so rates are a bit higher per gallon to account for usage going down due to conservation.

- **School Rates**
 - To assess a fire protection fee to the school, five percentage points in use are added to the school rate, with a corresponding reduction from Residential and Commercial & Government. The split of the 5% between Residential and Commercial & Government is based on the percentage of the total water used by the two groups combined.
- **Budget Allocations Per Core User Group**
 - This takes the Revenue to be raised from Core Users (The total budgeted revenue less revenue from Non-Core User Groups) and spreads it out between core user groups based on the percentage of use by each user group (taking into account the Fire Protection adjustment in the water group).
- **Rates for Core User Groups**
 - Fixed vs. Metered rates:
 - Fixed fees in general should cover the capital expenses.
 - The allocation between fixed and metered fees within a class is reviewed each year to strike a balance between guaranteeing revenue from fixed fees, while charging heavy users more than light users by using metered fees.
 - Splits between fixed and metered in each group in this version of the rates are based on what was used in FY21.
 - Fixed rate is calculated by taking the user group's share of the cost times the percentage for the fixed rate divided by the number of users in that group.
 - Metered rate is calculated by taking the user group's share of the cost times the percentage for the metered rate divided by the 98% of the gallons used by that user group.
- **Revenue Analysis**
 - This section totals up all the revenue raised by the different user groups and splits it into fixed and variable for both Water and Wastewater.
 - The total of the fixed and metered should equal the budgeted revenue in both Water and Wastewater. There is a "Double Check" line and if those fields equal "0" then the revenue raised by fees equals the budgeted revenue. If it does not equal "0" then there is an error that needs to be corrected.
 - The Capital Budget section shows how much of the capital budget is covered by revenue raised from fixed fees.
- **Sample Rate Changes**
 - This section shows an average annual water and sewer bill for each of the core user groups. The shaded areas show the combined water and sewer fees and how they compare to FY21.
- **Adjustments when actual revenue is over or under budget**
 - Revenues somewhat lower than expected may reduce investments in reserve funds - rather than rate increases.
 - Revenues somewhat higher than expected may be used to make capital purchases, pay down debt, or increase reserve funds - rather than rate decreases.