

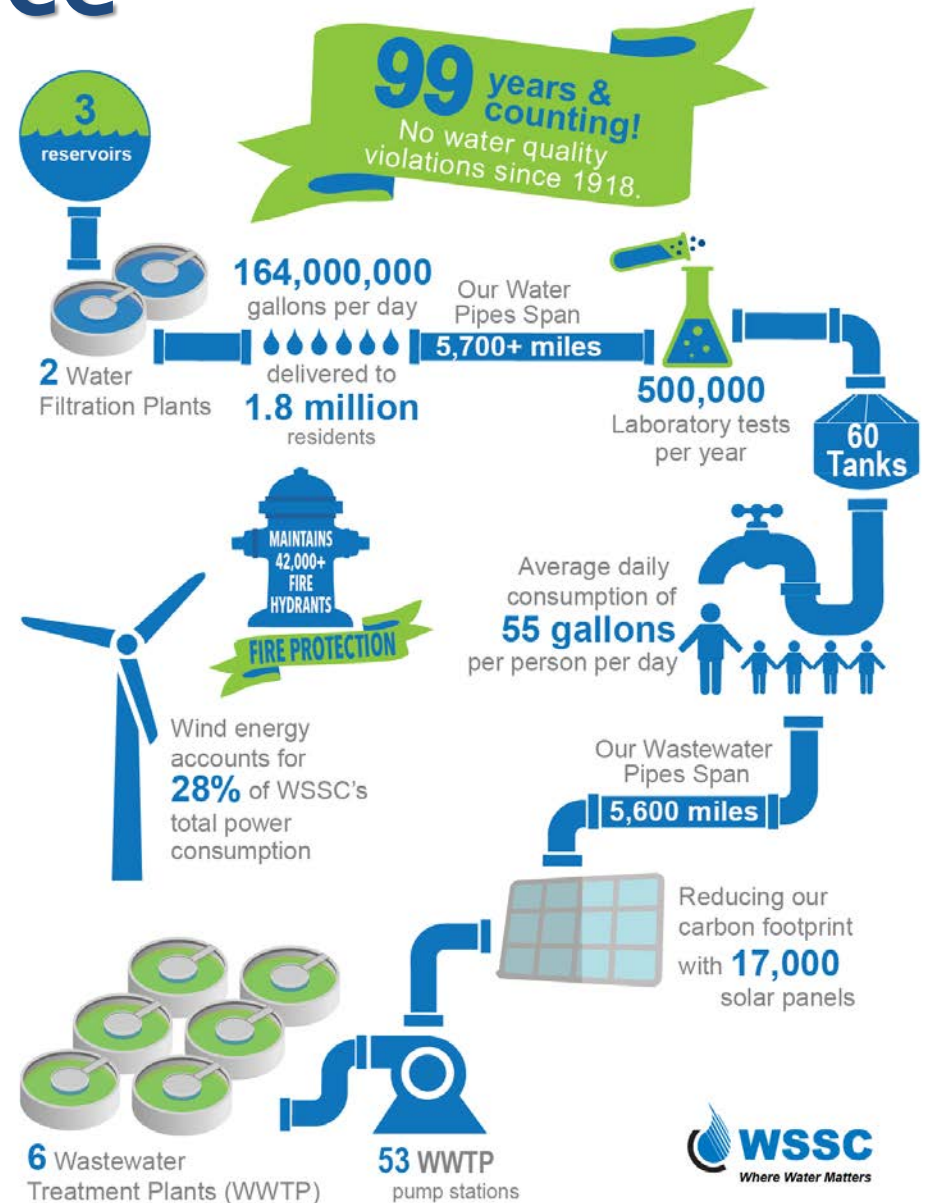
# Proposed New Rate Structure

## Informational Meeting

Monday, June 19, 2017

# WSSC At A Glance

- 2 Water Filtration Plants
- 6 Wastewater Treatment Plants (WWTP)
- 3 Water Storage Dam/Reservoirs
- 60 Water Storage Tanks
- 53 WWTP Pumping Stations
- 42,000+ Fire Hydrants
- 17,000 Solar Panels
- 0 Water Quality Violations



# WSSC Rate Structure Review

- Why Change?
- Examples and Impacts
- Features of a New Rate Structure
- Policy Considerations
- Schedule for Adoption
- Q & A Session

# Why Change?

## Maryland Public Service Commission (PSC) Ruling (*Richard D. Boltuck v. WSSC*)

- WSSC's current rate structure deemed unreasonable because:
  - Unduly preferential to low-usage customers
  - No cost of service study to support it
- Current rate structure adopted 25 years ago
  - Good management practice to review

# Why Change?

Under the current rate structure:

- ▶ Low usage customers pay \$0.74 for \$1.00 worth of water and
- ▶ High usage customers pay \$1.26 for \$1.00 worth of water

# Why Change?

- Current 16-Tier rate structure charges customers at their highest level of water use back to the 1<sup>st</sup> drop
- Utility Industry Standard is to charge for usage that falls within each tier

**WSSC's Current 16-Tier Rate Structure**

	Combined Water & Sewer Rates Per 1,000 Gallons
Average Daily Consumption (ADC)	Effective
Range (Gallons Per Day)	July 1, 2017
0-49	\$ 7.95
50-99	9.12
100-149	10.38
150-199	11.83
200-249	13.27
250-299	14.38
300-349	15.29
350-399	15.99
400-449	16.46
450-499	16.95
500-749	17.28
750-999	17.68
1,000-3,999	18.26
4,000-6,999	18.67
7,000-8,999	18.94
9,000 & Greater	19.36

# Why Change?

- Align rates with costs to provide service
- Provide predictable revenue stream to pay for infrastructure improvements
  - More than 1 / 3 of WSSC water mains are more than 50 years old.

# Examples & Impacts

- Why show only two examples?
- WSSC is trying to address the PSC order while keeping customer affordability a priority
- Your input and feedback will help the WSSC General Manager/CEO and staff develop a recommendation for WSSC Commissioners
- Additional rate structure examples are available at: [wsscwater.com/ratestudy](http://wsscwater.com/ratestudy)



# Examples and Impacts

## Example 1

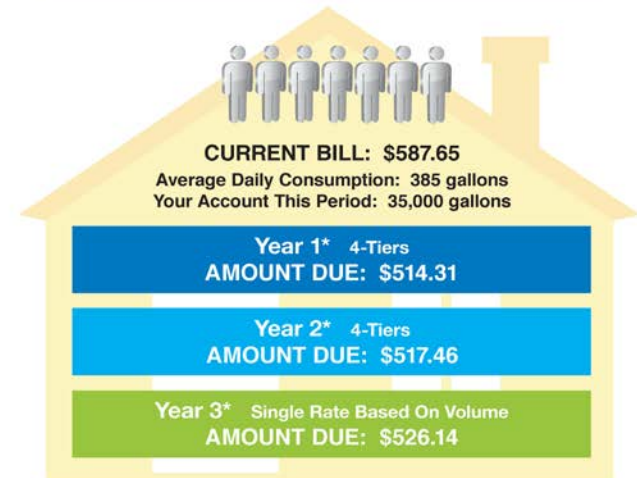
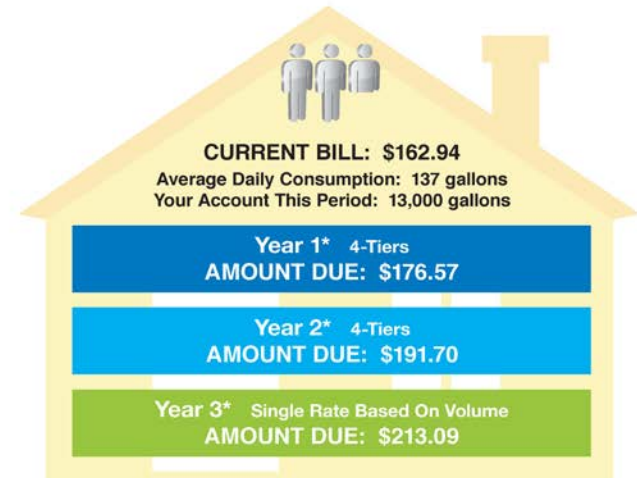
### 4-Tiers Phased in to a Single Rate Based on Volume

Combined Water & Sewer Rate per  
1,000 gallons

	Year 1	Year 2	Year 3
Tier 1: 0–99 gallons/day	\$10.62	\$12.22	\$14.23
Tier 2: 100–249 gallons/day	\$13.27	\$13.44	\$14.23
Tier 3: 250–8,999 gallons/day	\$17.00	\$15.89	\$14.23
Tier 4: 9,000+ gallons/day	\$19.12	\$17.11	\$14.23

### Example 1 4-Tiers Phased-In to a Single Rate Based on Volume

ALL FIGURES ARE BASED ON FY18 RATES



\*This is an example of a 3-year Phase In on a quarterly bill.  
The time frame could vary.

# Single Rate? Think Gas Station



- All WSSC customers would pay same per gallon
- Your total cost depends on how much you “fill up”

# Examples & Impacts

## ▶ Example 1

4-Tiers Phased in to a Single Rate Based on Volume

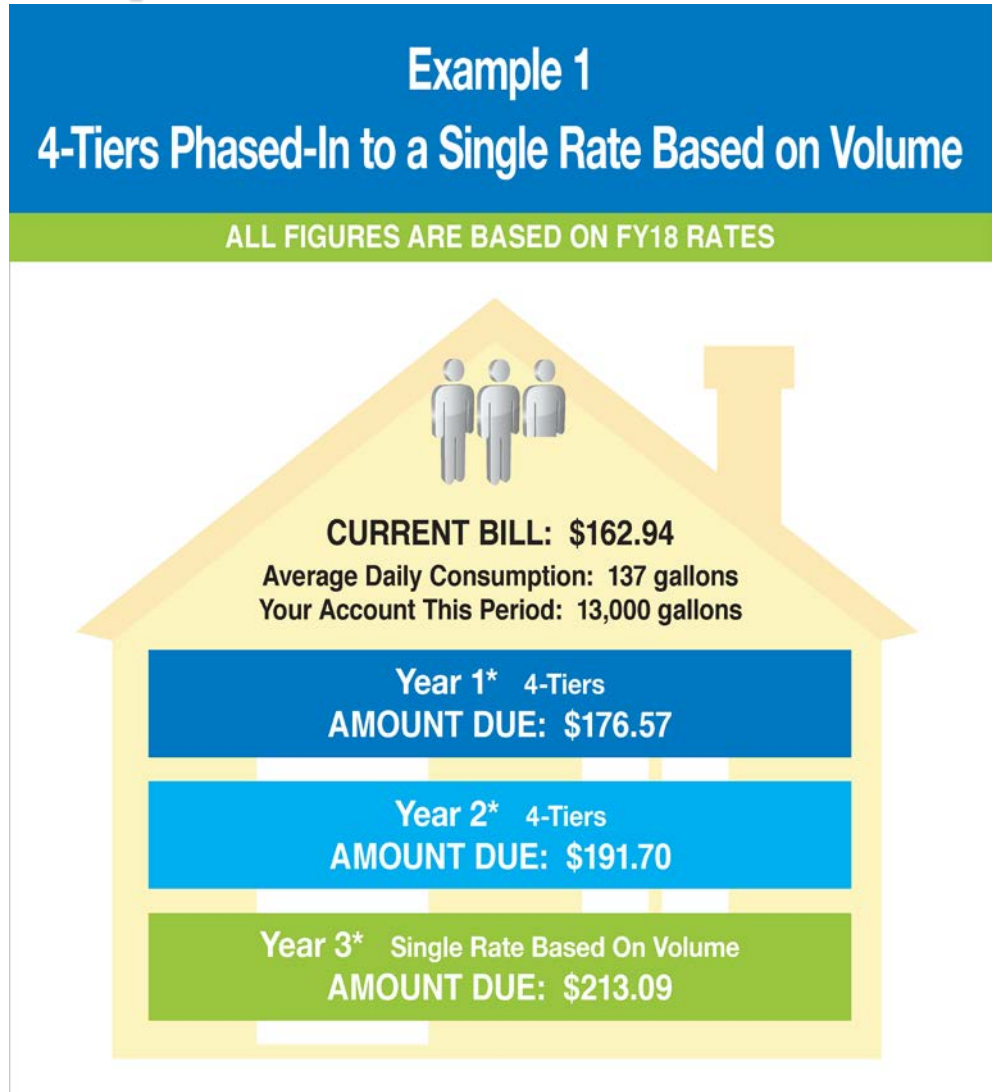
### Combined Water & Sewer Rate per 1,000 gallons

	Year 1	Year 2	Year 3
Tier 1: 0–99 gallons/day	\$10.62	\$12.22	\$14.23
Tier 2: 100–249 gallons/day	\$13.27	\$13.44	\$14.23
Tier 3: 250–8,999 gallons/day	\$17.00	\$15.89	\$14.23
Tier 4: 9,000+ gallons/day	\$19.12	\$17.11	\$14.23

# Examples and Impacts

## Example 1

4-Tiers Phased in to a Single Rate Based on Volume



*\*This is an example of a 3-year Phase In on a quarterly bill.  
The time frame could vary.*

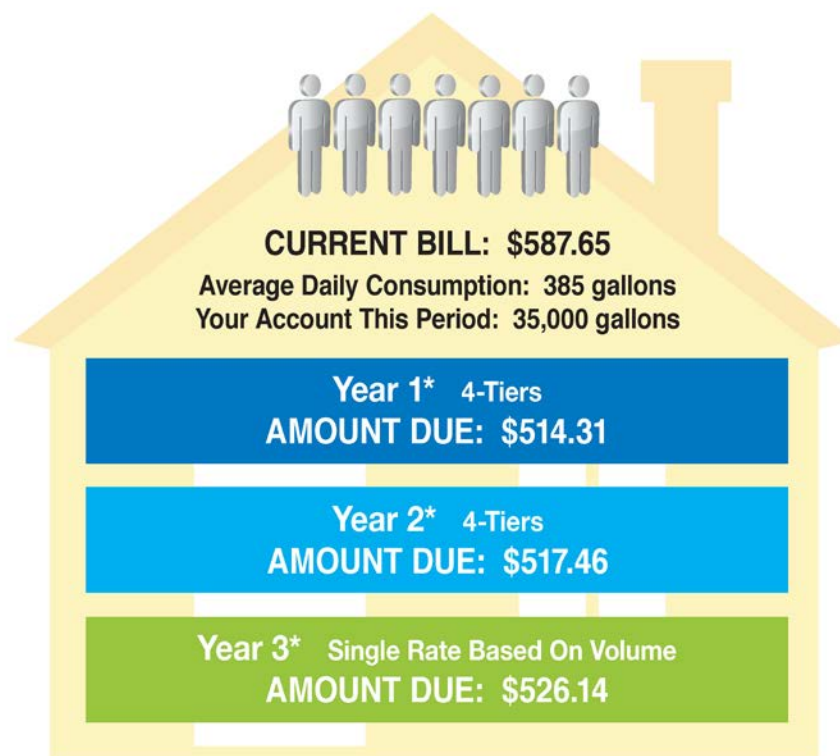
# Examples & Impacts

## Example 1

### 4-Tiers Phased in to a Single Rate Based on Volume

#### Example 1 4-Tiers Phased-In to a Single Rate Based on Volume

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*\*This is an example of a 3-year Phase In on a quarterly bill.  
The time frame could vary.*

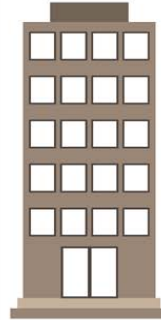
# Examples and Impacts

## Example 1

4-Tiers Phased in to a Single Rate Based on Volume

### Example 1 4-Tiers Phased-In to a Single Rate Based on Volume

ALL FIGURES ARE BASED ON FY18 RATES



**CURRENT BILL: \$21,979.32**  
Average Daily Consumption: 11,638 gallons  
Your Account This Period: 1,062,000 gallons

Year 1\* 4-Tiers  
**AMOUNT DUE: \$19,874.89**

Year 2\* 4-Tiers  
**AMOUNT DUE: \$18,521.32**

Year 3\* Single Rate Based On Volume  
**AMOUNT DUE: \$16,539.26**

*\*This is an example of a 3-year Phase In on a quarterly bill. The time frame could vary.*

# Examples and Impacts

## Example 2

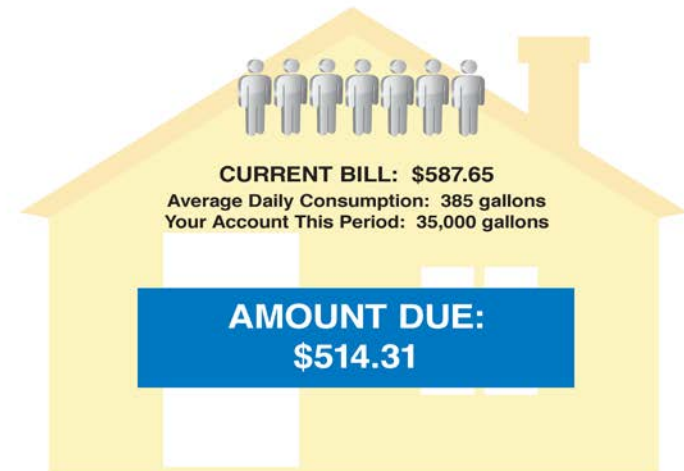
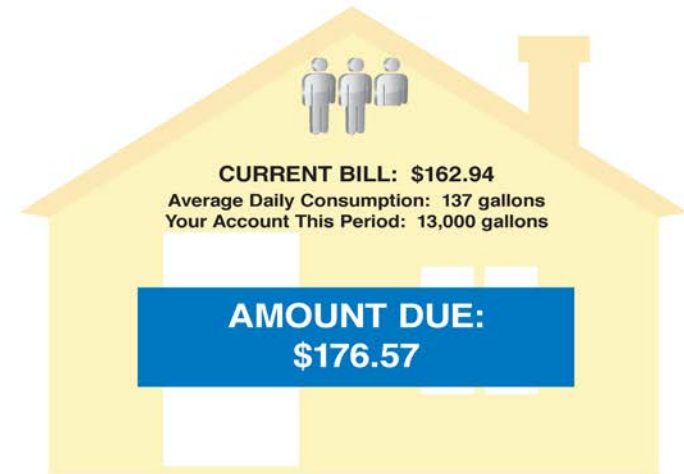
### 4-Tiers Increasing Rate Based on Volume

Combined Water & Sewer Rate per  
1,000 gallons

Tier 1: 0-99 gallons/day	\$10.62
Tier 2: 100-249 gallons/day	\$13.27
Tier 3: 250-8,999 gallons/day	\$17.00
Tier 4: 9,000+ gallons/day	\$19.12

### Example 2 4-Tiers Increasing Based on Volume

ALL FIGURES ARE BASED ON FY18 RATES



\*\*Example is based on recommendations of the  
Bi-County Rate Structure Working Group.

# Examples and Impacts

## Example 2

### 4-Tiers Increasing Rate Based on Volume

#### Combined Water & Sewer Rate per 1,000 gallons

Tier 1: 0-99 gallons/day	\$10.62
Tier 2: 100-249 gallons/day	\$13.27
Tier 3: 250-8,999 gallons/day	\$17.00
Tier 4: 9,000+ gallons/day	\$19.12



# Examples and Impacts

## Example 2

4-Tiers Increasing Rate Based on Volume

### Example 2 4-Tiers Increasing Based on Volume

ALL FIGURES ARE BASED ON FY18 RATES



**CURRENT BILL: \$162.94**

Average Daily Consumption: 137 gallons

Your Account This Period: 13,000 gallons

**AMOUNT DUE:  
\$176.57**

*\*\*Example is based on recommendations of the  
Bi-County Rate Structure Working Group.*

# Examples & Impacts

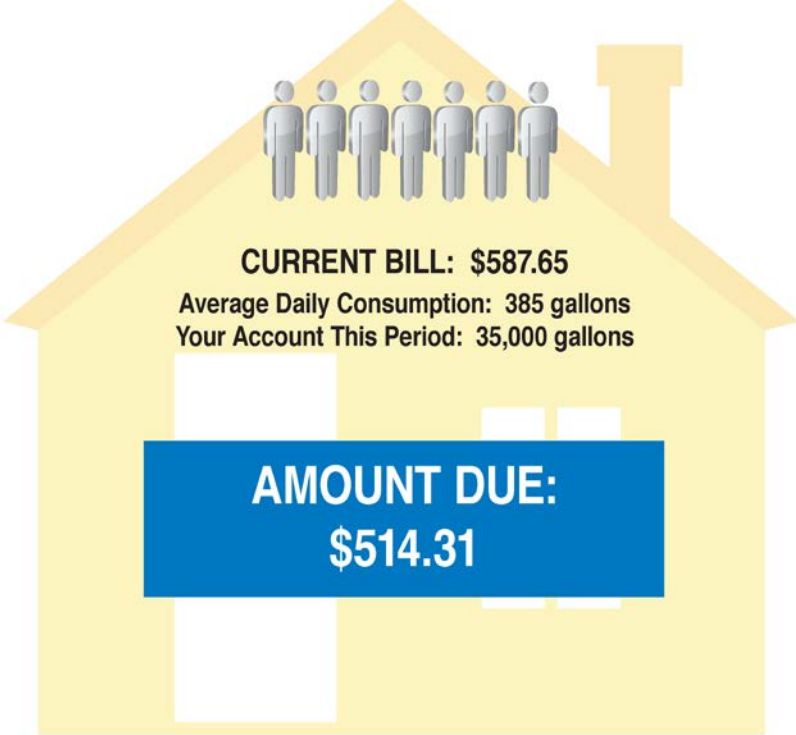
## Example 2

4-Tiers Increasing Rate Based on Volume

### Example 2

#### 4-Tiers Increasing Based on Volume


ALL FIGURES ARE BASED ON FY18 RATES



**CURRENT BILL: \$587.65**  
Average Daily Consumption: 385 gallons  
Your Account This Period: 35,000 gallons

**AMOUNT DUE:**  
**\$514.31**

*\*\* Example is based on recommendations of the Bi-County Rate Structure Working Group.*



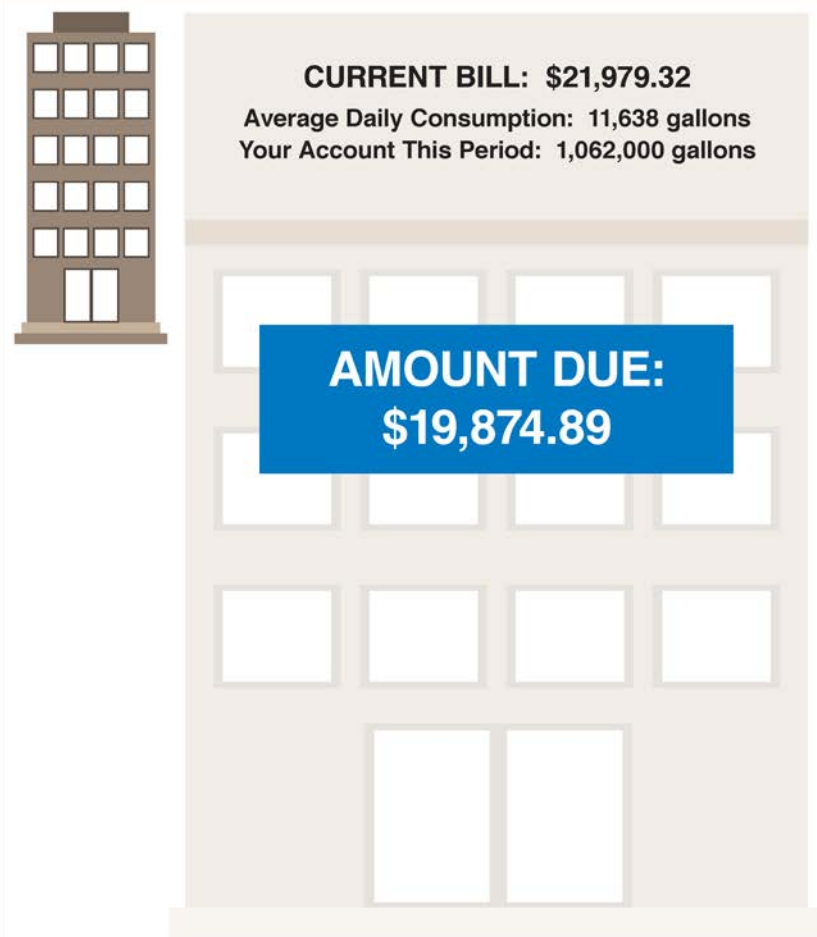
# Examples and Impacts

## Example 2

4-Tiers Increasing Rate Based on Volume


**Example 2**  
**4-Tiers Increasing Based on Volume**

ALL FIGURES ARE BASED ON FY18 RATES

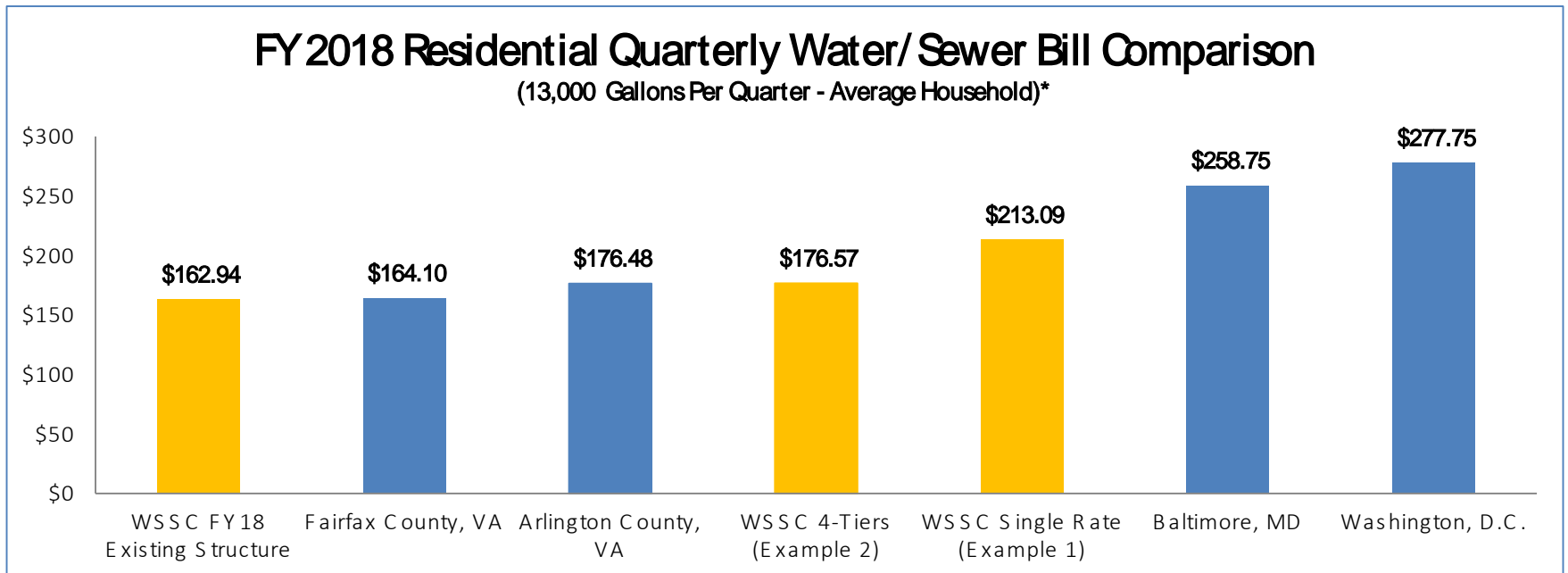


**CURRENT BILL: \$21,979.32**  
Average Daily Consumption: 11,638 gallons  
Your Account This Period: 1,062,000 gallons

**AMOUNT DUE:  
\$19,874.89**



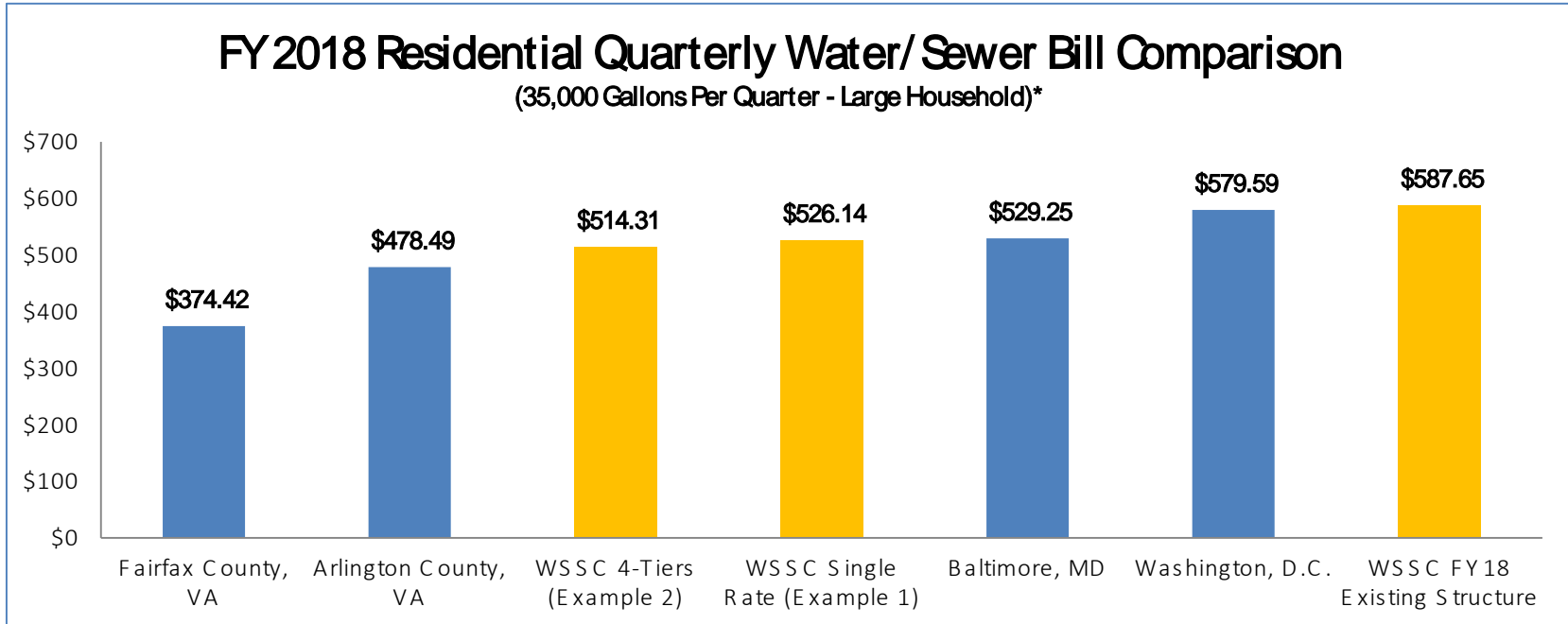
# Quarterly Bill Comparisons – Low Usage Customer



\*Approximately 2.6 people

Quarterly fixed charges included in bill estimates above are based on 3/4" meters.

# Quarterly Bill Comparisons – High Usage Customer



\*Approximately 7.0 people

Quarterly fixed charges included in bill estimates above are based on 3/4" meters.

# Objectives for a New Rate Structure

- ▶ More fairly allocate the costs of providing service to customers
- ▶ Customers charged for water usage that falls within each tier, instead of being charged at the highest rate back to the first drop of water

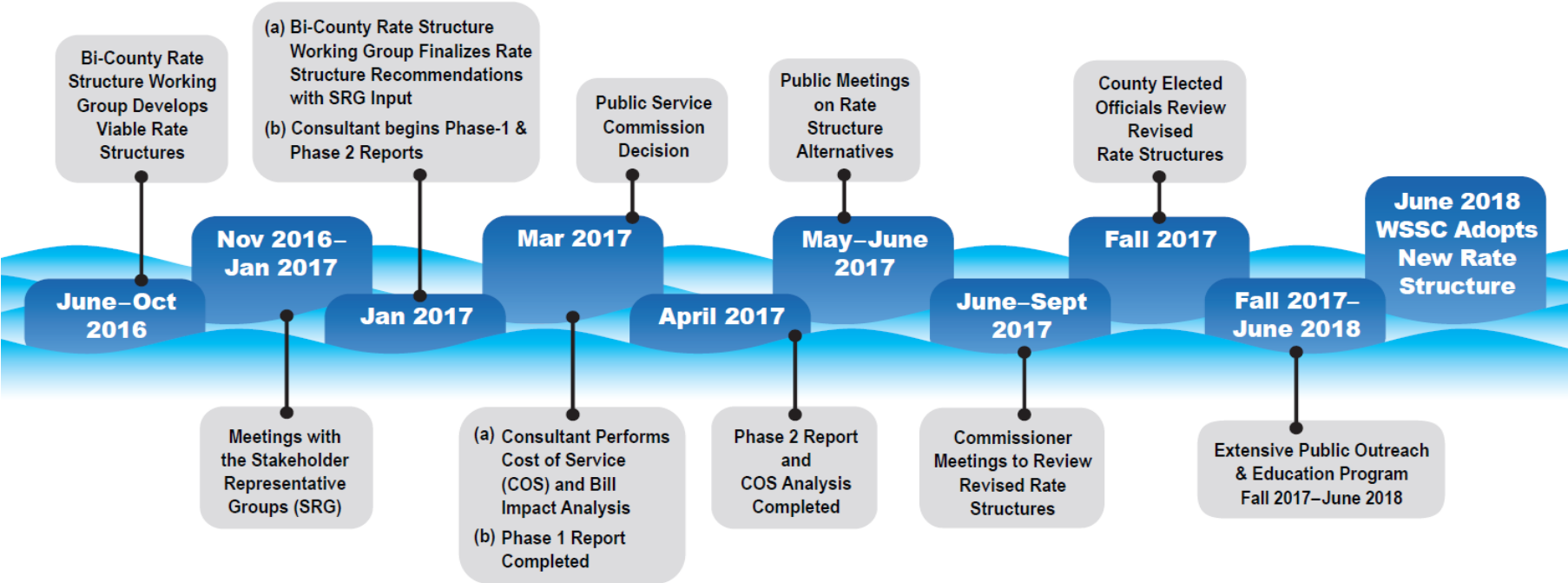
# Policy Considerations

- ▶ Cost of service based allocation
- ▶ Minimize impact to low and fixed-income households
- ▶ Affordability
- ▶ Conservation
- ▶ Ability to implement new rates
- ▶ Easy to understand
- ▶ Revenue stability

# Schedule for Adoption

## Rate Study Timeline/Milestones

### Timeline for Adoption of New Rate Structure






# Q & A Session

## Questions? Please fill out comment card.

- Customers may also submit written comments to:
  - [BudgetGroup@wsscwater.com](mailto:BudgetGroup@wsscwater.com)  
or 14501 Sweitzer Lane,  
Laurel, Md. 20707
  - Comments deadline: August 31  
2017
- One additional June meeting
- More info at  
[wsscwater.com/ratestudy](http://wsscwater.com/ratestudy)



Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
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