

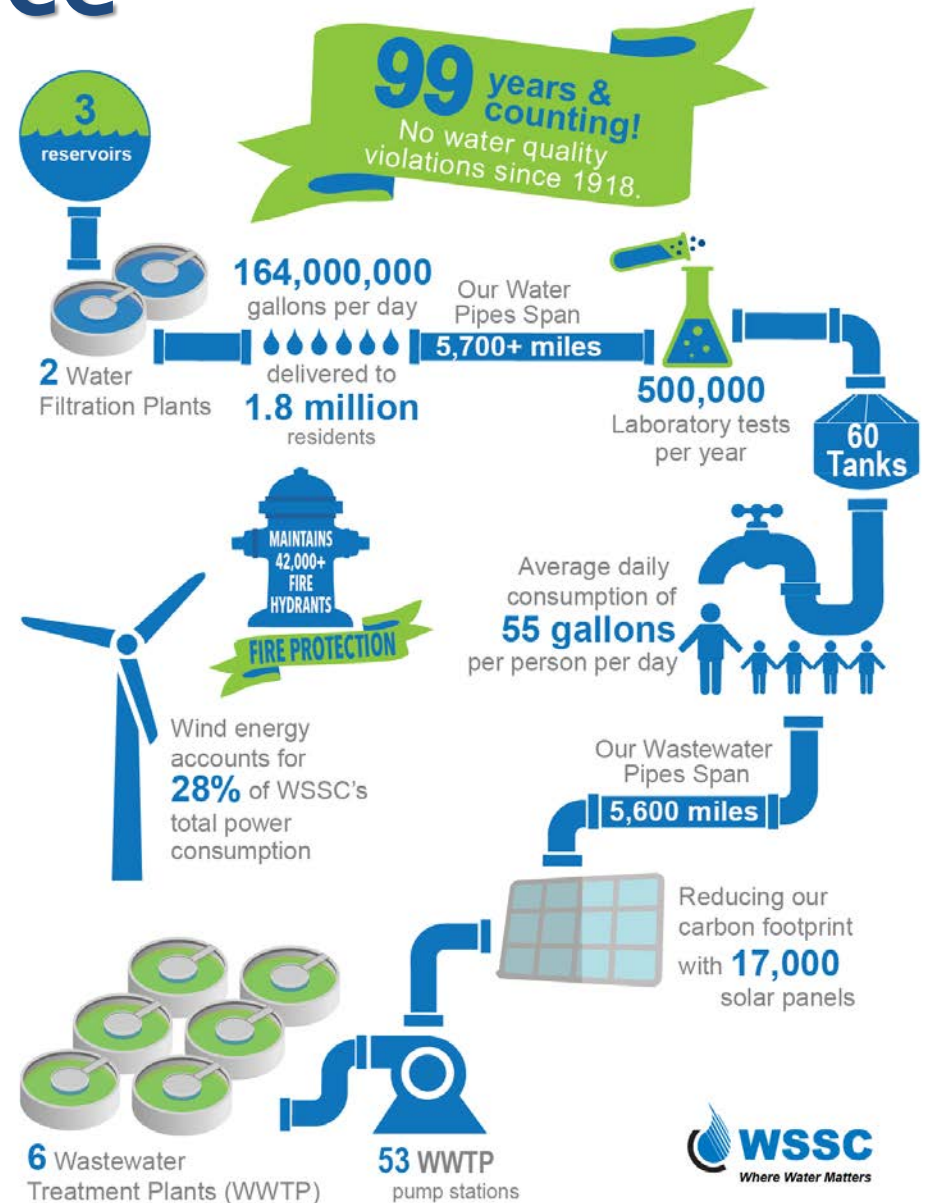
Proposed New Rate Structure

Informational Meeting

Tuesday, June 20, 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 1st 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

Examples and Impacts

Example 1

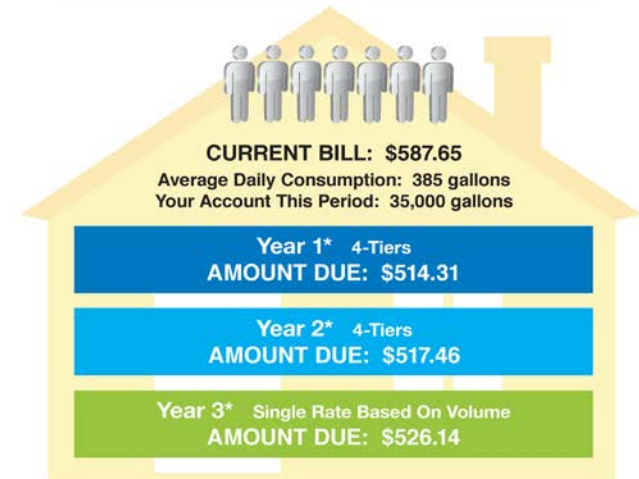
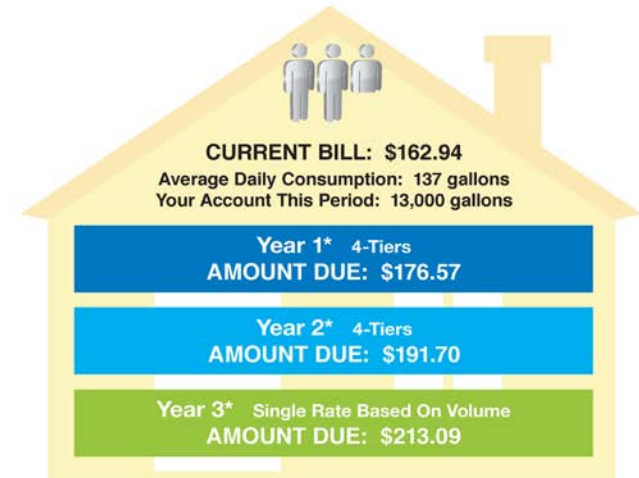
4-Tiers Phased in to a Single Rate Based on Volume

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

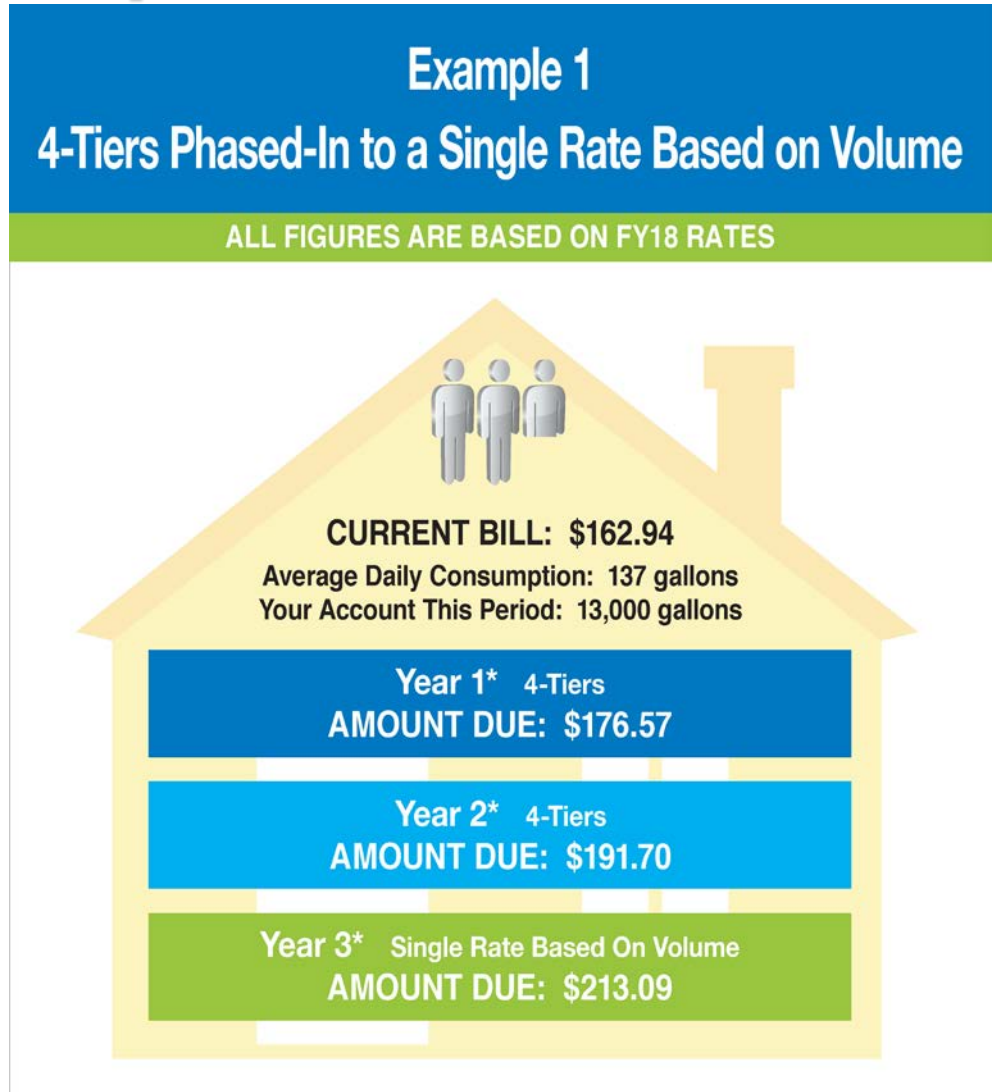
Combined Water & Sewer Rate per 1,000 gallons

	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.*

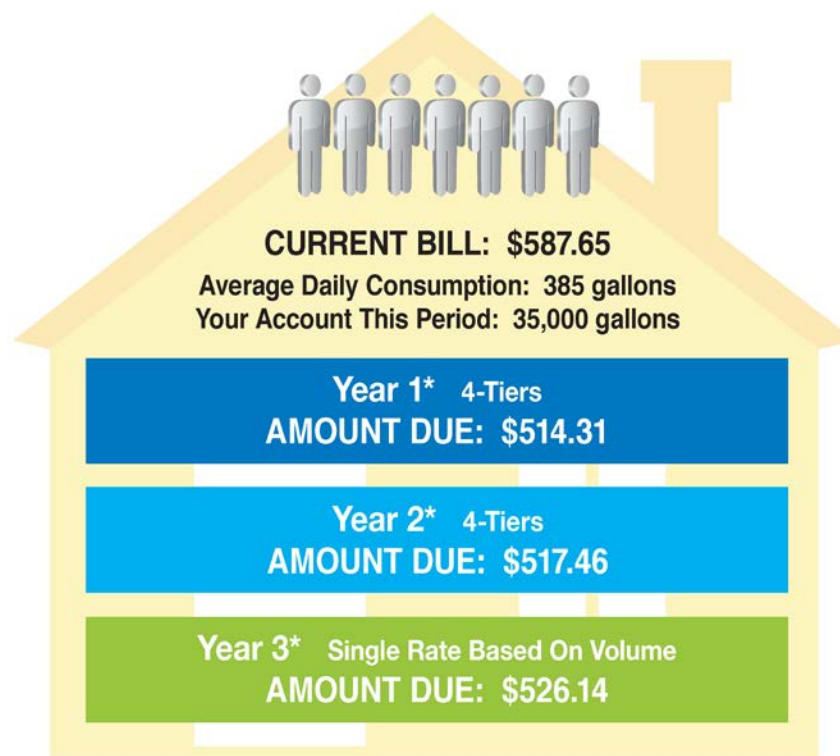
Examples & Impacts

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

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.*

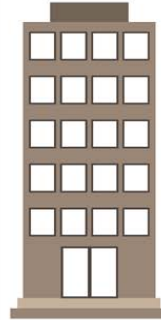
Examples and Impacts

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

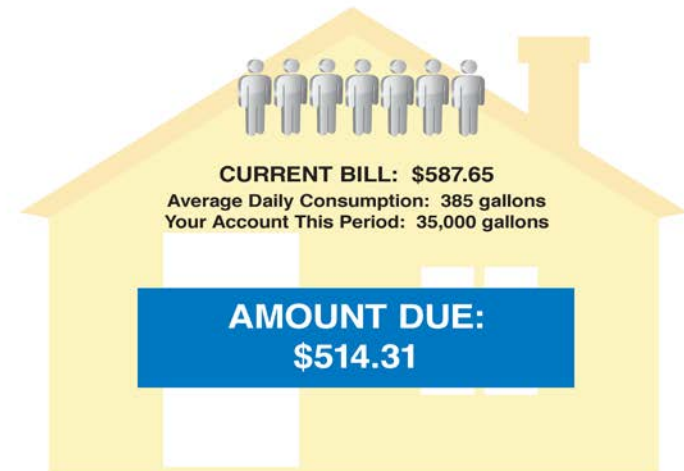
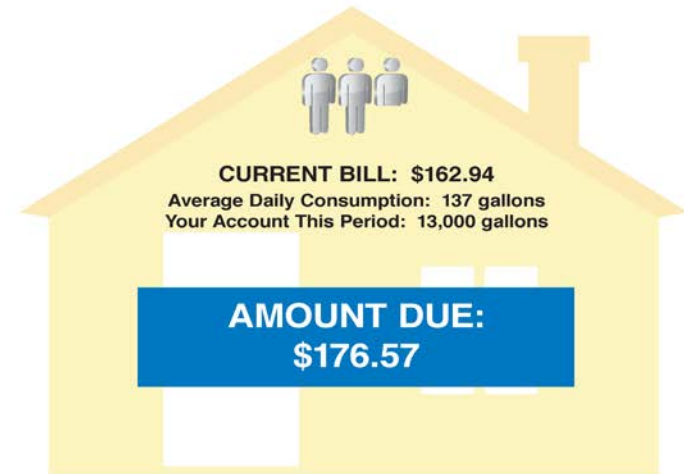
4-Tiers Increasing Rate Based on Volume

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

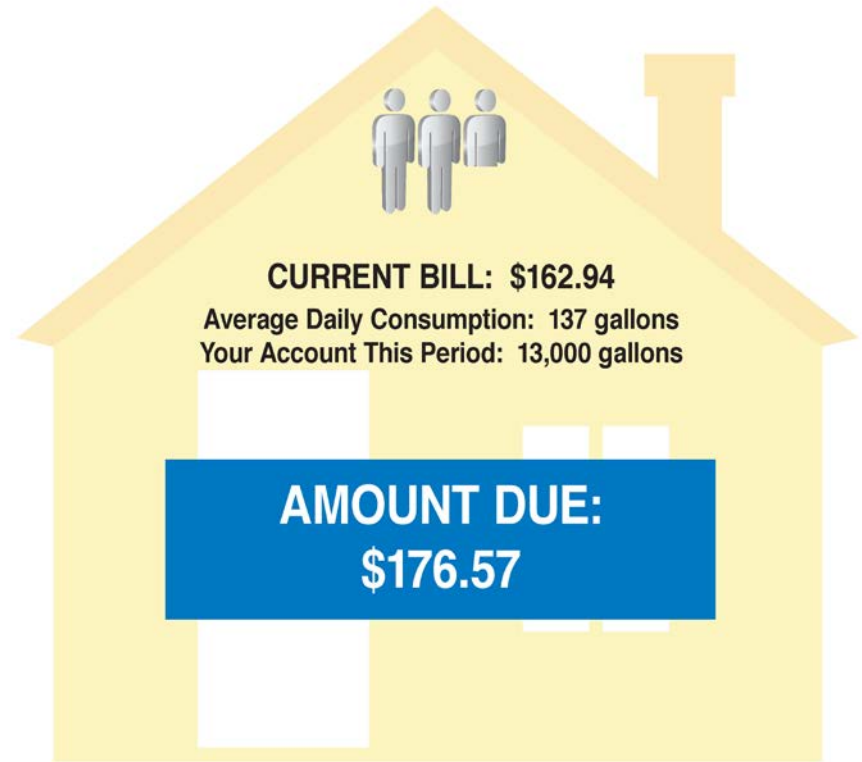
Examples and Impacts

Example 2

4-Tiers Increasing Rate Based on Volume

Example 2 4-Tiers Increasing Based on Volume

ALL FIGURES ARE BASED ON FY18 RATES



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

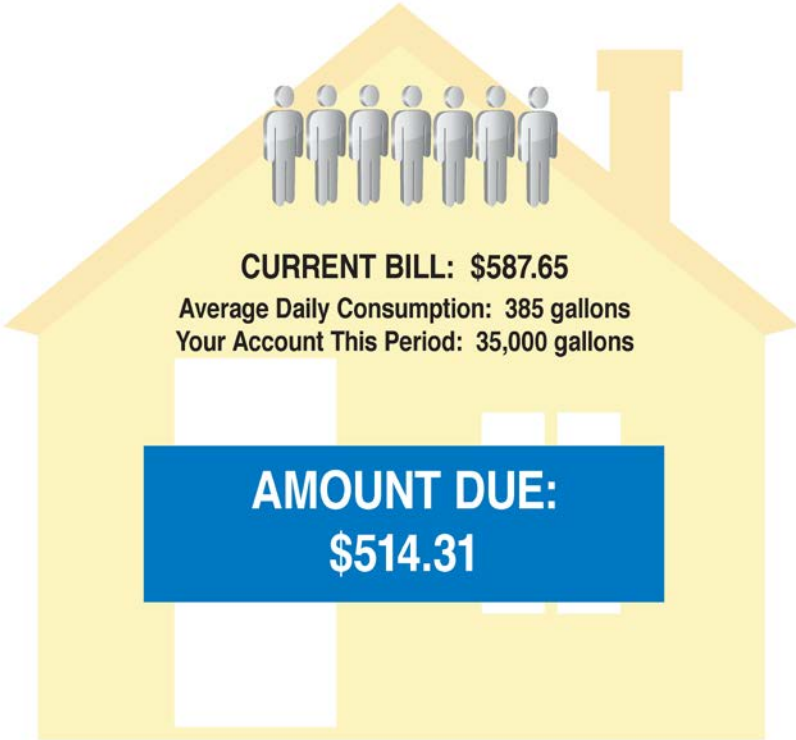
Examples & Impacts

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.*



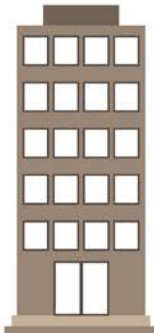
Examples and Impacts

Example 2

4-Tiers Increasing Rate Based on Volume


Example 2
4-Tiers Increasing Based on Volume

ALL FIGURES ARE BASED ON FY18 RATES

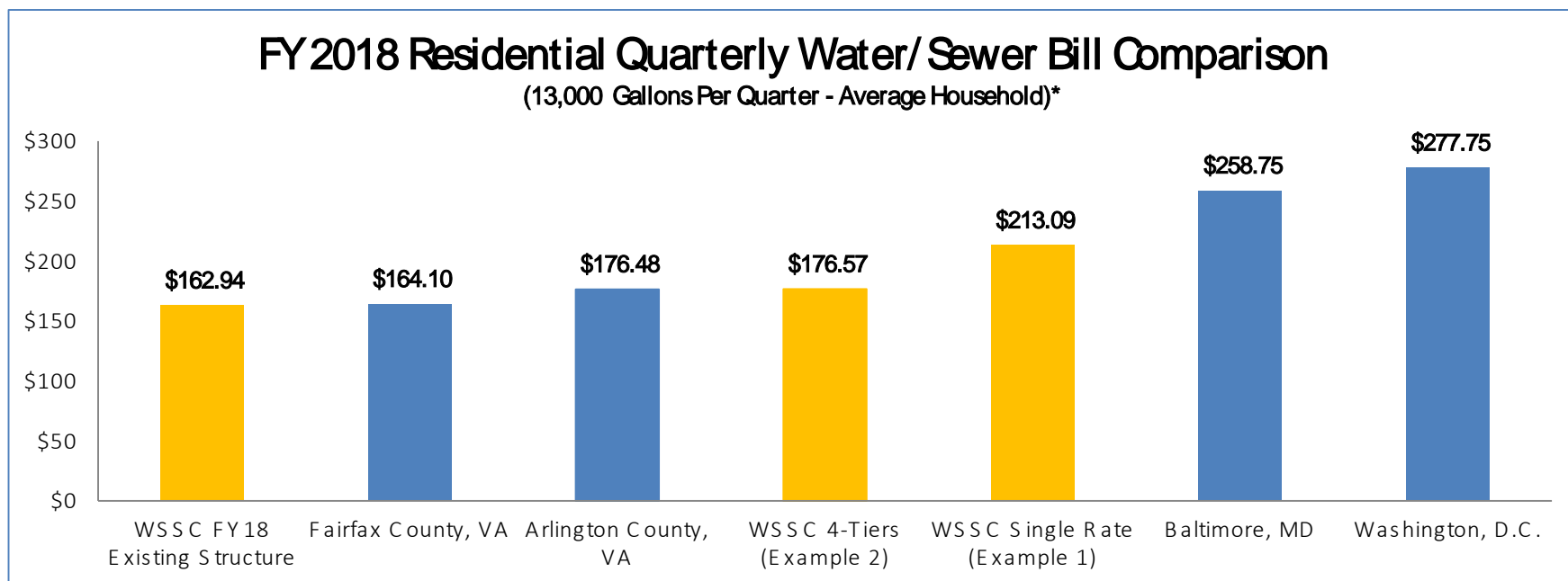


CURRENT BILL: \$21,979.32
Average Daily Consumption: 11,638 gallons
Your Account This Period: 1,062,000 gallons

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



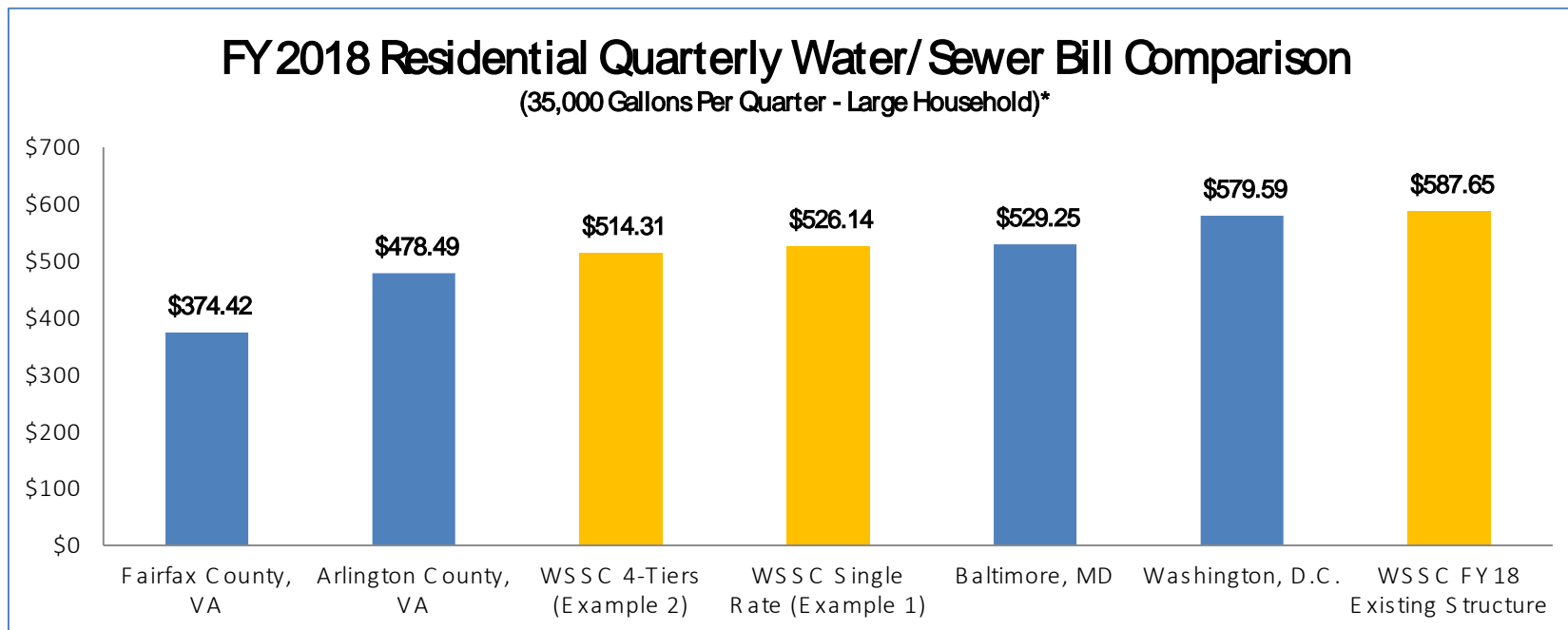
Quarterly Bill Comparisons – Low Usage Customer



*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

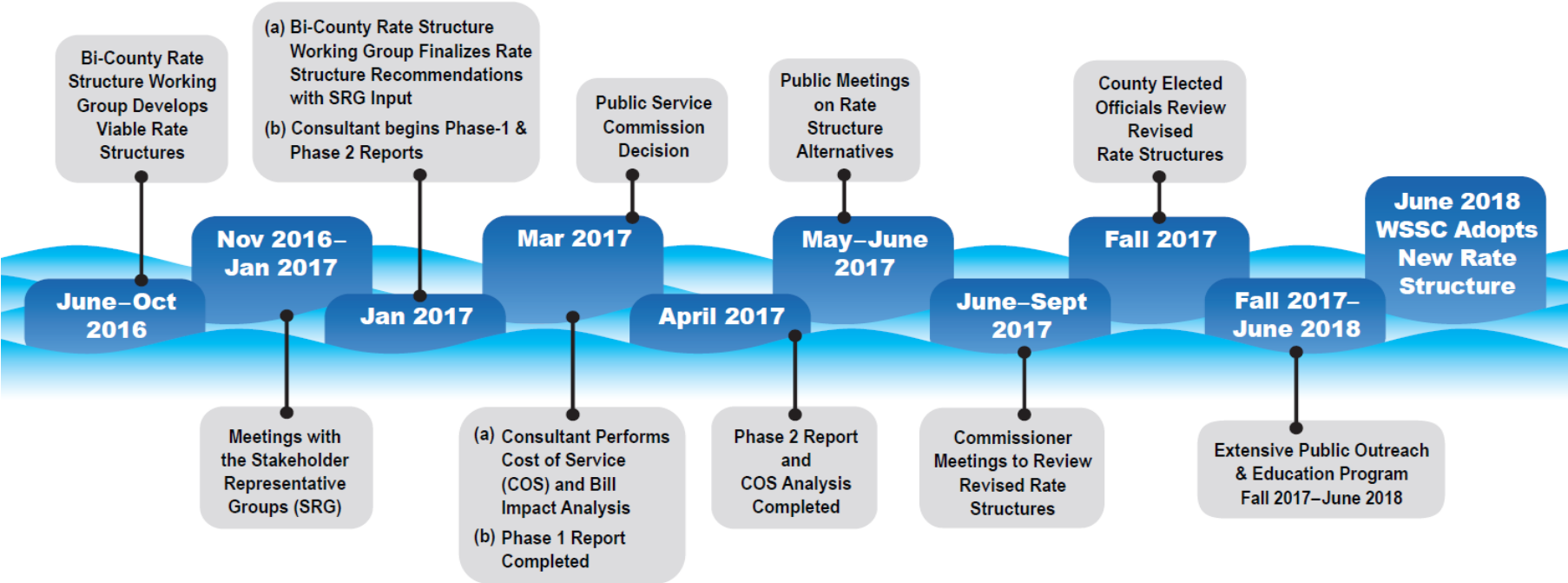
Policy Considerations

- ▶ 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
or 14501 Sweitzer Lane,
Laurel, Md. 20707
 - Comments deadline: August 31
2017
 - 8 Public Meetings held since May
 - One planned for 6/21 @ Forestville
 - More info at
wsscwater.com/ratestudy



Name: _____

Address: _____

Email: _____

Phone: _____

Comments: _____
