

Washington Suburban Sanitary Commission

COMMISSION SUMMARY

AGENDA CATEGORY: Rate Stabilization and Debt Reduction

ITEM NUMBER: 3

DATE: December 15, 2004

SUBJECT	2005 Front Foot Benefit Rates and House Connection Charges
SUMMARY	Approval of rates and charges to be effective as of January 1, 2005.
SPECIAL COMMENTS	
CONTRACT NO./ REFERENCE NO.	N/A
COST	N/A
AMENDMENT/ CHANGE ORDER NO. AMOUNT	N/A
MBE PARTICIPATION	N/A
PRIOR STAFF/ COMMITTEE APPROVALS	N/A
RECOMMENDATION TO COMMISSION	Approval of front foot benefit rates and house connection charges as set forth in the accompanying memo.
COMMISSION ACTION	

SECRETARY

WASHINGTON SUBURBAN SANITARY COMMISSION

Interoffice Memorandum

TO: THE COMMISSION

THROUGH: CARLA REID JOYNER
INTERIM GENERAL MANAGER

THROUGH: SHEILA S. COHEN
ACTING CHIEF FINANCIAL OFFICER

FROM: KIM M. LUQUETTE
ACCOUNTING GROUP LEADER

DATE: NOVEMBER 30, 2004

SUBJECT: FRONT FOOT BENEFIT RATES AND HOUSE CONNECTION CHARGES
RECOMMENDATIONS FOR THE YEAR 2005

Having duly completed the required advertisements for the year 2005 front foot benefit rates and house connection charges, and having conducted a public hearing for such proposed rates and charges on November 17, 2004, we recommend and request Commission action as follows:

1. As to the front foot benefit rates for the levy effective January 1, 2005, we recommend that the Commission adopt the front foot benefit base per foot rates of \$4.00 for water and \$6.00 for sewer (Attachment 1).
2. As to residential small size connection charges to be effective January 1, 2005, we recommend that the Commission adopt the charges advertised as either Alternative A – Uniform Rates, or Alternative B – Separate Rates. Only one of these Alternatives can be adopted. A copy of the advertisement is attached (Attachment 2).
3. As to right of way connection charges, we recommend that the Commission maintain the current charges. A copy of the current charges is attached (Attachment 3).
4. As to non-residential connection charges, we recommend that the Commission adopt charges based on Estimated Costs.

Attachments

cc: November 17, 2004 Public Hearing Record

**Front Foot Benefit Rate
Proposed 2005 Base Rate**

	<u>Water - 2005</u>		<u>Sewer - 2005</u>	
	<u>Calculated</u>	<u>Proposed</u>	<u>Calculated</u>	<u>Proposed</u>
<u>Costs</u>				
Construction costs	\$ 146,829		\$ 1,491,593	
Other costs	295,774		804,976	
Total costs	<u>442,603</u>		<u>2,296,569</u>	
<u>Recovery</u>				
Deficit payments received	-		(259,498)	
Other receipts	(822)		(76,395)	
Total recovery	<u>(822)</u>		<u>(335,893)</u>	
Net costs before interest	441,781	\$ 281,404	1,960,676	\$ 710,096
Interest	252,362	160,748	1,120,011	405,634
Adjusted costs to be recovered	<u>\$ 694,143</u>	<u>\$ 442,152</u>	<u>\$ 3,080,687</u>	<u>\$ 1,115,730</u>
Cost per Assessed Foot	<u>\$ 144.43</u>	<u>\$ 92.00</u>	<u>\$ 381.04</u>	<u>\$ 138.00</u>
<u>Front Foot Benefit Base Rate, per Foot</u>	<u>\$ 6.28</u>	<u>\$ 4.00</u>	<u>\$ 16.57</u>	<u>\$ 6.00</u>

Comparison of 2005 and 2004 House Connection Charges

	2004 Current Charges	2005 Proposed Charges
Rights of way (connection built by plumber)		
Water:		
1"	\$ 350	\$ 350
1 1/2"	400	400
2" residential	450	450
2" non-residential and larger	@ 1/2 the unimproved large connection rate	
Sewer:		
1 1/4" & 1 1/2" pressure sewer	500	500
4" & 6"	500	500
8" & larger	Estimated cost	Estimated cost

NOTICE OF PUBLIC HEARING
WASHINGTON SUBURBAN SANITARY COMMISSION
 November 17, 2004

A public hearing will be held November 17, 2004, at 9:30 A.M. at 14501 Sweitzer Lane, Laurel, Maryland 20707, in the Commission Hearing Room, Lobby Level, to receive citizen testimony, both orally and in writing, pertaining to the following proposed rates and charges to become effective January 1, 2005.

1. FRONT FOOT BENEFIT RATES

Base rate per foot, per year, 23 years: water \$4.00, sewer \$6.00.

2. HOUSE CONNECTION CHARGES

The Commission will be considering two alternatives for the establishment of Residential Small Size House Connections. One of these alternatives will be approved and the corresponding rates will become effective on January 1, 2005.

Alternative A is consistent with recent practices and would provide uniform rates for unimproved and improved residential small size house connections.

ALTERNATIVE A - RESIDENTIAL SMALL SIZE

UNIFORM RATES	CURRENT CHARGES	PROPOSED CHARGES
Water (inside and outside meters):		
1"	\$ 4,000	\$ 4,850
1 1/2"	4,200	5,000
2"	4,500	5,250
Sewer:		
1 1/4" & 1 1/2" pressure sewer	8,750	8,800
4" & 6"	8,750	8,800
Deferral option connection, residential only, where allowed:		
Water (inside and outside meters):		
1"	\$ 4,200	\$5,100
1 1/2"	4,400	5,250
2"	4,725	5,500
Sewer:		
1 1/4" & 1 1/2" pressure sewer	9,175	9,250
4" & 6"	9,175	9,250

Alternative B does not have comparable Current Charges and would provide separate rates for unimproved and improved residential small size connections.

ALTERNATIVE B - RESIDENTIAL SMALL SIZE

SEPARATE RATES	PROPOSED UNIMPROVED CHARGES	PROPOSED IMPROVED CHARGES
Water (inside and outside meters):		
1"	\$ 1,500	\$ 4,900
1 1/2"	1,750	5,100
2"	2,000	5,300
Sewer:		
1 1/4" & 1 1/2" pressure sewer	2,750	9,225
4" & 6"	2,750	9,225
Deferral option connection, residential only, where allowed:		
Water (inside and outside meters):		
1"	\$ 1,575	\$5,150
1 1/2"	1,850	5,350
2"	2,100	5,550
Sewer:		
1 1/4" & 1 1/2" pressure sewer	2,875	9,675
4" & 6"	2,875	9,675

NOTE: The deferred option connection rate is the rate in effect at the completion of house connection construction.

**PROPOSED CHARGES FOR
NON-RESIDENTIAL SMALL AND LARGE SIZE**

Water (inside and outside meters):	Estimated Cost
Sewer	Estimated Cost

**RIGHTS OF WAY
(Connection Built By Plumber)**

No changes are proposed for residential, non-residential and large size rights of way.

For a listing of the current connection charges, or, for additional information, please contact the Accounting Group Office at 301-206-7107.

WASHINGTON SUBURBAN SANITARY COMMISSION

ATTEST:	Joyce Starks, Chair
Lucretia Morris	Gerald J. Roper, Vice Chair
Acting Secretary	Prem P. Agarwal
	Artis G. Hampshire-Cowan
	Junhee Kim Wilde
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