Agenda

- Rate Process
- Rate Objective
- Boundaries and Challenges
- Outlook
- Proposed Rates

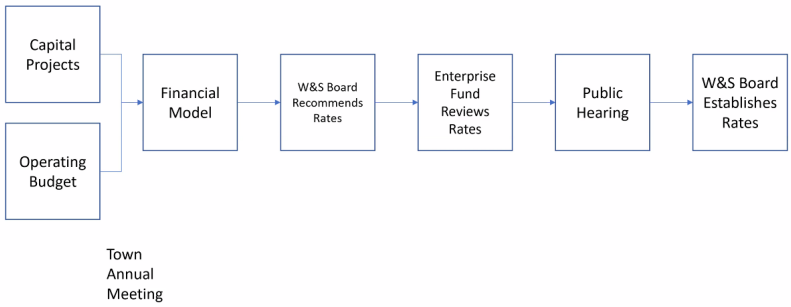


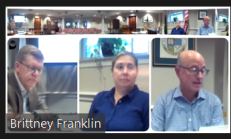
Water and Sewerage Services

- Services are chosen by individual customers
- Some residents have their own water supply and/or sewerage disposal systems
- W&S staff are employed by Town
- Staff costs are allocated to segregated W&S Enterprise Funds
- W&S Enterprise Funds are not funded by the Town General Fund



Rate Setting Process





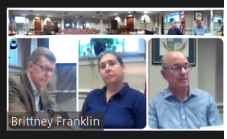
Rate Objectives

- Look at investment and operational needs for next FY and 5+ years out
- Generate revenue to cover fixed and variable costs
- Maintain reasonable free cash balance to deal with uncertain water demand
  - About $1 M in each of Water and Sewerage Funds



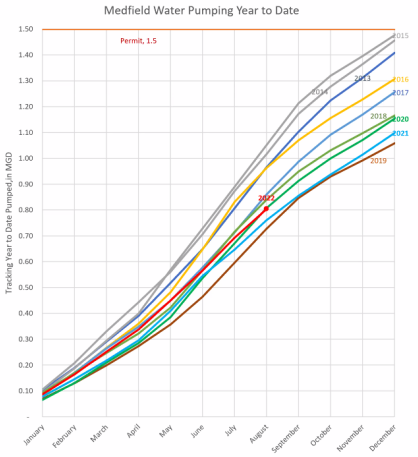
Boundaries and Challenges

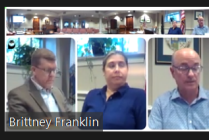
- Water and sewerage services operate as independent accounts
  - Funding comes from customers of the services, not tax payer General Fund
- Water: Limits on how much water can be pumped due to permitting
  - Revenue constraint for Water sold
- Variation of water demand and unexpected costs
  - Drives the need for sufficient cash balance to cover high fixes costs
  - Literally, a Rainy Day fund
- USEPA and MA Department of Environmental Protection rules and guidelines drive many investments and operational methods
  - Treatment methods and efficiency, staff operations



Water Revenue Effects from 2022 Drought?

- Year to Date well pumping pacing within recent range of last four years, even with severe water use restrictions in 2022
- Revenue for FY22 was on budget
- Why?
  - Early drought → Early watering
  - Perhaps more universal water demand across customers





Recording

Outlook

Water

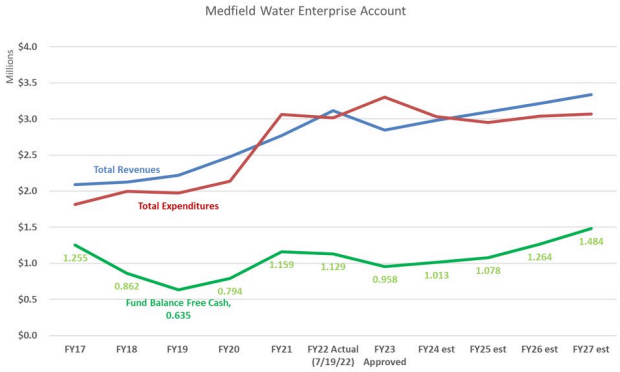
- Steady water demand, even with early 2022 drought
- New filtration project will increase water quality and pump redundancy
  - Project on line Q1 2023
  - Costs are pacing below budget
- PFAS contaminant in wells are below action levels

Sewerage

- Capital projects to reduce ingress into system and reduce treatment costs will be considered in following years
- Some repairs were made in 2022

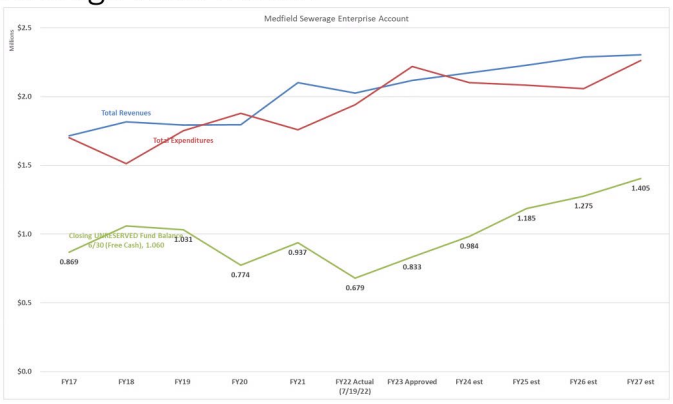


Water Rate Model



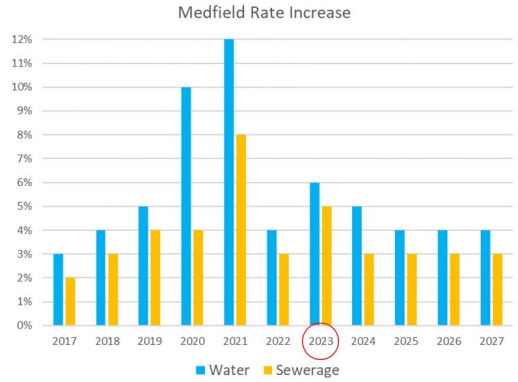


Sewerage Rate Model





Historical Rate Increases





FY23 Rate Changes Approved by Enterprise Committee

Rate changes across all tiers effective 01 April 2022:

- Water +6%
- Sewerage +5%

