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Memorandum

To: Bristol Selectboard
From: Kris Perlee
CC: Town Administrator, Treasurer

Changes to the Water Rates

The Town needs to increase water rates to cover cost increases. I believe this is a good time to review and change our billing structure. We currently bill on a daily use basis. This means the bills are calculated by the number of days between reads. This creates very inconsistent billing for our customers. We also use a very complex formula to calculate our customers' bills. It is complex enough that NEMRC isn't even sure how to modify it.

After reviewing multiple water rate structures from around the state, I have put together a new billing model. Some of the highlights are as follows:

- Bill on a quarterly basis
- Following a State of Vermont Drinking Water State Revolving Fund (DWSRF) guidance document, we will move to billing units and usage.

The first change is how we classify our users. We will create two new user types, residential and non-residential. Residential is a connection that serves a dwelling only and non-residential is everything else. Non-residential also includes mixed use properties that have a commercial use and dwelling units in the same building.

Once we classify the type of user, we then calculate the number of billing units for each connection.

Residential users will be assigned a billing unit for each independent living unit served by the water system. Examples are: 1) a duplex is 2 units; 2) a house with two apartments is 3 units; and 3) an apartment building with ten apartments would be 10 units.

Non-residential users will be assigned 1 unit for every 76,650 gallons of water used in a year. This calculation was provided in the DWSRF Guidance Document 13. The usage data will be acquired from the Utility Billing module from NEMRC.

The second part of the calculation will be usage. Again, this data will be acquired from the Utility Billing module from NEMRC.

Once we have this information, we can then calculate water bills.

- Residential Rates: Billing units are assigned a value. There is also a usage rate that needs to be set. Examples would be:
    - Single-family home that uses 8,000 gallons in quarter. The billing unit value is $45.00 and the usage charge is $5.50 for every 1000 gallons used. So, this user would have a bill of $89.00 ($45 plus 8 times $5.50).
    - 4-unit apartment that uses 18,000 gallons in a quarter. They would have 4 billing units at $45 each and a usage charge of $5.50 for every 1000 gallons used. So this user would have a bill of $273.50 (4 times $45 plus 17 times $5.50).
- Non-Residential Rates: Billing units are assigned a value. There is also a usage rate that needs to be set. Examples would be:
    - A restaurant that uses 200,000 gallons of water annually 50,000 gallons in a quarter. They would have 2.5 billable units (200,000 divided by 76,650 rounded to the nearest quarter unit) billed at $90.00 a unit. They would have a usage fee of $5.50 for every 1000 gallons used. They would have a bill of $500.00 (2.5 times $90 plus 50 times $5.50).

I have created a spreadsheet that shows the rates we would need to make our budget. It also shows examples of how this rate structure would impact different users.

There are still a few things to be worked out for this project. We need to work with NEMRC to see how to set this up.   We also need to make sure we send information out to our users well in advance to ensure they are not surprised by these changes. I am looking for guidance from the Selectboard whether to continue working on this process or not.