

Town of Port Royal Water Rates Proposal

This rate structure, while initially developed to propose several options regarding base rate and usage, is now submitted having used the following guidelines:

1. By request, the monthly base charges of \$45.00 for residential customers and \$60.00 for commercial customers were kept intact. 6,000 gallons of water are included in the base charge and volumetric block rates above 6,000 gallons have been added.
2. For FY21, a revenue target of \$59,867.00 was set using Total Water Expenses from the town's FY20 adopted budget as a baseline and amended as follows:
 - Using figures provided by Caroline County Utilities, the Water Administration expense line item was increased to \$16,535.00
 - Total USDA Loan Payments were increased to a total of \$7,812.00
 - By request, \$300.00/month for the Town Engineer was added, totaling \$3,600.00
 - It appears that the FY 20 Reserves for Capital Expenditures line item of \$7,035.00 in the budget was used to balance revenues and expenditures. An initial projection of 10% (by request) of Total Water Expenses to the Capital Expenditures Reserve will require a \$5,500.00 contribution in FY21. This represents a decrease of \$1,535.00 from FY20.

Revenue Projections

FY21 water revenues are projected from the implementation of this rate structure using current usage data. It should be noted that increased rates often motivate users to conserve. A significant drop in upper block consumption should be anticipated.

Projected Revenues from Residential Customers: \$	53,740.61
Projected Revenues from Commercial Customers: \$	11,915.02
Total Projected Revenues: \$	65,655.63

Additional Notes

Actual Usage Data was used to calculate average monthly usage per customer in order to determine usage blocks. To promote conservation among residential customers, a modest increasing block rate was employed. In an effort to not burden the Town's largest commercial water customer unfairly, a declining block rate was utilized. Even so, this user's bill will increase from \$60.00/month to just over \$150.00/month (\$1,100.00/year) if their usage remains consistent. Whether examining the residential or commercial rates, each rate block can be modified simply by changing the price per 1,000-gals in the appropriate cell on each sheet. Doing so will automatically result in a change to the Total Projected Revenues, above.

¹ Usage through Service/Meter #302175 at 608 Victory Lane represented an outlier in usage data and was omitted when calculating Residential Block Rates. Under the proposed rates the resident would in actuality be cut off for non-payment and/or immediately effect repairs to the premise plumbing. This service was, however, included in the residential base rate revenue calculation.