

## **FEBRUARY 22, 2019**

Last night, at the regular city council meeting, the PUC's (Public Utility Commission) rate consultant that we had requested last August, made his presentation to council on his rate analysis of our water & sewer rates.

For the benefit of those in attendance last evening, attached is the study that was shown on the project. For those that could not attend, this will probably be more confusing than anything at present. In the near future, a short synopsis or explanation of this presentation will be provided in this space to try and explain this information as well as the conclusion that it reached.



## CITY OF BEVIL OAKS – 2019 RATE STUDY (WATER)

<b>RATE CALCULATION &amp; DESIGN</b>																			
GALLONAGE CHARGE												<b>PROPOSED RATE</b>							
Variable Cost/Test Year Gallons/1,000 =====>												\$0.59 /TH.GAL.		USE ->		<b>\$1.00 /TH.GAL.</b>			
<div style="text-align: center;"> <span style="font-size: 2em;">∨</span>  <span style="font-size: 2em;">∨</span> </div>																			
<b>MINIMUM BILL</b>																			
Fixed Cost/12/Customer Equivalents =====>												52.22 /MO.		YIELDS ->		\$51.04 /MO.			
												52.81 /MO. incl. min. gallons				\$52.04 /MO. incl. min. gallons			
<b>Avg. Test-Yr Customer Equivalents =</b>												<b>417</b>							
Gallons Included In Minimum Bill =												<b>1000</b>							
Test Year Gallons Billed (/1,000) =												14,283,261		<b>14,283</b>					
Average Gallons Per Month/Per Account												<b>2,854</b>							
<b>REVENUES GENERATED:</b>																			
<b>Connection Size</b>		<b># of Connections</b>		<b>Min. Bill</b>		<b>Minimum Bill Including Gals</b>		<b>Rev./Month</b>		<b>Rev./Year</b>									
5/8", 3/4"		EQUIV. 1		417		\$51.04 \$52.04		\$21,701.23		\$260,414.74									
1"		EQUIV. 2.5		0		\$127.60 \$128.60		\$0.00		\$0.00									
1-1/2"		EQUIV. 5		0		\$255.21 \$256.21		\$0.00		\$0.00									
2"		EQUIV. 8		0		\$408.33 \$409.33		\$0.00		\$0.00									
2-1/2"		EQUIV. 12		0		\$612.50 \$613.50		\$0.00		\$0.00									
3"		EQUIV. 15		0		\$765.62 \$766.62		\$0.00		\$0.00									
4"		EQUIV. 25		0		\$1,276.03 \$1,277.03		\$0.00		\$0.00									
6"		EQUIV. 50		0		\$2,552.07 \$2,553.07		\$0.00		\$0.00									
8"		EQUIV. 80		0		\$4,083.31 \$4,084.31		\$0.00		\$0.00									
10"		EQUIV. 115		0		\$5,869.75 \$5,870.75		\$0.00		\$0.00									
										<b>TOTAL MINIMUM CHARGES=&gt;</b>				<b>\$260,414.74</b>					
										<b>GALLONAGE CHARGES=&gt;</b>		9,279 @		\$1.00 /1,000 GAL		<b>\$9,279.26</b>			
										<b>TOTAL REVENUE GENERATED=&gt;</b>				<b>\$269,694.00</b>					

# CITY OF BEVIL OAKS – 2019 RATE STUDY (SEWER)

REVENUE REQUIREMENT & RATE DESIGN								
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<b>UTILITY: City of Bevil Oaks</b>								
REVENUE REQUIREMENT - WATER			"FAIR SHARE" RATE ANALYSIS					
BUDGET LINE ITEMS	FYE BUDGET 2019			Expense Item	%	Fixed	%	Variable
Bond Admin Fee	\$300.00	BOTH		\$150.00	100	\$150.00	0	\$0.00
Accounting	\$6,000.00	BOTH		\$3,000.00	100	\$3,000.00	0	\$0.00
Audit	\$6,500.00	BOTH		\$3,250.00	100	\$3,250.00	0	\$0.00
Bank Service Charge	\$300.00	BOTH		\$150.00	100	\$150.00	0	\$0.00
Billing Expense	\$1,000.00	BOTH		\$500.00	100	\$500.00	0	\$0.00
Billing Sewer Expense	\$105,200.00	BOTH		\$52,600.00	100	\$52,600.00	0	\$0.00
Beaumont FYE18 Payable	\$22,105.00	BOTH		\$11,052.50	100	\$11,052.50	0	\$0.00
Chlorine	\$500.00	BOTH		\$250.00	100	\$250.00	0	\$0.00
Contract Labor		BOTH		\$0.00	100	\$0.00	0	\$0.00
Utility Service Contract Exp	\$28,200.00	BOTH		\$14,100.00	100	\$14,100.00	0	\$0.00
Badger Cellular Service	\$7,200.00	BOTH		\$3,600.00	100	\$3,600.00	0	\$0.00
Other	\$0.00	BOTH		\$0.00	100	\$0.00	0	\$0.00
Diesel	\$500.00	BOTH		\$250.00	100	\$250.00	0	\$0.00
Dues & Subscriptions	\$0.00	BOTH		\$0.00	100	\$0.00	0	\$0.00
Electric Utilities	\$17,000.00	BOTH		\$8,500.00	70	\$5,950.00	30	\$2,550.00
Engineer Services	\$7,000.00	BOTH		\$3,500.00	100	\$3,500.00	0	\$0.00
Grounds Maintenance	\$6,000.00	BOTH		\$3,000.00	100	\$3,000.00	0	\$0.00
Insurance	\$11,000.00	BOTH		\$5,500.00	100	\$5,500.00	0	\$0.00
Lab Tests	\$7,000.00	BOTH		\$3,500.00	100	\$3,500.00	0	\$0.00
Legal Services	\$6,000.00	BOTH		\$3,000.00	100	\$3,000.00	0	\$0.00
Maintenance and Materials		BOTH		\$0.00	100	\$0.00	0	\$0.00
Extraordinary Expenses	\$36,000.00	BOTH		\$18,000.00	100	\$18,000.00	0	\$0.00
Tap Expense	\$2,500.00	BOTH		\$1,250.00	100	\$1,250.00	0	\$0.00
Subcontractors - Repairs & Main	\$5,000.00	BOTH		\$2,500.00	100	\$2,500.00	0	\$0.00
Monthly Main Repair	\$18,000.00	BOTH		\$9,000.00	70	\$6,300.00	30	\$2,700.00
Turn On/Turn Off	\$6,000.00	BOTH		\$3,000.00	70	\$2,100.00	30	\$900.00
Daily Service	\$24,000.00	BOTH		\$12,000.00	100	\$12,000.00	0	\$0.00
Office	\$3,800.00	BOTH		\$1,900.00	100	\$1,900.00	0	\$0.00
Materials for Repairs	\$30,000.00	BOTH		\$15,000.00	100	\$15,000.00	0	\$0.00
Office	\$3,800.00	BOTH		\$1,900.00	100	\$1,900.00	0	\$0.00
Postage Supplies	\$2,800.00	BOTH		\$1,400.00	100	\$1,400.00	0	\$0.00
Payroll Taxes	\$2,100.00	BOTH		\$1,050.00	100	\$1,050.00	0	\$0.00
Permit Assessment Fees	\$1,500.00	BOTH		\$750.00	100	\$750.00	0	\$0.00
Phone	\$3,000.00	BOTH		\$1,500.00	100	\$1,500.00	0	\$0.00
Wages	\$26,000.00	BOTH		\$13,000.00	100	\$13,000.00	0	\$0.00
Annual Depreciation-Per Audit Page 14	\$241,000.00	BOTH		\$0.00	100	\$0.00	0	\$0.00
Asset Management/Capital Reserve Funding	\$0.00	BOTH		\$0.00	100	\$0.00	0	\$0.00
<b>TOTAL REVENUE REQUIREMENT</b>		<b>\$637,305.00</b>						
		SUB-TOTAL		\$198,152.50		\$192,002.50		\$6,150.00
		% OF TOTAL (FIXED + VARIABLE)		\$157,083.00	97%		3%	
		PRINC. & INTEREST - WATER	WWTP CIP IMP	\$78,541.50		\$76,103.83		\$2,437.67
		MAINTENANCE TAX REVENUE		\$0.00		\$0.00		\$0.00
		LESS FEE REVENUE		\$14,000.00		-\$6,782.74		-\$217.26
		LESS OTHER REVENUE		\$0.00		\$0.00		\$0.00
		<b>TOTAL</b>		<b>\$14,000.00</b>		<b>\$261,323.59</b>		<b>\$8,370.41</b>



**Current Rate Structure**

UTILITY: City of Bevil Oaks			RATE COMPARISONS TABLE (5/8-3/4 Inch Meter)							
Current Rates	Availability Fee		1000	2000	3000	5000	7000	10000	15000	
<b>NOTES:</b>	<b>WATER</b>	<b>Per 1000</b>	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	
Water (Incls 1000 Gals)	\$13.00		\$13.00	\$26.00	\$39.00	\$65.00	\$91.00	\$130.00	\$195.00	
<b>NOTES:</b>	<b>SEWER</b>	<b>Per 1000</b>	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	\$13.00	
Sewer (Incls 1000 Gals)	\$13.00		\$13.00	\$26.00	\$39.00	\$65.00	\$91.00	\$130.00	\$195.00	
Debt Service/Usage Fee	\$39.90		\$39.90	\$39.90	\$39.90	\$39.90	\$39.90	\$39.90	\$39.90	
Sub Total	\$65.90		\$65.90	\$91.90	\$117.90	\$169.90	\$221.90	\$299.90	\$429.90	
TCEQ Fee = 0.005	0.33		\$0.33	\$0.46	\$0.59	\$0.85	\$1.11	\$1.50	\$2.15	
<b>Total Bill</b>	<b>\$66.23</b>		<b>\$66.23</b>	<b>\$92.36</b>	<b>\$118.49</b>	<b>\$170.75</b>	<b>\$223.01</b>	<b>\$301.40</b>	<b>\$432.05</b>	
	<b>COST PER GALLON</b>		<b>\$0.07</b>	<b>\$0.05</b>	<b>\$0.04</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.03</b>	

**Without Depreciation Expense**

UTILITY: City of Bevil Oaks			RATE COMPARISONS TABLE (5/8-3/4 Inch Meter)							
Current Rates-2019 Budget	Availability Fee		1000	2000	3000	5000	7000	10000	15000	
<b>NOTES:</b>	<b>WATER</b>	<b>Per 1000</b>	\$1.00	\$1.00	\$1.00	\$1.50	\$1.50	\$2.00	\$2.25	
Water (Incls 1000 Gals)	\$52.04		\$52.04	\$53.04	\$54.04	\$57.04	\$60.04	\$66.04	\$77.29	
<b>NOTES:</b>	<b>SEWER</b>	<b>Per 1000</b>	\$1.00	\$1.00	\$1.00	\$1.50	\$1.50	\$2.00	\$2.25	
Sewer (Incls 1000 Gals)	\$52.04		\$52.04	\$53.04	\$54.04	\$57.04	\$60.04	\$66.04	\$77.29	
Debt Service/Usage Fee	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Sub Total	\$104.08		\$104.08	\$106.08	\$108.08	\$114.08	\$120.08	\$132.08	\$154.58	
TCEQ Fee = 0.005	0.52		\$0.52	\$0.53	\$0.54	\$0.57	\$0.60	\$0.66	\$0.77	
<b>Total Bill</b>	<b>\$104.60</b>		<b>\$104.60</b>	<b>\$106.61</b>	<b>\$108.62</b>	<b>\$114.65</b>	<b>\$120.68</b>	<b>\$132.74</b>	<b>\$155.36</b>	
	<b>COST PER GALLON</b>		<b>\$0.105</b>	<b>\$0.053</b>	<b>\$0.036</b>	<b>\$0.023</b>	<b>\$0.017</b>	<b>\$0.013</b>	<b>\$0.010</b>	
Percentage Change	<b>58%</b>		<b>58%</b>	<b>15%</b>	<b>-8%</b>	<b>-33%</b>	<b>-46%</b>	<b>-56%</b>	<b>-64%</b>	
Dollar Change	<b>\$38.37</b>		<b>\$38.37</b>	<b>\$14.25</b>	<b>-\$9.87</b>	<b>-\$56.10</b>	<b>-\$102.33</b>	<b>-\$168.66</b>	<b>-\$276.69</b>	

**With Depreciation Expense**

UTILITY: City of Bevil Oaks			RATE COMPARISONS TABLE (5/8-3/4 Inch Meter)							
Current Rates-2019 Budget	Availability Fee		1000	2000	3000	5000	7000	10000	15000	
<b>NOTES:</b>	<b>WATER</b>	<b>Per 1000</b>	\$1.00	\$1.00	\$1.00	\$1.50	\$1.50	\$2.00	\$2.25	
Water (Incls 1000 Gals)	\$76.12		\$76.12	\$77.12	\$78.12	\$81.12	\$84.12	\$90.12	\$101.37	
<b>NOTES:</b>	<b>SEWER</b>	<b>Per 1000</b>	\$1.00	\$1.00	\$1.00	\$1.50	\$1.50	\$2.00	\$2.25	
Sewer (Incls 1000 Gals)	\$76.12		\$76.12	\$77.12	\$78.12	\$81.12	\$84.12	\$90.12	\$101.37	
Debt Service/Usage Fee	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Sub Total	\$152.24		\$152.24	\$154.24	\$156.24	\$162.24	\$168.24	\$180.24	\$202.74	
TCEQ Fee = 0.005	0.76		\$0.76	\$0.77	\$0.78	\$0.81	\$0.84	\$0.90	\$1.01	
<b>Total Bill</b>	<b>\$153.01</b>		<b>\$153.01</b>	<b>\$155.02</b>	<b>\$157.03</b>	<b>\$163.06</b>	<b>\$169.09</b>	<b>\$181.15</b>	<b>\$203.76</b>	
	<b>COST PER GALLON</b>		<b>\$0.153</b>	<b>\$0.078</b>	<b>\$0.052</b>	<b>\$0.033</b>	<b>\$0.024</b>	<b>\$0.018</b>	<b>\$0.014</b>	
Percentage Change	<b>131%</b>		<b>131%</b>	<b>68%</b>	<b>33%</b>	<b>-5%</b>	<b>-24%</b>	<b>-40%</b>	<b>-53%</b>	
Dollar Change	<b>\$86.78</b>		<b>\$86.78</b>	<b>\$62.66</b>	<b>\$38.54</b>	<b>-\$7.69</b>	<b>-\$53.92</b>	<b>-\$120.25</b>	<b>-\$228.29</b>	

## OPTIONS SNAPSHOT

<b>UTILITY: City of Bevil Oaks</b>		<b>RATE COMPARISONS TABLE (5/8-3/4 Inch Meter)</b>							
<b>NOTE: Availability Fee (Minumum Bill) includes water, sewer, Usage Fee and TCEQ fee</b>									
<b>OPTIONS SNAPSHOT</b>	<b>Gallons Billed</b>		<b>1000</b>	<b>2000</b>	<b>3000</b>	<b>5000</b>	<b>7000</b>	<b>10000</b>	<b>15000</b>
	<b>Availability Fee</b>	<b>Difference</b>							
<b>Current Rates Structure</b>	\$66.23	NA	\$66.23	\$92.36	\$118.49	\$170.75	\$223.01	\$301.40	\$432.05
<b>2019 Budget W/O Depreciation</b>	\$104.60	\$38.37	\$104.60	\$106.61	\$108.62	\$114.65	\$120.68	\$132.74	\$155.36
<b>2019 Budget with Depreciation</b>	\$153.01	\$86.78	\$153.01	\$155.02	\$157.03	\$163.06	\$169.09	\$181.15	\$203.76

### METER INVENTORY including EQUIVALENT FACTORS

<b>METER INVENTORY</b>						
<b>INSERT DATA:</b>						
NO OF 5/8" CUST.=	100%	61	5/8", 3/4"	EQUIV.	1	61.00
NO OF 1" CUST.=	0%	0	1"	EQUIV.	2.5	0.00
NO OF 1-1/2" CUST.=	0%	0	1-1/2"	EQUIV.	5	0.00
NO OF 2" CUST.=	0%	0	2"	EQUIV.	8	0.00
NO OF 2-1/2" CUST.=	0%	0	2-1/2"	EQUIV.	12	0.00
NO OF 3" CUST.=	0%	0	3"	EQUIV.	15	0.00
NO OF 4" CUST.=	0%	0	4"	EQUIV.	25	0.00
NO OF 6" CUST.=	0%	0	6"	EQUIV.	50	0.00
NO OF 8" CUST.=	0%	0	8"	EQUIV.	80	0.00
NO OF 10" CUST.=	0%	0	10"	EQUIV.	115	0.00
		61				61
<b>ESFC Per Water District Financial Management Guide</b>				<b>TCEQ publication RG-080 # Revised March 2004</b>		

**SPECIAL NOTICE REGARDING EQUIVALENT FACTORS AND FAIRNESS**

(WE DID NOT DISCUSS THIS ISSUE DURING OUR MEETING)

Remember: A 1-inch meter has 2.5 times the capacity volume of a 5/8-3/4 inch meter. Therefore, to be fair the 1-inch meter should pay 2.5 times the minimum bill of the 5/8-3/4 inch meter. Meaning  $\$48.71 \times 2.5 = \$121.76$  and so forth. This has the effect of slightly reducing the minimum bill of the 5/8-3/4 inch meter because more of the fixed cost is shifted to the larger meter sizes. Please let me know have any questions.

Connection Size			# of Connections		Min. Bill	Minimum Bill	Rev./Month		Rev./Year
						Including Gals			
5/8", 3/4"	EQUIV.	1	417		\$51.04	\$52.04	\$21,701.23		\$260,414.74
1"	EQUIV.	2.5	0		\$127.60	\$128.60	\$0.00		\$0.00
1-1/2"	EQUIV.	5	0		\$255.21	\$256.21	\$0.00		\$0.00
2"	EQUIV.	8	0		\$408.33	\$409.33	\$0.00		\$0.00
2-1/2"	EQUIV.	12	0		\$612.50	\$613.50	\$0.00		\$0.00
3"	EQUIV.	15	0		\$765.62	\$766.62	\$0.00		\$0.00
4"	EQUIV.	25	0		\$1,276.03	\$1,277.03	\$0.00		\$0.00
6"	EQUIV.	50	0		\$2,552.07	\$2,553.07	\$0.00		\$0.00
8"	EQUIV.	80	0		\$4,083.31	\$4,084.31	\$0.00		\$0.00
10"	EQUIV.	115	0		\$5,869.75	\$5,870.75	\$0.00		\$0.00
<b>TOTAL MINIMUM CHARGES=&gt;</b>									<b>\$260,414.74</b>
<b>GALLONAGE CHARGES=&gt;</b>					<b>9,279</b>	<b>@</b>	<b>\$1.00</b>	<b>/1,000 GAL</b>	<b>\$9,279.26</b>
<b>TOTAL REVENUE GENERATED=&gt;</b>									<b>\$269,694.00</b>