

BROAD CREEK PSD RATE OVERVIEW

July 1, 2008

WHY CHANGE BROAD CREEK'S CURRENT RATE STRUCTURE?

- In 2007, the Commissioners decided that they would like to fund future upcoming capital improvements to the Plant and Field water and sewer infrastructure through revenue and savings, rather than debt.
- In 2005 the Commissioners requested a review of the correlation between rates and costs. There was little correlation.
- Not all customer classes pay their share of water usage. Regimes, timeshares, and hotels benefit from usage being evenly spread across units, resulting in them never reaching higher tier levels during peak demand.
- The base or usages charges have not changed since July 1, 2002, except for the addition of Transient Rental Unit Charge in 2004.

Cost of Service Rate Making

New Rate Structure Methodology:

- **STEP 1:** Compare projected revenue and expenses, including capital projects, of the District to determine overall level of rate adjustment.
- **STEP 2:** Equitably allocate rate revenue requirements between various customer classes of service.
- **STEP 3:** Design rates for each class of service to meet revenue needs and District objectives.

STEP 1

Rate Revenue Requirements Formula

- + Operations and Maintenance Expenses (O&M)
- + Debt Service Obligation
- + District Reserve Requirements
- + Capital Project Expenses
- = Total Revenue Requirements
- Millage and Other Revenue
- = Rate Revenue Requirements

STEP 1 – BROAD CREEK PSD Total Rate Revenue Requirements

+ \$3,584,845	O & M Expenses
+ \$ 974,372	Debt Service
+ \$ 560,000	Pipe Placement Reserve
<u>+ \$ 861,683</u>	<u>Capital Projects</u>
= \$5,980,900	Total Revenue Requirements
<u>- \$1,681,956</u>	<u>Millage and Other Revenue</u>
= \$4,298,944	Total Revenue Requirements Funded

Note: Figures based on fy 2008 Budget.

STEP 1 – BROAD CREEK PSD

Water Rate Revenue Requirements

+ \$1,254,696	O & M Expenses
+ \$ 348,596	Debt Service
+ \$ 504,000	Pipe Placement Reserve
+ \$ 214,314	<u>Capital Projects</u>
= \$2,321,606	Total Revenue Requirements
- \$ 588,685	<u>Millage and Other Revenue</u>
= \$1,732,921	Total Revenue Requirements Funded By Water Rates

Note: Where applicable calculations based on 35/65 - water/sewer revenue requirement split. Figures based on fy 2008 Budget.

STEP 1 – BROAD CREEK PSD

Sewer Rate Revenue Requirements

+ \$2,330,149	O & M Expenses
+ \$ 625,776	Debt Service
+ \$ 56,000	A/C Pipe Reserve
+ \$ 647,369	<u>Capital Projects</u>
= \$3,659,294	Total Revenue Requirements
- \$1,093,271	<u>Millage and Other Revenue</u>
= \$2,566,023	Total Revenue Requirements Funded By Sewer Rates

Note: Where applicable calculations based on 35/65 - water/sewer revenue requirement split. Figures based on fy 2008.

STEP 2 – BROAD CREEK PSD

Customer Class WATER Rate Revenue Requirements Allocation

<u>CUSTOMER CLASS</u>	<u>USAGE</u>	<u>% OF USAGE</u>	<u>RATE REVENUE REQUIREMENT</u>
Single Family Residential	264,953,533	38.4%	\$665,442
Regime	195,537,084	28.3%	\$490,417
Commercial	229,624,990	33.3%	\$577,062
Total	690,115,607	100.0%	\$1,732,921

Note: Usage is actual usage billed fiscal year 2006-2007

STEP 2 – BROAD CREEK PSD

Customer Class SEWER Rate Revenue Requirements Allocation

<u>CUSTOMER CLASS</u>	<u>RATE REVENUE REQUIREMENTS</u>	<u>BASED ON DHEC CONTRIBUTORYLOAD FACTORS AND NUMBER OF UNITS</u>
Single Family Residential	\$474,672	18.5%
Regime	\$842,208	32.8%
Commercial	\$616,623	24.0%
Transient Rental Unit	\$632,520	24.7%
Total	\$2,566,023	100.0%

STEP 3 – BROAD CREEK PSD RATE DESIGN AND DISTRICT OBJECTIVES

Single Family Residential: Tier Structure for Water Usage

Objectives: Equitable rates, encourage conservation

<u>From</u>	<u>To</u>	<u>Charge/1000</u>	
0	6000	\$1.10	Ave cost of aquifer & BJWSA, indoor usage
6001	21000	\$1.45	Cost of BJWSA, outdoor usage
21001	36000	\$4.00	Excessive usage
36001	100000	\$10.00	Penalty charge
100001	over	\$25.00	No excuse usage

Single Family Residential Water Required Rate Revenue = \$665,442

Single Family Residential Sewer Flat Rate = \$31

\$31 x 12 months x 1276 residences = \$474,672

Single Family Residential Sewer Required Rate Revenue = \$474,672

STEP 3 – BROAD CREEK PSD RATE DESIGN AND DISTRICT OBJECTIVES

Regime Customer Class

Objectives: Equitable rates for demand based on each regime's previous fiscal year actual usage. Budget bill for regime convenience. Meet rate revenue requirements.

Total Water Rate Revenue Requirements: \$490,417

Split between each regime based on their % of total regime class usage during previous fiscal year.

Total Sewer Rate Revenue Requirements: \$842,208

\$31 flat sewer charge per unit x 12 months x 2264 regime units

STEP 3 – BROAD CREEK PSD RATE DESIGN AND DISTRICT OBJECTIVES

Commercial (Hotel, Timeshare, Business, Irrigation): One Tier for Water Usage

Objectives: Equitable rates, eliminate hotel/timeshare peak demand usage advantage.

One Tier: \$2.51 per 1000 gallons

Commercial Water Rate Revenue Requirements = \$577,063

Commercial Sewer Rate Revenue Requirements = \$606,036

\$31 flat sewer X 12 mos X 1418 hotel/timeshare units = \$527,496

\$85 flat sewer x 12 mos x 77 business accounts = \$78,540

\$10 irrigation account service fee x 12 mos x 110 accounts = \$13,200

STEP 3 – BROAD CREEK PSD RATE DESIGN AND DISTRICT OBJECTIVES

Transient Rental Unit Supplemental Sewer Charge

Objectives: Charge additional transient rental unit fee to address proven stress to sewer system during peak demand. Expand definition to include all units on the short-term rental market. This includes rental homes, condos, hotel rooms, and timeshare units.

Fee Schedule:

Homes and Condos under 4 baths - \$20 per month

Homes and Condos 4 and over baths - \$70 per month

Hotels and Timeshares - \$10 per month per unit

Required Rate Revenue from TRU charge = \$632,520

BROAD CREEK PSD RATE SUMMARY

Effective 7/1/2008

CUSTOMER CLASS	WATER RATE	% OF WATER REV REQUIREMENT	SEWER RATE
SINGLE FAMILY REGIME	TIERS BUDGET BILL	38.4%	\$31
COMMERCIAL	\$2.51/1000	33.3%	\$31, \$85, \$10
TRU	-	-	\$10, \$20, \$70

Total Water Rate Revenue Requirement = \$1,732,921

Total Sewer Rate Revenue Requirement = \$2,566,023

Total Rate Revenue Requirement = \$4,298,944

Current Rate Revenue Budget (FY08) = \$3,897,600

Additional Revenue Based on New Rates = \$401,344 or 10.2% increase

**Requirements based on fy 2008 Budget*

2007 Water and Wastewater Rate Survey Cities and Towns in Southeast
Residential Monthly Fee for usage of 1000 cu.ft. (7,480 gal.)

<u>City/Town</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Savannah, GA	\$10.78	\$19.75	\$30.53
Decatur, AL	12.05	18.51	30.56
Gainesville, FL	10.07	20.54	30.61
Kissimmee, FL	7.60	23.24	30.84
Columbus, GA	14.24	22.10	36.34
Conway, SC	17.81	19.45	37.26
Lakeland, FL	14.77	24.80	39.57
BCPSD, SC	8.77	31.00	39.77
Greensboro, NC	15.28	25.50	40.78
Charlotte, NC	13.35	29.25	42.60
Winter Springs, FL	12.67	31.72	44.39
Jacksonville, FL	14.28	32.42	46.70
Wilmington, NC	19.56	27.44	47.00
Cocoa, FL	18.75	29.00	47.75
Durham, NC	16.38	31.69	48.07
Greenville, NC	21.98	28.01	49.99
Augusta, GA	20.19	29.81	50.00
Orlando, FL	13.20	37.67	50.87
Mt. Pleasant, SC	23.18	28.07	51.25
Spartanburg, SC	16.43	35.65	52.08
Pawleys Island, SC	23.55	29.10	52.65
Bradenton, FL	16.60	36.50	53.10
Marietta, GA	21.70	31.64	53.34
Fayetteville, NC	20.62	32.98	53.60
High Point, NC	22.38	37.95	60.33
Carrboro, NC	30.34	30.65	60.99
Charleston, SC	16.71	47.00	63.71
Cary, NC	28.46	35.75	64.21
Salisbury, NC	30.27	38.32	68.59
Douglasville, GA	30.15	39.41	69.56
Asheville, NC	35.62	37.15	72.77
Atlanta, GA	25.14	63.78	88.92
Southeast Average	19.38	32.00	51.39

Source: AWWA