



Pinellas County Utilities

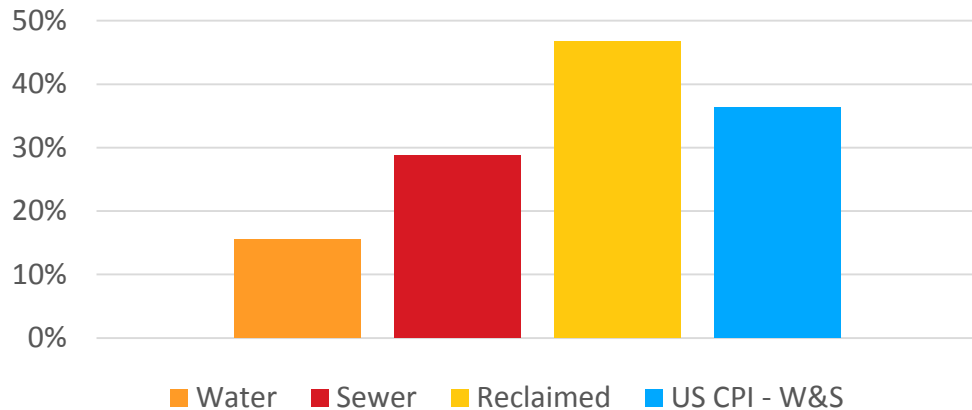
Water, Sewer, and Reclaimed Water Rate Study
Preliminary Results

February 26, 2019

Background

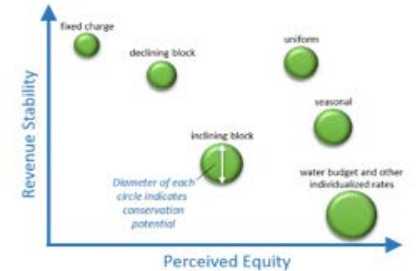
2011 and 2015 Rate Studies:

Cumulative Rate Increases:
FY 2011 – FY 2018



U.S. CPI – Water & Sewerage Maintenance Series: measures the national average change in the cost of water and sewer service to households

FY 2019 Rate Study: Develop a multi-year rate plan to ensure utility sustainability



- Operating Costs
- Capital Costs
- Financial Policies
 - Debt Coverage
 - Reserves

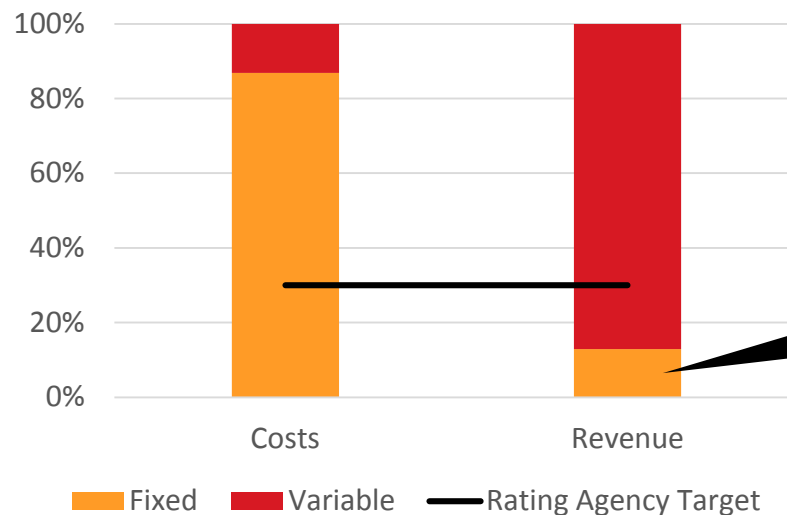
- Evaluate Available Data
- Retail & Wholesale
- Fixed & Variable
- Compare Results to Current Revenue

- Evaluate Objectives
- Identify Structures
- Set Parameters
- Evaluate Customer Impacts

Water System

Water System – Key Issues

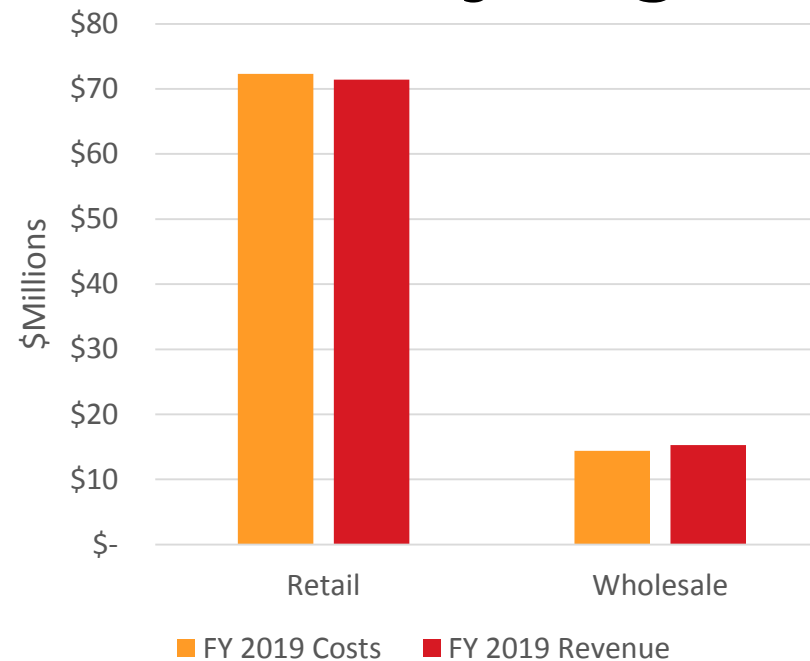
- **Costs**
 - TBW = Approx. 55% of O&M expense
 - \$92 million in CIP from FY 2019 – FY 2023
- **Revenue**
 - Equity: $\frac{3}{4}$ " meter base charge = 8" meter base charge
 - Fixed charge revenue recovery



Only 13% of retail fixed revenues are recovered from fixed charges

Water System – Results

- 1% annual revenue increases
- No debt projected & sufficient reserves
- Revenues are closely aligned with cost to serve



Water System – Results

- **Proposed rate structure change:**
 - Recognize capacity of larger meters
 - Scale retail base charges by meter size
 - Phased-in over 4 years
 - Increased revenue stability (13% to 17%)
 - Result is no increase to 92% of customers

Meter Size	Maximum flow rates ¹	% of Retail Accounts	# of Retail Accounts ²
¾"	(20-30)	92.2%	103,970
1"	50	4.7%	5,337
1.5"	100	1.5%	1,635
2"	160	1.3%	1,465
3"	350	0.0%	56
4"	600	0.1%	72
6"	1,350	0.2%	203
8"	1,600	0.0%	20
Total		100.0%	112,759

1) Source: AWWA Manual of Practice M22

2) Average number of accounts from PCU's FY 2017 Billing Data

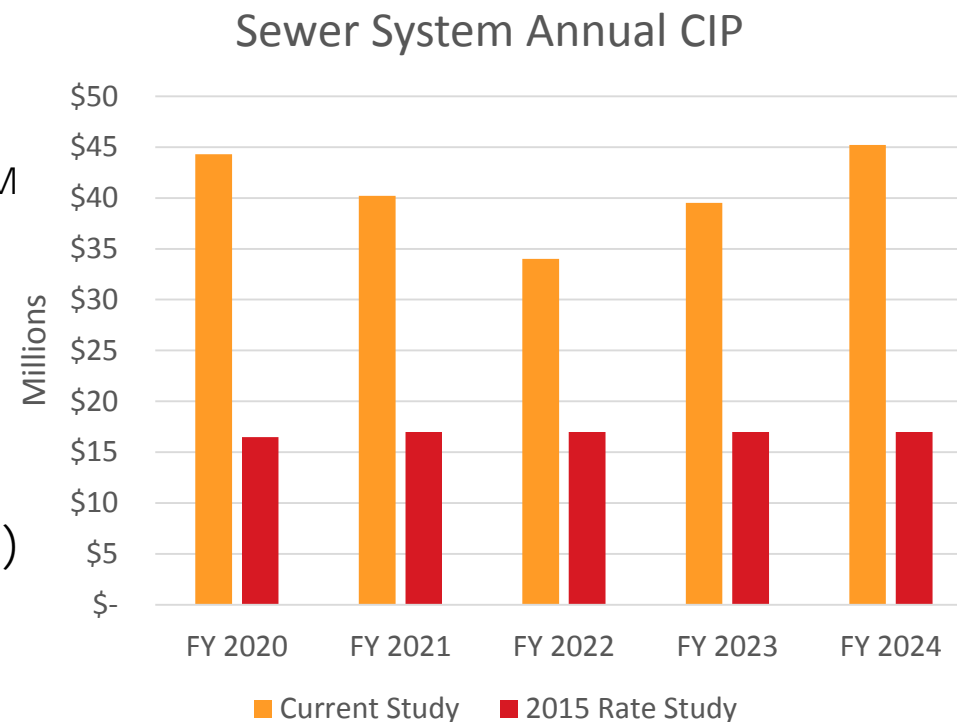
Sewer System

Sewer System – Key Issues

FY20 – FY24 CIP = \$204 M vs. 2015 study \$85 M

- South Cross Improvements:
 - Aeration, Biosolids, Co-Gen, Blower, Grit Facility, HS Pumps: \$31M
 - Facility Upgrades & Rehab: \$8M
- Dunn Improvements:
 - Grit, Aeration, Odor Control, Filtration & Disinfection: \$23M
 - Pond Liner & Reject Tank: \$17M
- Reclaimed Water System Improvements (\$12M)
- Pump station R&R, manhole, & collection lining (\$19M)
- Forcemain capacity projects (\$14 M)
- Centrifuge Upgrade (\$13 M)

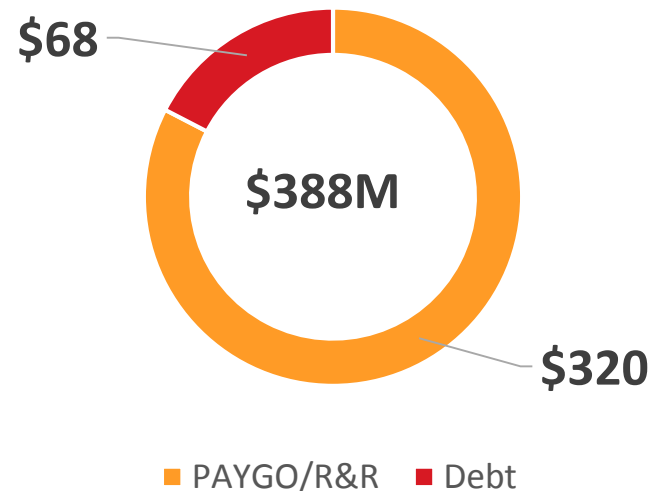
Master plans & condition assessments in-progress



Sewer System – Results

- Required revenue increases of 9.5% per year (FY20 – FY23)
- Combined reserve target achieved long-term
- Maintain existing rate structure
- Need for borrowing projected during FY 2019 or FY 2020

FY 2019 – FY 2028 Capital Funding



Summary of Results: Water & Sewer Residential Monthly Bill

“Typical” Residential Retail Customer Account

Based on 5,000 Gallons per Month

	FY 2019 (Adopted)	FY 2020 (Proposed)	FY 2021 (Proposed)	FY 2022 (Proposed)	FY 2023 (Proposed)
Water Bill	\$32.45	\$32.45	\$32.45	\$32.45	\$32.45
Sewer Bill	\$38.61	\$42.28	\$46.29	\$50.69	\$55.51
Total Bill	\$71.06	\$74.73	\$78.74	\$83.14	\$87.96
\$ Change	\$0.96	\$3.67	\$4.01	\$4.40	\$4.82
% Change	1.4%	5.2%	5.4%	5.6%	5.8%

Summary of Results: Water & Sewer Commercial Monthly Bills

Summary of Results

4.7% of customers

1" Meter Customer				
	Monthly Usage (Gallons)	FY 2019	FY 2020	% Change
Low Usage	5,000	\$71.06	\$77.26	9%
Medium Usage	15,000	\$199.58	\$213.08	7%
High Usage	25,000	\$328.10	\$348.90	6%

1.3% of customers

2" Meter Customer				
	Monthly Usage (Gallons)	FY 2019	FY 2020	% Change
Low Usage	20,000	\$263.84	\$290.34	10%
Medium Usage	50,000	\$649.40	\$697.80	7%
High Usage	100,000	\$1,292.00	\$1,376.90	7%

0.2% of customers

6" Meter Customer				
	Monthly Usage (Gallons)	FY 2019	FY 2020	% Change
Low Usage	150,000	\$1,934.60	\$2,127.40	10%
Medium Usage	500,000	\$6,432.80	\$6,881.10	7%
High Usage	1,500,000	\$19,284.80	\$20,463.10	6%

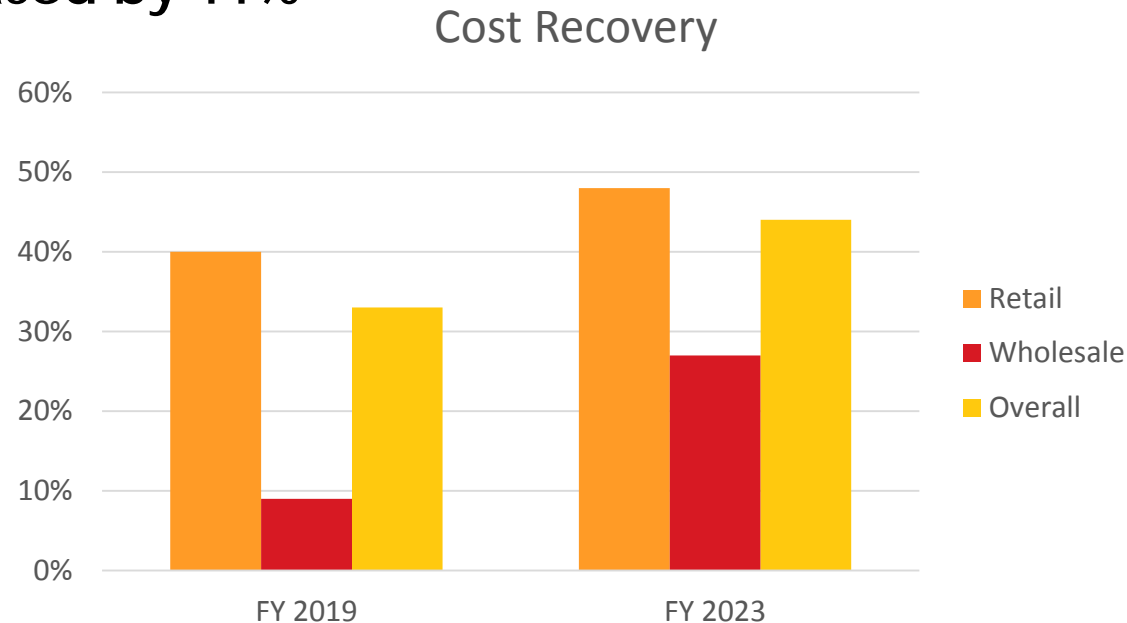
< 0.1% of customers

8" Meter Customer				
	Monthly Usage (Gallons)	FY 2019	FY 2020	% Change
Low Usage	250,000	\$3,219.80	\$3,536.60	10%
Medium Usage	1,000,000	\$12,858.80	\$13,723.10	7%
High Usage	3,000,000	\$38,562.80	\$40,887.10	6%

Bill impacts generally range from 6-7% depending on usage

Reclaimed Water System – Results

- Recalibrate user fees for County funded & non-County funded customers (4yr. phase-in)
- Maintain availability charge for County funded system until debt is retired in FY 2028
- Establish a base charge for metered customers (includes 15 kgals./month)
- Cost recovery increased by 11%



Summary of Results: Reclaimed Water Monthly Bills

Summary of Results

Bill Comparison Based on 20,000 Gallons per Month (1)

Customer Type	% of Customers	Description	FY 2019 (Adopted)	FY 2020 (Proposed)	FY 2021 (Proposed)	FY 2022 (Proposed)	FY 2023 (Proposed)
Other (funded) Un-metered	3%	Monthly Bill	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
		\$ Change		\$0.00	\$0.00	\$0.00	\$0.00
Other (funded) Metered (2)	< 0.5%	Monthly Bill	\$23.20	\$29.35	\$29.35	\$29.35	\$29.35
		\$ Change		\$6.15	\$0.00	\$0.00	\$0.00
County Funded (unfunded) Un-metered (3)	95%	Monthly Bill	\$23.00	\$24.50	\$26.00	\$27.50	\$29.00
		\$ Change		\$1.50	\$1.50	\$1.50	\$1.50
County Funded (unfunded) Metered (2) (3)	2%	Monthly Bill	\$30.20	\$36.35	\$36.35	\$36.35	\$36.35
		\$ Change		\$6.15	\$0.00	\$0.00	\$0.00

(1) Assumes customer also has water/sewer service

(2) Metered customer's base charge includes 15,000 gallons per month

(3) Includes \$7.00 availability fee

(4) Approximately 23,000 reclaimed water customers

Local Bill Comparisons

Residential Bill Comparison – FY 2015 Rates

Local Bill
Comparison

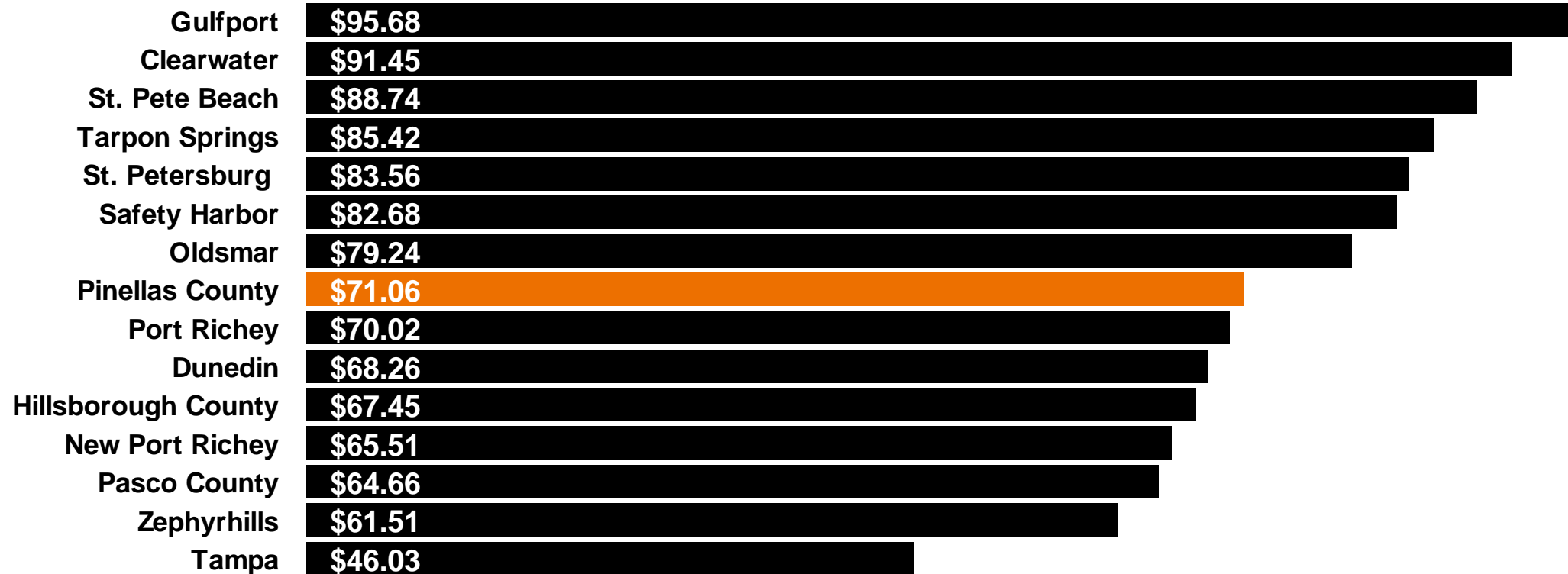
Combined Water & Sewer Bill Survey at 5,000 Gallons per Month



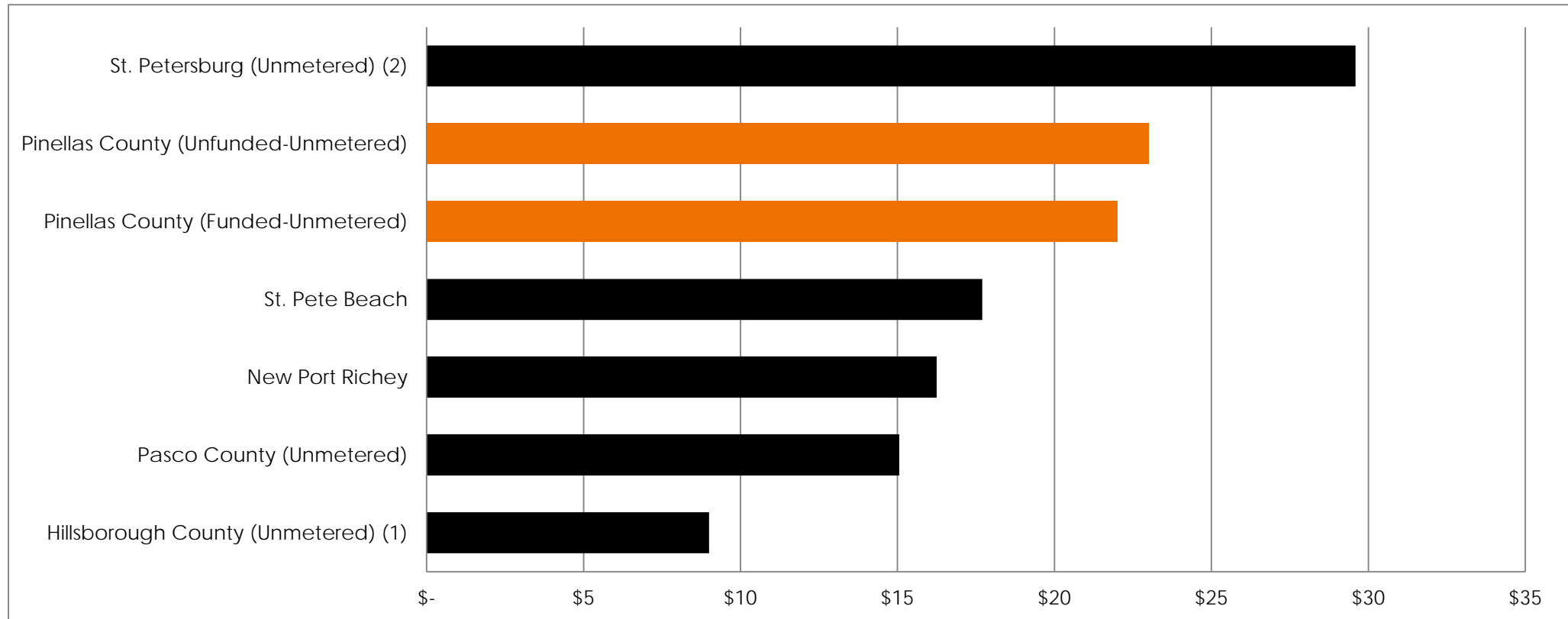
Residential Bill Comparison – FY 2019 Rates

Local Bill
Comparison

Combined Water & Sewer Bill Survey at 5,000 Gallons per Month



Residential Reclaimed Water Bill Comparison – Unmetered Service FY 2019 Rates

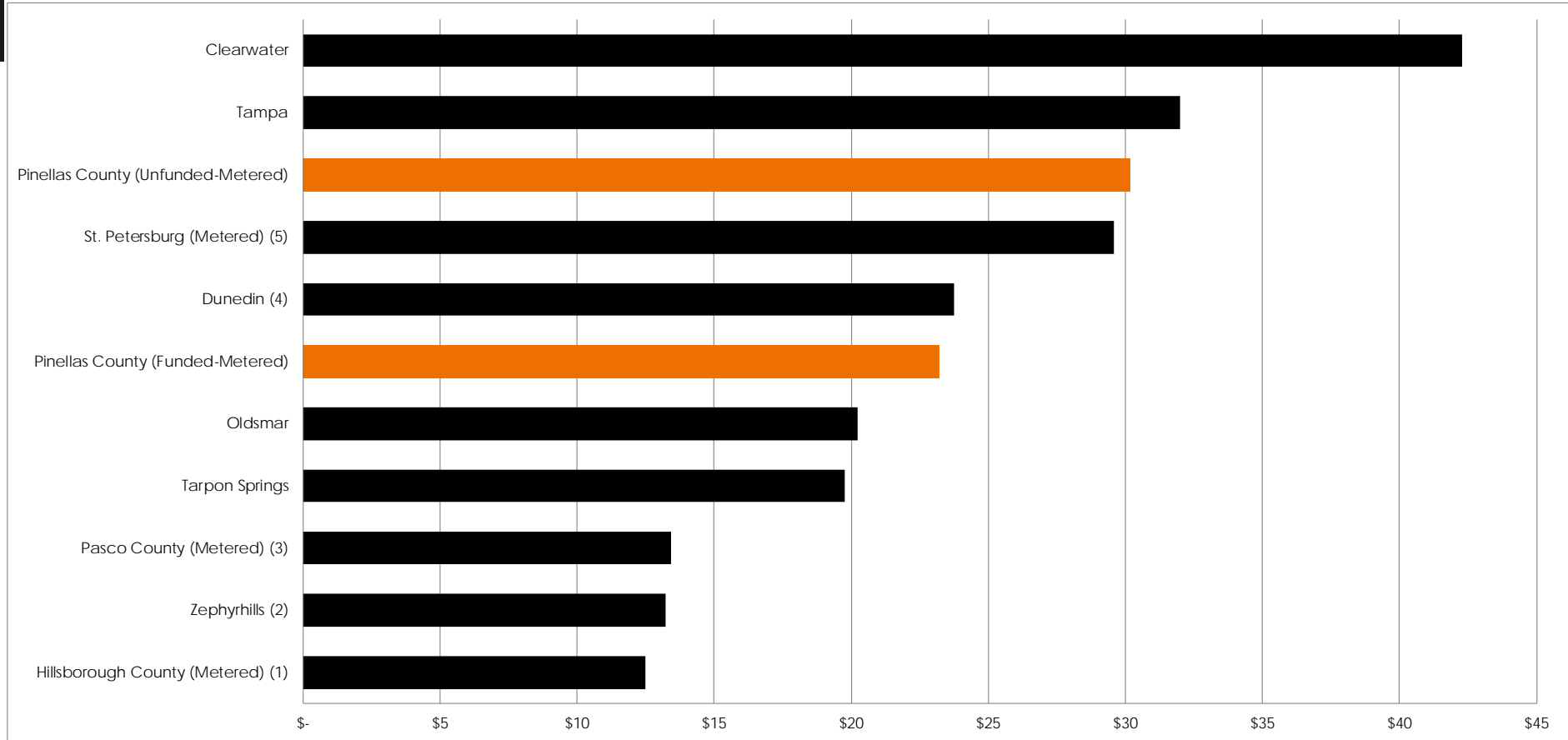


NOTES:

- (1) A flat monthly fee is charged to all connections 1" or smaller; while metered rates are applied to all connections greater than 1".
- (2) Monthly bill calculation is based upon assumed lot size of less than 1 acre.

Residential Reclaimed Water Bill Comparison – Metered Service FY 2019 Rates

Local Bill Comparison



NOTES:

(1) A flat monthly fee is charged to all connections 1" or smaller; while metered rates are applied to all connections greater than 1".

(2) Monthly bill calculation is based upon assumed lot size of less than 1 acre.

(3) Pasco County monthly fixed charge includes charge of \$5.22 for backflow prevention device. All usage outside of fixed fee is charged at \$0.41 per 1,000 gallons consumed.

(4) Monthly fixed charge component ranges between \$9.00 and \$15.00 per contractual agreement. Additionally, the City charges a monthly surcharge fee of \$2.00 per 1,000 gallons consumed in the months of February through July. Survey reflects monthly fixed charge of \$15.

(5) Minimum monthly bill charge of \$29.59 includes monthly usage of up to 40,000 gallons per month. All usage above minimum charge is charged at \$0.75 per 1,000 gallons consumed.

Recommendations & Next Steps

- **Recommendations:**

- Adopt proposed rates through FY 2023
- Update financial plans annually to account for:
 - Increases in cost of purchased water from TBW
 - Timing of planned infrastructure spending
 - Additional capital identified in master plans & condition assessments
 - Changes in demands and/or operating costs

- **Next steps:**

- Customers to be notified in writing of a public hearing on May 21, 2019
 - Public hearing advertised in advance
- BCC to adopt approved rates at the public hearing



Discussion