

Ipswich Water & Wastewater Department

Water Base Rate Increase
Water Residential Seasonal Rate Adjustments
Wastewater Rate Increase

February 1 & 16
2016

Water Base Rate Increase

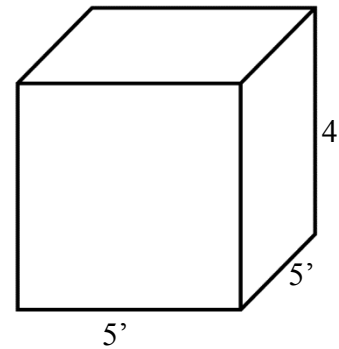
Base Rate Increase

- Proposed base rate increase: 4%.
- Rate of \$8.01 increases to \$8.33 per 100 cubic feet of water.

-OR-



per gallon



- Typical family of 4 will pay \$30 more per year.

Why Increase Is Needed

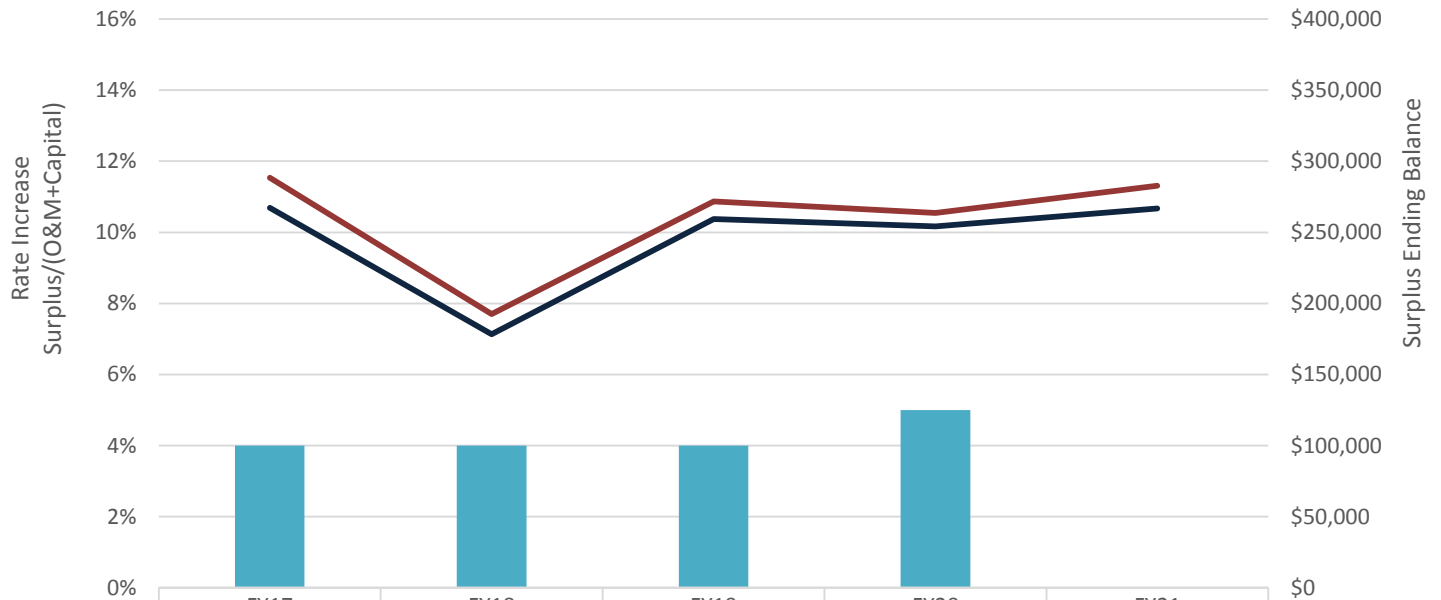
- FY17 Budget increases 7% - debt service, capital
- Current rates do not support budget
- Without increase, surplus depleted
- Debt service increases 51% in FY17

Future Rate Increases

- Increase debt service for approved projects
 - Jeffreys Neck Road Water Main
 - WTP Improvements
 - Linebrook Road Water Main
 - Town Hill Tank Painting
- Potential projects
 - Manganese Treatment at Browns & Fellows
 - Execution of capital improvements identified in master plan to be completed in FY18
- Support budget and stabilize surplus

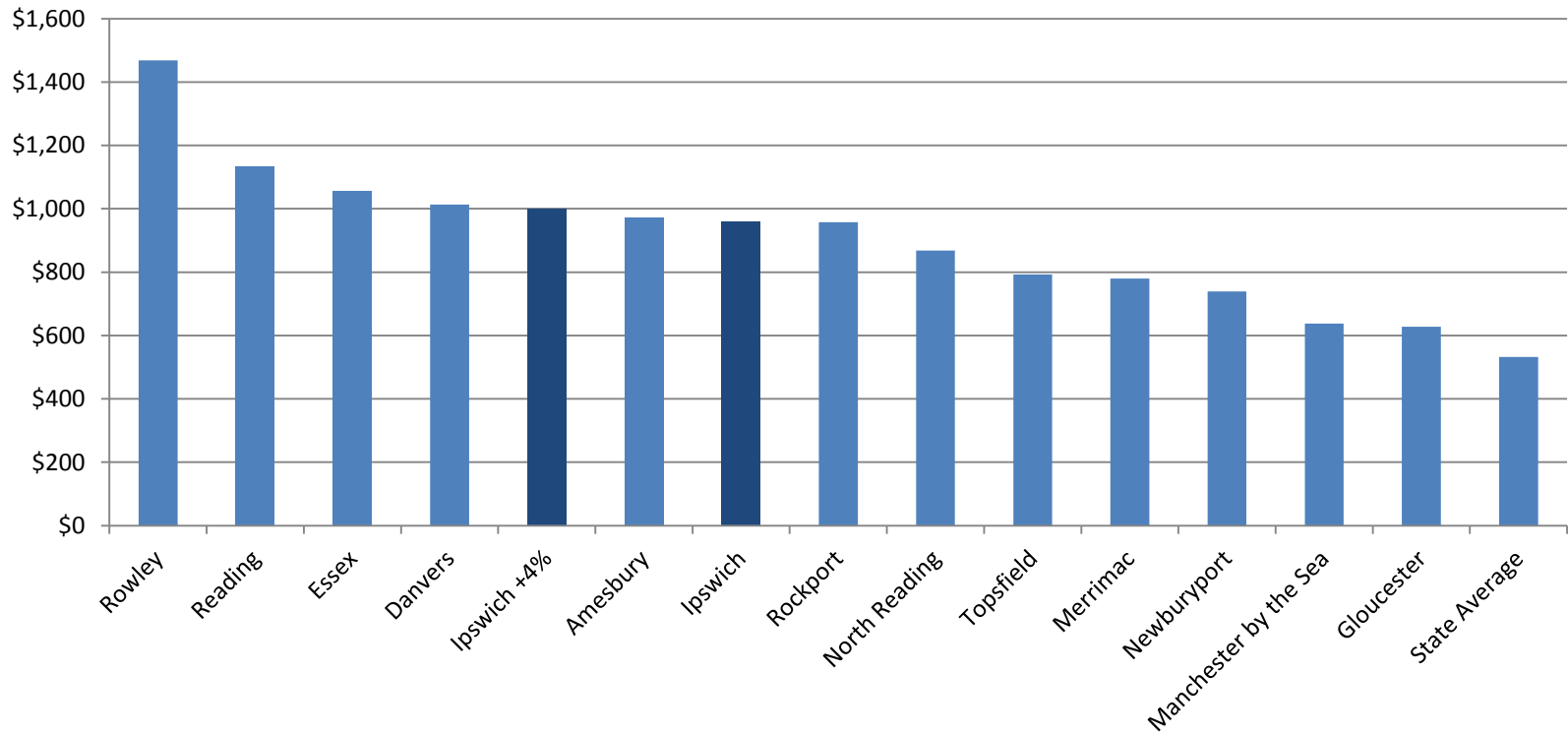
Future Rate Increases

WATER



Rate Increase	4%	4%	4%	5%	0%
Surplus/(O&M+Capital)	11%	7%	10%	10%	11%
Surplus Ending Balance	\$288,360	192,486	271,706	263,538	282,661

Rate Comparison



Based on 12,000 cubic feet annual usage

Recommendation

- Adjust Water Base Rate of \$8.01 per 100 cubic feet to \$8.33 per 100 cubic feet.
- Proposed Base Rate effective May 1, 2016.

2016 Residential Seasonal Rate Adjustment

Background

- 1990's demand exceeds DEP allowable withdrawal limits
- DEP issues administrative consent order (ACO)
 - Requires rate structure to encourage conservation
- Water Commissioners adopt seasonal residential rate structure in 2003

Seasonal Rate Goals

- Manage summer water consumption - Reduce summer peak created by residential customers
- Revenue neutral
- Responsive to families and their budgets

Rate Structure Description

- Residential customer rates adjusted twice a year in May and October.
 - Multi-family properties included
- Summer rate set at 1.5 times the base rate
- Winter rate adjusted based on revenues generated in summer so program remains revenue neutral.

Customer Use Comparison

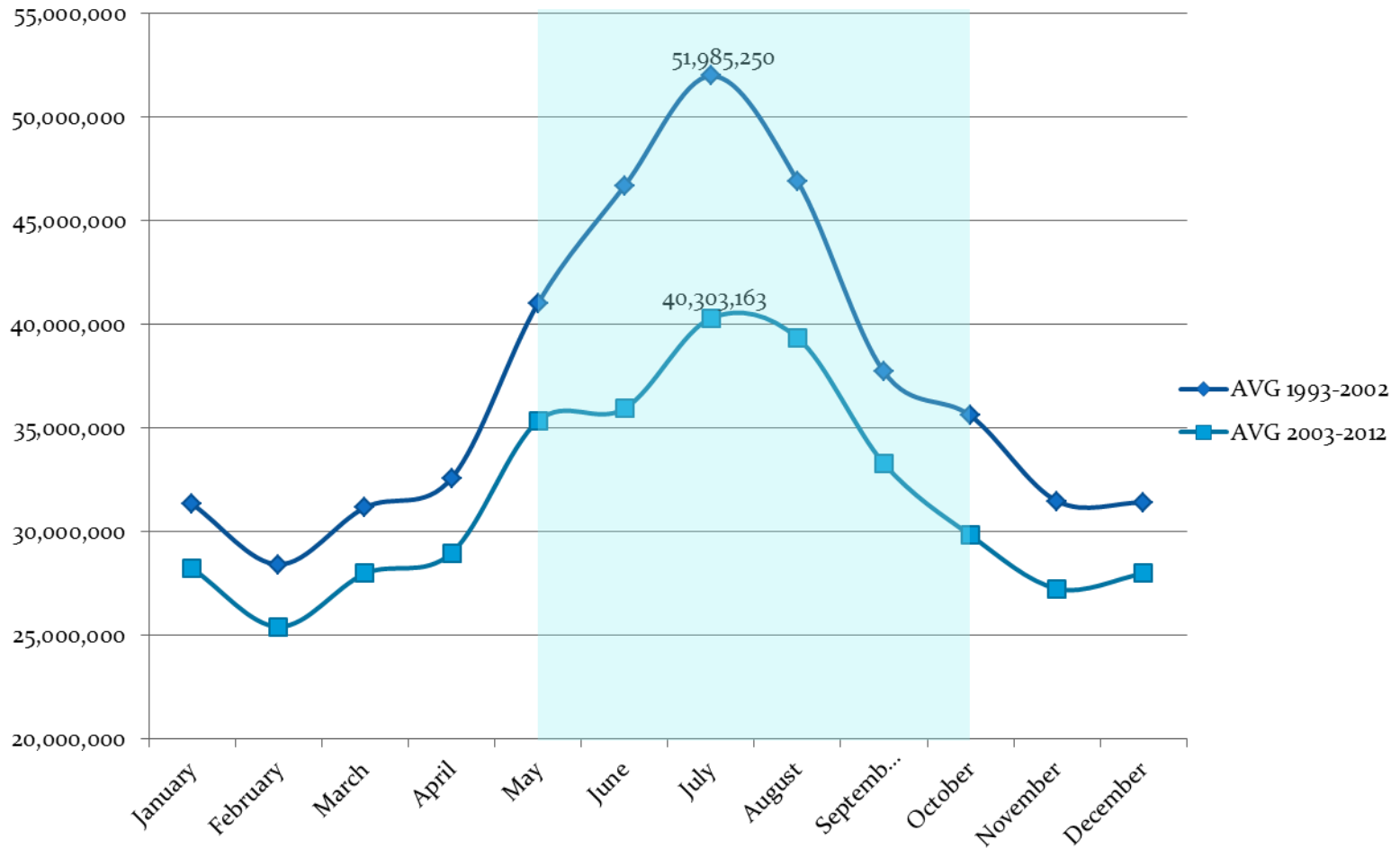
Flat Use Customer

	Usage	5 Month Sum/7 Month Winter Rate	Base Rate
JAN	352	\$13.52	\$22.42
FEB	227	\$8.72	\$14.46
MAR	298	\$11.44	\$18.98
APR	284	\$10.91	\$18.09
MAY	301	\$28.78	\$19.17
JUN	298	\$28.49	\$18.98
JUL	249	\$23.80	\$15.86
AUG	327	\$31.26	\$20.83
SEP	210	\$20.08	\$13.38
OCT	193	\$7.60	\$13.53
NOV	217	\$8.55	\$15.21
DEC	261	\$10.28	\$18.30
TOTAL		\$203.43	\$209.22
SAVINGS		\$5.79	

Summer Peak Customer

	Usage	5 Month Sum/7 Month Winter Rate	Base Rate
JAN	548	\$21.04	\$34.91
FEB	358	\$13.75	\$22.80
MAR	446	\$17.13	\$28.41
APR	376	\$14.44	\$23.95
MAY	475	\$45.41	\$30.26
JUN	4204	\$401.90	\$267.79
JUL	6404	\$612.22	\$407.93
AUG	5723	\$547.12	\$364.56
SEP	1397	\$133.55	\$88.99
OCT	400	\$15.76	\$28.04
NOV	488	\$19.23	\$34.21
DEC	475	\$18.72	\$33.30
TOTAL		\$1,860.26	\$1,365.15
ADDED COST		\$495.11	

Program Success



Average Annual Pumping Reduction with Seasonal Rate is 15%
Average Peak Month Reduction with Seasonal Rate 22%

Recommendation

- Adjust Water Residential Winter Rate of \$4.72 per 100 cubic feet to a Residential Summer Rate of \$12.50 per 100 cubic feet.
- Residential Summer Rate effective May 1, 2016 through September 30, 2016.

Wastewater Rate Increase

Rate Increase

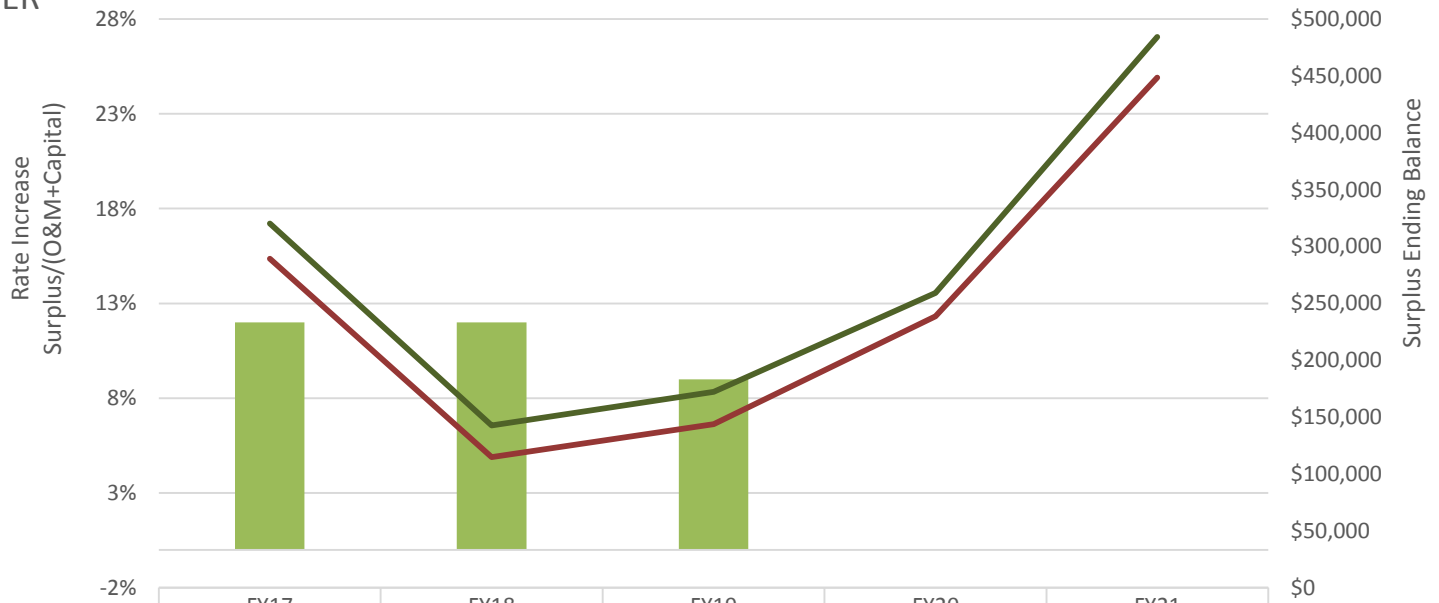
- Proposed rate increase: 12%
- Rate of \$7.06 increases to \$7.91 per 100 cubic feet of water
- Typical family of 4 will pay \$81 more per year.

Why Increase Is Needed

- FY17 Budget increases 13% - Debt service, capital, utilities shared expenses, benefits
- Current rates do not support budget
- Without increase, surplus depleted
- Debt service to increase 15% in FY17

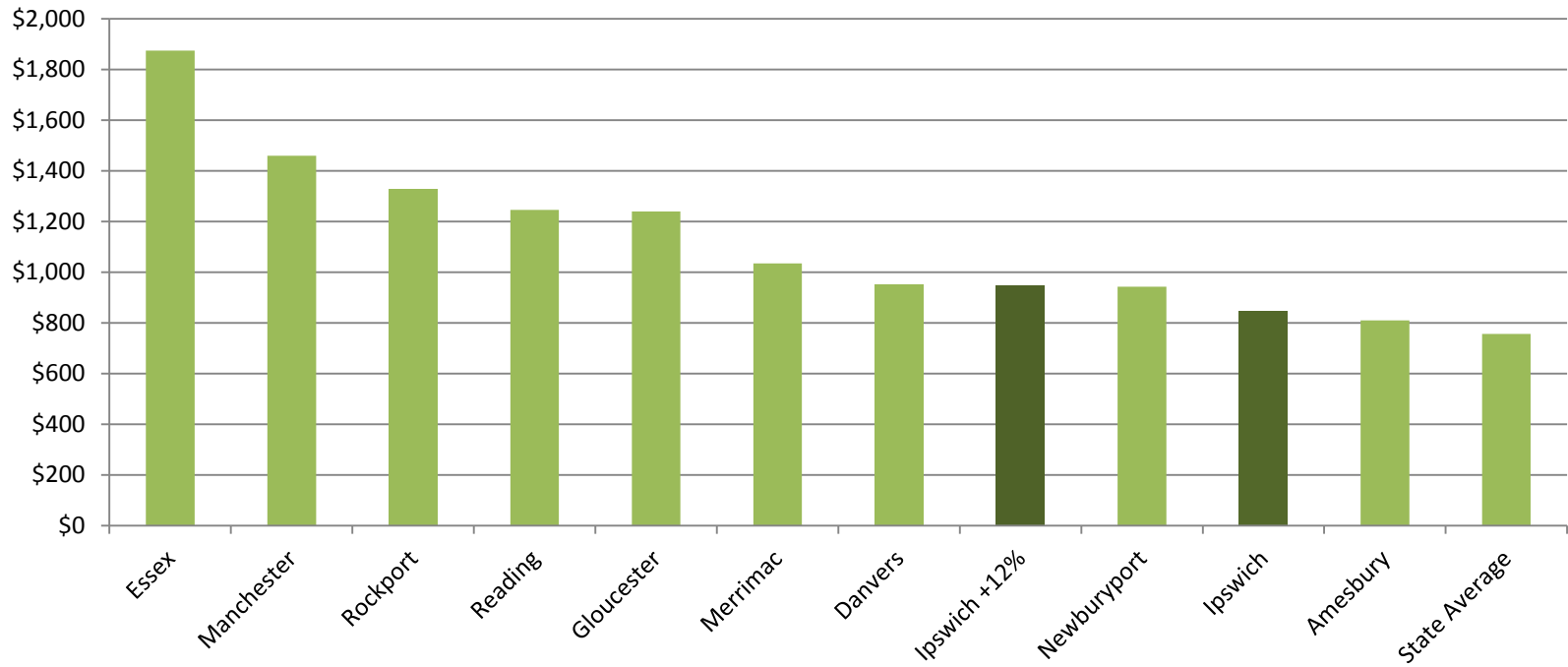
Future Rate Increases

WASTEWATER



	FY17	FY18	FY19	FY20	FY21
Rate Increase	12%	12%	9%	0%	0%
Surplus/(O&M+Capital)	17%	7%	8%	14%	27%
Surplus Ending Balance	\$289,306	114,949	143,703	238,714	448,667

Rate Comparison



Based on 12,000 cubic feet annual usage

Recommendation

- Adjust Wastewater Rate of \$7.06 per 100 cubic feet to \$7.91 per 100 cubic feet.
- Rate increase effective May 1, 2016.

Final Recommendations

Water Base Rate Increase

Effective May 1, 2016

\$8.01 → **\$8.33 per 100 ft³**

Water Residential Summer Rate

Effective May 1, 2016

\$4.72 → **\$12.50 per 100 ft³**

Wastewater Rate Increase

Effective May 1, 2016

\$7.06 → **\$7.91 per 100 ft³**