

Expenses are fixed and independent of the amount of water used. Consequently, it makes sense to shift more of the revenues to a fixed quarterly amount and away from usage-based revenues. Therefore the quarterly fixed charge has been increased from \$15 to \$20. I

Conservation is becoming an ever-increasing requirement, even for water utilities such as ours, where we've been very good at lowering consumption rates over the past 20 years and then maintaining them since then. The Commonwealth's Sustainable Water Management Initiative (SWMI) has instituted new requirements on utilities within stressed watershed basins, and we're in one of those basins. Consequently, we will have increasing pressures to reduce our consumption as we apply for our next 20-year Water Management Act permit to withdraw groundwater. This means the District needs to make conservation an even higher priority and to further discourage usage at the higher tiers and thereby promote conservation.

High-volume usage is a problem both because of the SWMI pressures and because it's a burden on our system, requiring us to use our resources at the limits of their capacities. Because of those reasons, the Commissioners chose to raise the residential rate at the highest tier by one dollar per thousand gallons used from \$14 to \$15. We have also chosen to raise the commercial rate at the comparable tier from \$14 to \$15 per thousand gallons.

Commercial users have been given a break above 150,000 gallons consumed per quarter, at which point the rate structure has dropped down from the highest rate – \$14 per 1,000 gallons previously and \$15 going forward – to \$8 per thousand gallons. The commissioners have chosen to increase that \$8 to \$10, with a goal of eventually having no reduction rate for water used above 150,000 gallons used for commercial accounts, which would match exactly what the residential usage tiers and rates are and will be.

Municipal usage has historically been given a substantial break in rates, being charged a flat \$3 per 1,000 gallons no matter how much is used. Last year, we decided that this year we would increase the municipal rate by \$1 to \$4 per 1,000 gallons used, and we notified the Town of that proposed increase last year to enable the Town to make budget plans for the increase.

In summary rate modifications consist of an increase to the quarterly fixed charge, the high-tier usage charge increases for residential and commercial accounts, and the increase to the municipal rate. There are no other changes to the rate structure, which means that most of the people in the District will see very little difference in their water bills, the most significant being a \$5 increase per quarter for the fixed charge.

The below chart compares the old and new rate structures per usage tier effective May 10, 2016:

Residential Water Rate		
Tier/Usage per Quarter	Old Rate (\$/1,000 gallons)	New Rate (\$/1,000 gallons)
Flat charge per quarter	\$15.00	\$20.00
Up to 10,000 gallons	\$4.00	\$4.00
10,000 to 20,000	\$5.00	\$5.00
20,000 to 30,000	\$7.00	\$7.00
30,000 to 40,000	\$8.00	\$8.00
40,000 to 50,000	\$10.00	\$10.00
50,000 to 60,000	\$12.00	\$12.00
Greater than 60,000	\$14.00	\$15.00
Commercial Water Rate		
Tier/Usage per Quarter	Old Rate (\$/1,000 gallons)	New Rate (\$/1,000 gallons)
Flat charge per quarter	\$15.00	\$20.00
Up to 20,000 gallons	\$5.00	\$5.00
20,000 to 30,000	\$7.00	\$7.00
30,000 to 40,000	\$8.00	\$8.00
40,000 to 50,000	\$10.00	\$10.00
50,000 to 60,000	\$12.00	\$12.00
60,000 to 150,000	\$14.00	\$15.00
Greater than 150,000	\$8.00	\$10.00
Municipal Water Rate		
Tier/Usage per Quarter	Old Rate (\$/1,000 gallons)	New Rate (\$/1,000 gallons)
Flat charge per quarter	\$15.00	\$20.00
Charge per gallons used	\$3.00	\$4.00