

TOWN OF
Seabrook, NH

Water and Sewer Rate Study

June 4th, 2018



Today's Agenda

- Rate study overview
- Current financial position
- Existing rates & challenges
- Proposed rate adjustments & scenarios
- Stakeholder outreach
- Discussion

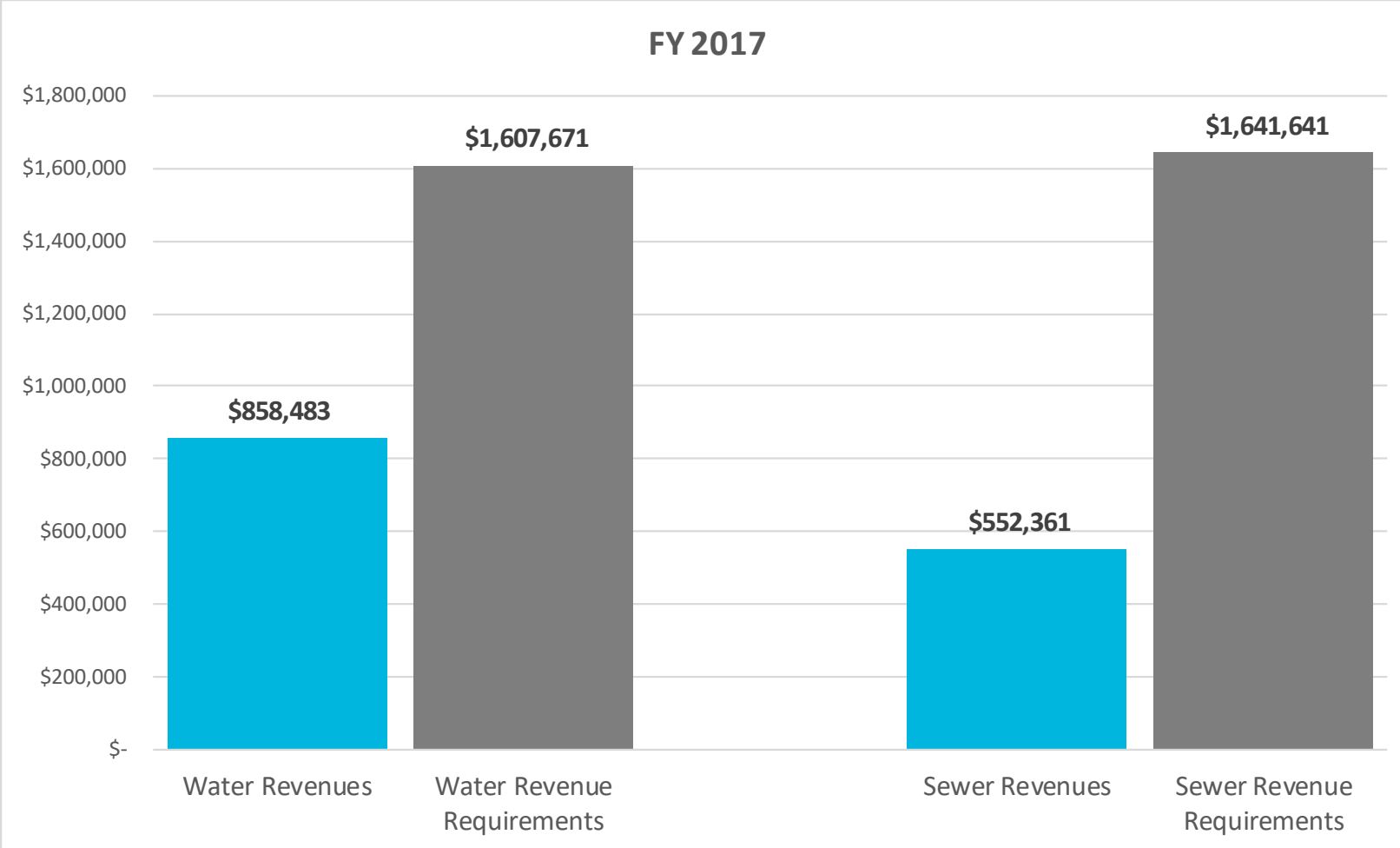


Study Overview

- Detailed billing data review
 - › Extract & summarize data
 - › Frequency & distribution analysis
- Financial plan
 - › Establish revenue requirements
 - › Project rate increases over the forecast period
- Calculate rates and discuss impacts
 - › Adjust calculations to meet pricing objectives
- Presentation and final deliverables



Current Financial Position



Existing Rates

FY 2017
Actual

Fixed Charge per Bill

Quarterly - All Customer Classes	\$	30.00
Monthly - All Customer Classes		10.00

Water & Sewer Volume Charges (per Kgal)

<u>Residential</u>	<u>Quarterly</u>	<u>Monthly</u>	
Tier 1	5,000	3,000	\$ 0.30
Tier 2	13,500	4,500	0.80
Tier 3	25,000	8,333	1.30
Tier 4	250,000	83,333	1.80
Tier 5	>250,000	>83,333	2.30

Out of Town Rates (x Times) 2.0

<u>Commercial</u>	<u>Quarterly</u>	<u>Monthly</u>	
Tier 1	5,000	3,000	\$ 0.45
Tier 2	13,500	4,500	1.20
Tier 3	25,000	8,333	1.95
Tier 4	250,000	83,333	2.70
Tier 5	>250,000	>83,333	3.45

Out of Town Rates (x Times) 2.0

Rate Tiers	Residential Differentials	Commercial Differentials
Tier 1	1.0	1.5
Tier 2	2.7	4.0
Tier 3	4.3	6.5
Tier 4	6.0	9.0
Tier 5	7.7	11.5



Competing Pricing Objectives

1. Establish Revenue Sufficiency
 - › Implement rate increases so utilities are fully funded through user charges, and other miscellaneous revenue sources
2. Affordability
 - › Keep rates affordable for those who need it most



Financial Sufficiency Options

- 1-year, 5-year, and 10-year phase-in options were presented to the Board at our last meeting
- 10-year phase-in options was thought to be most favorable
- Also continue to recover water and sewer debt service through taxes, rather than user charges



Proposed Rate Adjustments

- Base Charges
 - › Establish separate fixed charges for water and sewer
 - › Implement base charges that increase by meter size
- Volume Charges
 - › Different rates by customer class



Rate Scenario Options

- **Scenario 1** (Status Quo)
 - › Across-the-board increases
- **Scenario 2**
 - › Base charges by meter size by utility
 - › Maintain existing differentials
- **Scenario 3**
 - › Base charges by meter size by utility
 - › Rates by new customer classes



Customer Impact Forecast (10-year Phase-in)

	<u>FY 2018</u> <i>Existing</i>	<u>FY 2019</u> <i>Forecast</i>	<u>FY 2020</u> <i>Forecast</i>	<u>FY 2021</u> <i>Forecast</i>	<u>FY 2022</u> <i>Forecast</i>	<u>FY 2023</u> <i>Forecast</i>
Combined Customer Impact						
<u>Average Residential Customer</u>						
Status Quo (ATB)	\$ 41.21	\$ 45.61	\$ 50.48	\$ 55.87	\$ 61.84	\$ 68.44
\$ Change	\$ 0.00	\$ 4.40	\$ 4.87	\$ 5.39	\$ 5.97	\$ 6.60
% Change	0.0%	10.7%	10.7%	10.7%	10.7%	10.7%
Scenario 2	\$ 41.21	\$ 44.83	\$ 48.78	\$ 53.07	\$ 57.74	\$ 62.82
\$ Change	\$ 0.00	\$ 3.63	\$ 3.95	\$ 4.29	\$ 4.67	\$ 5.08
% Change	0.0%	8.8%	8.8%	8.8%	8.8%	8.8%
Scenario 3	\$ 41.21	\$ 42.75	\$ 44.35	\$ 46.01	\$ 47.73	\$ 49.52
\$ Change	\$ 0.00	\$ 1.54	\$ 1.60	\$ 1.66	\$ 1.72	\$ 1.79
% Change	0.0%	3.7%	3.7%	3.7%	3.7%	3.7%
<u>Nuclear Plant</u>						
Status Quo (ATB)	\$ 41,127.01	\$ 45,527.60	\$ 50,399.05	\$ 55,791.75	\$ 61,761.47	\$ 68,369.95
\$ Change	\$ 0.00	\$ 4,400.59	\$ 4,871.45	\$ 5,392.70	\$ 5,969.72	\$ 6,608.48
% Change	0.0%	10.7%	10.7%	10.7%	10.7%	10.7%
Scenario 2	\$ 41,127.01	\$ 46,764.70	\$ 53,175.20	\$ 60,464.45	\$ 68,752.91	\$ 78,177.56
\$ Change	\$ 0.00	\$ 5,637.69	\$ 6,410.50	\$ 7,289.25	\$ 8,288.46	\$ 9,424.64
% Change	0.0%	13.7%	13.7%	13.7%	13.7%	13.7%
Scenario 3	\$ 41,127.01	\$ 47,579.11	\$ 55,043.43	\$ 63,678.77	\$ 73,668.85	\$ 85,226.19
\$ Change	\$ 0.00	\$ 6,452.10	\$ 7,464.32	\$ 8,635.34	\$ 9,990.07	\$ 11,557.34
% Change	0.0%	15.7%	15.7%	15.7%	15.7%	15.7%



Stakeholder Outreach

Existing Water Rates	Rank	Responses	Percentile
3.7Kgal(5Ccf)	251	255	1.6%
7.4Kgal(10Ccf)	254	255	0.8%
11.2Kgal(15Ccf)	250	252	2.0%
22.4Kgal(30Ccf)	249	254	9.8%

2nd lowest water bill in NH out of 105 surveyed communities

NH Statistics			
People per Household	Income	Avg Annual Use per Capita (kgal)	Quarterly Usage
1	\$ 24,120	23.00	5.75
2	32,480	45.99	11.50
3	40,840	68.99	17.25
4	49,200	91.98	23.00
5	57,560	114.98	28.74
6	65,920	137.97	34.49
7	74,280	160.97	40.24
8	82,640	183.96	45.99

Existing Rates	
Existing Water & Sewer Bill	% of Annual Income
\$ 34.20	0.57%
43.40	0.53%
56.34	0.55%
71.29	0.58%
89.98	0.63%
110.67	0.67%
131.37	0.71%
152.06	0.74%

Proposed Rates	
Proposed Water & Sewer Bill	% of Annual Income
\$ 87.72	1.45%
116.35	1.43%
156.63	1.53%
203.13	1.65%
261.32	1.82%
325.77	1.98%
390.21	2.10%
454.65	2.20%

EPA Affordability Thresholds:
 Water 2.0%
 Sewer 2.0%
Total 4.0%





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Thank you!

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