

Town of Wellington

Water/Wastewater Financial Plan, Cost of Service, Rate and Fee Study Rate Advisory Group – Meeting 5

October 1, 2025





Meeting #5 goals

- 1 Discuss financial plan results
- 2 Review updated single-unit residential water rate structure alternatives and bill impacts
- 3 Finalize residential single-unit and multi-unit rate options
- 4 Discuss next steps

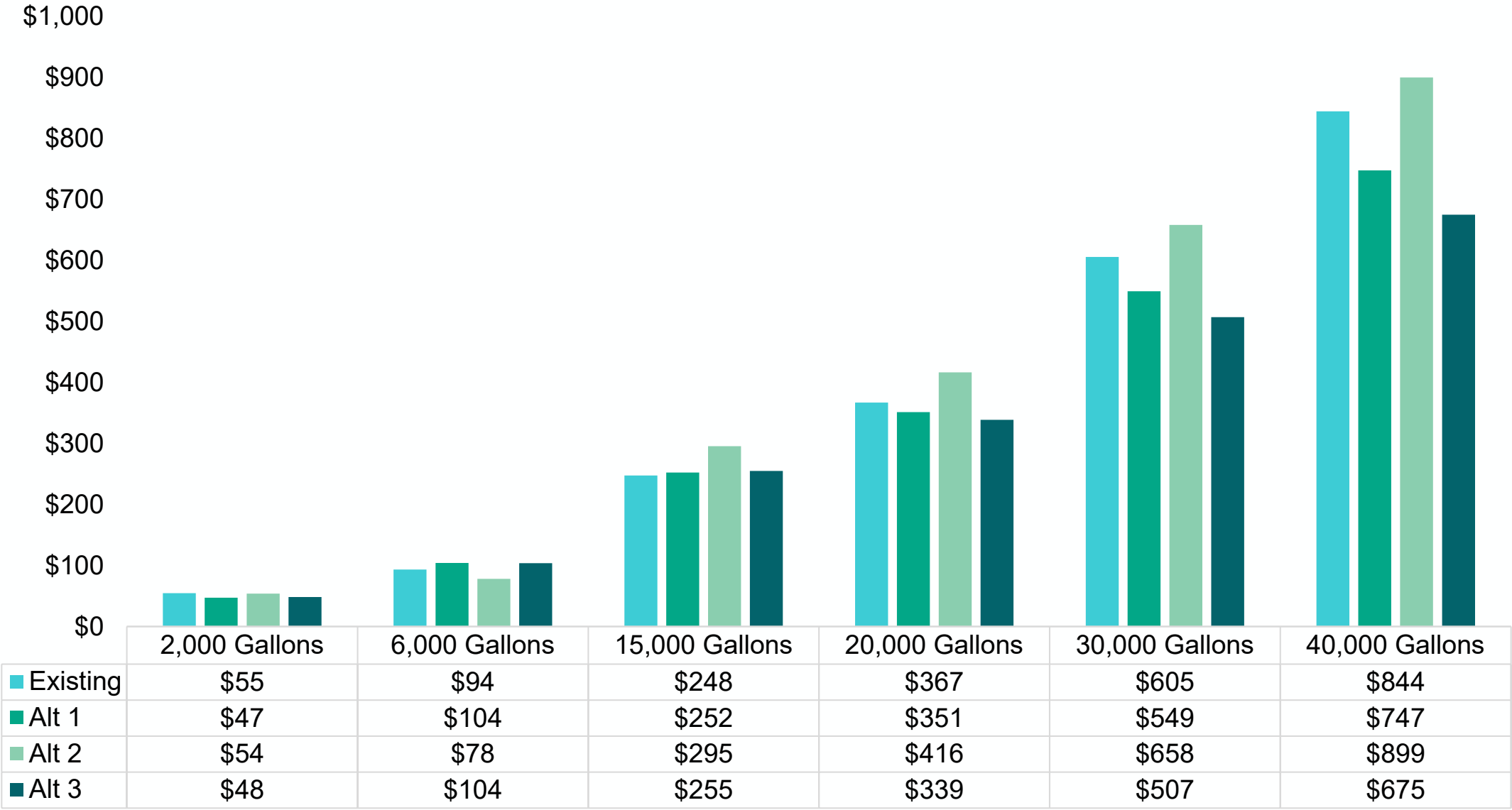
Projected Revenue Adjustments

	2026	2027	2028	2029	2030
<i>Effective Date</i>	<i>April 1, 2026</i>	<i>Jan 1, 2027</i>	<i>Jan 1, 2028</i>	<i>Jan 1, 2029</i>	<i>Jan 1, 2030</i>
Water Rev Adjustment	0.0%	4.0%	4.0%	4.0%	4.0%
Wastewater Rev Adjustment	15.0%	15.0%	5.5%	5.5%	5.5%

Meeting #4 alternatives recap (2026 test year)

- Alternative 1
 - No minimum in base rate
 - Tier 1: 0 – 4,000 gallons: Indoor usage
 - Tier 2: 4,001 – 14,000 gallons: Average outdoor usage
 - Tier 3: > 14,000 gallons: Above average outdoor usage
- Alternative 2
 - Base rate with minimum allowance
 - Tier 0: 0 – 5,000 gallons (included in minimum charge)
 - Tier 1: >5,000 gallons
- Alternative 3
 - Base rate with no minimum allowance
 - Tier 1: 0 – 5,000 gallons
 - Tier 2: > 5,000 gallons

Monthly Bills at Various Levels of Consumption



Updated alternatives

- Alternative 4 – *Pricing Ratios*
 - No minimum in base rate
 - Tier 1: 0 – 5,000 gallons: Indoor usage
 - Tier 2: 5,001 – 35,000 gallons: Outdoor usage
 - Tier 3: > 35,000 gallons: Excessive outdoor usage
- Alternative 5 – *Peaking Factors*
 - No minimum in base rate
 - Tier 1: 0 – 5,000 gallons: Indoor usage
 - Tier 2: 5,001 – 35,000 gallons: Outdoor usage
 - Tier 3: > 35,000 gallons: Excessive outdoor usage

Updated residential single-unit alternatives

Using peaking factors to determine tiered pricing

- Peaking factors by tier
 - Calculating each customer's individual peak factor and
 - Determining the highest usage tier reached during their peak month
 - Assigning the peaking factor to the highest usage tier by customer
 - Averaging the peaking factors from each tier
 - Billed usage in each tier, combined with calculated peaking factors, forms the basis for determining the cost to provide service by tier

Updated residential single-unit alternatives

A quick calculation example

	(a)	(b) = (a)/365	(c)	(d) = (c) / 30 days	(e) = (d) / (b)	(f)	(g)	(h)	(i)
Customer	Annual Usage <i>1,000 gal</i>	Average Day <i>gpd</i>	Maximum Month <i>gal/month</i>	Avg Day in Max Month <i>gpd</i>	Max Month Avg Day	Highest Usage Tier	0 - 4 kgal Tier 1	4 - 14 Kgal Tier 2	> 14 Gal Tier 3
1	75,000	205	8,000	267	1.30	2		1.30	
2	42,000	115	4,000	133	1.16	1	1.16		
3	60,000	164	6,000	200	1.22	2		1.22	
4	120,000	329	16,000	533	1.62	3			1.62
5	48,000	132	4,000	133	1.01	1	1.01		
6	80,000	219	15,000	500	2.28	3			2.28
Average Peak Ratios by Tier							1.09	1.26	1.95

Alt 4: 3 tiers: 5/35/>35

Price Ratios 1.0/1.3/1.6

Alt 4: Indoor, Outdoor, and Excessive Outdoor Use - Price Ratios

Cost of Service	\$4,753,629	3/4" Service Charge	\$22.36
Service Charge Revenue	1,098,403	1" Service Charge	\$32.88
Volume Rate Revenue Required	\$3,655,226		

	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	5	66.0%	169,570	\$12.87	\$2,181,790
Tier 2	35	32.6%	83,804	\$16.73	\$1,401,760
Tier 3	> 35	1.4%	3,482	\$20.59	\$71,676
Total		100.0%	256,856	\$14.23	\$3,655,226
Water Supply Rate				\$5.01	\$17,454
Tier 3 + Water Supply Rate				\$25.60	\$89,130

Alt 5: 3 tiers: 5/35/>35

Peaking Factors

Alt 5: Indoor, Outdoor, and Excessive Outdoor Use - Peaking Factors

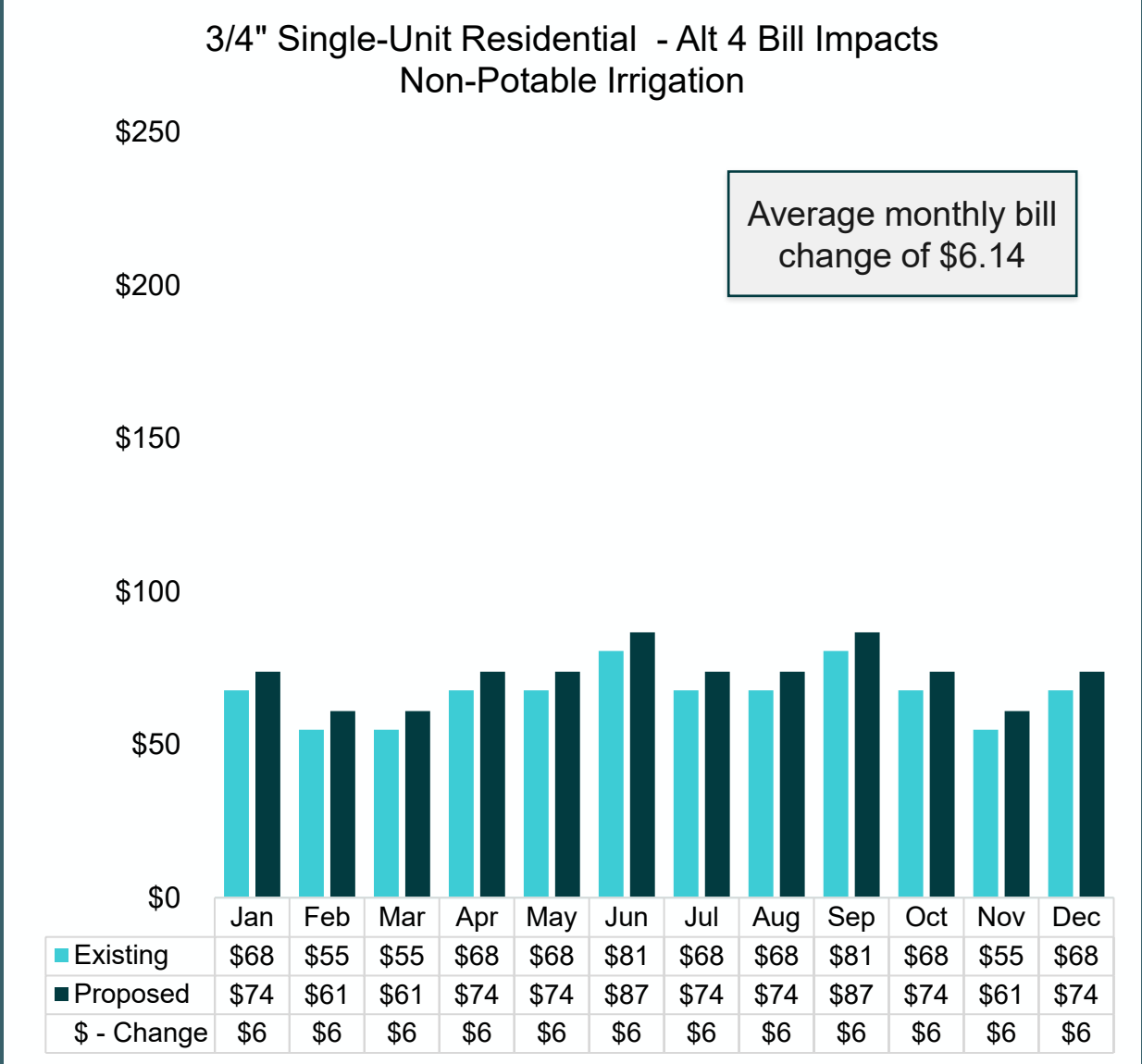
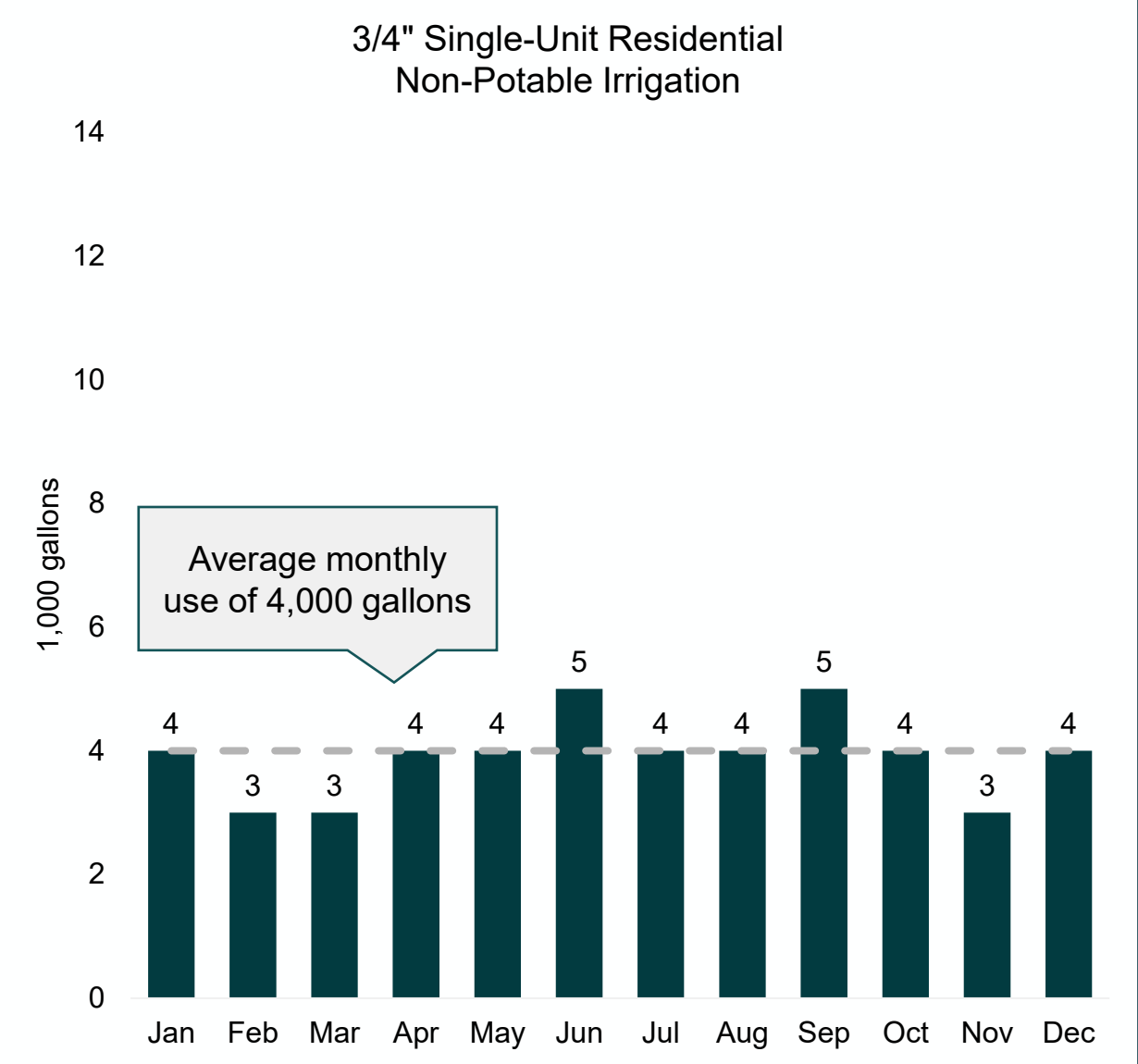
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Tier 1	5	66.0%	169,570	\$13.68	\$2,319,587
Tier 2	35	32.6%	83,804	\$15.26	\$1,279,200
Tier 3	> 35	1.4%	3,482	\$16.21	\$56,440
Total		100.0%	256,856	\$14.23	\$3,655,226
Water Supply Rate				\$5.01	\$17,454
Tier 3 + Water Supply Rate				\$21.22	\$73,894

Alternative 4 Bill Impacts

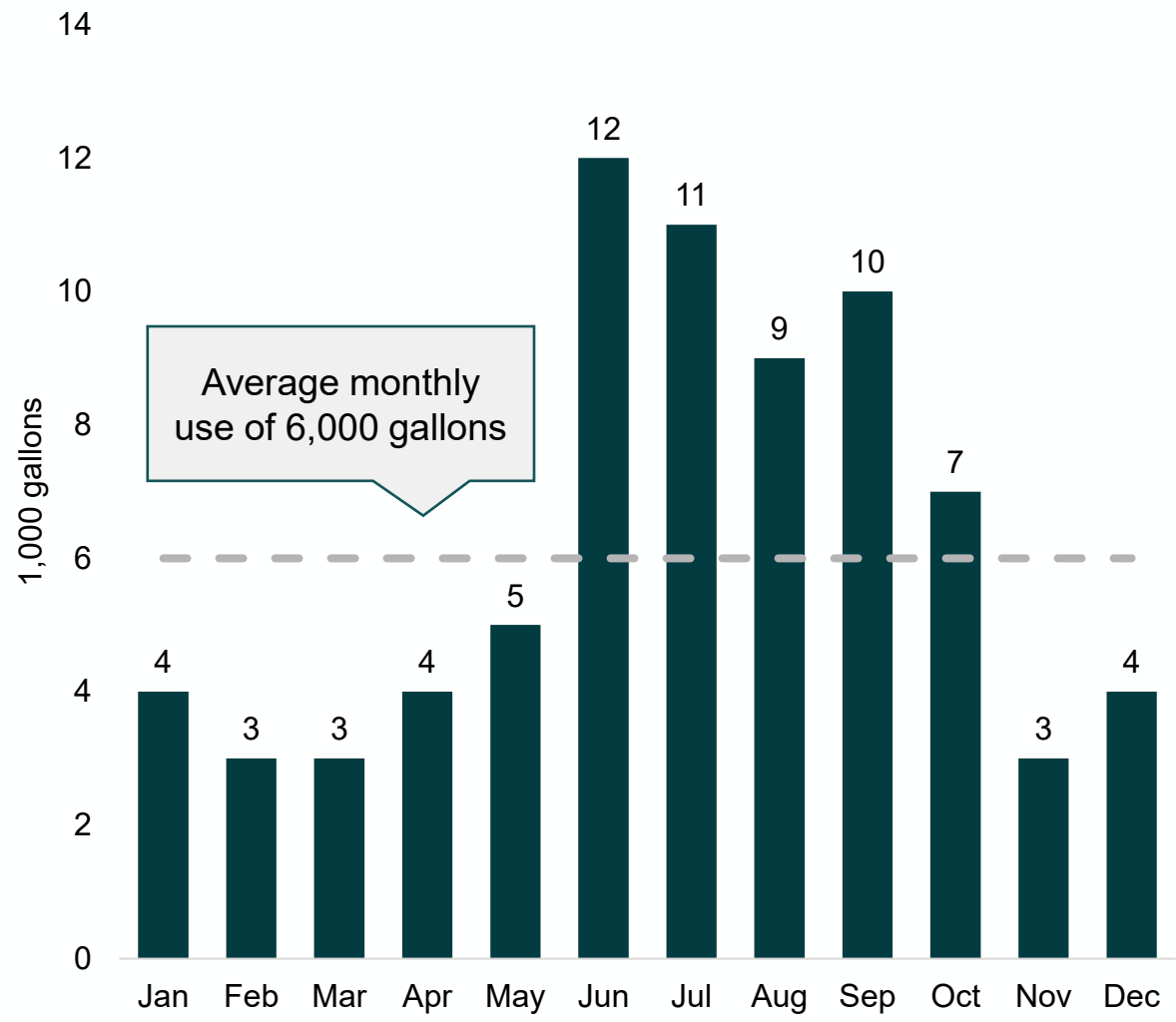


Alternative 4: Non-potable single-unit residential bill impacts

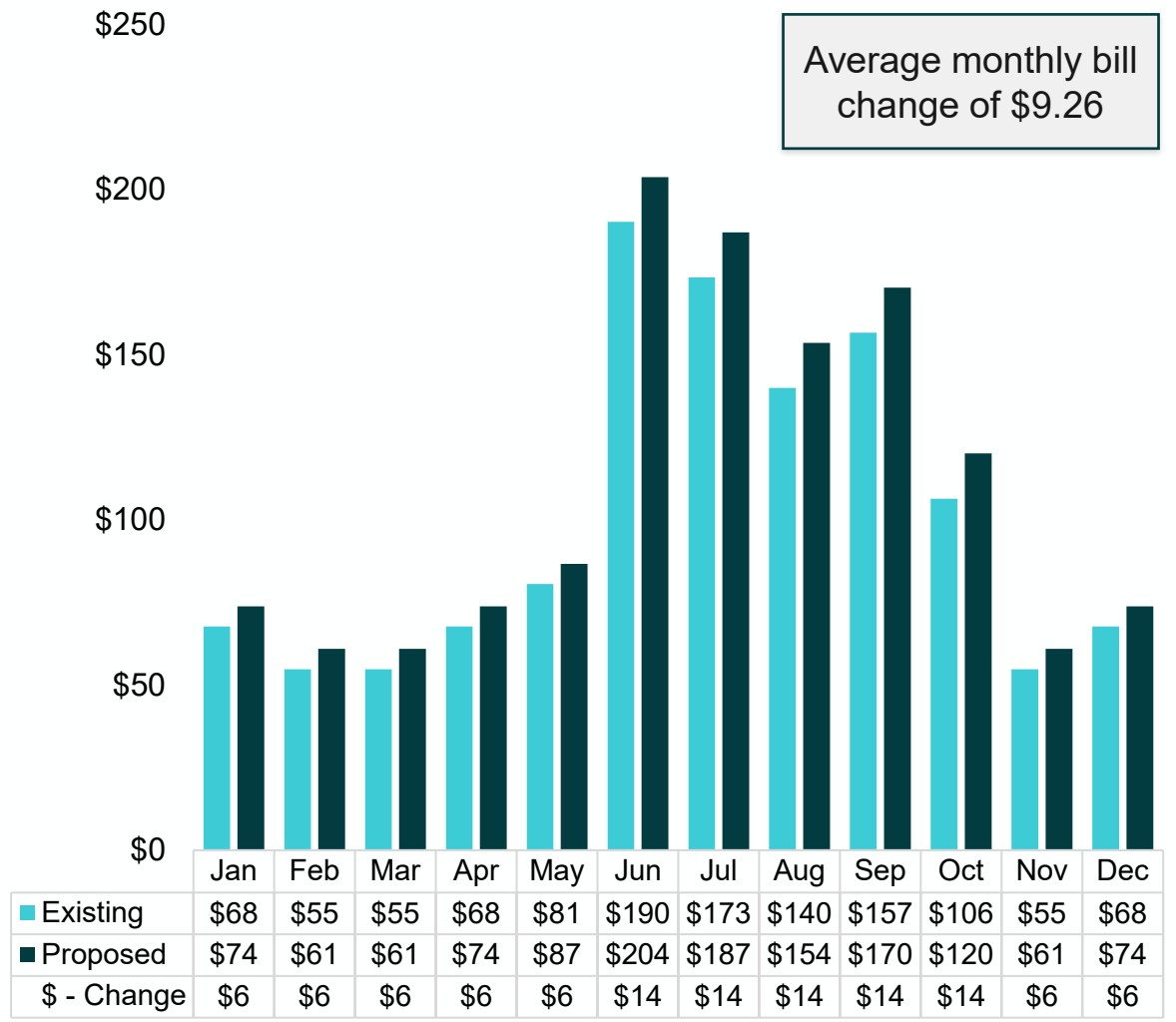


Alternative 4: Average potable single-unit residential bill impacts

3/4" Single-Unit Residential
Potable Irrigation

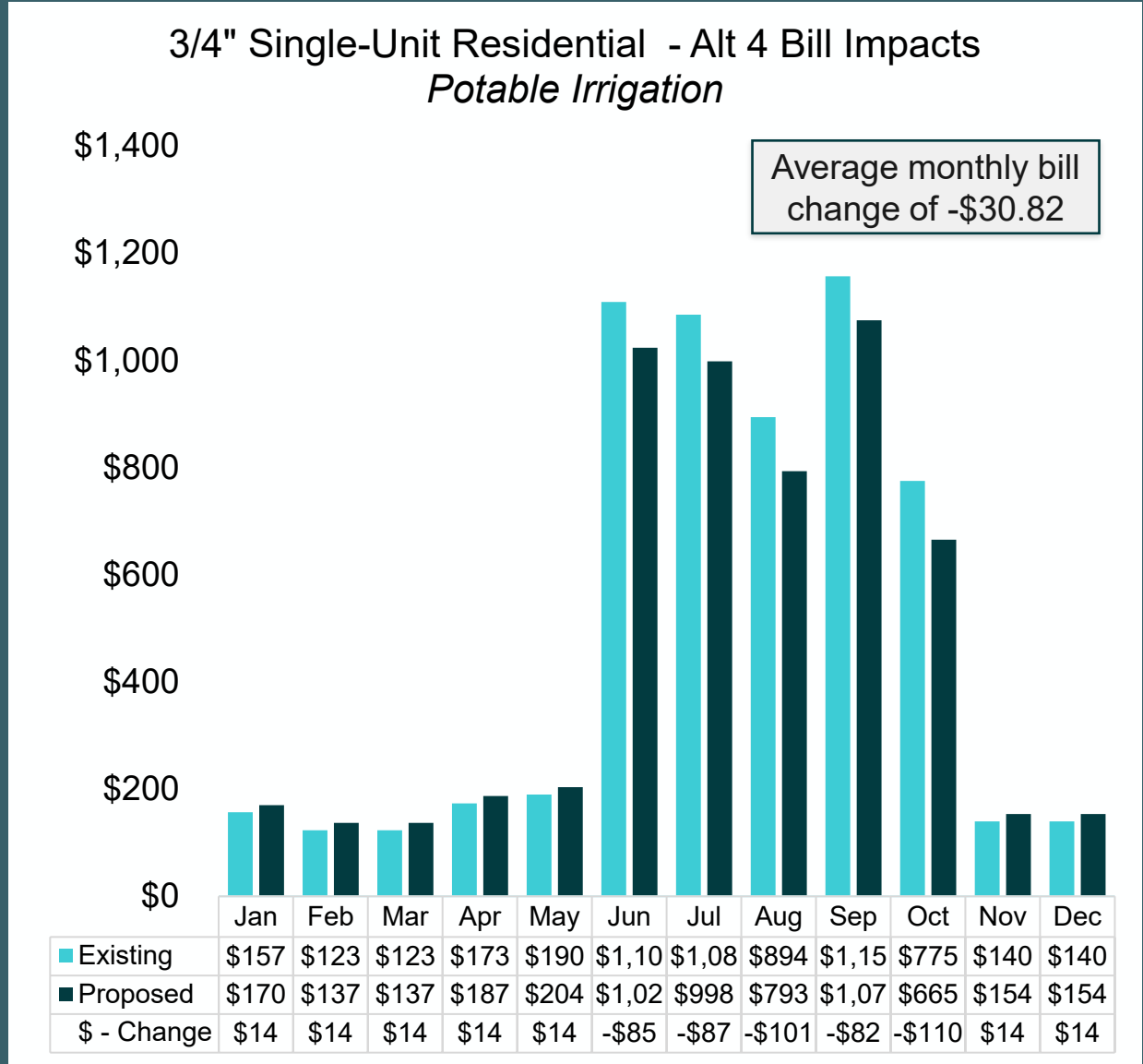
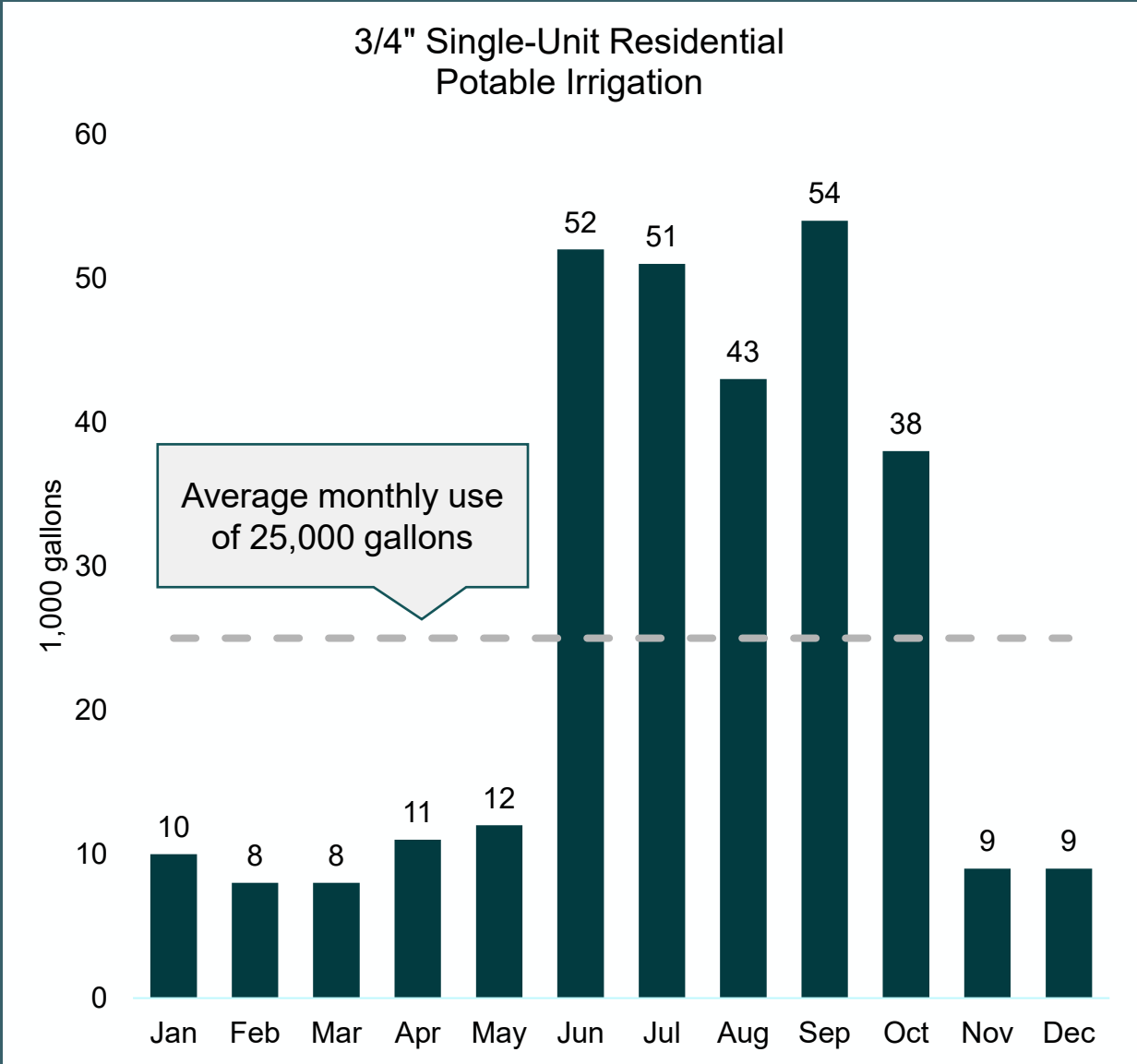


3/4" Single-Unit Residential - Alt 4 Bill Impacts
Potable Irrigation

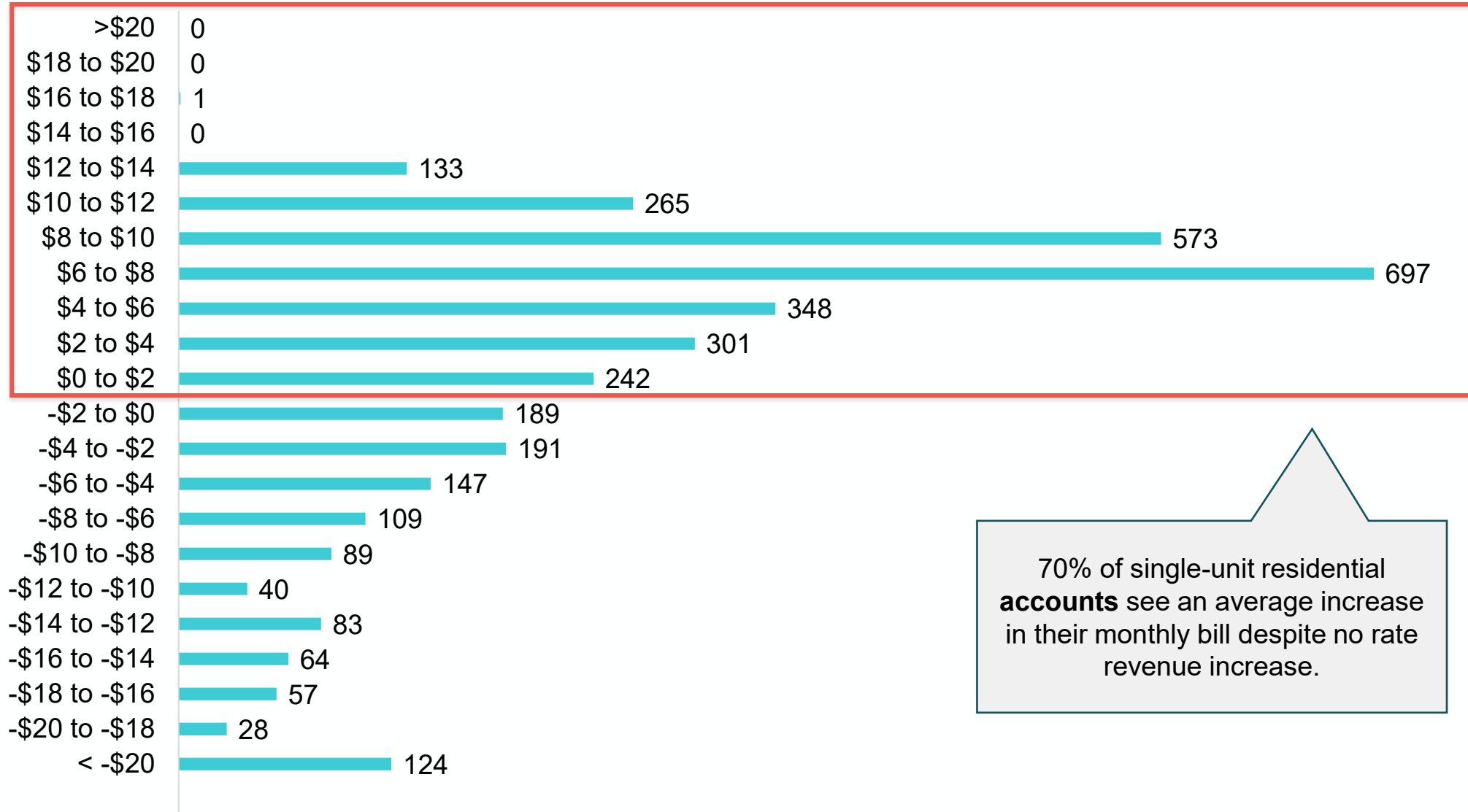


Alternative 4: High potable single-unit residential bill impacts

Top 0.1% of single-unit residential users



Average \$/Month Change by **Account** – Alt 4



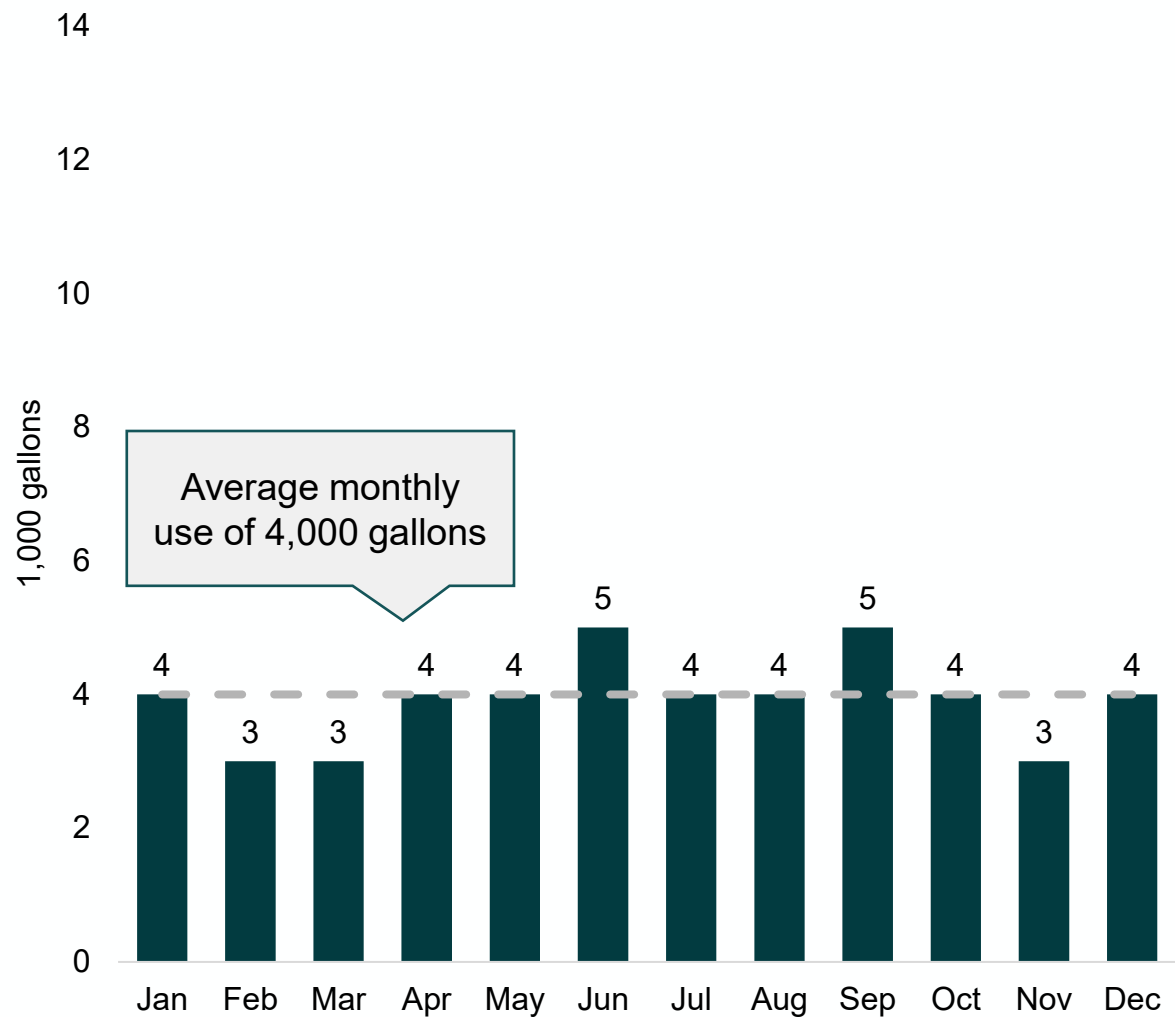
70% of single-unit residential **accounts** see an average increase in their monthly bill despite no rate revenue increase.

Alternative 5 Bill Impacts

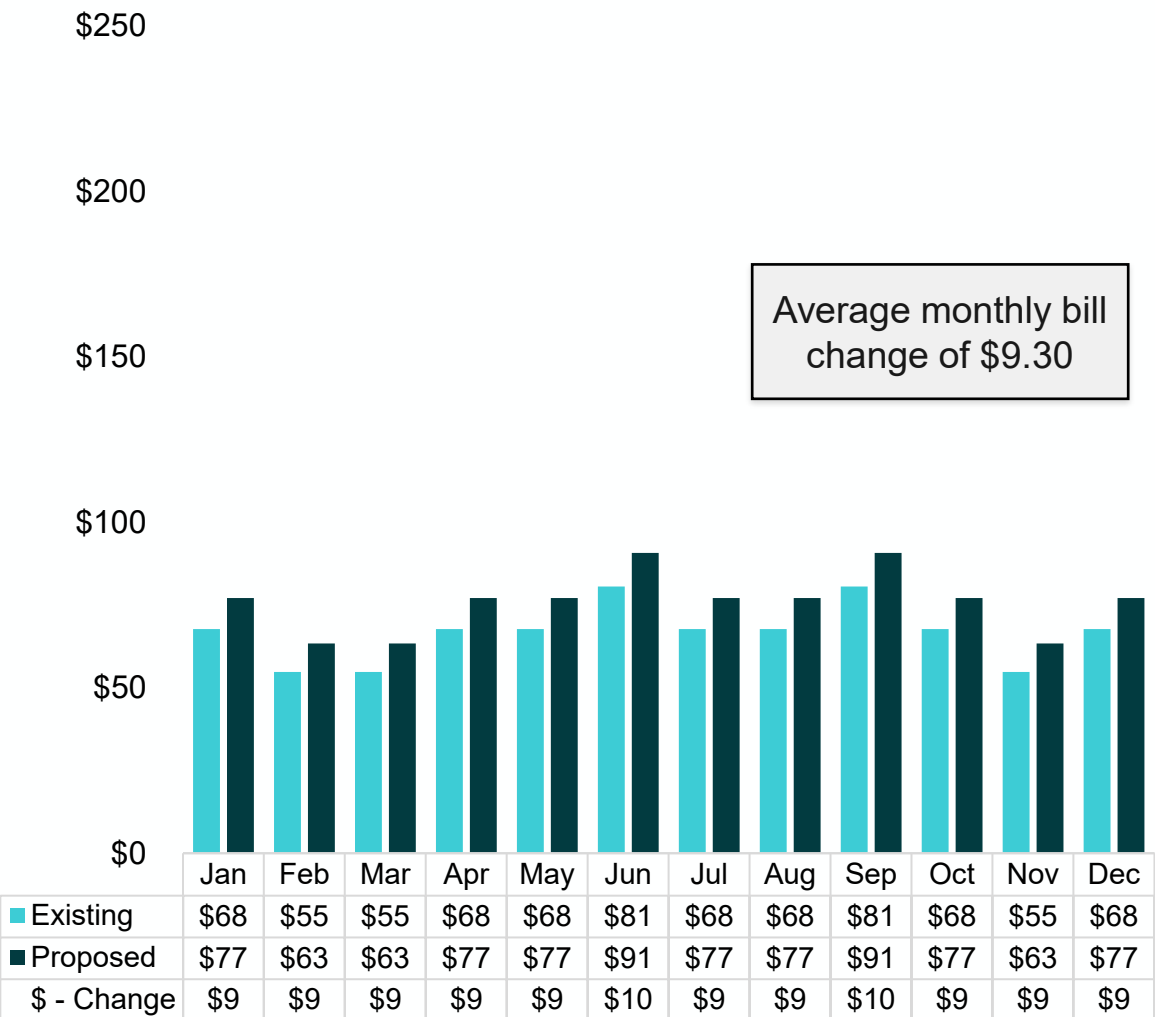


Alternative 5: Non-potable single-unit residential bill impacts

3/4" Single-Unit Residential
Non-Potable Irrigation

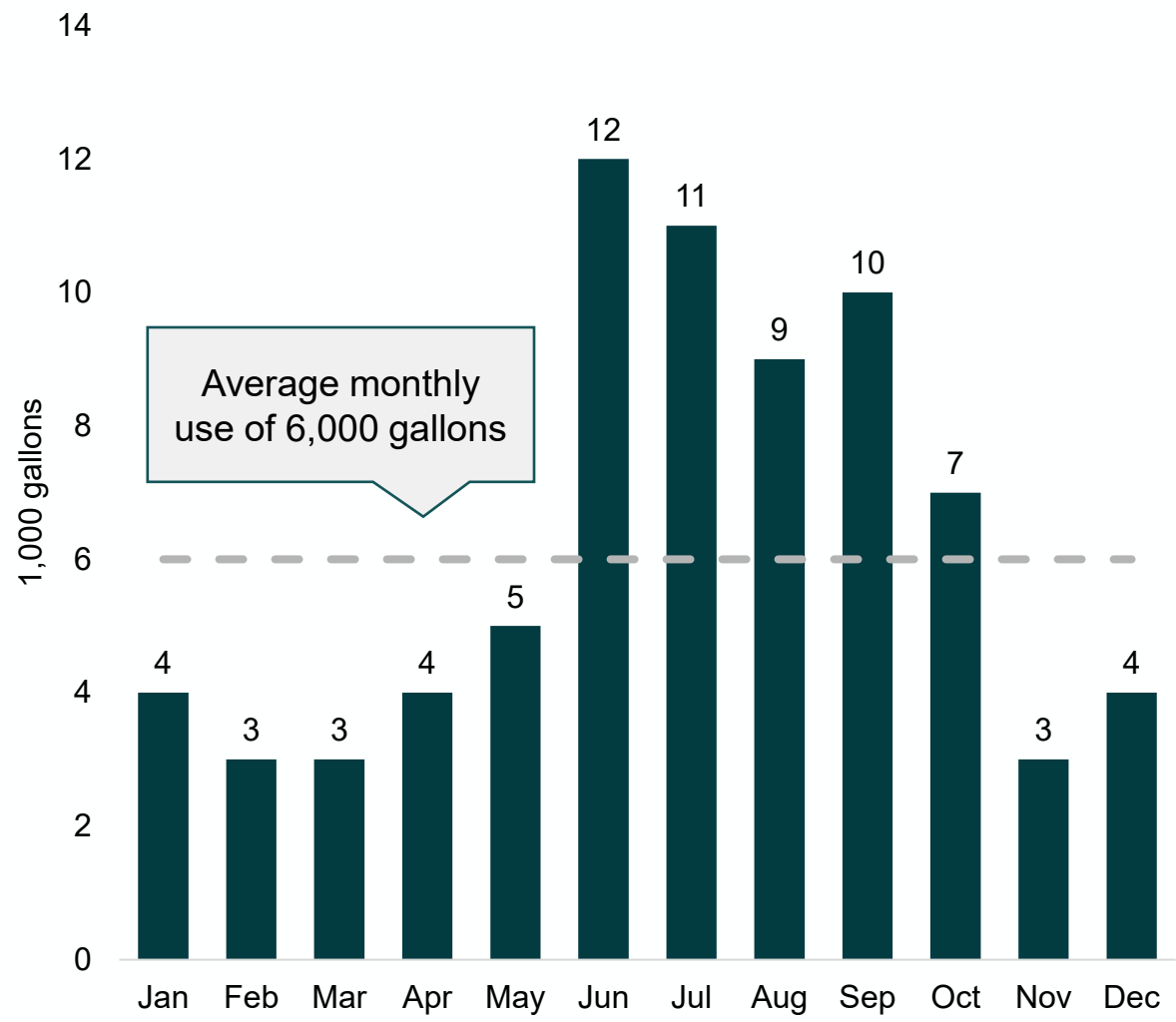


3/4" Single-Unit Residential Alt 5 Bill Impacts
Non-Potable Irrigation

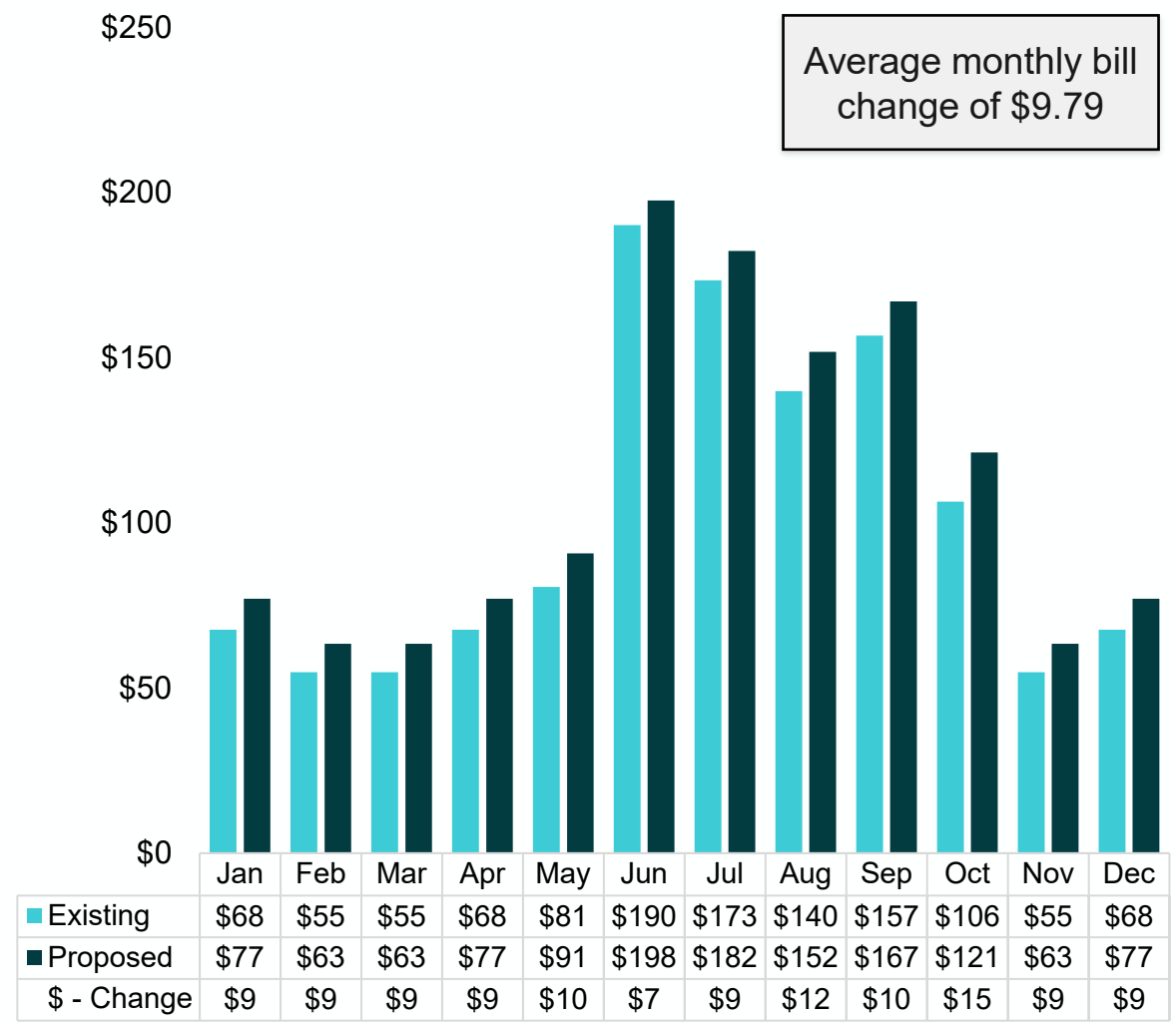


Alternative 5: Potable single-unit residential bill impacts

3/4" Single-Unit Residential
Potable Irrigation

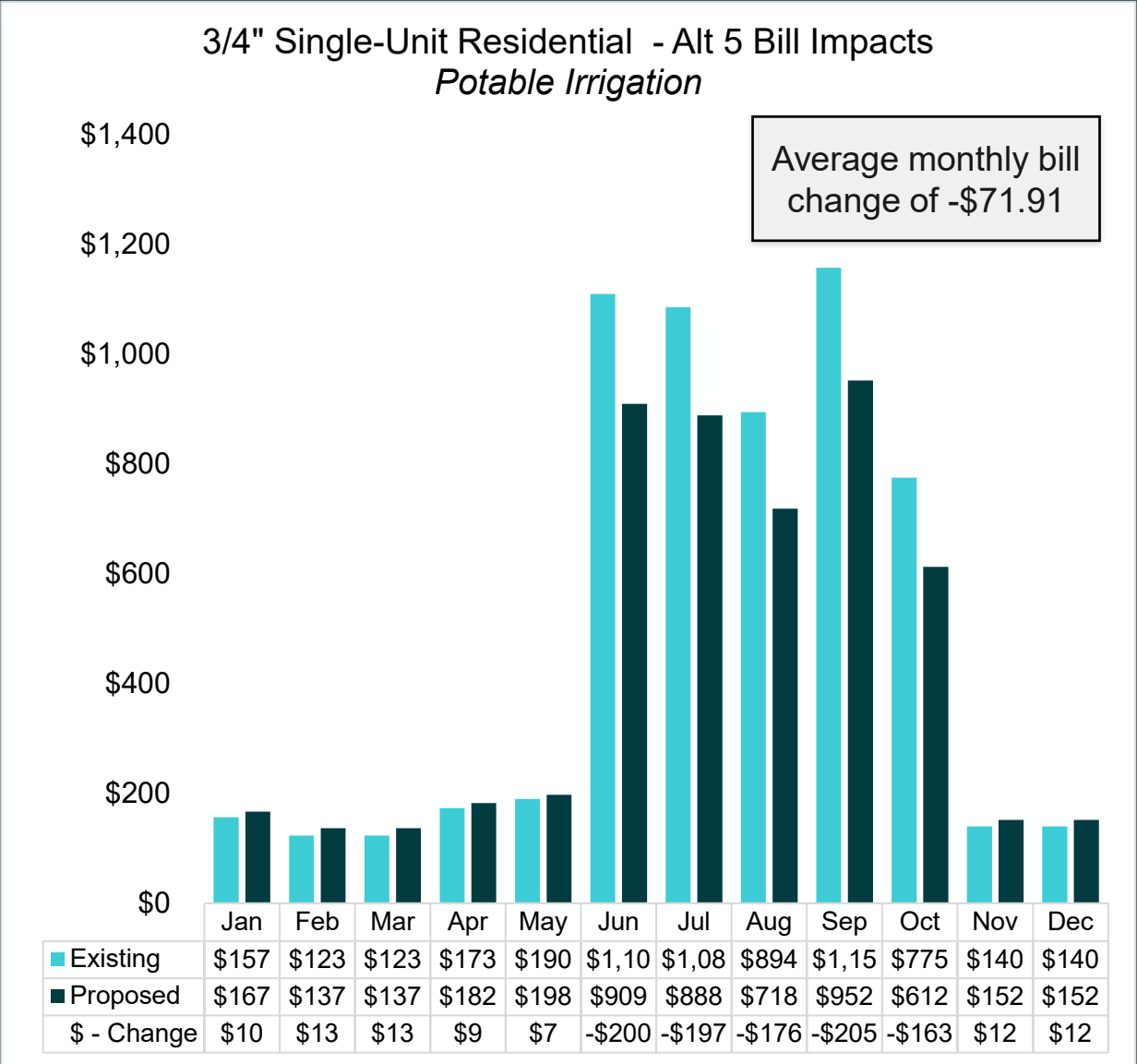
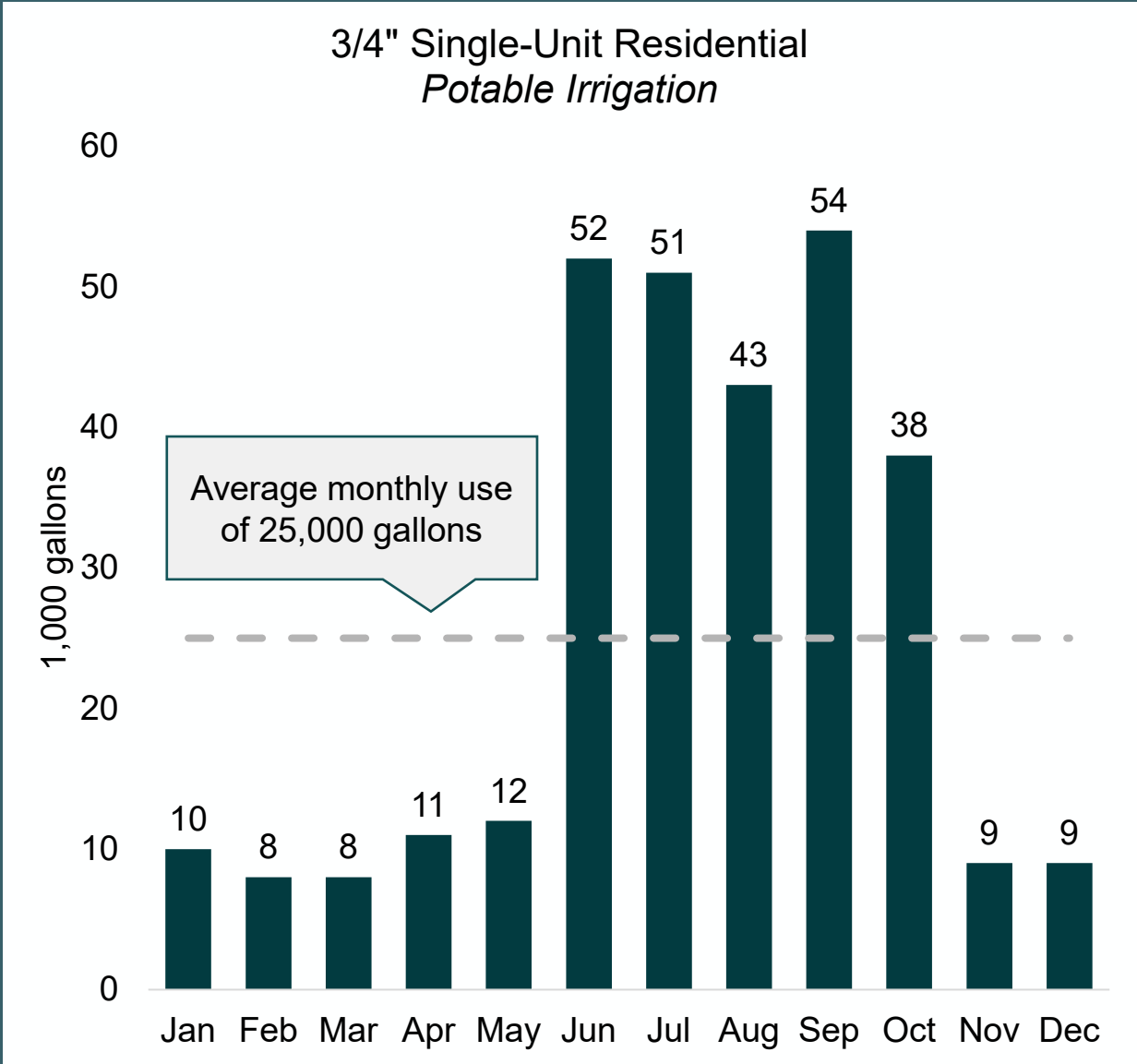


3/4" Single-Unit Residential - Alt 5 Bill Impacts
Potable Irrigation

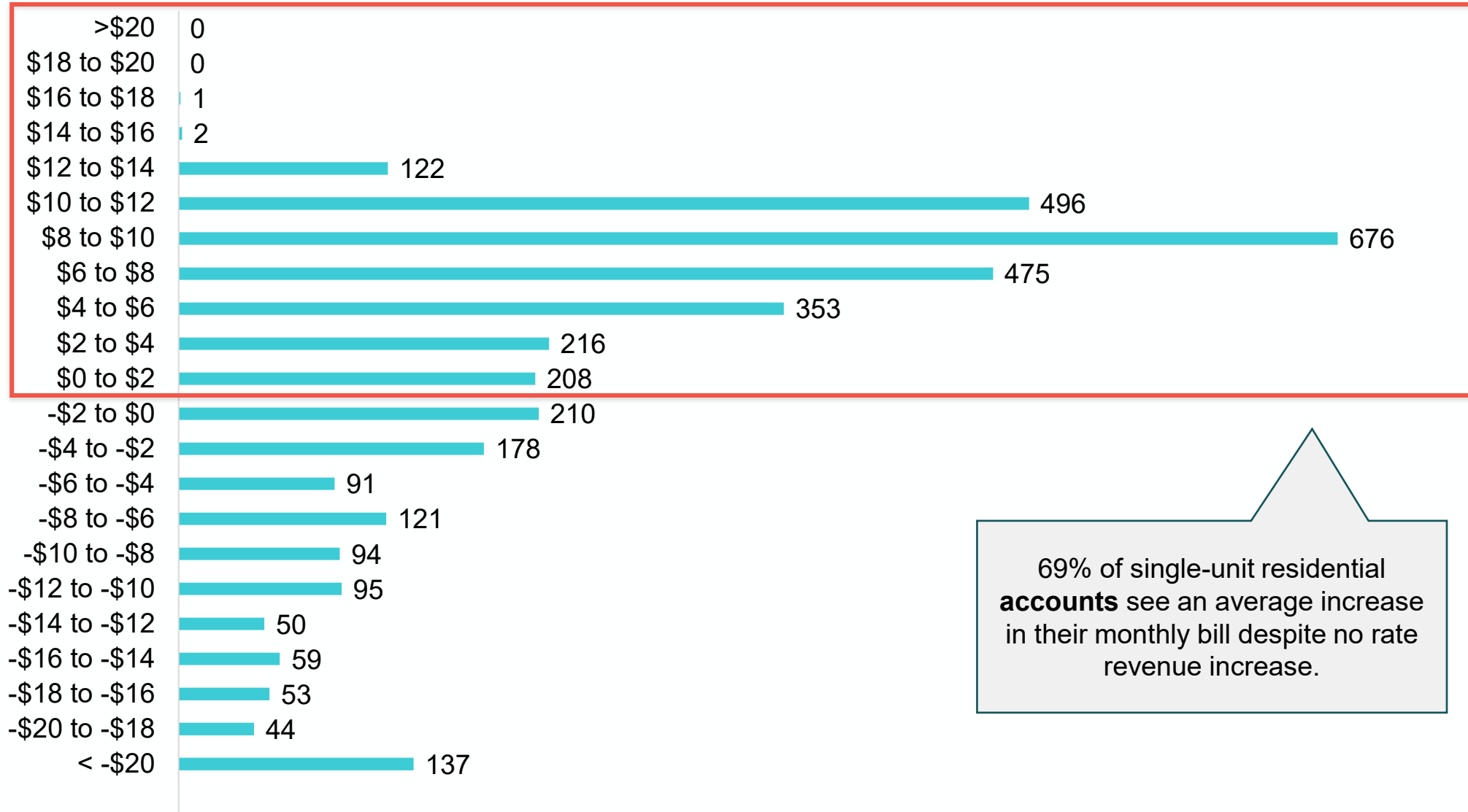


Alternative 5: High potable single-unit residential bill impacts

Top 0.1% of single-unit residential users



Average \$/Month Change by **Account** – Alt 5



Residential Multi-Unit



Alt 1: 2 tiers: 3/>3, with min charge

Peaking Factors

Alt 1 - Indoor usage & over indoor usage, with min charge

Cost of Service	\$175,563	Per Unit Charge	\$31.34
Service Charge Revenue	109,963		
Volume Rate Revenue Required	\$65,600		

	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	73.3%	8,223	\$0.00	\$0
Tier 2	> 3	26.7%	2,994	\$21.91	\$65,600
Total		100.0%	11,217		\$65,600

Alt 2: 2 tiers: 3/>3, no min charge

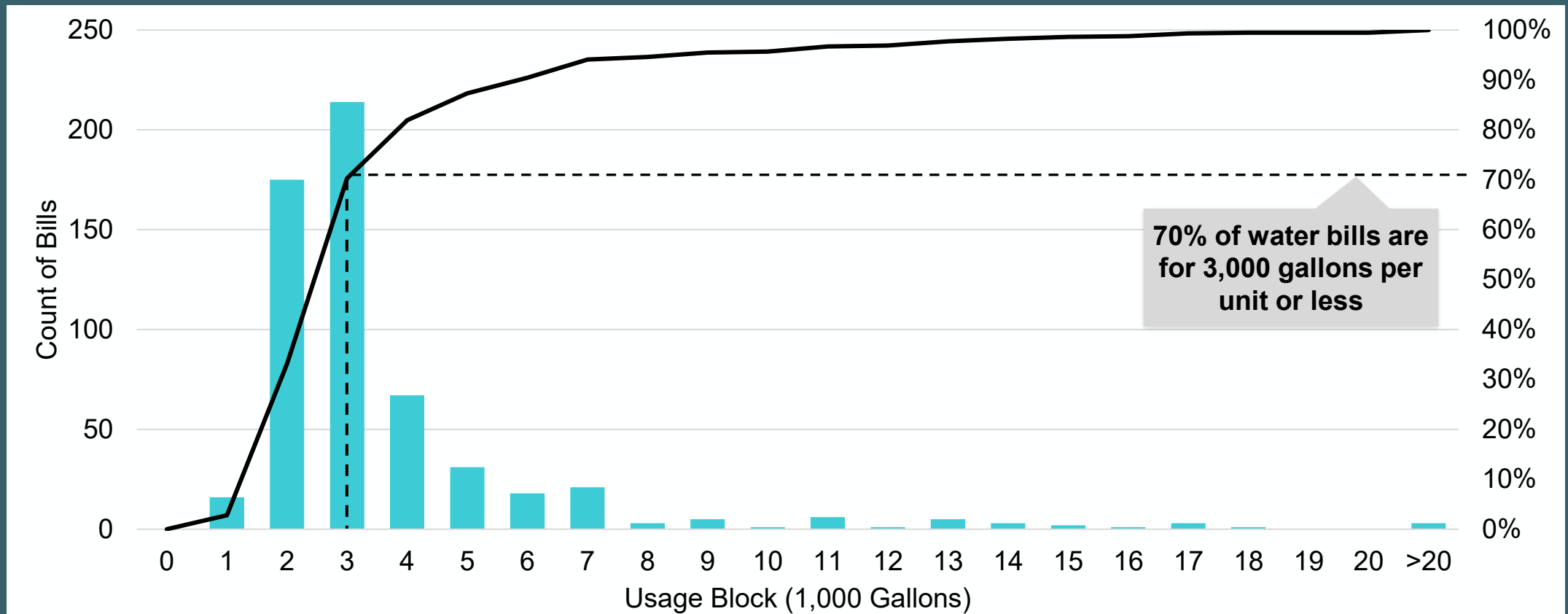
Peaking Factors

Alt 2 - Indoor usage & over indoor usage, no min charge

Cost of Service	\$175,563	Per Unit Charge	\$9.60
Service Charge Revenue	33,683		
Volume Rate Revenue Required	\$141,880		

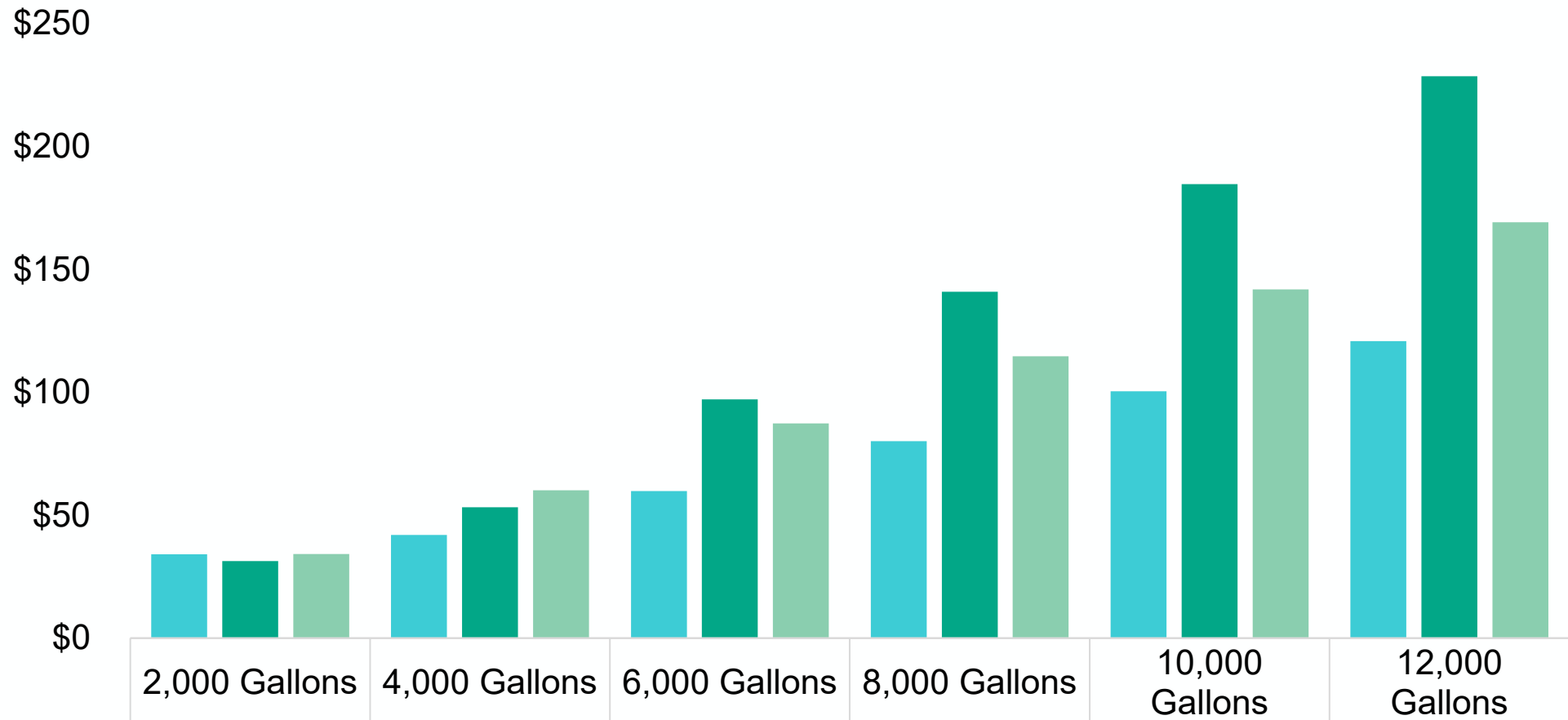
	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	73.3%	8,223	\$12.29	\$101,082
Tier 2	> 3	26.7%	2,994	\$13.63	\$40,799
Total		100.0%	11,217		\$141,880

Distribution of *all* multi-unit res water bills (use per unit) at incremental levels of consumption



Monthly Bills at Various Levels of Consumption

\$ per unit per bill



	2,000 Gallons	4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	12,000 Gallons
Existing Rates	\$34	\$42	\$60	\$80	\$100	\$121
Alt 1	\$31	\$53	\$97	\$141	\$185	\$229
Alt 2	\$34	\$60	\$87	\$115	\$142	\$169

Wastewater



Alt 1: AWC billed volume for all

Alternative 1 - All Classes (Residential, Multifamily, Commercial)

Monthly base fee + volume rate based on AWC for all classes

Monthly Base Fee, \$ per Billed Unit	14.56
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Single-Unit Residential, AWC	\$10.68
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Multi-Unit Residential, AWC	\$10.68
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Commercial, AWC	\$10.68
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Alternative 1a - All Classes (Residential, Multifamily, Commercial)

Monthly base fee + volume rate based on AWC for all classes

Monthly Base Fee, \$ per Bill	\$14.56
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Volume Rate, \$ per 1,000 gallons

Single-Unit Residential, AWC	\$10.84
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Multi-Unit Residential, AWC	\$10.84
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Commercial, AWC	\$10.84
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Alt 2: AWC billed volume for residential single and multi-unit; 85% actual water use for commercial

Alternative 2 - All Classes (Residential, Multifamily, Commercial)	
Monthly base fee + volume rate based on AWC residential, 85% return flow factor for commercial	
Monthly Base Fee, \$ per Billed Unit	\$14.56
<u>Volume Rate, \$ per 1,000 gallons</u>	
Single-Unit Residential, AWC	\$10.50
Multi-Unit Residential, AWC	\$10.50
Commercial, 85% of Actual Water Use	\$10.50

Alternative 2a - All Classes (Residential, Multifamily, Commercial)	
Monthly base fee + volume rate based on AWC residential, 85% return flow factor for commercial	
Monthly Base Fee, \$ per Bill	\$14.56
<u>Volume Rate, \$ per 1,000 gallons</u>	
Single-Unit Residential, AWC	\$10.66
Multi-Unit Residential, AWC	\$10.66
Commercial, 85% of Actual Water Use	\$10.66

Wastewater rate alternative

Commercial customers by strength category

Uniform Strength Across All Classes

Class	Volume Cost of Service	Flow	Strength		Rate
			BOD	TSS	
		mg	mg/l	mg/l	\$ per Kgal
Residential	\$2,461,775	189,740	255	175	\$12.97
Car Wash	222,874	17,186	255	175	\$12.97
Restaurant	114,721	8,846	255	175	\$12.97
Total	\$2,799,370	215,773			

Customer Class Specific Strengths

Class	Volume Cost of Service	Flow	Strength		Rate
			BOD	TSS	
		mg	mg/l	mg/l	\$ per Kgal
Residential	\$2,281,493	189,740	255	175	\$12.02
Car Wash	282,243	17,186	350	250	\$16.42
Restaurant	235,634	8,846	600	500	\$26.64
Total	\$2,799,370	215,773			



Thank you!

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