

Water: are we charging enough? (Eastern Carolina Council weekly bulletin)

As drought conditions around North Carolina bring water supply to the forefront, we can't help but think of the whole issue of water in our region. According to Tom Gould, a water consultant for a national firm, "public utilities look at rates from a political perspective, and that's why we're in the hole we are in, because local officials are afraid to raise local rates." Michael Dean of the EPA says, "Water as a scarce resource should be priced to the markets so people will understand the value of what they are getting." Do your rates reflect the true cost of the delivery of water and the cost for needed operations and maintenance?

Federal and state governments require that utility systems be operated as enterprise funds. This means they are operated as stand-alone functions, not funded by the general fund. Therefore, fees and rates must provide all of our utility operating revenue, a reasonable cash reserve and savings for future capital improvements.

The increases to water and sewer rates last year were necessitated by the fact that the rates had not been increased enough during the past ten years to cover the increased costs of operating the water and sewer plants on a daily basis or to provide the funding needed for capital improvements. That fact was confirmed by a North Carolina Rural Water Association rate study. The costs of operating our water and sewer plants have outpaced inflation significantly over the past ten years, yet our rate increases hadn't even kept pace with inflation. The most recent increases bring our rates up to a level about even with inflation over the past ten years. But because our cost increases have exceeded the rate of inflation and we've expanded our capacity to accommodate growth in the Town, we're still playing "catch up." That means that we'll most likely need to increase rates yearly to at least keep pace with the increased cost of doing business. We want to avoid large increases in the future.

Please see the rate table below for the proposed rate increase for fiscal year 2008/09.

Water and Sewer Combined

Gallons:	Water	Sewer	New	Current rate
0-1000	9.61	10.79	20.40	20.40
1001-2000	11.61	13.82	25.43	25.43
2001-3000	15.42	19.64	35.06	34.78
3001-4000	19.85	25.72	45.57	44.98
4001-5000	24.38	32.05	56.43	55.53
5001-6000	29.12	38.49	67.61	66.38
6001-7000	34.01	45.08	79.09	77.58
7001-8000	39.06	51.83	90.89	88.98
8001-9000	44.26	58.73	102.99	100.73
9001-10000	49.46	65.63	115.09	112.48
10001-11000	54.66	72.53	127.19	124.23
11001-12000	59.86	79.43	139.29	135.98
12001-13000	65.06	86.33	151.39	147.73
13001-14000	70.26	93.23	163.49	159.48
14001-15000	75.46	100.13	175.59	171.23
15001-40000	5.36 per 1000	7.06 per 1000		183.28
40001 and up	5.51 per 1000	7.21 per 1000		195.63

