

Using Operational Efficiencies & Revenue Optimization to Ensure Equitable Rates

REDUCE UTILITY COSTS

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REDUCE THE OVERALL SIZE OF THE COST PIE THAT HAS TO BE PAID BY THE RATE PAYER



- Better funding and financing of projects
Best options: Grants and low-interest loans {Ex. SRF}
- Reduce operational costs via capital investments and look internally at optimizing efficiency
- Ensure that operational cost savings from the capital expenditures > the annual debt service costs associated with the financing of the expenditures (this could even yield net positive results by using innovative financing methods)
- Reduce operational costs through improved operations and maintenance efficiency
- Procurement - seek to maximize the number of bidders and consider innovative procurements, like power purchase agreements



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INCREASE REVENUE

SMALL FEES ADD UP

- Charge a connection fee for new commercial users (it's optimal to do this at the time of permitting)
- If your community is a CSO community, charge a stormwater fee
- Reduce non-revenue water (this is both a cost reducer (the less NRW, the less electricity and chemical costs) and also a revenue enhancer (more revenue realized))

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DIVIDE COSTS EQUITABLY

HOW THE REMAINING COST PIE CAN BE APPORTIONED FAIRLY



- Consider charging connection fees for new commercial properties and stormwater fees if your community is a CSO community
- These fees serve to increase revenues in a way that reduces the remaining costs that have to be paid by the ratepayers in a more equitable way
- Review rate structure to ensure that costs are apportioned fairly (such as basing flow on volumetric use instead of flat fees per household so that a single person doesn't pay the same bill as a family of 12)
- To the extent permitted by state regulations, allow for low-income assistance programs
- If a regional utility, consider a host community benefit to the community hosting the treatment plant (For example, this was done in Camden so that the Camden residents paid \$220 per year while the suburban residents paid \$352)

