

Mayor and Council Communication

DATE: 09/19/23

M&C FILE NUMBER: M&C 23-0786

LOG NAME: 60WHOLESALE RATES 2024

SUBJECT

(ALL) Adopt Ordinance Revising Wholesale Water, Wastewater, Standby and Raw Water Service Rates and Amend Chapter 35 - Water and Sewers, Article III - Charges, Division 1 – Generally, Sections 35-56(g) (h) and (i) of the City Code with an Effective Date of Billing on or After November 1, 2023 for Usage and Flows from and After October 1, 2023 for Water and Wastewater Service

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance revising wholesale water, wastewater, standby and raw water service rates and amend Chapter 35 - Water and Sewers, Article III - Charges, Division 1 – Generally, Sections 35-56(g) (h) and (i) of the City Code, with an effective date of billing on or after November 1, 2023, for usage and flows from and after October 1, 2023 for water and wastewater service.

DISCUSSION:

Each year, wholesale water and wastewater rate studies are prepared in accordance with the terms of the uniform wholesale customer contracts.

For Fiscal Year (FY) 2024, the wholesale water cost of service and rate study was performed by NewGen Strategies & Solutions, and the wholesale wastewater cost of service and rate study was performed by water utility staff, per the uniform contract requirements. The results of these studies indicate the need for a decrease of 5.53 percent in wholesale water revenue requirements and an increase of 15.84 percent in wholesale wastewater revenue requirements. The rates as proposed in the table below will recover the cost of providing wholesale water and wastewater service.

The rate setting methodology set forth in the uniform contract requires that test year data serve as the basis for establishing costs and the volumes used in calculating the future rates. The test year for FY 2024 is FY 2022. Costs are adjusted to include known and measurable changes impacting the rate period. Unlike retail rates, which are based on projected volumes, wholesale rates are calculated using test year actual volumes. This can cause rates to go up in a year with low volumes or down when the test year has high volumes.

A joint meeting of the Wholesale Water Advisory Committee and the Wholesale Wastewater Advisory Committee was held on June 7, 2023, to present the studies and the rates.

WHOLESALE WATER RATES

	Current	Proposed
Volume (\$ per 1,000 gallons)	\$1.0145	\$0.8436
Maximum Day (\$ per Millions of Gallons per Day excess)	\$151,338.00	\$128,609.00
Maximum Hour (\$ per Millions of Gallons per Day excess)	\$40,890.00	\$45,949.00
Monthly Customer Charge per meter	\$25.00	\$25.00

The City also enters into wholesale water contracts with standby customers who do not use water on a regular basis. These customers are assessed a minimum charge equal to the three-year numerical average of the treatment, pumping and transmission charge per 1,000 gallons. The charge for FY2024 shall be \$0.8936 per 1,000 gallons per month.

RAW WATER RATES

The cost of untreated water supplied by the Tarrant Regional Water District is \$1.35479 per 1,000 gallons. Adjusted for street rental and system loss, the raw water charge to customers is \$1.47672 as a direct "pass through" cost to wholesale water customers.

WHOLESALE WASTEWATER RATES

	Current	Proposed
Volume (\$ per 1000 gallons)	\$1.5328	\$1.8419
BOD (per pound)	\$0.4881	\$0.5467
TSS (per pound)	\$0.2868	\$0.3169
Monthly Customer Change	\$75.00	\$75.00

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and adoption of the attached ordinance, funds will be deposited into the Water and Sewer Fund. The Water Department (and Financial Management Services) is responsible for the collection and deposit of funds due to the City.

Submitted for City Manager's Office by: Dana Burghdoff 8018

Originating Business Unit Head: Chris Harder 5020

Additional Information Contact: Kristen Nutter 8252