

Town of Wellington

Water/Wastewater Financial Plan, Cost of Service, Rate and Fee Study
Rate Advisory Group – Meeting 2

June 24, 2025





Agenda



Finalize charter



Meeting #1 review



2025 revenue requirement



Residential rate alternatives



Multifamily rate alternatives



Commercial class characteristics



Irrigation class characteristics

Rate advisory group charter – so far

- **Primary Role:** Recommend key considerations for Raftelis when evaluating potential changes to water and sewer rate structures
- **2025 Utility Rate Roundtable Charter Updates:**



Meeting #1 recap



- Reviewed residential usage characteristics



- Identified preliminary pricing objectives to be used for evaluating rate structure alternatives



- Reviewed financial planning and cost of service process



- Presented 2025 rate study areas of focus



Meeting #1 recap

Pricing objectives

- **Required**

- Revenue Sufficiency
- Defensibility
- Cost Recovery Between Classes

- **Prioritized**

- Essential Water Use Pricing
- Customer Impact
- Cost recovery within a class
- Cost Recovery Between New and Existing Customers*

What do we need to modify?

***More correlated with financial planning and tap fees**



Meeting #2 goals

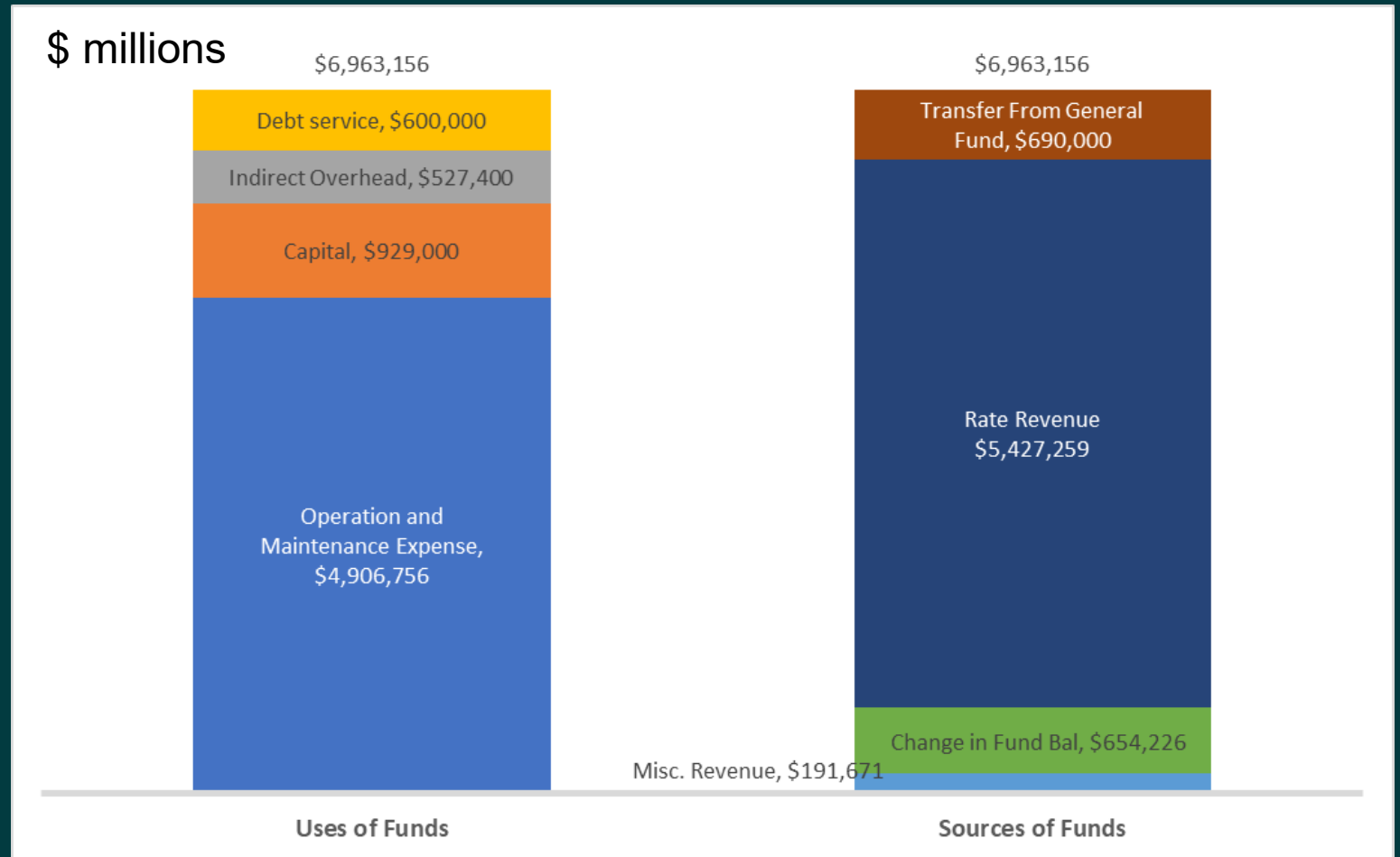
- 1 Review residential rate structure alternatives and select two alternatives which best meet the pricing objectives
- 2 Review multifamily rate structure alternatives and select two alternatives which best meet the pricing objectives
- 3 Review initial commercial and irrigation customer characteristics

Cost of Service



Test year 2025 operations revenue requirement

- Expenditures and revenues based on 2025 budget projections
- Rate revenue estimated through detailed billing analysis
- Revenue required from rates: \$5.4 million.



Customer class cost of service

- Customer class COS development
 - › Functionalization of costs to system facilities
 - › Allocation of costs to demand parameters
 - › Distribution of costs to customer classes
- Class COS considers the demand parameters and customer characteristics
- Rates developed will recover each class' cost of service

Customer Class	2025 Cost of Service
Single-unit residential	\$4,723,279
Multi-unit residential	\$155,636
Irrigation	\$121,488
Non-residential/Commercial	\$426,856
Total	\$5,427,259

Live rate alternatives analysis

- **Goal: Understand how adjustments to input parameters influence rates and customer bills**
- Areas of focus
 - › Number of tiers
 - › Tier thresholds
 - › Pricing ratios
- Considerations
 - › Alternatives meeting pricing objectives
 - › Rate structure should design for long-term viability
 - › Durable, defensible, and deliberate
- The rates shown are for demonstration purposes only and may differ from the final rates submitted to the Board

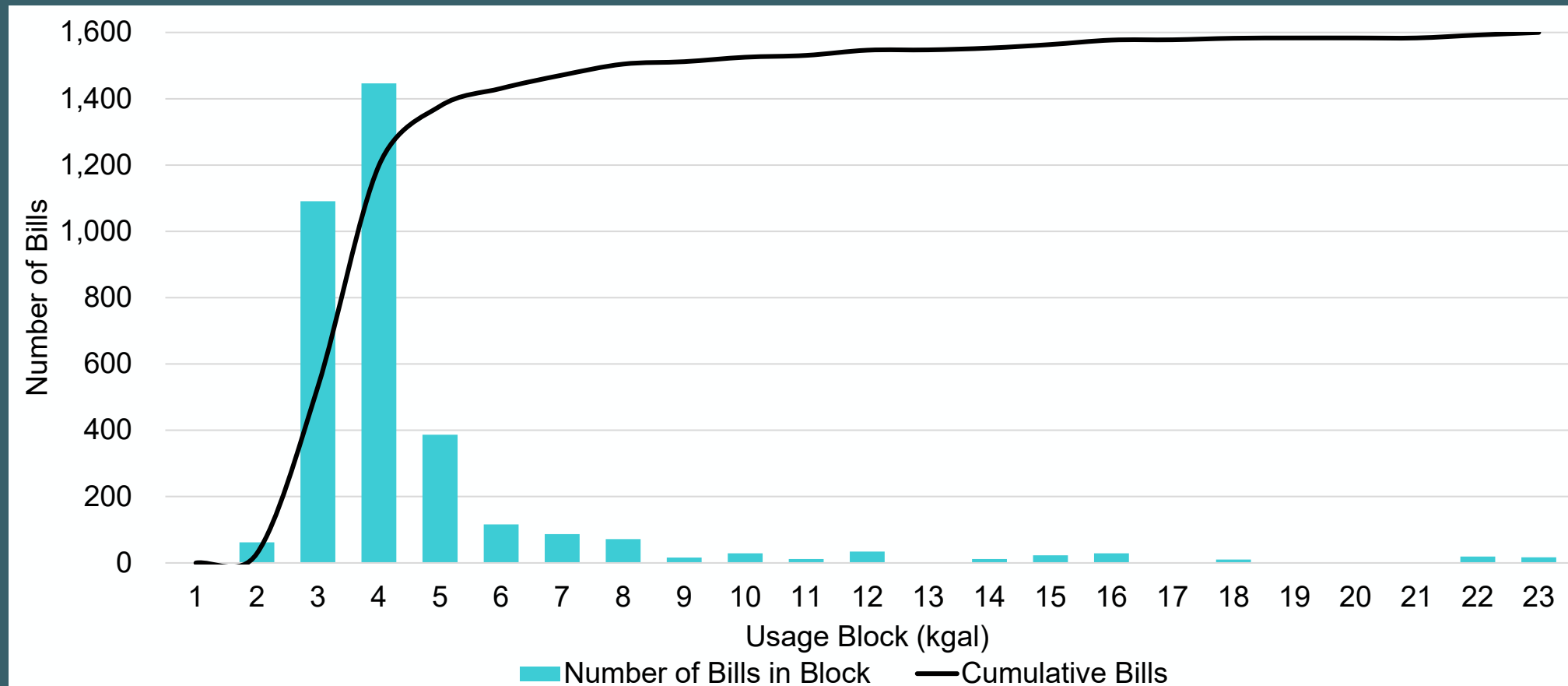
Single-Unit Residential



Multi-Unit Residential

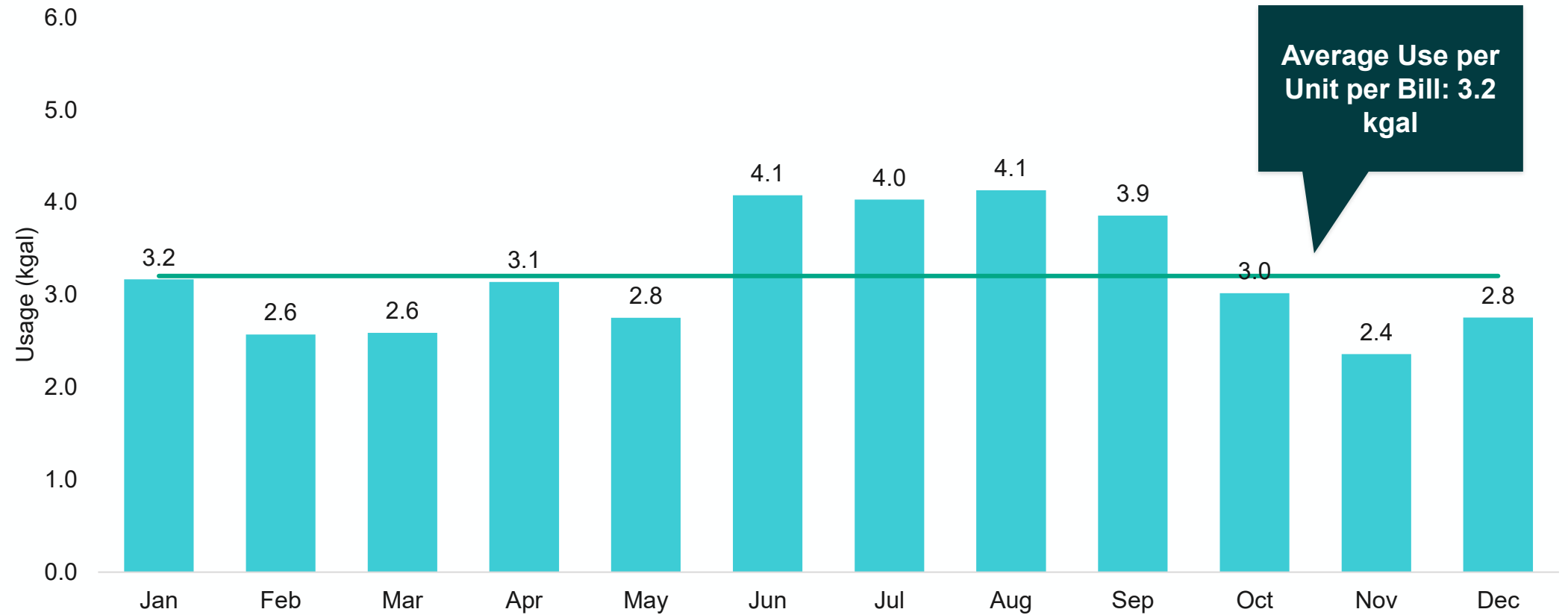


Distribution of multi-unit residential use per unit at incremental levels of consumption



289 units * 12 months = 3,468 billed units

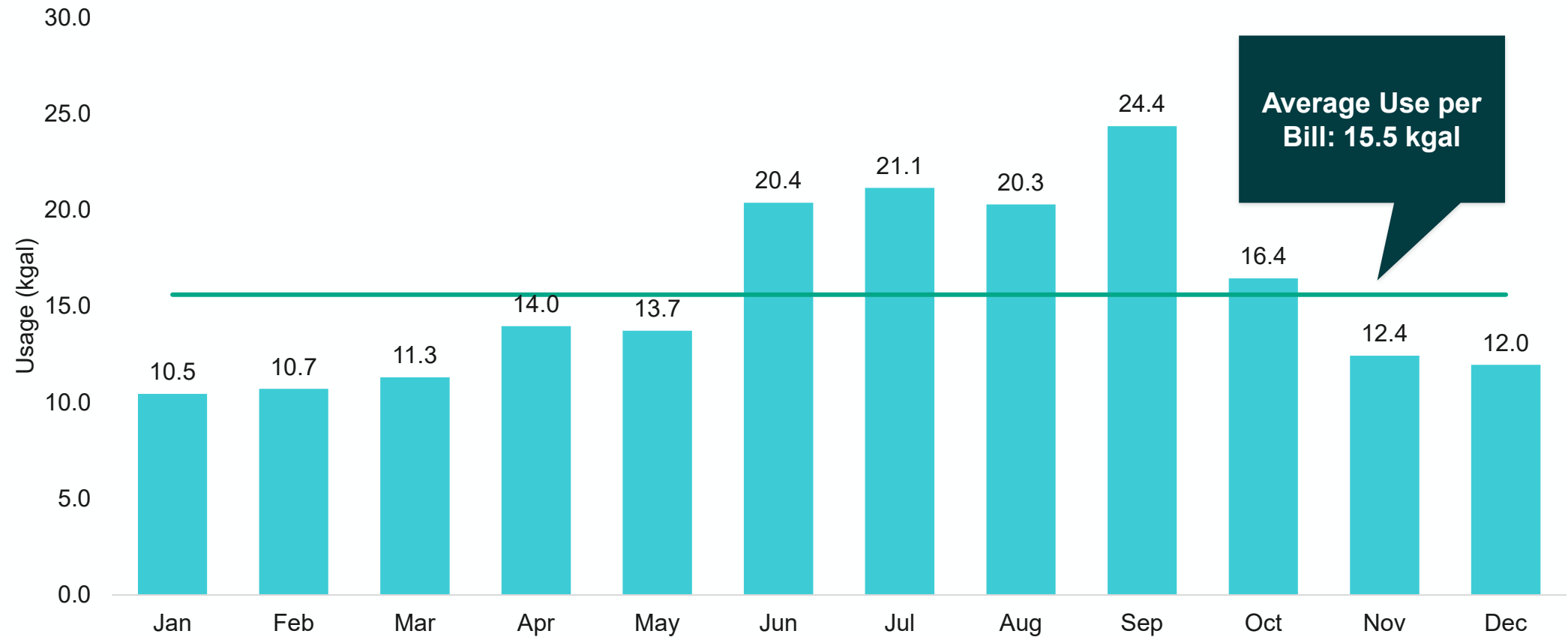
Average monthly water use per unit Multifamily class (2024 usage data)



Non-residential (commercial)



Average monthly water use per customer account: Commercial class (2024 usage data)

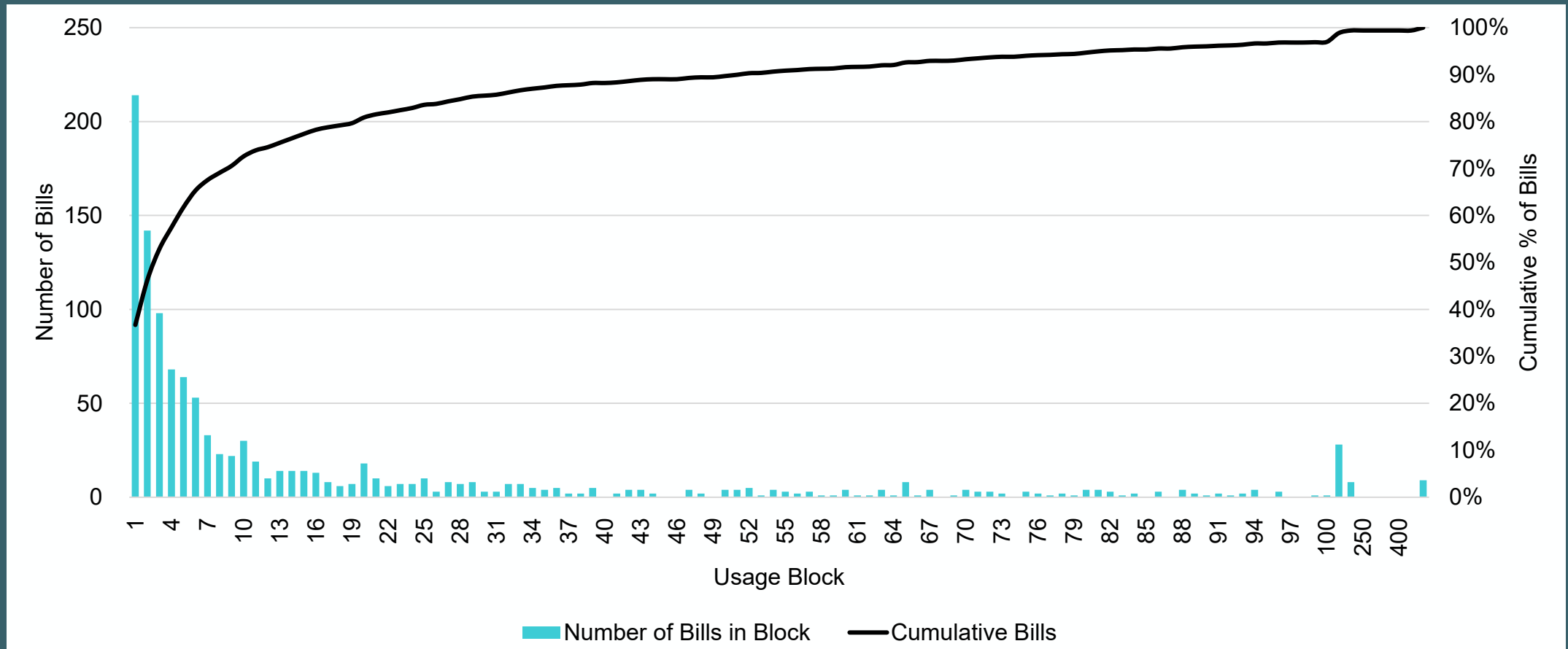


Number of Customers: 124

Average monthly commercial use by meter size (2024)

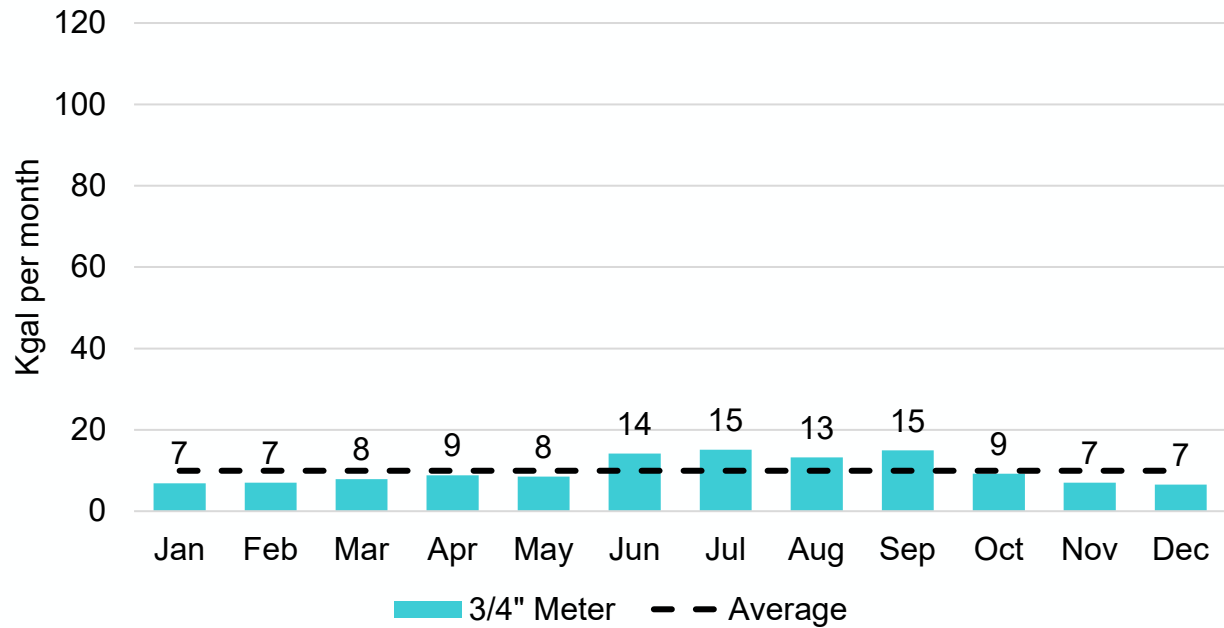
Meter Size	Number of Accounts	Annual Use (kgal)	Average Use/Bill (kgal)	Median Use (kgal)
3/4"	108	12,851	9.9	2.0
1"	2	162	6.8	3.0
1 1/2"	4	2,273	47.4	37.0
2"	9	6,762	62.6	54.0
3"	1	997	83.1	82.0
Total	124	23,045	15.5	3.0

Distribution of all commercial bills at incremental levels of consumption

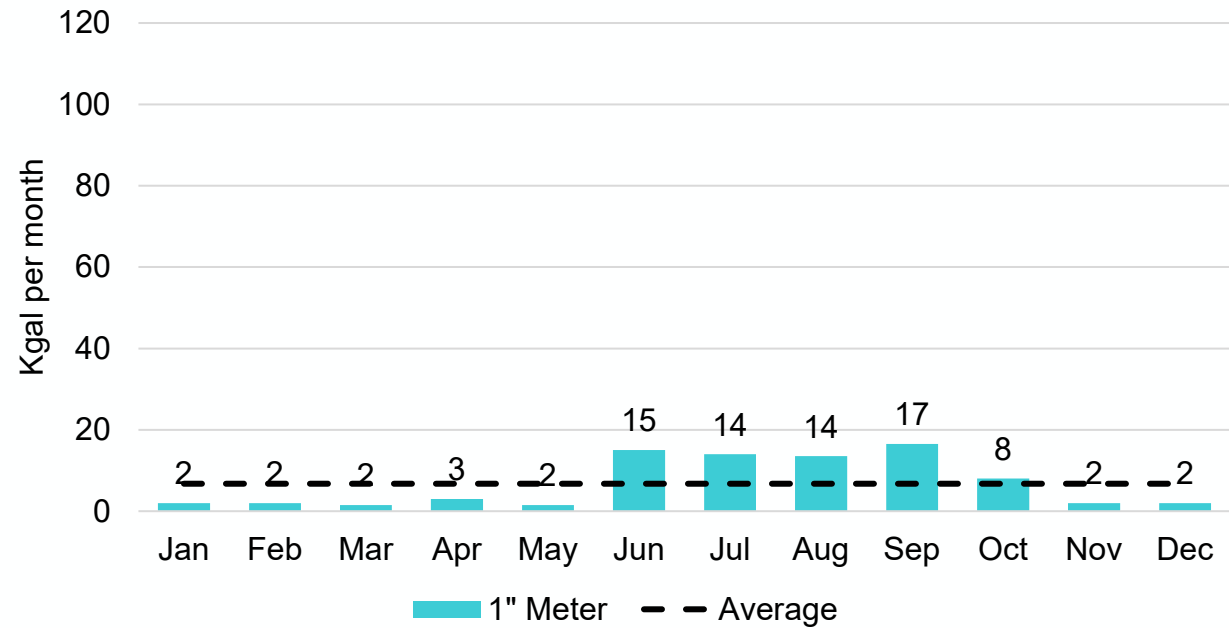


124 accounts * 12 months = 1,488 bills

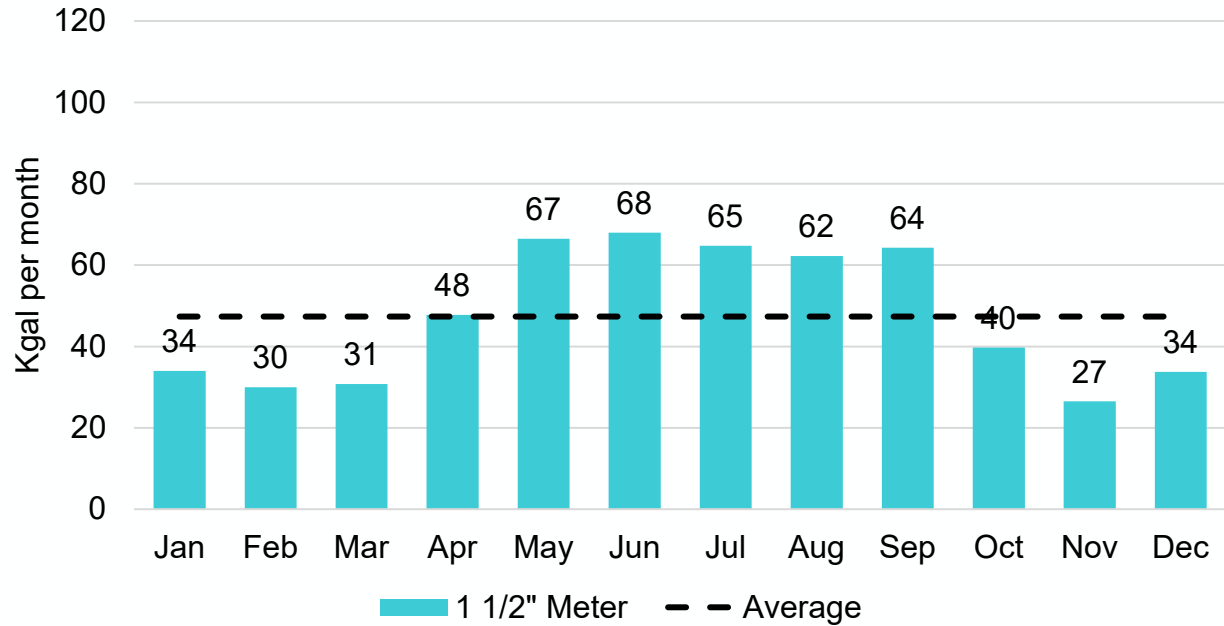
3/4" Commercial Customers - Average Demand Patterns



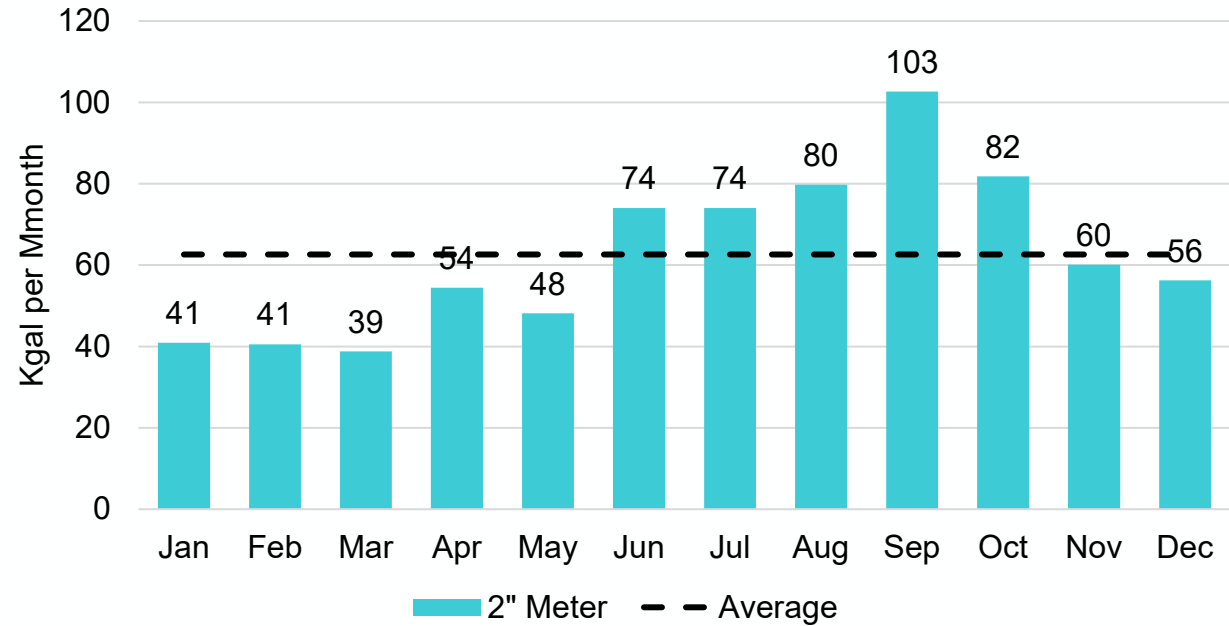
1" Commercial Customers - Average Demand Patterns



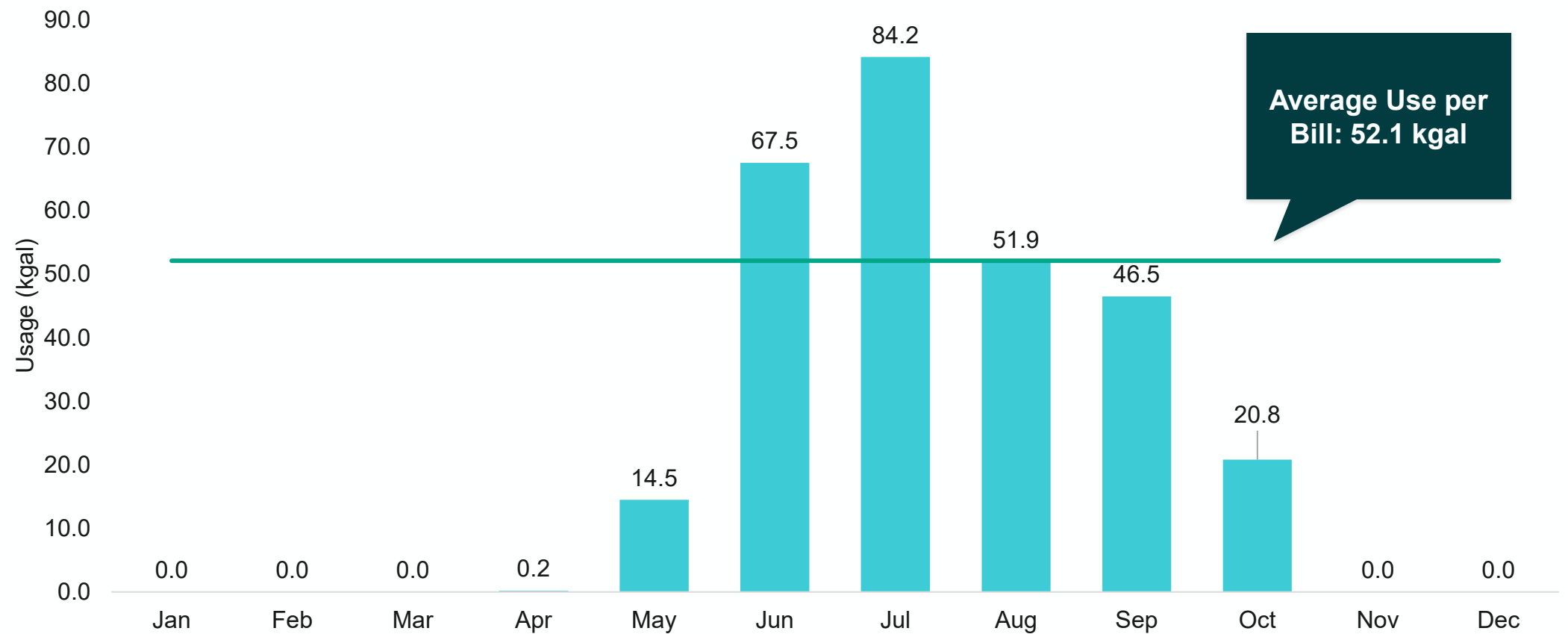
1 1/2" Commercial Customers - Average Demand Patterns



2" Commercial Customers - Average Demand Patterns

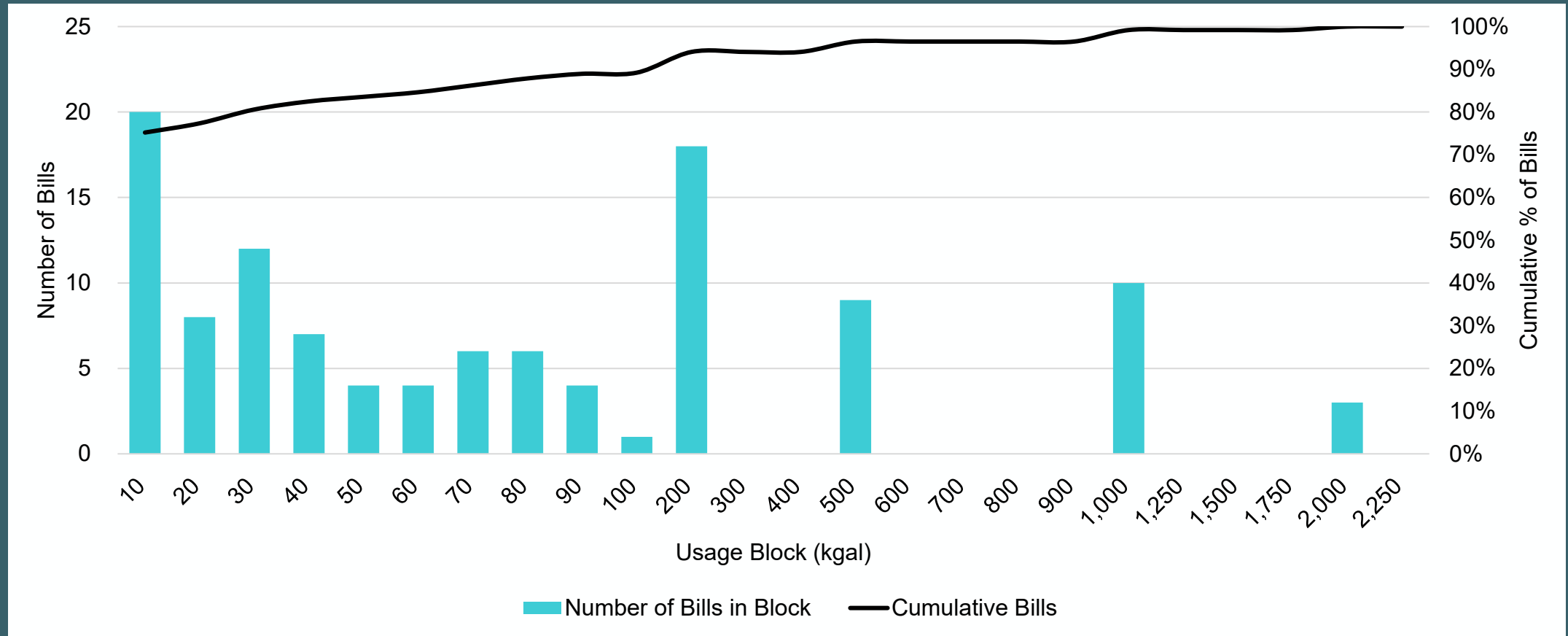


Average monthly water use per customer account: Irrigation class (2024 usage data)



of Customers: 28

Distribution of irrigation bills at incremental levels of consumption



28 accounts * 12 months = 336 bills

Meeting #3 preview

- **Finalize single-unit and multi-unit rate alternatives**
- **Review commercial and irrigation rate alternatives**
- **Review wastewater rate structure**
- **Discuss recommendation letter to Board**



Thank you!

Contact: Todd Cristiano
303 305 1138 / tcristiano@raftelis.com