



April 15, 2025

PUBLIC HEARING FINANCIAL FORECAST & RETAIL RATES WALLINGFORD SEWER DIVISION

Study Purpose and Principles

Develop user retail rates that result in a **financially and operationally sustainable sewer system.**

Objectives:

- The Wallingford Sewer Division (WSD) must be **financially self supporting.**
 - All WSD expenses are ratepayer supported; **no tax dollars are utilized for operating or capital expenses, or debt service.**
- Retail sewer rates shall be sufficient to ensure funding of an appropriate level of **proactive system rehabilitation, replacement, and improvement.**
- The WSD shall **maintain sufficient reserves** to meet the Division's Minimum Cash Reserve Policy to provide for rate stabilization and unplanned expenses.

STUDY DATA AND ASSUMPTIONS

DATA AND ASSUMPTIONS

Data Relied Upon:

- Beginning FY 2024-25 Cash Above Minimum
- Approved and adopted FY 2024-25 operating and capital budgets
 - Capital plans that reflect appropriate level of system rehabilitation
- Debt amortization schedules for outstanding debt
- FY 2023-24 customer account and usage data

Key Study Assumptions:

- Reasonable escalation in operating costs and capital expenses
 - The financial forecast and retail rates study was undertaken prior to potential tariff impacts
- Declining water consumption and therefore sewage usage
 - -1.0% per year projected for FY 2025-6 through FY 2028-29
- No growth in customer accounts

Recommended Minimum Reserve (FY 2024-25):

- O&M: 13 Weeks of O&M expenses: \$2,075,000
- Outstanding Principal and Interest on Debt Service: \$2,350,000
- Current Liabilities: \$648,000
- Prior Year Capital Carryover: \$4,000,000
- Emergency Reserve: \$1,000,000

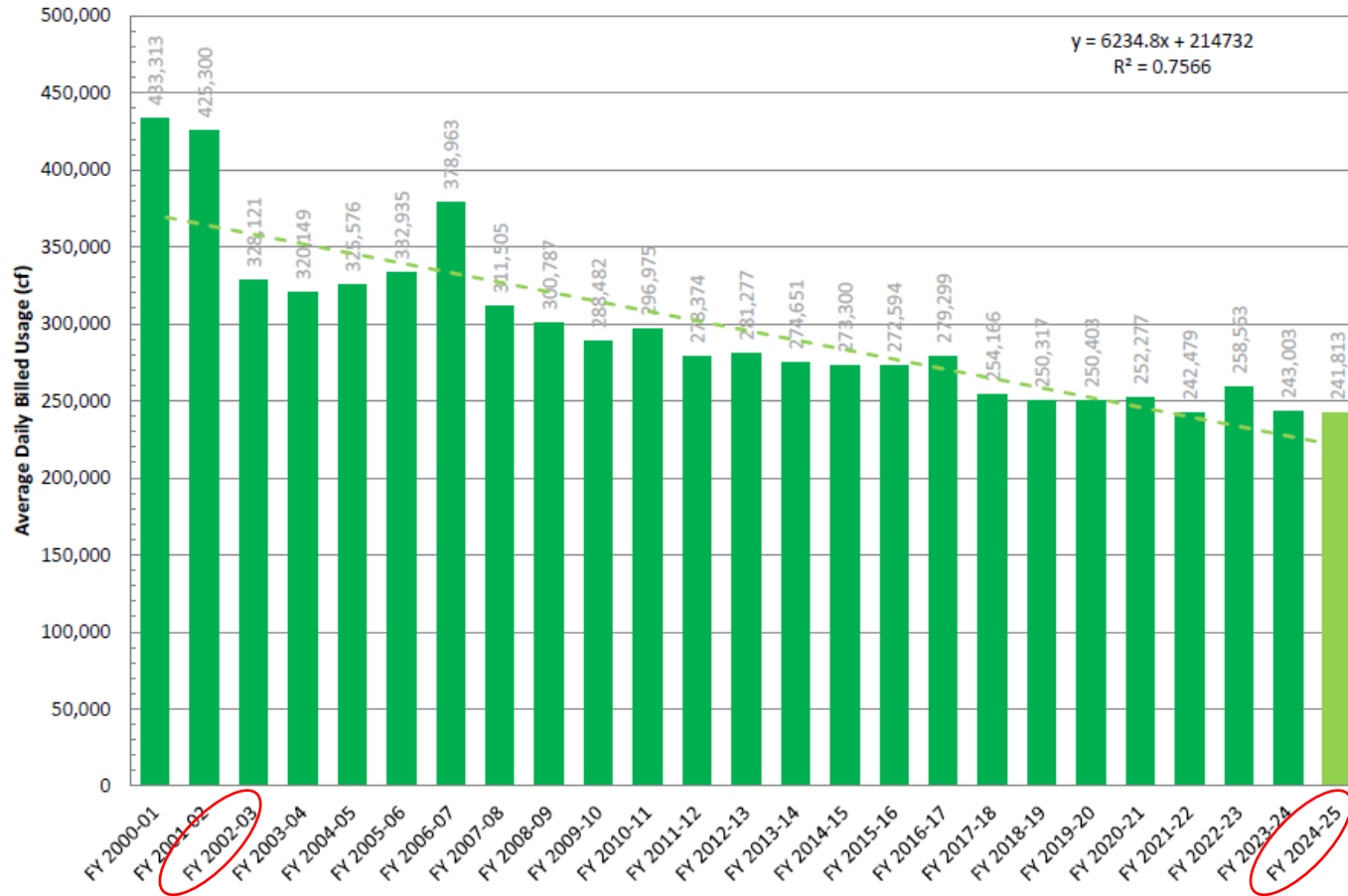
I/I Reserve Balance:

- As of June 30, 2024 (End of FY 2023-24): \$1,875,794
 - Less FY 2024-25 Appropriation: \$800,000 including the onetime appropriation for the Gaylord Hospital sanitary sewer lateral replacement

HISTORICAL AVERAGE DAILY BILLED USAGE

AVERAGE DAILY BILLED USAGE BY FISCAL YEAR

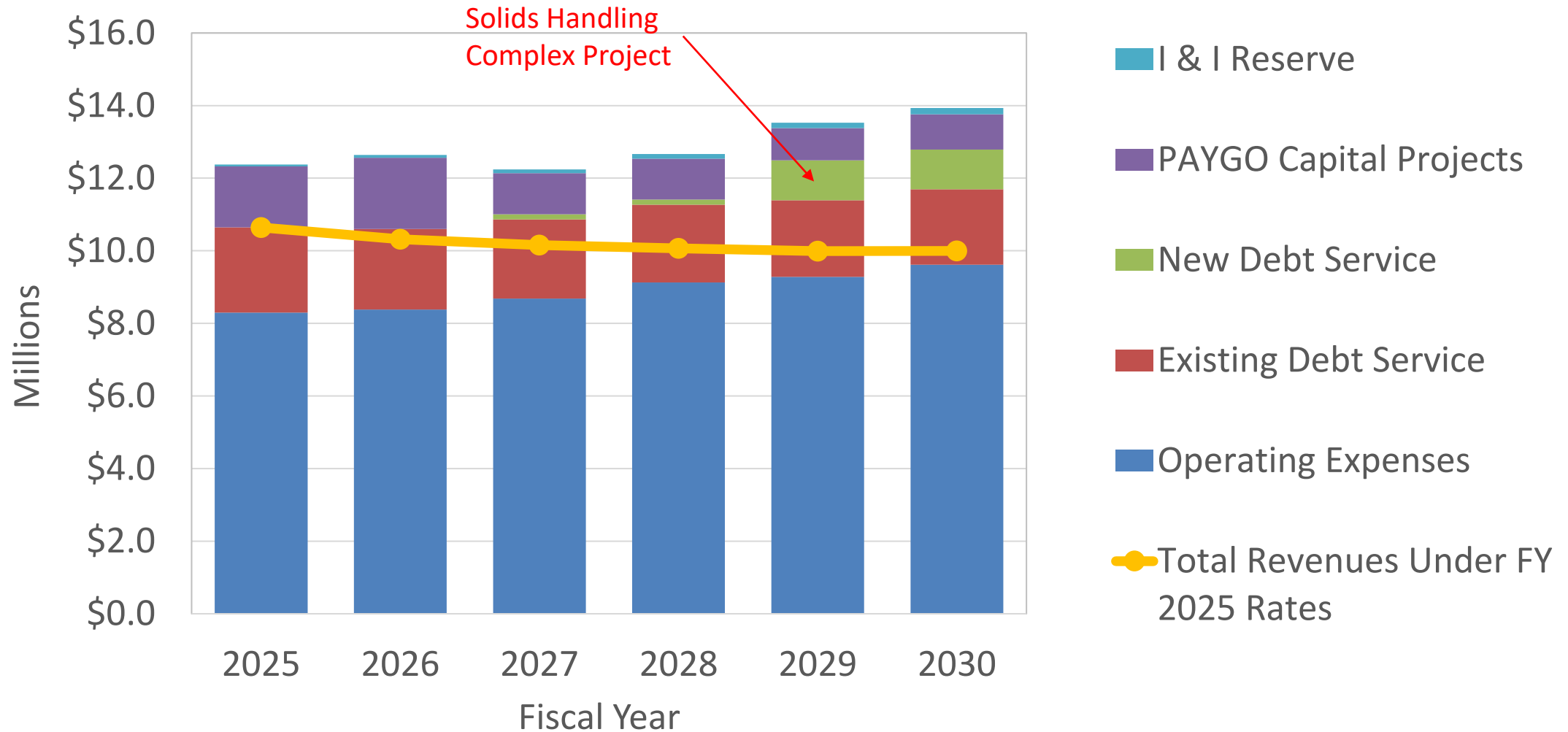
Average Daily Billed Usage
FY 2000-01 to FY 2024-25
Sewer Division
Department of Public Utilities



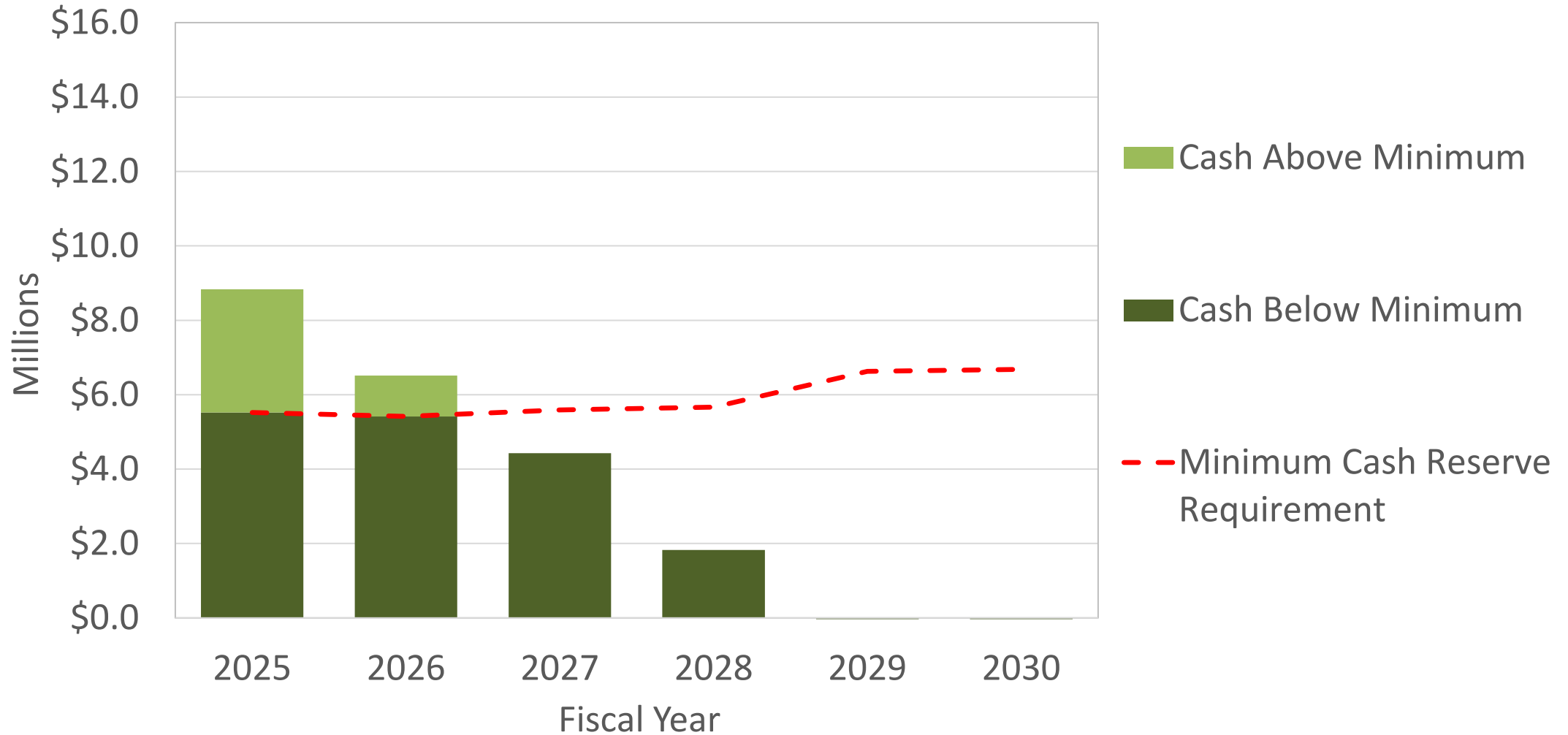
26.33% decrease in daily billed sewer usage between FY 2002-03 and FY 2024-25

EXISTING (FY 2024-25) RETAIL RATES AND FIVE-YEAR COSTS FORECAST

WSD EXPENSES vs. REVENUES (FY 2024-25 RETAIL RATES)

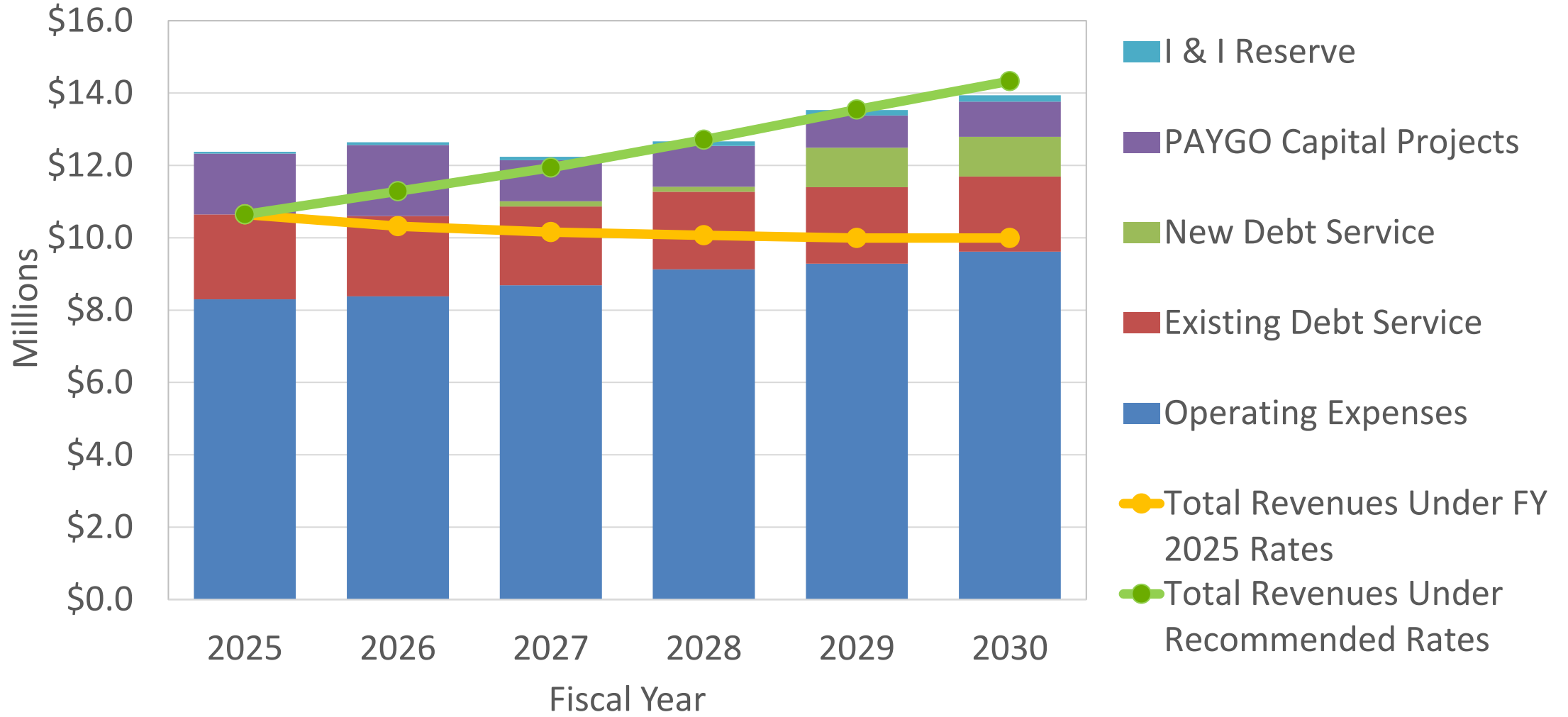


WSD RETAINED EARNINGS FORECAST (FY 2024-25 RETAIL RATES)

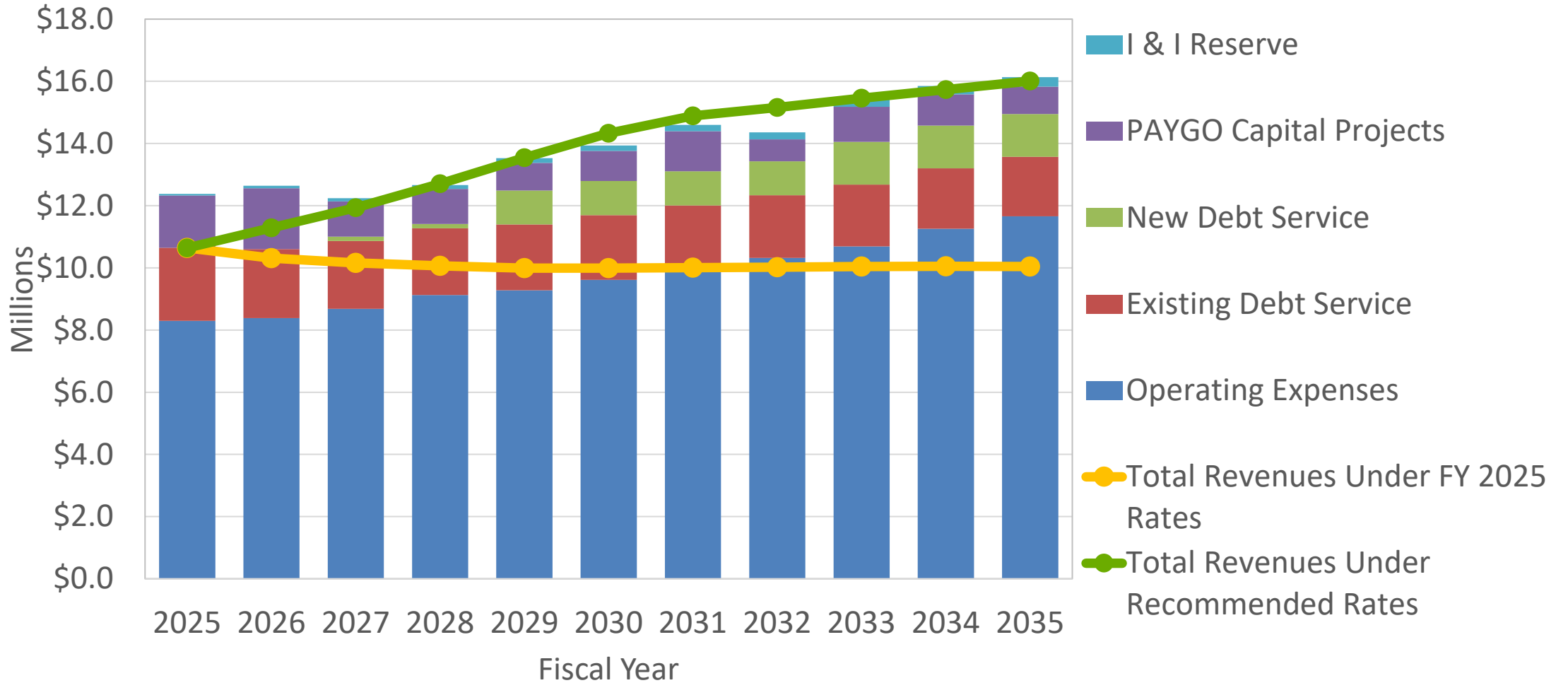


5-YEAR FY COSTS AND RATES FORECAST RECOMMENDED RATES

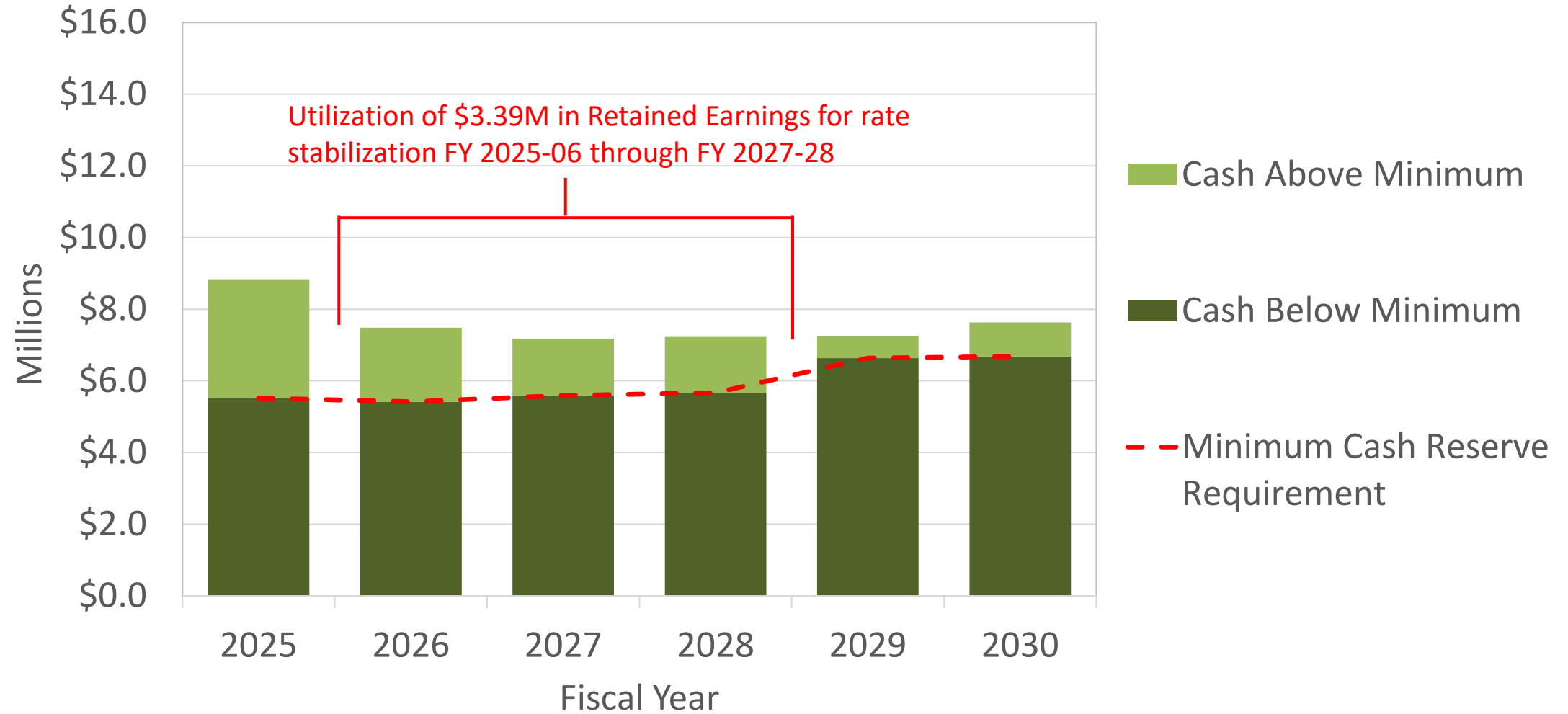
SEWER EXPENSES vs. REVENUES (RECOMMENDED RATES)



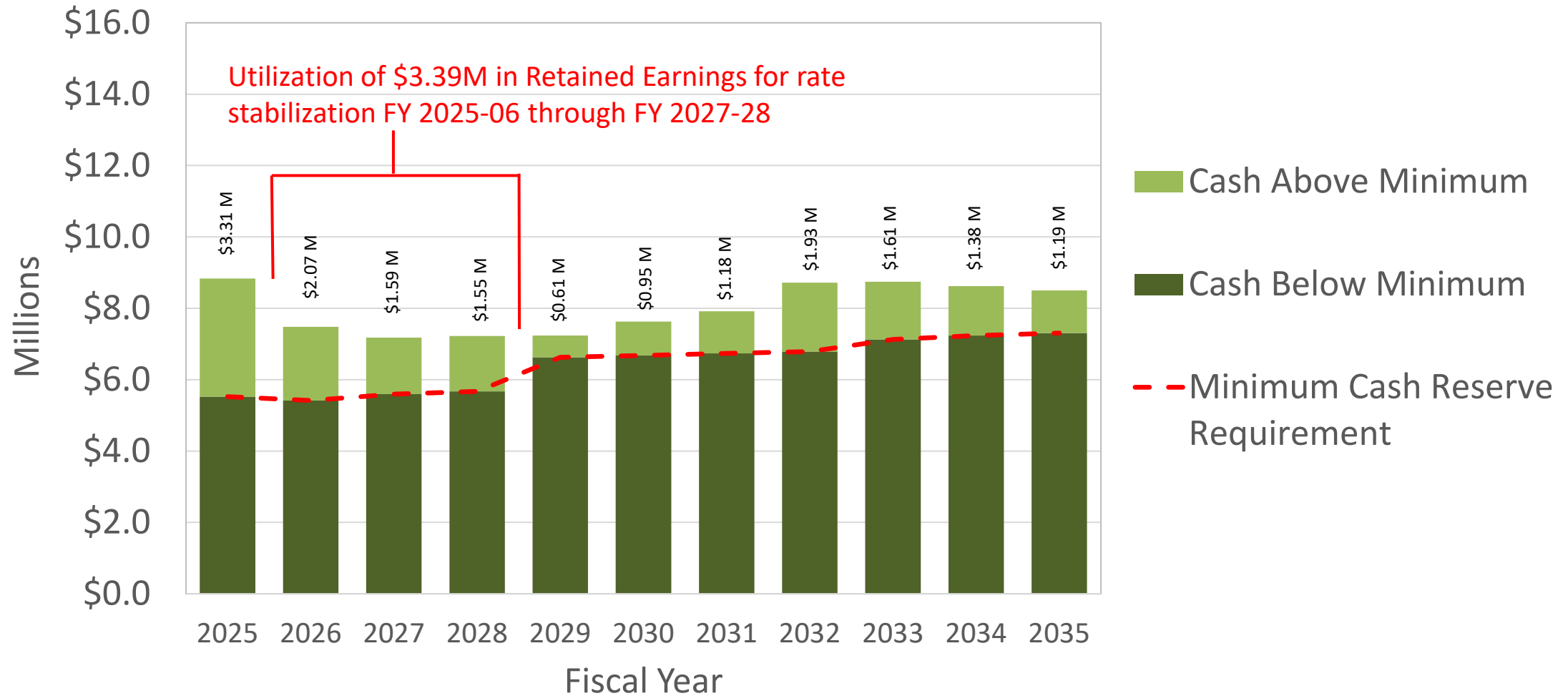
SEWER EXPENSES vs. REVENUES (RECOMMENDED RATES)



RETAINED EARNINGS FORECAST AT RECOMMENDED RATES



RETAINED EARNINGS FORECAST AT RECOMMENDED RATES



BASIC SERVICE FEE
RECOMMENDED RETAIL RATES

RECOMMENDED QUARTERLY BASIC SERVICE FEES (BSF)

Meter Size	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
5/8"	\$27.09	\$31.67	\$33.15	\$34.68	\$36.27	\$37.90	\$39.59
3/4"	\$40.64	\$47.51	\$49.73	\$52.03	\$54.41	\$56.86	\$59.39
1"	\$67.73	\$79.17	\$82.89	\$86.71	\$90.68	\$94.77	\$98.97
1 1/2"	\$135.45	\$158.34	\$165.76	\$173.42	\$181.35	\$189.52	\$197.93
2"	\$216.72	\$253.34	\$265.21	\$277.47	\$290.16	\$303.23	\$316.69
3"	\$433.44	\$506.68	\$530.43	\$554.93	\$580.32	\$606.46	\$633.38
4"	\$677.26	\$791.69	\$828.80	\$867.09	\$906.76	\$947.60	\$989.67

CONSUMPTION CHARGE (\$/CCF)
RECOMMENDED RETAIL RATES

RECOMMENDED VOLUMETRIC RETAIL RATE PER CCF (\$/CCF)

	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
Usage Rate per CCF	\$8.07	\$8.74	\$9.46	\$10.24	\$11.08	\$11.77	\$12.22

CUSTOMER BILL IMPACTS – SEWER ONLY

	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
Median Residential, including Flat Sewer Customers: 5/8-inch meter at 1,235 cf per Quarter [12,631 meters; 94.269%]							
Basic Service Fee (BSF)	\$27.09	\$31.67	\$33.15	\$34.68	\$36.27	\$37.90	\$39.59
Sewer Usage Cost	\$96.84	\$107.94	\$116.83	\$126.46	\$136.84	\$145.36	\$150.92
Total Quarterly Sewer Bill	\$123.93	\$139.61	\$149.98	\$161.14	\$173.11	\$183.26	\$190.51
<i>Quarterly change (\$)</i>		<i>\$15.68</i>	<i>\$10.38</i>	<i>\$11.16</i>	<i>\$11.96</i>	<i>\$10.16</i>	<i>\$7.24</i>
Monthly Equivalent Bill	\$41.31	\$46.54	\$49.99	\$53.72	\$57.70	\$61.09	\$63.50

The current Usage Cost is based on 1,200 cf per Quarter; increasing to 1,235 per Quarter as of July 1, 2025 based on a statistical analysis of 5/8-inch meter water consumption [approximately 34,244 data points].

CUSTOMER BILL IMPACTS – WATER AND SEWER

	Current	As of 7/1/2025	As of 7/1/2026	As of 7/1/2027	As of 7/1/2028	As of 7/1/2029	As of 7/1/2030
Median Residential: 5/8-inch meter							
1,647 cf Water Consumption							
1,235 cf Sewer Usage (75%)							
[12,868 meters; 88.1914%]							
Water Basic Service Fee	\$33.66	\$34.75	\$35.88	\$37.05	\$38.25	\$39.59	\$40.88
Water Consumption Cost	\$71.84	\$77.28	\$81.12	\$85.12	\$89.44	\$93.92	\$98.56
Sewer Basic Service Fee	\$27.09	\$31.67	\$33.15	\$34.68	\$36.27	\$37.90	\$39.59
Sewer Usage Cost	\$96.84	\$107.94	\$116.83	\$126.46	\$136.84	\$145.36	\$150.92
Total Quarterly W+S Bill	\$229.43	\$251.64	\$266.98	\$283.31	\$300.80	\$316.77	\$329.95
<i>Quarterly change (\$)</i>		<i>\$22.21</i>	<i>\$15.34</i>	<i>\$16.33</i>	<i>\$17.48</i>	<i>\$15.97</i>	<i>\$13.18</i>
Monthly Equivalent Bill	\$76.48	\$83.88	\$88.99	\$94.44	\$100.27	\$105.59	\$109.98

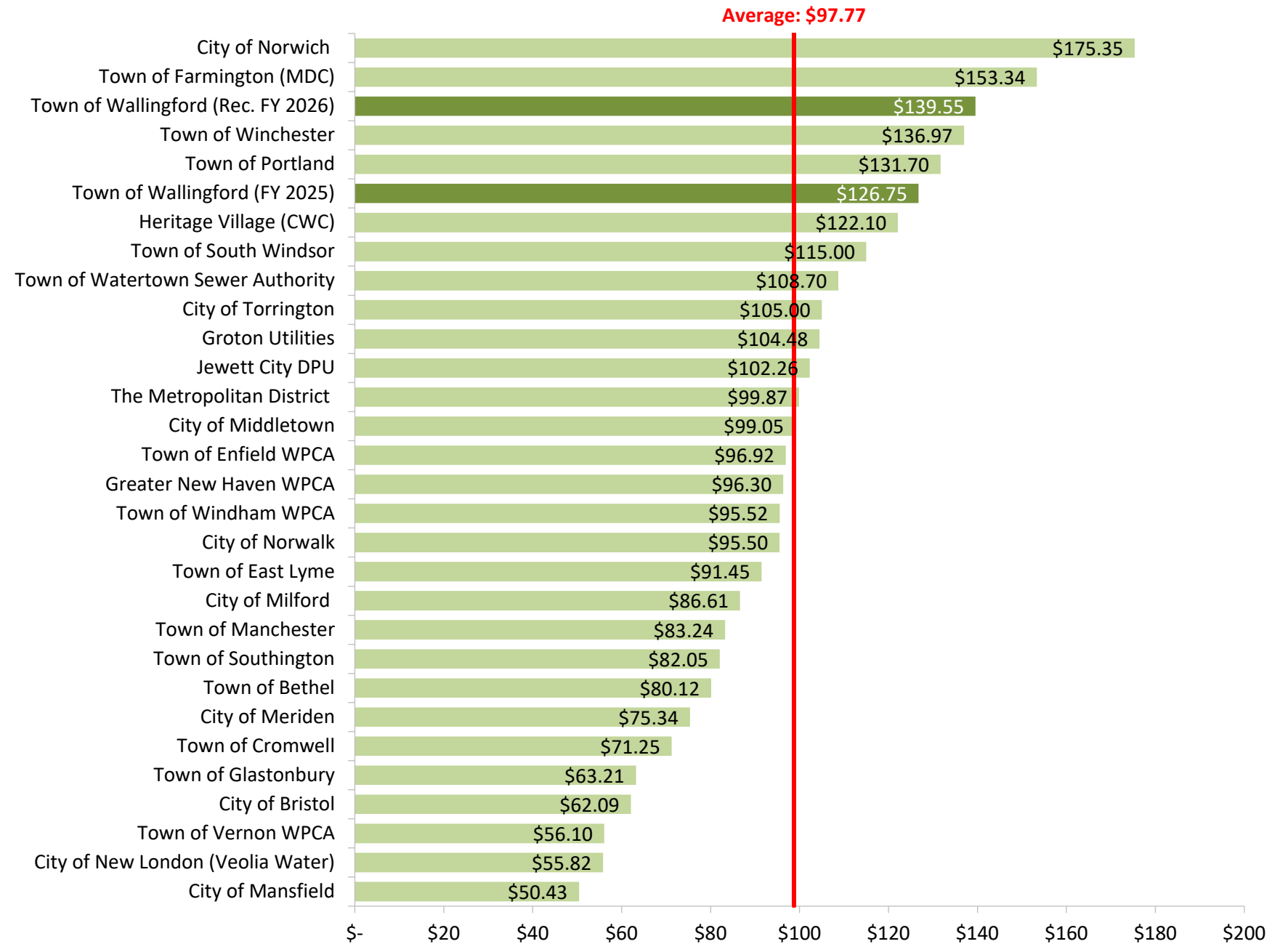
QUARTERLY SEWER BILL COMPARISON
PROPOSED WSD RETAIL RATES – JULY 1, 2025
5/8-INCH METER; 1,235 CF

Limitations:

A direct comparison of quarterly retail sewer bills is challenging due to the following questions and/or items:

- How (where) are the **debt service expenses** recorded; on the town ledger or on the WPCF chart of accounts?
- How (where) are **health insurance** and **pension obligation expenses** booked; again on the town ledger or against the WPCF ledger?
- Are **town services** – Comptroller and Finance, Tax Collection, Human Resources, Purchasing, Law and/or Information Technology, etc. - provided to the WPCF paid in full, in part or not at all by the WPCF?
- What **regulatory required expenses** (debt service) – tertiary phosphorus treatment, etc. – are included in the retail rates?
- Is operation and maintenance of the **sanitary sewer collection system** managed and paid for by the WPCF or by the town (DPW)?
- Number of customers or accounts; how are expenses divided (what is the denominator?)

RETAIL SEWER BILL COMPARISON



MISCELLANEOUS CHARGES WATER AND SEWER

MISC. CHARGES

- Meter Installation Fees
- Service Installation Fees
- After-hours Call Out
 - For the convenience of the customer
- Service Turn On / Turn Off
 - More than one (1) on/off per calendar year
- Returned Check Fee
 - No change from the existing fee
- I/I Inspection Credit (New)
- Increase Lien Threshold to \$100 from \$10

Please refer to the Public Notice Legal Posting and/or Attachment D included in the handout.



QUESTIONS
