



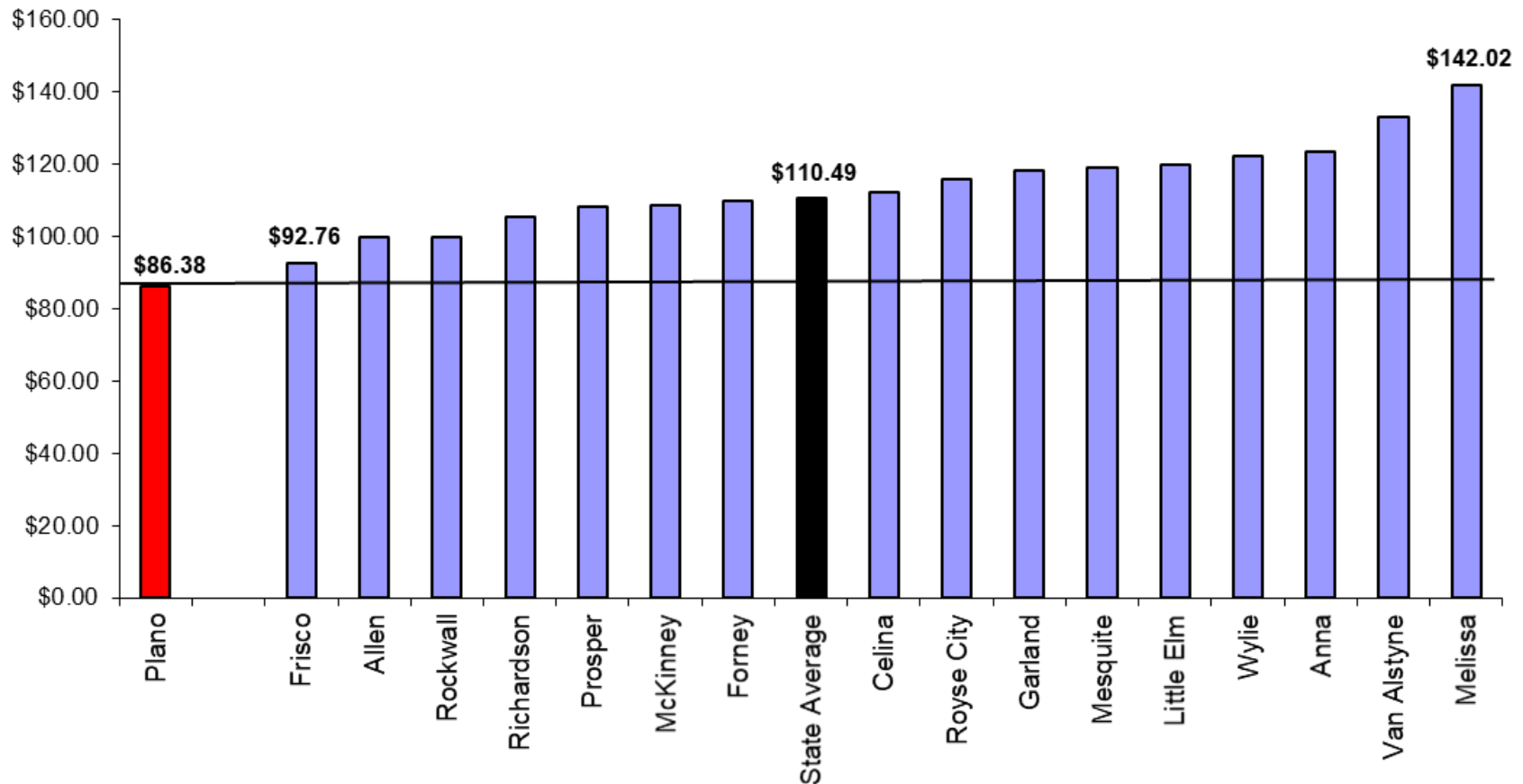
City of Plano

2021 Water and Wastewater

Rate Update

City Council Briefing

Monthly Residential Charge Comparison 10,000 Gal W, 5,000 Gal WW



Changes to Rate Plan Since 2020



- ◆ Three major categories of developments have impacted utility volumes and revenues since adoption of rate plan:

WEATHER

Unusually wet and mild summer months have adversely impacted 2021 revenues

COVID-19

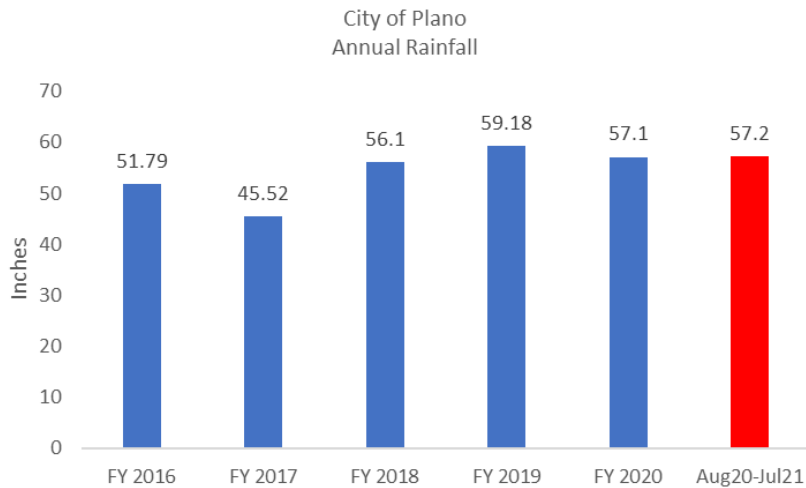
Has resulted in significant changes in usage patterns

NTMWD

Water – No volume rate increases in last 2 years; litigation settlement will lessen water cost increases

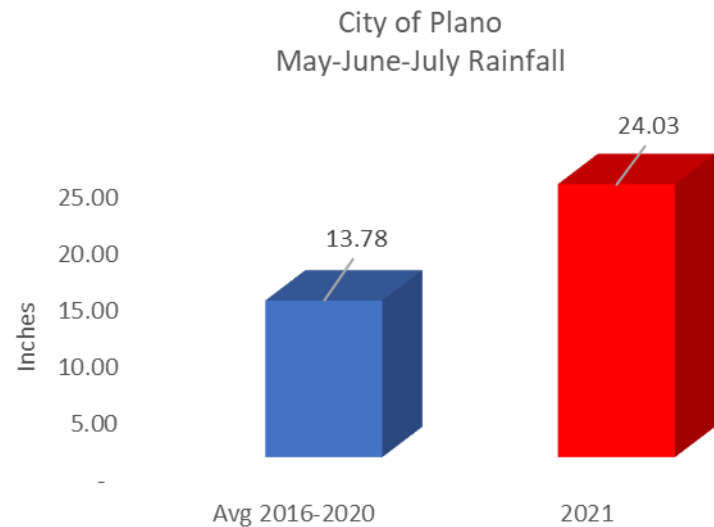
Wastewater – Significant increases in NTMWD cost estimates

City of Plano Rainfall Data



2021 summer months
rainfall has been 74%
greater than average

**Conclusion: heavy
summer rainfall has
adversely impacted 2021
water revenues**



COVID-19 Impact on Water Utility



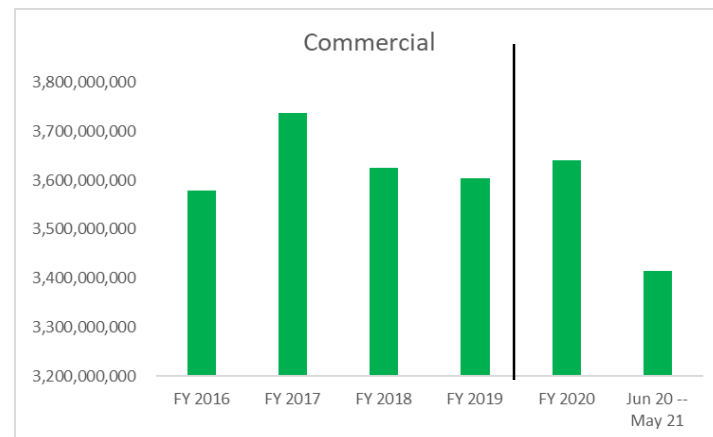
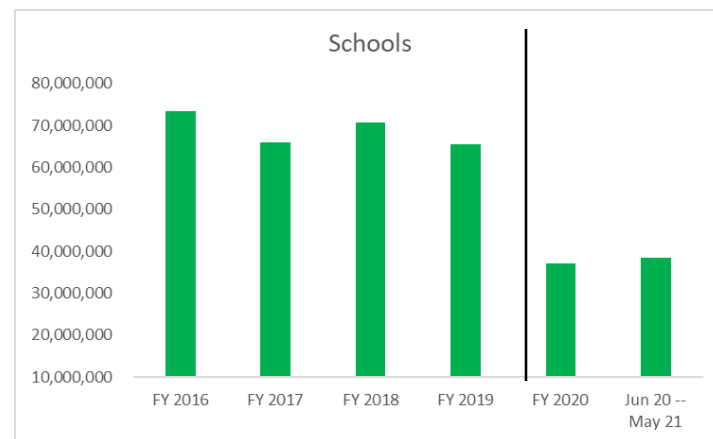
- ◆ Commercial and school water usage has dropped significantly, due to the widespread and sustained closures
- ◆ Water account growth has stalled
- ◆ However, residential usage has increased substantially, and is being charged at higher rate tiers
- ◆ In summary, **COVID only nominally impacted water revenues**



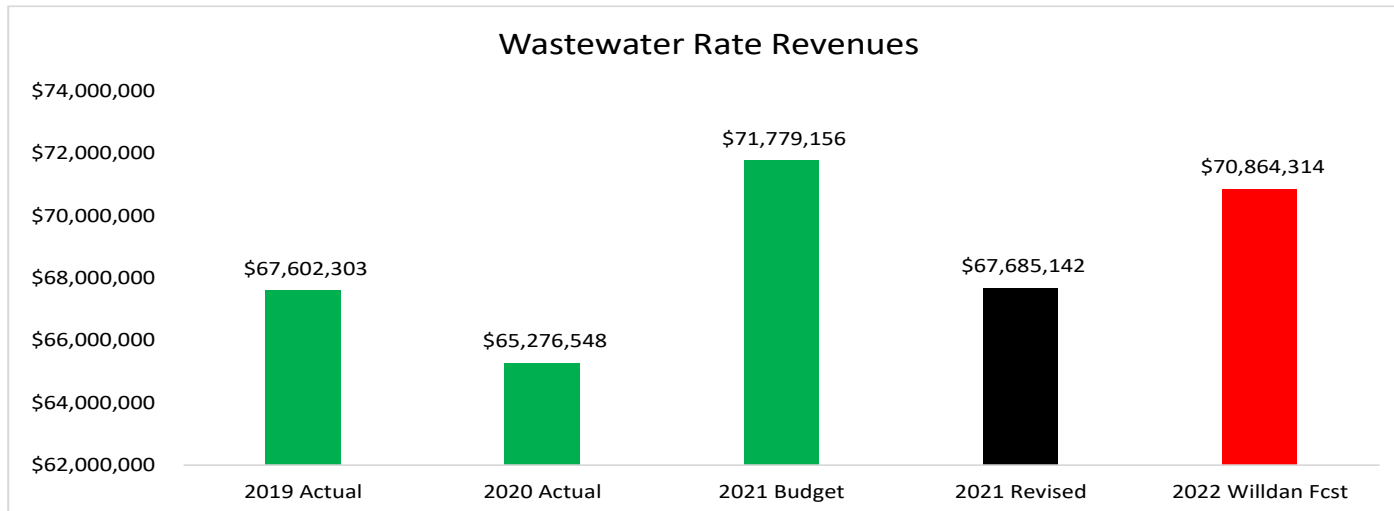
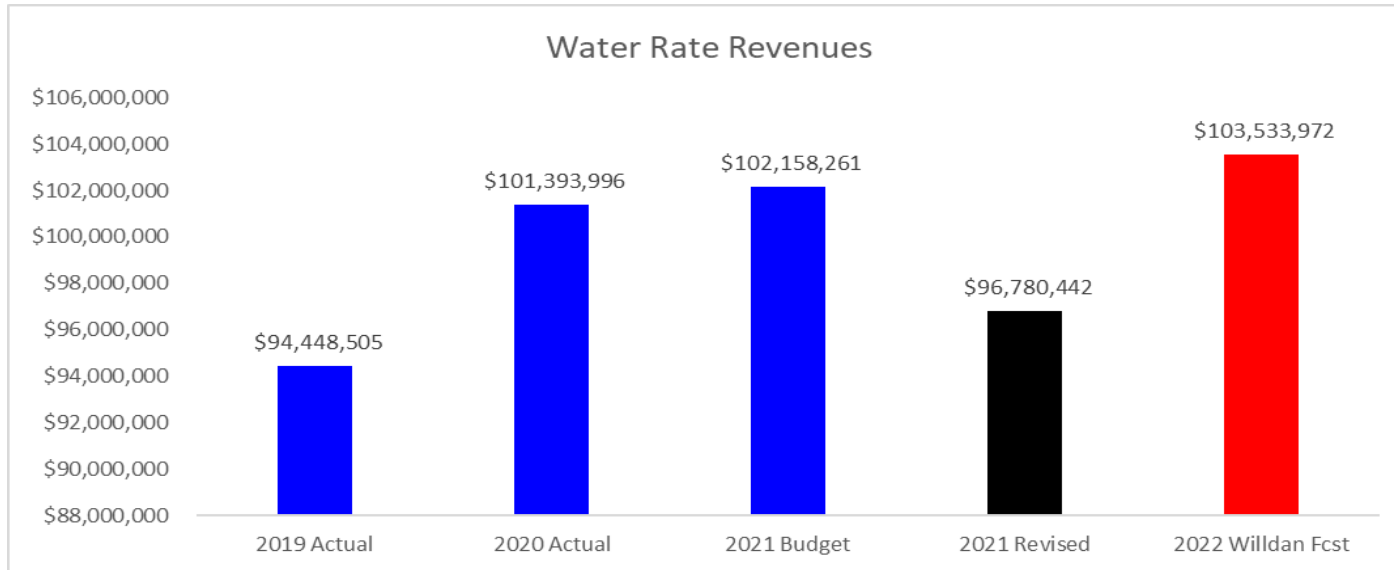
COVID-19 Impact on Wastewater Utility



- ◆ Wastewater has also experienced stagnant account growth and a decrease in commercial billing units
- ◆ However residential billing units and revenues have not made up the difference in lost revenue
 - ❖ Winter average has served as a cap on residential billings; no tiered rate structure
- ◆ As a result, **COVID has resulted in lower wastewater revenues**



Historical and Forecast Rate Revenues



NTMWD Impacts on Rate Plan

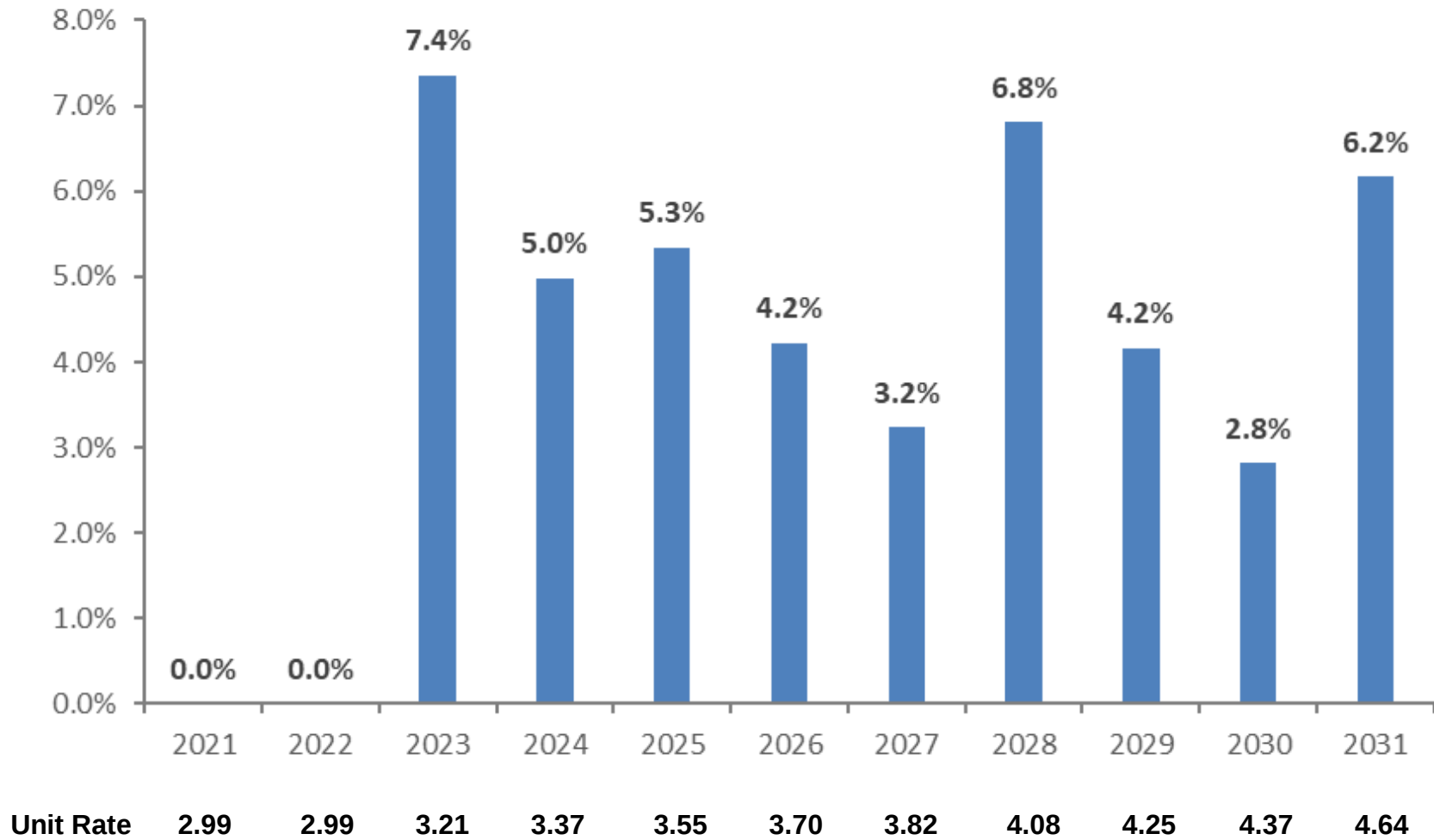


- ◆ For second year in a row, NTMWD has not changed its water volume rate
 - ❖ NTMWD forecasts that volume rate will increase in future years
- ◆ New contract with member cities will reduce rate of increase in City's water costs in future years, as Take or Pay approaches actual usage
- ◆ However, NTMWD is now projecting higher wastewater rate increases than previous years

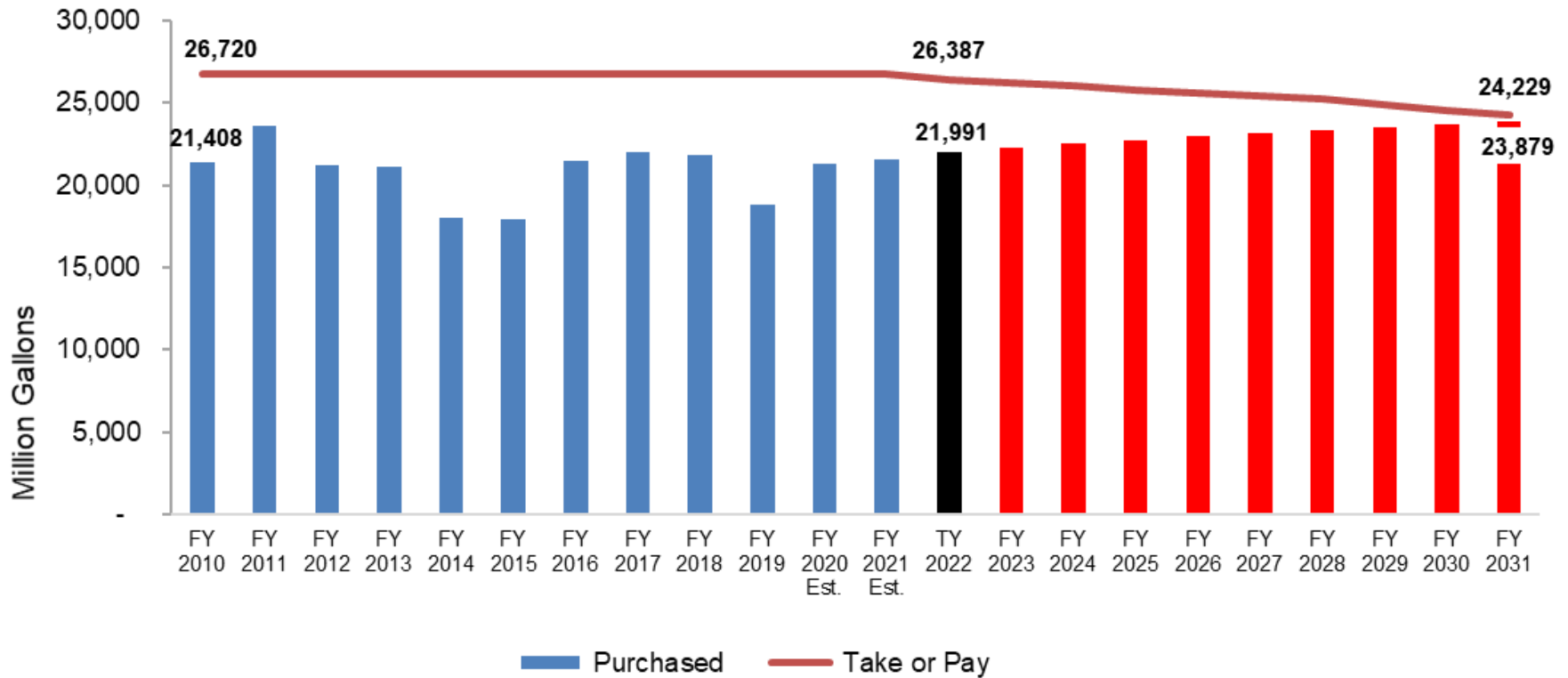


NTMWD

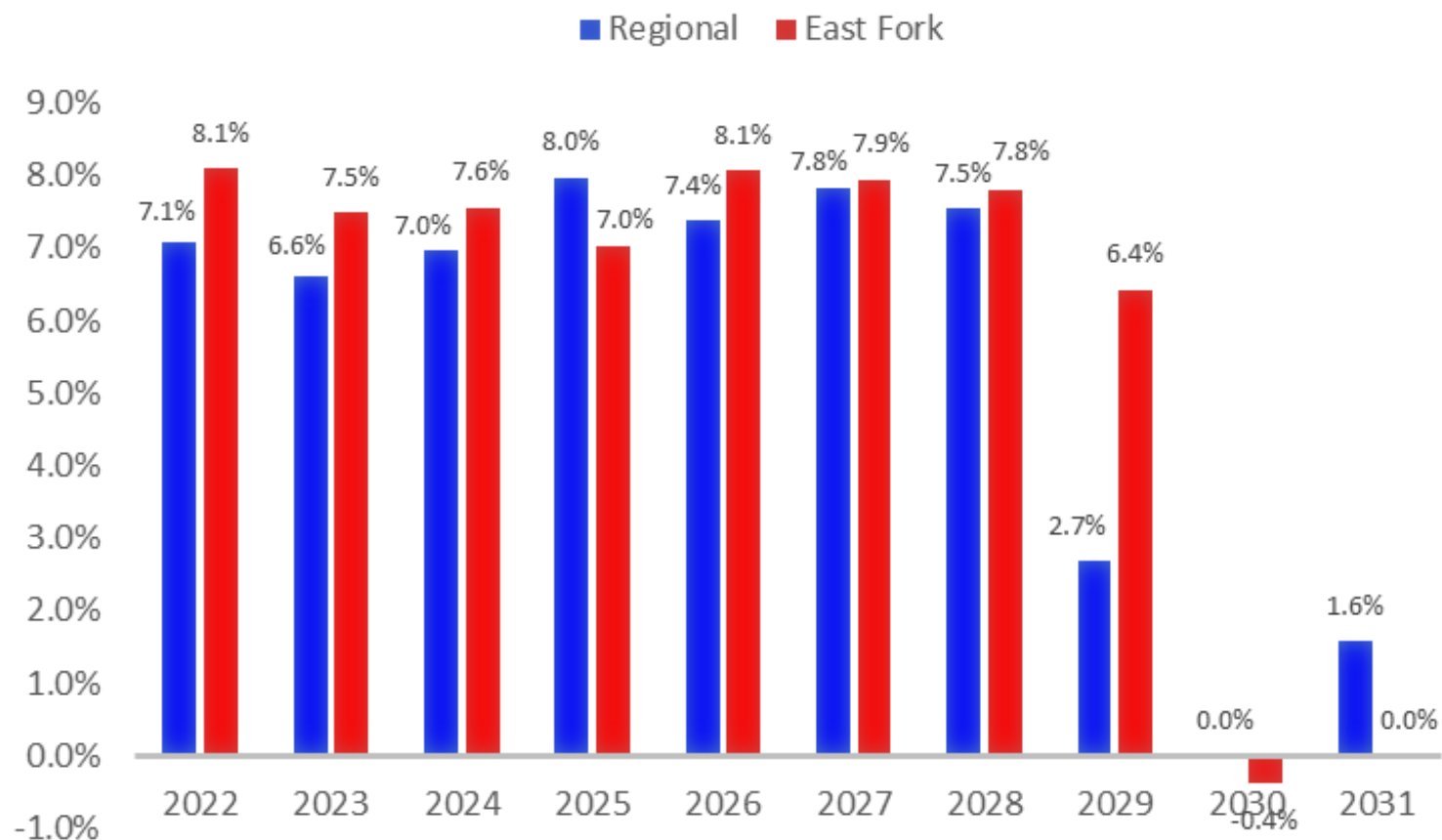
2021 Forecast Water Rate Increases



NTMWD Forecast Water Purchases



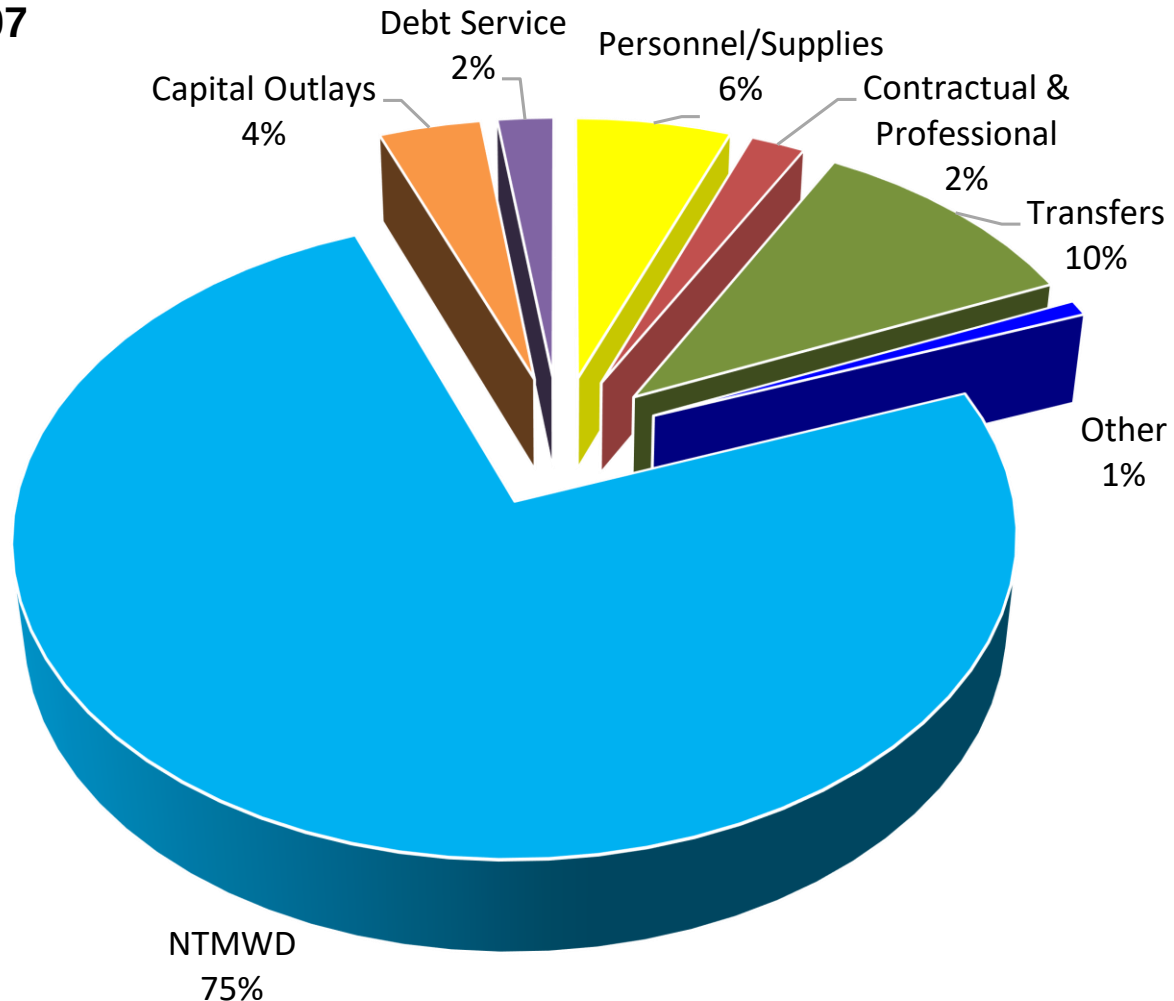
NTMWD Forecast Wastewater Rates



FY 2022 Cost of Service WATER



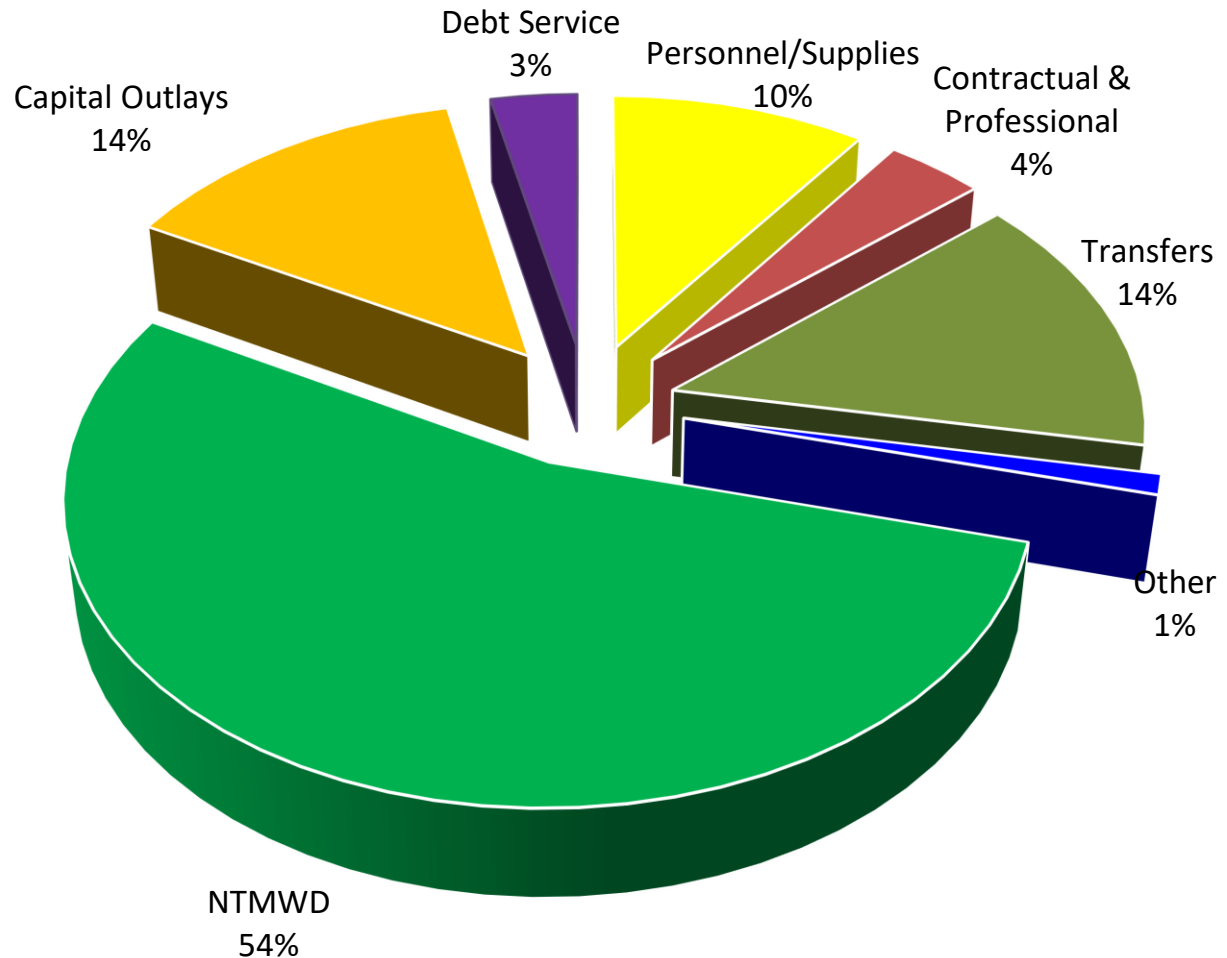
Total = \$105,204,607



FY 2022 Cost of Service WASTEWATER



Total = \$76,517,953



Notes on Rate Proposal



- ◆ Because of no rate change by NTMWD, **recommend no water rate increase for 2022**
- ◆ Recommend adjustment to wastewater rates to cover cost increases
- ◆ Annual water and wastewater rate adjustments are forecast to be required in years beyond 2022



Proposed Water and Wastewater Rates



		EFFECTIVE	
		Current	Nov-21
Water Rates			
Percent Increase			0.00%
<u>Monthly Minimum Charge -- 1st 1,000 Gal</u>			
3/4"		\$ 25.00	\$ 25.00
1"		56.50	56.50
1 1/2"		110.68	110.68
2"		174.68	174.68
3"		345.29	345.29
4"		537.44	537.44
6"		1,070.88	1,070.88
8"		1,711.00	1,711.00
<u>Residential and Sprinkler Volume Rate Per 1,000 Gal</u>			
1,001	5,000	0.77	0.77
5,001	20,000	3.78	3.78
20,001	40,000	7.56	7.56
40,001	Above	9.16	9.16
<u>Non-Residential Volume Rate Per 1,000 Gal</u>			
1,001	Above	3.78	3.78
Wastewater Rates			
Percent Increase			8.00%
<u>Monthly Minimum Charge -- 1st 1,000 Gal</u>			
3/4"		15.40	16.63
1"		30.03	32.43
1 1/2"		54.32	58.67
2"		83.54	90.22
3"		161.34	174.25
4"		248.84	268.75
6"		492.03	531.39
8"		732.14	790.71
<u>Volume Rate/1,000 Gal</u>		6.09	6.58

Impact on Monthly Charges



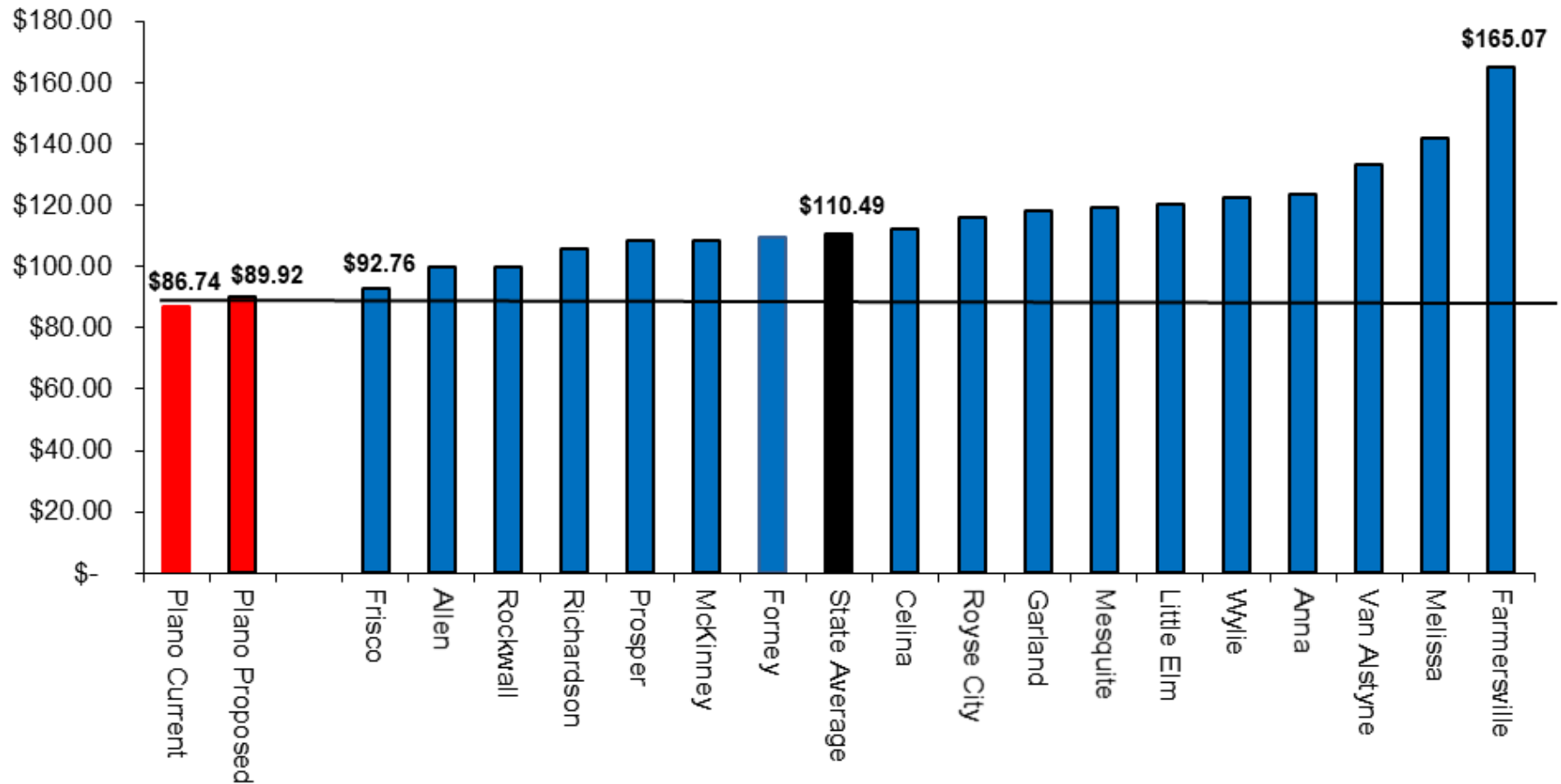
		EFFECTIVE	
		Current	Nov-21
Residential Monthly Charges -- 3/4"			
5,000 Water	5,000 WW	\$ 67.84	\$ 71.02
	Increase -- \$		3.18
	Increase -- %		4.7%
10,000 Water	5,000 WW	86.74	89.92
	Increase -- \$		3.18
	Increase -- %		3.7%
30,000 Water	5,000 WW	200.14	203.32
	Increase -- \$		3.18
	Increase -- %		1.6%
Commercial Monthly Charges -- 2"			
50,000 Water	50,000 WW	741.85	772.41
	Increase -- \$		30.56
	Increase -- %		4.1%

Forecast Water and Wastewater Monthly Charges



			EFFECTIVE										
			Current	Nov-21	Nov-22	Nov-23	Nov-24	Nov-25					
Residential Monthly Charges -- 3/4"													
5,000 Water	5,000 WW	\$	67.84	\$	71.02	\$	75.86	\$	79.82	\$	83.38	\$	86.62
	Increase -- \$				3.18		4.84		3.96		3.56		3.23
	Increase -- %				4.7%		6.8%		5.2%		4.5%		3.9%
10,000 Water	5,000 WW		86.74		89.92		95.71		100.46		104.44		108.09
	Increase -- \$				3.18		5.78		4.76		3.98		3.65
	Increase -- %				3.7%		6.4%		5.0%		4.0%		3.5%
30,000 Water	5,000 WW		200.14		203.32		214.78		224.29		230.75		236.92
	Increase -- \$				3.18		11.45		9.52		6.45		6.18
	Increase -- %				1.6%		5.6%		4.4%		2.9%		2.7%
Commercial Monthly Charges -- 2"													
50,000 Water	50,000 WW		741.85		772.41		823.40		865.25		901.44		934.49
	Increase -- \$				30.56		51.00		41.85		36.19		33.05
	Increase -- %				4.1%		6.6%		5.1%		4.2%		3.7%

2022 Monthly Res. Charge Comparison 10,000 Gal W, 5,000 Gal WW



Presentation Summary



- ◆ Many factors could result in changes to future planned rate adjustments, including but not limited to:
 - ❖ Weather patterns
 - ❖ Continued changes in usage patterns due to COVID-19
 - ❖ NTMWD future budgets, capital projects and rate plans
 - ❖ City priorities on CIP spending
 - ❖ Changes in economic conditions – recession, recovery, inflation, et.
- ◆ Recommend City continue to closely monitor revenues and expenses and make revisions in future when appropriate



Questions?