

SEWER RATE STUDY SUMMARY
by Sandra Dam, Interim Superintendent

Following is a summary from our rate consultant for the new sewer rates. I chose to include the report because I think it clearly explains the rates better than I could! Please look in the newspaper and watch the local cable access channel for a public meeting to be held in September and bring any questions that you may have and we will further explain the rates. At the meeting we will have a sample meter and also explain the process for installing the meters. A permit will be required and installation will have to be done by a licensed plumber and then an inspection performed by the plumbing inspector.

Dear Board Members:

We are pleased to submit this report on the sewer rate study summarizing the review, analysis and findings developed to date. Preliminary findings were submitted to the Board on June 6 and 23 and the proposed rates were presented to the Board on June 26, 2006. The Board voted to adopt the proposed rates effective October 1, 2006.

The analysis undertaken involved the collection and review of operating and financial data and the development of user charges based on metered water consumption to replace the current flat rate charge per bedroom. The analysis also included a review of prior studies of the strong waste loading from two service areas of the Massachusetts Turnpike Authority (“MTA”).

Background

Developing consumption based sewer rates for Charlton presented a relatively unique challenge in that the majority of sewer users are not supplied with public water but rather have private, generally un-metered, well supplies. Therefore it was necessary to estimate metered water consumption data for most of the proposed rate calculations.

The current system of user charges is based on the committed treatment capacity allocated to each sewer user. For residential and most commercial users this capacity is based on the Title V capacity requirements defined by the Massachusetts Department of Environmental Protection (“DEP”) as 110 gallons per day per bedroom or bedroom equivalent. Two sewer users, the MTA and Masonic Homes have specified committed capacities by agreement with the Town. Under the current system of user charges operating costs are assigned to each sewer user in proportion to their committed capacity. In effect this system uses the committed capacity as a basis for estimating the actual use by each sewer user. Given the fact that very few of the sewer users have metered sewer flow or metered water consumption, the current system of user charges provides a reasonable basis for allocating operating costs.

Proposed Rates

The proposed system of user charges is based on a combination of the committed capacity and actual metered water consumption. Under the proposed system of user charges operating costs have been divided between costs, which vary with actual consumption (i.e., sewer flow) called “variable costs” and costs which do not vary with actual consumption called “fixed costs”. The proposed system of charges consists of a “capacity charge” to recover the fixed costs and a volume rate to recover the variable costs.

The proposed user charge system also includes surcharge rates for wastewater discharged from the two MTA service areas.

As a result of changing the basic structure of the user charge system, some sewer users will experience **increased** bills under the proposed rates, while others will experience **decreased** bills, depending on the relationship between each users committed capacity and their “actual” use. (As used herein “actual” use has been estimated. As meters are installed on the private well supplies, the actual usage data will be used for billing purposes. It may be necessary to revise the proposed rates when sufficient actual usage data has been accumulated.)

COMPARISON OF CURRENT AND PROPOSED SEWER RATES

Current rates for all users, effective through Sept 30, 2006

A Quarterly Charge of.....\$65.25 per bedroom or bedroom equivalent

Proposed rates to be effective Oct. 1, 2006)*

For unmetered users: a Quarterly Charge of.....\$70.00 per bedroom or bedroom equivalent

For metered users:

A Capacity Charge of.....\$93.75 per equivalent dwelling unit

Plus a volume change of.....\$0.0045 per gallon

* *Include proposed increase in revenues of approximately 7.3%.*

TABLE A sets forth comparisons of bill impacts for typical users under the proposed rates.

**TABLE A
BILL IMPACTS FOR SINGLE FAMILY RESIDENTIAL SEWER USERS**

No. of Bedrooms	Assumed Daily Usage GPD	Equivalent Gallons per Quarter	Rates for Unmetered Sewer Users		Proposed Rates for Metered Sewer Users			Annual Bill at Proposed Rates	
			Current Quarterly Charge \$65.25 per Bedroom	Oct 1, 2006 Quarterly Charge \$70 per Bedroom	Quarterly Capacity Charge per EDU \$93.75	Quarterly Volume Charge \$0.0046 per gallon	Total Quarterly Charge	Unmetered Sewer User	Metered Sewer User
			1	75	6,750	\$65.25	\$70.00	\$93.75	\$31.05
1	100	9,000	65.25	70.00	93.75	41.40	135.15	280.00	540.60
1	150	13,500	65.25	70.00	93.75	62.10	155.85	280.00	623.40
1	200	18,000	65.25	70.00	93.75	82.80	176.55	280.00	706.20
2	75	6,750	130.50	140.00	93.75	31.05	124.80	560.00	499.20
2	100	9,000	130.50	140.00	93.75	41.40	135.15	560.00	540.60
2	150	13,500	130.50	140.00	93.75	62.10	155.85	560.00	623.40
2	200	18,000	130.50	140.00	93.75	82.80	176.55	560.00	706.20
2	250	22,500	130.50	140.00	93.75	103.50	197.25	560.00	789.00
2	300	27,000	130.50	140.00	93.75	124.20	217.95	560.00	871.80
3	75	6,750	195.75	210.00	93.75	31.05	124.80	840.00	499.20
3	100	9,000	195.75	210.00	93.75	41.40	135.15	840.00	540.60
3	150	13,500	195.75	210.00	93.75	62.10	155.85	840.00	623.40
3	200	18,000	195.75	210.00	93.75	82.80	176.55	840.00	706.20
3	250	22,500	195.75	210.00	93.75	103.50	197.25	840.00	789.00
3	300	27,000	195.75	210.00	93.75	124.20	217.95	840.00	871.80
4	75	6,750	261.00	280.00	93.75	31.05	124.80	1,120.00	499.20
4	100	9,000	261.00	280.00	93.75	41.40	135.15	1,120.00	540.60
4	150	13,500	261.00	280.00	93.75	62.10	155.85	1,120.00	623.40
4	200	18,000	261.00	280.00	93.75	82.80	176.55	1,120.00	706.20
4	250	22,500	261.00	280.00	93.75	103.50	197.25	1,120.00	789.00
4	300	27,000	261.00	280.00	93.75	124.20	217.95	1,120.00	871.80