



City of Franklin, TN Water Rate Recommendations

Presented: September 11, 2014

Sarah Chandler/Jim Marshall | Jackson Thornton Utilities Consultants



jacksonthornton.com



Water - Adopted Five Year Approach

	Rate Requirement	% Change	\$ Change	Rate Revenue	Proposed Rate Change	Additional Revenue	Revenue - Requirement
Actual 2013	\$ 9,200,339			\$ 9,319,189			
Budget 2015	\$ 8,960,197	-2.6%	\$ (240,142)	\$ 9,645,361	3.50%	\$ 326,172	\$ 685,164
Budget 2016	\$ 9,191,988	2.6%	\$ 231,791	\$ 9,982,948	3.50%	\$ 337,588	\$ 790,960
Budget 2017	\$ 10,110,411	10.0%	\$ 918,423	\$ 10,332,352	3.50%	\$ 349,403	\$ 221,941
Budget 2018	\$ 10,538,044	4.2%	\$ 427,633	\$ 10,693,984	3.50%	\$ 361,632	\$ 155,940
Budget 2019	\$ 11,020,720	4.6%	\$ 482,676	\$ 11,068,273	3.50%	\$ 374,289	\$ 47,553

Rate Requirement Timeline



Water Rate Option A – Consumption Only Increase

Option A

Years One and Two:

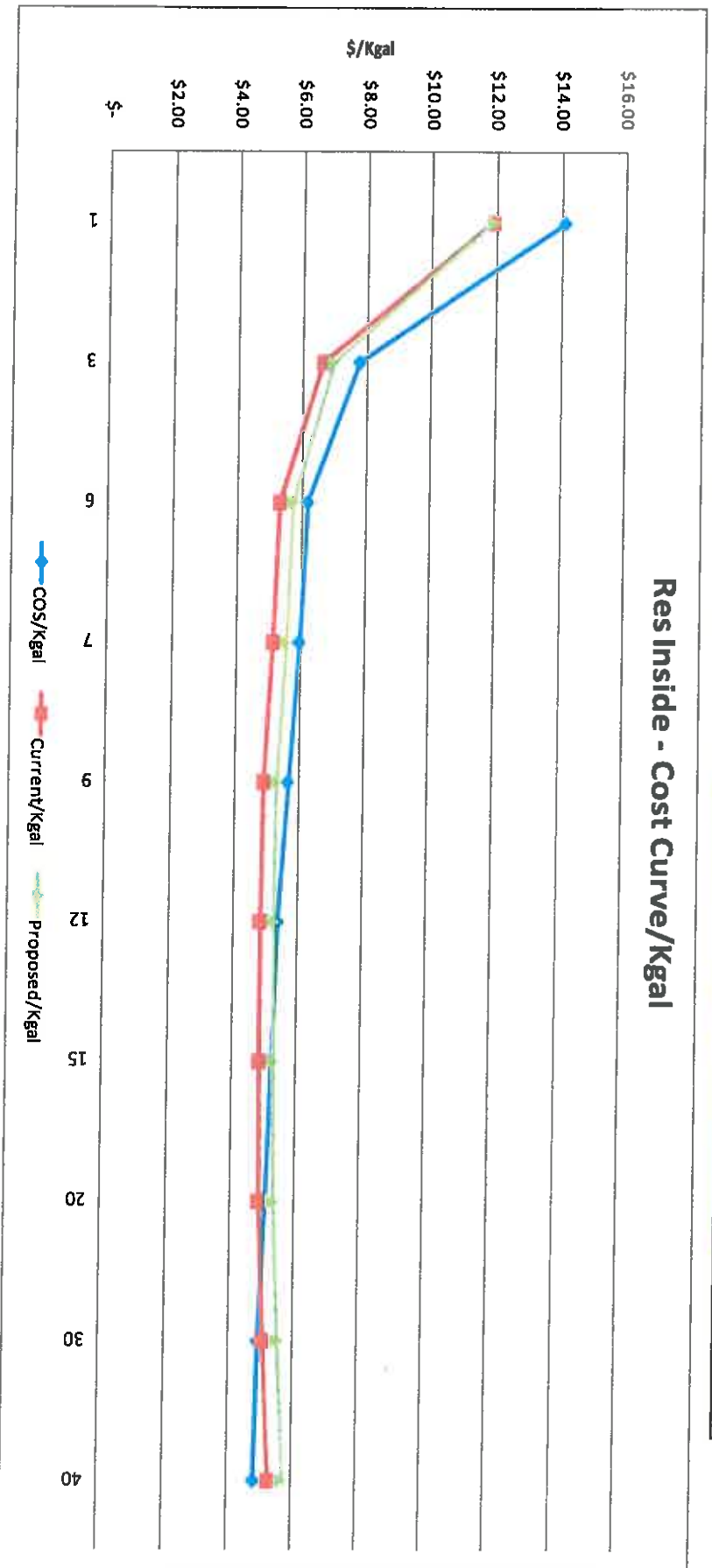
- \$0.24 Annual increase in Consumption Charge per kGal for Inside Customers
- \$0.37 Annual increase in Consumption Charge per kGal for Outside Customers

Option A would generate approximately \$711,000 in additional revenue over the two year period.

Water – Option A Residential Inside

	Cost of Service		Proposed		Differences
	Current	Proposed	Current	Proposed	
Availability Charge (1,000 Gal)	\$ 9.51	\$ 11.86	\$ 9.51	\$ 11.86	\$ -
Next 9,000 Gallons	\$ 4.58	\$ 3.98	\$ 4.58	\$ 4.46	\$ 0.48
Next 15,000 Gallons	\$ -	\$ 4.91	\$ -	\$ 5.39	\$ 0.48
All Additional	\$ -	\$ 5.84	\$ -	\$ 6.32	\$ 0.48

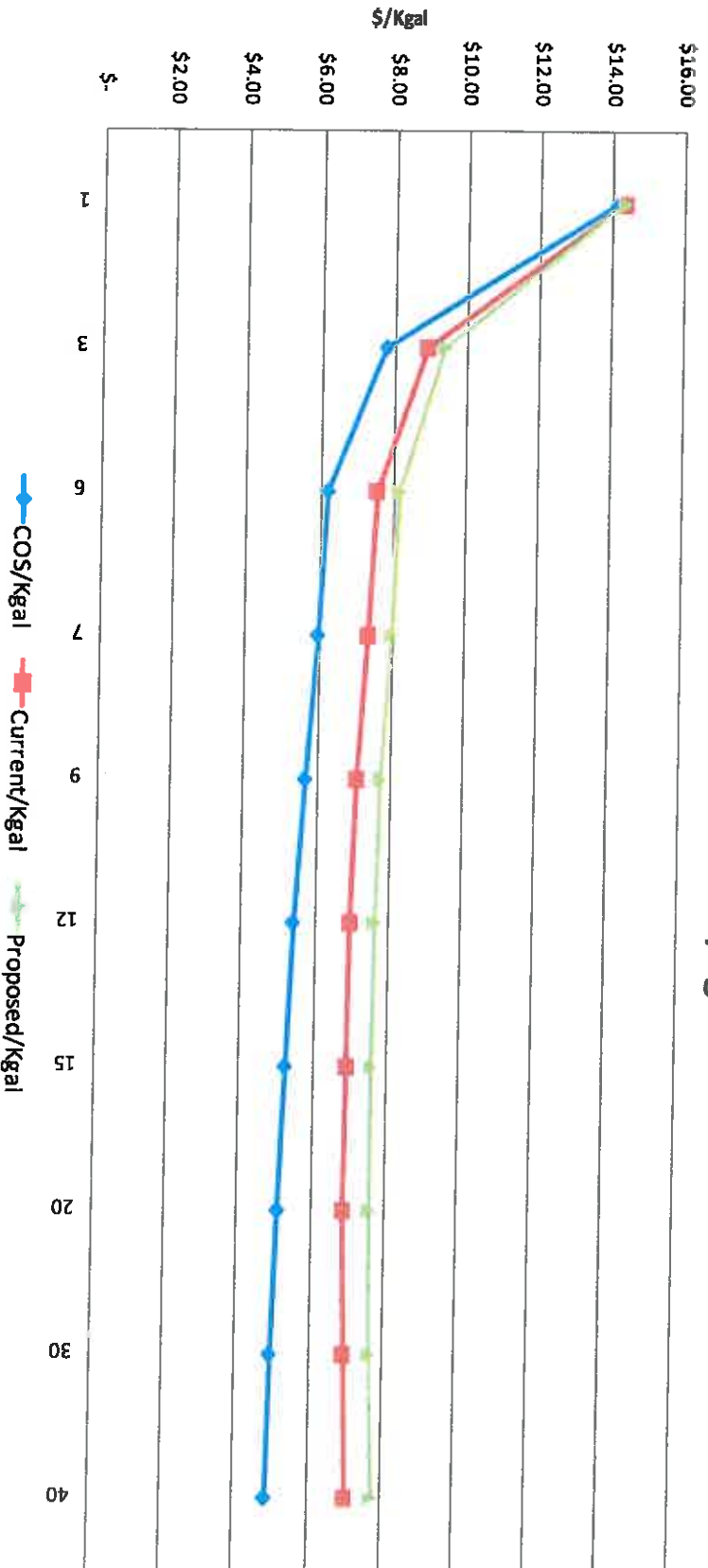
Res Inside - Cost Curve/Kgal



Water – Option A Residential Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$	9.50	14.30	\$
Next 9,000 Gallons	\$	4.60	6.16	\$
Next 15,000 Gallons	\$		6.74	\$
All Additional	\$		7.32	\$
			8.06	\$
				\$
				\$
				\$

Res Outside Cost Curve/Kgal



Water Rate Option B

Option B

Year One:

- \$0.16 Increase in Consumption Charge per kGal for Inside Customers
- \$0.25 Increase in Consumption Charge per kGal for Outside Customers

Year Two:

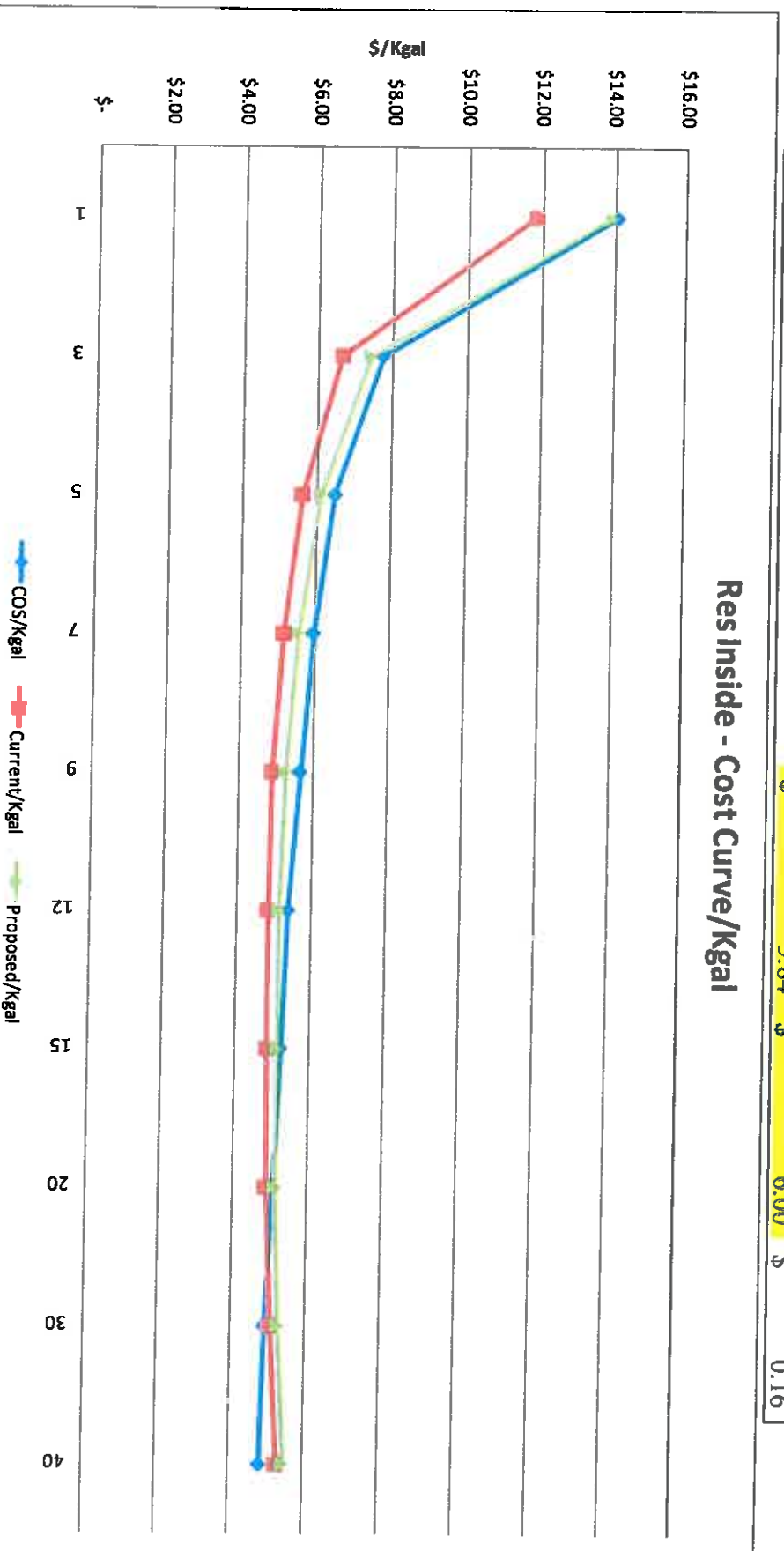
- Eliminate 500 gallons from the amount included in the monthly minimum charge.

Option B would generate approximately \$690,000 in additional revenue over the two year period; \$237,000 in year one and \$453,000 in year two.

Water – Option B Residential Inside

	Cost of Service	Current	Proposed	Difference				
Availability Charge (500 Gal)	\$	9.51	\$	11.86	\$	11.86	\$	0.16
Next 9,500 Gallons	\$	4.58	\$	3.98	\$	4.14	\$	0.16
Next 15,000 Gallons	\$		\$	4.91	\$	5.07	\$	0.16
All Additional	\$		\$	5.84	\$	6.00	\$	0.16

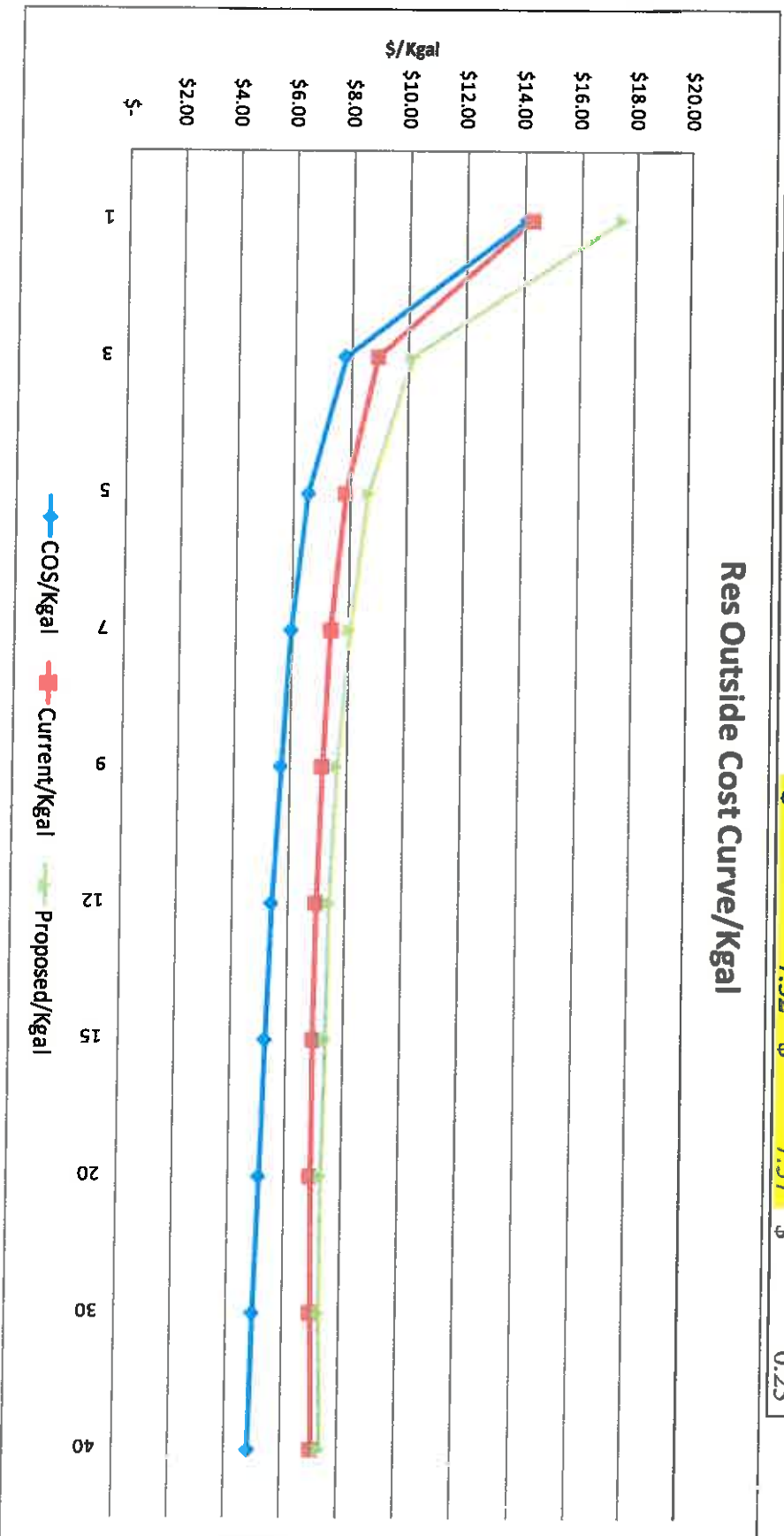
Res Inside - Cost Curve/Kgal



Water – Option B Residential Outside

	Cost of Service	Current	Proposed	Difference				
Availability Charge (500 Gal)	\$	9.50	\$	14.30	\$	14.30	\$	-
Next 9,500 Gallons	\$	4.60	\$	6.16	\$	6.41	\$	0.25
Next 15,000 Gallons	\$		\$	6.74	\$	6.99	\$	0.25
All Additional	\$		\$	7.32	\$	7.57	\$	0.25

Res Outside Cost Curve/Kgal



Water – Summary of Rate Options

		Option A		Option B*		
3.5% Increase in Revenue Generated		Rate Adjustment	Revenue Generated	Rate Adjustment	Revenue Generated	
Consumption Charge Adjustment						
Residential In						
Year One	\$	0.24	\$ 220,153	\$	0.16	\$146,768
Year Two	\$	0.24	\$ 220,153			\$333,467
Residential Out						
Year One	\$	0.37	\$ 60,173	\$	0.25	\$ 40,115
Year Two	\$	0.37	\$ 60,173			\$ 91,859
Comm In						
Year One	\$	0.24	\$ 67,170	\$	0.16	\$ 44,780
Year Two	\$	0.24	\$ 67,170			\$ 25,359
Comm Out						
Year One	\$	0.37	\$ 8,033	\$	0.25	\$ 5,356
Year Two	\$	0.37	\$ 8,033			\$ 2,506
Total Additional Revenue - Two Years		\$	711,057			\$690,209

*Option B Year Two drops 500 gallons from monthly minimum



City of Franklin, TN Sewer Rate Recommendations

Presented: September 11, 2014

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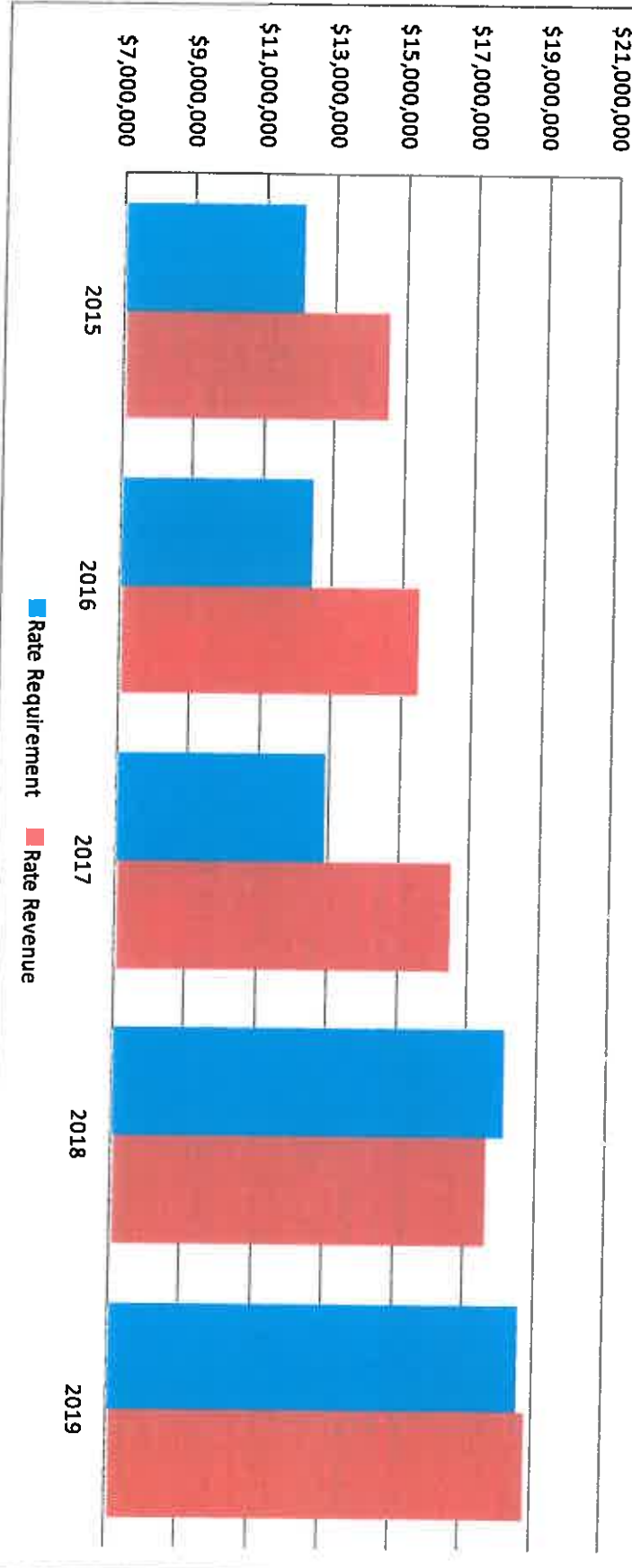
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Sewer - Adopted Five Year Approach

	Rate Requirement	% Change	\$ Change	Rate Revenue	Proposed Rate Change	Additional Revenue	Revenue - Requirement
Actual 2013	\$11,200,848			\$ 13,536,361			
Budget 2015	\$12,047,735	7.6%	\$ 846,887	\$ 14,450,065	6.75%	\$ 913,704	\$ 2,402,331
Budget 2016	\$12,405,874	3.0%	\$ 358,139	\$ 15,425,445	6.75%	\$ 975,379	\$ 3,019,571
Budget 2017	\$12,858,683	3.6%	\$ 452,809	\$ 16,466,662	6.75%	\$ 1,041,218	\$ 3,607,980
Budget 2018	\$18,084,857	40.6%	\$ 5,226,174	\$ 17,578,162	6.75%	\$ 1,111,500	\$ (506,695)
Budget 2019	\$18,582,881	2.8%	\$ 498,024	\$ 18,764,688	6.75%	\$ 1,186,526	\$ 181,807

5 Year Rate Requirement Timeline



Sewer Rate Option A – Consumption Only Increase

Option A

Years One and Two:

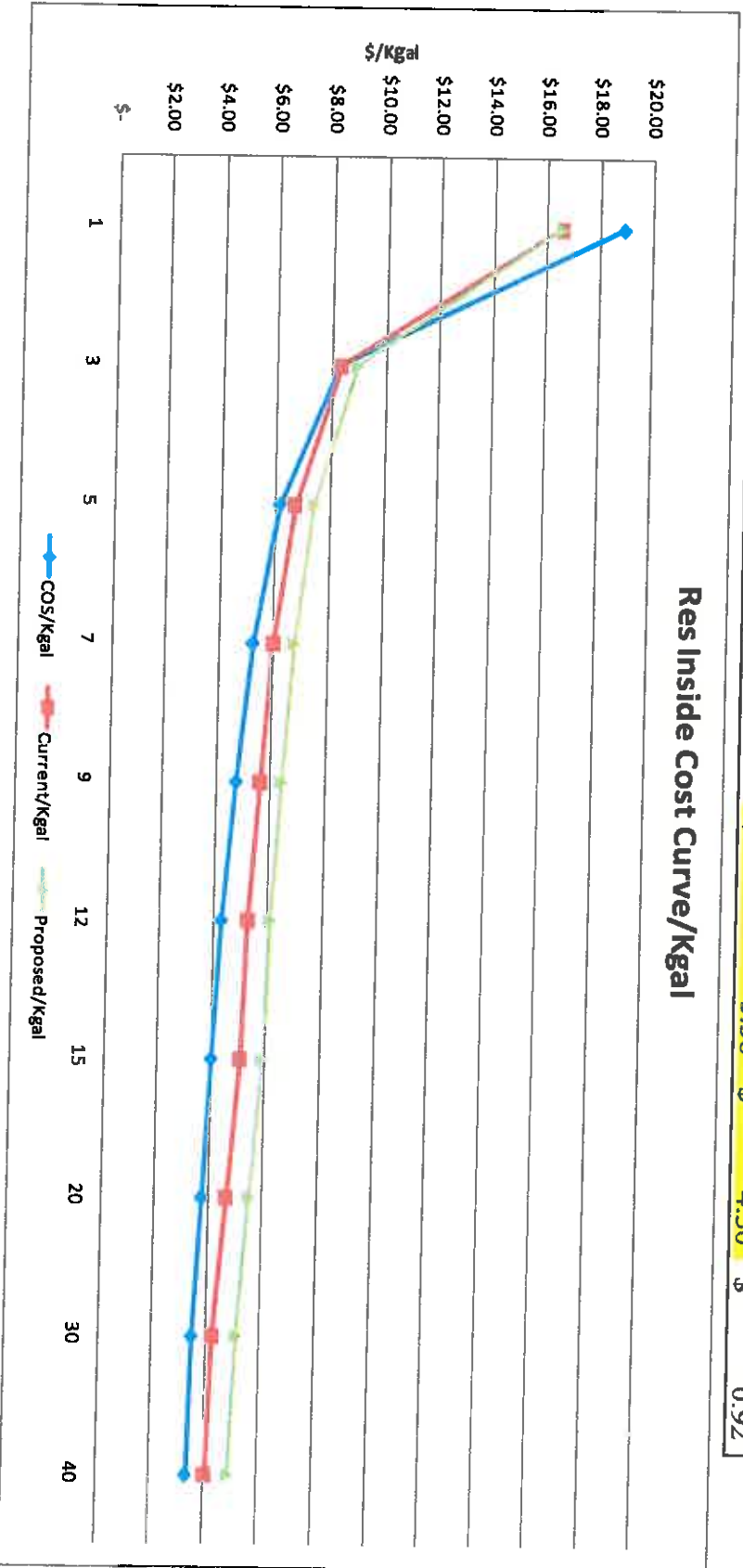
- \$0.46 Annual increase in Consumption Charge per kGal for Inside Customers
- \$0.72 Annual increase in Consumption Charge per kGal for Outside Customers

Option A would generate approximately \$1,938,000 in additional revenue over the two year period.

Sewer – Option A Residential Inside

	Cost of Service		Current	Proposed	Difference	
Availability Charge (1,000 Gal)	\$	15.96	\$	16.55	\$	-
Next 14,000 Gallons	\$	2.95	\$	4.17	\$	0.92
All Additional			\$	3.38	\$	4.30
					\$	0.92

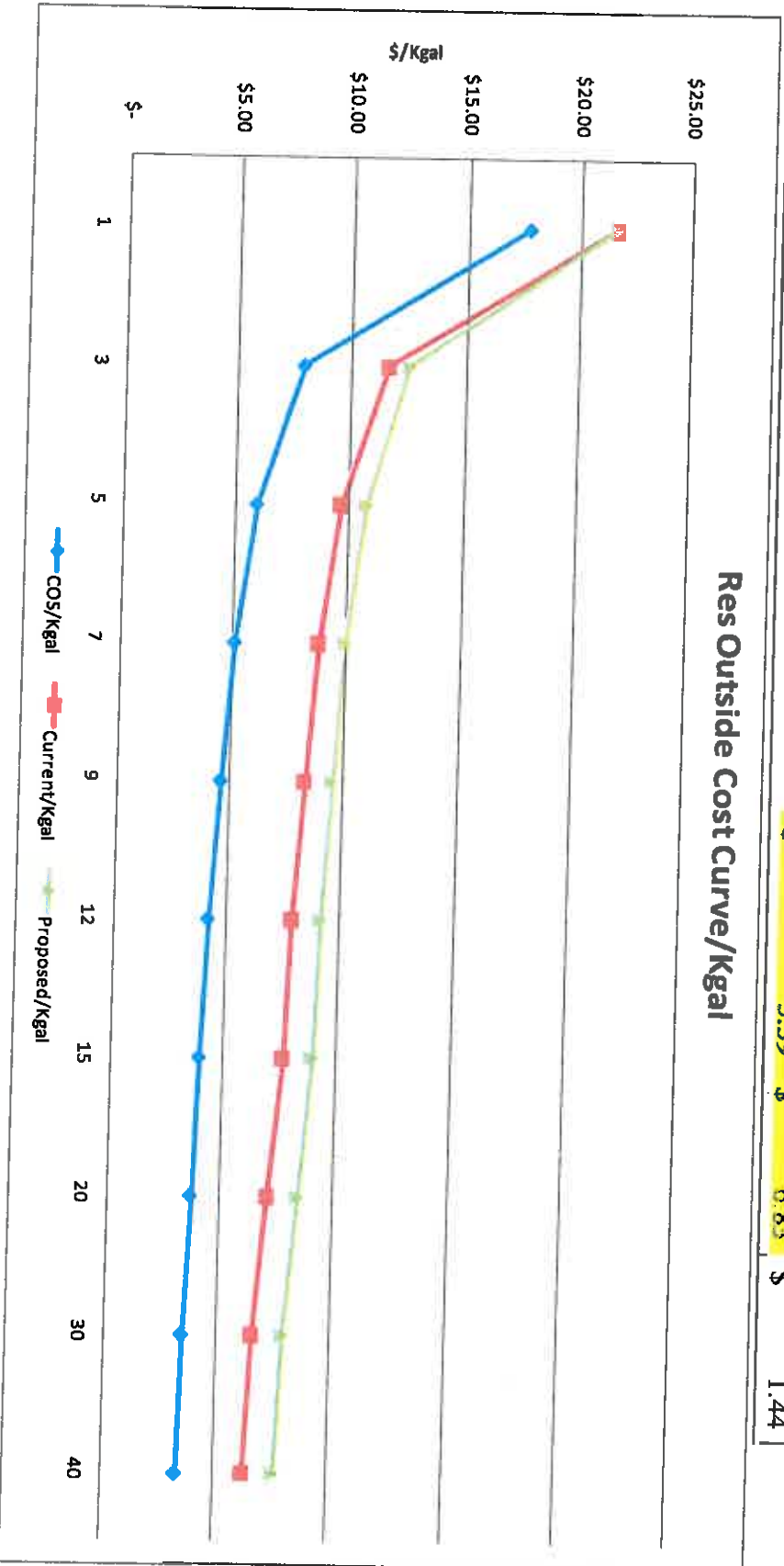
Res Inside Cost Curve/Kgal



Sewer – Option A Residential Outside

	Cost of Service		Difference
	Current	Proposed	
Availability Charge (1,000 Gal)	\$ 14.81	\$ 21.63	\$ -
Next 14,000 Gallons	\$ 2.95	\$ 6.54	\$ 1.44
All Additional	\$ 5.39	\$ 6.83	\$ 1.44

Res Outside Cost Curve/Kgal



Sewer Rate Option B

Option B

Year One:

- \$0.46 Increase in Consumption Charge per kGal for Inside Customers
- \$0.72 Increase in Consumption Charge per kGal for Outside Customers

Year Two:

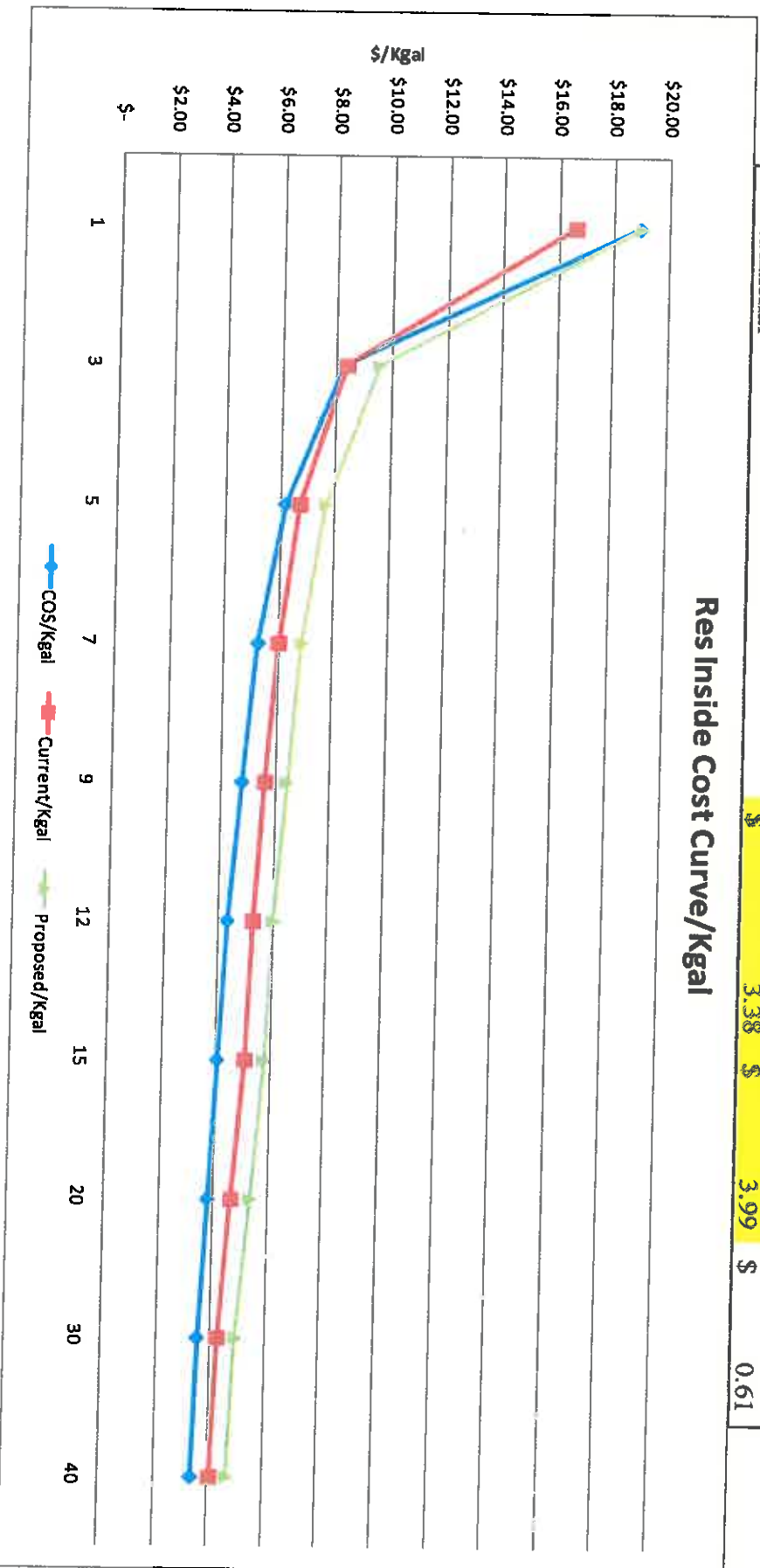
- \$0.15 Increase in Consumption Charge per kGal for Inside Customers
- \$0.23 Increase in Consumption Charge per kGal for Outside Customers
- Eliminate 500 gallons from the amount included in the monthly minimum charge.

Option B would generate approximately \$1,924,000 in additional revenue over the two year period.

Sewer – Option B Residential Inside

	Cost of Service		Current	Proposed	Difference	
Availability Charge (500 Gal)	\$	15.96	\$	16.55	\$	-
Next 14,500 Gallons	\$	2.95	\$	4.17	\$	0.61
All Additional			\$	3.38	\$	0.61

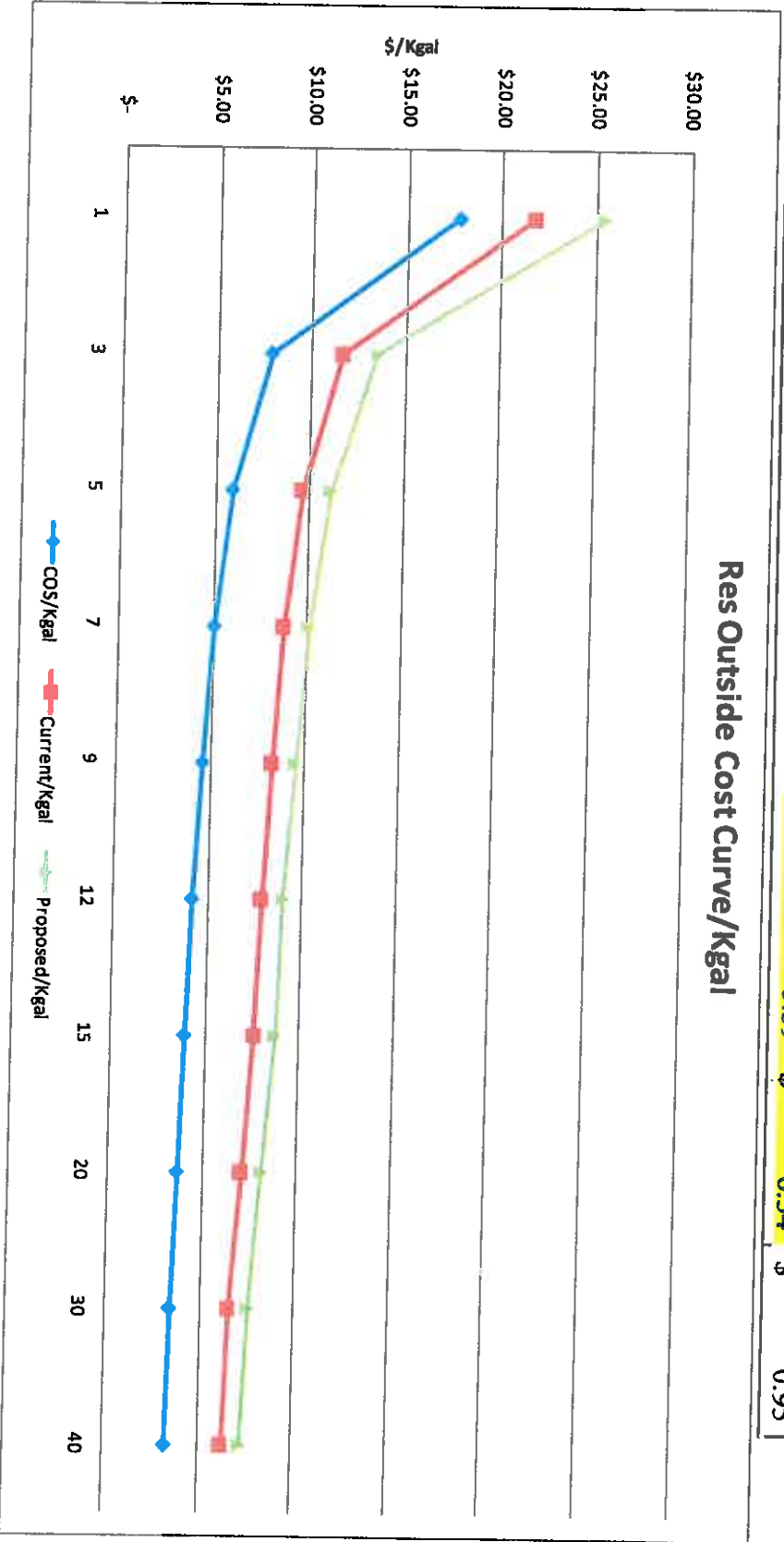
Res Inside Cost Curve/Kgal



Sewer – Option B Residential Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (500 Gal)	\$	14.81	\$	21.63
Next 14,500 Gallons	\$	2.95	\$	6.54
All Additional	\$		\$	5.39
			\$	6.34
			\$	7.49
			\$	6.34
			\$	0.95
			\$	0.95

Res Outside Cost Curve/Kgal



Sewer – Summary of Rate Options

6.75% Increase in Revenue Generated		Option A		Option B		
		Rate Adjustment	Revenue Generated	Rate Adjustment	Revenue Generated	
Consumption Charge Adjustment						
Residential In						
Year One	\$	0.46	\$ 596,994	\$	0.46	\$ 596,994
Year Two	\$	0.46	\$ 596,994	\$	0.15	\$ 552,004
Residential Out						
Year One	\$	0.72	\$ 10,871	\$	0.72	\$ 10,871
Year Two	\$	0.72	\$ 10,871	\$	0.23	\$ 19,684
Comm In						
Year One	\$	0.46	\$ 337,070	\$	0.46	\$ 337,070
Year Two	\$	0.46	\$ 337,070	\$	0.15	\$ 25,359
Comm Out						
Year One	\$	0.72	\$ 24,038	\$	0.72	\$ 24,038
Year Two	\$	0.72	\$ 24,038	\$	0.23	\$ 3,820
Total Additional Revenue - Two Years			\$ 1,937,947		\$ 1,924,262	

*Option B Year Two drops 500 gallons from monthly minimum