

WATER & WASTEWATER RATE STUDY



BRENTWOOD
TENNESSEE



November 4, 2021

Presented By: Daryll Parker & Jeff McGarvey



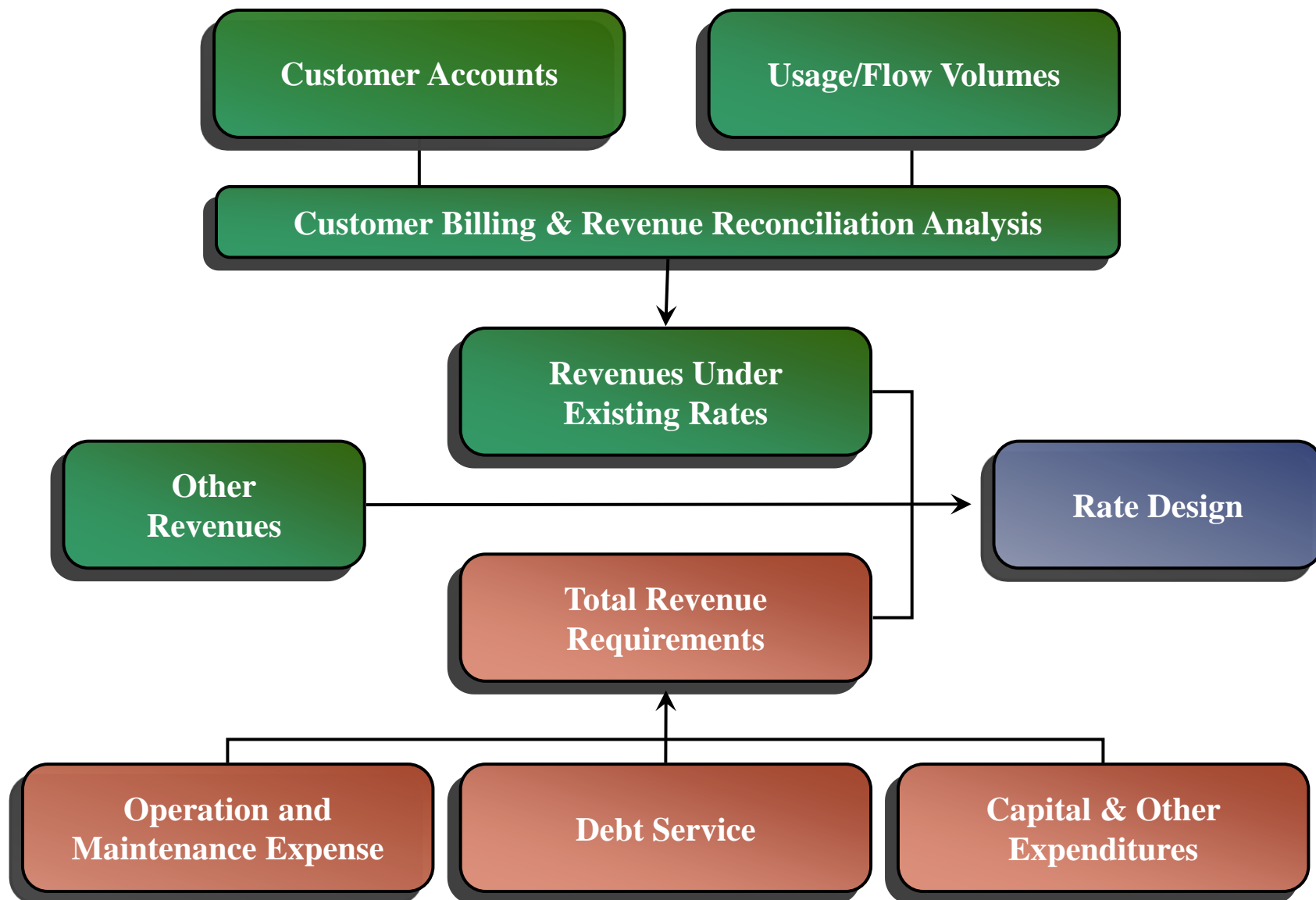
Rate Study Objectives

The primary goals and objectives of the rate study include:

- ✓ ● Full cost recovery of utility expenditures
- ✓ ● Cost-based rate structure
- ✓ ● Equity among customer classes
- ✓ ● Administrative efficiency
- ✓ ● 5-Year financial plan
- ✓ ● Consistency with common industry standards



General Rate Study Methodology



Issues Driving The Financial Plan

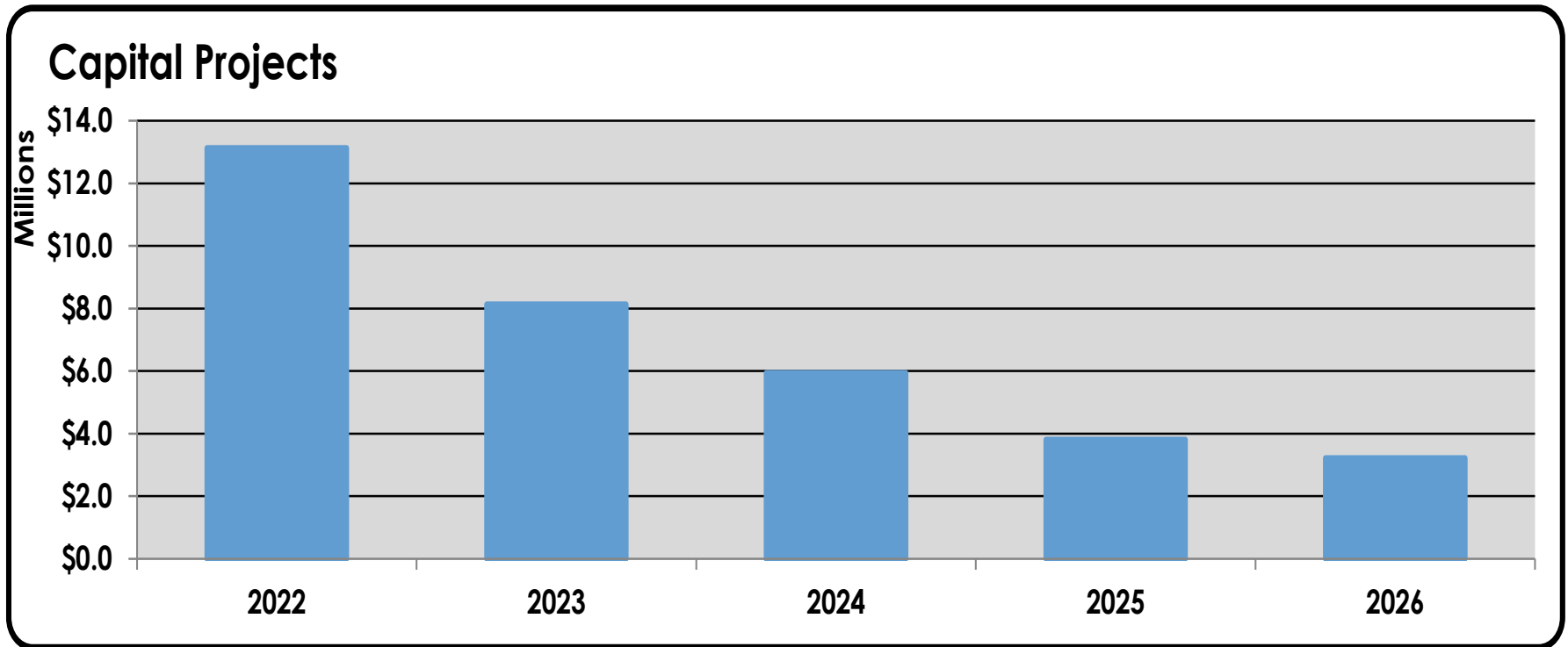
- 5 years since last rate review
- Rising operating costs (wholesale cost increases, supplies, equipment, etc.)
- Rising personnel costs (labor, benefits, etc.)
- Major capital expenditures
 - Water Line Replacements
 - Sewer Capacity Improvements
 - Sewer Rehabilitation Program



- FINANCIAL PROJECTIONS -



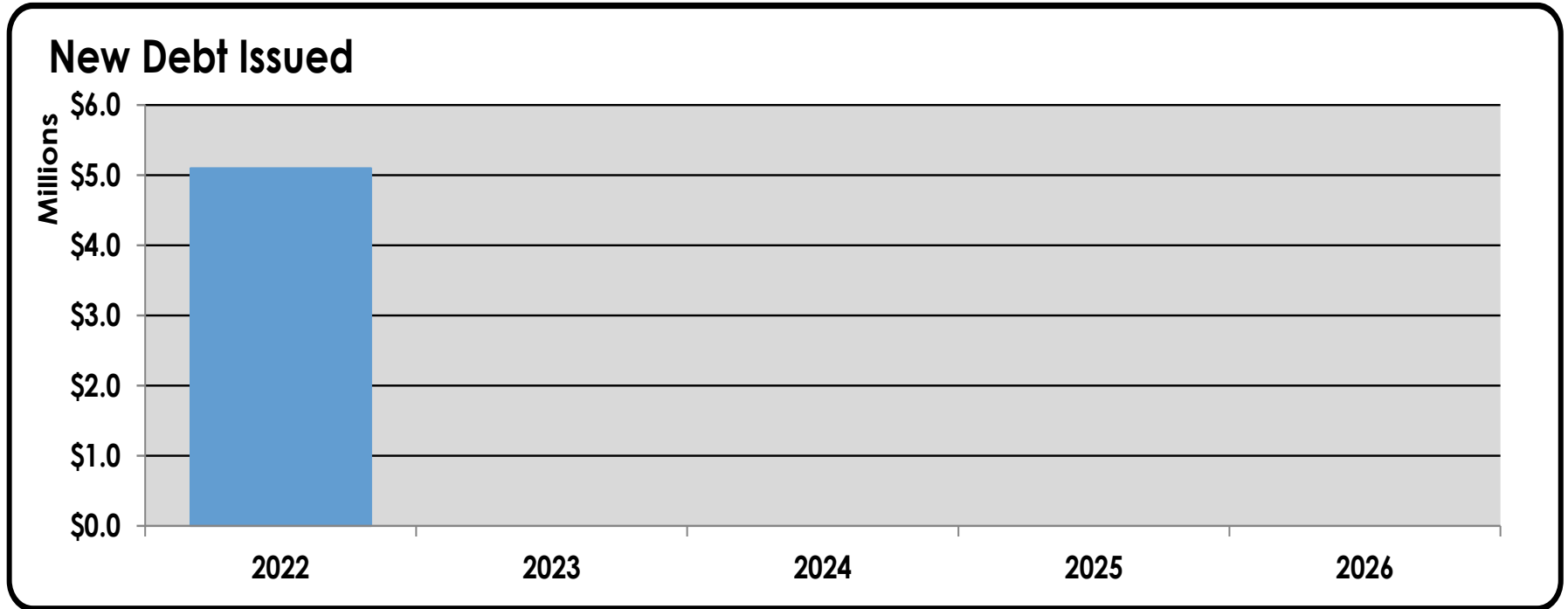
Capital Improvement Program (CIP)



**\$34.2 Million
in 5 Years**



New Debt for Capital Funding

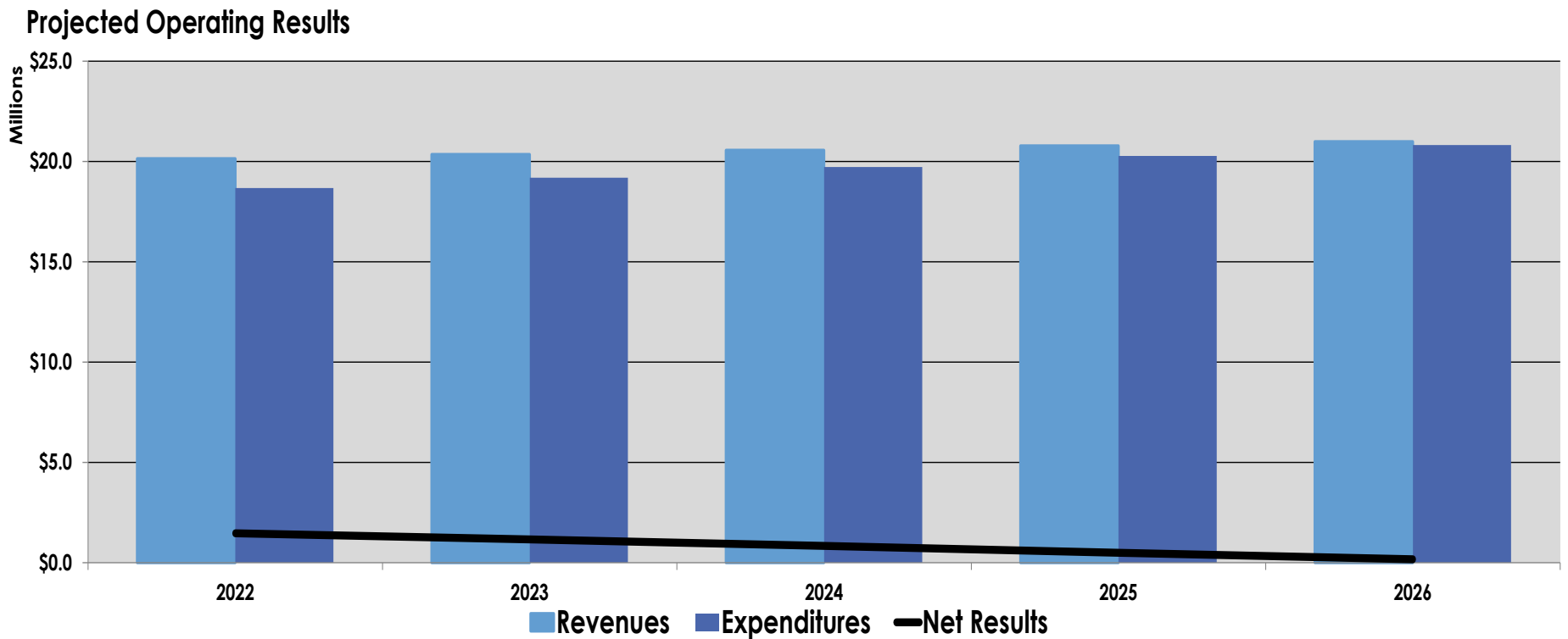


**\$5.1 Million
in new debt**



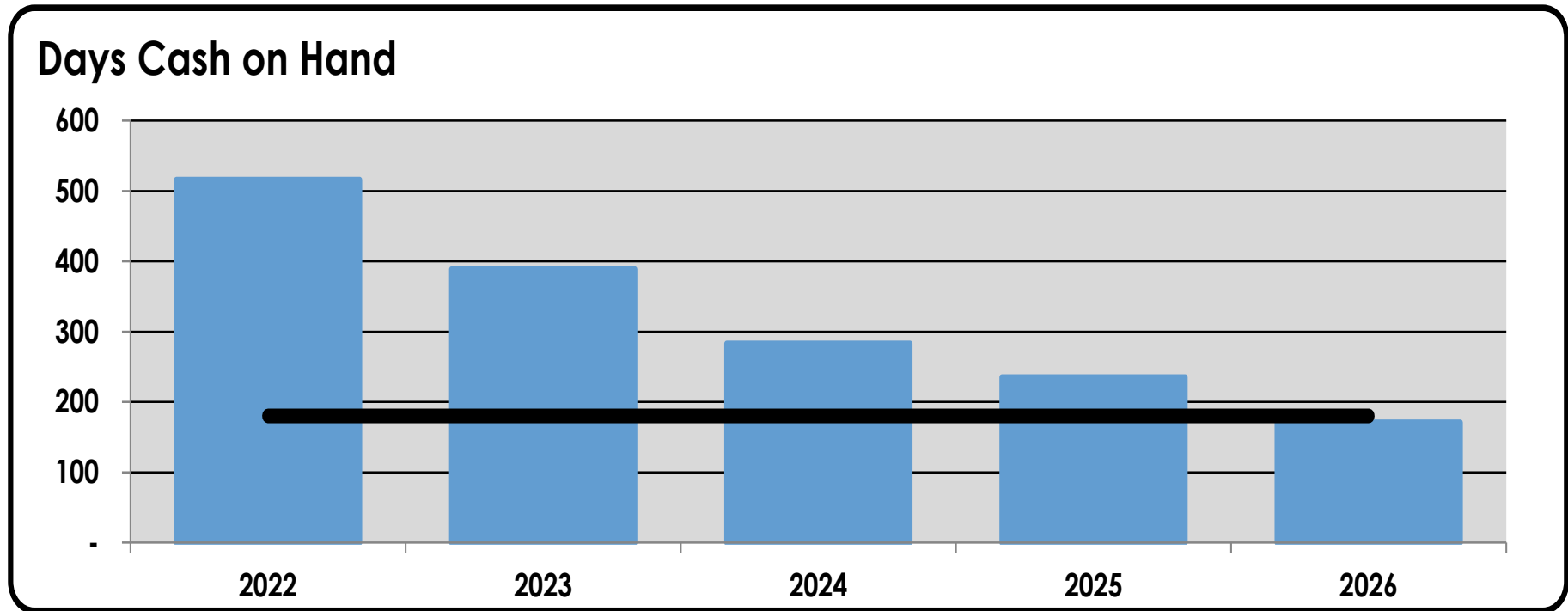
Status Quo Financial Projections

- Projected Operating Results
(Revenues – O&M – Debt Service)



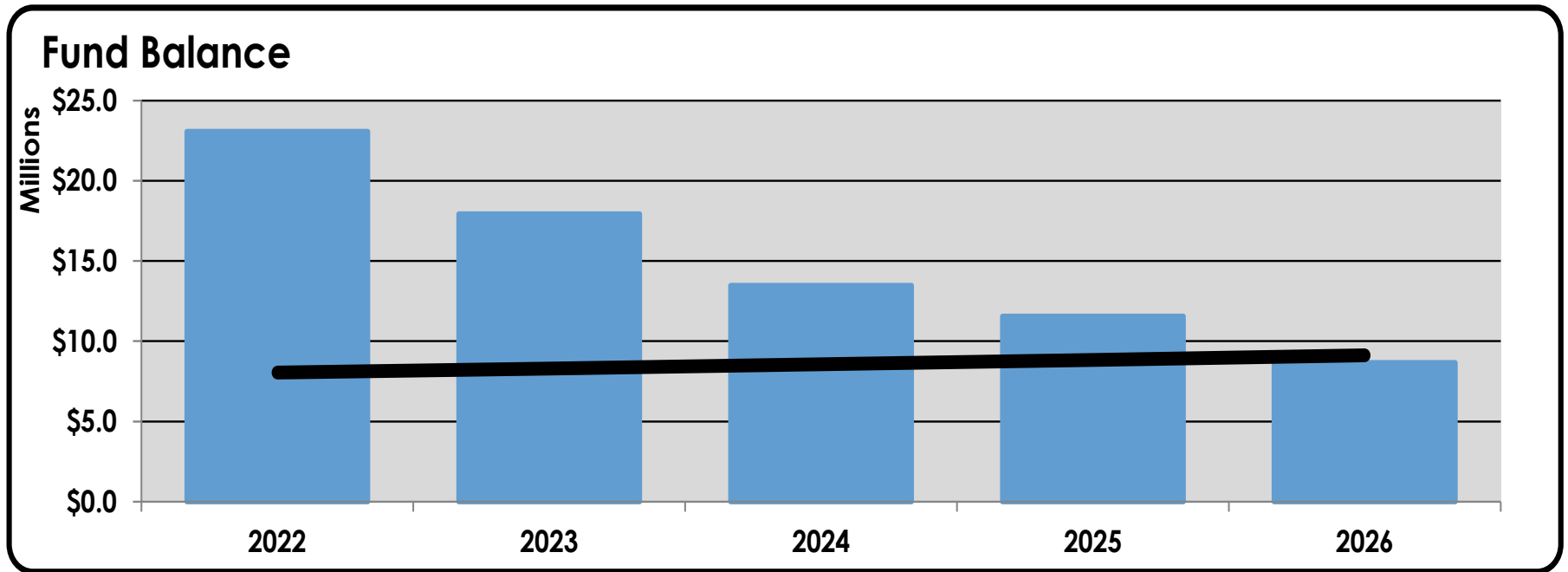
Status Quo Financial Metrics

- Days Cash on Hand



Status Quo Financial Metrics

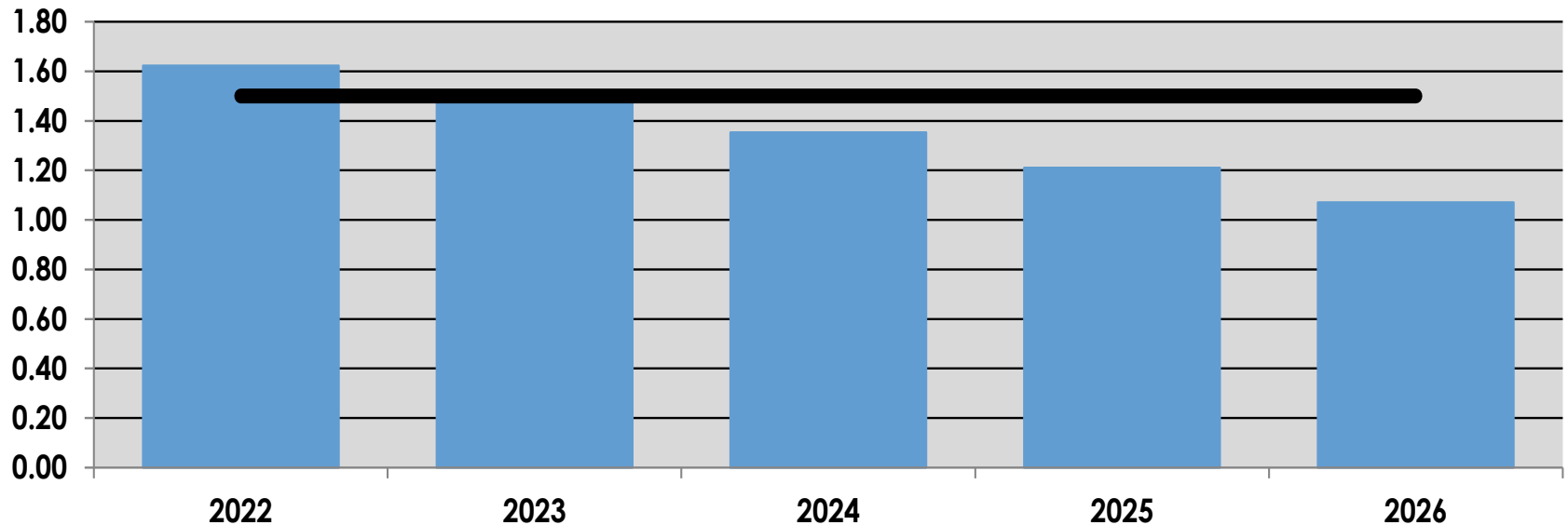
- Reserve Fund Balances



Status Quo Financial Metrics

- Debt Service Coverage

Debt Service Coverage



Status Quo Financial Metrics

In Summary...

Doing nothing is
Probably Not
the best option



- RATE ADJUSTMENTS -

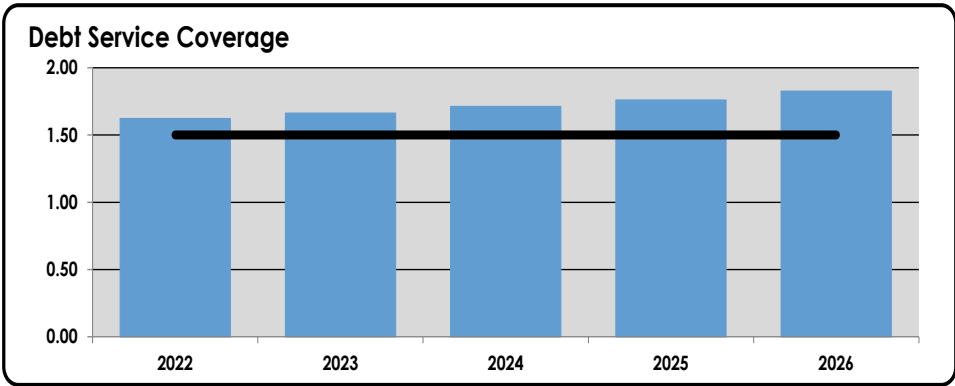
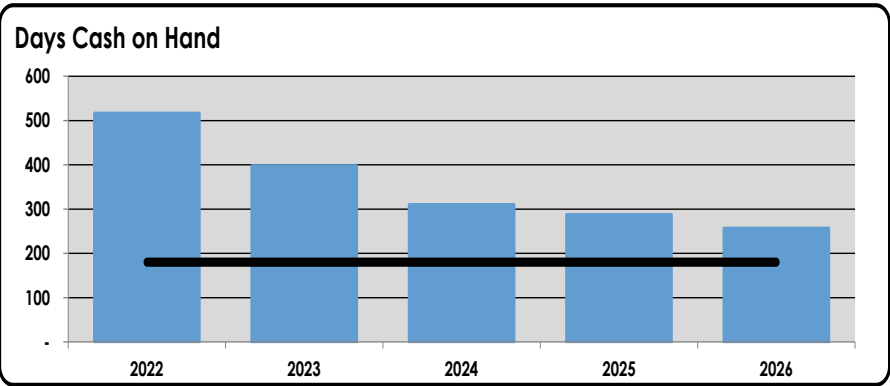
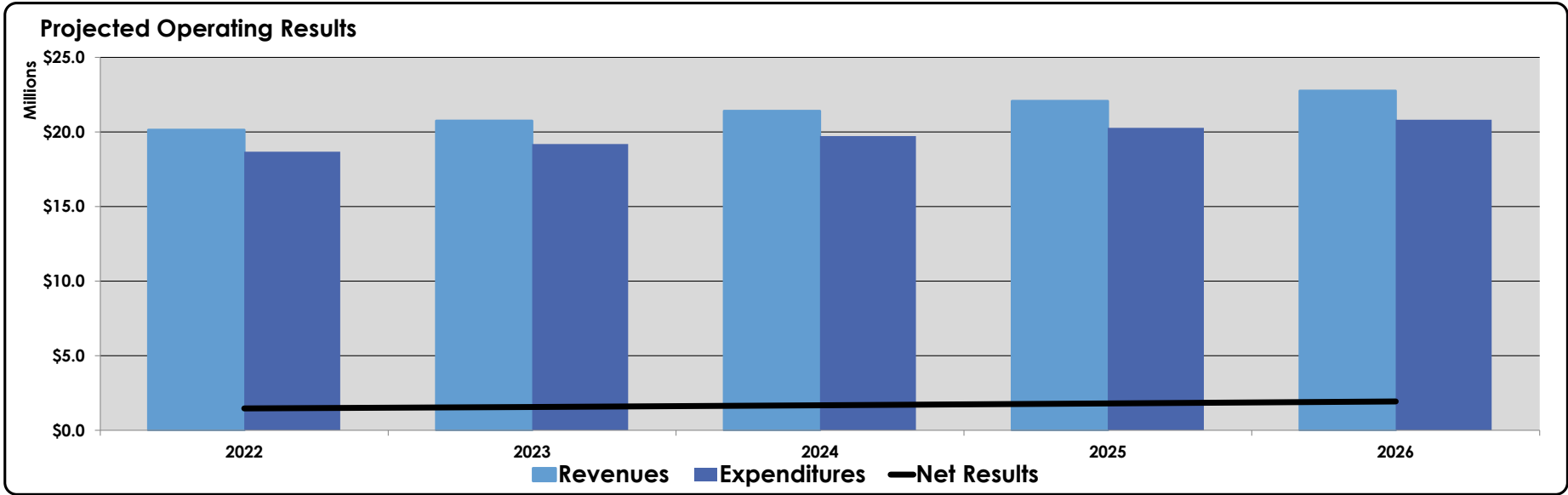


Projected Rate/Revenue Adjustments

Description	Fiscal Year Ending June 30,				
	2022	2023	2024	2025	2026
Water	0.00%	2.50%	2.50%	2.50%	2.50%
Sewer	0.00%	2.50%	2.50%	2.50%	2.50%

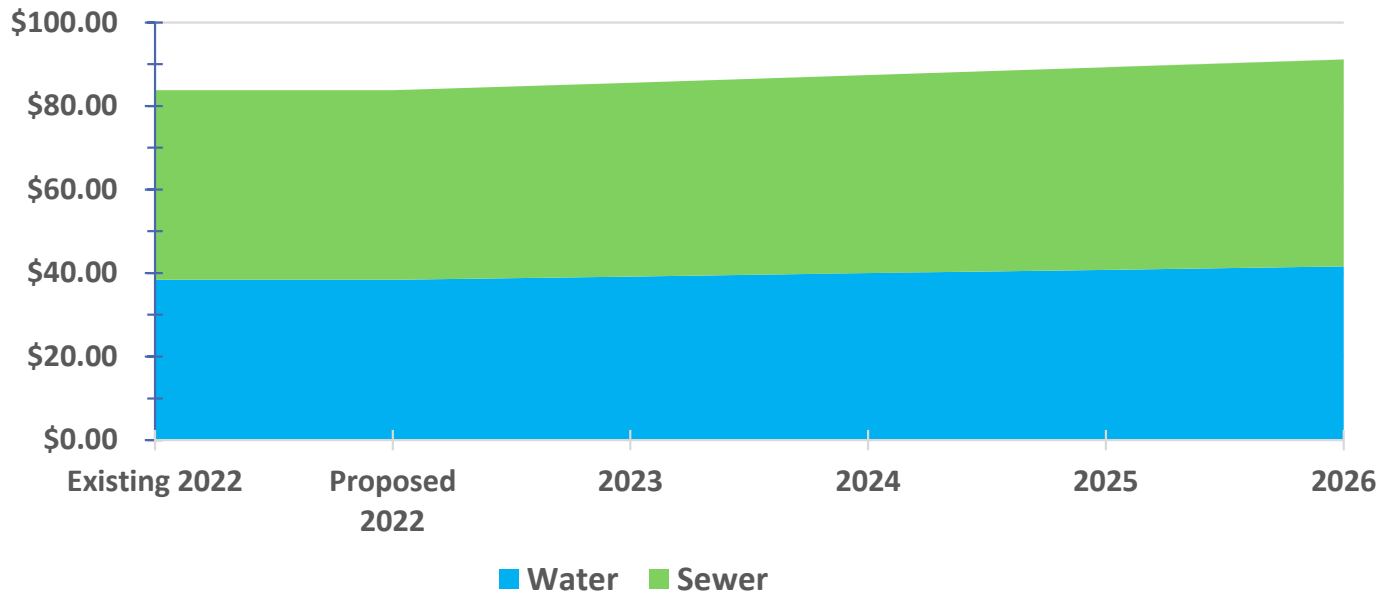


Rate Adjusted Financial Metrics

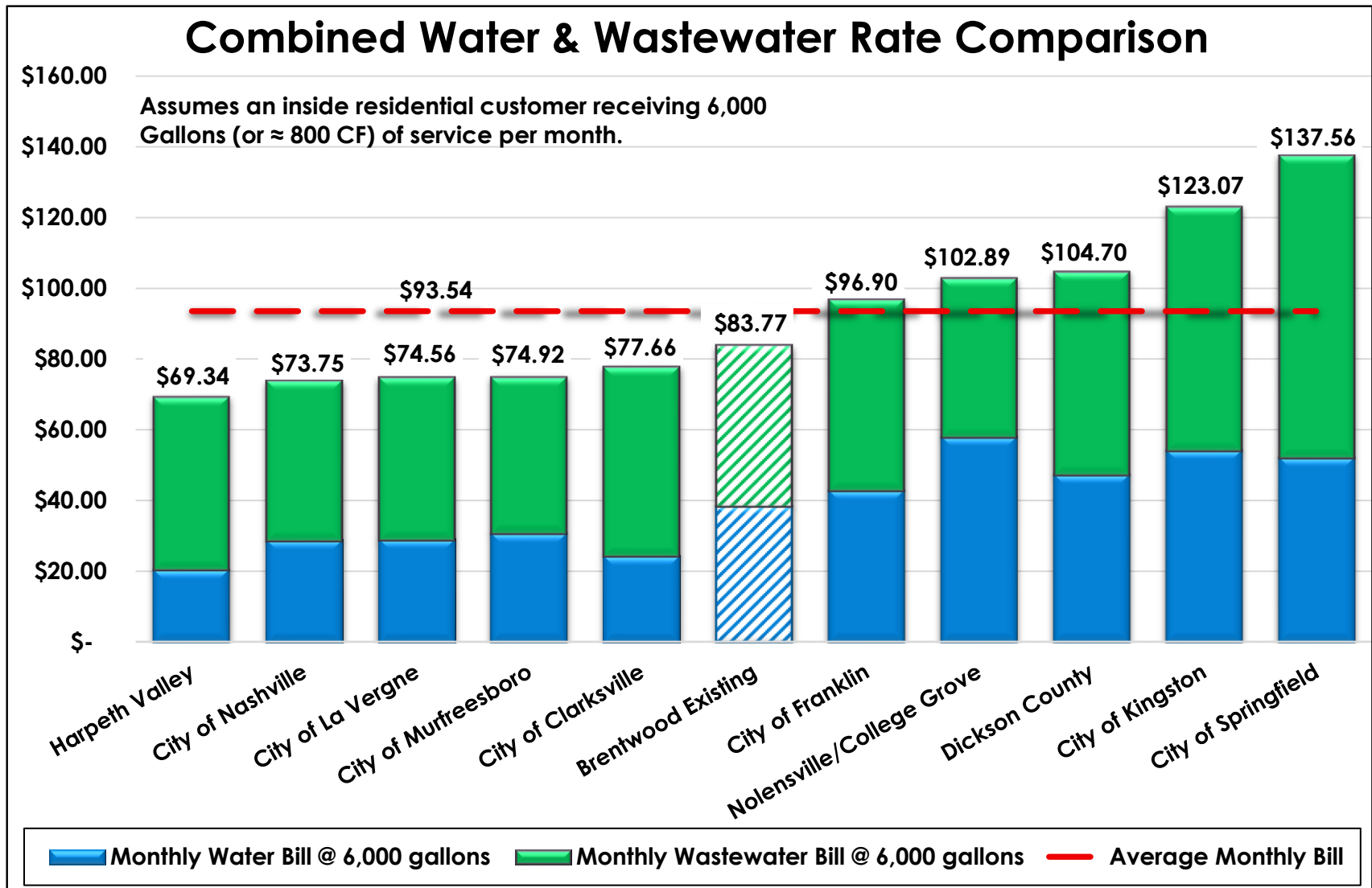


Projected Bill @ 6,000 Gallons Per Month

Description	Fiscal Year Ending June 30,				
	Existing 2022	2023	2024	2025	2026
Water Rates	\$ 31.17	\$ 31.94	\$ 32.77	\$ 33.60	\$ 34.43
Wholesale Surcharge	7.20	7.20	7.20	7.20	7.20
Total Water	\$ 38.37	\$ 39.14	\$ 39.97	\$ 40.80	\$ 41.63
Sewer Rates	\$ 38.98	\$ 39.97	\$ 41.02	\$ 42.07	\$ 43.12
Wholesale Surcharge	6.42	6.42	6.42	6.42	6.42
Total Sewer	\$ 45.40	\$ 46.39	\$ 47.44	\$ 48.49	\$ 49.54
Combined	\$ 83.77	\$ 85.53	\$ 87.41	\$ 89.29	\$ 91.17
Change From Prior Year		\$ 1.76	\$ 1.88	\$ 1.88	\$ 1.88



Neighboring Utility Comparison



FINAL CONSIDERATIONS



Conclusion

- Sizable capital improvement costs
- New debt service obligations
- Rising operating costs (energy, fuel, Metro Water & Sewer, Harpeth Valley Utilities District, etc.)
- Rising personnel costs (labor, benefits, etc.)
- Rate adjustments needed to satisfy financial goals and meet defined metrics (debt service coverage, days cash on hand, etc.)



Closing Thoughts

Questions or Comments from the Commission



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