

HULL PERMANENT SEWER COMMISSION

SEWER ENTERPRISE FUND RATE STRUCTURE POLICY

PURPOSE: To provide a methodology to be utilized in setting user rate charges for the operation and maintenance of the Hull Sewer Department, which operates under Enterprise Fund statutes. (MGL Chapter 44: Section 53F.5.)

Definitions:

User Rate means that portion of the total wastewater fiscal year budget, which is levied in a proportional and appropriate manner for the cost of operation, maintenance, and replacement of the wastewater treatment works.

100-cuft unit is the basic volume measurement in assessing sewer charges. A single 100-cuft unit equals 100 cubic feet of water or wastewater and is equal to 748 US Gallons.

Charges based on usage: Each user shall pay for the service provided by the Sewer Department based on said users use of the treatment works as determined by water meter reading supplied to the department by the applicable water service provider. A secondary meter, measuring water flows not returned to the wastewater treatment works, is allowable under the Permanent Sewer Commission Second Water Meter Policy. Where the user's water is supplied by a source other than the normal water service provider, the user shall install an approved water meter to determine the actual water returned to the wastewater treatment works. This meter shall be the property of the user and all costs to install and maintain this meter shall be the responsibility of the user. The user grants access to the meter to the representatives of the sewer department to verify the accuracy and the function of the meter. In the absence of such a meter, usage charges shall be calculated based on the Calculation of Flows table as established in the Massachusetts Division of Water Pollution Control, 314 CMR 7.15 until such time as a metering device is provided by the user.

Setting the 100 cubic foot unit user rate: The procedure for establishing the user rate consists of the following steps.

Determine the amount of fees necessary to fund the Sewer Department fiscal budget.

Determine the estimated flow, in 100-cubic foot units, into the wastewater treatment works for the fiscal budget year.

Divide the fees to be raised by the estimated flow units resulting in a value per unit. This produces the user rate per 100-cubic foot unit of use. See example on attachment 1.

Budget determination: The budget for the Sewer Department is developed through the town budget process, with involvement of the Sewer Department, Town Manager, Permanent Sewer Commission, and Advisory Board and is approved by vote of Annual Town Meeting. Utilization of the Departments 5 year revenue and expense projections allow long term planning and monitoring of user rate requirements.

Estimated flow determination: Estimation of flows is determined by using a running 3-year, 6 billing period, average. The estimated flows from Hull, Hingham, and Cohasset must be combined together to produce a total estimated flow into the wastewater treatment works. This flow is measured in 100-cubic foot units.

Assigning costs to individual user accounts: The total cost assigned to each user account shall be determined by multiplying the total 100-cuft units, which have been recorded by the water service provider meter for that account location, by the 100-cuft unit rate.

In addition the Commission maintains the right to set a minimum amount of 100-cuft units to be charged for each account. The amount of units from zero to the minimum amount would be charged in the event that actual usage was less than the minimum. See example attachment 1.

Adjusting the rates structure. The Hull Permanent Sewer Commission retains the authority to review the need to adjust sewer user rates as it so determines. In addition it retains the right to set or change rates by a majority vote of the Commission and to change or modify this policy by a majority vote of the Commission.

Adopted by vote of the Hull Permanent Sewer Commission, April 28 2008.
Motion by Jack Kelly, second by Steve Bellinghausen. Voting affirmative, Jack Kelly, Steve Bellinghausen, John Struzziery, Lou Collins, and Bob McCready. Unanimous vote.

Date, 4-28-08

Ver. 1.2

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Attachment 1

Example of 100 cubic foot rate calculation:

Budget requirement	\$2,000,000	
	<u>-----</u>	= \$4.00 per 100-cuft unit.
Estimated flow in 100-cuft units	500,000	

Example of effect of minimum unit use on individual accounts,

Example of account with 40, 100-cuft units used during the period billed, with a minimum of 5, 100-cuft units chargeable and using the rate calculated in the example above.

40 units multiplied by \$4.00 = a billed amount of \$160.00.

Example of account with 3, 100-cuft units used during the period billed, with a minimum of 5, 100-cuft units chargeable and using the rate calculated in the example above. In this example the number of units is below the minimum.

3 units would be charged as 5 units multiplied by \$4.00 = a billed amount of \$20.00.