

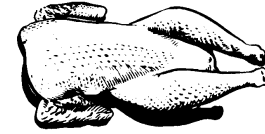


The University of Georgia

Cooperative Extension Service

College of Agricultural and Environmental Sciences / Athens, Georgia 30602-4356

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PROCESSING TIP . . .

UNDERSTANDING WATER AND SEWER RATES AND RATE STRUCTURES IN GEORGIA

Many of Georgia poultry processors receive potable water from and discharge wastewater to public utilities. As a result, poultry processors receive a monthly bill that is often processed and paid without much thought to how the amount due was derived. In May 2008, the Georgia Environmental Facilities Authority (www.gefa.org) and the Environmental Finance Center (www.efc.unc.edu) published a report entitled, “Water and Sewer Rates and Rate Structures in Georgia” along with an interactive website that summarizes a comprehensive survey of the state’s public utilities. Although the main purpose of the survey and resulting report is to help public utilities around the state in setting rates and rate structures based on up-to-date detailed data and trends, poultry processors can also glean important fiscal information from the survey and associated website. Georgia poultry processors can visit www.efc.unc.edu/ga/rates.html to get detailed information on water and sewer rates charged and rate structures used by their specific utility provider.

Understanding Your Water and Sewer Rate

Most public utilities use a combination of monthly base and variable charges in their rate structures. However, there is considerable variation in how these charges are calculated and how those charges are applied to different classifications of customers. Base charges are the rates applied for receiving water and/or sewer service from a public utility regardless of the amount of water consumed or sewage released. While almost every public utility in Georgia has base charges, amounts vary widely by utility size. In general, larger utilities have smaller base charges than smaller utilities. As an example, Georgia utilities serving populations greater than 25,000 have a median base charge of \$7.00 per month for water and \$6.62 per month for sewer, while utilities serving population below 1,000 have a median base charge of \$12.00 for water and \$12.50 for sewer.

Understanding Your Rate Structure

Once the base charge allowance volume is exceeded within a month, various variable charge structures are instituted by Georgia utilities. The most common types of variable charge structures are uniform, increasing block and decreasing block. A uniform rate structure is one in which water and sewer charges do not change as the customer uses more water. In an increasing block structure the rate increases as water consumption increases and is used to encourage water conservation. Conversely, a decreasing block structure charges customers a lower rate as water consumption increases and is used to encourage economic development.

Commercial and Industrial Customers

Most Georgia utilities (63% for water and 61% for sewer) use the same rate structure for

commercial/industrial customers as they do for residential customers. However, many utilities design variable rate blocks that inherently distinguish smaller residential from larger commercial/industrial customers. This is accomplished by setting the consumption rate within the first block high enough to essentially capture all residential users. Most large commercial/industrial customers will exceed this first level consumption block and thus be subjected to an increasing or decreasing block rate. When this type of variable rate structure is utilized the first block consumption rate is typically set at 15,000 gallons per month. Figures 1 and 2 show the median monthly water and sewer bills, respectively, for Georgia commercial/industrial customers at increasing levels of consumption and disposal. Monthly charges are separated into the top and bottom 10 percent, as well as the middle 80 percent. Table 1 summarizes the median monthly bills paid by Georgia commercial/industrial customers based on three levels of monthly consumption.

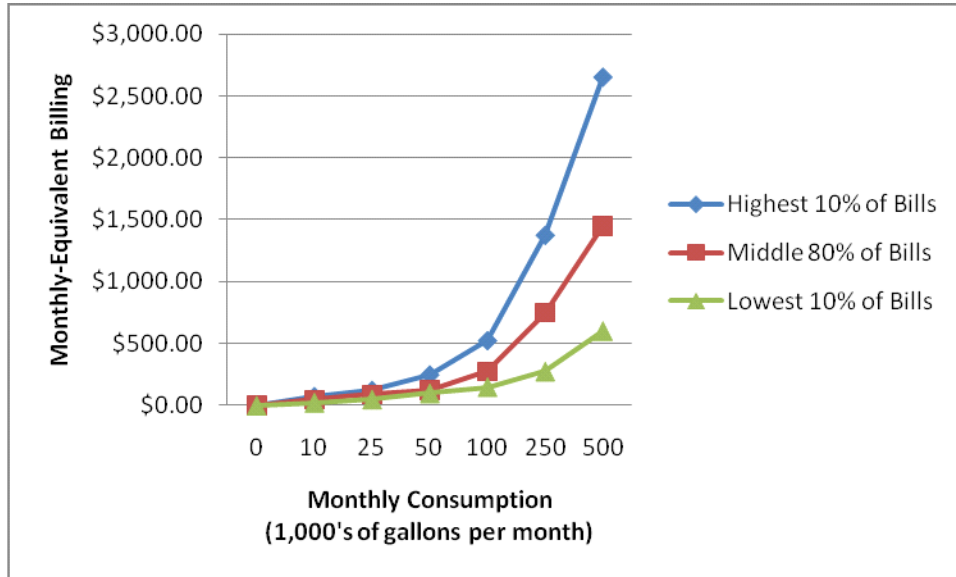


Figure 1. Monthly-Equivalent Commercial/Industrial Water Bills by Consumption

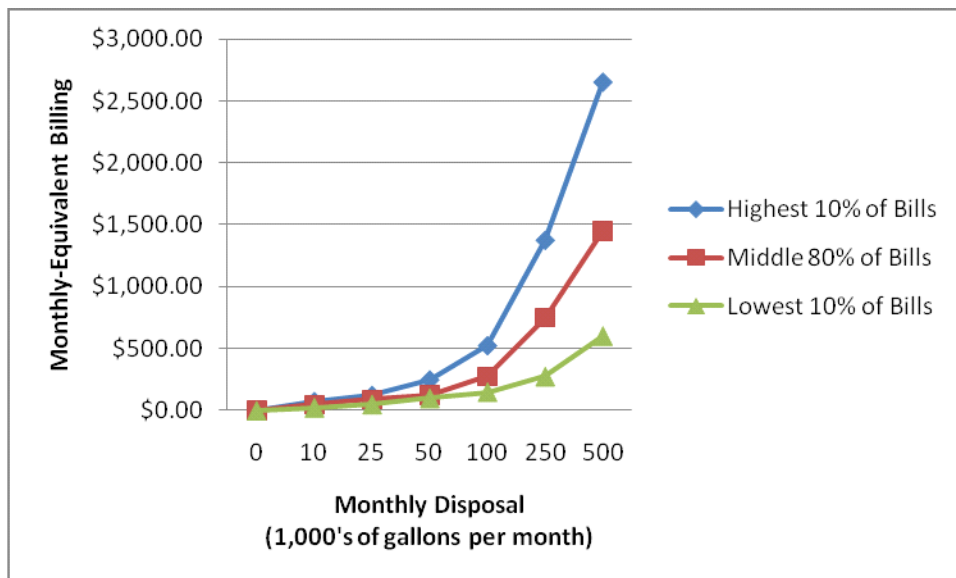


Figure 4. Monthly-Equivalent Commercial/Industrial Sewer Bills by Disposal

Table 1. Median monthly water and sewer bills for Georgia commercial/industrial customers

Consumption (gallons per month)	Water (\$)	Sewer (\$)
0	12.00	11.23
50,000	142.86	158.68
500,000	1,345.93	1,488.74

Trends

The trend among water and sewer rate structures in Georgia for many years has been a move away from decreasing block to either uniform or increasing block structures. This trend has been motivated by the need to perverse water supply through promotion of water conservation.



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“Your local County Extension Agent is a source of more information on this subject.”