City of Fairburn Work Session
Agenda

December 11, 2023
6:00 PM

The Honorable Mayor Mario Avery

The Honorable Mayor Pro-Tem Linda J. Davis
The Honorable Alex Heath
The Honorable Hattie Portis-Jones
The Honorable Pat Pallend
The Honorable Ulysses J. Smallwood
The Honorable James Whitmore

Mr. Tony Phillips	City Administrator
Mr. Rory Starkey	City Attorney
Ms. Brenda B. James	City Clerk

I. Meeting Called to Order: The Honorable Mayor Avery

II. Roll Call: City Clerk

III. Agenda Items:

1. Electric Cities of Georgia (ECG) Electric Utility Rate Discussion **(Finance)**
2. Water and Sewer Utility Rate Discussion **(City Administrator's Office)**

IV. Adjournment:

When an Executive Session is required, one will be called for for the following Issues:
(1) Personnel (2) Real Estate or **(3) Litigation**

CITY OF FAIRBURN
WORK SESSION AGENDA ITEM

SUBJECT: Electric Cities of Georgia (ECG) Electric Utility Rate Discussion

ITEM TYPE: Presentation

SUBMITTED: 12/05/2023 **WORK SESSION:** 12/11/2023 **COUNCIL MEETING:** N/A

DEPARTMENT: Finance

BUDGET IMPACT: N/A

PUBLIC HEARING: No

PURPOSE:
Electric Cities of Georgia (ECG) will provide a comprehensive presentation of electric rates, including the history of electric rates in the City of Fairburn.

HISTORY:
The City of Fairburn's electric rates have not changed since 2012-2013. The current standard electric rate schedules were approved in March 2012.

FACTS AND ISSUES:
Utility Enterprise Funds should be self-supporting and typically transfer up to 11% to a municipality's General Fund. However, the City of Fairburn's General Fund has been subsidizing the Electric Fund due to revenue shortfalls.

FUNDING SOURCE:
N/A

RECOMMENDED ACTION:
N/A

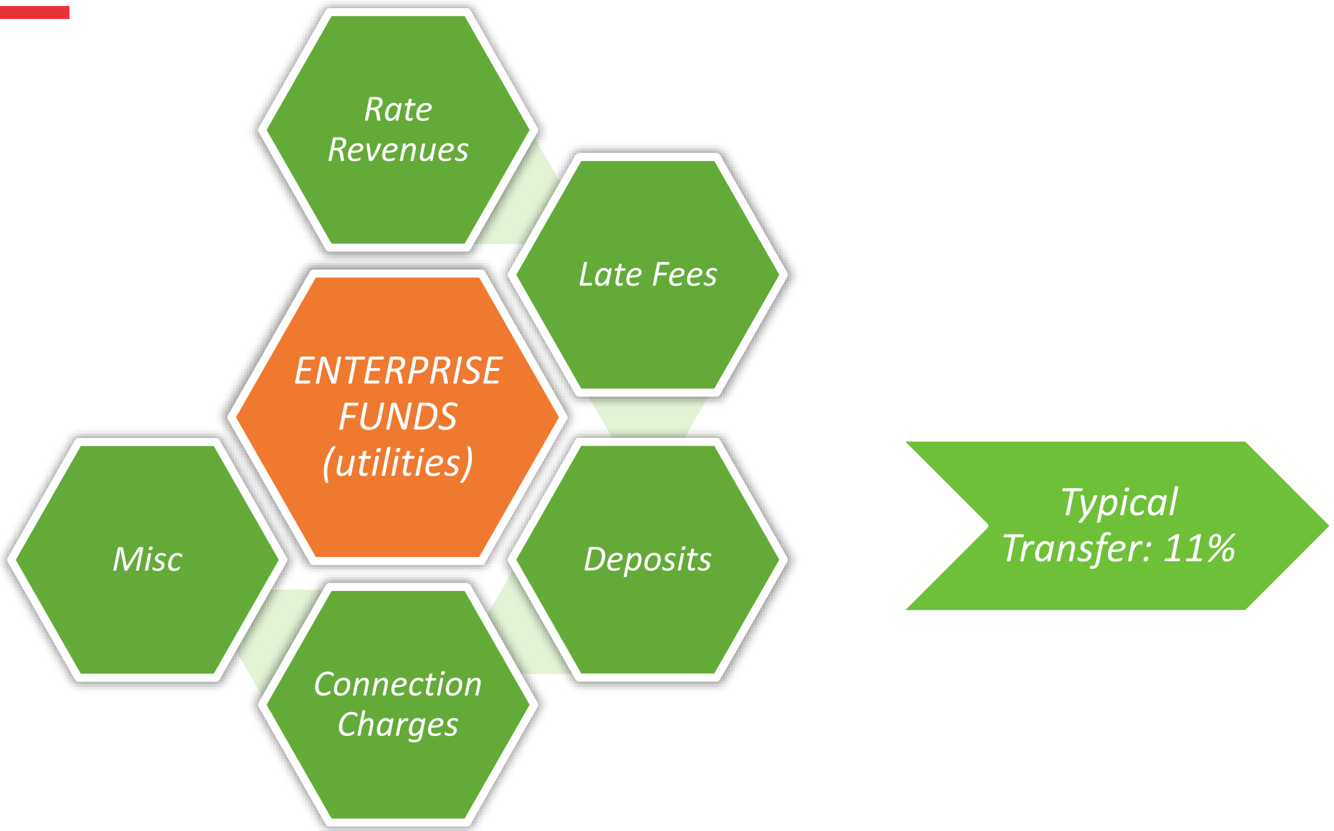
ATTACHMENTS:
1. Fairburn COS 2023 Council FINAL

SUPPORTING GREATNESS.
DEVELOPING OPPORTUNITIES.

City of Fairburn:
Electric Rate Proposal

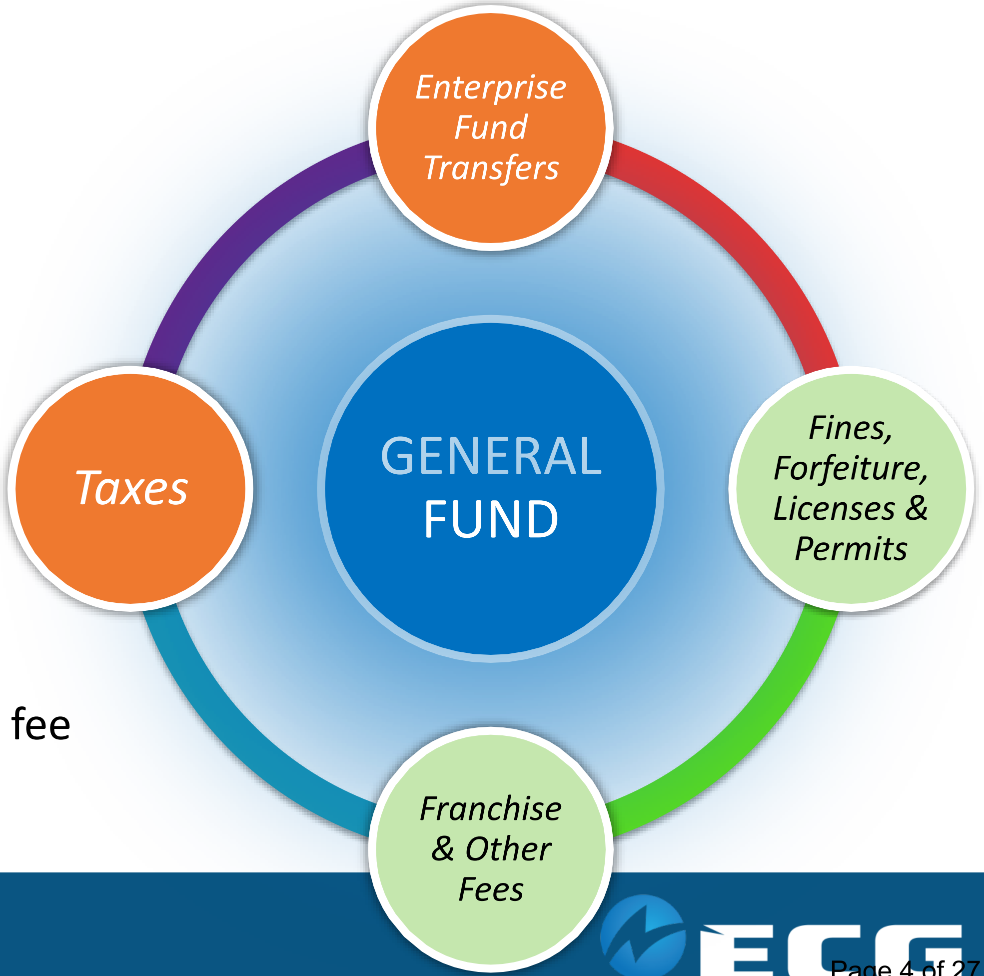
December 11, 2023

Utility Enterprise Fund



GENERAL FUND

- Government primary or catchall fund



ENTERPRISE FUND

- Proprietary fund used when goods or services are sold to the public for a fee
- Can make contribution to General Fund
- Enterprise funds should be self-supporting

Electric Fund: Revenue Requirement

Power Costs + Distr Budget + Reserves + Transfers = EXPENSES

Sales Revenue + Other Revenues = REVENUES

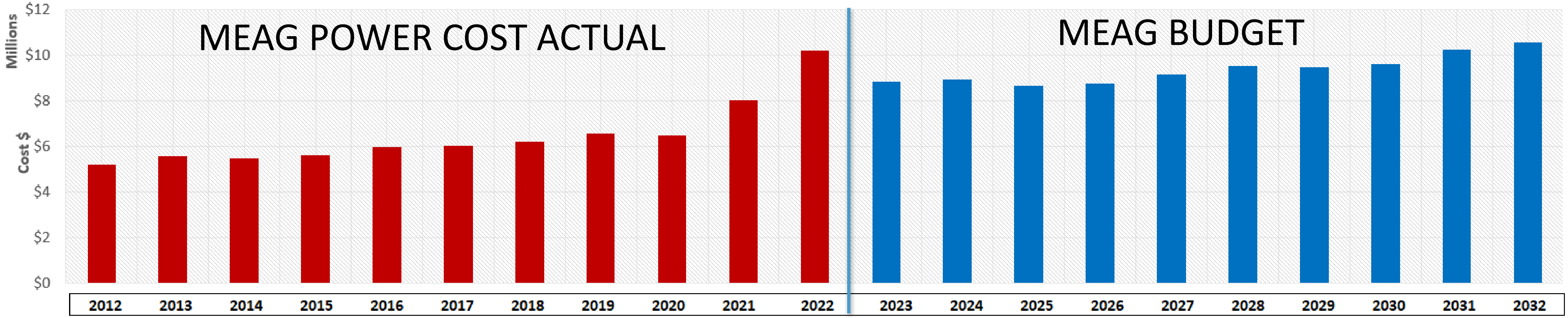
- There must be sufficient revenues to pay for approved expenses
- Revenue Requirement = Power Costs + Distribution Budget + Reserves (if applicable) + Transfers

Note: Cities may include Reserves to build or replenish Reserve funds.

- Reserve funds are critical to fund unexpected costs, ensure timely payment of bills, and maintain stable rates.
- A healthy cash reserve is important to bond rating agencies.

Perspective

- Power costs increased $3M since 2012 (60%)
- No change in electric rates since 2012-2013
  - Current standard electric rate schedules approved March 2012
  - Current PCA & ECCR rates set 2012-2013



Note:
- Actual based on MEAG bills. 2023 based on actual MEAG bills/remaining budget. 2024 from preliminary MEAG budget. 2025-2032 from MEAG ten-year POR (ADJUSTED).

Power Cost Adjustment (PCA): ¢/kWh rate used to make interim adjustments for known changes in City's electric costs
Environment Compliance Cost Recovery (ECCR): ¢/kWh rate based on MEAG environmental compliance costs

SUPPORTING GREATNESS. DEVELOPING OPPORTUNITIES.

Approved FY2024 Budget

TOTAL REVENUES	
Charges for Services	$10.5M
Budget Carryforward	$ 2.6M

NOTE: Budget Carryforward = Reserves or Fund Balance

TOTAL EXPENSES (REV REQUIREMENT)	
Power Costs	$ 8.9M
Distribution	$ 3.9M
Transfers	$ 0.4M

Exclude Fund Balance & Reserves

EXPENSES $13.2M > REVENUES $10.5M

SHORTFALL: $2.7M

* General Fund has been subsidizing Electric Fund

Electric 10-Year Projection BASELINE: DO NOTHING

	FAIRBURN PROJECTION	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1	MCT GEN FUND BALANCE	$4.001M	$4.001M	$4.001M	$4.001M	$4.001M	$4.601M	$5.401M	$6.051M	$6.751M	$6.951M
	REVENUES										
2	Sales Revenues	$9.727M	$9.634M	$9.974M	$10.432M	$10.794M	$10.965M	$11.144M	$11.328M	$11.514M	$11.707M
3	Other Revenues	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M
4	Late Charges	$0.083M	$0.084M	$0.085M	$0.086M	$0.088M	$0.089M	$0.090M	$0.092M	$0.093M	$0.094M
5	MEAG OSS/YES $	$0.230M	$0.230M	$0.230M	$0.230M	$0.230M	$0.230M	$0.230M	$0.230M	$0.230M	$0.230M
6	MCT $										
7	**TOTAL REVENUES**	$10.117M	$10.024M	$10.366M	$10.825M	$11.188M	$11.361M	$11.541M	$11.726M	$11.914M	$12.108M
	EXPENSES										
8	TOTAL OPERATING EXPENSES	$3.502M	$3.607M	$3.715M	$3.827M	$3.941M	$4.060M	$4.181M	$4.307M	$4.436M	$4.569M
9	TOTAL OTHER EXPENSES	$9.312M	$8.919M	$9.124M	$9.435M	$9.834M	$10.185M	$10.544M	$11.014M	$11.401M	$11.695M
10	**TOTAL EXPENSES PRE TRANSFER**	$12.813M	$12.526M	$12.839M	$13.262M	$13.776M	$14.244M	$14.725M	$15.321M	$15.837M	$16.264M
11	TOTAL TRANSFERS	$ -	$ -	$ -	$ -	$0.300M	$0.500M	$0.600M	$0.600M	$0.700M	$0.900M
12	**TOTAL REV REQUIREMENT**	$12.813M	$12.526M	$12.839M	$13.262M	$14.076M	$14.744M	$15.325M	$15.921M	$16.537M	$17.164M
13	**NET REVENUE $**	**$(2.697M)**	**$(2.502M)**	**$(2.473M)**	**$(2.437M)**	**$(2.888M)**	**$(3.383M)**	**$(3.785M)**	**$(4.195M)**	**$(4.623M)**	**$(5.056M)**

MEAG Competitive Trust (MCT) Generation Fund $4.0M; MCT Flexible Fund $2.6M; Operating Cash Fund $300K

- **DO NOTHING Funds gone in 2026 + higher increase (24% in 2026-2027)**

* Sales Revenues: based on current rates; MEAG POR escalations (2.3%); Choice accounts to standard rates 2026-2028

- Includes 2023 loss of Medium Power customer; Industrial customer solar starting 2025

* Other Revenues/Expenses: Fairburn FY2024 budget with 3% expense escalations

* Power Costs 2025-2033 based on MEAG 10-year projection scenario with 2.5 MW reduction ; YES = Year-End Settlement

Rate Proposal

- 10-year rate adjustments
- Phase In General Fund transfer towards 6% of Sales Revenue
- Use MCT reserve funds 2024-2026 + rate adjustments to meet shortfall
- Replenish Reserve funds 2029-2032
- Use Power Cost Adjustment (PCA) for interim adjustments
- Review Cost of Service and rates every 2-3 years

Electric 10-Year Projection w/ Rate Adjustment

	FAIRBURN PROJECTION	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1	MCT GEN FUND BALANCE	$2.112M	$1.051M	$0.683M	$0.683M	$0.683M	$1.283M	$2.083M	$2.733M	$3.433M	$3.633M
2	Rate Increase	$0.808M	$0.632M	$0.664M	$0.604M	$0.447M	$0.474M	$0.409M	$0.425M	$0.442M	$0.460M
3	RATE INCREASE %	8%	6%	6%	5%	3%	3%	3%	3%	3%	3%
	REVENUES										
4	Sales Revenues	$9.727M	$9.634M	$9.974M	$10.432M	$10.794M	$10.965M	$11.144M	$11.328M	$11.514M	$11.707M
5	Other Revenues	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M	$0.077M
6	Late Charges	$0.083M	$0.084M	$0.085M	$0.086M	$0.088M	$0.089M	$0.090M	$0.092M	$0.093M	$0.094M
7	MEAG OSS/YES $	$0.230M	$0.230M	$0.230M							
8	MCT $	$1.889M	$1.061M	$0.368M							
9	CUM RATE INCREASE	$0.808M	$1.440M	$2.105M	$2.709M	$3.156M	$3.630M	$4.039M	$4.464M	$4.906M	$5.366M
10	**TOTAL REVENUES**	$12.813M	$12.526M	$12.839M	$13.304M	$14.114M	$14.761M	$15.349M	$15.960M	$16.590M	$17.244M
	EXPENSES										
11	TOTAL OPERATING EXPENSES	$3.502M	$3.607M	$3.715M	$3.827M	$3.941M	$4.060M	$4.181M	$4.307M	$4.436M	$4.569M
12	TOTAL OTHER EXPENSES	$9.312M	$8.919M	$9.124M	$9.435M	$9.834M	$10.185M	$10.544M	$11.014M	$11.401M	$11.695M
13	**TOTAL EXPENSES PRE TRANSFER**	$12.813M	$12.526M	$12.839M	$13.262M	$13.776M	$14.244M	$14.725M	$15.321M	$15.837M	$16.264M
14	TOTAL TRANSFERS	$ -	$ -	$ -	$ -	$0.300M	$0.500M	$0.600M	$0.600M	$0.700M	$0.900M
15	**TOTAL REV REQUIREMENT**	$12.813M	$12.526M	$12.839M	$13.262M	$14.076M	$14.744M	$15.325M	$15.921M	$16.537M	$17.164M
16	**NET REVENUE $**	**$ -**	**$ -**	**$ -**	**$0.042M**	**$0.038M**	**$0.017M**	**$0.024M**	**$0.039M**	**$0.053M**	**$0.080M**

RATE PROPOSAL: Multi-year rate adjustment (LINE 9)
- Use of MCT Revenue $ (LINE 8)
- Phase In General Fund Transfer (LINE 14)

Georgia Power Rate Increases

RESIDENTIAL SUMMER				
KWH	2022	2023	$Δ	%Δ
500	$69.76	$83.18	$13.43	19%
1000	$138.89	$168.16	$29.28	21%

20% Rate increase for average Residential customer from 2022 to 2023

- 2023
  - 2022 Rate Case: 3% increase effective January
  - Fuel Cost Recovery: 1.54¢ increase (avg summer/winter) effective June
    - 15% increase for average Residential customer
  - Vogtle 3: 3% increase effective August
- 2024-2025
  - 2022 Rate Case: 4.5% increase 2024 + 4.5% increase 2025
  - Vogtle 4 go live: 3%? increase (estimated 4th quarter 2023 – 1st quarter 2024)

Residential Rates

CLASS	CURRENT RATES	2024 RATES	2025 RATES	2026 RATES	2027 RATES	2028 RATES	2029 RATES	2030 RATES	2031 RATES	2032 RATES	2033 RATES
RESIDENTIAL											
RES											
Base	$10.00	$11.00	$12.00	$13.00	$14.00	$15.00	$16.00	$17.00	$18.00	$19.00	$20.00
Energy											
First 500 kWh (S)	0.093000	0.114400	0.123800	0.132700	0.140400	0.144800	0.149600	0.153500	0.157600	0.161900	0.166400
Next 500 kWh (S)	0.107000	0.128400	0.137800	0.146700	0.154400	0.158800	0.163600	0.167500	0.171600	0.175900	0.180400
Over 1000 kWh (S)	0.115000	0.138400	0.148800	0.158700	0.167400	0.172800	0.177600	0.181500	0.185600	0.189900	0.194400
First 500 kWh (W)	0.093000	0.114400	0.123800	0.132700	0.140400	0.144800	0.149600	0.153500	0.157600	0.161900	0.166400
Next 500 kWh (W)	0.087000	0.106400	0.114800	0.122700	0.129400	0.132800	0.137600	0.141500	0.145600	0.149900	0.154400
Over 1000 kWh (W)	0.081000	0.100400	0.107800	0.114700	0.120400	0.122800	0.127600	0.131500	0.135600	0.139900	0.144400
ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

NOTE: Summer (S); Winter (W)

		FAIRBURN AVG RESIDENTIAL CUSTOMER							GEORGIA POWER		
	KWH/MO	CURRENT	2024	2025	2026	2027	2028	2033	CURRENT	2024	2025
SUMMER	1000	$123.48	$136.40	$146.80	$156.70	$165.40	$170.80	$197.40	$168.16	$175.73	$183.64
$Δ			$12.92	$10.40	$9.90	$8.70	$5.40	$26.60		$7.57	$7.91
%Δ			10.5%	7.6%	6.7%	5.6%	3.3%	15.6%		4.5%	4.5%
WINTER	1000	$113.48	$125.40	$135.30	$144.70	$152.90	$157.80	$184.40	$140.27	$146.59	$153.18
$Δ			$11.92	$9.90	$9.40	$8.20	$4.90	$26.60		$6.31	$6.60
%Δ			10.5%	7.9%	6.9%	5.7%	3.2%	16.9%		4.5%	4.5%

Georgia Power 2024-2025 rates are estimated and do not include Vogtle 4 increase

General Service Non-Demand (ND) Rates

CLASS	CURRENT RATES	2024 RATES	2025 RATES	2026 RATES	2027 RATES	2028 RATES	2029 RATES	2030 RATES	2031 RATES	2032 RATES	2033 RATES
GEN SERVICE ND											
GENERAL SERVICE ND											
Base	$15.00	$16.50	$18.00	$19.50	$21.00	$22.50	$24.00	$26.50	$28.00	$30.00	$32.00
Energy											
First 3000 kWh (S)	0.139000	0.163542	0.174770	0.185725	0.194289	0.197718	0.202270	0.205277	0.208222	0.210680	0.211965
Over 3000 kWh (S)	0.119000	0.143542	0.154770	0.165725	0.174289	0.177718	0.182270	0.185277	0.188222	0.190680	0.193965
First 3000 kWh (W)	0.119000	0.143542	0.154770	0.165725	0.174289	0.179718	0.186270	0.191277	0.196222	0.200680	0.203965
Over 3000 kWh (W)	0.119000	0.143542	0.154770	0.165725	0.174289	0.179718	0.186270	0.191277	0.196222	0.200680	0.203965
ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

NOTE: Summer (S); Winter (W) APPLICABILITY: Small Commercial < 3000 kWh/Mo avg, i.e. mom & pop shops

		FAIRBURN AVG GENERAL SERVICE NON-DEMAND CUSTOMER							GEORGIA POWER		
	KWH/MO	CURRENT	2024	2025	2026	2027	2028	2033	CURRENT	2024 est.	2025 est.
SUMMER	1200	$197.98	$217.55	$232.52	$247.17	$258.95	$264.56	$291.16	$248.69	$259.88	$271.57
$Δ			$19.57	$14.97	$14.65	$11.78	$5.61	$26.60		$11.19	$11.69
%Δ			9.9%	6.9%	6.3%	4.8%	2.2%	10.1%		4.5%	4.5%
WINTER	1200	$173.98	$193.55	$208.52	$223.17	$234.95	$242.96	$281.56	$248.69	$259.88	$271.57
$Δ			$19.57	$14.97	$14.65	$11.78	$8.01	$38.60		$11.19	$11.69
%Δ			11.3%	7.7%	7.0%	5.3%	3.4%	15.9%		4.5%	4.5%

Georgia Power 2024-2025 rates are estimated and do not include Vogtle 4 increase

Small Power Rates

	CURRENT	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CLASS	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES
SMALL POWER											
Base	$25.00	$27.00	$30.00	$33.00	$36.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00
Demand (Bill KW)	$2.25	$2.50	$3.50	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00
Energy											
First 200 HUD											
First 3,000 kWh	0.119000	0.144928	0.150600	0.157913	0.166152	0.171224	0.176954	0.181398	0.186114	0.190007	0.193730
Over 3,000 kWh	0.113000	0.136928	0.142600	0.149913	0.158152	0.163224	0.168954	0.173398	0.178114	0.182007	0.185730
200-400 HUD	0.072000	0.086928	0.092600	0.099913	0.106152	0.109224	0.114954	0.119398	0.122114	0.124007	0.125730
>400 HUD	0.067000	0.076928	0.080600	0.085913	0.090152	0.091224	0.094954	0.097398	0.098114	0.098007	0.097730
ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

SMALL POWER

APPLICABILITY: Commercial <50 K, i.e. carwash, small restaurant

25 KW		FAIRBURN AVG SMALL POWER CUSTOMER							GEORGIA POWER		
LF	KWH/MO	CURRENT	2024	2025	2026	2027	2028	2033	CURRENT	2024 est.	2025 est.
40%	7300	$928.25	$1,027.27	$1,096.68	$1,165.56	$1,224.11	$1,260.54	$1,411.03	$1,189.64	$1,243.17	$1,299.12
$Δ			$99.02	$69.41	$68.88	$58.54	$36.43	$150.49		$53.53	$55.94
%Δ			10.7%	6.8%	6.3%	5.0%	3.0%	11.9%		4.5%	4.5%

Georgia Power 2024-2025 rates are estimated and do not include Vogtle 4 increase

Medium Power Rates

	CURRENT RATES	2024 RATES	2025 RATES	2026 RATES	2027 RATES	2028 RATES	2029 RATES	2030 RATES	2031 RATES	2032 RATES	2033 RATES
CLASS											
MED POWER											
Base	$35.00	$39.00	$43.00	$47.00	$52.00	$55.00	$59.00	$63.00	$67.00	$71.00	$75.00
Demand (Bill KW)	$2.75	$3.00	$4.00	$5.00	$6.00	$6.00	$6.00	$6.00	$6.00	$6.00	$6.00
Energy											
First 200 HUD											
First 10,000 kWh	0.099000	0.122300	0.125900	0.130300	0.133400	0.138600	0.144000	0.148200	0.152400	0.156500	0.160600
Over 10,000 kWh	0.093000	0.114300	0.117900	0.122300	0.125400	0.130600	0.136000	0.140200	0.144400	0.148500	0.152600
200-400 HUD	0.060000	0.074300	0.077900	0.082300	0.083400	0.086600	0.090000	0.092200	0.094400	0.097500	0.100600
>400 HUD	0.055000	0.068300	0.069900	0.072300	0.073400	0.076600	0.080000	0.082200	0.084400	0.085500	0.086600
ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

MED POWER

APPLICABILITY: Commercial 50-500 KW, i.e. grocery store, large restaurant

100 KW		FAIRBURN AVG MEDIUM POWER CUSTOMER							GEORGIA POWER		
LF	KWH/MO	CURRENT	2024	2025	2026	2027	2028	2033	CURRENT	2024 est.	2025 est.
50%	36500	$3,712.02	$4,076.95	$4,312.35	$4,576.95	$4,762.10	$4,921.90	$5,612.90	$4,808.11	$5,024.48	$5,250.58
$Δ			$364.93	$235.40	$264.60	$185.15	$159.80	$691.00		$216.37	$226.10
%Δ			9.8%	5.8%	6.1%	4.0%	3.4%	14.0%		4.5%	4.5%

Georgia Power 2024-2025 rates are estimated and do not include Vogtle 4 increase

Large Power Rates

	CURRENT	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CLASS	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES	RATES
LARGE POWER											
Base	$200.00	$200.00	$200.00	$200.00	$200.00	$200.00	$200.00	$200.00	$200.00	$200.00	$200.00
Demand (Bill KW)	$6.50	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00
Energy											
First 200 HUD											
First 100,000 kWh	0.067000	0.072600	0.074200	0.075000	0.075500	0.075600	0.076800	0.077800	0.078500	0.079200	0.079800
Over 100,000 kWh	0.061000	0.066600	0.068200	0.069000	0.069500	0.069600	0.070800	0.071800	0.072500	0.073200	0.073800
200-400 HUD	0.057000	0.062600	0.064200	0.065000	0.065500	0.065600	0.066800	0.067800	0.068500	0.069200	0.069800
400-600 HUD	0.053000	0.058600	0.060200	0.061000	0.061500	0.061600	0.066200	0.067200	0.067900	0.068600	0.069200
>600 HUD	0.053000	0.058600	0.060200	0.061000	0.061500	0.045000	0.045000	0.045000	0.045000	0.045000	0.045000
ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

LG POWER

APPLICABILITY: >500 KW

Industrial Rates

INDUSTRIAL

CLASS	CURRENT RATES	2024 RATES	2025 RATES	2026 RATES	2027 RATES	2028 RATES	2029 RATES	2030 RATES	2031 RATES	2032 RATES	2033 RATES
INDUSTRIAL											
Base	$200.00	$250.00	$250.00	$250.00	$250.00	$250.00	$250.00	$250.00	$250.00	$250.00	$250.00
G&T Bill kW	$4.50										
Distribution (Peak kW)	$2.00										
Demand (Bill kW)		$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00
Energy											
First 200 HUD											
First 100,000 kWh	0.067000	0.069000	0.069000	0.069000	0.070000	0.070600	0.071500	0.072000	0.072500	0.072800	0.073200
Over 100,000 kWh	0.061000	0.062500	0.062500	0.063800	0.064000	0.064600	0.065500	0.066000	0.066500	0.066800	0.067200
200-400 HUD	0.057000	0.058000	0.058500	0.059800	0.060000	0.060600	0.061500	0.062000	0.062500	0.062800	0.063200
400-600 HUD	0.053000	0.054000	0.054500	0.055800	0.056000	0.056600	0.057500	0.058000	0.058500	0.058800	0.059200
>600 HUD	0.053000	0.045000	0.045000	0.045000	0.045000	0.045000	0.045000	0.045000	0.045000	0.045000	0.045000
ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

APPLICABILITY: >1000 KW

Industrial Distributed Generation Rates

	CLASS	CURRENT RATES	2024 RATES	2025 RATES	2026 RATES	2027 RATES	2028 RATES	2029 RATES	2030 RATES	2031 RATES	2032 RATES	2033 RATES
INDUSTRIAL DG	INDUSTRIAL DG											
	Base	$200.00	$350.00	$350.00	$350.00	$350.00	$350.00	$350.00	$350.00	$350.00	$350.00	$350.00
	G&T Bill kW	$4.50										
	Distribution (Peak kW)	$2.00										
	Demand (Bill kW)		$12.50	$13.00	$13.50	$14.00	$14.00	$14.00	$14.00	$14.00	$14.00	$14.00
	Energy											
	First 200 HUD											
	First 100,000 kWh	0.067000	0.055500	0.054900	0.056400	0.056900	0.058800	0.059600	0.060100	0.060700	0.061200	0.061700
	Over 100,000 kWh	0.061000	0.049500	0.048900	0.050400	0.050900	0.052800	0.053600	0.054100	0.054700	0.055200	0.055700
	200-400 HUD	0.057000	0.045500	0.044900	0.046400	0.046900	0.048800	0.049600	0.050100	0.050700	0.051200	0.051700
	400-600 HUD	0.053000	0.041500	0.040900	0.042400	0.042900	0.044800	0.045600	0.046100	0.046700	0.047200	0.047700
	>600 HUD	0.053000	0.040000	0.040000	0.040000	0.040000	0.040000	0.040000	0.040000	0.040000	0.040000	0.040000
	ECCR	0.00956	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000	0.003000
	PCA	0.00392	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000	0.001000

APPLICABILITY: >1000 KW w/ Distributed Generation (eg Solar)

Security Lighting Rates

SEC LIGHTING

CLASS	CURRENT RATES	2024 RATES	2025 RATES	2026 RATES	2027 RATES	2028 RATES	2029 RATES	2030 RATES	2031 RATES	2032 RATES	2033 RATES
SECURITY LIGHTING											
100-Watt HPS	$10.00	$11.00	$12.00	$13.00	$13.50	$13.50	$14.00	$14.50	$15.00	$16.00	$16.00
150-Watt HPS	$12.00	$13.25	$14.00	$15.50	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00	$16.00
250-Watt HPS	$20.00	$22.00	$23.00	$24.00	$24.00	$24.00	$24.00	$24.00	$24.00	$24.00	$24.00
400-Watt HPS	$32.00	$35.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00
400-Watt MH	$32.00	$35.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00	$36.00
1000-Watt MH	$48.00	$53.00	$54.00	$56.00	$58.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00

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CITY OF FAIRBURN
WORK SESSION AGENDA ITEM

SUBJECT: Water and Sewer Utility Rate Discussion

ITEM TYPE: Presentation

SUBMITTED: 12/05/2023 **WORK SESSION:** 12/11/2023 **COUNCIL MEETING:** N/A

DEPARTMENT: City Administrator's Office

BUDGET IMPACT: N/A

PUBLIC HEARING: No

PURPOSE:
Lindsay Engineering & Consulting will provide a comprehensive presentation on water and sewer utility rates in the City of Fairburn.

HISTORY:
The City of Fairburn has not increased its water billing rates since 2011 despite incurring ongoing increases in the cost of service.

FACTS AND ISSUES:
The City of Fairburn purchases 100% of its drinking water from the City of Atlanta at the current wholesale rate of $4.95 per 1,000 gallons, then distributes that water to Fairburn's customers at Fairburn's published retail rates.

FUNDING SOURCE:
N/A

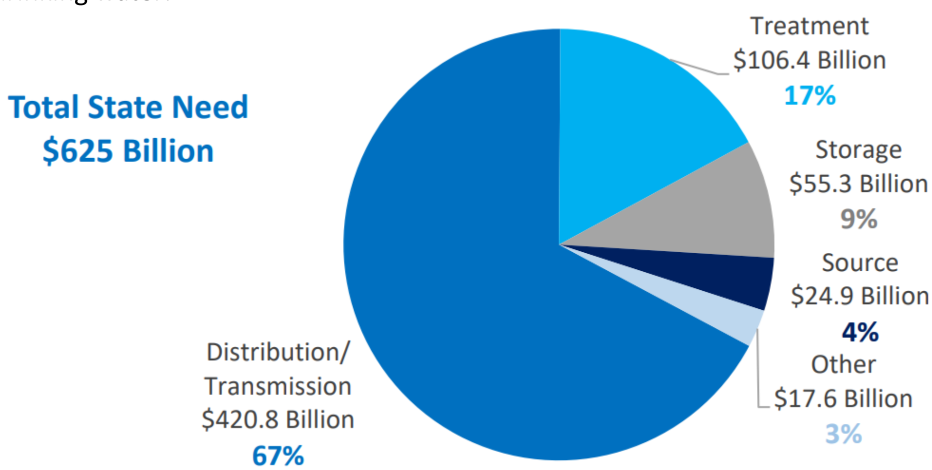
RECOMMENDED ACTION:
N/A

ATTACHMENTS:
1. WaterSewerRateRecommendations_Council12052023

City of Fairburn Water and Sewer Utility Billing Rates
Considerations and Recommendations

Current Regulatory Horizon Highlights

- Aging infrastructure is thought to be the #1 issue facing water, wastewater, and stormwater utilities. **Reinvestment, alongside long-term financial planning, is required.**
  - The U.S. Environmental Protection Agency's (EPA's) most recent report on our nation's drinking water infrastructure forecasts that **public water systems need to invest $625 Billion on infrastructure improvements** over 20 years to ensure continued supply of safe drinking water:



    - *A broader water infrastructure survey conducted by the American Water Works Association estimates this at $1 trillion.*

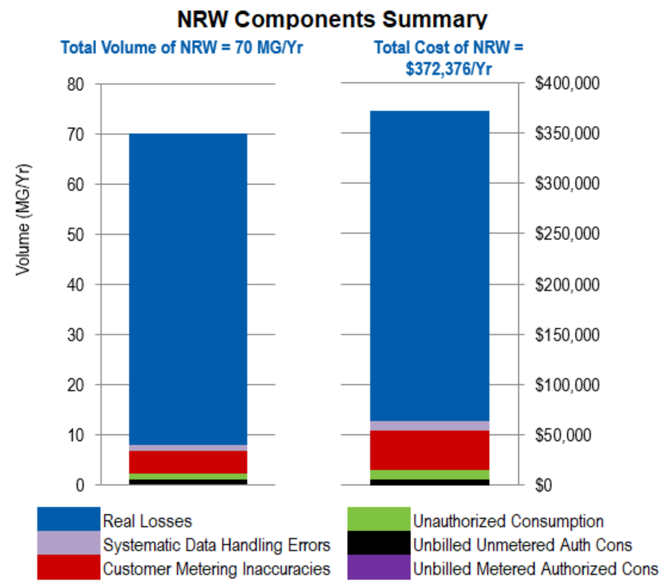
Congressional Research Service
Informing the legislative debate since 1914

  - EPA's report on wastewater estimates that **our nation's wastewater treatment facilities will need $271 Billion** over the next 20 years to meet federal water quality objectives.

- **Examples of recent public water system requirements** by EPA and the Georgia Environmental Protection Division (EPD), impacting Fairburn…..**and all requiring new funding**:
  - have an Asset Management Plan in place beginning January 2024;
  - conduct regular Risk and Resilience Assessments (5-year cycles);
  - develop a customer service line inventory by October 2024.

Overview of Fairburn's Water Utility Rates

- Fairburn purchases 100% of its drinking water from the City of Atlanta (COA) at COA's current wholesale rate of $4.95 per 1,000 gallons (*a rate currently subsidized with revenues from MOST, the Municipal Option Sales Tax*), then distributes that water to Fairburn's customers at Fairburn's published retail rates.
  - Fairburn's retail water rates must cover its purchase of wholesale water supply from COA (*accounting for "Non-Revenue Water" or NRW*); its water system operations, maintenance, and management expenses; depreciation; and capital program renewal and extension (R&E) costs, including Fairburn's as well as those assessed by COA as Fairburn's share in R&E.
    - *Fairburn's last NRW audit output pictured to right.*



  - **Most water systems have just a few water billing rate schedules.** (examples: *COA has just "Inside City" and "Outside City". Palmetto also has just 2 - "Residential" and "Commercial".*)

11/30/2023 1:03 PM RATE TABLE LIST PAGE:

SERVICE	SERVICE TYPE	RATE TABLE	SCHEDULE	SCHEDULE TYPE
100 - WATER	METERED	11 - WATER - INSIDE	11 - WATER INSIDE	Stepped
100 - WATER	METERED	11C - WATER - COMM INSIDE	11C - COMM INSIDE -WINTER	Stepped
100 - WATER	METERED	11M - WATER - INSIDE	11M - WATER INSIDE	Stepped
100 - WATER	METERED	11N - WATER - STORMWTR ONL	11N - STORMWATER ONLY	Stepped
100 - WATER	METERED	12 - WATER - OUTSIDE	12 - WATER OUTSIDE	Stepped
100 - WATER	METERED	12C - WATER - COMM OUTSIDE	12C - COMM WATER OUTSIDE	Stepped
100 - WATER	METERED	13 - WATER - FIRE SERVICE	13 - FIRE SER -ONLY IF MT	Stepped
100 - WATER	METERED	15 - WATER - FLAT WATER	15 - FLAT WATER	Stepped
100 - WATER	METERED	15L - WATER - COM LS 1 1/2	15LS - COMM LS 1 1/2	Stepped
100 - WATER	METERED	16 - COATL WMTR NC	16 - ATLANTA WTRMTR	Stepped
100 - WATER	METERED	1CO - WATER -COMM 1" OUT	1CO - COMM 1" OUTSIDE	Stepped
100 - WATER	METERED	1LA - WATER - NEED RATE	1LA - UNKNOWN NAME	Stepped
100 - WATER	METERED	1LS - WATER - COM IRR	1LS - COMM IRRIGATION	Stepped
100 - WATER	METERED	20I - WATER -208 UN IN CAM	20I - 208 UNIT IN - CAM FA	Stepped
100 - WATER	METERED	21I - WATER -310 UN IN HAR	21I - 310 UNIT INS-HARBOR	Stepped
100 - WATER	METERED	22I - WATER -220 UN IN PEA	22I - 220 UNIT INS-PEACHTR	Stepped
100 - WATER	METERED	22O - WATER - 220 OUT ORCH	22O - 220 UN OUT -ORCHARD	Stepped
100 - WATER	METERED	23O - WATER -240 OUT OAKLE	23O - 240 UN OUT -OAKLEY	Stepped
100 - WATER	METERED	24I - WATER -24 UN CEDAR H	24I - 24 UNIT-CEDAR HILL	Stepped
100 - WATER	METERED	25I - WATER - 14 UN 219BRO	25I - 14 UNIT-219 BROAD	Stepped
100 - WATER	METERED	26I - WATER - 12 UN 43/53	26I - 12 UNIT - 43/53 CLAY	Stepped
100 - WATER	METERED	27I - WATER -88 UN CC MANO	27I - 88 UN INS- CC MANOR	Stepped
100 - WATER	METERED	28I - WATER -44 UN 50 CLAY	28I - 44 UNIT - 50 CLAY	Stepped
100 - WATER	METERED	2CI - WATER -COMM 2" INS	2CI - COMM 2IN INSIDE	Stepped
100 - WATER	METERED	2LS - WATER -2: COM IRR	2LS - 2" COM IRRIGATION	Stepped
100 - WATER	METERED	2RI - WATER - RES 2" MTR	2RI - RES IRR 2" MTR	Stepped
100 - WATER	METERED	I1 - WATER - NEED RATE	I1 - UNKNOWN NAME	Stepped
100 - WATER	METERED	NC - WATER - NO CHARGE	NC - NO CHARGE	Stepped

*** END OF LIST ***

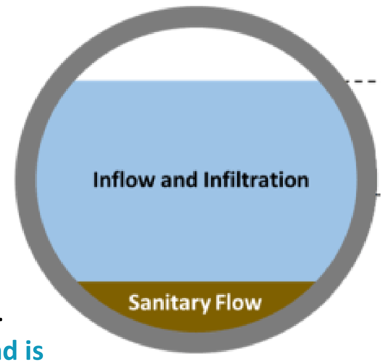
- Fairburn has numerous water billing schedules (*see left*).
- Each of these individual codes contain various billing tiers, combinations of base vs. volumetric costs, and often seasonal adjustment factors as well.

Fairburn's rate structures are complicated!

  - **Fairburn has not increased its Water billing rates since 2011 despite incurring ongoing increases in its cost of service.**
    - The COA is forecasting substantial capital investment needs to sustain service in south Fulton, with current estimates exceeding $900M.

Overview of Fairburn's Sewer Utility Rates

- Fairburn conveys 100% of its wastewater to Fulton County for treatment at the County's wholesale rate.
  - Fairburn's retail sewer rates must cover its volumetric expense for discharge into Fulton County's system (accounting for extra "Inflow and Infiltration" or I&I and the Surcharge rate when incurred); its wastewater system operations, maintenance, and management expenses; depreciation; and its capital program renewal and extension costs, including Fairburn's pro rata cost responsibilities supporting Fulton's capital program.



  - The County's wholesale rate varies. Its "Base O&M" rate for 2023 is $2.34 per 1,000 gallons. However, when Fairburn exceeds its purchased capacity cap, it incurs the "O&M+Capital" volumetric rate of $5.66 per 1,000 gallons.
    - **Fairburn routinely surpasses its purchased cap and is subject to the $5.66 volumetric tier.**
    - Separate from the County's wholesale usage rate, the City is responsible for its pro-rata share of major capital upgrades that the County incurs. (*For example, Fairburn is currently paying 4.17% of the $4,233,911 for Fulton's 2022/2023 Camp Creek UV Replacement*.)
  - **As with Water, sewer utilities typically have only a few billing rate schedules.** (<u>examples</u>: *COA has one. Palmetto has two - "Residential" and "Commercial".*) Fairburn has numerous sewer customer billing schedules; *summary table below*:

12/03/2023 11:33 AM — R A T E T A B L E L I S T — PAGE: 1

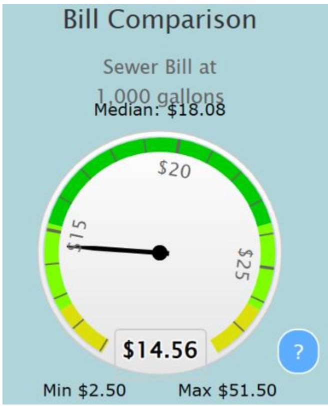
SERVICE	SERVICE TYPE	RATE TABLE	SCHEDULE	SCHEDULE TYPE
400 - SEWER	NON-METERED	1CI - SEWER - 1" INSIDE	1CI - 1" INSIDE	Dependent
400 - SEWER	NON-METERED	20I - SEWER - 208 CAMBRIDG	20I - 208 UN INS CAMBRIDGE	Dependent
400 - SEWER	NON-METERED	21I - SEWER -310 UN HARBOR	21I - 310 UNIT HARBOR	Dependent
400 - SEWER	NON-METERED	22I - SEWER -220 UN PEACH	22I - 220 UN SW PEACHTREE	Dependent
400 - SEWER	NON-METERED	22O - SEWER - 220 OUT ORCH	22O - 220 UN OUT ORCHARD	Dependent
400 - SEWER	NON-METERED	23I - SEWER - need rate	23I - 23I	Dependent
400 - SEWER	NON-METERED	23O - SEWER - 240 OUT OAK	23O - 240 UN OUT OAKLEY	Dependent
400 - SEWER	NON-METERED	24I - SEWER -24 CEDAR HILL	24I - 24 UN CEDAR HILL	Dependent
400 - SEWER	NON-METERED	25I - SEWER -14 UN 219 BRO	25I - 14 UN 219 BROAD	Dependent
400 - SEWER	NON-METERED	26I - SEWER -12 43/54 CLAY	26I - 12 UN 43/53 CLAY ST	Dependent
400 - SEWER	NON-METERED	27I - SEWER -88 UN CAMPBEL	27I - 88 UN CAMPBELL CROSS	Dependent
400 - SEWER	NON-METERED	28I - SEWER -44 UN 50 CLAY	28I - 44 UNIT 50 CLAY ST	Dependent
400 - SEWER	NON-METERED	29I - SEWER -308 UN SOLSTI	29I - 308 UNIT SOLSTICE	Dependent
400 - SEWER	NON-METERED	30 - SEWER - RESI INSIDE	30 - RESI SEWER INSIDE	Dependent
400 - SEWER	NON-METERED	30S - SEWER - COMM INSIDE	30S - COMM SEWER INSIDE	Dependent
400 - SEWER	NON-METERED	31 - SEWER - RESI OUTSIDE	31 - RESI SEWER OUTSIDE	Dependent
400 - SEWER	NON-METERED	31C - SEWER - COMM OUTSIDE	31C - COMM OUTSIDE WINTER	Dependent
400 - SEWER	NON-METERED	33 - SEWER - FLAT COMM	33 - FLAT SEWER COMM	Flat
400 - SEWER	NON-METERED	34 - SEWER - TYRONE	34 - TYRONE RATE FOR SOUT	Flat
400 - SEWER	NON-METERED	S20 - SEWER - need rate	S20 - s20	Dependent

*** END OF LIST ***

  - **As with Water, Fairburn has not increased its Sewer billing rates since 2011.**
    - **Neighboring utilities such as Fulton County and Palmetto increase sewer rates annually at 5%. *(Fairburn incurs 5% increases every year on Fulton's wholesale rate.)***
    - Fulton is projecting continued major maintenance projects in its CIP, including a +$300M expansion of the Camp Creek WRF, in which Fairburn will have cost-sharing responsibilities.

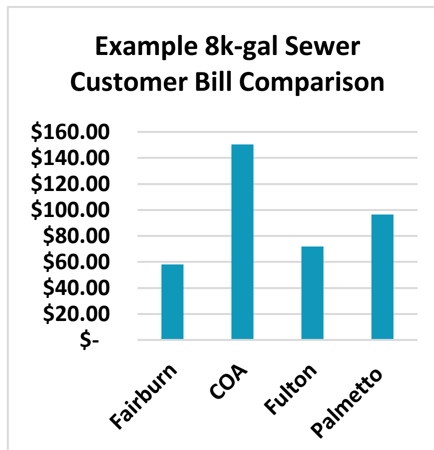
Perspective on Neighboring Utility Rates

- **The majority of Georgia water/wastewater utilities have updated their rate structures since *at least* year 2020.**



  - The Environmental Finance Center (EFC) **recommends a rate review at least every 2 years to keep in pace with inflation.**
    - EFC's Water and Wastewater Rates Dashboard, commissioned by the Georgia Environmental Finance Authority, allows competitive rate assessment. *Example output pictured to left.*
    - **Neighboring utilities such as Fulton County and Palmetto increase both their water and sewer rates at 5% annually.**
      - The County's sewer use charges to Fairburn will increase by 5% in 2024, and again in 2025.

- **Consider a multi-family residential customer using 8,000 gallons of water in a month:**
  - The City of **Fairburn's Water bill for this customer would be $74.48**.
    - Out of that $74.48, Fairburn pays almost half as a pass-through to COA.
    - For the COA to serve this same customer with that water usage, **COA would charge $71.60 *under their current <u>subsidized</u> rate structure*.**
  - The City of **Fairburn's Sewer bill for this customer would be $58.23**. For this same customer….
    - The COA would charge $150.37.
    - Palmetto would charge $96.44.
    - Fulton would charge $71.79.



Fairburn's Water and Sewer Fund operating income dropped over 45% between the last audit cycles (into FY2022). ***"Cost of sales increased by $484,898 or 13.32% [and] general operating expenses increased $463,943 or 46.14%."***

~ Fairburn Finance Department

Recommendations

#1. Simplify Fairburn's water and sewer rate structures.

#2. Review current rates for an initial correction.

- **Proposed <u>Interim Rate Adjustments</u> tabulated on pages 5 and 6.**

#3. Implement regular, predictable rate increases by resolution (*3-year cycle is typical*).

Proposed Interim Rate Adjustment – a Baseline 5% Increase.

Proposed Water Rate Schedule (with 5 customer classes)

Residential Inside		**Rate class reflects 5% escalation from October 1, 2011 rate structure for "Single Family Inside".**
Base	**$8.74**	
Supply (per 1,000 gal)	**$5.36**	
Delivery (per 1,000 gal, for first 4k gal)	**$3.10**	
Delivery (>4k to 8k gal)	**$4.65**	**A typical Residential Inside customer's monthly water bill would increase from $43.46 to $45.63.**[a]
Delivery (>8k gal)	**$6.20**	
Residential Outside		**Rate class reflects 5% escalation from October 1, 2011 rate structure for "Single Family Outside".**
Base	**$13.10**	
Supply (per 1,000 gal)	**$5.36**	
Delivery (per 1,000 gal, for first 4k gal)	**$4.65**	
Delivery (>4k to 8k gal)	**$6.98**	**A typical Residential Outside customer's monthly water bill would increase from $40.44 to $42.46.**[b]
Delivery (>8k gal)	**$9.29**	
Commercial Inside		**Rate class reflects 5% escalation from October 1, 2011 rate structure for "Commercial Inside", and eliminating the seasonal rate discount.**
Base	**$17.47**	
Supply (per 1,000 gal)	**$5.36**	
Delivery (per 1,000 gal)	**$4.65**	**An average Commercial Inside customer's monthly water bill would increase from $336.84 to $353.68.**[c]
Commercial Outside		**Rate class reflects 5% escalation from October 1, 2011 rate structure for "Commercial Outside", and eliminating the seasonal rate discount.** [d]
Base	**$17.47**	
Supply (per 1,000 gal)	**$5.36**	
Delivery (per 1,000 gal)	**$9.29**	
Commercial Irrigation		**Rate class restructured to match "Commercial Outside", to avoid incentivizing irrigation usage and to encourage conservation. These meter accounts do not incur Sewer charges.**
Base	**$17.47**	
Supply (per 1,000 gal)	**$5.36**	
Delivery (per 1,000 gal)	**$9.29**	

[a] Based on sample October 2023 analysis of average monthly water bill for Residential-coded accounts in classes 11 and 11M.

[b] Based on sample October 2023 analysis of average monthly water bill for Residential-coded accounts in class 12.

[c] Based on sample October 2023 analysis of average monthly water usage for Commercial-coded accounts in class 11C. Baseline invoice calculations employed existing "Summer" volumetric category.

[d] Based on sample October 2023 analysis of average monthly water usage for Commercial-coded accounts in class 12C, the average Commercial Outside customer's water bill would increase by ~$4.00 to $5.00, however this data set is limited to six (6) accounts, most with low-volume demands. Therefore, average projections are not meaningful for this customer class.

Proposed Sewer Rate Schedule (with 2 customer classes)

Residential		**Rate class reflects 5% escalation from October 1, 2011 rate structure for "Single Family Outside".** **A typical Residential customer's monthly sewer bill would increase from $28.50 to $38.15.[a]**
Base	**$13.94**	
Volume (per 1,000 gal)	**$1.74**	
Collection (per 1,000 gal, for first 4k gal)	**$6.38**	
Collection (>4k to 8k gal)	**$9.58**	
Collection (>8k gal)	**$12.76**	
Commercial		**Rate class reflects 5% escalation from October 1, 2011 rate structure for "Commercial Inside", eliminating the seasonal rate discount.** **A typical Commercial customer's monthly sewer bill would increase from $56.47 to $59.30.[b]**
Base	**$18.59**	
Volume (per 1,000 gal)	**$1.74**	
Collection (per 1,000 gal)	**$8.51**	

[a] Based on sample October 2023 analysis of *median* monthly sewer bill for Residential-coded accounts in classes 30 and 31. Median analysis (rather than average) examines the mid-point bill to eliminate skewing of high-flow customers; approximately ~30% of accounts in this sample exceeded a $38.15 sewer bill for the analysis period based on the *existing rate structure* due to higher-volume usage characteristics.

[b] Based on sample October 2023 analysis of average monthly water bill for Commercial-coded accounts in class 30S. Baseline invoice calculations employed existing "Summer" volumetric category.