

Utility Commission Approves Water Rate Increase

Utility Commission - May 9, 2011

The Winston-Salem/Forsyth County Utility Commission approved today an 8 percent increase in water rates and a 9 percent increase in sewer rates, effective Oct. 1.

When the rate increase takes effect, the bimonthly water and sewer bill for the average household in Winston-Salem using 9,000 gallons of water will be \$60.31 or 100.5 cents a day; last year the average household paid 92.7 cents a day.

Despite the increase, Utilities Director David Saunders noted that Winston-Salem continues to offer the lowest water and sewer rates among North Carolina's largest cities. Next year the estimated average bimonthly water and sewer bill with a consumption of 9,000 gallons will be \$79.90 in Greensboro, \$72.24 in Raleigh, and \$95.17 in Durham. Charlotte, which has not determined its rates for next year, currently charges \$83.06.

"This rate increase and future rate increases are being driven by our need to invest in water plant improvements to bring the oldest treatment processes up to date, and the need to continue replacing the oldest water distribution and sewer collection pipes in the system," Saunders said. Debt service on the bonds that finance these capital improvements will increase \$8.8 million next year, to \$35.5 million.

In contrast, the operating budget will increase by only \$207,000, or one half of one percent. "We are holding our operating costs as flat as we can so our customers receive the lowest possible rate increase," Saunders said.

In addition to providing the lowest rates among the North Carolina's largest cities, Winston-Salem also has had the lowest cumulative increase in rates over the past six years. Counting the increase to take effect this fall, the bimonthly rate for the average household here has increased since the 2006-2007 fiscal year by a total of \$23.35, compared with a cumulative increase of \$29.15 in Raleigh, \$29.60 in Greensboro and \$31.00 in Durham. Through last year, Charlotte's cumulative increase is \$32.34.

Under the rate structure adopted by the Utility Commission last year, customers will continue to be rewarded for their efforts to reduce their water usage. Smaller usage is billed at a lower rate. As usage increases, so does the cost of water.

The commission recently completed \$52 million worth of improvements to the Archie Elledge Wastewater Treatment Plant and is rebuilding the R. A. Thomas Water Treatment Plant at a cost of \$56 million. This summer, work will begin on a 15-month project to replace aging water and sewer pipes serving the Ardmore neighborhood. The commission is also facing the need to update the Neilson Water Treatment Plant.

The rate increases are contained in the \$76.0 million operating budget the commission approved for fiscal year 2011-2012. The budget includes \$40.5 million for operating costs and \$35.5 million debt service for revenue bonds.

The water and sewer system operated by the Utility Commission continues to be one of the most economical systems in North Carolina, based on its bond ratings, operating record, rate structure, and supply of raw water.