



Water Rate Case Study

Berryville Present Rate Schedule (July 9, 2018):

• Monthly Minimum 0-2000 Gallons + water system upgrade (Construction Improvement Program) – All customers	\$41.75+\$5.00 CIP = \$46.75
• Additional charges per 1000 gallons for any usage over 2,000 gallons	\$6.25
• Water Deposits	\$200.00
• Connect Fee	\$55.00
• Reconnect Fee	\$65.00
• New Tap Fee (¾" and 2")	\$750.00
• Customer Service Inspection for New Construction	\$100.00
• Returned Check Fee	\$35.00

<p>Customers present average 3500 gallons of water usage:</p> <p>\$41.75 + 5.00(CIP) + 9.38 = \$56.13</p>

Concerns:

- Water infrastructure continues to age
- Rates need to be reflective of cost of operating the water system and accepted rate-design to obtain grants
- Water rates were last reviewed 7-9-2018 but the cumulative Consumer Price Index (CPI-U) has increased 29% during that time
- City labor costs, insurance, and benefits have increased
- Contract labor costs have increased
- Material costs have increased
- Efficiencies have not produced enough to offset cost increases
- Experiencing significant revenue decay in **Income Statement**

Steps Taken to Address Berryville's Revenue Deficit:

- January 2026 Mayor announced formation of rate review committee
- Committee reviewed water rates to other similarly-sized cities and with survey info from the Texas Municipal League
- Consulted with Schaumburg & Polk, Inc., city's engineering firm
- Consulted with Texas Rural Water Association (TRWA) for better insight to rate-making
- Requested a water rate study be performed by TRWA

Water Rates components [source the Public Utility Commission of Texas (PUCT)]:

- **Monthly Minimum:** should cover the essential, non-variable costs of providing service, regardless of water usage; these fees typically include: infrastructure maintenance (pipes, pumps, tanks), staff labor [including insurance, salaries, employee benefits, FICA taxes, etc.], electricity for treatment, administrative costs, and debt service for capital improvements
- **Monthly Cost Per Tier:** should cover expense associated with the actual water consumed; these variable charges include:
 - Treatment/chemicals and electricity to pump and deliver it
 - Costs for repairing, cleaning, and maintaining water mains and pipe, including rights-of-way

Test Year Statistics for Berryville:

Systems Fixed Cost	\$387,090.25
Systems Variable Cost	\$138,307.75
Systems Total Cost	\$525,398.00
Meter Equivalents	605
Average Water Sold	26,145,370 gallons



Resulting Rate Schedule Changes:

- Increase monthly minimum to \$50.10 and increase CIP to \$6.00 for water system upgrade, plus Monthly Usage increased to these tier values:
 - 0-2000 gallons, \$3.50 per 1000 gallons, (\$0.0035/gal)
 - 2001-6000 gallons, \$6.25 per 1000 gallons, (\$0.00625/gal)
 - 6001-10000 gallons, \$6.75 per 1000 gallons, (\$0.00675/gal)
 - 10001-20000 gallons, \$7.25 per 1000 gallons, (\$0.00725/gal)
 - 20001-40000 gallons, \$7.75 per 1000 gallons, (\$0.00775/gal)
 - 40001-UP gallons, \$8.25 per 1000 gallons, (\$0.00825/gal)
- Existing residential and commercial (2") meters grandfathered into this new rate
- New 2" meters to be billed at commercial rate, not the residential rate above; change in ownership at existing premises with 2" meters to be billed at a commercial rate of \$184 per month and a CIP of \$6.00 per month
- Implement a seasonal lock-out/turn-on rate of \$20.00 per month of inactivity (0 gallons of consumption) if inactivity occurs over a 90 day period or longer

EXAMPLE-
New rate for residential meter
with 3500 gallon usage:
\$50.10 + 6.00 + 7.00 +
9.38=\$72.48
29% increase

Comparison to nearest water utility:

- **Frankston Rural Water Supply Corp. (updated Feb. 2024):**

- Monthly Minimum:

- ¾" meters - \$23.00
- 1" meters - \$57.50
- 2" meters - \$184.00

- Monthly Usage Cost:

- 0 gallons, \$23.00
- 1000 gallons, \$29.00
- 2000 gallons, \$35.00
- 3500 gallons, \$44.00
- 10000 gallons, \$83.00

EXAMPLES-

Residential meter with 3500
gallon usage:
 $\$23.00 + 44.00 = \67.00

Commercial meter with 10000
gallon usage:
 $\$184.00 + 83.00 = \267.00

Other Rate Schedule Adjustments:

- Water Deposits - \$220.00
- Connection fee - \$60.00
- Reconnection fee - \$75.00
- New Tap Fee for ¾" meter, including RF meter - \$1350.00
- New Tap Fee for 2" meter, including RF meter - \$3250.00
- Customer Service Inspection Fee for New Construction - \$150.00
- Returned Check Fee - \$37.50

Recommendations:

1. Approve the monthly minimum and usage rates shown on slide 7 and make effective as soon as possible
2. Approve the Flat Fees as shown on slide 9 and make them effective as soon as possible
3. Seek grants to improve the water system
4. Develop and approve an ordinance **requiring annual review of water rates**
5. Review seasonal lock-out/turn-on fixed costs periodically
6. Address Flat Fees for ordinance violations after City Ordinances Review is complete
7. Update ordinance to address future residential services being only ¾" meters
8. Update Water Tap Fee Rate Ordinance to include penalties for dig-ins due to failure of obtaining line locates

Berryville Municipal System Water Rates

Current Water Rates Effective Since 7-19-2018

MONTHLY MINIMUM	\$ 41.75
TIER USAGE RATES PER 1000 GALLONS, 0-2000 GALLONS	\$ 0.00
PER 1000 GALLONS 2000 GALLONS-UP	\$ 6.25
WATER DEPOSITS	\$ 200.00
CONNECT FEE	\$ 55.00
RECONNECT FEE	\$ 65.00
NEW TAP FEE	\$ 750.00
CUSTOMER SERVICE INSPECTION	\$ 100.00
RETURNED CHECK FEE	\$ 35.00

New Water Rates Effective 3-4-2026

MONTHLY MINIMUM ¾" meter	\$ 50.10
MONTHLY WATER SYSTEM UPGRADE FEE	6.00
MONTHLY MINIMUM 2" meter	184.00
TIER USAGE RATES PER 1000 GALLONS, 2-2000 GALLONS	3.50
PER 1000 GALLONS, 2001-6000 GALLONS	6.25
PER 1000 GALLONS, 6001-10000 GALLONS	6.75
PER 1000 GALLONS, 10001-20000 GALLONS	7.25
PER 1000 GALLONS, 20001-40000 GALLONS	7.75
PER 1000 GALLONS, 40001-UP GALLONS	8.25
WATER DEPOSITS	220.00
CONNECT FEE	60.00
RECONNECT FEE	75.00
NEW TAP FEE FOR ¾" meter	1,350.00
NEW TAP FEE FOR 2" meter	3,250.00
CUSTOMER SERVICE INSPECTION	150.00
RETURNED CHECK FEE	37.50