



August 2023

WATER, WASTEWATER, AND ELECTRIC FINANCIAL PLANNING AND RATE STUDY RESULTS CITY OF SANGER, TEXAS



INTRODUCTION

- NewGen was retained by the City of Sanger, TX to complete a five (5) year Financial Plan and Rate Study specific to the City's Water, Wastewater, and Electric utilities
- Based on analysis to-date, the project team recommends rate adjustments to all three utilities services

UTILITY COST ALLOCATION METHODOLOGY

Line-Item Description	Allocation Factor
Revenues (non-utility Specific)	Cost of Service
Customer Service Department	Number of Customers
Transfer for PILOT	Cost of Service
Internal Services Fund Transfer	Cost of Service
All other expenses	Utility specific

WATER

KEY ISSUES - WATER

- Revenue under current rates is insufficient to cover expenditures
- Proposed Debt Service
 - Capital Project funding beginning in 2025 – 2029 (see table below)

	2024	2025	2026	2027	2028	2029
Principal Issuances	\$505,607	\$0	\$1,061,462	\$0	\$556,958	\$0
Projected Debt Service P&I	\$0	\$37,203	\$37,203	\$115,308	\$115,308	\$156,290

CAPITAL PROJECTS - WATER

Funding Fiscal Year	Project Description	Estimated Current Cost
2024	Water Distribution System Analysis and Capital Improvements 5-year improvements (Section 6.3)	\$505,607
2025	Water Distribution System Analysis and Capital Improvements 5-year improvements (Section 6.3)	\$505,607
2026	Water Distribution System Analysis and Capital Improvements 5-year improvements (Section 6.3)	\$505,607
2027	Water Distribution System Analysis and Capital Improvements 5-year improvements (Section 6.3)	<u>\$505,607</u>
	TOTAL	\$2,022,429

REVENUE REQUIREMENTS - WATER

CURRENT RATES	2024	2025	2026	2027	2028	2029
Projected Revenue Under Current Rates	\$2,265,864	\$2,330,770	\$2,397,753	\$2,466,880	\$2,538,219	\$2,611,840
Revenue Requirement	<u>\$2,927,820</u>	<u>\$3,030,262</u>	<u>\$3,139,754</u>	<u>\$3,236,293</u>	<u>\$3,316,841</u>	<u>\$3,477,685</u>
Over/Under Recovery	(661,956)	(699,492)	(742,001)	(769,413)	(778,622)	(865,845)
Over/Under Recovery (%)	-29.21%	-30.01%	-30.95%	-31.19%	-30.68%	-33.15%

NewGen reviewed historical and forecasted trends regarding operations and maintenance costs, cash capital outlays, debt service, capital improvements, utility usage, and others as appropriate in development of the annual water revenue requirements.

RESIDENTIAL RATE SCHEDULE - WATER

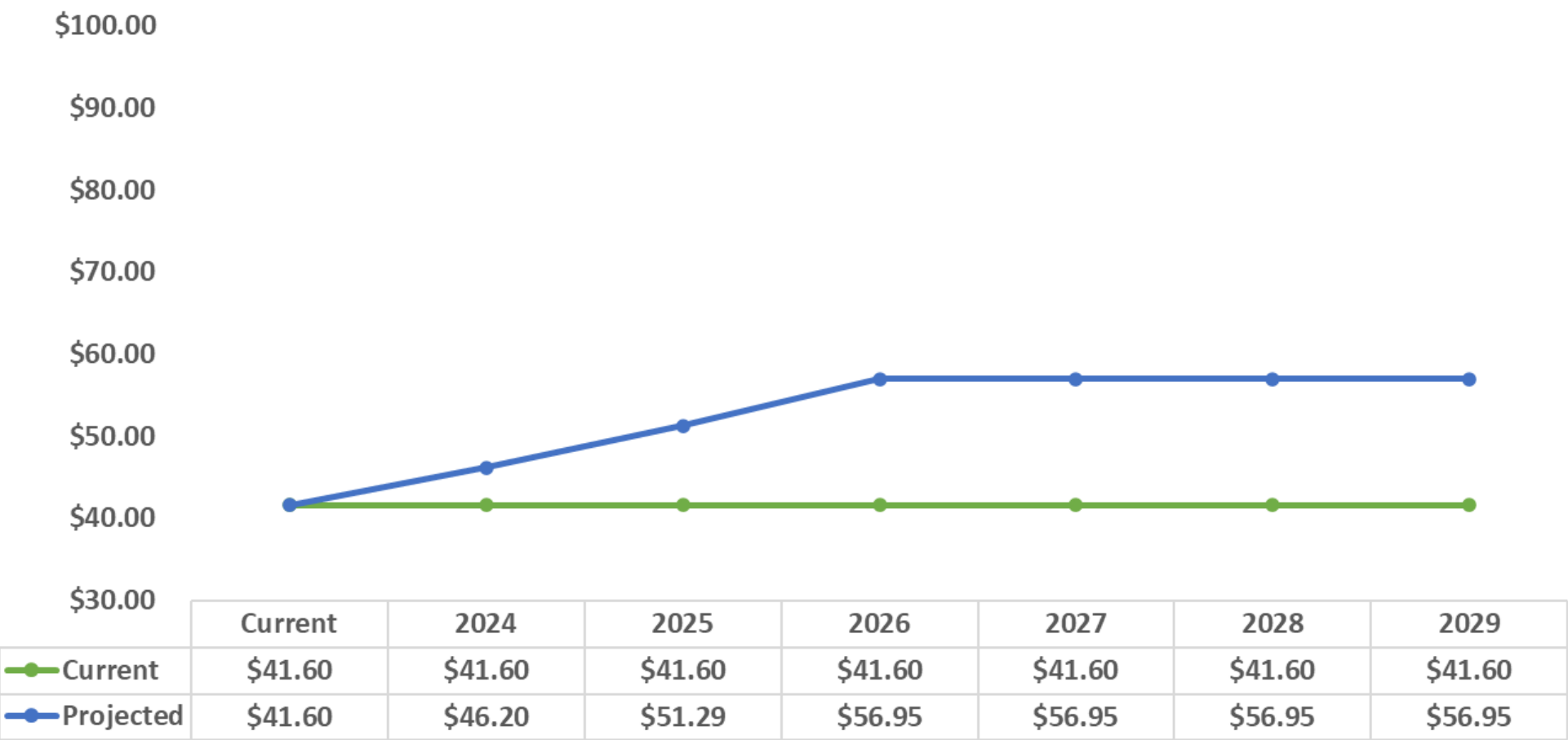
Minimum Charge	Current	2024	2025	2026	2027	2028	2029
All Meter Sizes	\$24.32	\$27.00	\$29.97	\$33.27	\$33.27	\$33.27	\$33.27

Volumetric Charge	Current	2024	2025	2026	2027	2028	2029
1,001 – 4,999 gallons	\$4.32	\$4.80	\$5.33	\$5.92	\$5.92	\$5.92	\$5.92
5,000 – 14,999 gallons	4.75	5.27	5.85	6.49	6.49	6.49	6.49
15,000 – 29,999 gallons	5.93	6.58	7.30	8.10	8.10	8.10	8.10
30,000 + gallons	8.59	9.53	10.58	11.74	11.74	11.74	11.74

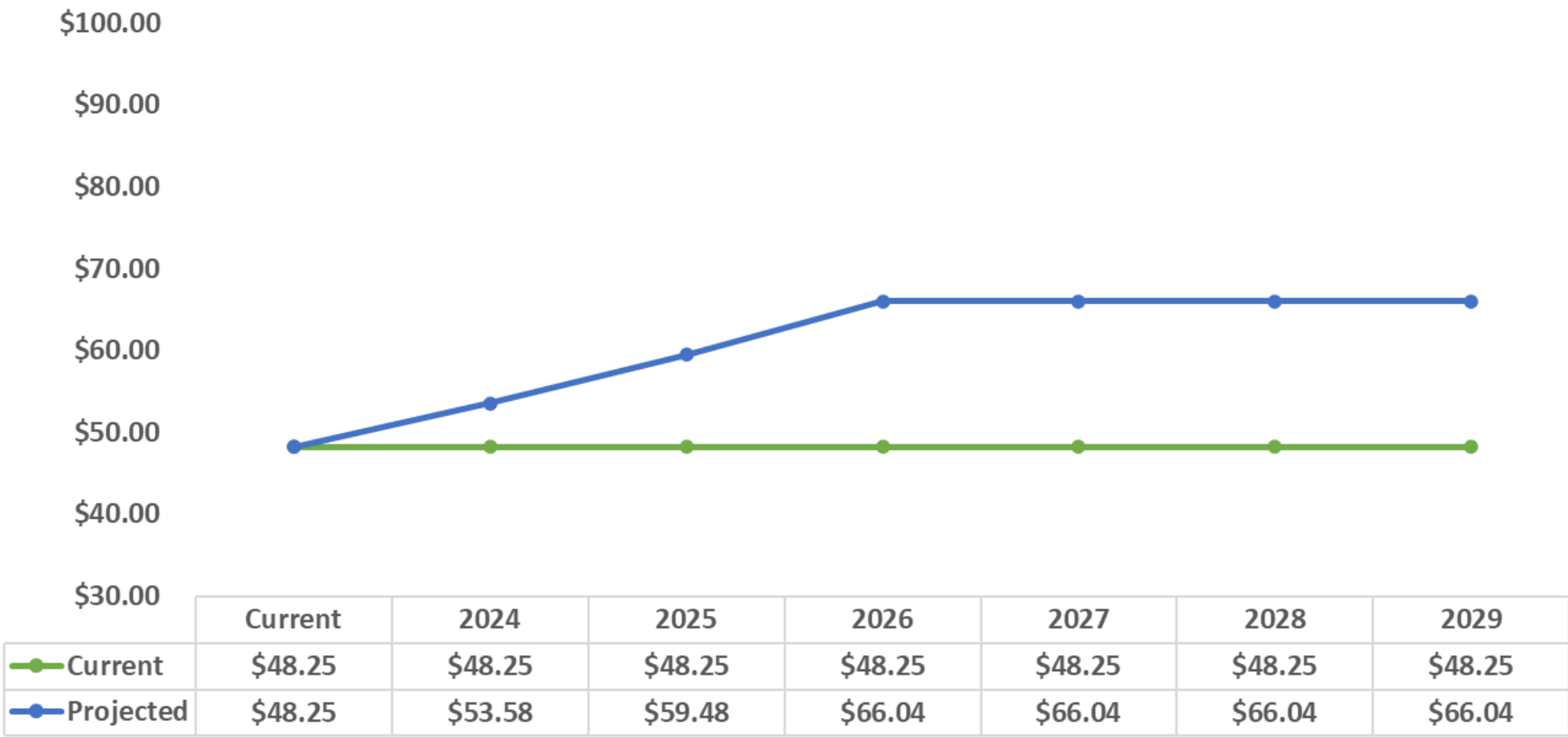
REVENUE REQUIREMENTS – WATER (PROPOSED RATES)

PROPOSED RATES	2024	2025	2026	2027	2028	2029
Projected Revenue Under Proposed Rates	\$2,515,619	\$2,872,567	\$3,280,571	\$3,375,152	\$3,472,759	\$3,573,491
Revenue Requirement	<u>\$2,927,820</u>	<u>\$3,030,262</u>	<u>\$3,139,754</u>	<u>\$3,236,293</u>	<u>\$3,316,841</u>	<u>\$3,477,685</u>
<i>Over/Under Recovery</i>	<i>(412,201)</i>	<i>(157,695)</i>	<i>140,817</i>	<i>138,859</i>	<i>155,918</i>	<i>95,805</i>
<i>Over/Under Recovery (%)</i>	<i>-16.39%</i>	<i>-5.49%</i>	<i>4.29%</i>	<i>4.11%</i>	<i>4.49%</i>	<i>2.68%</i>

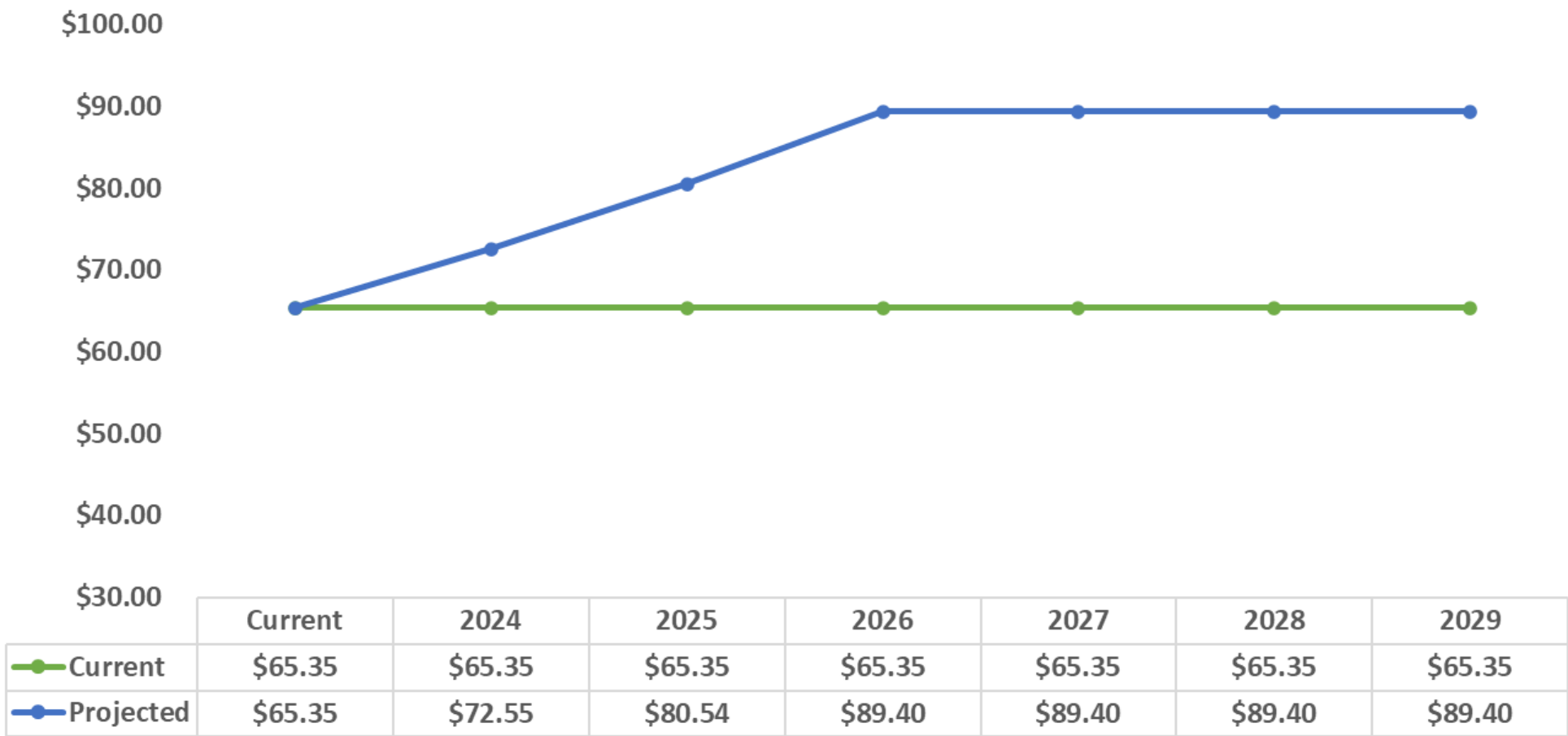
RESIDENTIAL BILL IMPACT – 5,000 GALLONS



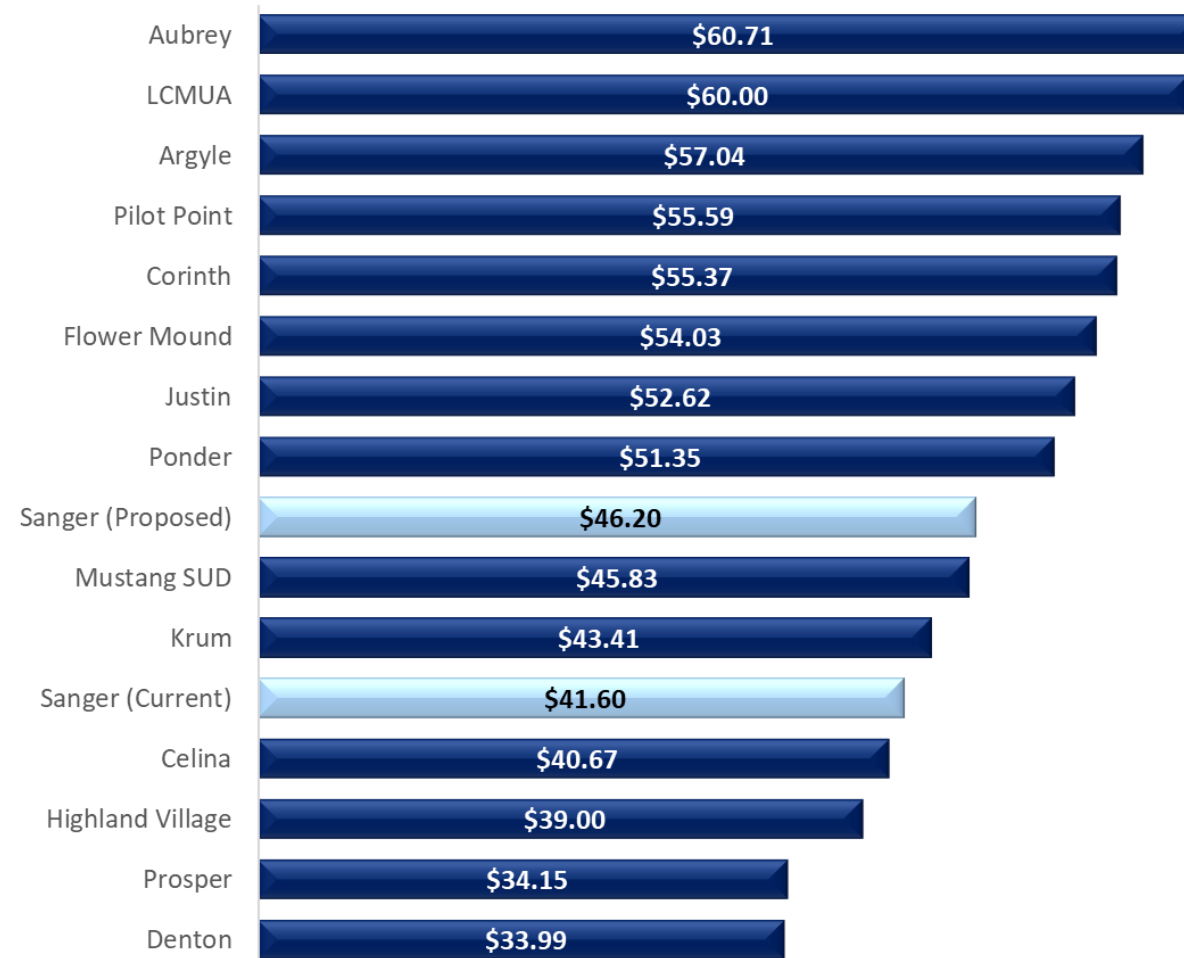
RESIDENTIAL BILL IMPACT – 6,400 GALLONS



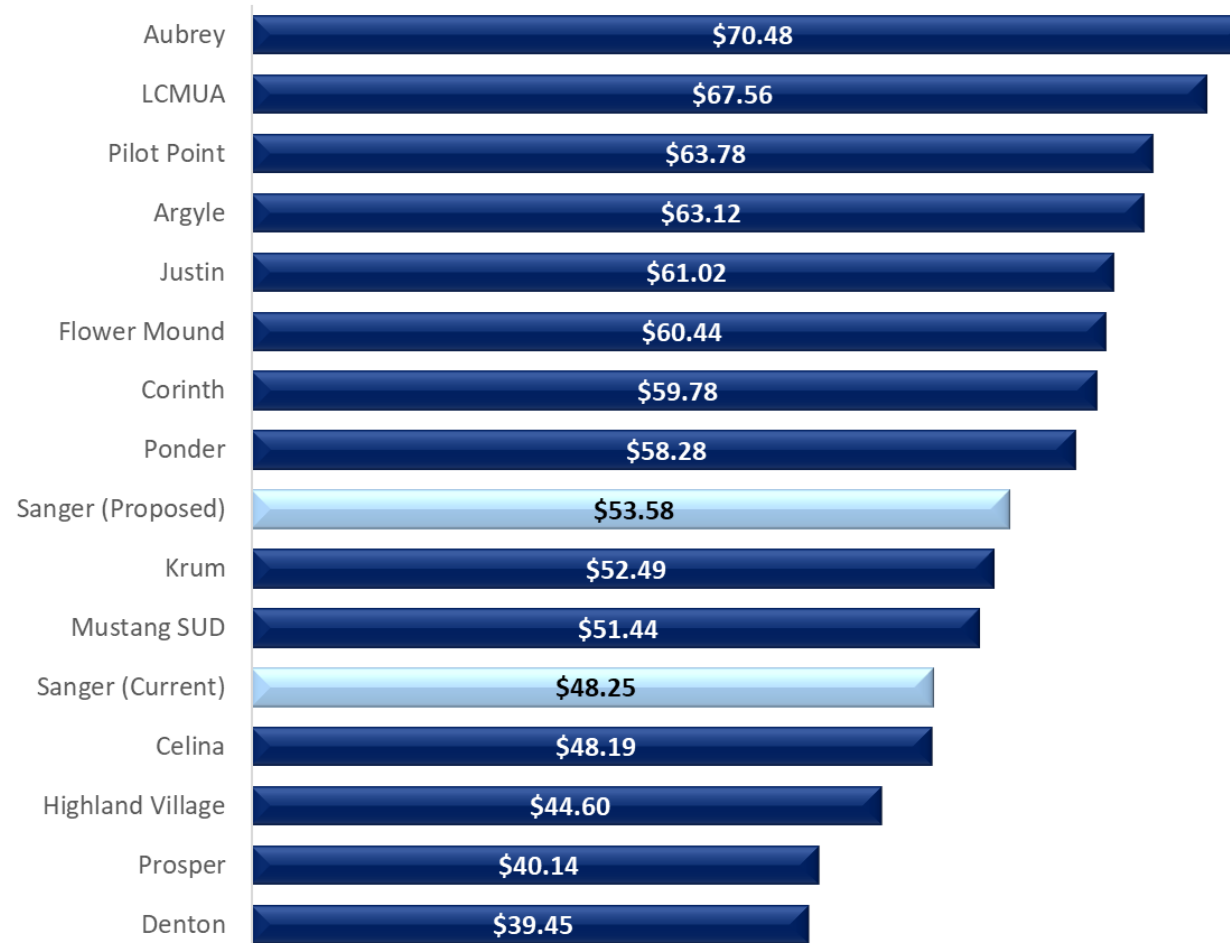
RESIDENTIAL BILL IMPACT – 10,000 GALLONS



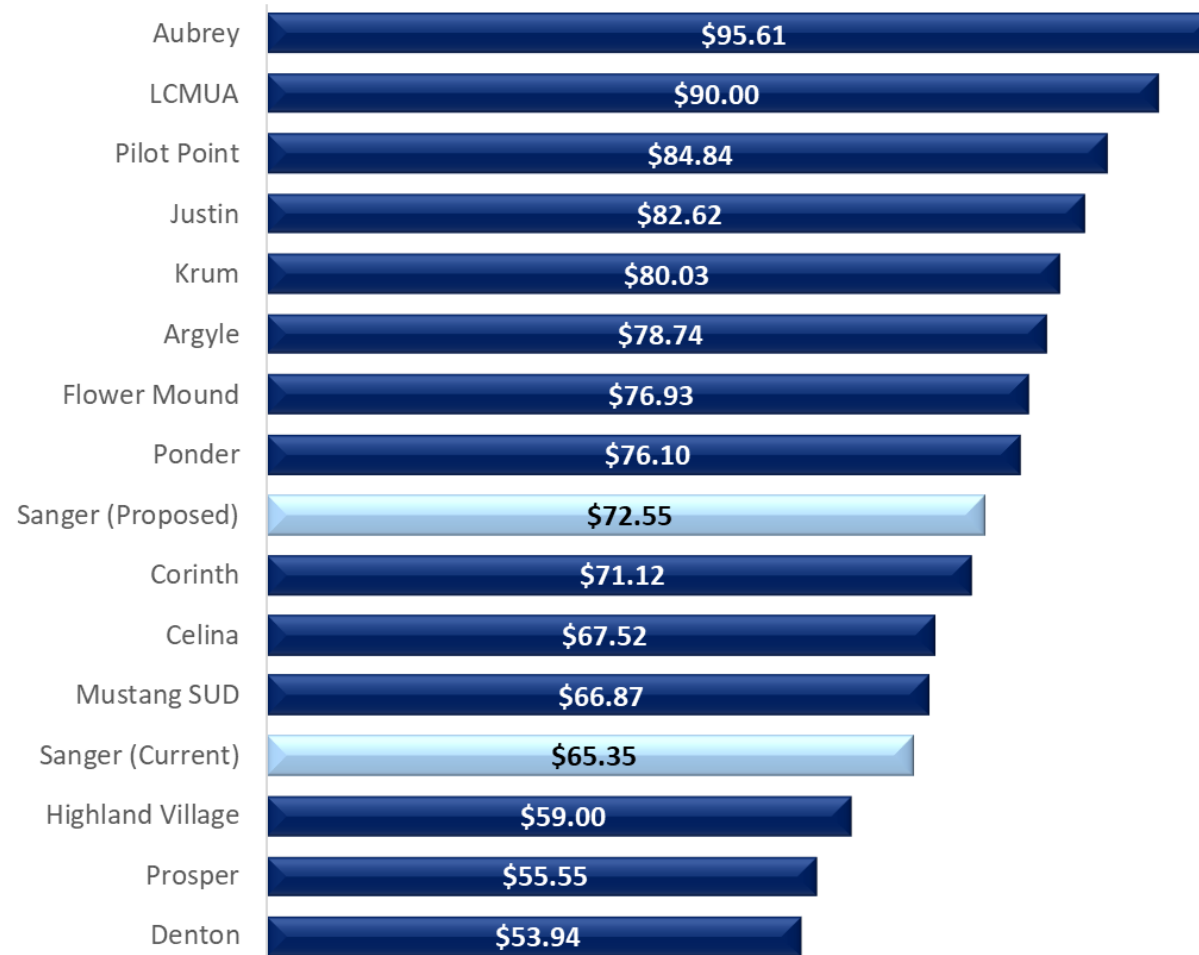
REGIONAL BILL COMPARISON – 5,000 GALLONS



REGIONAL BILL COMPARISON – 6,400 GALLONS



REGIONAL BILL COMPARISON – 10,000 GALLONS



WASTEWATER

KEY ISSUES - WASTEWATER

- Revenue under current rates is insufficient to cover expenditures
- Proposed Debt Service
 - Capital Project funding beginning in 2025 – 2029 (see table below)

	2024	2025	2026	2027	2028	2029
Principal Issuances	\$438,280	\$0	\$920,116	\$0	\$482,793	\$0
Projected Debt Service P&I	\$0	\$32,249	\$32,249	\$99,953	\$99,953	\$135,478

CAPITAL PROJECTS - WASTEWATER

Funding Fiscal Year	Project Description	Estimated Current Cost
2024	Wastewater Collection System Analysis and Capital Improvements 5-year improvements (Section 7.3)	\$438,280
2025	Wastewater Collection System Analysis and Capital Improvements 5-year improvements (Section 7.3)	\$438,280
2026	Wastewater Collection System Analysis and Capital Improvements 5-year improvements (Section 7.3)	\$438,280
2027	Wastewater Collection System Analysis and Capital Improvements 5-year improvements (Section 7.3)	<u>\$438,280</u>
	TOTAL	\$1,753,120

REVENUE REQUIREMENTS - WASTEWATER

CURRENT RATES	2024	2025	2026	2027	2028	2029
Projected Revenue Under Current Rates	\$2,788,279	\$2,872,210	\$2,958,827	\$3,048,215	\$3,140,464	\$3,235,665
Revenue Requirement	<u>\$2,843,043</u>	<u>\$2,768,765</u>	<u>\$2,815,443</u>	<u>\$3,094,505</u>	<u>\$3,245,996</u>	<u>\$3,319,652</u>
Over/Under Recovery	(54,763)	103,445	143,384	(46,290)	(105,532)	(83,987)
Over/Under Recovery (%)	-1.96%	3.60%	4.85%	-1.52%	-3.36%	-2.60%

NewGen reviewed historical and forecasted trends regarding operations and maintenance costs, cash capital outlays, debt service, capital improvements, utility usage, and others as appropriate in development of the annual wastewater revenue requirements.

RESIDENTIAL RATE SCHEDULE - WASTEWATER

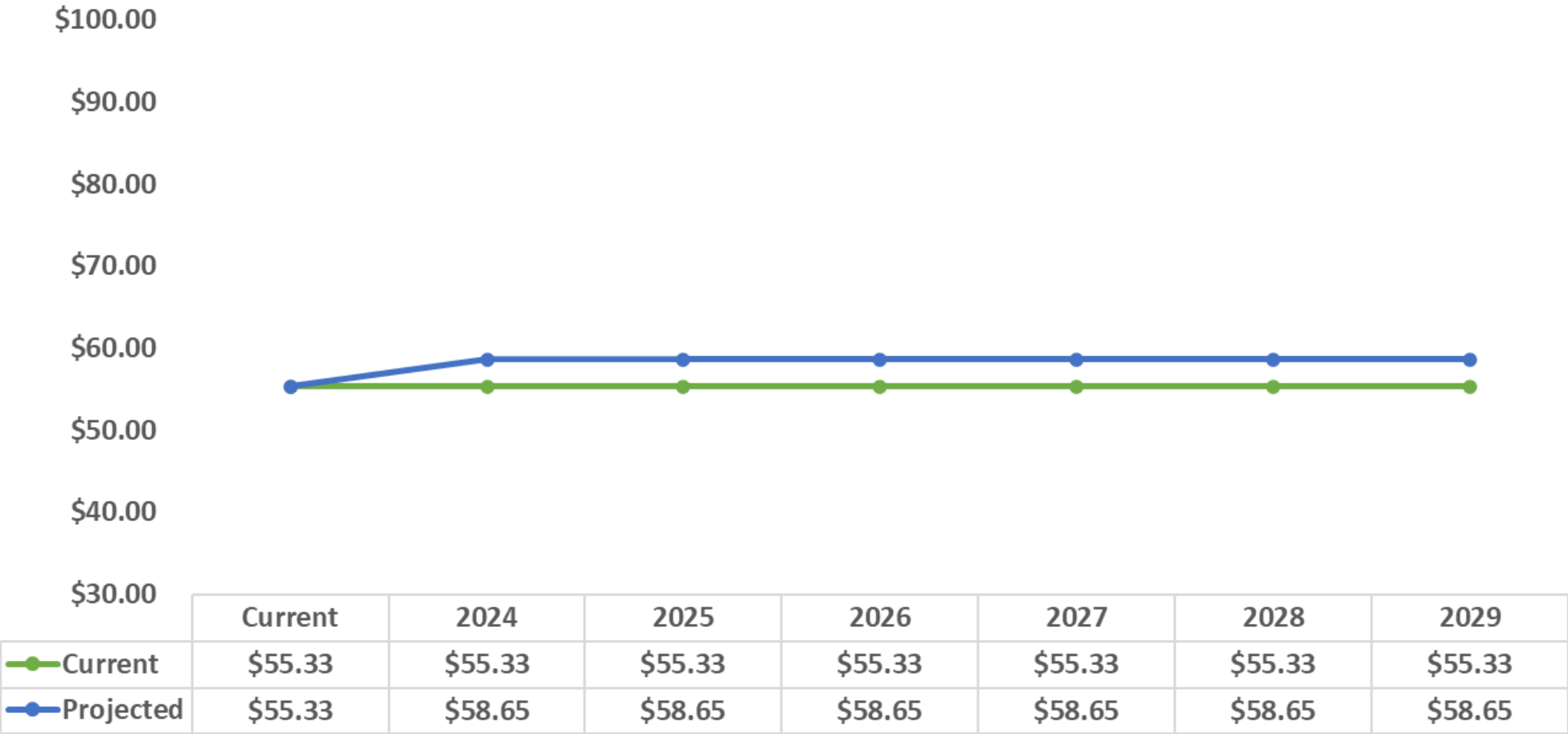
Minimum Charge	Current	2024	2025	2026	2027	2028	2029
All Meter Sizes	\$35.29	\$37.41	\$37.41	\$37.41	\$37.41	\$37.41	\$37.41

Volumetric Charge	Current	2024	2025	2026	2027	2028	2029
1,001 – 9,999 gallons	\$5.01	\$5.31	\$5.31	\$5.31	\$5.31	\$5.31	\$5.31
10,000 + gallons	5.56	5.89	5.89	5.89	5.89	5.89	5.89

REVENUE REQUIREMENTS – WASTEWATER (PROPOSED RATES)

PROPOSED RATES	2024	2025	2026	2027	2028	2029
Projected Revenue Under Proposed Rates	\$2,955,440	\$3,044,402	\$3,136,211	\$3,230,958	\$3,328,737	\$3,429,644
Revenue Requirement	<u>\$2,843,043</u>	<u>\$2,768,765</u>	<u>\$2,815,443</u>	<u>\$3,094,505</u>	<u>\$3,245,996</u>	<u>\$3,319,652</u>
<i>Over/Under Recovery</i>	<i>112,397</i>	<i>275,637</i>	<i>320,768</i>	<i>136,453</i>	<i>82,740</i>	<i>109,992</i>
<i>Over/Under Recovery (%)</i>	<i>3.80%</i>	<i>9.05%</i>	<i>10.23%</i>	<i>4.22%</i>	<i>2.49%</i>	<i>3.21%</i>

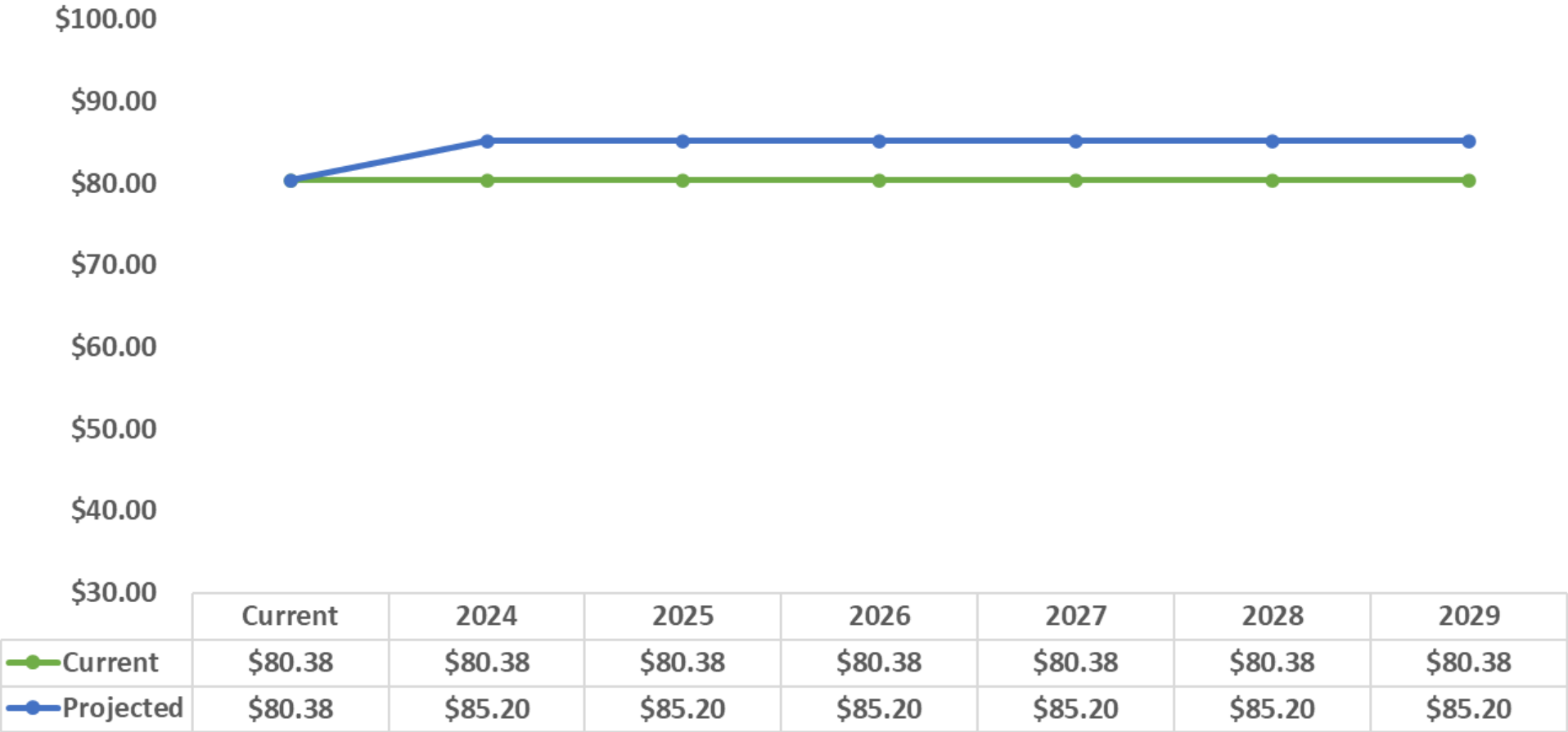
RESIDENTIAL BILL IMPACT – 5,000 GALLONS



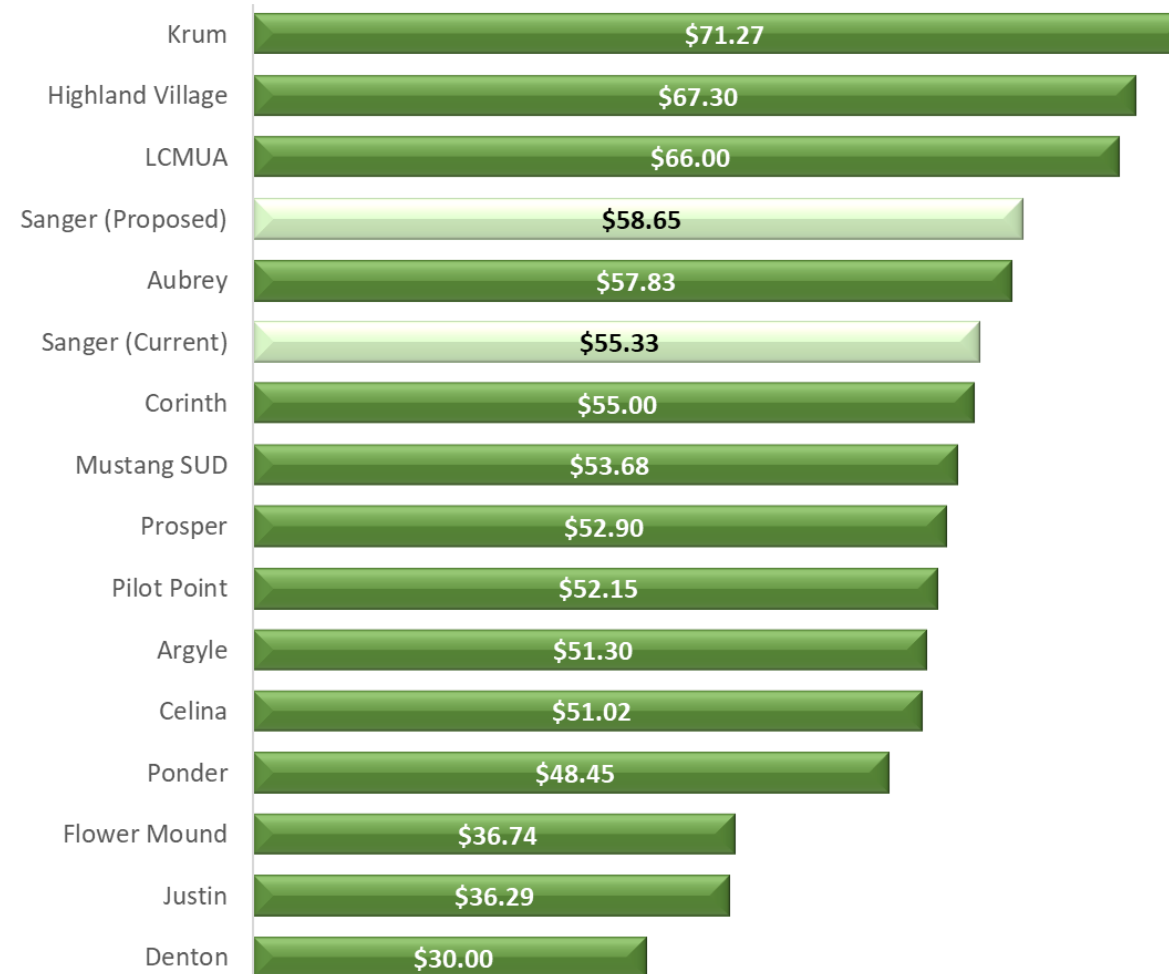
RESIDENTIAL BILL IMPACT – 6,000 GALLONS



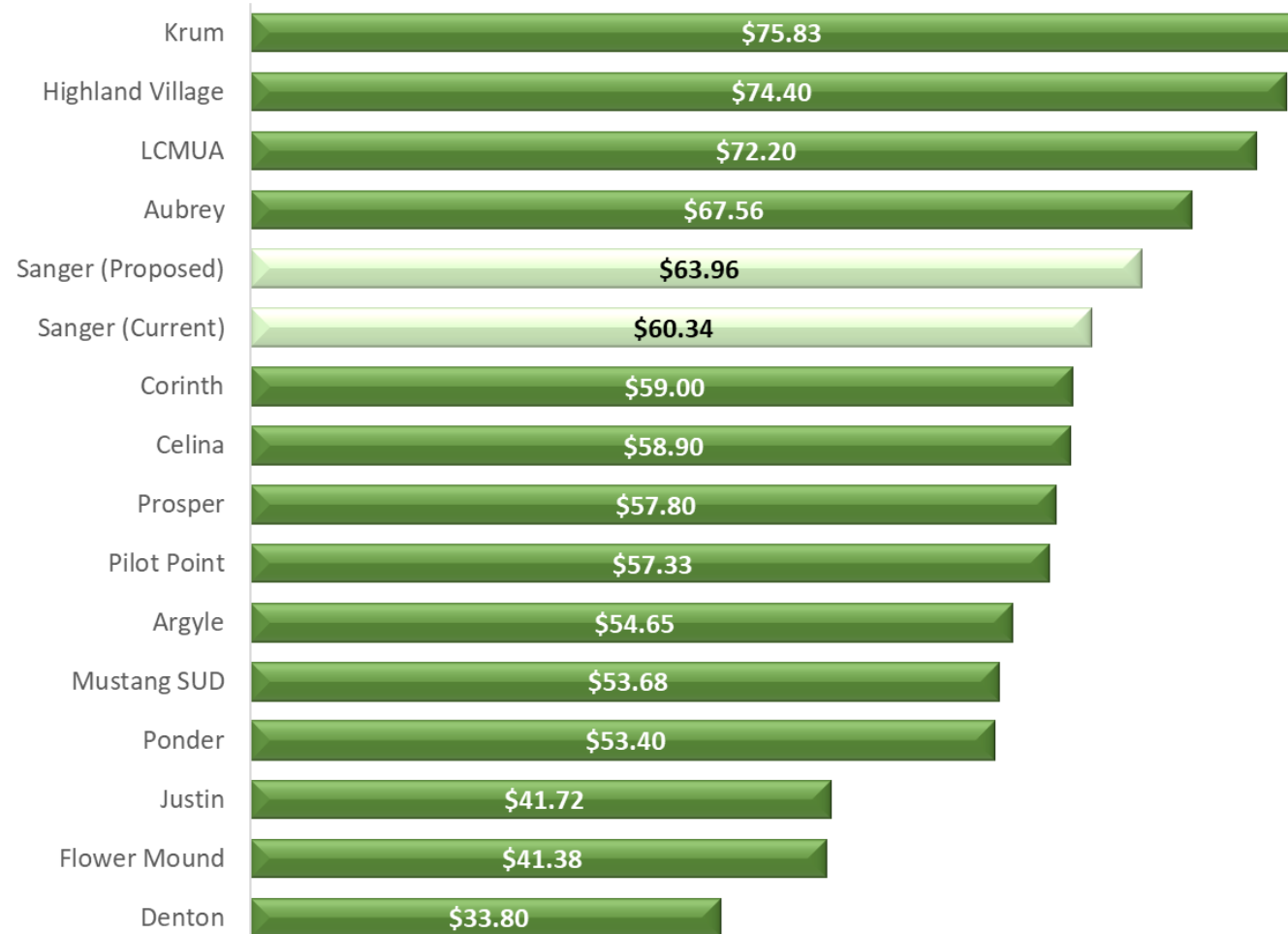
RESIDENTIAL BILL IMPACT – 10,000 GALLONS



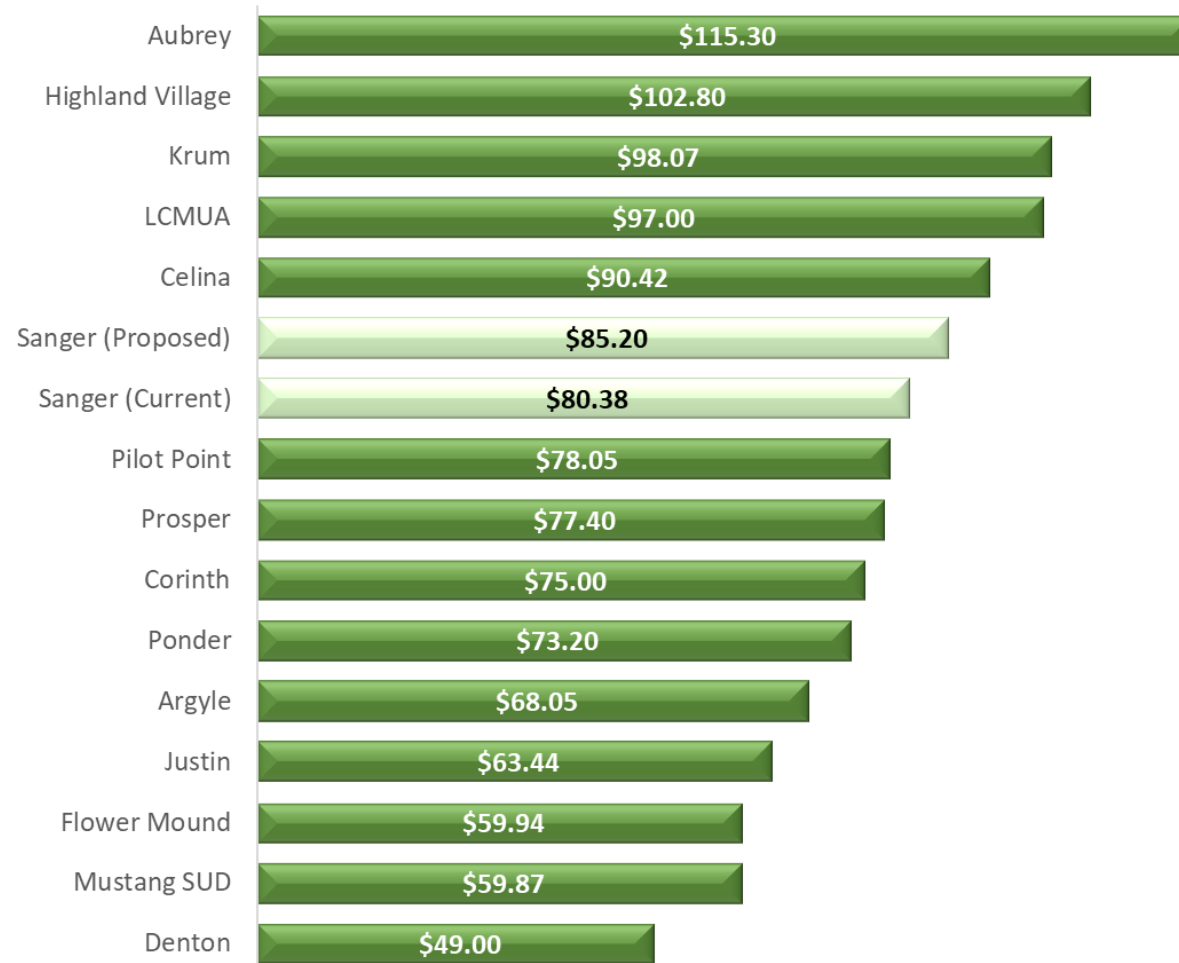
REGIONAL BILL COMPARISON – 5,000 GALLONS



REGIONAL BILL COMPARISON – 6,000 GALLONS



REGIONAL BILL COMPARISON – 10,000 GALLONS



ELECTRIC

KEY ISSUES - ELECTRIC

- Revenue under current rates is insufficient to cover expenditures
- Wholesale Power Purchase Cost
 - Makes up 40% of the Electric budget
 - Energy contracted through AEP provides stability
- Proposed Debt Service
 - Capital Funding in 2024 (\$38,150)

CAPITAL PROJECTS - ELECTRIC

Funding Fiscal Year	Project Description	Estimated Current Cost
2024	Rebuild 560 ft of three phase overhead line along the I-35 frontage road from Pecan St to Bolivar St. Two of the phases are currently #6 HdCU and one phase is 1/0 ACSR. Rebuild all three phases to #4 ACSR.	\$10,150
2024	Annual Tree Trimming	\$28,000
2025	Rebuild 120 ft of single phase overhead line from #6 HdCu to #4 ACSR. This line segment is a single span of conductor over Chapman Rd, just west of Creekview Rd.	\$6,450
2025	Annual Tree Trimming	<u>\$28,000</u>
	TOTAL	\$72,600

REVENUE REQUIREMENTS - ELECTRIC

CURRENT RATES	2024	2025	2026	2027	2028	2029
Projected Revenue Under Current Rates	\$7,626,030	\$7,745,197	\$7,868,177	\$7,995,092	\$8,126,069	\$8,261,237
Revenue Requirement	<u>\$8,783,573</u>	<u>\$9,041,569</u>	<u>\$9,333,392</u>	<u>\$9,553,327</u>	<u>\$9,835,603</u>	<u>\$10,214,556</u>
Over/Under Recovery	(1,157,543)	(1,296,373)	(1,465,215)	(1,558,235)	(1,709,534)	(1,953,319)
Over/Under Recovery (%)	-15.18%	-16.74%	-18.62%	-19.49%	-21.04%	-23.64%

NewGen reviewed historical and forecasted trends regarding operations and maintenance costs, cash capital outlays, debt service, capital improvements, utility usage, and others as appropriate in development of the annual electric revenue requirements.

RATE SCHEDULE - ELECTRIC

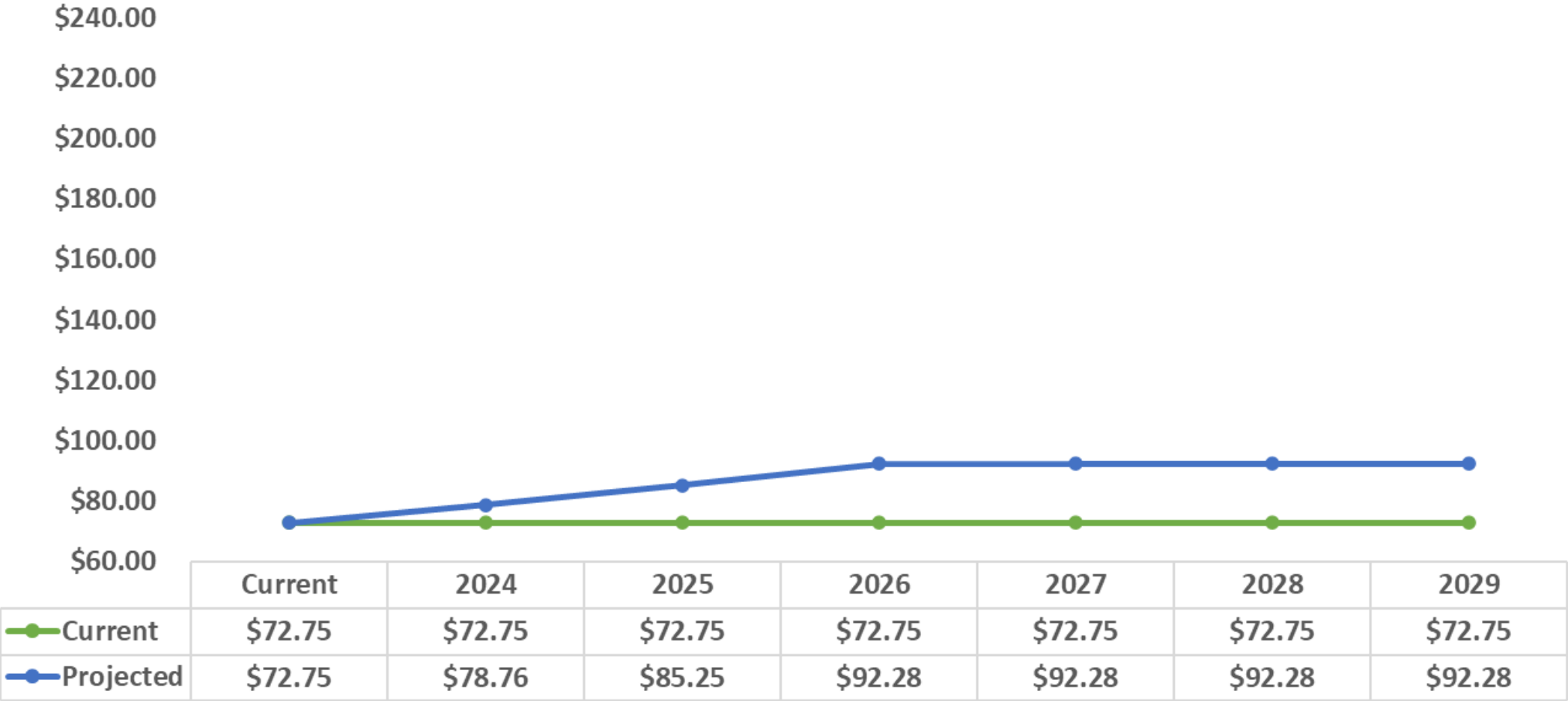
Residential	Current	2024	2025	2026	2027	2028	2029
Customer Charge	\$14.00	\$15.16	\$16.41	\$17.76	\$17.76	\$17.76	\$17.76
Energy (kWh)	\$0.1175	\$0.1272	\$0.1377	\$0.1490	\$0.1490	\$0.1490	\$0.1490

Commercial	Current	2024	2025	2026	2027	2028	2029
Customer Charge	\$20.00	\$21.65	\$23.44	\$25.37	\$25.37	\$25.37	\$25.37
Energy (kWh)	\$0.1200	\$0.1299	\$0.1406	\$0.1522	\$0.1522	\$0.1522	\$0.1522

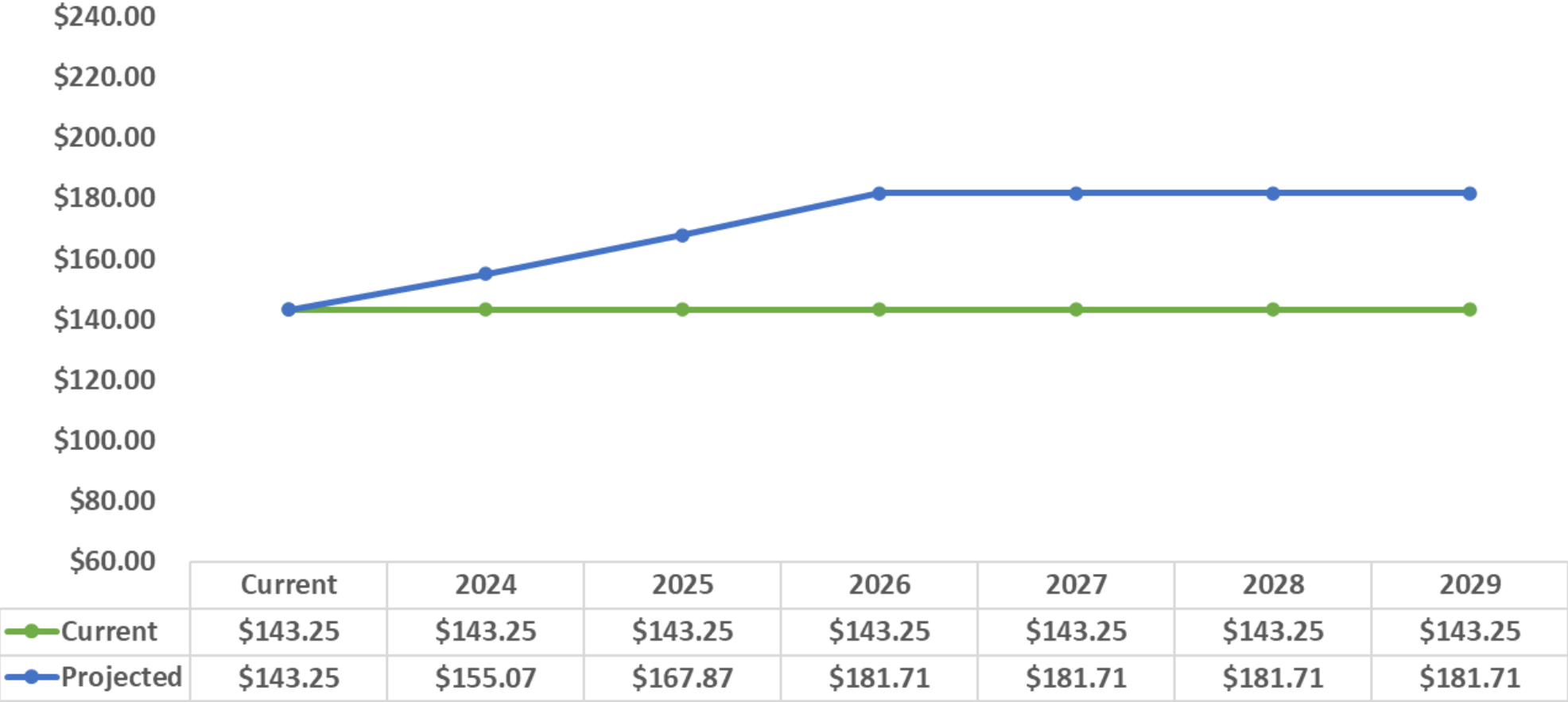
REVENUE REQUIREMENTS – ELECTRIC (PROPOSED RATES)

PROPOSED RATES	2024	2025	2026	2027	2028	2029
Projected Revenue Under Proposed Rates	\$8,251,853	\$9,068,819	\$9,969,415	\$10,130,406	\$10,296,548	\$10,468,007
Revenue Requirement	<u>\$8,783,573</u>	<u>\$9,041,569</u>	<u>\$9,333,392</u>	<u>\$9,553,327</u>	<u>\$9,835,603</u>	<u>\$10,214,556</u>
<i>Over/Under Recovery</i>	<i>(531,720)</i>	<i>27,250</i>	<i>636,022</i>	<i>577,079</i>	<i>460,945</i>	<i>253,451</i>
<i>Over/Under Recovery (%)</i>	<i>-6.44%</i>	<i>0.30%</i>	<i>6.38%</i>	<i>5.70%</i>	<i>4.48%</i>	<i>2.42%</i>

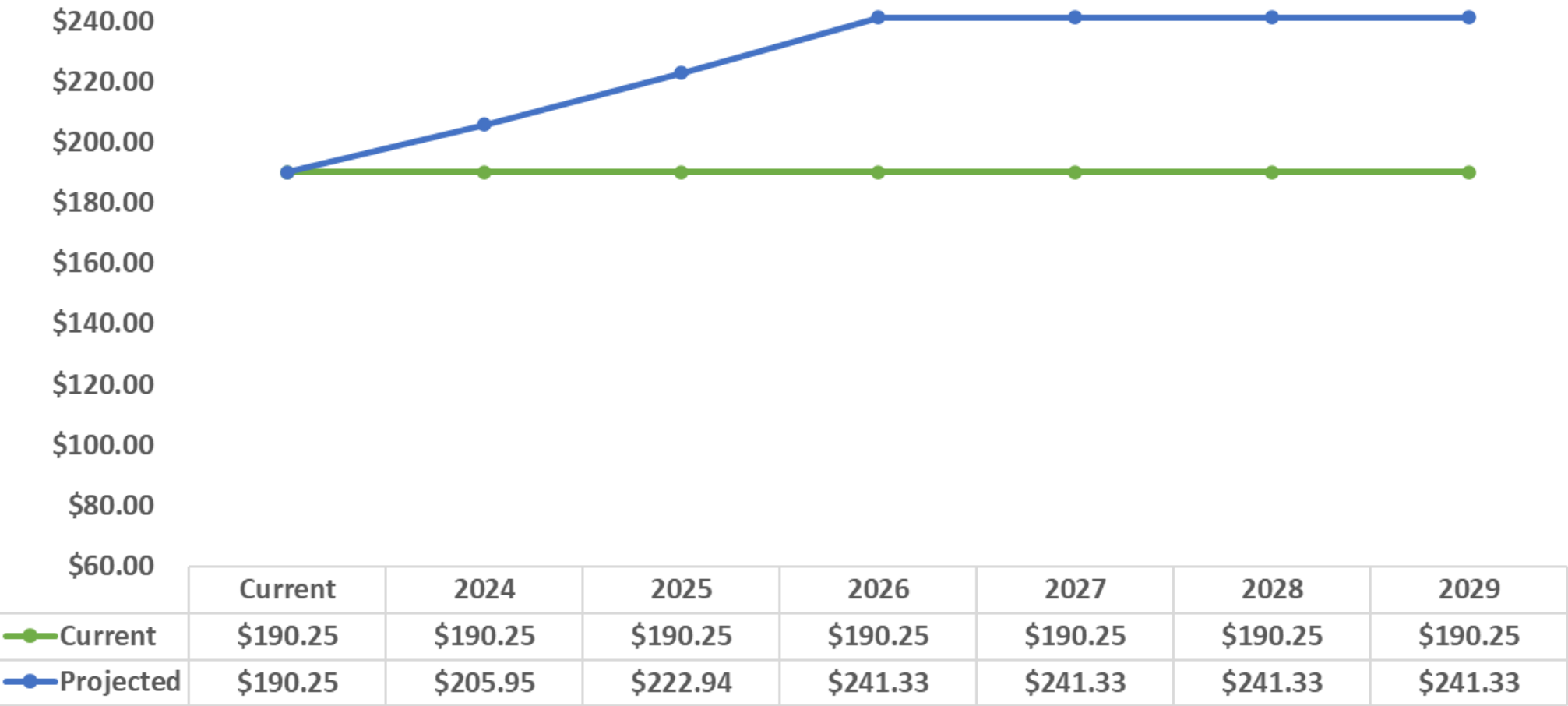
RESIDENTIAL BILL IMPACT – 500 KWH



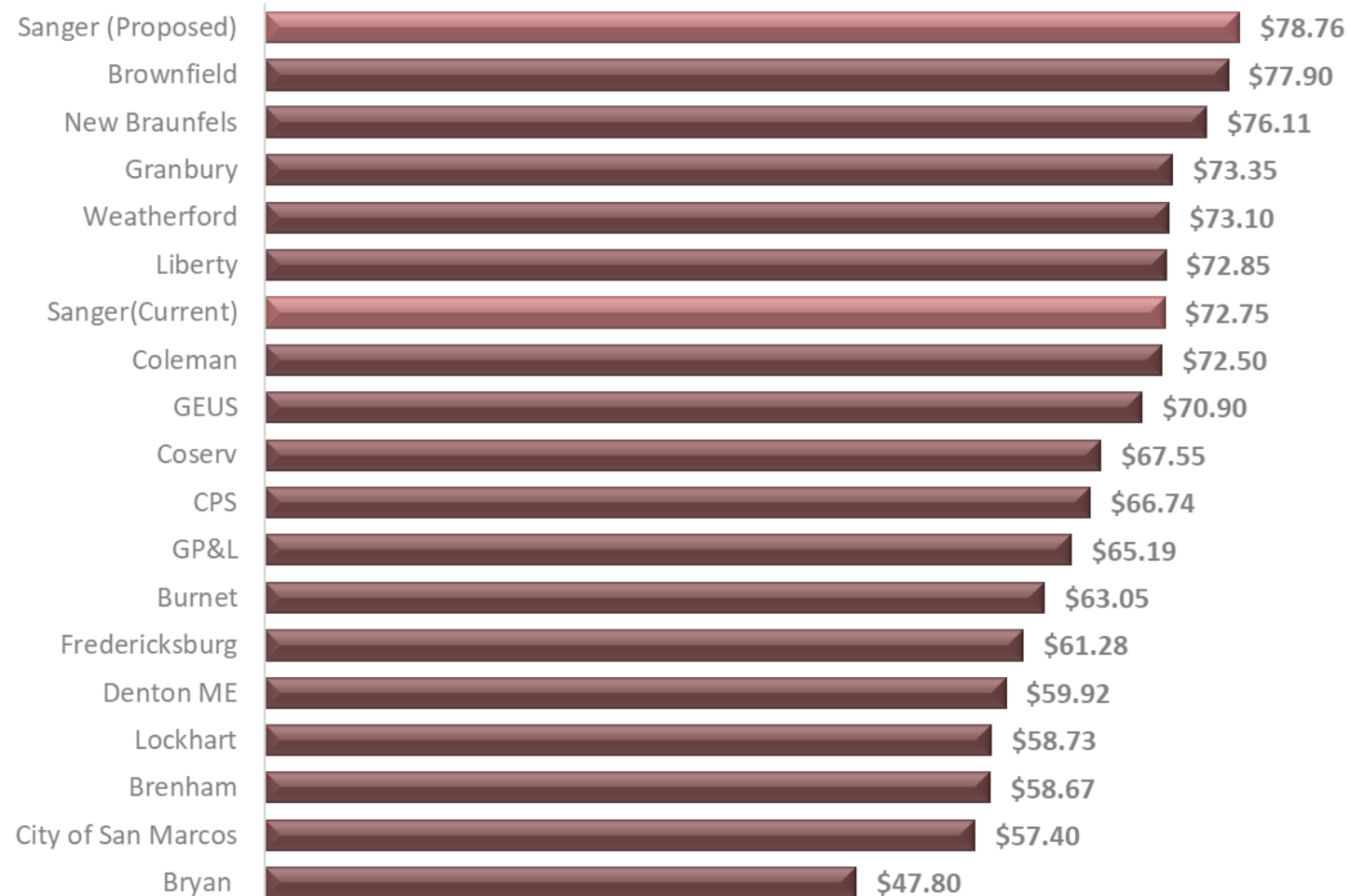
RESIDENTIAL BILL IMPACT – 1,100 KWH



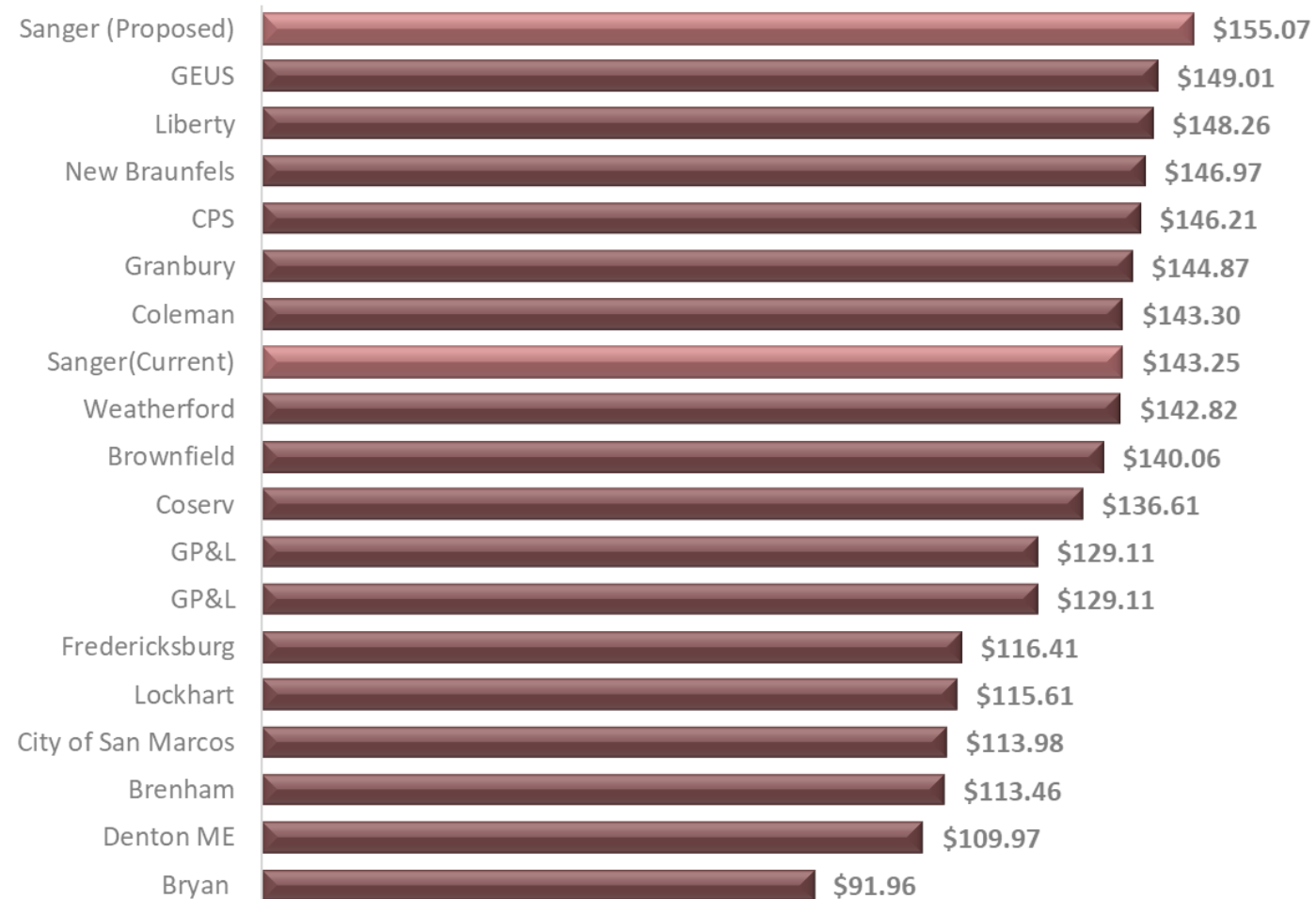
RESIDENTIAL BILL IMPACT – 1,500 KWH



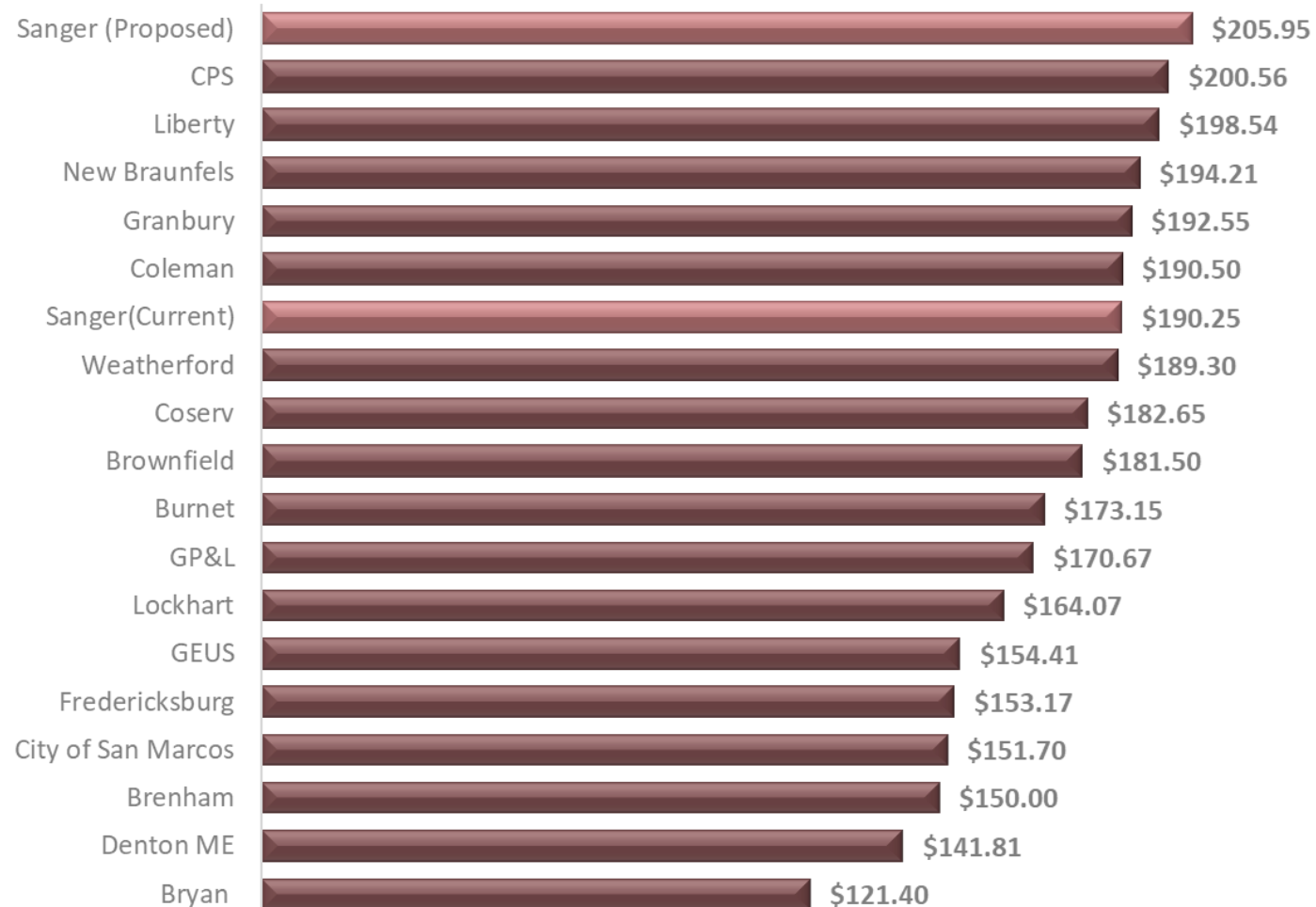
REGIONAL BILL COMPARISON – 500 KWH



REGIONAL BILL COMPARISON – 1,100 KWH



REGIONAL BILL COMPARISON – 1,500 KWH





QUESTIONS AND DISCUSSION

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