

**Ashland Water and Sewer Department  
Rates  
January 2018**

**Current Rates**

Water: \$4.40 per 100 cubic feet  
Sewer: \$7.20 per 100 cubic feet of water

**Rate History**

Water rates today are lower than they were in 2000. In that year, the Board of Selectmen lowered Ashland's water rate from \$5.85 per 100 cubic feet to \$2.00.

**Rate Comparisons**

Ashland had the 10<sup>th</sup> lowest water rate in New Hampshire according to figures compiled by NHDES in 2015. A single family of four in Ashland paid \$249.67 per year for water, while the state average rate was \$473.60.

Water rates have risen by 41% nationally since 2010, while in New Hampshire rates have only increased by 24.5%. Rates in Ashland were only increased about 15% during the same period.

**How Rates are Set**

Rates must cover the total cost of providing water and sewer to ratepayers. Those expenses include the cost of operations (salaries and benefits, office expenses, fuel, utilities, maintenance, testing, and supplies), and capital expenses (equipment, vehicles, buildings, and other assets that cost over \$10,000).

In Ashland, rates are set to cover operation costs. Capital expenses are paid for by septage receiving revenues, which come from fees paid by septage haulers. The department has increased septage receiving revenues from \$25,000 in 2004 to \$514,500 in 2017.

The department estimates that capital expenses over the next 10 years will be between \$8.5M and \$10M. In order to pay for these expenses without raising rates, the department will need to increase Septage Receiving revenues as well as depend on loans and grants from NHDES.

**Rate Increases**

Ratepayers can expect small, incremental increases in rates due to increases in operational expenses due to inflation, new regulations and testing requirements, and other factors. The average historical inflation rate is 3%. However, prices on water and sewer equipment may rise faster than 3% per year.

## **Controlling Operational Expenses**

Making capital improvements like the new Septage Receiving Station, performing scheduled preventive maintenance, and improving efficiency by using new technology help to limit increases in operating costs. Using computerized management tools (GIS, Computerized Maintenance Management Systems, and Asset Management) improves efficiency and significantly reduces costs.

## **Municipal Accounting for Enterprise Funds**

Water and Sewer are Enterprise Funds, which means that the department operates solely on revenues paid by ratepayers and dumping fees from septage haulers. The department does not receive revenue from taxes. While the department submits a budget, by RSA it can spend any or all of its revenues to continue operations.

Water and sewer revenues and expenses are accounted for separately. Water revenues must cover water operational expenses, and sewer revenues must cover sewer operational expenses.

When it comes to capital expenditures, however, sewer revenues over and above operating expenses can be used to cover water capital expenses. In the case of our department, water and sewer rates are set to cover operational expenses, and septage receiving revenues, which are part of sewer revenues, are used to cover septage receiving operational expenses and water capital expenses.

According to our auditor, some sewer revenues can be used to cover water capital expenses because a percentage of sewer revenues depend on water infrastructure. Sewer rates are based on the amount of water consumed, and water is provided to customers through the water system.