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Frankston Rural Water Supply Corporation
105 South Garrison St. PO Box 725 Frankston, TX 75763 903-805-0603
Email frwsc@yahoo.com Website Frankstonruralwater.com

Docket #54693

This letter is in response to a 2023 water rate appeal submitted by 74 members of Frankston Rural Water Supply Corporation to the Public Utility Commission on 2-27-2023.

After much debate and study, advice from the Texas Rural Water Association, along with review of other area water rate structures, the Board enacted a needed increase in monthly rates for 2023.

The method used to determine the new rates was a standard method, proven to be accurate by establishing revenue requirements based on the previous year (2021) annual expenses, meters in our system (630) and the 3 year averages of annual water sales (2019, 2020, & 2021). Depreciation was not used in the factors. The formula revealed a needed base rate of \$25.37 per month and \$6.00 per 1,000 gallons used. No concerns or objections were received from any members. The Board, by unanimous vote, set the 2023 rate at \$23.00 base rate per month and \$6.00 per 1,000 gallons used up to 12,000 gallons. An inclining block rate was added adjusting high users above 12,100 gallons to \$6.50 per 1,000 gallons.

The Frankston Rural Water Board of Directors know that costs associated with the delivery of water to our members will increase in 2023.

New 2023 Budget items include:

- Increased salary costs of \$16,000 annually
- New generator maintenance for 6 units \$1,000 annually
- New Plant construction \$521,000
- Increase of electrical costs estimated \$4,000 annually

It is this Boards expectation that the Public Utility Commission after review of the facts will conclude that the 2023 established rates are prudent and fair for our members.

Sincerely,


Ray Beddingfield
President of Board of Directors

FRANKSTON RURAL WATER SUPPLY CORPORATION
105 South Garrison St. PO Box 725 Frankston, TX 75763 903-805-0603
E-mail: frwsc@yahoo.com Website: Frankstonruralwater.com
Office hours 9:00 AM – 11:00 am, Monday – Friday

Fellow Members,

Your Board of Directors have worked diligently in 2022 to improve services, water quality member communications/information sharing and reliability. We are not finished! Please be patient as we move forward.

The system has had its challenges this year –

- Relocation of line row along Hwy 175 East for TX Dot highway widening.
- Our aging system operations during the summer drought.
- Regulatory compliance/operations
- System maintenance and growth

In 2023 –

- * Emergency generators will be installed at each plant.
- * Construct infrastructure to add a new supply well in the lake area
- * New website will be fully populated along with message sign up for system updates
- * System infrastructure mapping completed
- * Drought contingency plan implemented

These improvements also come with added expenses. In 2023 slight increases in water rates and base rates will be implemented. Your Board of Directors have reviewed and studied revenue needs and taken professional advice in implementing the new rates. We believe these rates to be fair and able to cover our increasing expenses to deliver your water in 2023.

Thank you,

FRWSC Board of Directors

Rate Summary Sheet

Systems Fixed Cost	\$	229,261.00
Systems Variable Cost	\$	161,707.00
Systems Total Cost	\$	390,968.00
Number of Active Equivalent Meters		633.5
Average Water Sold		33,013,827
Monthly Minimum	\$	30.16
Uniform Cost Per Thousand	\$	4.90
Adjusted Monthly Minimum	\$	25.37
Adjusted Cost Per Thousand	\$	6.00

2021

2021

2020

2019

Water Sold Work Sheet

How Much Water Did You Sell Last Year?	32,474,500
How Much Water Did You Sell The Year Before?	34,210,300
How Much Water Did You Sell The Year Before That?	<u>32,356,680</u>
Three Year Average	33,013,827
Input the amount of Gallons Included in Minumum Bill.	0
Total Variable Cost	\$ 161,707.00
Cost per Thousand	\$ 4.90
Adjusted Cost per Thousand	\$ 6.00

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Frankston Rural Water Corporation

Profit & Loss

08/17/22

January through December 2021

Cash Basis

	Jan - Dec 21
Ordinary Income/Expense	
Income	
Skeen Insurance Agency	212.00
Water sales	286,253.44
Late fees	6,392.95
Service charge	23,770.00
Total Income	316,628.39 ✓
Expense	
Travel Expense	628.51
Over/Under	216.00
Milage	1,060.00
Payroll Taxes	9,953.31
Repairs & maintenance	
Underground Utility Supply	14,588.47
Hickman Electric & Pump, Inc	4,186.96
Bozehoe LLC	2,650.00
Repairs & maintenance - Other	84,986.03
Total Repairs & maintenance	106,411.46 ✓
Accounting	1,150.00
Bad debt	746.53
Bank charges	1,772.82
Contract Labor	100.00
Dues & subscriptions	
Lab fees	3,312.18
Neches & Trinity Valley	2,767.58
TCEQ fees	2,622.43
Total Dues & subscriptions	8,702.19
Electricity	
Well #8	7,863.94
Bruno Tank	2,400.10
Opelousas Estates	1,539.28
Well #1	10,420.20
Well #3	6,429.77
Electricity - Other	13,043.00
Total Electricity	41,696.29
Engineering	106,372.50
Insurance	9,656.56
Miscellaneous	241.47
Office	6,192.73
Postage	633.60
Salaries	84,826.00
Taxes	202.32
Telephone	2,512.73
Truck expense	7,430.00
Water samples	720.00
Total Expense	391,225.02
Net Ordinary Income	-74,596.63
Net Income	-74,596.63

Systems Meter Data Sheet

11/20/2020

Meters by Size	Systems Meters	AWWA Standards	Meter Equivalents	Monthly Minumum	Monthly Minumum	Water Included
5/8" X 3/4"	623	1	623	\$ 30.16	\$ 30.16	
3/4"	0	1.5	0	\$ 45.24	\$ 45.24	
1"	1	2.5	2.5	\$ 75.39	\$ 75.39	
1-1/2"	0	5	0	\$ 150.79	\$ 150.79	
2"	1	8	8	\$ 241.26	\$ 241.26	
3" Displacement	0	9	0	\$ 271.42	\$ 271.42	
3" Compound	0	16	0	\$ 482.53	\$ 482.53	
3" Turbine	0	17.5	0	\$ 527.76	\$ 527.76	
4" Compound	0	25	0	\$ 753.95	\$ 753.95	
4" Turbine	0	30	0	\$ 904.74	\$ 904.74	
6" Compound	0	50	0	\$ 1,507.90	\$ 1,507.90	
6" Turbine	0	62.5	0	\$ 1,884.87	\$ 1,884.87	
8" Compound	0	80	0	\$ 2,412.64	\$ 2,412.64	
10" Compound	0	115	0	\$ 3,468.17	\$ 3,468.17	
Total Number of Equivalent Meter in System			633.5			

Adjusted
to 6⁰⁰ 7/1000

Adjusted Monthly Minumum	Adjusted Monthly Minumum Water Included
\$ 25.37	\$ 25.37
\$ 38.06	\$ 38.06
\$ 63.43	\$ 63.43
\$ 126.86	\$ 126.86
\$ 202.98	\$ 202.98
\$ 228.36	\$ 228.36
\$ 405.97	\$ 405.97
\$ 444.03	\$ 444.03
\$ 634.32	\$ 634.32
\$ 761.19	\$ 761.19
\$ 1,268.65	\$ 1,268.65
\$ 1,585.81	\$ 1,585.81
\$ 2,029.83	\$ 2,029.83
\$ 2,917.89	\$ 2,917.89

Revenue Requirement Rate Spreadsheet

[illegible]

Paul King TRWA
10-24-22

Types of Rates

There are **FOUR** primary types of Rate Structures.

1. **Blanket** or One Charge Rate.
2. **Declining** Block Rate.
3. **Uniform** Rate.
4. **Increasing Block** Rate.

Blanket Rate

Blanket rates are the simplest form of rate structure.

All customers are charged the same rate per month no matter how much water they use.

This rate structure rates poorly in income vs. expenses, conservation and customer fairness.

Declining Block Rate

Units of water cost less as more water is used. While this rate structure is better than the blanket rate in income vs. expenses it may not provide enough income to cover unexpected demands.

- *Discourages conservation
- *Small users paying more

Uniform Rate Structure

Most common and the easiest metered rate to calculate. The Uniform rate structure is probably considered the most fair structure to all categories of customers.

Suggested

Inclining Block Rate

Inclining rates are structured in manner where the cost per unit of water increases as the usage increases. Inclining rates are an excellent way to increase income as expenses increase due to higher demand.

- *Promotes Conservation
- *Large users pay more
- *TWDB promotes these type of rate

Fixed and Variable Expenses

Fixed expenses are those expenses you have whether you pump any water or not. *LABOR*

Variable expenses are those tied directly to the production and distribution of water. *electricity*

Fixed Costs

Add up all fixed costs/12 = Subtotal

Subtotal/# of Customer = Base Rate

Variable

Add up all variable costs

Divide by

Thousand of gallons sold

Equals

Price per thousand

Water Rates

Fix Expenses	\$ 766,128
Variable Expenses	\$ 493,191
Total Expenses	\$1,259,319
Customers	1451
Water Sold	75,100,352

Water Rates

Calculated Rate	
Per Thousand	\$ 6.57
Minimum	\$ 44.00

Inclining Block Rate

Example		
0 – 2000	\$ 4.75	28.96%
2001-6000	\$ 5.75	29.03%
6001-10000	\$ 6.75	10.22%
10001-20000	\$ 7.75	9.78%
20001-40000	\$ 8.75	6.99%
40001- UP	\$ 9.75	15.03%

Possible Rate Hearing

- o The Water System must always be willing to stand before the PUC and justify any rate increases.
- o Catch Phrases used by the PUC are:
 1. " Used and Useful"
 2. " Wise and Prudent"