



## Memorandum

To: Bill Holman and Amy Pickle  
From: Stanback Intern Emily Spear  
Re: Water & Wastewater Rates in Upper Neuse River Basin  
Date: July 21, 2010

A central concern about the proposed Falls Lake Rules is the impact on water and wastewater rates on the affected local governments and their customers. Historically, we have been accustomed to having clean, safe drinking water always at our tap for a very low price. With increasing pressure from population growth, drought, and other environmental factors, our water resources and infrastructure have come under great stress.

The cleanup of Falls Lake will require substantial public and private investment from multiple sources. Water, wastewater and stormwater rates will inevitably have to rise to pay for not only the cleanup of Falls Lake, but also for aging infrastructure, growth, and stricter environmental standards.

I utilized the Water Rates Dashboard developed by the Environmental Finance Center (EFC) at UNC-CH ([www.efc.unc.edu](http://www.efc.unc.edu)) and reviewed the rates of water utilities in the Upper Neuse River Basin. The dashboard summaries are attached. In general I found that rates in Raleigh and Durham are still very low as compared to other municipalities in North Carolina. According to EFC Raleigh and Durham's combined water and sewer bill for an average 5,000 gallon per month user is less than half the average bill for North Carolinians, \$39.70 and \$48.74 respectively. Hillsborough and the South Granville Water & Sewer Authority are on the higher end when compared to other North Carolina utilities, at \$74.15 and \$72.57 respectively. Creedmoor's monthly bill is high at about \$107.80. This is due to the Creedmoor's high volumetric sewer rate and high water rates.

On average, customers in Raleigh still pay less than 1% of their monthly household income on water and sewer. Durham, Hillsborough, and South Granville pay less than 2%. Creedmoor breaks the mold by having a 2.8% of monthly household income going to water and sewer. When comparing water and sewer rates to other monthly expenses like electricity, cell phone, Internet, and television, clean water is still a bargain.

It is important to recognize that not all can afford substantial rate increases. To address this problem, the tiered rating systems, water audits, technical and financial assistance can be valuable tools. For instance, those who use the largest amounts of water and wastewater services should pay the most. Under this *increasing block structure*, those who use less will pay less and can thus better control their water and sewer bills. The City of Durham has adopted a tiered rate structure. Raleigh plans to implement its tiered rate structure later this year. The bottom line is that even with increases in water and sewer rates, most people in the Upper Neuse River Basin will most likely still be paying bills that are lower or comparable to their North Carolina counterparts and that remain small percentages of their monthly household income.



