



## Comparisons of In-town and Out-of-town Rates Water and Sewer Bill Differentials

Across the state, more than half of the water and sewer rate structures have a different rate — a differential — for customers inside and outside of system jurisdictions. In the Triangle J Council Government region, which includes Hillsborough, all jurisdictions have a differential.

Annual research in North Carolina shows 61% of water rate structures and 62% of sewer rate structures across the state charge an outside rate. According to the 2022 research, the median monthly outside rate at 6,000 gallons is 1.85 times the inside water rate and 1.61 times the inside sewer rate. Hillsborough charges a differential of 1.95 times the in-town water and sewer rates (195% of the in-town rates).

The annual study is provided by the UNC School of Government's Environmental Finance Center and the North Carolina League of Municipalities. It allows customers to compare Hillsborough's rates with other water and sewer systems that have similar characteristics or that are in the same basin or regional council of governments.

The following pages show comparisons based on January 2022 data and bill differentials at 5,000 gallons (the differential data point provided in the study).

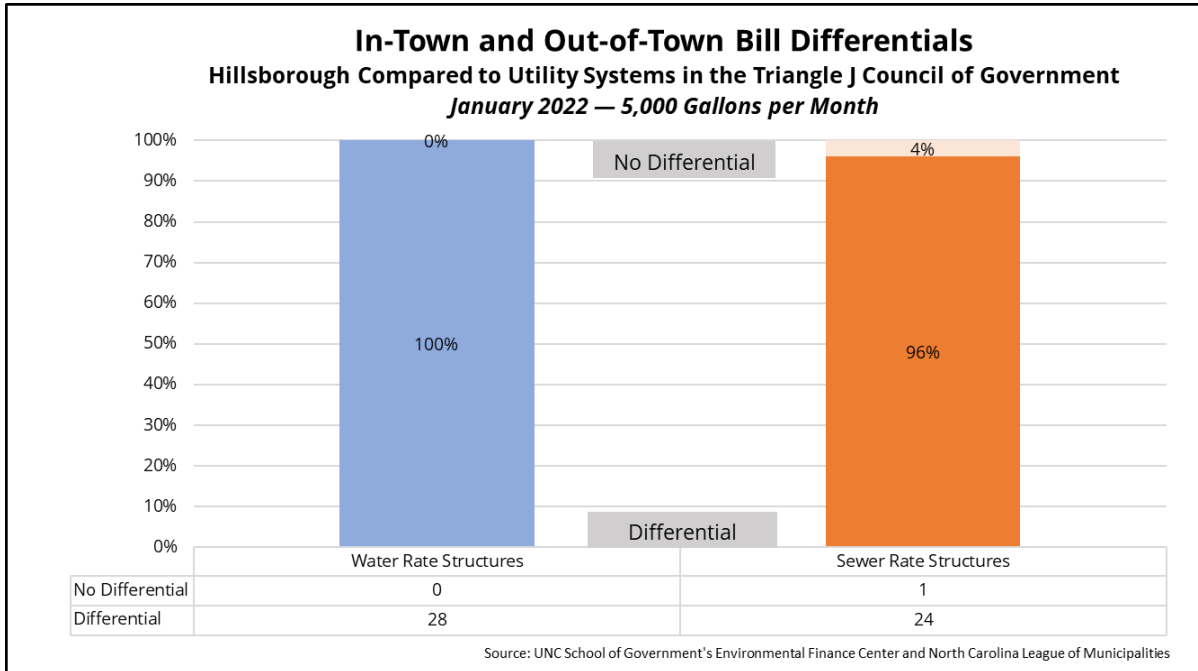
Comparing rates is not simple, as the cost of service for each utility is based on a number of diverse factors. Some characteristics for Hillsborough include:

- Charges a uniform rate. Rate structures for other systems include increasing or decreasing block rates, in which the price per gallon increases or decreases based on the amount of use.
- Charges a base fee or minimum usage fee for up to 2,375 gallons.
- Serves about 16,697 people through about 6,153 water connections and 4,631 sewer connections.
- Has an average residential use of 3,050 gallons of water per month per connection.

The complete data is available on the North Carolina Water and Wastewater Rates Dashboard of the Environmental Finance Center at UNC Chapel Hill: [efc.sog.unc.edu/resource/north-carolina-water-and-wastewater-rates-dashboard](https://efc.sog.unc.edu/resource/north-carolina-water-and-wastewater-rates-dashboard).

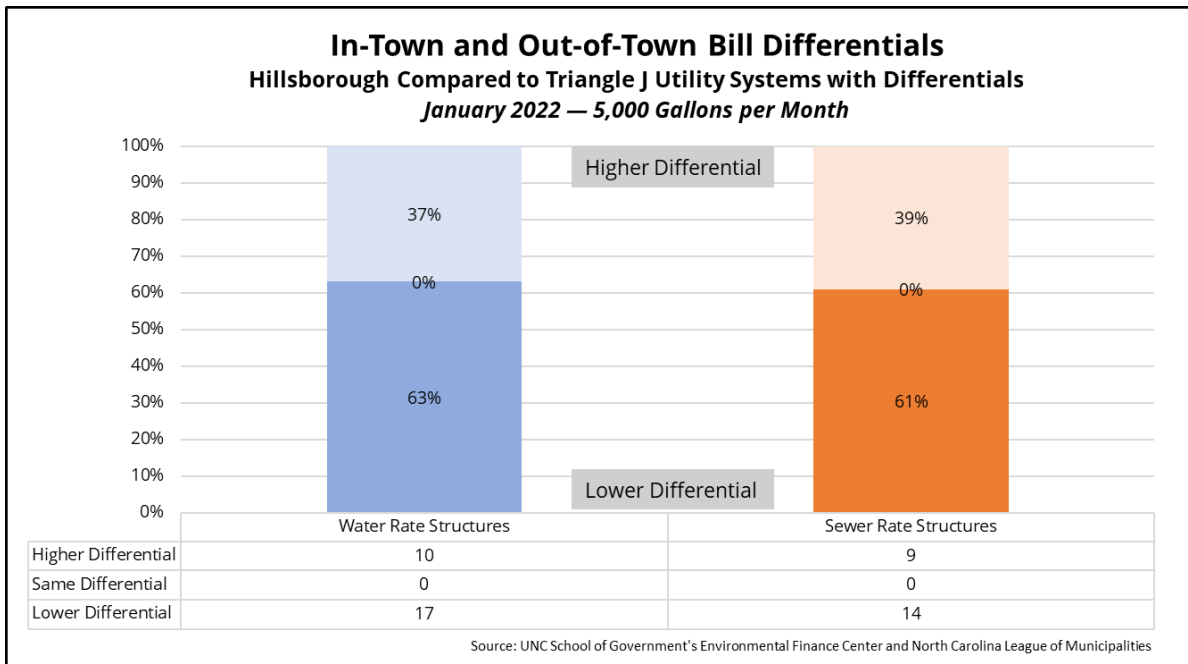
### Hillsborough compared to systems in the Triangle J Council of Government region

In the Triangle J Council of Government, all water rate structures and all but one sewer rate structures include a differential for customers inside and outside of system jurisdictions. For customers outside Hillsborough’s corporate limits, the town charges a differential of 195% of (or 1.95 times) the in-town rate.



### Hillsborough compared to Triangle J systems with differentials

Of the rate structures that charge differentials within the Triangle J Council of Government footprint, about 40% charge a higher differential than Hillsborough and about 60% charge a lower differential. Rate structures with lower differentials include those that charge a differential just slightly less in percentage. For instance, Smithfield charges a 193% differential for out-of-town water customers. As for sewer, Smithfield charges a slightly higher differential than Hillsborough: 198% for out-of-town customers.



**A look at Triangle J water and sewer systems with higher differentials**

Of the rate structures that charge a higher differential than Hillsborough in the Triangle J region, about 90% of water rate structures charge a differential of 200% or more and about 78% of sewer rate structures charge a differential of 200% or more. The highest differentials in the region are 205% for water services charged by the Town of Carthage and 200% for sewer services charged by multiple utilities.

