



Comparisons of Water and Sewer Bill Differentials

Across the state, more than half of the water and sewer rate structures include a differential for customers inside and outside of system jurisdictions.

The UNC School of Government's Environmental Finance Center and the N.C. League of Municipalities provide annual research to allow customers to compare Hillsborough's rates with other water and sewer systems. 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 2,500 gallons.
- Serves about 16,697 people through about 6,523 water connections and 4,513 sewer connections.
- Has an average residential use of 3,761 gallons of water per month per connection.

The following pages show comparisons based on January 2021 data (the most recent study) and based on bill differentials at 5,000 gallons (the differential data point provided in the study). You'll find information on:

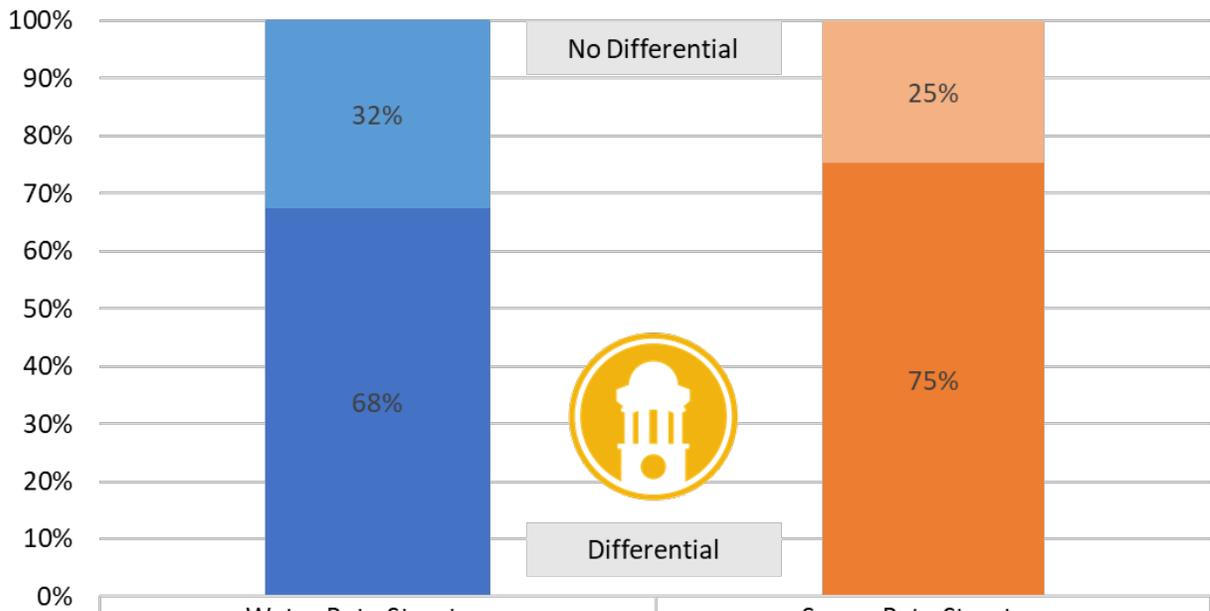
- Hillsborough compared to water and sewer systems across the state.
- Hillsborough compared to other systems with bill differentials.
- A look at water and sewer systems across the state with higher differentials than Hillsborough.
- A look at water and sewer systems across the state with differentials of 250% or greater.

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.

Water and sewer rate differential comparisons

Across the state, more than two-thirds of the water and sewer rate structures include a differential for customers inside and outside of system jurisdictions. For customers outside of Hillsborough’s corporate limits, the town charges a differential of 195% of (or 1.95 times) the in-town rate.

In-Town and Out-of-Town Bill Differentials Hillsborough Compared to N.C. Water and Sewer Systems *January 2021 — 5,000 Gallons per Month*



	Water Rate Structures	Sewer Rate Structures
No Differential	179	102
Differential	374	311

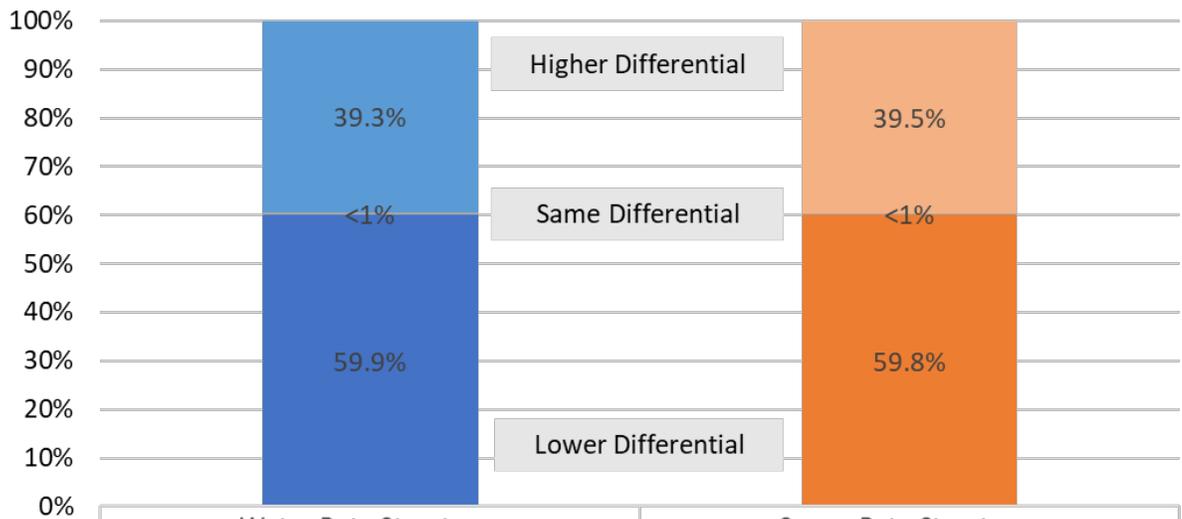
Source: UNC School of Government's Environmental Finance Center and North Carolina League of Municipalities

Hillsborough compared to systems with differentials

Of the rate structures that charge differentials, 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, Raleigh charges a 191% differential for sewer, serving Garner, Knightdale, Rolesville and Wake Forest. It charges a 192% sewer differential for Zebulon customers and a 194% sewer differential for Wendell customers. As for water, Raleigh charges a slightly higher differential than Hillsborough: 196% for Garner, Knightdale, Rolesville and Wake Forest and 198% for Wendell and Zebulon.

In-Town and Out-of-Town Bill Differentials
Hillsborough Compared to N.C. Systems with Differentials
January 2021 — 5,000 Gallons per Month



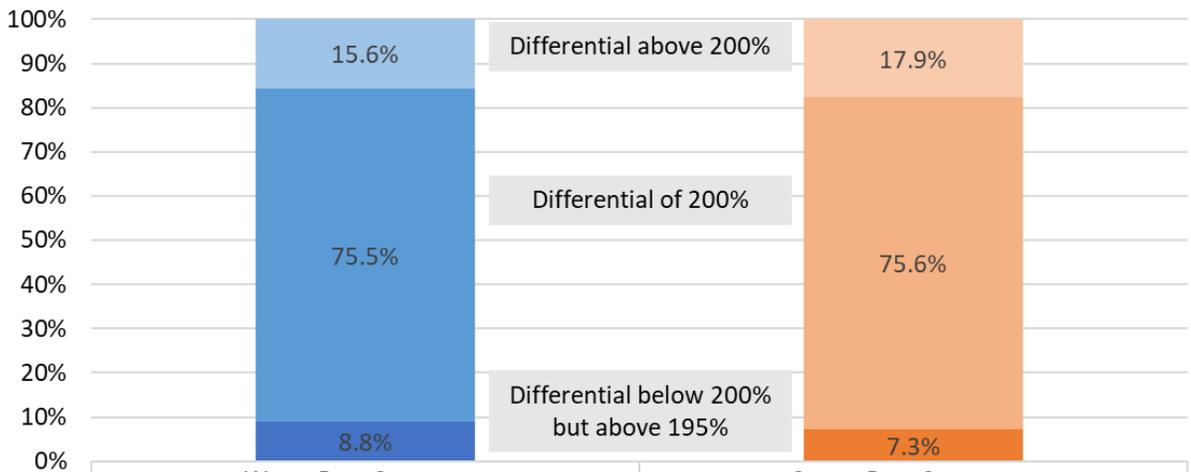
	Water Rate Structures	Sewer Rate Structures
Higher Differential	147	123
Same Differential	2	1
Lower Differential	224	186

Source: UNC School of Government's Environmental Finance Center and North Carolina League of Municipalities

A look at water and sewer systems with higher differentials

Of the rate structures that charge a higher differential than Hillsborough, about 75% charge a differential of 200%. This is a significant change from the data gathered in January 2020. At that time, about a third charged 200% and about 60% charged a differential below 200% but above the 195% that Hillsborough charges. The percentage of differentials above 200% also has increased, according to the January 2021 data — from about 7% in 2020 to more than 15% in 2021. Two systems charge differentials of 300 and 400% (three and four times those systems’ in-town rates).

In-Town and Out-of-Town Bill Differentials
N.C. Water and Sewer Systems with Higher Differentials
January 2021 — 5,000 Gallons per Month



	Water Rate Structures	Sewer Rate Structures
Differential Above 200%	23	22
Differential of 200%	111	93
Differential Below 200%	13	9

Source: UNC School of Government's Environmental Finance Center and North Carolina League of Municipalities

A look at water and sewer systems with differentials of 250% or greater

Hillsborough charges a differential to out-of-town water and sewer customers that is 1.95 times (195% of) its in-town rate. Most differentials in the state that are higher than Hillsborough charge a rate that is 2 times those systems’ in-town rates (200%). Some differentials are 2.5 times the in-town rate or greater.

N.C. WATER SYSTEMS: Bill Differentials of 250% or Greater		
<i>January 2021</i>		
System	Differential Percentage	Service Population
Asheboro	250	25,791
Greensboro	251	290,201
Henderson	250	14,852
Marion	262	9,362
Morehead City	285	9,420
Ranlo	259	3,668
Reidsville	300	15,202
Statesville	250	25,712
Tryon	258	5,334
FOR COMPARISON		
Hillsborough	195	16,697

Source: UNC School of Government’s Environmental Finance Center and North Carolina League of Municipalities

N.C. SEWER SYSTEMS: Bill Differentials of 250% or Greater		
<i>January 2021</i>		
System	Differential Percentage	Service Population
Asheboro	250	25,791
Elizabethtown	250	5,311
Henderson	250	14,852
Lumberton	250	25,707
Ranlo	265	3,668
Rutherfordton	300	2,688
Reidsville	400	15,202
Statesville	250	25,712
FOR COMPARISON		
Hillsborough	195	16,697

Source: UNC School of Government’s Environmental Finance Center and North Carolina League of Municipalities