

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 14,000 people through about 5,600 water connections.
- Has an average residential use of 3,864 gallons of water per month per connection.

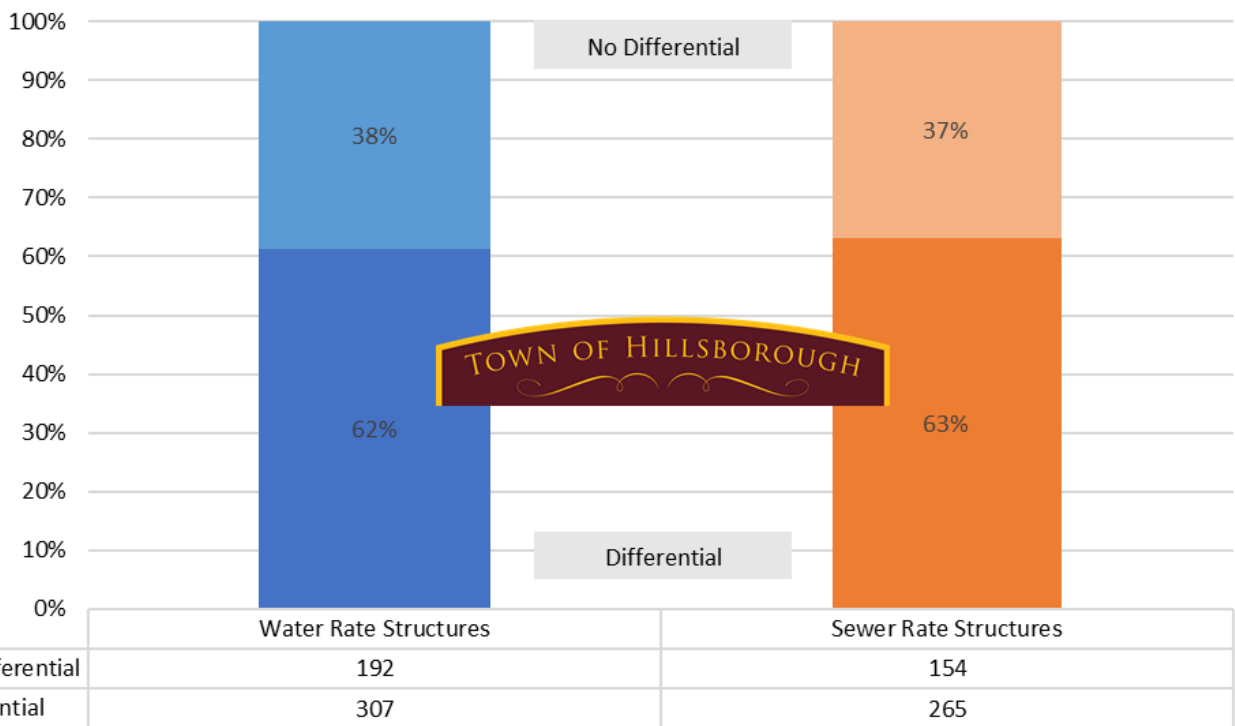
The following pages show comparisons based on January 2019 data (the most recent study) and based on bill differentials at 5,000 gallons (the differential data point provided in the study).

The complete data is available on the School of Government's website section *North Carolina Water and Wastewater Rates, Rate Structures and Connection Fees*, www.efc.sog.unc.edu/project/north-carolina-water-and-wastewater-rates-and-rate-structures.

Water and sewer rate differential comparisons

Across the state, more than half 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 2019 — 5,000 Gallons per Month

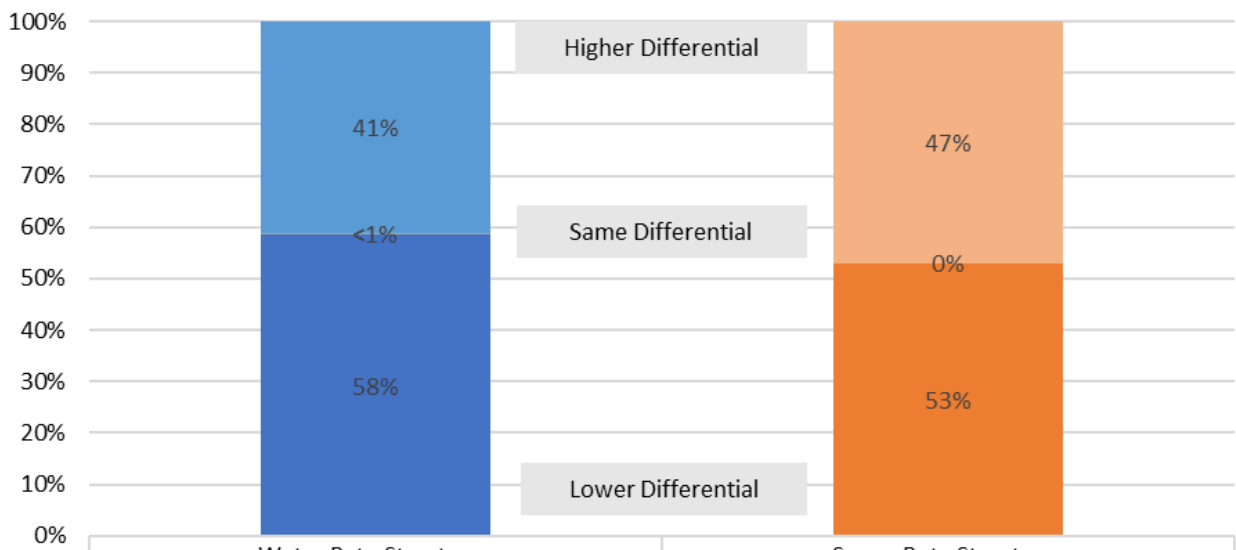


Source: UNC School of Government’s Environmental Finance Center and North Carolina League of Municipalities

Hillsborough compared to systems with differentials

Of the rate structures that charge differentials, nearly half charge a higher differential than Hillsborough and a little more than half charge a lower differential. Rate structures in the lower half include those that charge a differential just slightly less in percentage. For instance, Raleigh charges a 193% differential for water. For sewer, it charges a differential of 189% as well as differentials of 189 and 193% for its Knightdale and Zebulon rate structures.

In-Town and Out-of-Town Bill Differentials
Hillsborough Compared to N.C. Systems with Differentials
January 2019 — 5,000 Gallons per Month



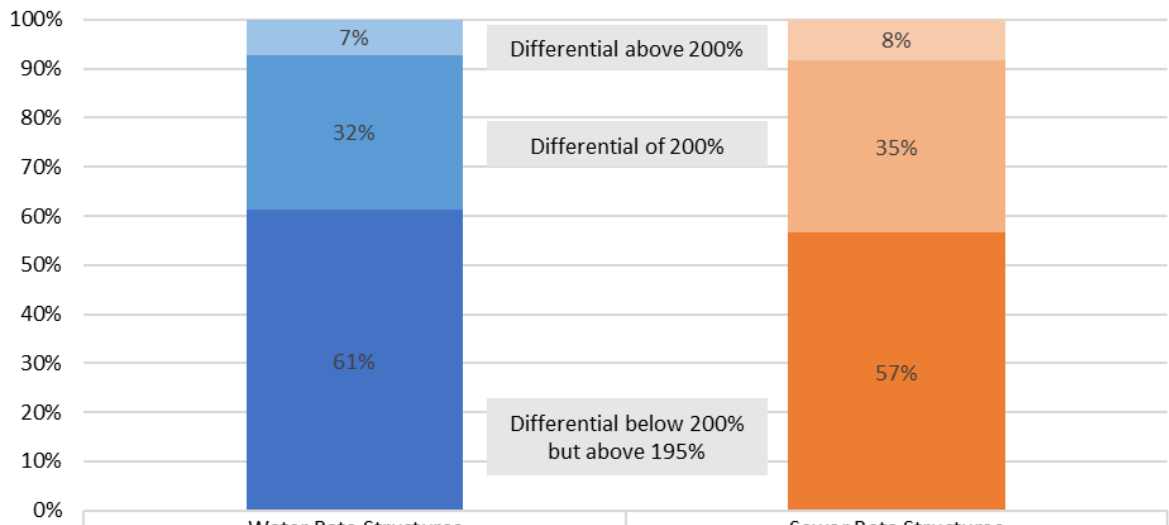
	Water Rate Structures	Sewer Rate Structures
Higher Differential	126	124
Same Differential	1	0
Lower Differential	179	140

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 a third charge a differential of 200%. More than half charge a differential above Hillsborough’s differential but below 200%. Nearly 10% charge a differential above 200%, with a few 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 2019 — 5,000 Gallons per Month**



	Water Rate Structures	Sewer Rate Structures
Differential Above 200%	22	22
Differential of 200%	97	93
Differential Below 200%	188	150

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 also charge a rate just below 2 times those systems' in-town rates. About a third of the higher differentials are 2 times the in-town rate. Some differentials are 2.5 times the in-town rate or greater.

N.C. WATER SYSTEMS: Bill Differentials of 250% or Greater		
<i>January 2019</i>		
System	Differential Percentage	Service Population
Asheboro	250	25,761
Cary	300	189,600
Elizabethtown	250	4,200
Faith	250	1,145
Greensboro	251	285,344
Henderson	250	15,325
Marion	250	8,668
Reidsville	300	15,202
Statesville	250	25,712
Tryon	253	5,140
FOR COMPARISON		
Hillsborough	195	14,000

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 2019</i>		
System	Differential Percentage	Service Population
Asheboro	250	25,761
Cary	300	189,600
Elizabethtown	250	4,200
Henderson	250	15,325
Marion	250	8,668
Lumberton	250	25,590
Reidsville	400	15,202
Rutherfordton	300	3,190
Statesville	250	25,712
Tryon	261	5,140
FOR COMPARISON		
Hillsborough	195	14,000

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