

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 6,758 water connections.
- Has an average residential use of 3,567 gallons of water per month per connection.

The following pages show comparisons based on January 2020 data (the most recent study) and based on bill differentials at 5,000 gallons (the differential data point provided in the study).

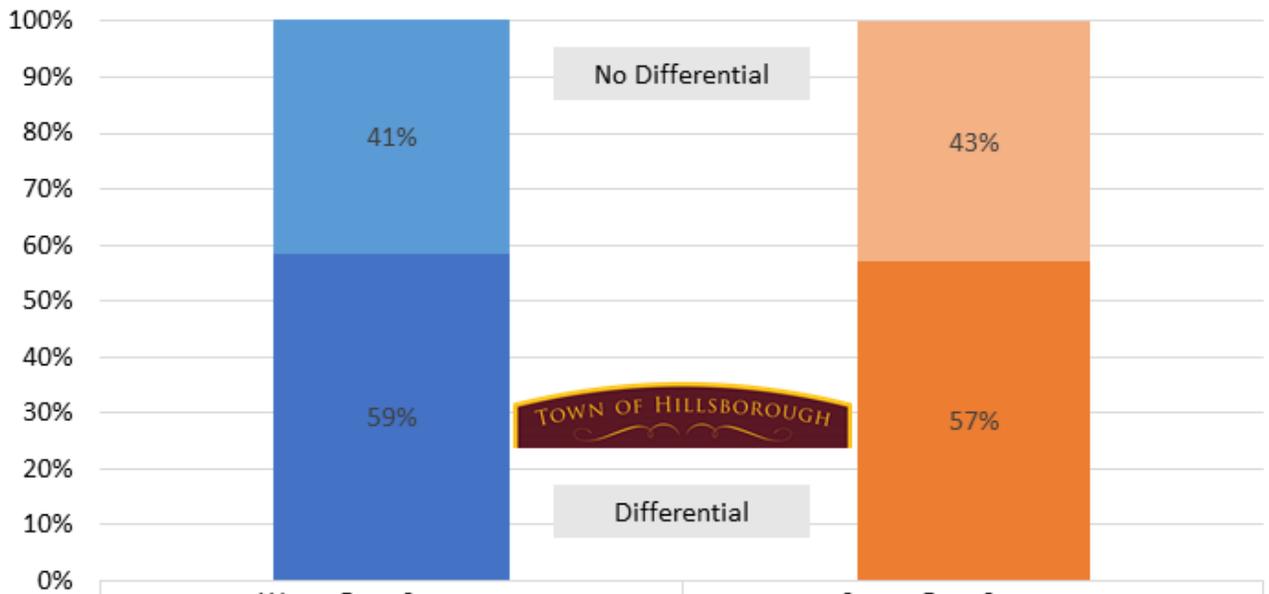
The complete data is available on the School of Government's website section *North Carolina Water and Wastewater Rates, Rate Structures and Connection Fees*, www.efc.sog.unc.edu/project/north-carolina-water-and-wastewater-rates-and-rate-structures.

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 2020 — 5,000 Gallons per Month



	Water Rate Structures	Sewer Rate Structures
No Differential	211	184
Differential	299	246

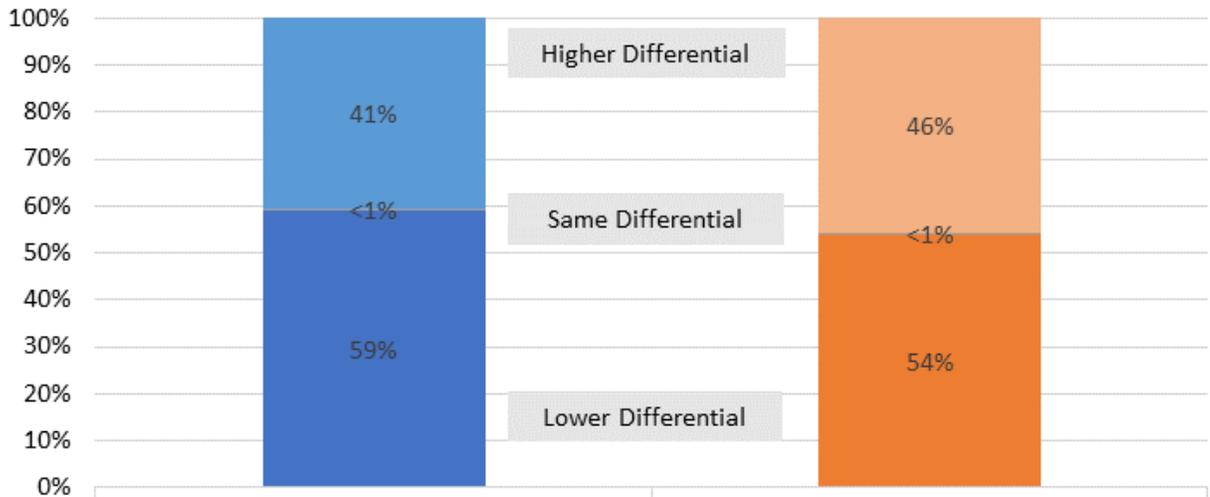
Source: UNC School of Government’s Environmental Finance Center and North Carolina League of Municipalities

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, Ramseur charges a 194% differential for sewer and Raleigh charges Knightdale and Wendell customers 193% and 189% differentials for water and sewer. For Zebulon, Raleigh charges a slightly lower differential of 192% for sewer but a slightly higher differential of 198% for water.

**In-Town and Out-of-Town Bill Differentials
Hillsborough Compared to N.C. Systems with Differentials
January 2020 — 5,000 Gallons per Month**



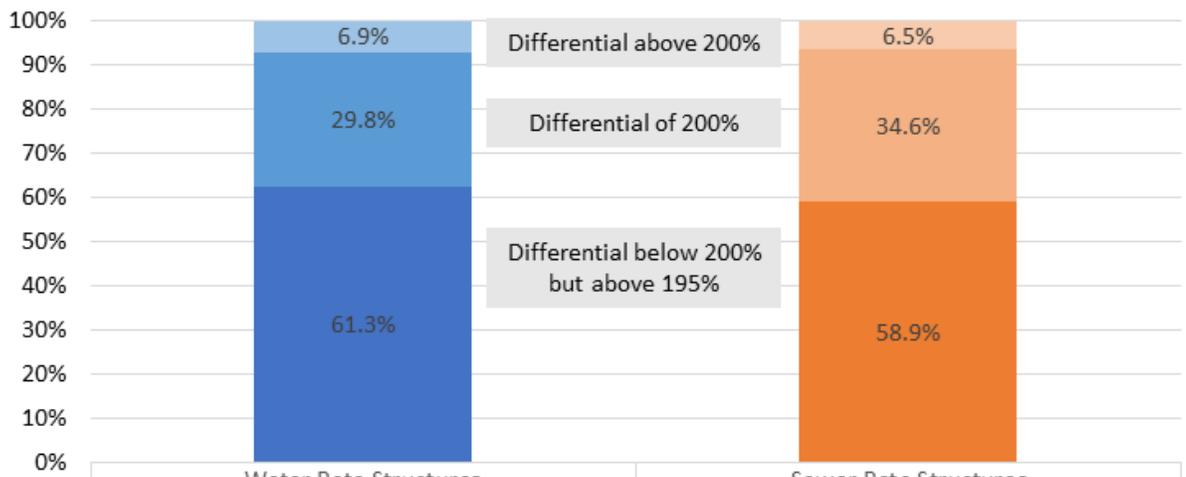
	Water Rate Structures	Sewer Rate Structures
■ Higher Differential	121	112
■ Same Differential	1	1
■ Lower Differential	176	132

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 7% 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 2020 — 5,000 Gallons per Month



	Water Rate Structures	Sewer Rate Structures
Differential Above 200%	21	16
Differential of 200%	91	85
Differential Below 200%	187	145

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 2020</i>		
System	Differential Percentage	Service Population
Asheboro	250	25,791
Elizabethtown	250	5,311
Faith	250	1,161
Greensboro	251	290,201
Henderson	250	14,852
Stedman	250	25,712
Rhodihiss	300	15,202
Tryon	253	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 2020</i>		
System	Differential Percentage	Service Population
Asheboro	250	25,791
Elizabethtown	250	5,311
Henderson	250	14,852
Macclesfield	250	25,707
Salemburg	300	3,190
Stedman	250	25,712
Rhodhiss	400	5,140
FOR COMPARISON		
Hillsborough	195	16,697

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