2024

GEORGIA WATER & WASTEWATER REPORT

PREPARED BY

Carl Vinson Institute of Government
UNIVERSITY OF GEORGIA

GEFA

ABOUT THIS REPORT

This report summarizes information collected about water and sewer rates in Georgia. This work is funded by the Georgia Environmental Finance Authority (GEFA) and data was compiled by the University of Georgia Carl Vinson Institute of Government.

In addition to this report, there is a new and improved online, interactive rates dashboard, where users can compare utilities against one another and various attributes such as geographic location, system characteristics, and customer demographics, as well as financial indicators and benchmarks. Furthermore, accompanying the dashboard is a standardized water and sewer rate sheet for each participating utility in a new rates portal.

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INTRODUCTION

Between October 2023 and February 2024, the UGA Carl Vinson Institute of Government conducted a rate update of 530 rate-charging water and sewer utilities in Georgia. A total of 454 utilities (85.7%) from all 159 counties in the state responded to the survey. However the new dashboard, portal, and attached measures include upwards of 530 different rates as some utilities have multiple entities. Data for all utilities were entered.

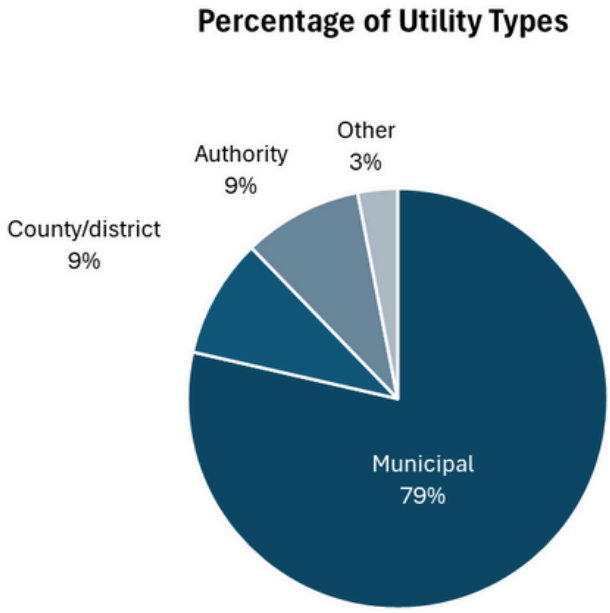
Water and sewer rate setting is one of a local government's most important environmental and public health responsibilities. This report aims to provide utility professionals and public officials with an up-to-date summary of current statewide rate structures and trends, and thus assist in the protection of public health, improvement of economic development, and promotion of sustainability in Georgia.

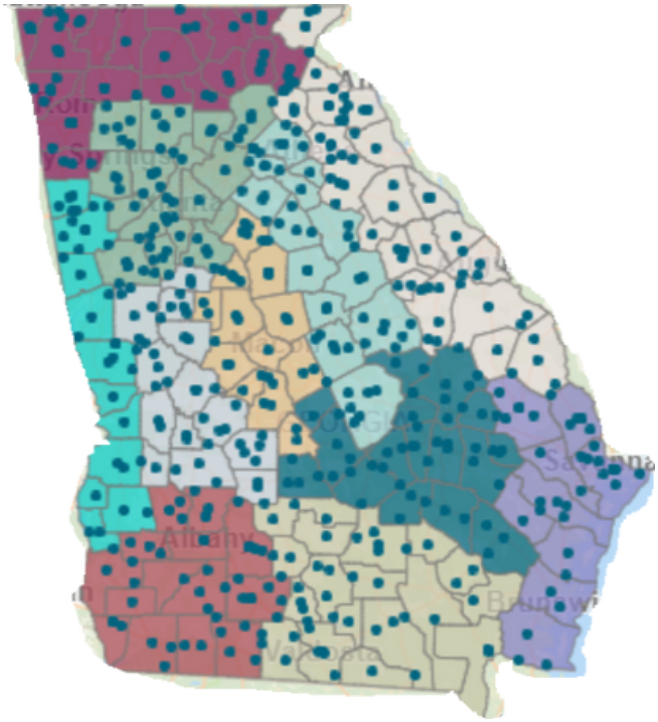
BY THE NUMBERS

520 utilities providing water*

336 utilities providing wastewater

This graph shows the distribution of utility types. Most are municipal entities (79%) managed by cities or towns, while others are owned by counties, utility districts, or authorities serving larger populations. The "other" category includes nonprofits and private organizations.





The map of Georgia highlights the 11 water planning regions and the water utilities in each county. Georgia's water planning regions work to achieve goals focused on sustainable use of water resources, protecting public health and natural systems, and enhance Georgian's quality of life. Each region develops a water plan. Through the development of regional water plans, the regional water councils determine preferred water management practices to meet each region's future water resource needs. For more information about the state and regional water plans, go to waterplanning.georgia.gov.

*includes all utilities, not just from 2023 survey

WHAT DO RATE STRUCTURES LOOK LIKE

Considerable variation exists in how utilities model rate structures, but almost all use a base charge or an allowance and a volumetric charge.

Base Charges

A set amount charged to each account unrelated to volume consumption.

- i.e., $15 for each account
- Usually falls within $10-$30 range

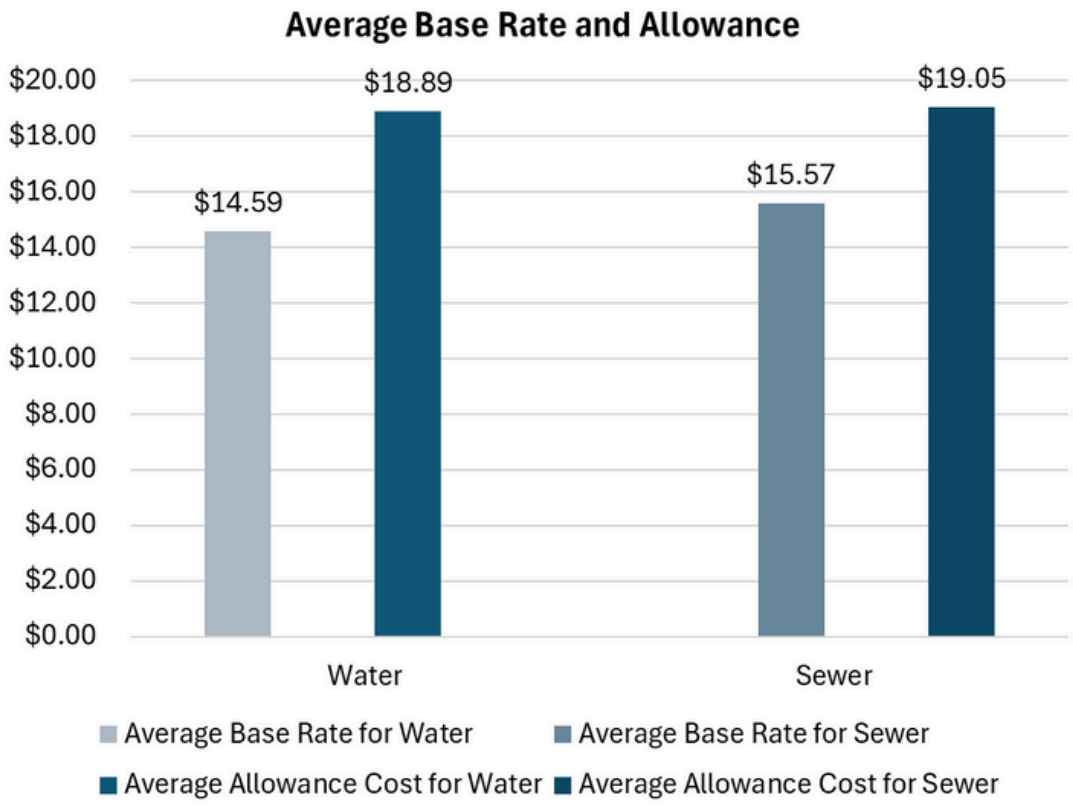
Allowance

An amount charged to each account with an initial level of volume consumption tied to it.

- i.e., $15 for first 2000 gallons
- Usually falls within $10-$30 for 1000 to 3000 gallons

In Georgia, 39.44% of water rate structures have a base charge, and 52.01% have an allowance. The median monthly consumption allowance is 2,000 gallons.

Larger water utilities tend to have lower base charges than smaller utilities, likely because they can spread fixed costs across a greater customer base.



WHAT DO RATE STRUCTURES LOOK LIKE

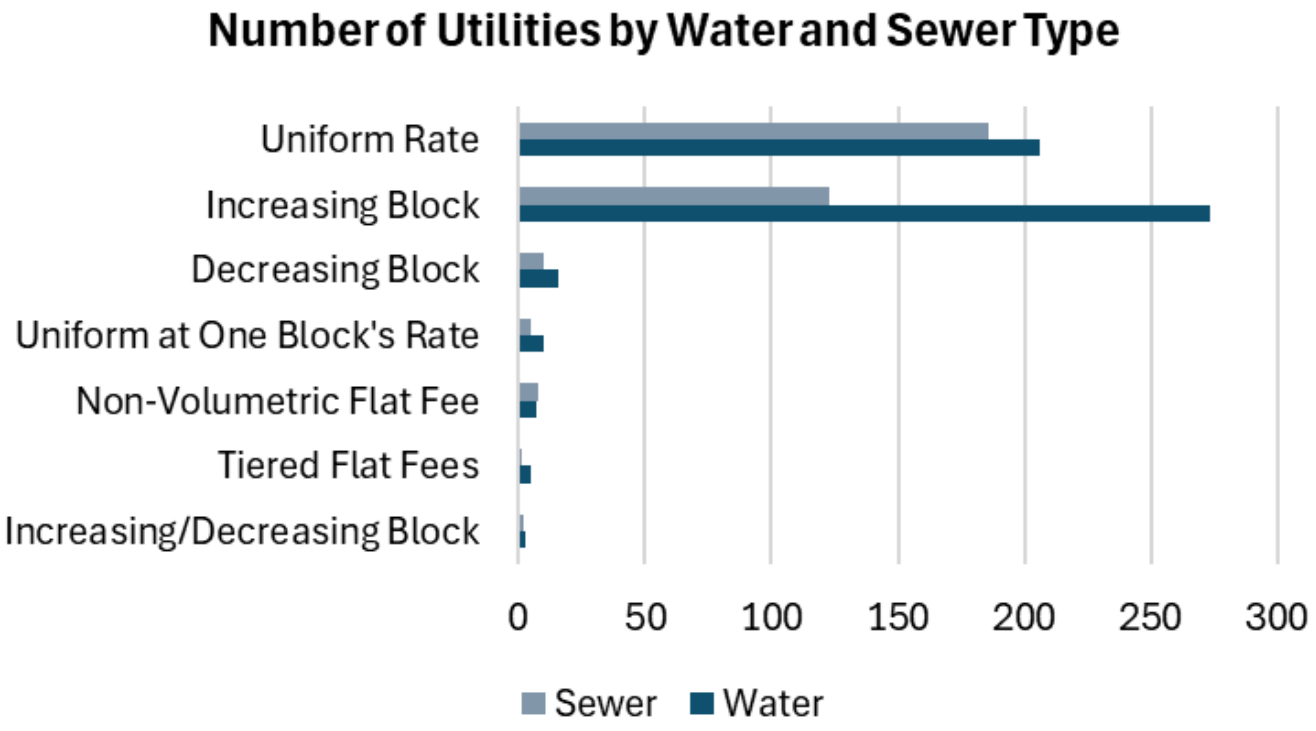
Ways to Charge for Volume

Volumetric charges are based on the volume used (after exceeding the allowance included in some cases). Three common ways to charge for volume are uniform, increasing block, and decreasing block rates.

Uniform rate: ***The rate does not change as the customer consumes more.***

Increasing block rate: ***The rate increases as the customer uses more often— employed by utilities that want to encourage conservation by making higher volumes of consumption more expensive.***

Decreasing block rate: ***The rate per unit decreases with greater consumption— may be used to encourage economic development, but will likely not encourage conservation.***



What is the most common volumetric rate structure?

In Georgia most residential water utilities use an increasing block rate structure (52.5%), and most residential sewer utilities use a uniform block rate structure (55.4%) to charge for volume.

WHAT ARE THE UTILITIES CHARGING?

Georgia's Average Bills

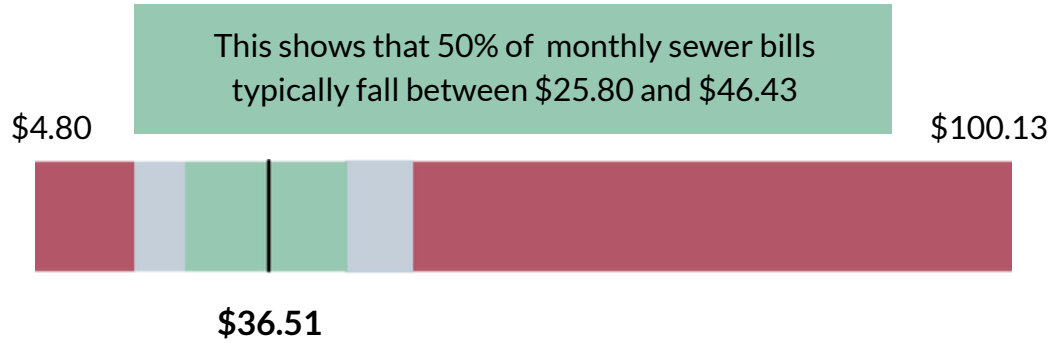
Residential (5000 gallons)

Water

$32.11 Month **$385.36** Year

Sewer

$36.51 Month **$441.58** Year

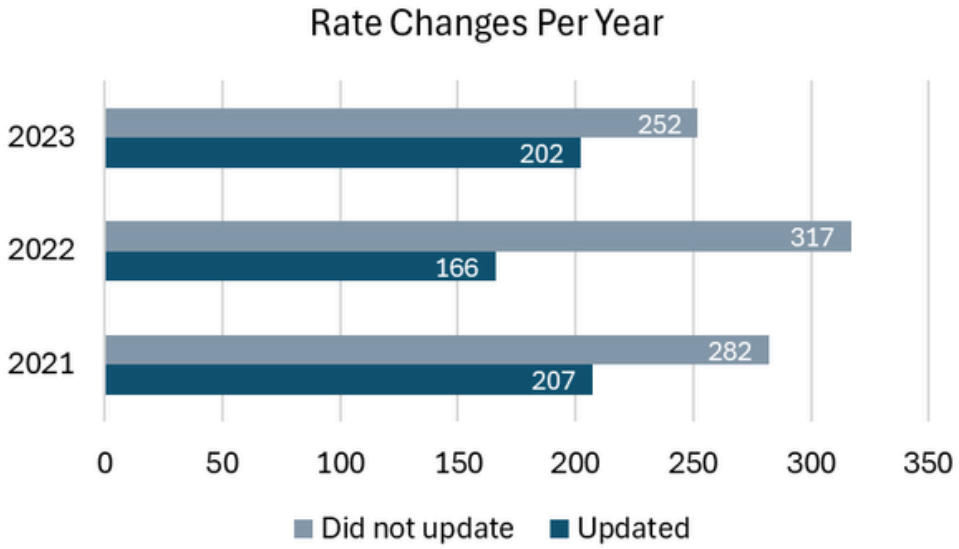


Green: Middle 50% of average cost within Georgia (25th-75th percentiles)
Gray: 10th-25th percentiles and 75th-90th percentiles of average cost (15% on both sides)
Red: Top and bottom 10% of average cost (0-10th percentiles, 90th-100th percentiles)

WHEN WERE RATES LAST CHANGED?

Most utilities have updated their rates as of 2021
44% of utilities reporting in 2023 updated their rates

In Georgia, most utilities are actively evaluating and modifying their rate structures every one to two years. Best practice is for utilities to review their rates at least every two years to keep pace with inflation.



This chart illustrates the distribution of utilities that updated their rates during the year versus those that did not. The yearly totals represent the total number of rate sheets collected in the year. For instance, in 2023, a total of 454 rate sheets were gathered, with 202 reflecting updates from the previous year and 252 remaining unchanged.

Among the utilities that did not update their records, 124 unique utilities have not updated their rate information in the past three years. This presents an opportunity to enhance record-keeping and reporting processes, ensuring more comprehensive and accurate data in the future. Supporting these utilities in improving their update frequency could lead to better tracking and informed decision-making.

HOW HAVE RATES CHANGED?

Rates are typically set to cover operating costs and depreciation. Utilities are mindful to assess their rates regularly to make sure fees cover the cost of operation. Providing water and wastewater service is costly and infrastructure-intensive. Regular, predictable rate increases are common and recommended.

An annual or biennial review gives utilities the opportunity to evaluate if their current rates are enough to cover the necessary operating expenses and depreciation, not to mention savings goals for capital planning, emergencies, or other funds.

Average Residential Bill Increase from 2023-2024

$1.37

Water Rate Structures

$1.87

Wastewater Rate Structures

Given the size of the average residential bill increase noted above, it appears that most utilities slowly increase their rates annually to reflect rising costs while still being affordable.

Utilities that implement small, frequent rate increases are often better received than those that impose larger, less frequent hikes. Customers are more likely to accept gradual, periodic increases than a single, significant price jump.

OPERATING RATIO

Operating Ratio (OR) is a measure of whether the utility's rates were sufficient to cover the cost of operations and capital (in the form of depreciation) for the fiscal year. It is calculated by dividing operating revenues by operating expenses including depreciation expense. This information uses 2022 data taken from the prior dashboard.

$$\text{Operating Ratio} = \frac{\text{Operating Revenues}}{\text{Operating Expenses}}$$

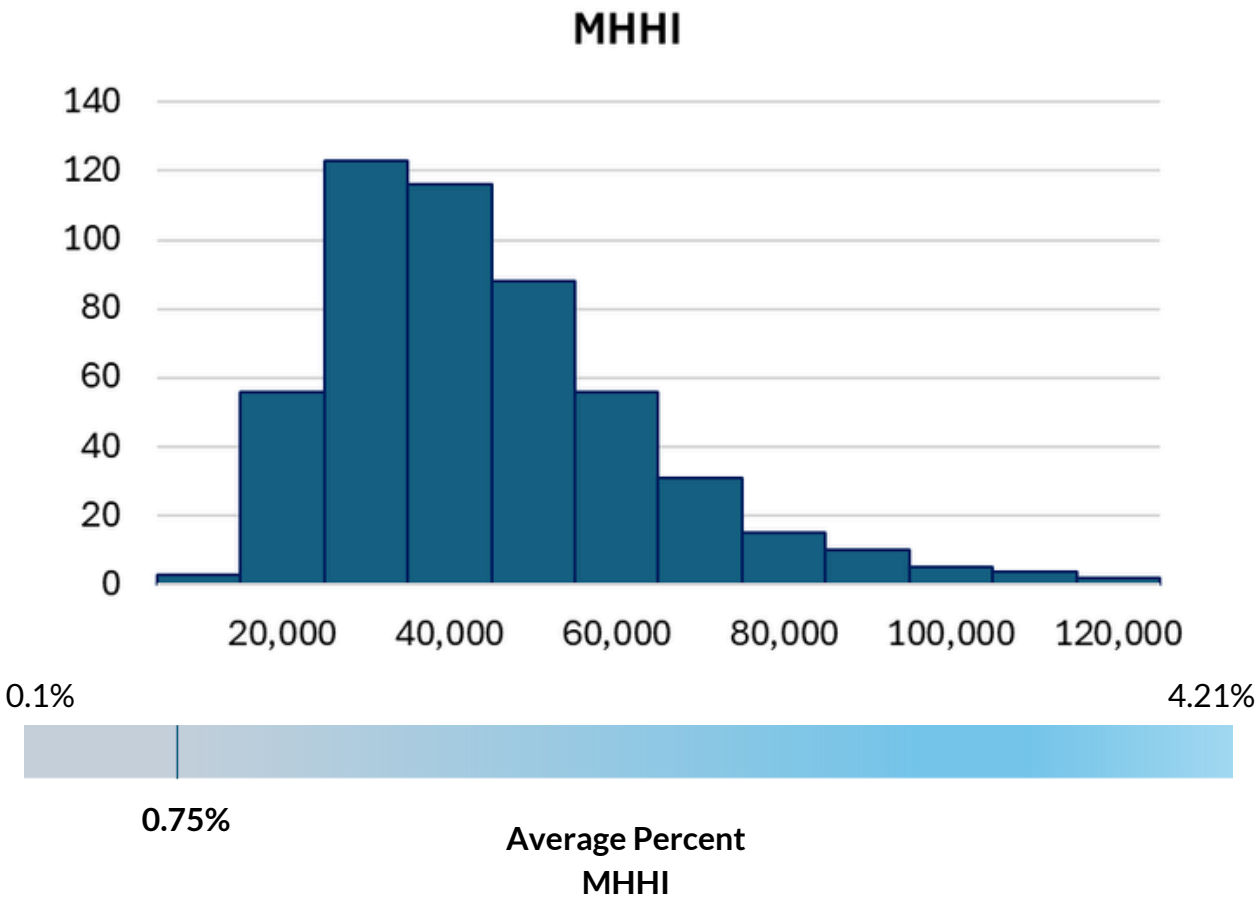
A ratio of less than 1.0 could be a sign of financial concern. In general, this ratio should be higher than 1.0 in order to accommodate future capital investments.

Red: Indicates both high (over 2.00) and low (less than 1.00) operating ratios
Gray: Indicates operating ratios near the low and high ranges (1.00-1.20 and 1.80-2.00)
Green: Indicates operating ratios safely within the "normal" range (1.20-1.80)

The data from 2022 shows 32% of utilities have an operating ratio under 1. This means they may not be covering all operating costs and depreciation with annual revenue. Most utilities (67.2%) operate above 1 which shows that over half of the state's utilities are covering their operating costs, depreciation, and contingency resources.

MEDIAN HOUSEHOLD INCOME

Assessing rate affordability remains a challenge because there is no one true, universal measure of affordability. The most commonly used indicator, Percent Median Household Income (MHHI), calculates how a year's worth of water and sewer bills, 5,000 gallons/month in this case, compares to the MHHI of the community served by the utility. MHHI is either gathered from utility and Environmental Protection Division reporting or county level American Community Survey data.

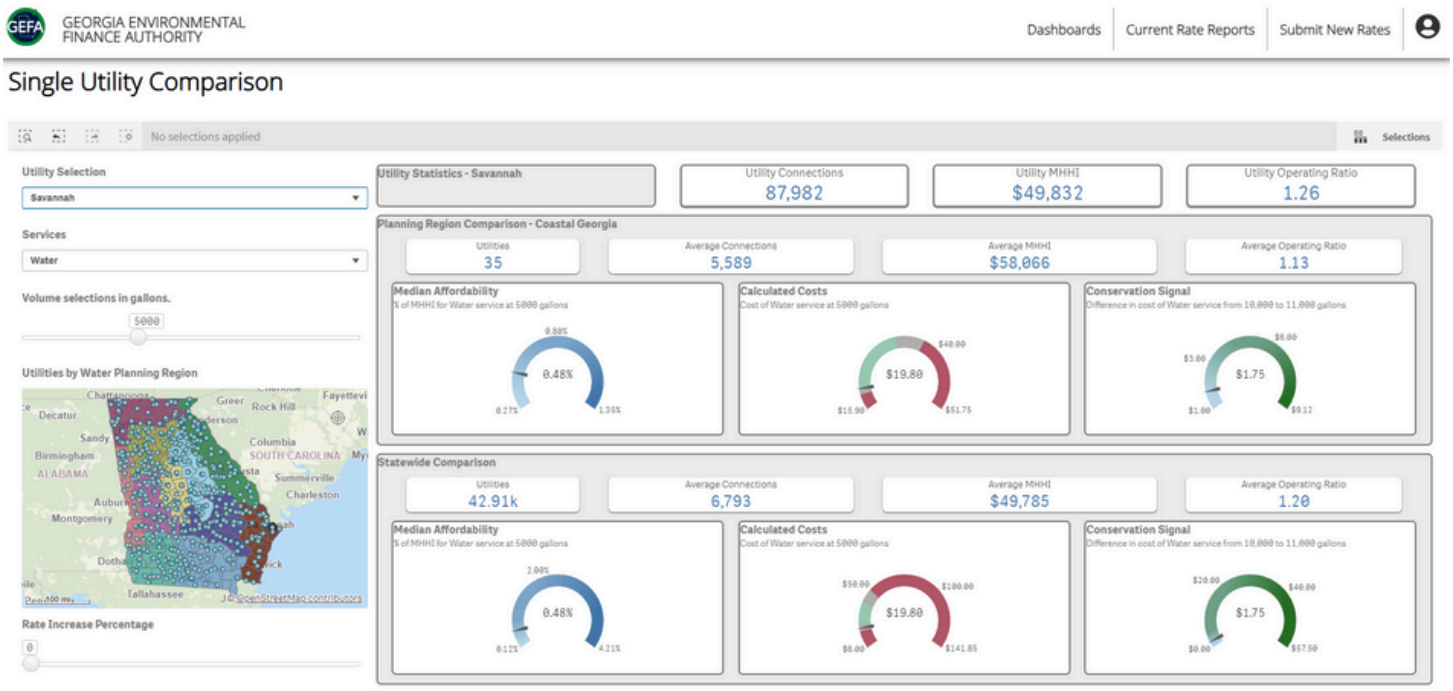


All communities have a range of income brackets. Therefore, what may seem like a small percentage of a community's MHHI can have a proportionally larger impact on lower-income populations.

The average percent MHHI for water service at 5,000 gallons in Georgia is currently 0.75%. This means a family making the median level of income in the state (~$74,000 in 2023) would spend approximately $555 (0.0075 x 74,000) on water at 5,000 gallons per year.

NEW DASHBOARD

The GEFA water and sewer rates dashboard has a new look this year. Utilizing the Qlik platform, the new dashboard will contain more visual features and filters to enable users to compare and analyze water and sewer rates.



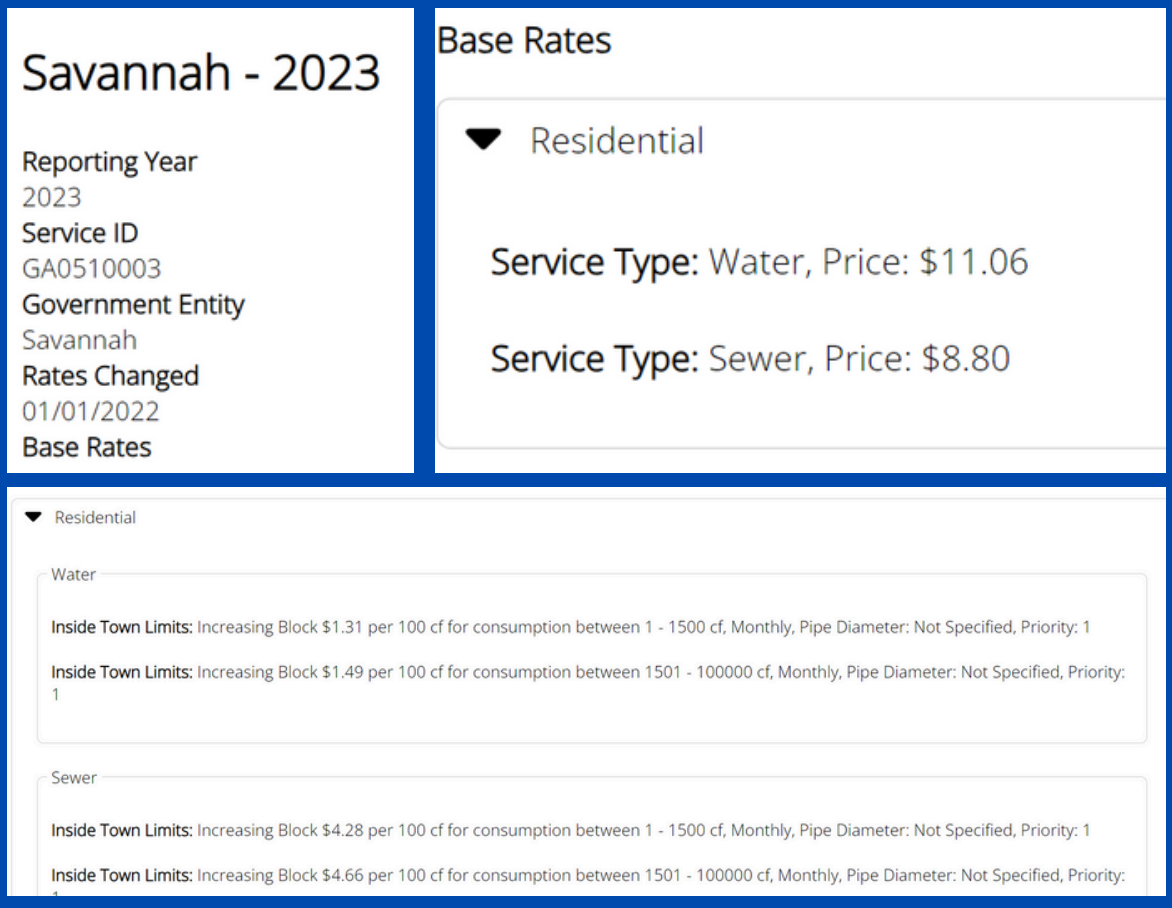
Key New Features:

- Single and multi-rate comparison options
- Flexible filters and selections
- Informative and interactive charts and graphs
- Comparison level options

NEW RATES PORTAL

In addition to the new dashboard, the new rates portal is a place for current water and sewer rates to be stored for each utility. The rates portal may be accessed from the main page of the dashboard at "Current Rate Reports."

Example: Savannah, GA



This portal presents the water and sewer rate information that is visualized in the dashboard. The portal provides specific rate information for a given utility.

FURTHER RESOURCES

Link to new Dashboard:

Placeholder for URL

Waiting for GEFA to finalize version

QUESTIONS? FEEDBACK?

Contact Us:

waterrates@uga.edu