

A Change in How Wastewater Customers Are Billed

In January 2014, Johnson County Wastewater completed a multi-year conversion of its billing method to a unified rate model. This means that the current wastewater bills look similar to other utility bills such as water, gas, and electric and is now in line with industry best practices. The current wastewater charge reflects both the costs to operate its system and to invest/reinvest in the capital improvements necessary to operate the system.

In 2013, the capital cost was a uniform rate; all single family residences were charged the same capital amount, regardless of the impact they had on the system. This charge appeared as Capital Charge (EDU) on the bimonthly bill and was \$24.76 bimonthly. Prior to 2013, this charge appeared as a line item titled WASTEWTR CAP on the real estate tax statement.

Under the unified rate model, both operation and capital charges are based on a fixed Service Charge to provide customer service, and a variable Volume Charge based on the volume of water used and discharged to the sanitary sewer system for treatment.

In 2014, Johnson County Wastewater implemented an overall revenue requirement (expenses) increase of 6.5 percent. The amount customers are billed varies from one customer to the next as it is based on their Average Winter Water Usage (AWWU). Those who have a greater impact on the sanitary sewer system will now pay more than those who contribute less. The following table demonstrates how the components of the JCW bill changed from 2013 to 2014:

2013 Charges:

Service Charge (SC):

- Operations portion of SC = \$5.40
- Capital portion of SC = \$0.00

Volume Charge:

- Operations portion of vol. charge = \$2.67/1,000 gallons (\$0.00267 per gal.)
- Capital portion of vol. charge = \$0.00

Capital Charge:

- EDU fixed capital charge = \$148 (\$24.67 per bi-monthly bill)

2014 Charges:

Service Charge (SC):

- O&M portion of SC = \$6.33
- Capital portion of SC = \$5.73

Volume Charge:

- O&M portion of vol. charge = \$3.27/1,000 gallons (\$0.00327 per gal.)
- Capital portion of vol. charge = \$2.24/1,000 gallons (\$0.00224 per gal.)

(Please note that Johnson County does not provide tax advice to its customers regarding the deductibility or non-deductibility of its utility charges for federal or state income tax purposes, and advises customers to consult their CPA or other tax professional regarding proper treatment of such charges.)