

Utilities Department

Reclaimed Water Rate Study Public Hearing

February 11, 2025



Presentation Outline

2

- Background
- 2024 Rate Study
- Customer Impact
- Summary of Changes
- Recommended Action



Presentation Outline

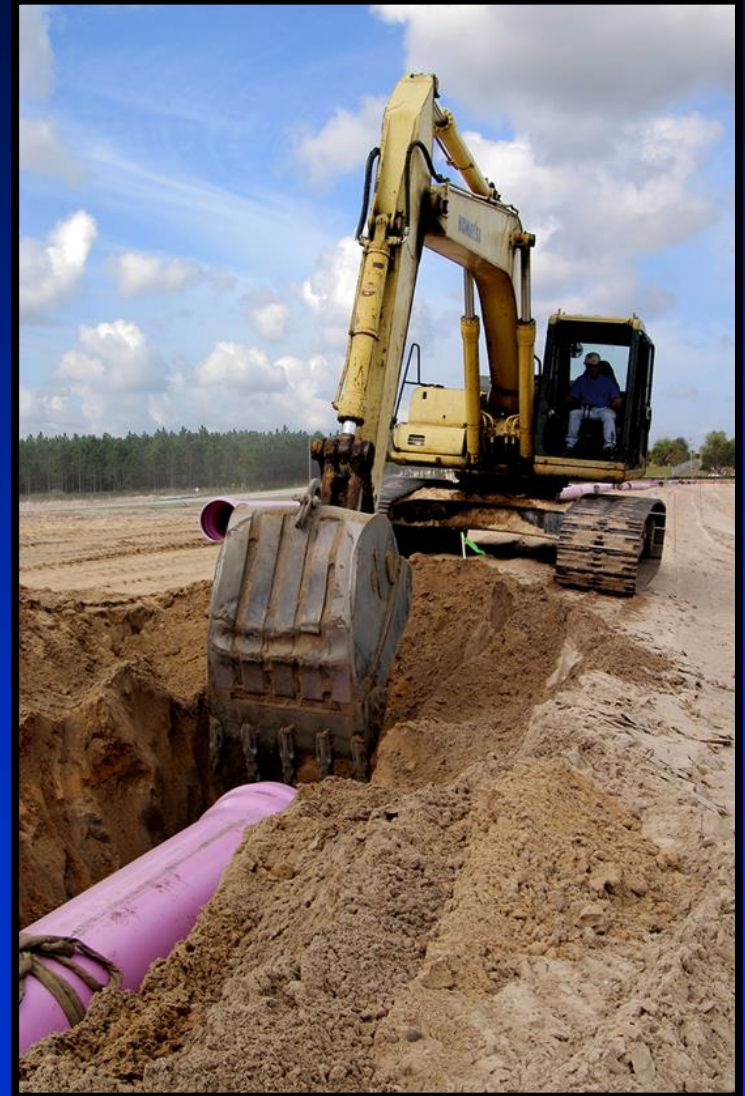
3

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Background

4

- **County first adopted volumetric reclaimed water (RW) rates in 2002**
 - Viewed as a disposal issue
 - Low rates set below full cost recovery to encourage usage
 - Included monthly usage allowance covered by the fixed monthly charge and based on meter size



- System has grown to over 34,000 residential premises and over 2,800 commercial premises
- FY 2024 production was 61.3 MGD
- Reclaimed water is a critical element of the County's water resources planning efforts
 - Orange County Utilities' resources need to be conserved to meet future demands
- Revenues recover only 73% of system costs, a \$5.3M revenue shortfall projected in FY 2025



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6

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2024 Rate Study

7

- Engaged rate consultant to review our RW cost of service and develop a rate structure recommendation
- Study goals:
 - Implement new RW rate structure
 - Residential conservation rate tiers
 - Minimal customer impact during transition to new rate tiers





2024 Rate Study

8

- **Study recommendations:**
 - Increase rate structure to 100% cost recovery
 - Recalculate volumetric rates and fixed monthly charges based on
 - Functional cost components
 - Allocate costs across all service types
 - Full cost recovery
 - Establish conservation tiers for meters less than 1”
 - Covers over 90% of customers
 - All residential and some small commercial customers
 - Simplify the rate structure
 - Remove monthly usage allowances



2024 Rate Study

9

■ Recommended changes to Fixed Monthly Charges

Meter Size	Proposed Fixed Monthly Charges	Current Fixed Monthly Charges				
		Retail	Priority	Interruptible (No Storage)	Interruptible (With Storage)	Allowance (gallons)
5/8" by 3/4"	\$3.45	\$4.61	N/A	N/A	N/A	4,000
3/4"	\$3.45	\$4.61	N/A	N/A	N/A	4,000
1"	\$19.11	\$11.56	N/A	N/A	N/A	10,000
1 1/2"	\$34.84	\$23.09	N/A	N/A	N/A	19,000
2"	\$53.71	\$36.90	N/A	N/A	N/A	31,000
3"	\$113.48	\$69.25	N/A	N/A	N/A	57,000
4"	\$192.12	N/A	\$223.81	\$134.30	\$89.53	218,000
6"	\$428.04	N/A	\$512.00	\$307.20	\$204.81	499,000
8"	\$506.68	N/A	\$800.18	\$480.09	\$320.06	780,000
10"	\$1,324.54	N/A	\$1,217.06	\$730.24	\$486.83	1,185,000
12"	\$1,670.56	N/A	\$1,856.78	\$1,114.08	\$742.72	1,808,000
16"	\$2,456.96	N/A	\$3,681.89	\$2,209.11	\$1,472.76	3,584,000



2024 Rate Study

10

■ Recommended changes to Volume Charges

User		Proposed Volume Charges		Current Volume Charges
Small User < 1" meter				
Tier 1	0 - 4 kgals	\$	0.29	\$ -
Tier 2	5 - 12 kgals	\$	1.30	\$ 1.25
Tier 3	13 kgals and above	\$	2.21	\$ 1.25
Priority User ≥ 1" meter		\$	1.57	< 4" meters: \$1.25 ≥ 4" meters: \$1.02
Large User Interruptible		\$	0.81	\$ 0.60
Large User Interruptible with Storage		\$	0.64	\$ 0.41

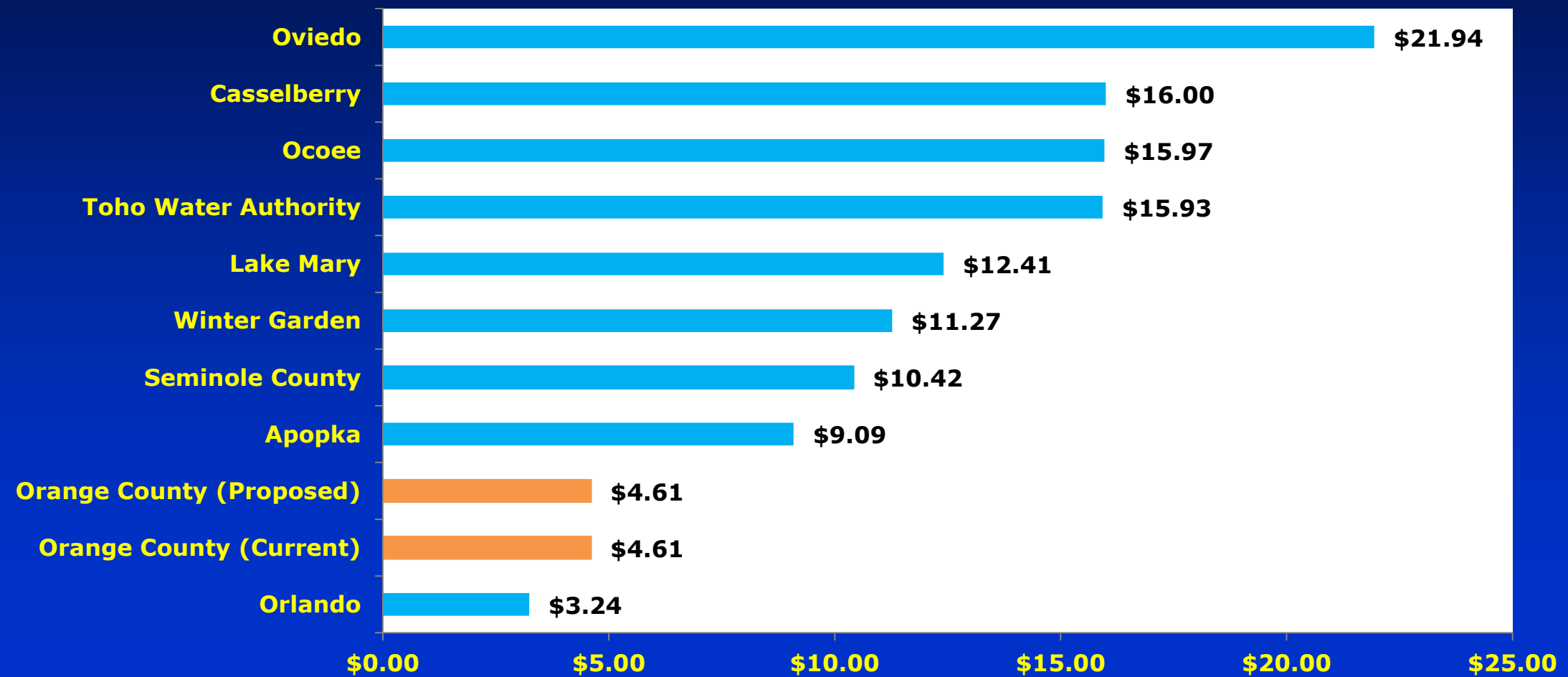


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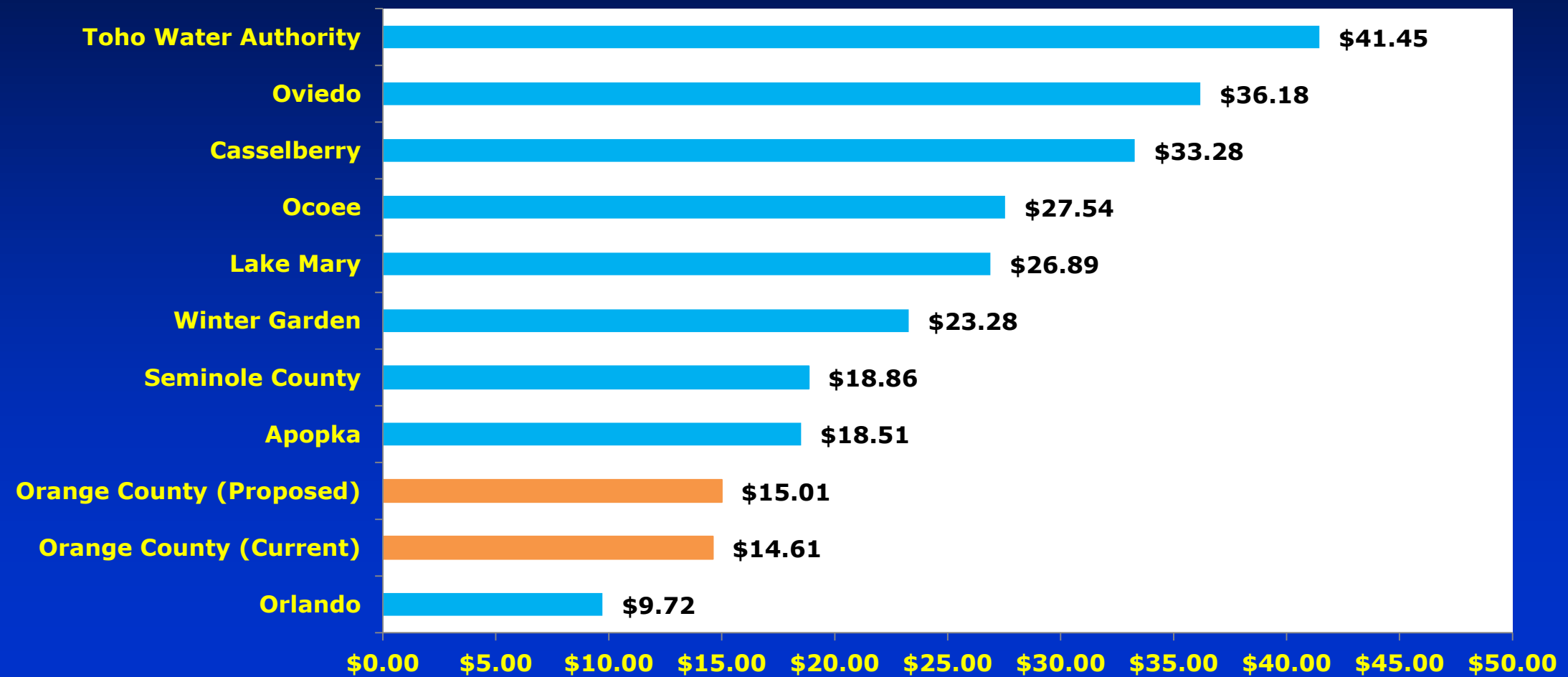
11

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▪ FY 2024 Residential – 5/8” meter at 4 kgals



▪ FY 2024 Residential – 5/8” meter at 12 kgals

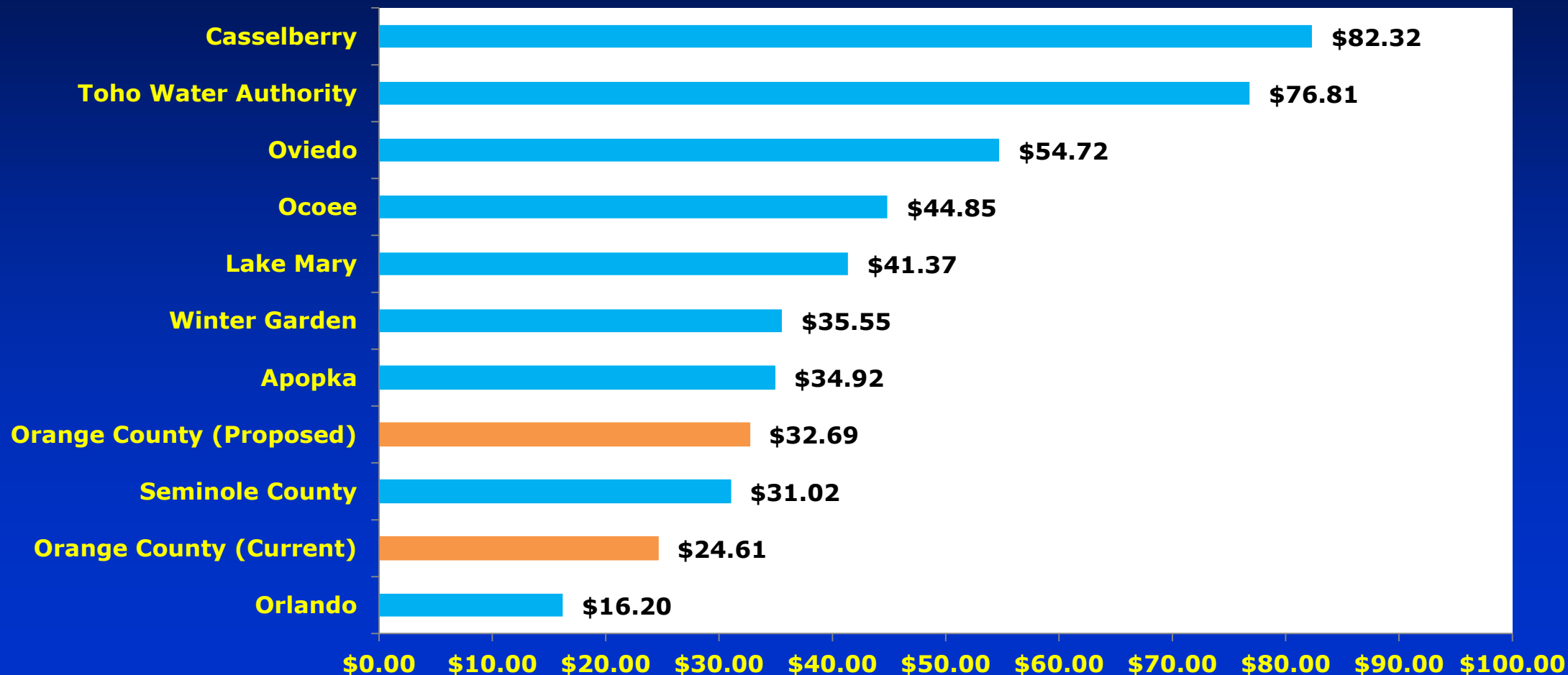




Customer Impact

14

■ FY 2024 Residential – 5/8” meter at 20 kgals





Customer Impact

15

Customer Class	Meter Size	Avg. Volume (Kgal)	FY 2025 Current	FY 2025 Proposed	Monthly Bill Impact
Priority User	1"	60	\$74.06	\$113.31	\$39.25
Priority User	2"	400	\$498.15	\$681.71	\$183.56
Priority User	4"	2,200	\$2,245.45	\$3,646.12	\$1,400.67
Priority User	12"	7,700	\$7,866.62	\$13,759.56	\$5,892.94
Large Interruptible User	4"	1,300	\$783.50	\$1,245.12	\$461.62
Large Interruptible User	8"	500	\$480.09	\$911.68	\$431.59
Large Interruptible User	16"	11,500	\$6,958.71	\$11,771.96	\$4,813.25
Large Interruptible User with Storage	4"	3,100	\$1,271.15	\$2,703.12	\$1,431.97
Large Interruptible User with Storage	8"	5,400	\$2,214.26	\$4,880.68	\$2,666.42
Large Interruptible User with Storage	16"	16,600	\$6,809.32	\$15,902.96	\$9,093.64



Customer Impact

16

■ Outreach Plan

- Proactively met with cities of Winter Garden, Ocoee, and Apopka
- Letters, emails, and phone calls to customers with the highest impacts
- Dedicated phone line for affected customers
- Bill calculation tool
- New rate card with updated rates



Customer Impact

17

■ Follow up on Board Concerns

—Impact on farms

- 18 agriculture customers on our reclaimed system
- 1 out of 18 is food producing
- Reached out to the 1 customer and will be replacing the existing 16" meter with an 8" meter
 - Lowers proposed monthly increase from \$3,508 to \$1,558 saving the customer a total of \$1,950 a month

—Developers paying their fair share

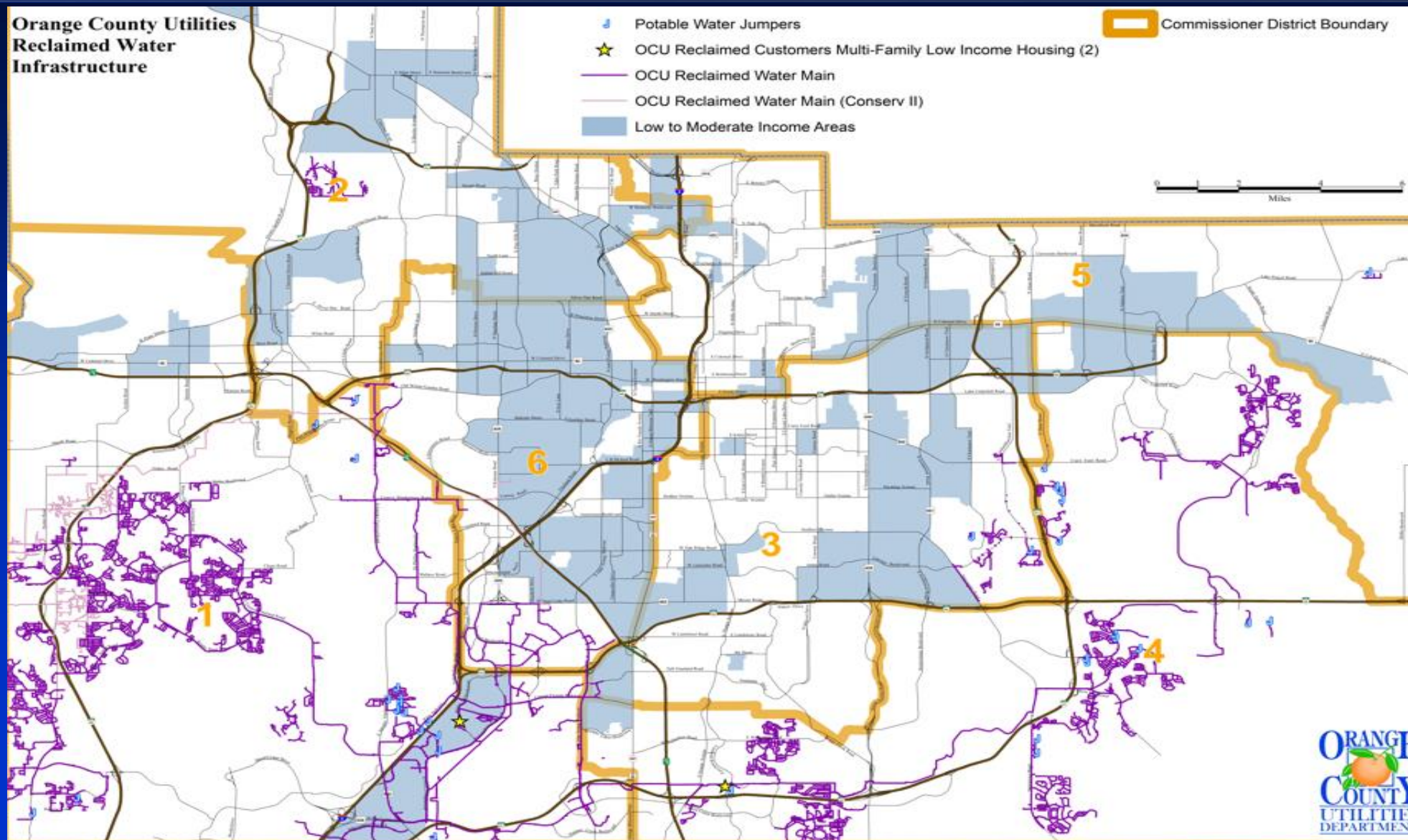
- Capital charges updated and calculated at 100% cost recovery
- Removed 10% discount for installing reclaimed water infrastructure

—Impact on vulnerable populations



Customer Impact

18





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19

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Summary of Changes

20

- **Conservation rate tiers for residential customers**
 - Minimal impact for most users
- **Eliminated usage allowance**
- **Simplified rate structure**
- **Recalculated rates**
 - Based on cost components and service types
 - Full cost recovery
- **New rates effective October 1, 2025**



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21

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Recommended Action

22

- **Approval and Execution of a Resolution of the Orange County Board of County Commissioners Superseding Resolution No. 2009-M-29 regarding Setting a Revised Reclaimed Water Charge Schedule; Superseding the Existing Reclaimed Water Charge Resolution; Providing for an Automatic Annual Increase; Providing for an Exemption for Right-Of-Way Landscaping; Providing for Periodic Review; Providing for Annual Notice to Customers; Providing for Severability; and Providing for an Effective Date.**