

The City hired HDR Engineering Inc. to perform a comprehensive water and sewer rate study. A comprehensive rate study typically utilizes three interrelated analyses to address the adequacy and equity of utility rates. These three analyses are a:

- revenue requirement analysis
- cost of service analysis, and
- rate design analysis.

The revenue requirement analysis determines the overall rate adjustment necessary for each utility by comparing the sources of funds (i.e., rate revenues, late fees, interest income, etc.) to the expenses of each utility (O&M expenses and capital). Next, the cost of service analysis allocates the expenses of the utility to the various customer classes of service (e.g., residential, multi-family, commercial, etc.) using generally accepted water and sewer methodologies (AWWA and WEF) based on each customer class' customer characteristics (consumption/volume, peak/strength, etc.). The final step is to design rates around the results of the revenue requirement and cost of service results to develop cost-based and equitable rates.

Each utility was financially evaluated on a stand-alone basis. That is, no subsidies between the water and sewer funds, or any other City funds, should occur. By viewing the water and sewer utilities on a stand alone basis, the need to adequately fund both O&M and capital infrastructure must be balanced against the rate impacts to customers.

Based on the technical analysis undertaken as part of this study, the following findings, conclusions, and recommendations were noted.

- A revenue requirement analysis was developed for the City's water and sewer utilities for the fiscal years (FY) of 2010 - 2015.
- For the water utility, overall revenues for the utility were recommended to be adjusted annually by 2.5% in FY 2012 through FY 2015 to prudently fund the operating and capital needs of the water utility.
- For the sewer utility, overall revenues for the utility were recommended to be adjusted annually by 6.5% in FY 2012 through FY 2015 to adequately fund the operating and capital needs of the sewer utility.
- The existing water and sewer rate structures were maintained and only the level of the rates was adjusted.
- The relationship between the un-metered flat rate and the metered rates were revised to reflect the impact to a un-metered customer based on the average metered customers use (i.e., un-metered rate equals the same rate as the average metered customer).
- Variable meter charges were implemented for the water rates to reflect the fixed costs of the system and the capacity of the meter by size.
- Each customer will pay the monthly meter charge, by specific customer size, regardless of use, or service status with an active account, for both water and sewer.
- Based on the revisions to the un-metered and metered rates individual customer impacts will be different than the overall utility rate adjustment (i.e., specific customer bills may be different than the overall system adjustment of 2.5% for water or 6.5% for sewer).

Water Utility Summary

Based on the 2011 water utility budget the revenue requirement has been developed. Provided below is a summary of the water revenue requirement.

Summary of the Water Revenue Requirement (\$000s)						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Sources of Funds						
Rate Revenue	\$397	\$401	\$405	\$409	\$413	\$417
Miscellaneous Revenue	65	46	47	49	51	44
Total Source of Funds	<u>\$462</u>	<u>\$447</u>	<u>\$452</u>	<u>\$458</u>	<u>\$464</u>	<u>\$461</u>
Applications of Funds						
Total O&M Expenses	\$359	\$394	\$411	\$428	\$445	\$463
CIP from Rates	0	55	55	55	55	55
Debt Service	0	0	0	0	0	0
Change in Working Capital (+/-)	102	(6)	(9)	(9)	(9)	(20)
Total Application of Funds	<u>\$460</u>	<u>\$443</u>	<u>\$457</u>	<u>\$474</u>	<u>\$491</u>	<u>\$498</u>
Balance/(Deficiency) of Funds	\$2	\$3	(\$6)	(\$16)	(\$27)	(\$37)
Balance as % of Rev from Rates	-0.6%	-0.8%	1.4%	3.8%	6.4%	8.8%
Proposed Rate Adjustment	0.0%	0.0%	2.5%	2.5%	2.5%	2.5%

The results of the water revenue requirement indicate that annual adjustments of 2.5% are necessary to prudently fund the water operating and capital needs. The key driver of the results is inflationary increases in O&M and adequate funding of capital needs through rates.

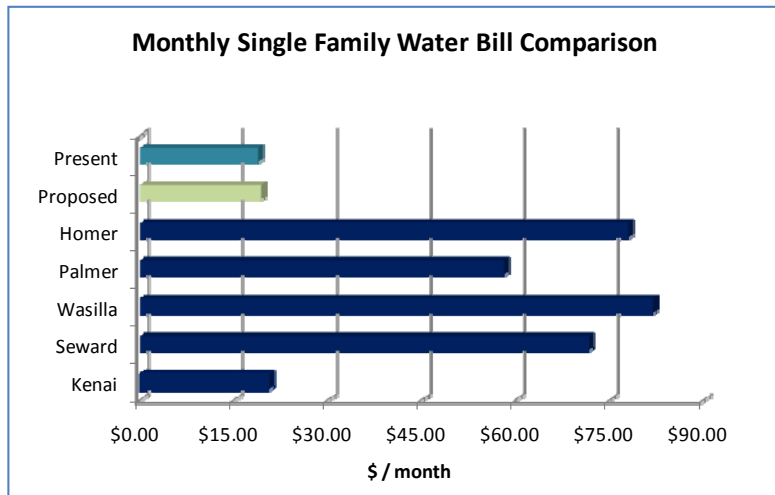
HDR also completed a cost of service study which equitably allocates the expenses of the water utility between the different customer classes of service. The results of the cost of service showed minor cost differences. Given the goal to adequately fund the water utility needs no cost of service adjustments were implemented at this time.

The rate designs were based on the results of the revenue requirement and rate transition plan (i.e., 2.5% annually in 2012 - 2015). The rate structure was not adjusted, that is how the customer is billed. However, the level of the rates, the amount to be collected from the customers, was adjusted to reflect the annual increase in rates of 2.5%. Based on the proposed metered rates, the un-metered rate was calculated based on the average metered customer's bill. Provided below is a summary of the present and proposed rates for 2012 through 2015.

Present and Proposed Single Family Water Rates					
	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Flat Rate Customer - \$ / Month					
per customer	\$18.90	\$19.35	\$19.85	\$20.35	\$20.85
Metered Rate Customer					
Monthly Meter Charge	\$5.65	N/A	N/A	N/A	N/A
3/4" Meter	N/A	\$9.25	\$9.50	\$9.75	\$10.00
1" Meter	N/A	9.75	10.00	10.25	10.50
1 1/4" Meter	N/A	10.25	10.50	10.75	11.00
1 1/2" Meter	N/A	11.50	11.80	12.10	12.40
Consumption Charge (\$ / gallon)	\$0.00224	\$0.00185	\$0.00190	\$0.00195	\$0.00200

The single family rate has two separate rate structures. The flat rate, or unmetered, rate is a monthly flat charge per customer. The metered rate is comprised of a meter charge specific to meter size per month and a volumetric charge per gallon of consumption. When the metered rate structure is compared to the present rate, the rate structure remained the same except for the meter charge varies by the size of the meter which reflects the capacity, or fixed, costs related to having a larger meter.

Under the present un-metered rates, the customer bill would be \$18.90. Under the proposed un-metered rates, the same would pay \$19.35 or a \$0.45/month difference. The proposed metered rate for a customer using 6,000 gallons a month would be \$20.35, very close to the typical un-metered customer. It should be noted that with the implementation of the variable monthly meter charges the impact to the metered customer will not be the system average increase of 2.5%.



Trailer court customers pay a flat monthly charge for service. At this time there are no metered trailer court customers. It was determined that the trailer court rate would be transitioned over the next five-year period to the single family rate.

Present and Proposed Trailer Court Water Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
<u>Flat Rate Customer - \$ / Month</u>					
per living unit	\$15.34	\$16.45	\$17.85	\$19.35	\$20.85
<u>Metered Rate Customer</u>					
Monthly Meter Charge	\$5.65	N/A	N/A	N/A	N/A
3/4" Meter	N/A	\$9.25	\$9.50	\$9.75	\$10.00
1" Meter	N/A	9.75	10.00	10.25	10.50
1 1/4" Meter	N/A	10.25	10.50	10.75	11.00
1 1/2" Meter	N/A	11.50	11.80	12.10	12.40
 Consumption Charge (\$ / gallon)	 \$0.00224	 \$0.00157	 \$0.00171	 \$0.00185	 \$0.00200

Beginning in FY 2012 the un-metered trailer court rate is 85% of the single family rate and increases annually by approximately 5% of the single family rate each year until FY 2015 when it is the same as the single family flat rate. At the present time there are no metered trailer court customers. However, if the City does meter trailer court customers, they would be charged the metered rate until FY 2015 when they would be charged the same rate as metered single family customers.

Multi-family customers are either metered or un-metered. The current flat un-metered rate charge is a single monthly charge per living unit which is approximately 37% of the single family un-metered rate. The metered rate is comprised of a meter charge specific to meter size per month and a volumetric charge per gallon.

Present and Proposed Multi-Family Water Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
<u>Flat Rate Customer - \$ / Month</u>					
per unit	\$7.02	\$7.15	\$7.55	\$7.95	\$8.35
<u>Metered Rate Customer</u>					
Monthly Meter Charge	\$5.65	N/A	N/A	N/A	N/A
3/4" Meter	N/A	\$9.25	\$9.50	\$9.75	\$10.00
1" Meter	N/A	9.75	10.00	10.25	10.50
1 1/4" Meter	N/A	10.25	10.50	10.75	11.00
1 1/2" Meter	N/A	11.50	11.80	12.10	12.40
2" Meter	N/A	13.25	13.60	13.95	14.30
 Consumption Charge (\$ / gallon)	 \$0.00169	 \$0.00155	 \$0.00159	 \$0.00163	 \$0.00167

When the multi-family metered rate structure is compared to the present rate, the rate structure remained the same except for the meter charge is now dependent on the size of the

meter. The un-metered rate is based on 40% of the single family un-metered rate based on the average consumption for a multi-family living unit compared to the average single family consumption. Similar to the metered single family proposed rate structure, the impact to the various metered customers will vary depending on the size of the meter and the specific monthly consumption given the transition towards a higher monthly meter charge that varies by meter size and a slight decrease in the consumption charge.

Duplexes are charged a flat un-metered rate on a per unit basis. Currently, un-metered duplex customers are charged approximately 55% of the single family un-metered rate. The current rate structure was maintained, and the proposed rate was transitioned to reflect 60% of the single family un-metered rate per living unit based on the estimated consumption per living unit when compared to a single family customer. The proposed metered duplex rate is the same as the multi-family metered rate.

Present and Proposed Duplex Water Rates					
	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Flat Rate Customer - \$ / Month					
per living unit	\$10.42	\$11.05	\$11.50	\$12.00	\$12.50
Metered Rate Customer					
Monthly Meter Charge	\$5.65	N/A	N/A	N/A	N/A
3/4" Meter	N/A	\$9.25	\$9.50	\$9.75	\$10.00
1" Meter	N/A	9.75	10.00	10.25	10.50
1 1/4" Meter	N/A	10.25	10.50	10.75	11.00
1 1/2" Meter	N/A	11.50	11.80	12.10	12.40
2" Meter	N/A	13.25	13.60	13.95	14.30
Consumption Charge (\$ / gallon)	\$0.00169	\$0.00155	\$0.00159	\$0.00163	\$0.00167

Irrigation customers are separately metered customers for outdoor use only. Currently these customers are charged a consumption charge, but no meter charge. Provided below is a summary of the present and proposed irrigation water rates.

Present and Proposed Irrigation Water Rates					
	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Metered Rate Customer					
3/4" Meter	N/A	\$9.25	\$9.50	\$9.75	\$10.00
1" Meter	N/A	9.75	10.00	10.25	10.50
1 1/4" Meter	N/A	10.25	10.50	10.75	11.00
1 1/2" Meter	N/A	11.50	11.80	12.10	12.40
2" Meter	N/A	13.25	13.60	13.95	14.30
Consumption Charge (\$ / gallon)	\$0.00158	\$0.00150	\$0.00154	\$0.00158	\$0.00162

To maintain consistency with the other customer classes, meter charges were added to the irrigation proposed rate structure. The meter charges are the same charges as all other metered customers. To adjust for adding in meter charges to the rate structure's billing for FY 2012, consumption charges were not increased by the full 2.5%. The consumption charges were set equal to the commercial customer metered rate consumption charges.

Similar to the proposed residential rates, the commercial rate structure was revised to reflect the variable meter charges based on the size of the customer meter. The rate structure is based on a variable meter charge and a uniform rate structure for consumption. Shown below is a summary of the present and proposed commercial water rates.

Present and Proposed Commercial Water Rates					
	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Flat Rate Customer - \$ / Month					
3/4" Service	\$20.16	\$22.33	\$22.90	\$23.45	\$24.05
1" Service	40.03	41.12	42.15	43.20	44.30
1 1/4" Service	54.46	54.89	56.25	57.65	59.10
1 1/2" Service	69.50	69.95	71.70	73.50	75.35
2" Service	161.70	156.56	160.45	164.45	168.55
3" Service	268.63	259.15	265.65	272.30	279.10
4" Service	732.18	692.09	709.40	727.15	745.35
Metered Rate Customer					
Monthly Meter Charge	\$5.65	N/A	N/A	N/A	N/A
3/4" Meter	N/A	\$9.25	\$9.50	\$9.75	\$10.00
1" Meter	N/A	9.75	10.00	10.25	10.50
1 1/4" Meter	N/A	10.25	10.50	10.75	11.00
1 1/2" Meter	N/A	11.50	11.80	12.10	12.40
2" Meter	N/A	13.25	13.60	13.95	14.30
3" Meter	N/A	17.50	17.95	18.40	18.85
4" Meter	N/A	23.75	24.35	24.95	25.55
Consumption Charge (\$ / gallon)	\$0.00158	\$0.00150	\$0.00154	\$0.00158	\$0.00162

The proposed commercial water rate structure is the same as the current rate structure except variable monthly meter charges have been proposed. The un-metered customer rates were adjusted to reflect the average customer's bill assuming the average use for those similar metered customers. In other words, each un-metered rate is based on the metered rate for that meter size and the average consumption. In this way, based on average use, the metered and un-metered customer should have the same monthly bill. Similar to the prior metered rate designs the bill impacts in year 1 of the proposed rate transition plan will vary depending on the customer meter size and specific monthly use. However, in the following years of the rate transition plan the rate adjustment is implemented equally among all customers.

It should also be noted that a monthly minimum charge is being proposed to reflect the fixed costs incurred by the water utility regardless of water consumption. Given the high percentage of fixed costs each customer will pay the monthly fixed charge by meter size even if the water

is turned off. For those un-metered customers they will pay the monthly meter charge for a 3/4" meter.

Sewer Utility Summary

Based on the proposed 2012 sewer utility budget the revenue requirement has been developed. Provided below is a summary of the sewer revenue requirement analysis.

Summary of the Sewer Revenue Requirement (\$000s)						
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Sources of Funds						
Rate Revenue	\$690	\$697	\$703	\$711	\$718	\$725
Miscellaneous Revenue	54	57	60	62	60	57
Total Source of Funds	\$744	\$753	\$763	\$772	\$778	\$782
Applications of Funds						
Total O&M Expenses	\$734	\$776	\$850	\$928	\$1,007	\$1,090
CIP from Rates	0	0	5	10	15	20
Debt Service	0	0	0	0	0	0
Use of Reserves (+/-)	10	(22)	(47)	(70)	(95)	(121)
Total Application of Funds	\$744	\$754	\$809	\$868	\$927	\$990
Balance/(Deficiency) of Funds	\$0	(\$0)	(\$46)	(\$96)	(\$150)	(\$208)
Balance as % of Rev from Rates	0.0%	0.0%	6.5%	13.5%	20.8%	28.7%
Proposed Rate Adjustment	0.0%	0.0%	6.5%	6.5%	6.5%	6.5%

The results of the sewer revenue requirement indicate that annual adjustments of 6.5% are necessary to prudently fund the sewer operating and capital needs starting in 2012. The key driver of the results is inflationary increases in O&M and adequate funding of capital needs through rates. It should also be noted that existing reserves are being utilized to fund annual deficiencies to minimize the rate increases.

HDR also completed a cost of service study which equitably allocates the expenses of the sewer utility between the different customer classes of service. The results of the cost of service showed cost differences between the customer classes of service. Specifically the commercial low and commercial high customer rates should be adjusted. Given the goal to adequately fund the sewer utility needs the only cost of service adjustments implemented were for the low and high commercial customers.

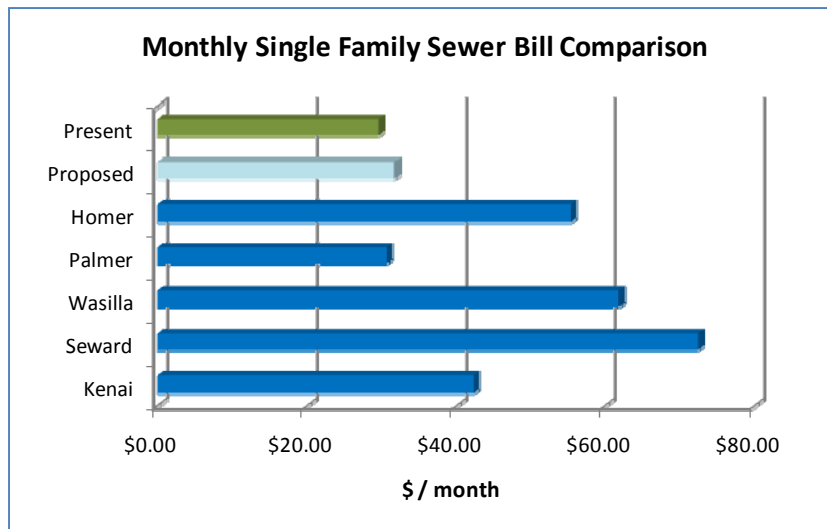
The rate designs were based on the results of the revenue requirement and rate transition plan (i.e., 6.5% annually in 2012 – 2015). The rate structure was not adjusted, that is how the customer is billed. However, the level of the rates, the amount to be collected from the customers, was adjusted to reflect the annual increase in rates of 6.5%. In addition, the un-

metered rates were adjusted to reflect the average bill for a metered customer. Provided below is a summary of the present and proposed rates for 2012 through 2015.

The following tables provide the present and proposed rates for the single family, multi-family, duplex, low, medium, and high base commercial user, and other commercial customers. The single family rate has two rate structures, a flat un-metered rate structure and a metered rate with a monthly meter charge with a volumetric charge.

Present and Proposed Single Family Sewer Rates					
	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Flat Rate Customer - \$ / Month					
per customer	\$29.62	\$31.75	\$33.90	\$36.25	\$38.75
Metered Rate Customer					
Monthly Meter Charge	\$11.93	14.45	15.25	16.45	17.65
Volume Charge (\$ / gallon)	\$0.00276	\$0.00280	\$0.00300	\$0.00320	\$0.00341

When compared to the present rate, the rate structure has remained the same and the proposed rate has been adjusted by 6.5%.



For a typical un-metered single family customer, under the present rates, the bill would be \$29.62 per month. Under the proposed rates, the same customer would pay \$31.75 or a \$2.13/month difference. In comparison a metered single family customer monthly bill would be \$31.25 assuming 6,000 gallons of water consumption.

The multi-family customers have two rate structures, a flat rate structure and a monthly meter charge with a volumetric charge.

Present and Proposed Multi-Family Sewer Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
<u>Flat Rate Customer - \$ / Month</u> per living unit	\$12.40	\$12.70	\$13.55	\$14.50	\$15.50
<u>Metered Rate Customer</u> Monthly Meter Charge	\$11.15	14.45	15.25	16.45	17.65
Volume Charge (\$ / gallon)	\$0.00284	\$0.00280	\$0.00300	\$0.00320	\$0.00341

Both the flat and metered rate structures were maintained, however, the basis for the monthly flat rate and metered rate were adjusted. This structure was adjusted to reflect the current relationship that un-metered multi-family flat monthly rate is approximately 42% of the un-metered single family flat monthly rate. To maintain that relationship HDR adjusted multi-family rates by 40% of the single family flat monthly rate on a per living unit basis. To maintain consistency the metered multi-family rate is the same as the metered single family rate.

Similar to the multi-family customers, duplex customers have two rate structures, a flat rate structure and a monthly meter charge with a volumetric charge.

Present and Proposed Duplex Sewer Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
<u>Flat Rate Customer - \$ / Month</u> per living unit	\$19.56	\$19.05	\$20.35	\$21.75	\$23.25
<u>Metered Rate Customer</u> Monthly Meter Charge	\$11.93	14.45	15.25	16.45	17.65
Volume Charge (\$ / gallon)	\$0.00276	\$0.00280	\$0.00300	\$0.00320	\$0.00341

Both the flat, un-metered, rate and the metered rate were based on a percentage of the single-family rate. The un-metered, flat rate structure was adjusted to reflect the usage requirements of a duplex, two living units, when compared to typical single family home. Based on water and sewer data it was determined that the duplex flat monthly rate is 60% of the single family flat monthly rate. To maintain consistency the metered duplex rate is the same as the metered single family rate.

Similar to the water trailer court rate structure, the sewer trailer court rate was transitioned over the four-year period to be the same as the single family flat rate.

Present and Proposed Trailer Court Sewer Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
<u>Flat Rate Customer - \$ / Month</u>					
per living unit	\$25.70	\$27.95	\$31.20	\$34.80	\$38.75
<u>Metered Rate Customer</u>					
Monthly Meter Charge	\$11.15	14.45	15.25	16.45	17.65
Volume Charge (\$ / gallon)	\$0.00284	\$0.00280	\$0.00300	\$0.00320	\$0.00341

By FY 2015 un-metered trailer court rates are the same as the single family flat monthly rate at the end of the four year rate transition period. The metered rates are the same as all other residential customer metered rate structures.

Similar to the previous classes of service the commercial low base user rate structure includes both the flat monthly rate based on the size of the water meter and a metered rate, which includes a monthly meter charge, and a uniform volumetric charge based on water use. The low base user proposed rates included a minor cost of service adjustment to reflect the costs imposed on the system.

Present and Proposed Commercial Low Base User Sewer Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
<u>Flat Rate Customer - \$ / Month</u>					
3/4" Service	\$38.31	\$42.22	\$44.95	\$47.85	\$50.95
1" Service	71.93	77.61	82.65	88.00	93.70
1 1/4" Service	96.14	103.09	109.80	116.95	124.55
1 1/2" Service	121.49	129.78	138.20	147.20	156.75
2" Service	277.33	293.82	312.90	333.25	354.90
<u>Metered Rate Customer</u>					
Monthly Meter Charge	\$11.93	14.45	15.25	16.45	17.65
Volume Charge (\$ / gallon)	\$0.00266	\$0.00280	\$0.00300	\$0.00320	\$0.00341

Based on the cost of service analysis the low base user rate would need to be increased in FY 2012 by a slightly higher rate than the proposed rate adjustment. For the low base user a rate increase of 7.5% was applied to determine the revenue needs in FY 2012. The monthly flat rates were adjusted to reflect the average use of a similar customer and the metered rate. In the following years the rates were adjusted by the annual adjustment of 6.5%.

Similar to the low base user, the medium base user rates consist of a flat monthly rate based on the size of the water meter and a metered rate including a monthly meter charge and a uniform volumetric charge.

Present and Proposed Commercial Medium Base User Sewer Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Flat Rate Customer - \$ / Month					
3/4" Service	\$48.03	\$52.59	\$56.00	\$59.65	\$63.55
1" Service	91.62	98.82	105.25	112.10	119.40
1 1/4" Service	122.48	131.55	140.10	149.20	158.90
1 1/2" Service	154.75	165.77	176.55	188.05	200.25
2" Service	362.61	386.21	411.30	438.05	466.50
Metered Rate Customer					
Monthly Meter Charge	\$11.93	\$14.45	\$15.25	\$16.45	\$17.65
Volume Charge (\$ / gallon)	\$0.00351	\$0.00376	\$0.00400	\$0.00426	\$0.00454

The commercial medium base user flat and metered rate structure has been maintained. The flat rate is based on the average metered customer use and metered rate. The metered rate was adjusted to have the same monthly meter charge as all other customers, and increase the volume charge by the overall rate adjustment of 6.5% in FY 2012. Future year's adjustments were based on increasing the revenues by 6.5%.

The commercial high base user also includes a flat and metered rate. For the commercial high base user there was no adjustment proposed for FY 2012, however the base monthly rate was adjusted as was the flat rate. The flat rate was based on the metered rate and the customer's average metered use by meter size. Shown in the table is a summary of the high base user present and proposed sewer rates.

Present and Proposed Commercial High Base User Sewer Rates

	Present FY 2011	Proposed FY 2012	Proposed FY 2013	Proposed FY 2014	Proposed FY 2015
Flat Rate Customer - \$ / Month					
3/4" Service	\$58.50	\$61.02	\$65.00	\$69.20	\$73.70
1" Service	115.98	118.50	126.20	134.40	143.15
1 1/2" Service	200.38	202.90	216.10	230.15	245.10
2" Service	465.05	467.57	497.95	530.30	564.75
Metered Rate Customer					
Monthly Meter Charge	\$11.93	\$14.45	\$15.25	\$16.45	\$17.65
Volume Charge (\$ / gallon)	\$0.00454	\$0.00454	\$0.00484	\$0.00515	\$0.00548

Based on the cost of service results, the high base user rate structures were not increased in FY 2012. Although to maintain consistency between the City's metered rates, the monthly meter charge was adjusted to be the same as all other metered rate meter charges. The flat

rate was gain based on the metered rate and the average use for each meter size. This adjustment was the only adjustment in the FY 2012 to the high base user rates. In FY 2013 through FY 2015 the proposed rate increases of 6.5% per year is applied to determine the target revenues.

Similar to the water utility rates a monthly minimum charge is being proposed to reflect the fixed costs incurred by the sewer utility regardless of wastewater volumes. Given the high percentage of fixed costs each customer will pay the monthly fixed charge if the service is turned off. For those un-metered customers they will pay the monthly charge for the appropriate meter size.