



# **City of Toledo**

## **Public Utilities**

### **Sewer Rates/Winter Sewer Average**

**May 28, 2025**

# Sewer Rates Overview

- There are 104,500 sewer customers of which approximately 70,000 are residential users who may received winter sewer average
- Previously Winter Sewer Average was applied to residential users only
  - This was an approximate annual revenue reduction to the sewer utility of approximately \$4M (2025 dollars)
- DPU hired Raftelis to do a cost of service rate study that began in 2023 and completed in early 2024
  - Rates recommended were sufficient to cover:
    - Current future operational costs at both the plant and sewer piping collection systems
    - Plant improvements approved by Toledo voters
    - Maintain current level of capital dollars for the sewer piping collection systems
  - Rates included a new low income discount program of 25%, maintained the senior discount of 25%, and allowed for a discount rate 40% for low income seniors

# Why was Winter Sewer Average Eliminated

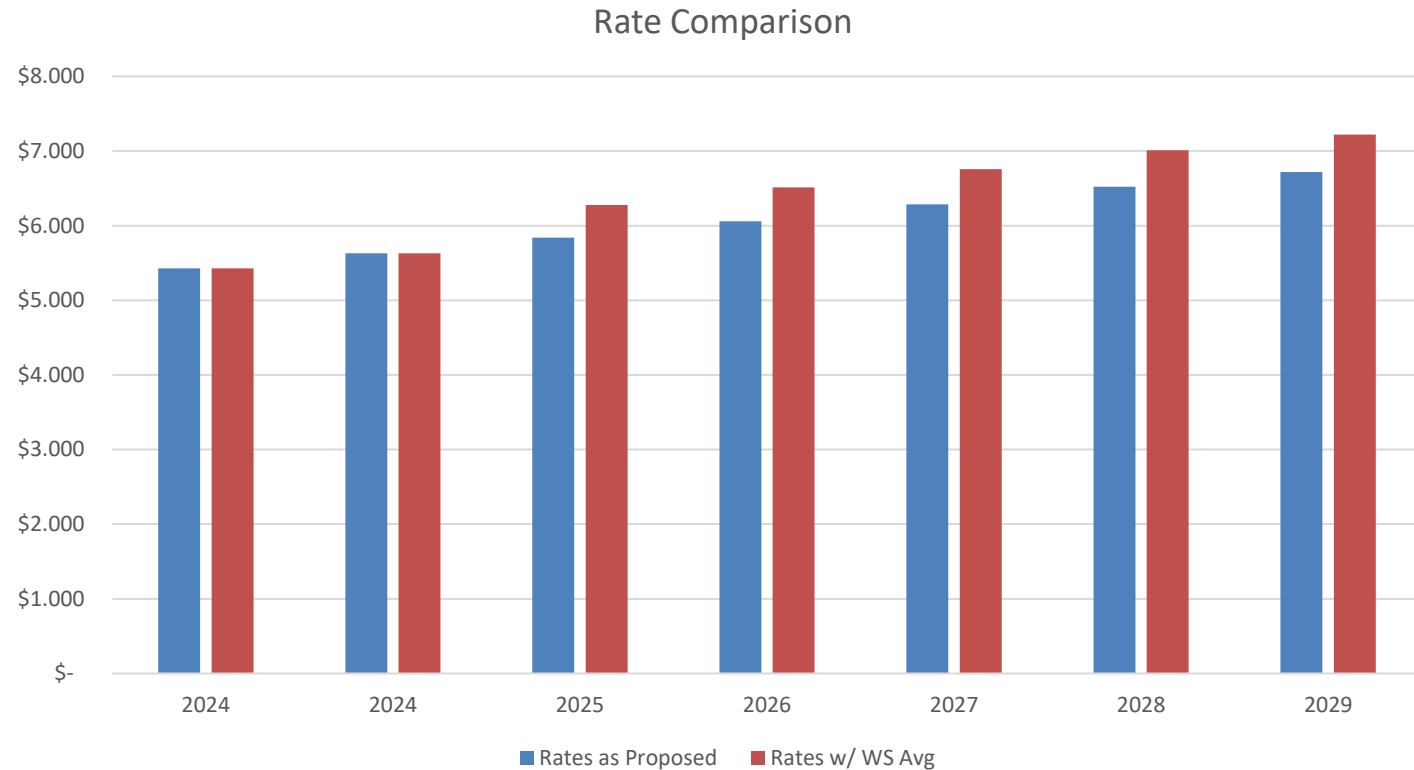
- To allow for the creation of the low income discount for our most vulnerable customers
- The new AMI meters allowed DPU to effectively utilize a cost of service rate structure in which customers pay for their actual usage not estimated consumption
- The new AMI meters allow the utility to charge for actual consumption used with few estimates, which makes the need for averaging obsolete (new meters are getting 99.9%+ monthly read rate)
- Eliminates the need for higher rates to operate the utility and serve customers
  - Utilizing WSA would not only result in higher rates for all customers but would charge industrial, commercial, and lower volume residential customers an unofficial surcharge to subsidize lower costs for higher volume residential customers
  - Higher rates can cause further affordability issues and damage the credit rating of the sewer utility when borrowing for capital improvements
- DPU cannot know the actual amount that goes into the sewer vs. the amount that may be used for irrigation or in the yard

# Sewer Cost of Service Rates

- The Sewer Utility needs approximately \$101,368,800 (2025 dollars) in revenue from all customers
- There are 2 charges on the City of Toledo Sewer Part of the sewer costs are a fixed rate for all customers, which is based upon meter size, and the second portion is the consumption charges \$5.841 per ccf in 2025
  - Note, the fixed is rate is built in to address long term capital needs, including borrowing, and the consumption is for all operational needs
- Fixed rate generates about \$34,952,788 and the consumption rates needs to generate about \$66,416,012 in revenue. If a WSA discount is applied we lose approximately \$4M in revenue that is needed and must therefore charge a higher rate to customers (would be approximately \$6.227 per ccf in 2025, 7.47% higher than the current rate)

# Current Rates vs Rates w/Winter Sewer Average

Year	Rates as Proposed	Rates w/ WS Avg
2024	\$ 5.426	\$ 5.426
2024	\$ 5.629	\$ 5.629
2025	\$ 5.841	\$ 6.277
2026	\$ 6.060	\$ 6.513
2027	\$ 6.287	\$ 6.757
2028	\$ 6.523	\$ 6.010
2029	\$ 6.718	\$ 7.221



- Rates would increase by 9.26% to customers if winter sewer average had been included in the current rate

# Customer Breakdown

- The average residential customer use is 5.80 ccf per month
  - Current cost of average monthly use is \$33.88 using the current rate of \$5.841 per ccf
  - The sewer utility relies on collecting this on average for every residential customer to generate necessary revenue
  - If WSA was utilized, in order to make up the lost revenue from actual consumption (Approximately \$4M), a higher rate of \$6.277 per ccf is required
  - Using the rate of \$6.277, the average monthly use would cost \$36.41, and increase of \$2.53 or 7.47%
  - Any customer who averages less than 5.80 ccf of usage a month would effectively be paying a surcharge however customers who use more than 5.80 ccf a month effectively receive a discount
  - There are 69,961 residential single family unit customers of which 48,229 use 5.80 ccf per less a month on average annually. This amounts to 68.9% of our residential customers.
    - Therefore 31.1% of our customer base receives a discount while 68.9% of our customers subsidize those higher users
    - Note that senior discount customers (15,159) on average use 4.33 ccf per month annually. Therefore our average seniors are subsidizing higher users, note of the 15,159 senior discount customers 363 of them are also receiving the low income discount
    - Our 406 low income only customers utilize an average of 6.14 ccf per month, and with the 25% discount pay \$26.90 for that volume of water instead of \$28.91 at the higher rate if WSA was included in the rate

# Bill Comparison

Senior Discount Customer			Customer @ Average Consumption			Director Stephens		
	Consumption Based	With SWA		Consumption Based	With SWA		Consumption Based	With SWA
Sewer Fixed	23.47	23.47	Sewer Fixed	23.47	23.47	Sewer Fixed	23.47	23.47
Sewer Volume	17.52		Sewer Volume	28.80		Sewer Volume	57.91	
SWA		17.95	SWA		29.03	SWA		25.06
Total	40.99	41.42	Total	52.27	52.50	Total	81.38	48.53
Additional Cost with WSA		0.43	Additional Cost with WSA		0.24	Additional Cost with WSA		(32.86)
	Annual Cost	5.15		Annual Cost	2.86		Annual Discount	(394.28)

# Solutions for Higher Volume Customers

Higher volume customer who use larger amounts of water overall or only during summer months may want to control their costs, and there are options the utility has available

1. Customers may use the new MyTOL Portal monitor and help implement reductions in water use at the home
2. Customers may choose to make adjustments to their private plumbing and obtain an irrigation meter to track water that goes into the yard and not the sanitary sewer
  - The irrigation meter comes with some additional costs to homeowners
    - Private plumbing costs of meter setting & piping, meter cost, inspection fees, meter application cost, and contract for service add one (Approximately \$1,500 in cost year 1)
3. Budget Billing
  - Budget billing is currently available if you call DPU Customer Service at 419-245-1800 or email [dpucustomerservice@toledo.oh.gov](mailto:dpucustomerservice@toledo.oh.gov)
  - Budget billing is being developed on the MyTOL Portal
  - The budget bill will provide and estimated average annual usage based on last year's actual consumption with on "true up" bill every year
  - This option was not available prior to the AMI system due to the billing inaccuracy from insufficient actual consumption data





**Thank you.**

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