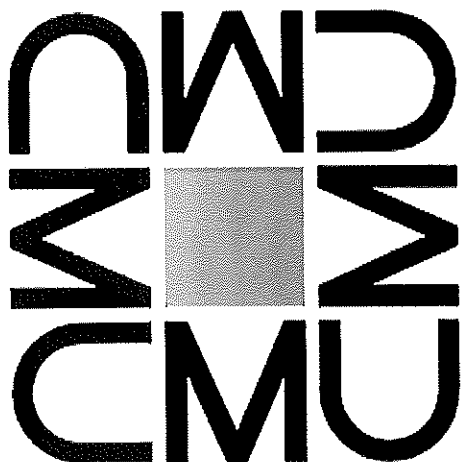




CANTON MUNICIPAL UTILITIES 2024 WATER & SEWER RATE EVALUATION



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PURPOSE

The purpose of the Canton Municipal Utilities (CMU) Water and Sewer Rate Evaluation is to determine if adjustments in water and sewer rates are necessary to generate sufficient annual revenues to meet each system's budgeted expense requirements. The evaluation results clearly indicate that the need for rate adjustments arises because the expenses to operate and maintain the water and sewer systems have increased more than anticipated since the previous adjustment before November 2016. This has resulted in an annual deficit that has depleted much of CMU's reserves, which could otherwise be used for one-time critical repairs and replacements.

METHODOLOGY

CMU's accounting system tracks revenue and expenses in five separate accounts: general, gas, electrical, water, and sewer. Industry standards were deployed during the rate evaluation utilizing guidance from the American Water Works Association (AWWA) M1 Principles of Water Rates, Fees and Charges, Seventh Edition and the Water Environment Federation (WEF) Financing & Charges for Wastewater Systems, Fourth Edition. The methodology is described below:

1. Revenue Requirements: Historical Operation and Maintenance Expenses were analyzed to determine an adequate revenue target.
2. Cost of Service Evaluation: Expenses and consumption for each classification and rate code were evaluated.
3. Proposed Rates: Utilizing the revenue requirement and cost allocation, a suitable rate was proposed for each customer class.

Goals:

1. Eliminate annual deficit.
2. Target an increase to allow for working capital balance of 45 to 90 days and allow short term targeted projects to be implemented.
3. Develop a sustainable and equitable rate.

Assumptions:

1. Since 2017, the Consumer Price Index¹ has on average increased 4% annually. Expenses were projected to increase at an annual rate of 4%.
2. The customer count and consumption data utilized for the evaluation of water and sewer systems are FY2023 (October to September). Customer count and consumption has remained generally flat. The latest completed audit FY2022 was utilized to develop the projected expenses. Expenses have been trending slightly downward.
3. The sewer rate evaluation intentionally excludes the Madison County Wastewater Authority (MCWA) operating and maintenance expenses. The Transportation and Treatment (T&T) agreement which controls operation and maintenance of the MCWA system defines that CMU should be fully reimbursed for any cost incurred from the operation and maintenance of the facilities. However, MCWA payments have been unreliable due to ongoing litigation, these direct MCWA operating expenses were not included in the rate evaluation.

ANALYSIS

The analysis focused on determining any necessary rate adjustments for the water and sewer systems individually. Then the results were combined to confirm both revenue tests are satisfied.

Water System:

OVERVIEW

CMU's water service area is 196 square miles which is nine times the size of the City of Canton. The service area is divided into five different areas. The water system consists of 323 miles of distribution lines, 13 elevated water storage tanks, 12 water supply wells, and 2 water treatment plants. The primary source of water is aquifers and some of the areas are susceptible to high concentration of Iron. The treatment required for iron concentration makes the some of the areas classified as Class B System (the second highest classification) by the Mississippi Department of Health (MSDH). CMU does purchase surface water from the Mississippi Major Economic Impact Authority that is supplied by the City of Jackson.

¹ U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Water and Sewer and Trash Collection Services in U.S. City Average (Oct-17: 230.838, Oct-18: 239.276, Oct-19: 247.032, Oct-20: 255.065, Oct-21: 264.564, Oct-22: 277.175, Oct-23: 291.968)

EXISTING RATES & CHARGES

The Existing Schedule of Current Water Rates, Fees, and Charges can be found in Appendix A. The current usage charge rate structure is a four-tier decreasing block structure where the consumption rate charge goes down as consumption goes up. There is a 47% difference between the lowest and highest tier. Outside-city-limit customers have a usage rate approximately 10% higher than inside-city-limit customers. The usage rate is the same for residential, commercial, and industrial customers. Base charges are based on meter size and the meter location. Outside base charges are approximately 22% higher than inside due to higher costs. There are 21 customers per square mile outside the city limits and 174 customers per square mile inside the city limits. Considering the sparse concentration of outside customers, the additional maintenance and pumping required increase the cost of service.

REVENUE ANALYSIS

The average revenue for the last five years is \$3.6 million annually, and the average expense for the same period is \$5.1 million, resulting in an average deficit of \$1.4 million. Additionally, the budget has not included reserves in at least the last five years. The Mississippi Department of Health has commented on the lack of reserve in every recent annual inspection. AWWA and WEF suggest one to twelve months of operating costs; therefore, a minimum reserve target is 10% of annual expenses. The Government Finance Officers Association (GFOA) suggest a working capital balance of 45 to 90 days.

	Water Revenue & Expenses				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>AVG</u>
Total Revenue	3,612,914	3,617,823	3,698,710	3,583,581	3,628,257
Total Expenses	5,195,459	5,363,114	5,065,034	4,680,489	5,076,024
Total Deficit	-1,582,545	-1,745,291	-1,366,324	-1,096,908	-1,447,767

CMU is currently completing a comprehensive plan for capital improvements and asset management. Below are some of the targeted short-term and long-term improvements. The expenses for the improvements listed below are reflected in the Outside Services and Materials and Supplies expenses categories in the proforma statement. Once adequate reserves are built the reserve can assist in capitalizing the cost of the improvements.

SCADA System Upgrades- CMU relies on its SCADA system to observe and manage many of the functions of the water system. Like any piece of technology, over time upgrades are necessary. Several of the hardware, software, and instrumentation assets need to be upgraded. Estimated Cost: \$200,000

Lead Service Line Inventory Assessment- Due to the Lead and Copper Rule updates, the EPA and MSDH will require each water system to have a lead service line program going forward. Estimated Cost: \$110,000 annually

Distribution Line Replacement and Repair- A portion of CMU's water distribution system lines are over 100 years old. Due to the ongoing deficit, many necessary repairs and replacements have been delayed. Estimated Cost: \$10,000,000+

Tip H. Allen Water Treatment Plant Replacement - The plant is 48 years old and has reached the end of its useful life and needs to be replaced. There are also ongoing rehabilitation costs. The three wells that feed the plant are also at the end of their useful life. Estimated Cost: \$10,000,000+

GIS Inventory, Mapping, and Condition Assessment - Having adequate data is critical to maintaining a functional system. CMU needs to deploy a more reliable assessment program. Estimated Cost: \$120,000 annually

A projected Water Proforma Income Statement for can be found in Appendix B.

CONSUMPTION ANALYSIS

There are approximately 10,000 total water customers, with an average monthly total consumption of 131,672 centum cubic feet (CCF) (98,491,354 gallons). Outside customers account for approximately 36% of the total customers but represent 43% of the consumption. Residential customers account for 87% of the total customers but makeup only 45% of the consumption. However, residential customers make up 57% of the total revenue. Table 1 shows a summary of the rate codes analyzed for the evaluation.

Table 1: Summary of Water Rate Codes												
					Water Size							
Rate Code	Type	City	Average Bill (per month)	Avg Consumption (CCF)	0.75"	1"	1.5"	2"	3"	4"	6"	8"
200CON	Residential	Out	28	1,506	26	0	0	2	0	0	0	0
203CON	Commercial	In	15	202	10	4	0	1	0	0	0	0
204CON	Commercial	In	1,025	29,679	732	112	1	160	7	11	2	0
214CON	Industrial	In	13	9,780	7	1	0	3	0	1	0	1
218CON	Commercial	Out	112	1,437	62	19	0	27	2	1	0	0
243CON	Industrial	Out	1	42	1	0	0	0	0	0	0	0
244CON	Residential	Out	1,914	15,065	1,868	43	0	2	0	0	1	0
251CON	Residential	In	5,469	33,687	5,413	38	1	13	0	1	2	0
255CON	Residential	Out	1,127	6,682	1,038	65	0	24	0	0	0	0
258CON	Residential	Out	1	1	1	0	0	0	0	0	0	0
261CON	Residential	Out	336	1,970	335	1	0	0	0	0	0	0
271CON	Commercial	Out	25	1,329	11	4	0	7	1	2	0	0
272CON	Industrial	Out	1	28,459	0	0	0	0	0	0	0	1
275CON	Commercial	Out	1	0	1	0	0	0	0	0	0	0
280CON	Commercial	Out	110	636	87	16	0	7	0	0	0	0
297CON	Commercial	Out	1	0	4	0	0	1	0	0	0	0
299CON	Commercial	In	4	427	1	0	0	0	0	0	0	0
299CON	Commercial	Out	3	769	0	0	0	1	1	0	0	0
Grand Total			10,185	131,673								

RECOMMENDATIONS

The Consumer Price Index for All Urban Consumers: Water and Sewer and Trash Collection Services in U.S. City Average has increased by over 62% since 2012. Rising expenses coupled with aging infrastructure and no rate increase in nearly ten years have resulted in the current financial condition. Based on the analysis, the following recommendations are made:

1. An increase of revenue of \$595,000 was targeted to allow CMU to begin implementing delayed operation and maintenance needs as shown in the Proforma Statement in Appendix B. The increase is reflected in the following line items and similar delayed maintenance items will be needed in the foreseeable future:
 - a. Outside Services
 - i. CMU's Lead Service Line Program and GIS Asset Management Program (\$110,0000)
 - ii. Water Treatment Plant Rehabilitation (\$135,000)
 - b. Materials and Supplies
 - i. SCADA system upgrades (\$110,000)
 - ii. Other system repairs (Plant Rehabilitation, Line Repairs, Etc.) (\$140,000)
 - iii. Water Treatment Plant Rehabilitation Materials & Supplies (\$100,000)
2. Increase revenue to fund a 45-day of cash on hand for operating reserve. As indicated in the previous section, there are several long- and short-term improvements that are needed to the water system. Once sufficient reserves are developed, and short-term repairs are made the increase in revenue can be utilized to capitalize more costly long-term improvements. Below is the targeted revenue breakdown.

Projected Operating Expenses	\$4.452 Million
Delayed O&M	\$0.595 Million
Operating Reserve	\$0.625 Million
Projected Revenue Required	\$5.672 Million
3. Eliminate the existing decreasing block rate structure and implement a more equitable uniform rate structure. The uniform rate structure will help bring the industrial and commercial revenue more in line with actual consumption.
4. Increase the bottom block usage rate by 70% for the uniform usage rate. This will increase the rate from \$2.06 per Hundred Cubic Feet (Ccf) and \$2.75 per kilogallons (kgal) to \$3.50 per (Ccf) and \$4.68 per (kgal) for inside customers.

5. Apply updated meter equivalent ratios based on AWWA allowable meter flows to fully account for expenses for each meter size and increase the base rate by 25%.
6. Update meter connection fees.
7. Evaluate rates annually to ensure revenues are adequately meeting reserves.

The Recommended Schedule of Current Water Rates, Fees, And Charges can be found in Appendix C.

Sewer System:

OVERVIEW

The CMU sewer system covers 34.6 square miles. The collection system consists of 50 lift stations, 35 miles of gravity lines, and 14 miles of force mains. The system has two National Pollutant Discharge Elimination System (NPDES) permits cover three facilities that include Heindl Road Lagoon, North Lagoon, and the Beattie's Bluff Wastewater Treatment Facility (BBWWTF). The lagoons are hydrograph-controlled release facilities and only discharge once the receiving stream flow is high enough to discharge. The majority of the customers located within the city utilize the two lagoons which accounts for 66% of the total annual flow. BBWWTF treats all MCWA flows and most of the CMU flow located outside of the city. Approximately, 34% of CMU's flow goes to BBWWTF.

EXISTING RATES & CHARGES

The Existing Schedule of Current Sewer Rates, Fees, and Charges can be found in Appendix D. The current usage charge rate structure is a uniform rate structure. Outside-city-limit customers have a usage charge rate that is approximately 10% higher than inside-city-limit customers. The usage rate is the same for residential, commercial, and industrial customers. Base charges are based on meter size and the meter location. Outside base charges are approximately 25% higher than inside charges due to higher costs. The bulk of the inside customers are located within four miles of the service center, and customers outside of the city limits are located up to ten miles from the service center. Considering the distance to maintain the facilities and additional pumping required, there is a significant increase in the cost of service for outside customers. Sewer rates are offered at ½ of the normal rate during July, August, September and October upon request. The special summer sewer rate applies inside and outside the city and applies to commercial and residential rates.

REVENUE ANALYSIS

The average revenue for the last four years is \$2.5 million annually, and the average expense for the same period is \$6.4 million, resulting in an average deficit of \$3.8 million. Additionally, the budget has not included reserves in at least the last five years. AWWA and WEF suggest

one to twelve months of operating costs. The Government Finance Officers Association (GFOA) suggest a working capital balance of 45 to 90 days.

	Sewer Revenue & Expenses				
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>AVG</u>
Total Revenue	2,663,834	2,536,451	2,654,648	2,475,569	2,582,626
Total Expenses	6,418,112	6,608,054	6,299,031	6,333,859	6,414,764
Total Deficit	-3,754,278	-4,071,603	-3,644,383	-3,858,290	-3,832,139

CMU operates all Madison County Wastewater Authority infrastructure, including lift stations, force mains, and Beatie's Bluff Wastewater Treatment Facility. For the last two years, the MCWA operating expenses were approximately \$2 million annually. The MCWA operating loss is large part of the overall \$3.8 million loss. The MCWA expenses are to be paid from the rate between MCWA and CMU as defined in the Transportation and Treatment agreement. Therefore, the MCWA-related expenses were not considered for this analysis. At the time of this report, MCWA increased the charge from \$1.50 per kilogallons to \$2.25 per kilogallons, resulting in an average annual direct cost of \$1,173,903.

CMU is currently completing a comprehensive plan for capital improvements and asset management. Below are some of the targeted short-term and long-term improvements.

West Lift Station Improvements- The West lift station sewer basin experienced high Inflow and infiltration (I&I). The I&I and growth in the area have resulted in the existing station being inadequate. The lift station needs to be completely replaced. Estimated Cost: \$3,500,000

Sanitary Sewer Overflow Reduction Program - Aging infrastructure has resulted in numerous I&I issues throughout the entire system. Areas are being prioritized for rehabilitation. Going forward an SSO reduction program needs to be implanted. Estimated Cost: \$10,000,000+/-

Collections System SCADA Upgrades - The entire SCADA system needs to be updated, including hardware, software, and instrumentation. Estimated Cost: \$300,000+

Lagoon Upgrades - New permit parameters require updates to the lagoons, including additional aeration and other improvements. Estimated Cost: \$2,500,000+

GIS Inventory, Mapping, and Condition Assessment - Having adequate data is key to maintaining a functional system. CMU needs to deploy a more reliable assessment program. Estimated Cost: \$120,000 annually

A projected Sewer Proforma Income Statement for can be found in Appendix D.

FLOW ANALYSIS

There are approximately 8,100 total wastewater customers, with an average monthly consumption of 103,403 centum cubic feet (Ccf) (77,345,892 gallons). Outside customers

account for approximately 36% of the total number of customers but represent 43% of the flow. Residential customers account for 87% of the total customers but makeup only 45% of the consumption. However, residential customers make up 57% of the total revenue. Below is a summary of the rate codes evaluated.

Table 2: Summary of Sewer Rate Codes												
Rate Code	City	Type	Average Bills Per Month	Avg. Consumption (cfd)	Meter Size							
					0.75	1	1.5	2	3	4	6	8
214CON	In	No Bill	2	0	2	0	0	0	0	0	0	0
300CON	In	No Bill	101	812	91	3	0	7	0	0	0	0
301CON	In	Commercial (MF)	2	59	2	0	0	0	0	0	0	0
302CON	In	Residential	5,077	30,724	5,048	20	1	5		1	2	
304CON	In	Commercial	781	24,474	577	80	0	110	4	8	2	0
311CON	In	Commercial (SS)	5	41	2	2	0	1	0	0	0	0
312CON	In	Residential	163	943	163	0	0	0	0	0	0	0
314CON	Out	Commercial	10	1,313	7	0	0	1	1	1	0	0
315CON	Out	Commercial	68	548	63	0	0	4	0	1	0	0
321CON	In	Commercial	15	605	6	5	0	4	0	0	0	0
330CON	Out	Industrial	2	685	0	0	0	2	0	0	0	0
331CON	In	Industrial	3	9,726	0	1	0	0	0	1	0	1
337CON	In	Residential (SS)	191	1,442	187	4	0	0	0	0	0	0
352CON	Out	Residential (SS)	1	7	1	0	0	0	0	0	0	0
360CON	Out	Residential	1,454	10,356	1,447	6	0	0	0	0	1	0
362CON	Out	Residential (SS)	311	3,175	309	3	0	0	0	0	0	0
365CON	Out	Industrial	1	0	1	0	0	0	0	0	0	0
366CON	Out	Industrial	1	18,096	0	0	0	0	0	0	0	1
369CON	Out	Commercial	1	0	0	0	0	1	0	0	0	0
370CON	Out	Residential	10	400	10	0	0	0	0	0	0	0
Grand Total			8,198	103,404								

RECOMMENDATIONS

The Consumer Price Index for All Urban Consumers: Water and Sewer and Trash Collection Services in U.S. City Average has increased by over 62% since 2012. Rising expenses coupled with aging infrastructure and no rate increase in nearly ten years have resulted in the current financial condition. Based on the analysis, the following recommendations are made:

1. An increase of revenue of \$440,000 is proposed for immediate operation and maintenance related expenses that have been delayed due to budget constraints. The increase is shown in the in the Proforma Statement in Appendix E. The expenses are detailed below and will be needed for the foreseeable future.

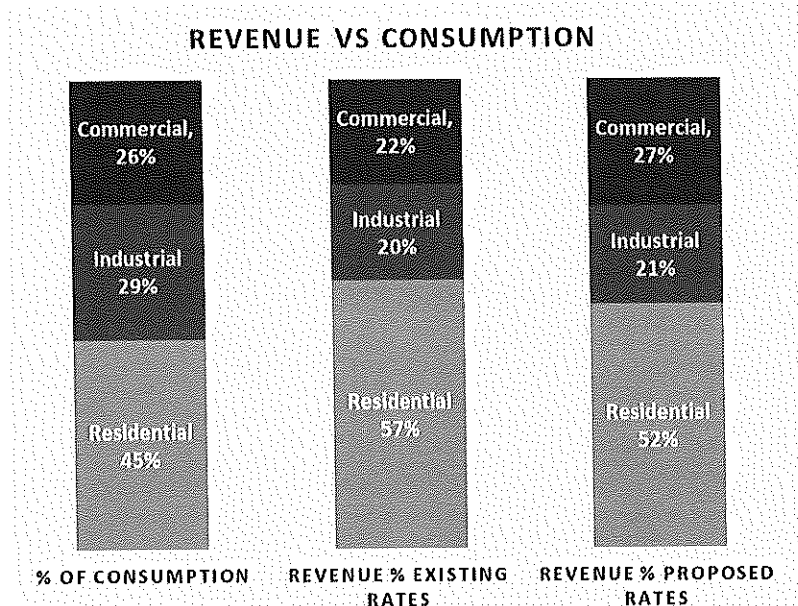
- a. Outside Services
 - i. GIS Asset Management Program (\$110,000)
 - ii. Engineering Design of Several Repairs (\$75,000)
 - b. Repairs and Maintenance
 - i. Sanitary Sewer Overflow Reduction Program (\$200,000)
 - c. Materials and Supplies line
 - i. SCADA system upgrades (\$20,000)
 - ii. Lift Station Upgrades (\$100,000)
 - iii. Lagoon Upgrades (\$130,000)
2. Increase revenue to fund a minimum of a 45-day operating reserve. As indicated in the previous section, there are several long- and short-term improvements that are needed to the sewer system. Once the reserve is funded the revenue can be utilized to implement CMU's capital improvements plan. Below is the targeted revenue breakdown.
- | | |
|--|------------------------|
| Projected Operating Expenses
(Less MCWA Expenses) | \$3.538 Million |
| Delayed O&M | \$0.635 Million |
| Operating Reserve | \$0.515 Million |
| Projected Revenue Required | <u>\$4.688 Million</u> |
3. Eliminate the summer rates. Expenses do not decrease by 50% during the summer months. Additionally, if customers have a large amount of usage that does not get collected then they can request an irrigation meter.
 4. Implement a MCWA rate pass through rate of \$2.25 per kilogallons (\$1.683 per CCF) for all customer's flow that is discharged into the MCWA system. Rate increased on 1/1/25 by MCWA to \$4.77 per kgal on 1/1/2025
 5. Increase the usage rate by 130% for the uniform usage rate. This will increase the rate from \$1.50 per Hundreds of Cubic Feet (CCF) and \$2.00 per kilogallons (kgal) to \$3.45 per (CCF) and \$4.61 per (kgal) for inside customers.
 6. Apply updated meter equivalent ratios based on AWWA flows to fully account for expenses for each meter size and increase the base rate by 25%.
 7. Evaluate rates annual to ensure revenues are adequately meeting reserves.

The Recommended Schedule of Current Sewer Rates, Fees, And Charges can be found in Appendix F.

CONCLUSION

Water System:

The evaluation results indicate that rate adjustments are necessary for the water system to meet revenue requirements and generate sufficient reserves. The existing declining rate structure and meter base charges results in an imbalanced revenue to consumption ratio as shown in the chart below.



The tables below summarize the revenue and rate increase. The table was generated from FY2023 billing data for each customer that was utilized to build the revenue model. The audited existing revenue for FY2023 was slightly higher than the projections below. This difference can be attributed to billing cycles.

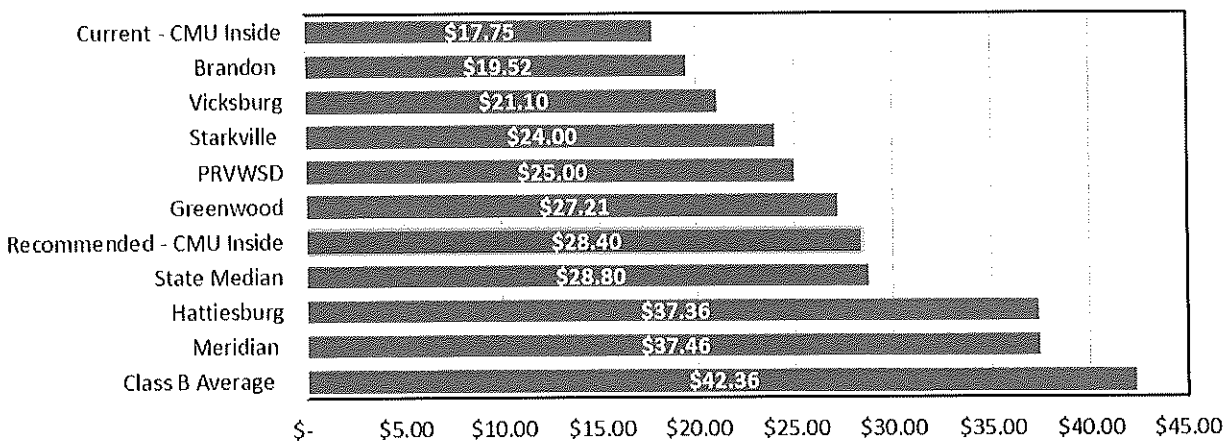
Table 3: Water Revenue Summary							
	Class	Consumption	Consumption	Total Existing	Total #	Total	Revenue
		(Ccf)	(Gallons)	Revenue	Bills Annually	Proposed Revenue	Increase
Inside	Commercial	363,702	272,049,096	\$ 647,506	12,527	\$1,422,662	\$ 775,155
	Industrial	117,357	87,783,036	\$ 154,638	152	\$ 419,754	\$ 265,116
	Residential	404,248	302,377,504	\$ 1,090,921	65,627	\$1,757,526	\$ 666,605
	Inside Subtotal	885,307	662,209,636	\$ 1,893,065	78,306	\$3,599,942	\$1,706,876
Outside	Commercial	50,067	37,450,116	\$ 110,054	3,004	\$ 239,869	\$ 129,815
	Industrial	342,017	255,828,716	\$ 534,729	23	\$ 879,737	\$ 345,008
	Residential	284,684	212,943,782	\$ 847,061	40,204	\$1,368,530	\$ 521,470
	Outside Subtotal	694,768	519,686,614	\$ 1,491,844	43,231	\$2,488,137	\$ 996,292
Grand Total		1,580,075	1,181,896,250	\$ 3,384,910	121,537	\$6,088,078	\$2,703,169

Table 4: Water Rate Summary						
	Class	Average Consumption Per Month (Ccf)	Average Consumption Per Month (Gallons)	Existing Average Bill	Proposed Average Bill	Percentage Increase
Inside	Commercial	29	21,717	\$52	\$114	120%
	Industrial	772	577,520	\$1,017	\$2,762	171%
	Residential	6	4,608	\$17	\$27	61%
Outside	Commercial	17	12,467	\$37	\$80	118%
	Industrial	28,459	21,287,332	\$44,486	\$73,140	64%
	Residential	7	5,297	\$21	\$34	62%

The average residential monthly consumption is 7 Ccf (5,297 gallons) for outside customers and 6 Ccf for inside customers with 60% of total residential customers using less than 6 Ccf per month. The chart below shows the existing and proposed CMU water rate for inside residential users compared to other utilities in the state.

Water Rate Comparison

(5,000 gallons residential)

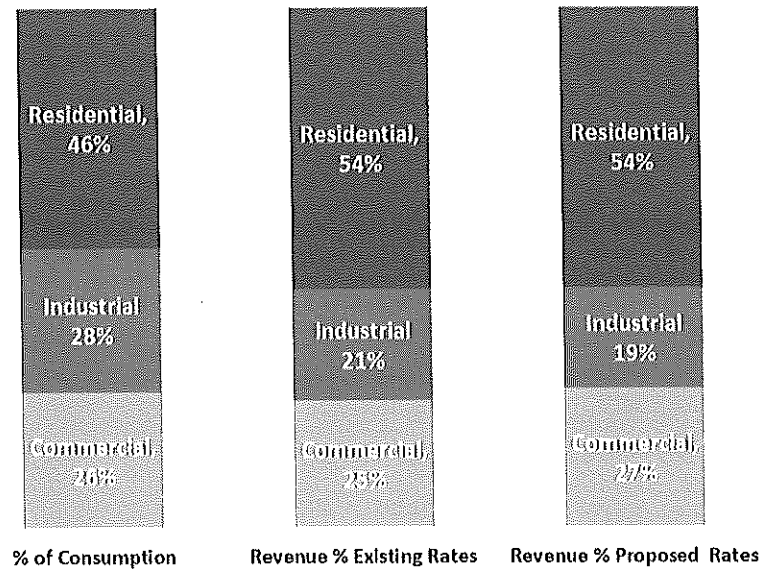


Note: Class B Average was found on Table 6 in the 2022 Mississippi Survey Of Drinking Water System published by the Mississippi State University Extension Service. State Median was found on the 2022 Mississippi Water & Wastewater Rates Dashboard published by Environmental Finance Center at UNC School of Government.

Sewer System:

The evaluation results indicate that rate adjustments are necessary for the sewer system to meet revenue requirements and generate sufficient reserves. The chart below shows the sewer distributions were not greatly affected by the proposed rates.

REVENUE VS CONSUMPTION



The tables below summarize the revenue and rate increase. The table was generated from FY2023 billing data for each customer that was utilized to build the revenue model. The audited existing revenue for FY2023 was slightly higher than the projections below. This difference can be attributed to billing cycles.

Table S: Sewer Revenue Summary							
		Consumption	Consumption	Total Existing	Total # Bills	Total	
Class		(cfs)	(Gallons)	Revenue	Annually	Proposed Revenue	Revenue Increase
Inside	Commercial	300,951	225,111,348	\$508,706	9,553	\$1,158,220	\$649,514
	Commercial (MF)	713	533,324	\$1,550	24	\$2,589	\$1,040
	Commercial (SS)	490	366,520	\$1,007	60	\$2,465	\$1,458
	Industrial	116,714	87,302,072	\$155,435	32	\$410,512	\$255,076
	Residential	379,997	284,237,756	\$827,954	62,880	\$1,662,520	\$834,566
	Residential (SS)	17,304	12,943,392	\$30,003	2,292	\$72,260	\$42,258
	Subtotal	816,169	610,494,412	\$1,524,655	74,841	\$3,308,567	\$1,783,912
Outside	Commercial	22,327	16,700,596	\$44,156	947	\$98,663	\$54,507
	Industrial	225,362	168,570,776	\$327,588	48	\$499,191	\$171,603
	Residential	129,067	96,542,266	\$294,906	17,560	\$613,557	\$318,651
	Residential (SS)	38,179	28,557,892	\$65,658	3,752	\$170,550	\$104,892
	Subtotal	414,935	310,371,530	\$732,307	22,307	\$1,381,961	\$649,654
	Grand Total	1,231,104	920,865,942	\$2,256,962	97,148	\$4,690,528	\$2,433,566

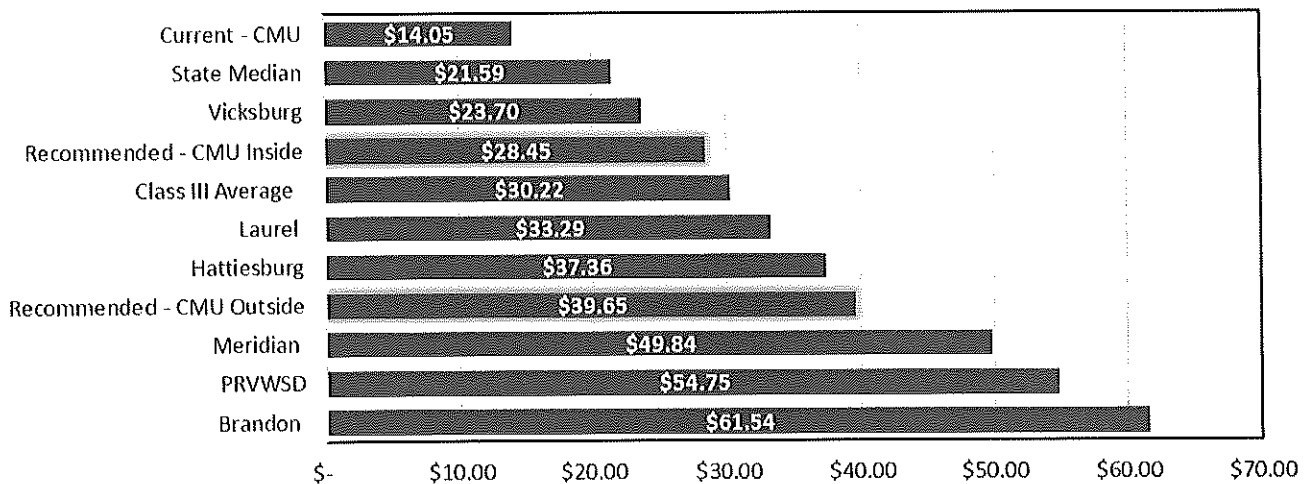
Table 6: Sewer Rate Summary						
	Class	Average Consumption Per Month (ccf)	Average Consumption Per Month (Gallons)	Existing Average Bill	Proposed Average Bill	Percentage Increase
Inside	Commercial	31	23,452	\$53	\$121	128%
	Industrial	3,647	2,728,190	\$4,857	\$12,828	164%
	Residential	6	4,560	\$13	\$27	102%
Outside	Commercial*	24	17,635	\$47	\$104	123%
	Industrial*	4,695	3,511,891	\$6,825	\$13,864	103%
	Residential*	8	5,870	\$17	\$37	117%

*Does not include MCWA Usage Charge of \$1.683

The average residential monthly consumption is 6 CCF (4,857 gallons) for inside customers and 8 CCF (5,870 gallons) for outside customers. The chart below shows the existing and proposed CMU water rate for inside residential users compared to other utilities in the state.

Sewer Rate Comparison

(5,000 gallons residential)



Note: Class III Average was found on Table 24 in the 2022 Mississippi Survey Of Drinking Water System published by the Mississippi State University Extension Service. State Median was found on the 2022 Mississippi Water and Wastewater Rates Dashboard published by Environmental Finance Center at UNC School of Government.

APPENDICES

Appendix A. Existing Schedule of Current Water Rates, Fees, and Charges can be found in

Appendix B. Water Proforma Income Statement

Appendix C. Recommended Schedule of Current Water Rates, Fees, And Charges

Appendix D. Existing Schedule of Current Sewer Rates, Fees, And Charges

Appendix E. Sewer Proforma Income Statement

Appendix F. Recommended Schedule of Current Sewer Rates, Fees, And Charges

Appendix A. EXISTING SCHEDULE OF CURRENT WATER RATES, FEES, AND CHARGES

EXHIBIT 2: Existing Schedule of Current Water Rates, Fees, And Charges

AVAILABILITY OF SERVICE

Service is available in the Certified Service Area subject to the Service Extension Policy and other duly approved charges and fees herein.

SERVICE EXTENSION POLICY

Application of Policy: The Service Extension Policy of Canton Municipal Utilities shall apply in those instances where the service in question is not readily available from a point on the existing system without a system extension and/or where the quantities are beyond the ability of the system to supply at the point where the service is requested.

Application for Service: In such instances, the prospective customer shall make a written application for service in which he shall state the quantity of water service desired, the pressure desired and clearly define the point at which service is desired.

Estimate of Cost and Availability of Service: Canton Municipal Utilities will estimate or cause to be estimated the cost of providing the service requested at the point requested and will perform or cause to be performed a rate of return analysis based on the estimated total connection cost (except meter) and projected water consumption in order to consider the terms under which such service may be extended.

If such analysis indicates that the required extension has a pay back period of five (5) years or less, Canton Municipal Utilities will serve the required location, subject to the Service Rules and Regulations included herewith, at no cost to the prospective customer other than the duly approved fees and charges. However, if it was determined that the pay back period is more than five (5) years, CMU may decline service to the location unless a contribution-in-aid-of-construction is provided by the prospective customer to reduce the pay back period to five (5) years.

Contribution-in Aid-of-Construction: If a Contribution-in-Aid-of-Construction is required by Canton Municipal Utilities in order to extend a line and if such a Contribution-in-Aid-of-Construction is made by a prospective customer, the contribution will be considered a non-refundable cash requirement of Canton Municipal Utilities who will own, operate and maintain facilities pertinent to the rendition of water service to the customer's property line and customer will have absolutely no ownership interest or other rights in such facilities. Service will be rendered according to the service rules and regulations of Canton Municipal Utilities, the appropriate rate schedule and any special agreements which have the proper approval of Canton Municipal Utilities and/or regulatory authorities.

The Contribution-in-Aid-of-Construction for developers of new residential developments is 100% of the actual cost for CMU to supply service to the development.

Such Contribution-in-Aid-of-Construction payments are due and payable in advance of any extension.

SERVICE RULES AND REGULATIONS

All new service applicants must give CMU an easement across the entire frontage of their property at the time service is requested.

Cash Deposit: A cash deposit will be collected from each prospective customer to provide a guaranty for payment of indebtedness for water service. Upon termination of service, this deposit shall be refunded only if the customer's account is up to date with no balance due. In case of delinquency in payment for service and/or for damage or loss of property, CMU shall apply such a deposit to any amounts, and the customer will be refunded the balance, if any.

For commercial customers only: A new or additional deposit may be required upon two weeks written notice of the need for such a requirement in cases where a deposit has been refunded or is found to be inadequate, or where a customer's credit standing is not satisfactory to CMU. The service of any customer who fails to comply with these requirements will be discontinued upon two weeks written notice.

Cash deposits which are held for one (1) year or more, shall earn simple interest as set by the Mississippi Public Service Commission and the Legislature in Section 75-17-1 (1) of the Mississippi Code of 1972, as amended. All accrued interest held by CMU shall be credited to the customer's account on or before July 1 of each successive third year during which service is connected. The principal sum of the cash deposit and any unpaid interest shall be applied to the customer's final bill, and any excess amount shall be paid to the customer. Cash deposits held for less than one year shall earn no interest.

The cash deposit requirements for connection of water services are as follows:

Residents must pay a deposit of \$50 if the customer has only water service; \$75 if the customer has only water and sewer services, which \$75 will cover the deposit for both services; or if the customer has water, sewer and gas services, the deposit for water is \$25. The deposit for temporary residential service is \$75.

The deposit required for commercial and industrial customers will be based on two times the average of the previous user's monthly utility bills and the anticipated difference in costs between the old and new business where applicable.

Tap/Connection Fee:

<u>Meter Size</u>	<u>Existing Lines</u>	<u>New Lines</u>
¾" Meter	\$325.00	\$625.00
1" Meter	\$450.00	\$750.00
2" Meter	\$750.00	\$1,150.00
4"-8" Meter	\$2,750.00	\$2,750.00
>8" Meter	Actual cost	Actual cost

Fee covers 100' of service line and then customer pays 100% of cost
Customer pays 100% of cost of road bores

Disconnection Fee:

Customers will not incur a disconnection fee as a result of non-payment.

There is a \$75 disconnection fee if the utilities are disconnected from a structure that is being demolished or moved.

Reconnection Fee:

A fee for reconnection of water service will be applicable in case the water service is terminated for the reason of non-payment of fees for water service or where the termination is at the request of the customer, during his absence from the premises to which service is made. The fees for reconnection are as follows:

The fee for reconnection during CMU business hours is \$25.

The fee for reconnection outside CMU business hours is \$50.

Late Fee:

Bills are due by the 18th of the month. A late charge penalty of \$5 will be added to bills after the 18th. Service will be cut off for non-payment on the 2nd Wednesday of next month if the temperature is higher than 32 degrees and lower than 100 degrees.

Charge for Returned Checks:

Customers will be charged \$25 for returned checks.

Transfer Fee:

Customers must pay \$25 to transfer service from one location to another.

Schedule of Rates

Usage Charges (Inside City)

	\$/CCF	\$/kgal
0 – 20 CCF	2.06	2.75
21 – 100 CCF	1.87	2.50
101 – 520 CCF	1.37	1.83
521+ CCF	1.27	1.70

Usage Charges (Outside City)

	\$/CCF	\$/kgal
0 – 20 CCF	2.26	3.03
21 – 100 CCF	2.06	2.75
101 – 521 CCF	1.51	2.02
521+ CCF	1.40	1.87

Base Charges

Residential or Commercial – Inside City Limits

¾" meter	\$4.00
1" meter	\$6.00
1 ½" meter	\$10.00
2" meter	\$15.00
3" meter	\$25.00
4" meter	\$50.00
6" meter	\$80.00

Residential or Commercial – Outside City Limits

¾" meter	\$5.00
1" meter	\$7.50
1 ½" meter	\$12.50
2" meter	\$17.50
3" meter	\$30.00
4" meter	\$60.00
6" meter	\$90.00
8" meter	\$150.00

Water Commercial and Industrial from Fire Hydrants
\$0.44 per hundred gallons for the first 100,000 gallons
\$0.25 per hundred gallons for all additional gallons

Appendix B. WATER PROFORMA INCOME STATEMENT

**CANTON MUNICIPAL UTILITIES
PROFORMA WATER INCOME STATEMENT
FYE SEPTEMBER 30, 2024**

	Water Service Current Rates*	Water Service Proposed Rates
Revenues		
Water Sales	<u>3,583,581</u>	<u>6,088,079</u>
Total Revenue	<u><u>3,583,581</u></u>	<u><u>6,088,079</u></u>
Operating Expense		
DIRECT COST	399,028	414,989
PERSONNEL SERVICES	2,272,070	2,362,953
CHEMICALS	183,765	191,116
DUES AND SUBSCRIPTIONS	29,574	30,757
EDUCATION	1,971	2,050
FREIGHT AND SHIPPING	2,772	2,883
INSURANCE PROPERTY AND LIABILITY	95,178	98,985
MATERIALS AND SUPPLIES	319,152	681,918
OFFICE SUPPLIES	44,793	46,585
OUTSIDE SERVICES	199,010	451,970
POSTAGE AND PRINTING	34,543	35,925
IT COST AND SUPPLIES	812	844
RENTALS	31,084	32,327
REPAIRS AND MAINTENANCE	184,363	191,738
TELEPHONE	33,918	35,275
UTILITIES	312,742	325,252
TRAVEL	2,680	2,787
DEPRECIATION AND AMORTIZATION	432,124	449,409
VEHICLE EXPENSES	100,910	104,946
PROVISION FOR BAD DEBT	0	0
RESERVE ACCOUNT	<u> </u>	<u>625,000</u>
Total Expenses	<u><u>4,680,489</u></u>	<u><u>6,087,709</u></u>
Net Income (Loss)	<u><u>(1,096,908)</u></u>	<u><u>370</u></u>

*Current Rate Operating Expenses and Revenue from FY2022 Audit

Appendix C. RECOMMENDED SCHEDULE OF WATER RATES, FEES, AND CHARGES

EXHIBIT 2: Recommended Schedule of Current Water Rates, Fees, And Charges

AVAILABILITY OF SERVICE

Service is available in the Certified Service Area subject to the Service Extension Policy and other duly approved charges and fees herein.

SERVICE EXTENSION POLICY

Application of Policy: The Service Extension Policy of Canton Municipal Utilities shall apply in those instances where the service in question is not readily available from a point on the existing system without a system extension and/or where the quantities are beyond the ability of the system to supply at the point where the service is requested.

Application for Service: In such instances, the prospective customer shall make a written application for service in which he shall state the quantity of water service desired, the pressure desired and clearly define the point at which service is desired.

Estimate of Cost and Availability of Service: Canton Municipal Utilities will estimate or cause to be estimated the cost of providing the service requested at the point requested and will perform or cause to be performed a rate of return analysis based on the estimated total connection cost (except meter) and projected water consumption in order to consider the terms under which such service may be extended.

If such analysis indicates that the required extension has a pay back period of five (5) years or less, Canton Municipal Utilities will serve the required location, subject to the Service Rules and Regulations included herewith, at no cost to the prospective customer other than the duly approved fees and charges. However, if it was determined that the pay back period is more than five (5) years, CMU may decline service to the location unless a contribution-in-aid-of-construction is provided by the prospective customer to reduce the pay back period to five (5) years.

Contribution-in Aid-of-Construction: If a Contribution-in-Aid-of-Construction is required by Canton Municipal Utilities in order to extend a line and if such a Contribution-in-Aid-of-Construction is made by a prospective customer, the contribution will be considered a non-refundable cash requirement of Canton Municipal Utilities who will own, operate and maintain facilities pertinent to the rendition of water service to the customer's property line and customer will have absolutely no ownership interest or other rights in such facilities. Service will be rendered according to the service rules and regulations of Canton Municipal Utilities, the appropriate rate schedule and any special agreements which have the proper approval of Canton Municipal Utilities and/or regulatory authorities.

The Contribution-in-Aid-of-Construction for developers of new residential developments is 100% of the actual cost for CMU to supply service to the development.

Such Contribution-in-Aid-of-Construction payments are due and payable in advance of any extension.

SERVICE RULES AND REGULATIONS

All new service applicants must give CMU an easement across the entire frontage of their property at the time service is requested.

Cash Deposit: A cash deposit will be collected from each prospective customer to provide a guaranty for payment of indebtedness for water service. Upon termination of service, this deposit shall be refunded only if the customer's account is up to date with no balance due. In case of delinquency in payment for service and/or for damage or loss of property, CMU shall apply such a deposit to any amounts, and the customer will be refunded the balance, if any.

For commercial customers only: A new or additional deposit may be required upon two weeks written notice of the need for such a requirement in cases where a deposit has been refunded or is found to be inadequate, or where a customer's credit standing is not satisfactory to CMU. The service of any customer who fails to comply with these requirements will be discontinued upon two weeks written notice.

Cash deposits which are held for one (1) year or more, shall earn simple interest as set by the Mississippi Public Service Commission and the Legislature in Section 75-17-1 (1) of the Mississippi Code of 1972, as amended. All accrued interest held by CMU shall be credited to the customer's account on or before July 1 of each successive third year during which service is connected. The principal sum of the cash deposit and any unpaid interest shall be applied to the customer's final bill, and any excess amount shall be paid to the customer. Cash deposits held for less than one year shall earn no interest.

The cash deposit requirements for connection of water services are as follows:

Residents must pay a deposit of \$50 if the customer has only water service; \$75 if the customer has only water and sewer services, which \$75 will cover the deposit for both services; or if the customer has water, sewer and gas services, the deposit for water is \$25. The deposit for temporary residential service is \$75.

The deposit required for commercial and industrial customers will be based on two times the average of the previous user's monthly utility bills and the anticipated difference in costs between the old and new business where applicable.

Tap/Connection Fee:

<u>Meter Size</u>	<u>Existing Lines</u>	<u>New Lines</u>
¾" Meter	\$325.00	\$825.00
1" Meter	\$450.00	\$950.00
2" Meter	\$750.00	\$2,400
4"-8" Meter	Actual cost	Actual cost
>8" Meter	Actual cost	Actual cost

Fee covers 100' of service line and then customer pays 100% of cost.

Customer pays 100% of cost of road bores.

Disconnection Fee:

Customers will not incur a disconnection fee as a result of non-payment.

There is a \$75 disconnection fee if the utilities are disconnected from a structure that is being demolished or moved.

Reconnection Fee:

A fee for reconnection of water service will be applicable in case the water service is terminated for the reason of non-payment of fees for water service or where the termination is at the request of the customer, during his absence from the premises to which service is made. The fees for reconnection are as follows:

The fee for reconnection during CMU business hours is \$50.

The fee for reconnection outside CMU business hours is \$50.

Late Fee:

Customer's monthly bill will be due by the 15th of each month. If payment is made after the 15th, a late charge of 5% will be added. If payment is not received in the office on or before the 22nd of each month by 2:00 pm, your service will be disconnected.

Charge for Returned Checks:

Customers will be charged \$25 for returned checks.

Transfer Fee:

Customers must pay \$25 to transfer service from one location to another.

Schedule of RATES

Residential, Commercial, & Industrial Usage Charges

	<u>\$/Ccf</u>	<u>\$/kgal</u>
Inside City Limits	\$3.50	\$4.68
Outside City Limits	\$3.85	\$5.15

*CCF = centum cubic feet/hundred cubic feet

*kgal = kilogallon/thousand gallon

Water Commercial and Industrial from Fire Hydrant
Meters: \$0.75 per hundred gallons

Residential, Commercial, & Industrial Base Charges

Inside City Limits:

¾" meter	\$5.00
1" meter	\$8.50
1 ½" meter	\$20.50
2" meter	\$32.75
3" meter	\$75.00
4" meter	\$127.50
6" meter	\$268.00
8" meter	\$482.50
10" meter	\$723.50

Outside City Limits:

¾" meter	\$6.25
1" meter	\$10.50
1 ½" meter	\$25.00
2" meter	\$39.50
3" meter	\$90.75
4" meter	\$156.25
6" meter	\$333.25
8" meter	\$583.25
10" meter	\$875.00

Nissan Special Rate (Within 1 Mile of the City Limits)

	<u>\$/Ccf</u>	<u>\$/kgal</u>
MMEIA/MDA Usage Charge	\$0.87	\$1.16
CMU Usage Charge	<u>\$1.70</u>	<u>\$2.27</u>
Total Usage Charge	\$2.57	\$3.44

*No base charge

*Pending approval

Appendix D. EXISTING SCHEDULE OF CURRENT SEWER RATES, FEES, AND CHARGES

EXHIBIT 2: Existing Schedule of Current Sewer Rates, Fees, And Charges

AVAILABILITY OF SERVICE

Service is available in the Certified Service Area subject to the Service Extension Policy and other duly approved charges and fees herein.

SERVICE EXTENSION POLICY

Application of Policy: The Service Extension Policy of Canton Municipal Utilities shall apply in those instances where the service in question is not readily available from a point on the existing system without a system extension and/or where the quantities are beyond the ability of the system to supply at the point where the service is requested.

Application for Service: In such instances the prospective customer shall make a written application for service in which he shall state the quantity of sewer service desired, the pressure desired and clearly define the point at which service is desired.

Estimate of Cost and Availability of Service: Canton Municipal Utilities will estimate or cause to be estimated the cost of providing the service requested at the point requested and will perform or cause to be performed a rate of return analysis based on the estimated total connection cost (except meter) and projected sewer consumption in order to consider the terms under which such service may be extended.

If such analysis indicates that the required extension has a pay back period of five (5) years or less, Canton Municipal Utilities will serve the required location, subject to the Service Rules and Regulations included herewith, at no cost to the prospective customer other than the duly approved fees and charges. However, if it was determined that the pay back period is more than five (5) years, CMU may decline service to the location unless a contribution-in-aid-of-construction is provided by the prospective customer to reduce the pay back period to five (5) years.

Contribution-in Aid-of-Construction: If a Contribution-in-Aid-of-Construction is required by Canton Municipal Utilities in order to extend a line and if such a Contribution-in-Aid-of-Construction is made by a prospective customer, the contribution will be considered a non-refundable cash requirement of Canton Municipal Utilities who will own, operate and maintain all facilities pertinent to the rendition of sewer service to the customer's property line and customer will have absolutely no ownership interest or other rights in such facilities. Service will be rendered according to the service rules and regulations of Canton Municipal Utilities, the appropriate rate schedule and any special agreements which have the proper approval of Canton Municipal Utilities and/or regulatory authorities.

The Contribution-in-Aid-of-Construction for developers of new residential developments is 100% of the actual cost for CMU to supply service to the development.

Such Contribution-in-Aid-of-Construction payments are due and payable in advance of any extension.

SERVICE RULES AND REGULATIONS

All new service applicants must give CMU an easement across the entire frontage of their property at the time service is requested.

Cash Deposit: A cash deposit will be collected from each prospective customer to provide a guaranty for payment of indebtedness for water service. Upon termination of service, this deposit shall be refunded only if the customer's account is up to date with no balance due. In case of delinquency in payment for service and/or for damage or loss of property, CMU shall apply such a deposit to any amounts, and the customer will be refunded the balance, if any.

For commercial customers only: A new or additional deposit may be required upon two weeks written notice of the need for such a requirement in cases where a deposit has been refunded or is found to be inadequate, or where a customer's credit standing is not satisfactory to CMU. The service of any customer who fails to comply with these requirements will be discontinued upon two weeks written notice.

Cash deposits which are held for one (1) year or more, shall earn simple interest as set by the Mississippi Public Service Commission and the Legislature in Section 75-17-1 (1) of the Mississippi Code of 1972, as amended. All accrued interest held by CMU shall be credited to the customer's account on or before July 1 of each successive third year during which service is connected. The principal sum of the cash deposit and any unpaid interest shall be applied to the customer's final bill, and any excess amount shall be paid to the customer. Cash deposits held for less than one year shall earn no interest.

The cash deposit requirements for connection of water services are as follows:

Homeowners must pay a deposit of \$25 for water service.

Renters must pay a \$25 deposit for water service if the customer has water only. All • residents of rental property that have water and sewer service only must submit a deposit in the amount of \$75.

The deposit for temporary residential service is \$75.

The deposit required for commercial and industrial customers will be based on two times the average of the previous user's monthly utility bills and the anticipated difference in costs between the old and new business where applicable.

Tap/Connection Fee:

	<u>Existing Lines</u>	<u>New Lines</u>
Up to 6"	\$500.00	\$1,000.00
Above 6"	Actual cost	Actual cost

Disconnection Fee:

Customers will not incur a disconnection fee as a result of non-payment.

There is a \$75 disconnection fee if the utilities are disconnected from a structure that is being demolished or moved.

Reconnection Fee:

A fee for reconnection of water service will be applicable in case the water service is terminated for the reason of non-payment of fees for water service or where the termination is at the request of the customer, during his absence from the premises to which service is made. The fees for reconnection are as follows:

The fee for reconnection during CMU business hours is \$25.

The fee for reconnection outside CMU business hours is \$50.

Late Fee:

Bills are due by the 18th of the month. A late charge penalty of \$5 will be added to bills after the 18th. Service will be cut off for non-payment on the 2nd Wednesday of next month if the temperature is higher than 32 degrees and lower than 100 degrees.

Charge for Returned Checks:

Customers will be charged \$25 for returned checks.

Transfer Fee:

Customers must pay \$25 to transfer service from one location to another.

Schedule of Current Sewer Rates, Fees, and Charges

Residential

Rates Measured by Cubic Feet

Sewer Residential & Commercial Inside the City

Minimum Base Charges

Residential – Inside City Limits

¾" meter	\$4.00
1" meter	\$6.00
1 ½" meter	\$10.00
2" meter	\$15.00
3" meter	\$25.00
4" meter	\$50.00
6" meter	\$80.00

Usage Charge

\$1.50 per 100 cubic ft of water usage

Rates Measured by Cubic Feet

Sewer Residential & Commercial Outside the City

Minimum Base Charges

Residential – Outside City Limits

¾" meter	\$5.00
1" meter	\$7.50
1 ½" meter	\$12.50
2" meter	\$17.50
3" meter	\$30.00
4" meter	\$60.00
6" meter	\$90.00
8" meter	\$150.00

Usage Charge

\$1.65 per 100 cubic ft of water usage

Rates Measured by Gallons

Sewer Residential & Commercial Inside the City – Gallons

Minimum Base Charge \$17.50

Usage Charge \$0.22 per gallon

Commercial

Rates Measured by Cubic Feet

Sewer Residential & Commercial Inside the City

Minimum Base Charges

Residential – Inside City Limits

¾" meter	\$4.00
1" meter	\$6.00
1 ½" meter	\$10.00
2" meter	\$15.00
3" meter	\$25.00
4" meter	\$50.00
6" meter	\$80.00

Usage Charge

\$1.50 per 100 cubic ft of water usage

Rates Measured by Cubic Feet

Sewer Residential & Commercial Outside the City

Minimum Base Charges

Residential – Outside City Limits

¾" meter	\$5.00
1" meter	\$7.50
1 ½" meter	\$12.50
2" meter	\$17.50
3" meter	\$30.00
4" meter	\$60.00
6" meter	\$90.00
8" meter	\$150.00

Usage Charge

\$1.65 per 100 cubic ft of water usage

Sewer Commercial Outside the City - Apartment complexes
minimum base charge \$5 per unit

Sewer Flat Commercial Outside the City minimum base charge \$5.00

Rates Measured by Gallons

Sewer Residential & Commercial Inside the City – Gallons

Minimum Base Charge \$30.00

Usage Charge \$0.22 per gallon

Industrial

Rates Measured by Cubic Feet

Sewer Industrial Inside the City

Minimum Base Charges

Residential – Inside City Limits

¾" meter	\$4.00
1" meter	\$6.00
1 ½" meter	\$10.00
2" meter	\$15.00
3" meter	\$25.00
4" meter	\$50.00
6" meter	\$80.00

Usage Charge

\$1.50 per 100 cubic ft of water usage

Rates Measured by Cubic Feet

Sewer Industrial Outside the City

Minimum Base Charges

Residential – Outside City Limits

¾" meter	\$5.00
1" meter	\$7.50
1 ½" meter	\$12.50
2" meter	\$17.50
3" meter	\$30.00
4" meter	\$60.00
6" meter	\$90.00
8" meter	\$150.00

Usage Charge

\$1.51 per 100 cubic ft of water usage

Special Sewer Rate

Sewer rates are offered at ½ of the normal rate during July, August, September and October upon request.

The special summer sewer rate applies inside and outside the city and applies to commercial and residential rates

Appendix E. SEWER PROFORMA INCOME STATEMENT

**CANTON MUNICIPAL UTILITIES
PROFORMA SEWER INCOME STATEMENT
FYE SEPTEMBER 30, 2024**

	Sewer Service Current Rates*	Sewer Service Proposed Rates
Revenues		
Sewer Sales	2,475,569	4,690,527
Revenue from MCWWA Fee	-	1,173,903
Total Revenue	2,475,569	5,864,430
Operating Expenses		
DIRECT COST (MCWA SEWER TREATMENT EXPENSE)	782,602	1,173,903
PERSONNEL SERVICES	1,784,933	1,856,330
CHEMICALS	-	-
DUES AND SUBSCRIPTIONS	11,383	11,838
EDUCATION	1,473	1,532
FREIGHT AND SHIPPING	6,995	7,275
INSURANCE PROPERTY AND LIABILITY	54,124	56,289
MATERIALS AND SUPPLIES	140,898	346,534
OFFICE SUPPLIES	22,595	23,499
OUTSIDE SERVICES	24,259	210,229
POSTAGE AND PRINTING	28,263	29,394
IT COST AND SUPPLIES	664	691
RENTALS	178,995	186,155
REPAIRS AND MAINTENANCE	175,736	432,765
TELEPHONE	29,320	30,492
UTILITIES	212,752	221,262
TRAVEL	1,226	1,275
DEPRECIATION AND AMORTIZATION	630,157	655,363
VEHICLE EXPENSES	98,537	102,478
PROVISION FOR BAD DEBT	-	
RESERVE ACCOUNT	-	515,000
Total Expenses	4,184,912	5,862,305
Net Income (Loss)	(1,709,343)	2,125

*Current Rate Operating Expenses and Revenue from FY2022 Audit

Appendix F. RECOMMENDED SCHEDULE OF CURRENT SEWER RATES, FEES, AND CHARGES

EXHIBIT 2: Recommended Schedule of Current Sewer Rates, Fees, And Charges

AVAILABILITY OF SERVICE

Service is available in the Certified Service Area subject to the Service Extension Policy and other duly approved charges and fees herein.

SERVICE EXTENSION POLICY

Application of Policy: The Service Extension Policy of Canton Municipal Utilities shall apply in those instances where the service in question is not readily available from a point on the existing system without a system extension and/or where the quantities are beyond the ability of the system to supply at the point where the service is requested.

Application for Service: In such instances the prospective customer shall make a written application for service in which he shall state the quantity of sewer service desired, the pressure desired and clearly define the point at which service is desired.

Estimate of Cost and Availability of Service: Canton Municipal Utilities will estimate or cause to be estimated the cost of providing the service requested at the point requested and will perform or cause to be performed a rate of return analysis based on the estimated total connection cost (except meter) and projected sewer consumption in order to consider the terms under which such service may be extended.

If such analysis indicates that the required extension has a pay back period of five (5) years or less, Canton Municipal Utilities will serve the required location, subject to the Service Rules and Regulations included herewith, at no cost to the prospective customer other than the duly approved fees and charges. However, if it was determined that the pay back period is more than five (5) years, CMU may decline service to the location unless a contribution-in-aid-of-construction is provided by the prospective customer to reduce the pay back period to five (5) years.

Contribution-in Aid-of-Construction: If a Contribution-in-Aid-of-Construction is required by Canton Municipal Utilities in order to extend a line and if such a Contribution-in-Aid-of-Construction is made by a prospective customer, the contribution will be considered a non-refundable cash requirement of Canton Municipal Utilities who will own, operate and maintain all facilities pertinent to the rendition of sewer service to the customer's property line and customer will have absolutely no ownership interest or other rights in such facilities. Service will be rendered according to the service rules and regulations of Canton Municipal Utilities, the appropriate rate schedule and any special agreements which have the proper approval of Canton Municipal Utilities and/or regulatory authorities.

The Contribution-in-Aid-of-Construction for developers of new residential developments is 100% of the actual cost for CMU to supply service to the development.

Such Contribution-in-Aid-of-Construction payments are due and payable in advance of any extension.

SERVICE RULES AND REGULATIONS

All new service applicants must give CMU an easement across the entire frontage of their property at the time service is requested.

Cash Deposit: A cash deposit will be collected from each prospective customer to provide a guaranty for payment of indebtedness for water service. Upon termination of service, this deposit shall be refunded only if the customer's account is up to date with no balance due. In case of delinquency in payment for service and/or for damage or loss of property, CMU shall apply such a deposit to any amounts, and the customer will be refunded the balance, if any.

For commercial customers only: A new or additional deposit may be required upon two weeks written notice of the need for such a requirement in cases where a deposit has been refunded or is found to be inadequate, or where a customer's credit standing is not satisfactory to CMU. The service of any customer who fails to comply with these requirements will be discontinued upon two weeks written notice.

Cash deposits which are held for one (1) year or more, shall earn simple interest as set by the Mississippi Public Service Commission and the Legislature in Section 75-17-1 (1) of the Mississippi Code of 1972, as amended. All accrued interest held by CMU shall be credited to the customer's account on or before July 1 of each successive third year during which service is connected. The principal sum of the cash deposit and any unpaid interest shall be applied to the customer's final bill, and any excess amount shall be paid to the customer. Cash deposits held for less than one year shall earn no interest.

The cash deposit requirements for connection of water services are as follows:

Homeowners must pay a deposit of \$25 for water service.

Renters must pay a \$25 deposit for water service if the customer has water only. All • residents of rental property that have water and sewer service only must submit a deposit in the amount of \$75.

The deposit for temporary residential service is \$75.

The deposit required for commercial and industrial customers will be based on two times the average of the previous user's monthly utility bills and the anticipated difference in costs between the old and new business where applicable.

Tap/Connection Fee:

	<u>Existing Lines</u>	<u>New Lines</u>
Up to 6"	\$500.00	\$1,000.00
Above 6"	Actual cost	Actual cost

Disconnection Fee:

Customers will not incur a disconnection fee as a result of non-payment.

There is a \$75 disconnection fee if the utilities are disconnected from a structure that is being demolished or moved.

Reconnection Fee:

A fee for reconnection of water service will be applicable in case the water service is terminated for the reason of non-payment of fees for water service or where the termination is at the request of the customer, during his absence from the premises to which service is made. The fees for reconnection are as follows:

The fee for reconnection during CMU business hours is \$50.

The fee for reconnection outside CMU business hours is \$50.

Late Fee:

Customer's monthly bill will be due by the 15th of each month. If payment is made after the 15th, a late charge of 5% will be added. If payment is not received in the office on or before the 22nd of each month by 2:00 pm, your service will be disconnected."

Charge for Returned Checks:

Customers will be charged \$25 for returned checks.

Transfer Fee:

Customers must pay \$25 to transfer service from one location to another.

Schedule of Sewer Rates, Fees, and Charges

Sewer Residential, Commercial, and Industrial Inside the City

Base Charges. Minimum base charge is \$5.40

¾" meter	\$5.40
1" meter	\$9.25
1 ½" meter	\$22.00
2" meter	\$35.25
3" meter	\$81.00
4" meter	\$137.75
6" meter	\$289.50
8" meter	\$521.00
10" meter	\$781.50

Apartment complexes minimum base charge \$5.40 per unit

Usage Charge

3.45 per 100 cubic ft of water usage

A Madison County Wastewater Authority (MCWA) usage charge will be assessed to all customers whose sewer enters the MCWA system. The charge will offset all MCWA related cost. The current MCWA rate is \$2.25 per thousand gallons (kgal) or \$1.683 per centum cubic feet (CCF).

Sewer Residential, Commercial, and Industrial Outside the City

Base Charges. Minimum base charge is \$6.75.

¾" meter	\$6.75
1" meter	\$11.25
1 ½" meter	\$27.00
2" meter	\$42.75
3" meter	\$97.75
4" meter	\$168.75
6" meter	\$360.00
8" meter	\$630.00
10" meter	\$945.00

Apartment complexes minimum base charge \$6.75 per unit

Usage Charge

\$3.80 per 100 cubic ft of water usage

On November 19, 2024, the Madison County Wastewater Authority (MCWA) voted to adopt a wholesale rate of \$4.77 per thousand gallons (kgal) or \$3.57 per hundred cubic feet (ccf) effective January 1, 2025.

A Madison County Wastewater Authority (MCWA) usage charge will be assessed to all customers whose sewer enters the MCWA system. The charge will offset all MCWA related cost. The current MCWA rate is \$2.25 per thousand gallons (kgal) or \$1.683 per centum cubic feet (CCF).

Nissan Special Rate (Within 1 Mile of the City Limits)

Usage Charge

\$2.15 per 100 cubic ft of water usage

A Madison County Wastewater Authority (MCWA) usage charge will be assessed to all customers whose sewer enters the MCWA system. The charge will offset all MCWA related cost. The current MCWA rate is \$2.25 per thousand gallons (kgal) or \$1.683 per centum cubic feet (CCF).