



FINANCIAL POLICIES

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Greenville Water CEO
Legal Counsel: 
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GREENVILLE WATER

POLICY NO. FIN-11

DATE: 07/07/2015

SUBJECT: Rates, Fees and Charges Policy

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I. Objective

To state the rate setting and pricing objectives for Greenville Water in order to establish a system of rates, fees and charges that generates sufficient revenues for the operation of the system.

II. Goals

Rates, fees and charges will be established to accomplish the following:

1. Recover the full operating, capital, reserve and debt service costs, both direct and indirect, of providing service to our customers.
2. Recover costs from retail and wholesale customer classes in proportion to the costs of providing service.
3. Accomplish financial goals adopted by Commissioners for reserve levels and debt service coverage as established in the Reserve Policy and Debt Management Policy, respectively.
4. Generate stable and predictable revenues from year to year in order to maintain financial stability.
5. Avoid large one-time increases.
6. Promote the optimal use of water resources.
7. Comply and be consistent with relevant local, state and federal laws and regulations, court rulings, and debt covenants.
8. Be easily understood by customers and other stakeholders.
9. Be easily implemented and administered.

10. Be affordable to our customers.
11. Be competitive with similar and adjacent communities.

Water rates will be established using generally accepted rate setting practices.

New revenue sources will be actively explored.

Greenville Water will seek to maximize its collections using the legally available means at its disposal to collect delinquent accounts.

III. Non-recurring Revenues

Non-recurring revenues will not be used to fund ongoing, recurring expenses. Non-recurring revenue will be used to pay down debt early, increase reserves, or to fund projects in the Capital Improvement Program.

IV. New Revenue Sources

Greenville Water will seek out and evaluate new sources of revenue based on the following criteria:

1. Benefit to Greenville Water and its customers.
2. Impact of economic competitiveness in our community.
3. The cost of collection in relation to the revenue collected.
4. Impact on private economic decisions.
5. Statutory/legal authority to enact.

V. Revenue Estimates

Each year a financial forecast of revenues, operating and capital expenditures will be prepared to aid in rate planning. The objective is to ensure that rates, fees and charges generate sufficient revenues in order to provide the capacity to address current and future operating and capital needs.

The forecast will consider the following factors at least five years into the future:

- projected water demand;
- policy changes;
- impacts of inflation;
- development activity;
- operations and maintenance costs associated with capital projects;
- legal and regulatory changes;
- analysis of financial trends;
- impact of demographic and economic changes on services, revenue and expenses; and
- the costs that are deferred or postponed until the future.

Revenues will be forecasted objectively and cautiously in order to provide the most accurate estimates possible.

VI. Review of Rates, Fees and Charges

A study will be performed periodically by an independent rate consultant to ensure that rates, fees and charges are fully recovering costs on a fair and equitable basis.

VII. Adjustments to Rates, Fees and Charges

Adjustments to existing rates, fees and charges or the establishment of new revenue sources and associated rates, fees and charges shall be approved by the Commission.