



PRESS RELEASE

DATE: March 16, 2021

Subject: Water & Sewer Utility Bill Adjustments – February Ice Storm

During the historic February winter storm event, the City of Commerce lost system pressure within the water system. We recognize that this created a significant inconvenience to all our customers, so we are adjusting how the utility bills are calculated for the February billing period.

1. There will be NO billing for water or sewer consumption charges for the February billing period.
2. There will ONLY be charges for the base service fees on each account.
3. The City is still being charged the full trash collection fees from the contractor, and these fees are passed through to our customers.
 - a. While the collection of solid waste was delayed, it was still collected after the storm conditions had passed.

The following is a brief explanation of the difference between base service fees and consumption charges:

- Utility Rate philosophy: The City of Commerce operates the public water and wastewater utility like a normal business operation. While there is not a traditional “profit” motive underlying the business model, the utility must charge adequate rates for the services to cover current operations expenses, current debt service payments, and an adequate fund balance (or “savings account”) for emergency capital expenditures.
 - The February 2021 Winter Storm event is an example of the emergency capital expenditures that are anticipated.
 - Utility Rates are intended to distribute these costs across the customers in an equitable manner. This means that we should minimize any subsidies across the utility. The customers that use the service should pay for the service, and the customers that use less of the service should not pay costs created by those that use more of the service.
- Base Service Charges: The utility has certain fixed costs that must be covered regardless of the volume of water that is produced and/or sold. These costs are distributed to every account, and the cost is tied to the size of the water meter connection. Larger water meters place a higher demand on the infrastructure and so they are charged a higher rate.
- Consumption Charges: Most of the costs of running a public utility move up and down based on the volume of water or sewer produced and collected. These costs are reflected in the consumption rates that are charged and the total bill is determined by the volume of water used by the customer. The more water that is used, the higher the bill will go.

The City of Commerce has chosen NOT to bill for any consumption for the water and sewer utility in recognition of the significant impact the winter storm had on our customers during the month of February. We hope this will provide some small amount of relief to an incredibly challenging time for everyone.