



St. Mary's County Metropolitan Commission

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MetCom Completes Rate Study

In 2025, the St. Mary's Metropolitan Commission retained NewGen Strategies & Solutions to conduct a comprehensive review of its water and sewer operating rates. The purpose of the study was to evaluate the adequacy and structure of existing rates, to confirm that revenues will remain sufficient to support ongoing operating needs for the foreseeable future and to ensure that the rate structure remains fair and equitable for all classes of water and sewer customers.

The Rate Study was completed in February 2026 and the results were presented at the April 14, 2026 Public Hearing as follows:

- ❑ The revenue collected at current rates is not sufficient to cover the revenue requirements throughout the entire five-year planning period for water and sewer, respectively. Under the current rate structure, shortfalls are anticipated as early as FY 2027.
- ❑ The current rate structure relies on a broad middle-tier that does not adequately distinguish between typical residential usage and higher-volume consumption. This limits the rate design's ability to align charges with observed usage patterns and cost causation.
- ❑ The proposed rate design better differentiates customer usage by introducing an intermediate tier at 10,000 gallons per month (for the base 5/8-inch meter size) and applies more graduated rate multipliers at higher usage levels. Modeling shows that the alternative more balanced structure improves equity among customers while maintaining revenue sufficiency / neutrality and moderating bill impacts for low- and median-usage customers.
- ❑ The proposed rate design supports conservation objectives, reduces cross-subsidization within the broad middle tier of the current structure, and enhances transparency.
- ❑ Estimated bill frequency and usage distribution indicate that most customers (75%) will remain in the **first tier** (0-5,000 gallons per month). The **intermediate tier** (5001-10,000 gallons per month) captures typical peak household use. The **third tier** (10,001 - 20,000 gallons per month) introduces a stronger price signal for high-volume customers, and the **upper tier** (<20,000 gallons per month) reflects discretionary or excessive use.
- ❑ Incorporating a lower monthly usage of 6,000 gallons per EDU for non-metered customers improves consistency with typical household demand and aligns non-metered charges with the revised tier thresholds used in the proposed rate design.



The Fiscal Year 2027 budget incorporated a transition into the Rate Study recommendations and the corresponding rates and charges were presented at the April 14, 2026 Public Hearing as follows:

<u>Water Service Rates</u>	<u>Current</u>	<u>Proposed</u>
Non-metered Per EDU (based on 6,000 gallons)	\$ 20.52	\$ 18.65
Ready-To-Serve Metered Rate 5/8" **	\$ 10.82 *	\$ 11.03
Ready-To-Serve Metered Rate 1"	\$ 27.04 *	\$ 27.58
Ready-To-Serve Metered Rate 1-1/2"	\$ 54.07 *	\$ 55.15
Ready-To-Serve Metered Rate 2"	\$ 86.49 *	\$ 88.24
Ready-To-Serve Metered Rate 3"	\$ 173.02 *	\$ 176.48
Ready-To-Serve Metered Rate 4"	\$ 270.33 *	\$ 275.75
Ready-To-Serve Metered Rate 6"	\$ 540.67 *	\$ 551.50
Ready-To-Serve Metered Rate 8"	\$ 865.04 *	\$ 882.40
Ready-To-Serve Metered Rate 10"	\$ 1,243.53 *	\$ 1,268.45
<u>Water Usage Rate – Tiers Vary by Meter Size</u>		
Tier 1 – per 1,000 Gallons (0 - 5,000)	\$ 1.94	\$ 1.98
Tier 2 – per 1,000 Gallons (5,001 - 10,000)	\$ 3.89	\$ 3.50
Tier 3 – per 1,000 Gallons (10,001-20,000)	\$ 3.89	\$ 4.86
Tier 4 – per 1,000 Gallons (>20,000)	\$ 7.78	\$ 8.43
<u>Irrigation Usage Rate – Tiers Vary by Meter Size</u>		
Tier 1 – per 1,000 Gallons (0 - 15,000)	\$ 3.89	\$ 4.86
Tier 2 – per 1,000 Gallons (>15,000)	\$ 7.78	\$ 8.43
Hydrant Meter Charge - per 1,000 gallons	\$ 3.89	\$ 4.86

NOTE: No Ready-To-Serve Charge for Residential Deduct Irrigation Meters

Reduced non-metered rates. A
9.1% reduction in the sewer rate will also be realized in FY 27.

The proposed FY 2027 rates for Tier 1 & Tier 2 users will increase, but will both be lower than originally projected in FY 2026.

The proposed Tier 2 rates for 5,001-10,000 gallons per month users will actually be lower than the current rate per 1,000 gallons.

The corresponding use charges are proposed to be \$1.98 per 1,000 gallons of water use (a 2% or \$0.04 increase, but less than projected in FY 26).

<u>Sewer Service Rates</u>		
Non-metered Per EDU (based on 6,000 gallons)	\$ 49.87	\$ 47.18
Ready-To-Serve Metered Rate 5/8" **	\$ 21.14	\$ 22.19
Ready-To-Serve Metered Rate 1"	\$ 51.46	\$ 55.48
Ready-To-Serve Metered Rate 1-1/2"	\$ 105.70	\$ 110.95
Ready-To-Serve Metered Rate 2"	\$ 169.13	\$ 177.52
Ready-To-Serve Metered Rate 3"	\$ 338.19	\$ 355.04
Ready-To-Serve Metered Rate 4"	\$ 528.44	\$ 554.75
Ready-To-Serve Metered Rate 6"	\$ 1,056.90	\$ 1,109.50
Ready-To-Serve Metered Rate 8"	\$ 1,691.00	\$ 1,775.20
Ready-To-Serve Metered Rate 10"	\$ 2,432.09	\$ 2,551.85
Usage Rate – per 1,000 Gallons	\$ 5.75 ***	\$ 6.29 ***
Navy - per 1,000 gallons	\$ 4.19	\$ 4.44
* Tiered rate will depend upon meter size and usage		
** Standard Residential Meter is 5/8"		
*** Residential 5/8" Sewer Service Capped at a Max of 10,000 Gallons per Month		
<u>System Improvement Charge – per EDU per Month</u>		
Water – Residential	\$ 16.68	\$ 18.62
Water – Commercial	\$ 20.02	\$ 22.34
Sewer – Residential	\$ 16.71	\$ 18.05
Sewer – Commercial	\$ 20.05	\$ 21.66
<u>Capital Contribution per EDU at time of Connection</u>		
Water – Residential	\$ 10,955.87	\$ 10,955.87
Water – Commercial	\$ 13,147.04	\$ 13,147.04
Sewer – Residential	\$ 8,980.87	\$ 10,919.03
Sewer – Commercial	\$ 10,777.05	\$ 13,102.84
<u>Septage Hauler Rates per 1,000 Gallons</u>		
Holding Tank Waste	\$ 18.89	\$ 19.44
Septic Tank Waste	\$ 80.69	\$ 83.03
Portable Toilet Waste	\$ 101.68	\$ 104.63
Grease Trap Waste	\$ 159.87	\$ 164.51
Septage Hauler Processing Fee	\$	\$ 50.00

Reduced non-metered rates. A
5.4% reduction in the sewer rate will also be realized in FY 27.

In FY 27, the increase for tier 1 users is proposed to be approximately 5%, but will include a reduction of over 5% for non-metered users.

The corresponding use charges are proposed to be \$6.29 per 1,000 gallons for sewer use (\$0.54 increase, but \$0.50 less than projected in FY 26).