



FLORIDA RURAL WATER ASSOCIATION

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FRWA Whitepaper Water Service Disconnection / Reconnection Fees

By Sterling L. Carroll, P.E., M.P.A., FRWA State Engineer

Is the practice of disconnecting and reconnecting water service by seasonal residents fair to the water system and other customers?

In a word -- **NO**. In water systems around Florida some customers have found a loophole in liberal water fees and avoid paying their fair share to maintain the water system while they are out of town. As a result of this lenient water system policy, water systems, wastewater systems, and other customers assume the financial burden 12-months out of the year for part-time residents.

Below are reasons why this practice should be discouraged for the sake of the fiscal health of the water and wastewater utility and customer fairness.

- Water systems were first constructed by Towns and Cities for year-round public health and safety.
- Policies, rates, and fees are set by utility governing boards to help maintain a steady revenue stream to keep the cost of providing water to all of your customers affordable.¹
- Not only is water revenue lost during those months, wastewater revenues also cease.
- By design water and wastewater ratepayers financially support the utility. A shortfall of funds should not be supplemented by ad valorem taxes (City / Town general fund).²
- The largest portion of water and wastewater rates supports the utility's fixed costs. These fixed costs maintain water and wastewater assets (such as, pipelines, pumps, plants, lift stations, buildings, etc.) 365-days a year.³
- These loans must be paid monthly or quarterly for all customers. EXAMPLE: This is likened to not paying the mortgage when you are out of town – the bank doesn't care if you occupy the house or not. The mortgage is due each month. The same is true for the fixed assets that serve your customers – lenders require regular payments on those assets built to serve your customers whether they are in town or not.
- As required by Florida Statute 180.13(2), the Town or City must establish "*just and equitable rates or charges to be paid to the municipality*" by each customer. Allowing full-time customers to pay a heavier burden than they use is just not fair.⁴
- Town or City Commissioners have a fiduciary responsibility to the water and wastewater system for its financial, technical and managerial capacity, health, and well-being.
- Each customer should pay their proportional share of the costs to provide water service at that location. Allowing some to use the disconnecting and reconnecting loophole is not "*just and equitable.*"⁵

FRWA Recommendations to Close the Disconnection / Reconnection Loophole.

- Actively discourage seasonal disconnection and reconnections by a public education campaign, flyers, and press releases.

- Seasonal resident disconnection and reconnection fees to need to be more expensive than maintaining continual service for both water and wastewater. We recommend that the fees should be 15% to 25% more costly to turn it off than leave it on.
- The utility base rate for both water and wastewater needs to reflect as close to zero usage as practicable to encourage season customers to maintain service while they are out of town.
- The meter reconnection fee should be designed to recoup lost revenues (while a meter was disconnected).
- Reconnections after a certain number of months (set by utility policy) should be considered a “New Connection” and be required to pay impact fees (capital facility charges).

Please feel free to contact Sterling L. Carroll, P.E. if you have any further questions at 850-668-2746 ext 118 or [Sterling.Carroll@frwa.net](mailto: Sterling.Carroll@frwa.net).

ENDNOTES

1 **Water Rates**, AWWA Manual M1, Fourth Edition, 1999, American Water Works Association, p. 2

2 “*This has been an all too common experience for FRWA’s ratemaking professionals.*” Gary Williams, Executive Director FRWA

3 Florida Statute 180.13(2),

4 c Also see, Lee, et. al., **Public Budgeting Systems, 8th Edition**, (Jones & Bartlet Publishers) 2006, Table 2-4, p. 431-432, 443

5 Florida Statute 180.13(2).