



Comparisons of In-town and Out-of-town Rates Water and Sewer Bill Differentials

Across the state, more than half of the water and sewer rate structures have a different rate — a differential — for customers inside and outside of system jurisdictions. In the Central Pines Regional Council region, which includes Hillsborough, all jurisdictions have a differential.

Annual research in North Carolina shows 98% of water rate structures and 95% of sewer rate structures across the state that offer service both within and outside their geographical limits charge a higher outside rate. According to research published in January 2024, the median monthly outside rate at 6,000 gallons is 1.52 times the inside water rate and 1.63 times the inside sewer rate. Hillsborough charges a differential of 1.95 times the in-town water and sewer rates (195% of the in-town rates).

The annual study is provided by the UNC School of Government's Environmental Finance Center and the North Carolina League of Municipalities. It allows customers to compare Hillsborough's rates with other water and sewer systems that have similar characteristics or that are in the same basin or regional council of governments.

The following pages show comparisons based on January 2024 data and bill differentials at 4,000 gallons.

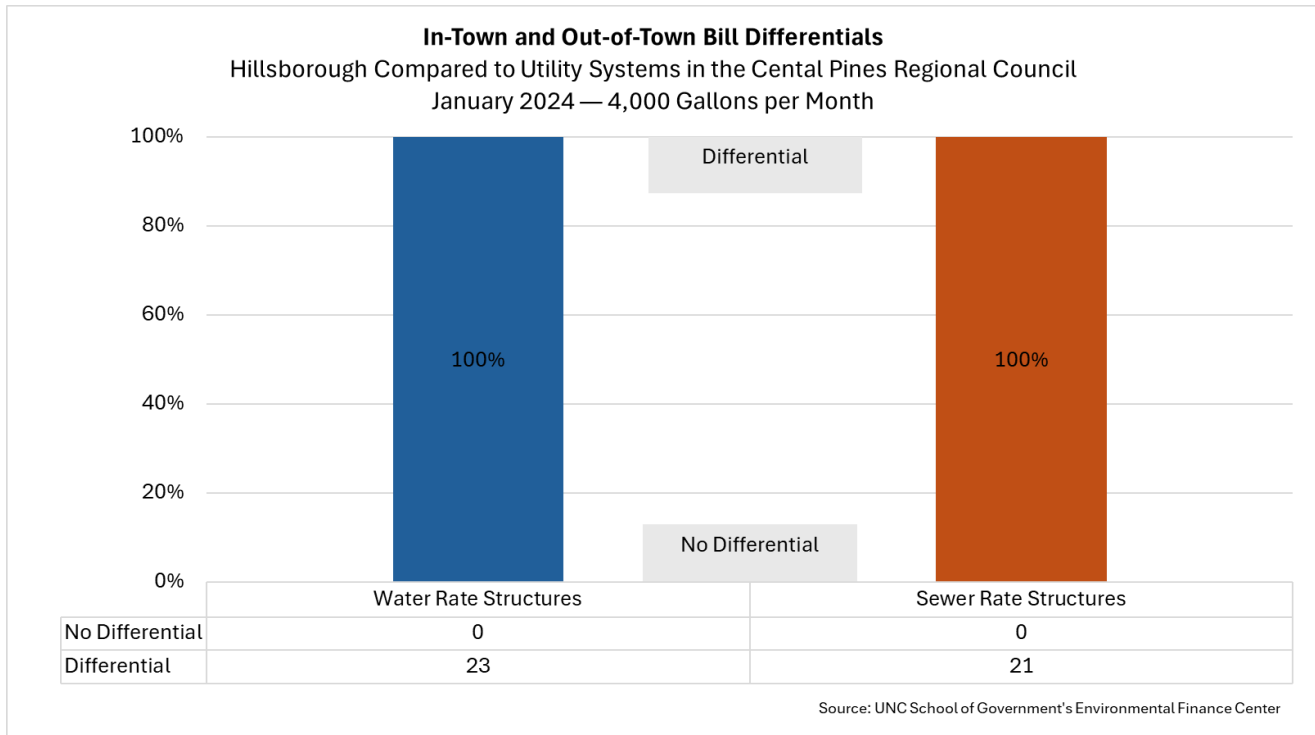
Comparing rates is not simple, as the cost of service for each utility is based on several diverse factors. Some characteristics for Hillsborough include:

- Charges a uniform rate. Rate structures for other systems include increasing or decreasing block rates, in which the price per gallon increases or decreases based on the amount of use.
- Charges a base or minimum usage fee.
- Serves about 15,240 people through about 7,020 water and sewer connections.
- Has an average residential use of about 3,620 gallons of water per month.

The complete data is available on the North Carolina Water and Wastewater Rates Dashboard of the Environmental Finance Center at UNC Chapel Hill: efc.sog.unc.edu/resource/north-carolina-water-and-wastewater-rates-dashboard.

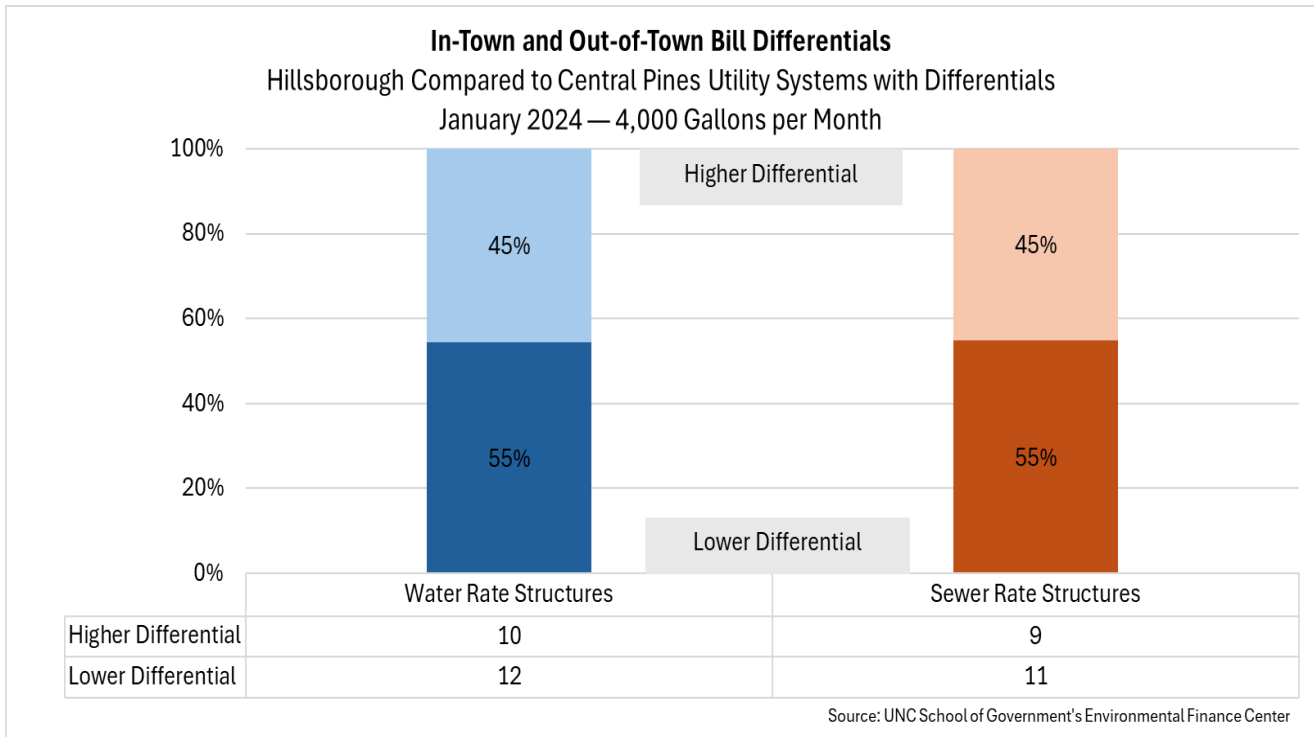
Hillsborough compared to systems in the Central Pines Regional Council

In the Central Pines Regional Council, all water and sewer rate structures include a differential for customers inside and outside of system jurisdictions. For customers outside Hillsborough’s corporate limits, the town charges a differential of 195% of (or 1.95 times) the in-town rate.



Hillsborough compared to Central Pines Regional Council systems with differentials

Of the water rate structures that charge differentials within the Central Pines Regional Council footprint, about 45% charge a higher differential than Hillsborough and about 55% charge a lower differential. Of the sewer rate structures that charge differentials within the council’s footprint, about 45% charge a higher differential than Hillsborough and about 55% charge a lower differential.



A look at Central Pines Regional Council water and sewer systems with higher differentials

Of the rate structures that charge a differential in the Central Pines Regional Council region, about 41% of water rate structures charge a differential of 200% or more and about 40% of sewer rate structures charge a differential of 200% or more. The highest differentials in the region are 200% for both water and sewer services charged by several utilities.

