Town Council Meeting
Bar Harbor Water System - User Rate Review

Date Presented: January 20, 2026

Presented by:
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Sarah Gilbert, Finance Director
Bethany Leavitt, Public Works Director

Purpose, Need and History

- Purpose:
  - Implement User Rate Adjustments – 4/1/2026 (Goal)
- Need
  - Fund the FY26 Budget ($3,275,700) adopted August 19, 2025
  - Current rates result in a total revenue of around $2.2 M
  - An additional $1M plus of revenue is needed to maintain current levels of service
- History
  - The last water system rate increase was 10 years ago (effective January 1, 2016)
  - Inflationary Cost of Service has been absorbed by depleting reserves

Discussion Topics / Agenda

- PUC Process
- Charter Process
- Recap Proposed User Rate Adjustments
- Customer Profile
- Proposed Impact on Customers
- Implementation Options and Impacts

PUC Process

- Timeline outlined in 1/6/2026 TC Meeting:
  - File Final Rates with PUC – By 1/18/2026
  - Provide Notice to all Customers – By 2/3/2026
  - Public Hearing date – 2/17/2026
  - Final PUC Filing Between – 2/27/2026 to 3/19/2026
  - Rate Effective Date (1 month from final filing) – Est. 3/29/2026
- Goal:
  - Implement User Rate Adjustments – 4/1/2026

Charter Process

- Chapter 201 of the Municipal Code
- Requires Modification to Adjust Rates
- Annual Budget Process includes an adjustment to ordinance (line item budgets BUT not the rates or tiers)
- Requires a Public Hearing and Vote of the Town Council
  - First Review by Town Council – 1/6/2026
  - Second Review by Town Council – 1/20/2026
  - Action to Schedule the Public Hearing for 2/17/2026

Recap Proposed Rate Adjustments

Rate Adjustments

- 35% Increase on minimum charge
- 35% Increase on Tier 1 Rate
- Represents less than a 3.5% increase per year over the past 10 years

Tier Use (Structural) Adjustments

- No Change to Minimum Use Allowance
- No Change to Tier 1 Use Allowance (overage)
- Combined Tier 2, 3 and 4 into a single rate that is 30% less than the new rate for Tier 1

Recap Proposed User Rate Adjustments

- YEAR ROUND CUSTOMERS
  - Billed Quarterly
  - 35% Increase on the minimum charge
  - 35% Increase on Tier 1 Rates and Usage
  - On usage above Tier 1 (>12,000 cubic feet, but varies by meter size), Adopt a 30% rate decrease (on new rate for Tier 1)

Recap Proposed User Rate Adjustments

- SEASONAL CUSTOMERS
  - Billed minimum usage on 4/1 or 7/1 depending on meter install date
  - 35% Increase on the minimum charge
  - 35% Increase on Tier 1 Rates and Usage
  - On usage above Tier 1 (>12,000 cubic feet, but varies by meter size), Adopt a 30% rate decrease (on new rate for Tier 1)
  - Billed overages on the first billing cycle where the usage is above the minimum and overages billed on subsequent bills until meter is removed from service

Proposed Rate Structure – Minimum Consumption Year-Round and Seasonal Customers

	Year Round Customers			Seasonal Customers		
Meter Size	Min. Quarterly Consumption, CF	Minimum Bill, $ per QTR (3 mo.)	Quarterly Increase	Min. Quarterly Consumption, CF	Minimum Bill, $ per QTR (3 mo.)	$ Cost/CF of Water
5/8 - inch	1,200	~~$76.17~~ $102.83	$26.64	1,600	~~$201.63~~ $272.20	$70.57
3/4 –inch	1,800	~~$102.69~~ $138.63	$35.94	2,400	~~$272.66~~ $368.09	$95.43
1 - inch	3,000	~~$155.73~~ $210.24	$54.51	4,000	~~$414.73~~ $559.89	$145.16
1 ½ - inch	6,000	~~$288.33~~ $389.25	$100.92	8,000	~~$769.92~~ $1,039.39	$269.47
2 - inch	9,600	~~$447.45~~ $604.06	$156.61	12,800	~~$1,158.19~~ $1,563.56	$405.37
3 - inch	18,000	~~$677.72~~ $914.92	$237.20	24,000	~~$1,621.47~~ $2,188.98	$567.51
4 – inch	30,000	~~$926.13~~ $1,250.28	$324.15	40,000	~~$2,283.28~~ $3,082.43	$799.15
6 – inch	60,000	~~$1,547.13~~ $2,088.63	$541.50	80,000	~~$3,937.81~~ $5,316.04	$1,378.23

Proposed Rate Structure – Multiple Rate Tiers

Year-Round Customers with 5/8 – inch meter:

Consumption Tiers	Quarterly Water Consumption, CF	CURRENT $ Cost / CF	Proposed Adjustment	Proposed Unit Rate Increase $ Cost / CF
Minimum	Up to 1,200 CF	$0.0635 / CF	2.22 cents	$0.0857 / CF
Tier 1	1,201 CF to 12,000 CF	$0.0442 / CF	1.55 cents	$0.0597/ CF
Tier 2	12,001 CF to 90,000 CF	$0.0207 / CF	3.973 cents	$0.0418 / CF
Tier 3	90,001 CF	$0.0135 / CF	4.045 cents	$0.0418 / CF

Above 12,000 CF Proposed Rate is the same

Seasonal Customers with 5/8 – inch meter:

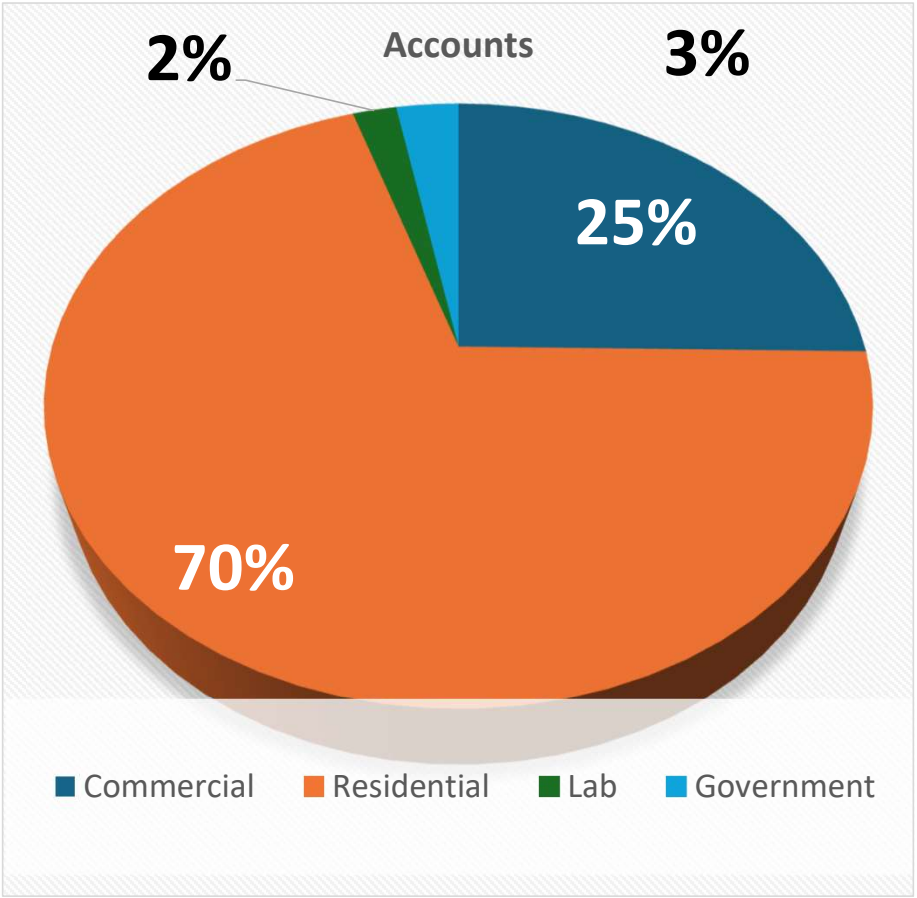
Consumption Tiers	Quarterly Water Consumption, CF	CURRENT $ Cost / CF	Proposed Adjustment	Proposed Unit Rate Increase $ Cost / CF
Minimum	Up to 1,600 CF	$0.1260 / CF	4.41 cents	$0.1701 / CF
Tier 1	1,601 CF to 12,000 CF	$0.0887 / CF	3.10 cents	$0.1197 / CF
Tier 2	12,001 CF to 90,000 CF	$0.0413 / CF	4.25 cents	$0.0838 / CF
Tier 3	90,001 to 390,000 CF	$0.0207 / CF	6.31 cents	$0.0838 / CF
Tier 4	390,001 CF and above	$0.0158 / CF	6.8 cents	$0.0838/ CF

Above 12,000 CF Proposed Rate is the same

Customer Profile

- 70% of all accounts are residential
- 25% of all accounts are commercial

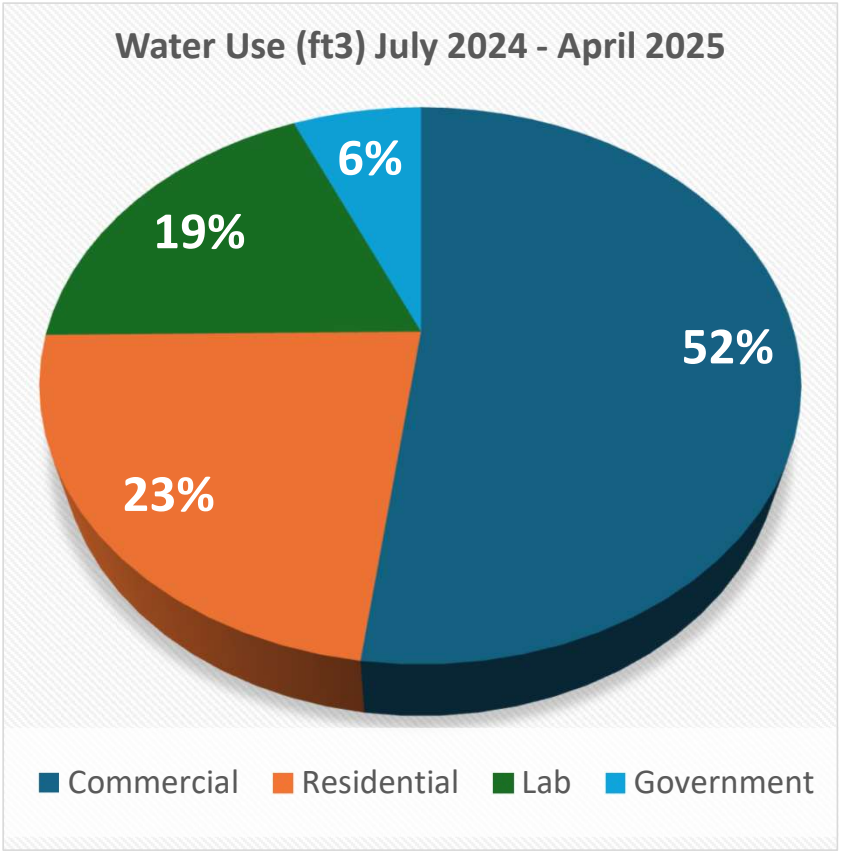
Customer	Accounts	Percent
Commercial	490	25%
Residential	1353	70%
Lab	40	2%
Government	57	3%
Total	1940	100%



Customer Profile

- 23% of all consumption is residential
- 52% of all consumption is commercial

Customer	Water Use (ft3)	Percent
Commercial	17,790,514	52%
Residential	7,762,159	23%
Lab	6,365,636	19%
Government	2,239,843	7%
Total	34,158,152	100%



Impact on Customers - Averages

YEAR ROUND RESIDENTIAL – 70% of Customers; 23% of Usage
Proposed Rates

Meter Size	Average Quarterly Consumption, CF	Average Bill, $ per QTR (3 mo.)	Increase for Average Customers	Maximum Quarterly Consumption, CF	Maximum Bill, $ per QTR (3 mo.)	Increase for Maximum Customers
5/8 - inch	1,204	$103.06	$26.72	31,193	$1548.94	$598.11
3/4 –inch	1,919	$145.71	$37.78	31,003	$1541.00	$594.11
1 - inch	3,465	$237.98	$61.70	42,096	$2004.35	$827.83
1 ½ - inch	12,750	$778.57	$209.53	78,679	$3532.28	$1598.60
2 - inch	30,925	$1537.74	$592.46	81,291	$3641.48	$1653.63
3 - inch	12,746	$914.92	$237.20	43,225	$1812.44	$612.56

Impact on Customers - Averages

YEAR ROUND COMMERCIAL – 25% of Customers; 52% of Usage
Proposed Rates

Meter Size	Average Quarterly Consumption, CF	Average Bill, $ per QTR (3 mo.)	Increase for Average Customers	Maximum Quarterly Consumption, CF	Maximum Bill, $ per QTR (3 mo.)	Increase for Maximum Customers
5/8 - inch	2,586	$185.53	$48.10	59,654	$2,737.73	$1,197.76
3/4 –inch	4,316	$288.76	$74.86	36,990	$1,791.07	$7,20.25
1 - inch	8,505	$538.72	$139.67	112,137	$4,929.89	$2,462.91
1 ½ - inch	25,959	$1,330.32	$487.84	155,962	$6,760.41	$3,701.80
2 - inch	25,305	$1,303.00	$474.06	169,287	$7,316.99	$4,078.48
3 - inch	72,094	$2,839.60	$1,042.14	246,923	$9,060.07	$4,773.49
4 – inch	213,058	$6,590.64	$2,761.23	547,900	$16,359.02	$8,009.24

Implement Proposed User Rate Adjustments for April 1 bills

- Implement 35% Rate Increase as outlined in recommended rate case and reviewed on 1/6/2026 TC Meeting
- Pros
  - No impact to Adopted FY26 Budget
  - Largest Customer Class (Residential) is only 23% of the consumption and is therefore, not impacted as much as the largest users (Commercial)
  - Equitable shift in Use Tier Structure is implemented sooner than later
- Cons
  - Residential Users will see an immediate bill increase
  - Largest Users are impacted most by Proposed User Rate Adjustments

Phased Implementation of Proposed User Rate Adjustments

- Phase Implementation of 35% Rate Increase over multiple years (2 or 3 maximum)
- Pros
  - Phased approach minimizes quarterly impact to residential household budgets (largest customer class)
  - Impact to commercial customer budgets (2nd largest customer class) is also phased in over 2 or 3 years
- Cons
  - Impact on planned Capital Improvement Projects
  - Loss of synergies or delayed sewer, sidewalk, and road improvements

Questions