

Facilities Management
Energy and Utilities Rates – Fiscal Year 2018-2019

In October 2017, Facilities Management issued estimated utility rates for FY18-19 based on the best information available at the time regarding projected fuel and utility prices. Unforeseen circumstances have impacted the electricity, water, and sewer rates.

The purchase cost of electricity will increase by 5.5% or almost double the 2.9% increase forecasted in October. This increase is primarily attributed to the increase in riders or charges that allow Dominion Virginia Power to recover expenses for specific projects without changing the base rate. Changes to riders are unpredictable as they are regularly adjusted over the life of projects, depending on their cost and performance.

The purchase cost of water and sewer will increase by 37.2% and 23.3%, respectively, a significant increase from the 2% forecasted for these in October. Up to this point in time the University has been charged by the City for water and sewer at a discounted rate. The City of Charlottesville approached us in the spring of 2018 with a proposal to move our rates over a two-year period to be equal to rates paid by all other customers. During subsequent negotiations we got the City to agree to a three-year phase-in. We recognize that this news comes at a time when budgets have been set, but we had no ability, other than to extend the phase-in period, to change the ultimate outcome the City sought which was equalization of the University’s water and sewer rates with the rates paid by others. At the end of the three years, UVA’s water rate will increase by 150% and its sewer rate will increase by 40%. Future year rate increases will be incorporated into preliminary rate assumptions.

As a result, the weighted average rate increase for FY18-19 is 4.88% instead of the originally estimated 2.01% average increase.

Utility	2018-19 Final Rates	Weighted Change From 2017-18
Chilled Water	\$16.6868 / MMBtu	6.11%
Electricity	\$0.0829 / kWh	4.28%
Heat	\$22.3100 / MMBtu	1.72%
Sanitary Sewer	\$1.2727 / CGal	9.99%
Water	\$0.6516 / CGal	26.25%
Storm Water	\$0.0968 / SF	2.29%
WEIGHTED AVERAGE:		4.88%

For questions regarding these rates, please contact me at 982-5075 or jbw7d@virginia.edu.

Blake Watson
Finance Director