



October 2, 2023 | City of Stillwater, OK

WATER & WASTEWATER RATE ANALYSIS

Presented by:
Dave Yanke, President



AGENDA

- 1 • Purpose and Methodology
- 2 • Revenue Requirement
- 3 • Capital Improvement Plan and Test-Year
- 4 • Cost of Water
- 5 • Water Rates
- 6 • Wastewater Rates
- 7 • Revenue Recovery from Proposed Rates
- 8 • Bill Comparisons and Benchmarking

PURPOSE AND METHODOLOGY

PURPOSE OF ANALYSIS

- Develop a ten-year forecast of the operating and capital costs.
- Determine revenue sufficiency under the current rates.
- Develop retail, wholesale, and raw water rates that ensure the financial integrity of the Utility.
- Focused on cost of rural and wholesale cost of service.

METHODOLOGY

1

- Develop a Revenue Requirement Forecast

2

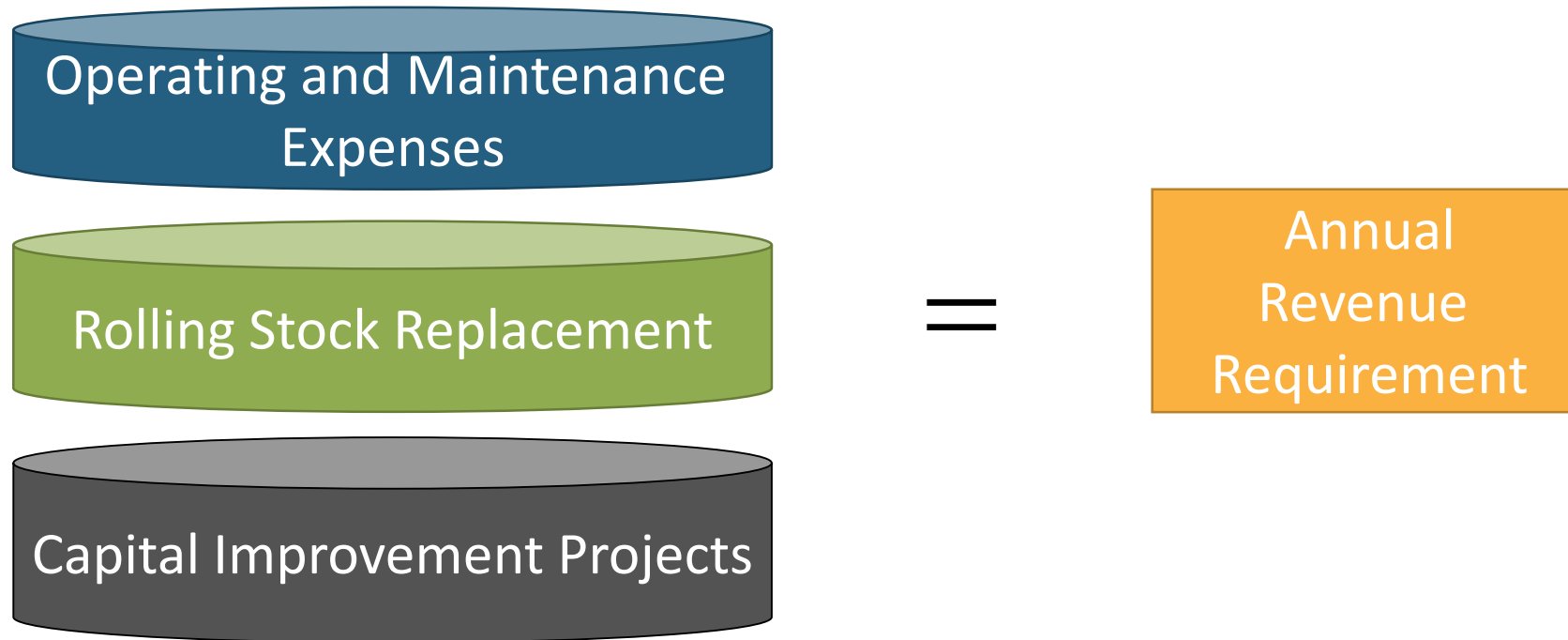
- Determine the Over/(Under) Recovery of the Revenue Requirement with Current Rates

3

- Rate Recommendations

REVENUE REQUIREMENT

WHAT IS THE REVENUE REQUIREMENT



CAPITAL IMPROVEMENT PLAN AND TEST YEAR

CAPITAL IMPROVEMENT PLAN

- The City developed a 10-year capital improvement project (CIP) plan that NewGen incorporated into the cost of service analysis.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Water	\$57,578,173	\$74,350,189	\$38,964,344	\$66,752,458	\$21,614,341
Wastewater	\$9,088,047	\$12,480,030	\$8,694,291	\$31,075,251	\$7,256,655
Total	\$66,666,221	\$86,830,219	\$47,658,635	\$97,827,710	\$28,870,996

	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	Total
Water	\$26,348,096	\$15,010,272	\$81,610,871	\$77,054,284	\$32,024,877	\$491,307,906
Wastewater	\$5,880,407	\$17,878,968	\$4,192,617	\$5,605,948	\$2,573,432	\$104,725,647
Total	\$32,228,503	\$32,889,240	\$85,803,489	\$82,660,232	\$34,598,309	\$596,033,553

SAMPLE CIP PROJECTS

Project	Cost
WTP – Finished Water Pump Station	\$44,000,000
WTP – Chemicals Package	\$25,000,000
McMurtry Backup Supply System	\$70,000,000
Kaw Raw Water Line Improvements	\$37,000,000
Total	\$176,000,000

TEST YEAR - WATER

	2024 Budget	Adjustments		Test Year
Utilities Water Administration	\$899,279	\$65,514	¹	\$964,793
Operations Water Line Management	2,137,070	349,408	¹	2,486,478
Water Treatment Plant	2,125,682	647,011	^{1,2}	2,772,693
Construction	147,767	-		147,767
Other Expenses	750,000	(350,000)	³	400,000
SUA Overhead Allocation	752,426	-		752,426
Indirect Costs	478,772	-		478,772
Health Insurance Transfer Out	727,933	(727,933)	⁴	-
Outstanding Debt Service	2,971,601	-		2,971,601
PAYG Capital		5,000,000	⁵	5,000,000
Valves, Hydrants, Meters	N/A	437,995	⁶	437,995
Total Expenses	\$10,990,530			\$16,412,525
Miscellaneous Revenue Offsets⁷	(\$888,180)			(\$888,180)
Net Revenue Requirement	\$10,102,350			\$15,524,345

Notes:

1. Allocated portion of Health Insurance Transfer.
2. Increase in chemicals (by \$214K) and electricity (by \$120K).
3. New System components of \$350K are captured in the valves, hydrants, meters expense line item (\$437,995).
4. Health insurance cost (\$727,933) is allocated to the various departments. See Footnote 1.
5. Pay-As-You-Go funding for capital projects.
6. Funding for minor capital replacement.
7. Includes capacity fees (\$51,000), Meters & Fitting Charge (\$60,000), Hydrant meter connection (\$4,000), water tower rent (\$40,000), SUA Revenue Allocation (\$702,180), Utility Tie-On Fees (\$31,000)

TEST YEAR - WASTEWATER

	2024 Budget	Adjustments		Test Year
Utilities Water Administration	\$300,610	-		\$300,610
Operations Wastewater Line Management	1,275,022	224,480	¹	1,499,502
Wastewater Treatment Plant	999,253	186,523	¹	1,185,776
Wastewater – Watershed	233,237	21,598	¹	254,835
Wastewater – Construction Inspection	72,428	21,598	¹	94,026
Other Expenses	120,000	-		120,000
SUA Overhead Allocation	298,360	-		298,360
Indirect Costs	196,112	-		196,112
Health Insurance Transfer Out	454,199	(454,199)	²	-
Outstanding Debt Service	745,942	-		745,942
PAYG Capital	-	2,500,000	³	2,500,000
Other Minor Capital	N/A	170,331	⁴	170,331
Total Expenses	\$4,695,163			\$7,365,494
Miscellaneous Revenue Offsets⁵	(\$610,020)			(\$610,020)
Net Revenue Requirement	\$4,085,143			\$6,755,474

Notes:

1. Allocated portion of Health Insurance Transfer.
2. Health insurance cost (\$454,199) is allocated to the various departments. See Footnote 1.
3. Pay-As-You-Go funding for capital projects.
4. Funding for minor capital replacement.
5. Miscellaneous revenues include capacity fees (\$116,000), water closet fees (\$50,000), SUA revenue allocations (\$444,020)

CAPITAL IMPROVEMENT PLAN

10-Year Capital Improvement Plan

	Scenario I	Scenario II
Debt Funded Capital	\$458,548,644	\$373,837,185
Cash Funded Capital	118,584,909	132,518,429
ARPA Funding	8,900,000	8,900,000
Federal Earmarks	10,000,000	10,000,000
Total Capital Funding	\$596,033,553	\$525,255,614
Water Capital Funded	\$491,307,906	\$420,529,967
Wastewater Capital Funded	\$104,725,647	\$104,725,647
Average Annual Water Increases	14.2%	12.7%
Average Annual Wastewater Increases	6.0%	6.0%

COST OF WATER

COST OF WATER

	FY 2024	FY 2028
Retail ¹	\$8.50 / 1,000	\$18.00 / 1,000
Rural	\$9.00 - \$11.00 / 1,000	\$22.00 / 1,000
Wholesale	\$7.00 - \$12.00 / 1,000	\$9.00 - \$20.00 / 1,000
Raw	\$3.00 - \$4.00 / 1,000	\$4.00 - \$5.00 / 1,000

1. Residential and Commercial Customers

WATER RATES

CURRENT WATER RATES

Base Rate Structure

Meter Size	Rate
3/4"	\$7.45
1"	\$15.08
1.5"	\$30.76
2"	\$45.63
3"	\$88.76
4"	\$140.67
6"	\$272.72

Volumetric Rate Structure

Tier	Rate ¹
Retail	
Tier 1	\$7.45
Tier 2	\$7.81
Tier 3	\$8.71
Flat Volumetric ²	\$7.59
Wholesale Customers	
Payne County District 3	\$3.41
Lone Chimney	\$3.63
Noble County District 2	\$3.61
51 East	\$3.07
Raw Water Customers	
Otoe-Missouria	\$0.84
Morrison	\$0.84

1. Rate per 1,000 Gallons
2. Applies to customers with meters >1"

BASE RATE STRUCTURE (WATER) – SCENARIO I

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
3/4"	\$ 7.45	\$ 7.67	\$ 9.01	\$ 10.59	\$ 12.44	\$ 14.62	\$ 16.81	\$ 19.33	\$ 22.23	\$ 25.01	\$ 28.14
1"	\$ 15.08	\$ 15.53	\$ 18.25	\$ 21.44	\$ 25.19	\$ 29.60	\$ 34.04	\$ 39.15	\$ 45.02	\$ 50.65	\$ 56.98
1.5"	\$ 30.76	\$ 31.68	\$ 37.22	\$ 43.73	\$ 51.38	\$ 60.37	\$ 69.43	\$ 79.84	\$ 91.82	\$ 103.30	\$ 116.21
2"	\$ 45.63	\$ 47.00	\$ 55.23	\$ 64.90	\$ 76.26	\$ 89.61	\$ 103.05	\$ 118.51	\$ 136.29	\$ 153.33	\$ 172.50
3"	\$ 88.76	\$ 91.42	\$ 107.42	\$ 126.22	\$ 148.31	\$ 174.26	\$ 200.40	\$ 230.46	\$ 265.03	\$ 298.16	\$ 335.43
4"	\$ 140.67	\$ 144.89	\$ 170.25	\$ 200.04	\$ 235.05	\$ 276.18	\$ 317.61	\$ 365.25	\$ 420.04	\$ 472.55	\$ 531.62
6"	\$ 272.72	\$ 280.90	\$ 330.06	\$ 387.82	\$ 455.69	\$ 535.44	\$ 615.76	\$ 708.12	\$ 814.34	\$ 916.13	\$ 1,030.65



Conduct a cost of service study and re-evaluate rates.

VOLUMETRIC RATE STRUCTURE (WATER) – SCENARIO I

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Retail ¹											
Tier 1	\$7.45	\$ 7.67	\$ 9.01	\$ 10.59	\$ 12.44	\$ 14.62	\$ 16.81	\$ 19.33	\$ 22.23	\$ 25.01	\$ 28.14
Tier 2	\$7.81	\$ 8.04	\$ 9.45	\$ 11.10	\$ 13.04	\$ 15.32	\$ 17.62	\$ 20.26	\$ 23.30	\$ 26.21	\$ 29.49
Tier 3	\$8.71	\$ 8.97	\$ 10.54	\$ 12.38	\$ 14.55	\$ 17.10	\$ 19.67	\$ 22.62	\$ 26.01	\$ 29.26	\$ 32.92
Flat Volumetric ^{1,2}	\$7.59	\$ 7.82	\$ 9.19	\$ 10.80	\$ 12.69	\$ 14.91	\$ 17.15	\$ 19.72	\$ 22.68	\$ 25.52	\$ 28.71

1. Rate per 1,000 Gallons
2. Applies to customers with meters >1”
Note:

Blocks	3/4”	1”
Tier 1	0-5,000	0-15,000
Tier 2	5,001-12,000	15,001-33,000
Tier 3	12,001-greater	33,001-greater

VOLUMETRIC RATE STRUCTURE (WATER) – SCENARIO I

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Wholesale Customers¹											
Payne County District 3	\$3.41	\$ 3.51	\$ 4.57	\$ 5.48	\$ 6.58	\$ 7.89	\$ 9.31	\$ 10.99	\$ 12.63	\$ 14.53	\$ 16.71
Lone Chimney	\$3.63	\$ 3.74	\$ 4.30	\$ 4.94	\$ 5.69	\$ 6.54	\$ 7.72	\$ 9.11	\$ 10.47	\$ 12.04	\$ 13.85
Noble County District 2	\$3.61	\$ 3.74	\$ 4.30	\$ 4.94	\$ 5.69	\$ 6.54	\$ 7.72	\$ 9.11	\$ 10.47	\$ 12.04	\$ 13.85
51 East	\$3.07	\$ 3.51	\$ 4.57	\$ 5.48	\$ 6.58	\$ 7.89	\$ 9.31	\$ 10.99	\$ 12.63	\$ 14.53	\$ 16.71
Raw Water Customers¹											
Otoe-Missouria	\$0.84	\$ 0.87	\$ 1.13	\$ 1.36	\$ 1.63	\$ 1.96	\$ 2.31	\$ 2.73	\$ 3.14	\$ 3.61	\$ 4.15
Morrison	\$0.84	\$ 0.87	\$ 1.13	\$ 1.36	\$ 1.63	\$ 1.96	\$ 2.31	\$ 2.73	\$ 3.14	\$ 3.61	\$ 4.15

1. Rate per 1,000 Gallons

**This is the same wholesale and raw water rate structure for both scenarios.*

BASE RATE STRUCTURE (WATER) – SCENARIO II

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
3/4"	\$ 7.45	\$ 7.67	\$ 8.82	\$ 10.14	\$ 11.66	\$ 13.41	\$ 15.42	\$ 17.73	\$ 20.39	\$ 22.43	\$ 24.67
1"	\$ 15.08	\$ 15.53	\$ 17.86	\$ 20.54	\$ 23.62	\$ 27.16	\$ 31.23	\$ 35.91	\$ 41.30	\$ 45.43	\$ 49.97
1.5"	\$ 30.76	\$ 31.68	\$ 36.43	\$ 41.89	\$ 48.17	\$ 55.40	\$ 63.71	\$ 73.27	\$ 84.26	\$ 92.69	\$ 101.96
2"	\$ 45.63	\$ 47.00	\$ 54.05	\$ 62.16	\$ 71.48	\$ 82.20	\$ 94.53	\$ 108.71	\$ 125.02	\$ 137.52	\$ 151.27
3"	\$ 88.76	\$ 91.42	\$ 105.13	\$ 120.90	\$ 139.04	\$ 159.90	\$ 183.89	\$ 211.47	\$ 243.19	\$ 267.51	\$ 294.26
4"	\$ 140.67	\$ 144.89	\$ 166.62	\$ 191.61	\$ 220.35	\$ 253.40	\$ 291.41	\$ 335.12	\$ 385.39	\$ 423.93	\$ 466.32
6"	\$ 272.72	\$ 280.90	\$ 323.04	\$ 371.50	\$ 427.23	\$ 491.31	\$ 565.01	\$ 649.76	\$ 747.22	\$ 821.94	\$ 904.13

VOLUMETRIC RATE STRUCTURE (WATER) – SCENARIO II

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Retail ¹											
Tier 1	\$7.45	\$ 7.67	\$ 8.82	\$ 10.14	\$ 11.66	\$ 13.41	\$ 15.42	\$ 17.73	\$ 20.39	\$ 22.43	\$ 24.67
Tier 2	\$7.81	\$ 8.04	\$ 9.25	\$ 10.64	\$ 12.24	\$ 14.08	\$ 16.19	\$ 18.62	\$ 21.41	\$ 23.55	\$ 25.91
Tier 3	\$8.71	\$ 8.97	\$ 10.32	\$ 11.87	\$ 13.65	\$ 15.70	\$ 18.06	\$ 20.77	\$ 23.89	\$ 26.28	\$ 28.91
Flat Volumetric ^{1,2}	\$7.59	\$ 7.82	\$ 8.99	\$ 10.34	\$ 11.89	\$ 13.67	\$ 15.72	\$ 18.08	\$ 20.79	\$ 22.87	\$ 25.16

1. Rate per 1,000 Gallons
2. Applies to customers with meters >1"

Note:

Blocks	3/4"	1"
Tier 1	0-5,000	0-15,000
Tier 2	5,001-12,000	15,001-33,000
Tier 3	12,001-greater	33,001-greater

***The proposed rates for wholesale and raw water customers are detailed in Scenario I*

WASTEWATER RATES

CURRENT WASTEWATER RATES

Base Rate Structure

Meter Size	Rate
3/4"	\$8.80
1"	\$15.57
1.5"	\$31.16
2"	\$49.84
3"	\$93.46
4"	\$155.76
6"	\$311.53

Volumetric Rate Structure

Tier	Rate ¹
Retail	
Inside City Limits	\$3.57
Outside City Limits	\$5.36

1. Rate per 1,000 Gallons

BASE RATE STRUCTURE (WASTEWATER) – SCENARIO

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
3/4"	\$ 8.80	\$ 9.06	\$ 9.60	\$ 10.18	\$ 10.79	\$ 11.33	\$ 11.90	\$ 12.50	\$ 13.25	\$ 14.05	\$ 14.89
1"	\$ 15.57	\$ 16.04	\$ 17.00	\$ 18.02	\$ 19.10	\$ 20.06	\$ 21.06	\$ 22.11	\$ 23.44	\$ 24.85	\$ 26.34
1.5"	\$ 31.16	\$ 32.09	\$ 34.02	\$ 36.06	\$ 38.22	\$ 40.13	\$ 42.14	\$ 44.25	\$ 46.91	\$ 49.72	\$ 52.70
2"	\$ 49.84	\$ 51.34	\$ 54.42	\$ 57.69	\$ 61.15	\$ 64.21	\$ 67.42	\$ 70.79	\$ 75.04	\$ 79.54	\$ 84.31
3"	\$ 93.46	\$ 96.26	\$ 102.04	\$ 108.16	\$ 114.65	\$ 120.38	\$ 126.40	\$ 132.72	\$ 140.68	\$ 149.12	\$ 158.07
4"	\$ 155.76	\$ 160.43	\$ 170.06	\$ 180.26	\$ 191.08	\$ 200.63	\$ 210.66	\$ 221.19	\$ 234.46	\$ 248.53	\$ 263.44
6"	\$ 311.53	\$ 320.88	\$ 340.13	\$ 360.54	\$ 382.17	\$ 401.28	\$ 421.34	\$ 442.41	\$ 468.95	\$ 497.09	\$ 526.92

***Outside City Limit Customers are charged 1.5x the rates detailed above.*

VOLUMETRIC RATE STRUCTURE (WASTEWATER) – SCENARIO

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Retail											
Inside City Limit	\$3.57	\$ 3.68	\$ 3.90	\$ 4.13	\$ 4.38	\$ 4.60	\$ 4.83	\$ 5.07	\$ 5.37	\$ 5.69	\$ 6.03
Outside City Limit	\$5.36	\$ 5.52	\$ 5.85	\$ 6.20	\$ 6.57	\$ 6.90	\$ 7.25	\$ 7.61	\$ 8.06	\$ 8.54	\$ 9.05

REVENUE RECOVERY FROM PROPOSED RATES

REVENUE RECOVERY FROM PROPOSED RATES – SCENARIO I

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Water Utility										
Revenues	\$ 14,808,339	\$ 17,821,393	\$ 21,062,899	\$ 24,888,169	\$ 29,415,274	\$ 34,048,187	\$ 39,409,500	\$ 45,558,533	\$ 51,585,459	\$ 58,411,744
Revenue Requirement	\$ 15,524,345	\$ 18,463,443	\$ 23,278,936	\$ 25,938,597	\$ 30,429,015	\$ 33,959,019	\$ 37,744,064	\$ 40,726,298	\$ 47,778,851	\$ 54,308,455
Over/(Under)	\$ (716,006)	\$ (642,049)	\$ (2,216,037)	\$ (1,050,427)	\$ (1,013,741)	\$ 89,168	\$ 1,665,436	\$ 4,832,236	\$ 3,806,608	\$ 4,103,290
Cumulative Over/(Under)	\$ (716,006)	\$ (1,358,055)	\$ (3,574,092)	\$ (4,624,519)	\$ (5,638,260)	\$ (5,549,092)	\$ (3,883,656)	\$ 948,579	\$ 4,755,187	\$ 8,858,477
Wastewater Utility										
Revenues	\$ 7,859,620	\$ 8,496,919	\$ 9,046,025	\$ 9,640,077	\$ 10,174,560	\$ 10,737,172	\$ 11,328,615	\$ 12,061,672	\$ 12,846,542	\$ 13,682,659
Revenue Requirement	\$ 6,755,474	\$ 7,564,104	\$ 7,779,434	\$ 8,407,470	\$ 10,508,472	\$ 11,047,145	\$ 11,498,104	\$ 12,700,749	\$ 13,006,508	\$ 13,448,261
Over/(Under)	\$ 1,104,146	\$ 932,814	\$ 1,266,590	\$ 1,232,607	\$ (333,912)	\$ (309,973)	\$ (169,489)	\$ (639,077)	\$ (159,966)	\$ 234,398
Cumulative Over/(Under)	\$ 1,104,146	\$ 2,036,960	\$ 3,303,550	\$ 4,536,158	\$ 4,202,246	\$ 3,892,273	\$ 3,722,784	\$ 3,083,707	\$ 2,923,741	\$ 3,158,139

REVENUE RECOVERY FROM PROPOSED RATES – SCENARIO II

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Water Utility										
Revenues	\$ 14,808,339	\$ 17,459,909	\$ 20,214,940	\$ 23,406,927	\$ 27,106,234	\$ 31,377,717	\$ 36,324,774	\$ 41,991,268	\$ 46,555,973	\$ 51,621,948
Revenue Requirement	\$ 15,524,345	\$ 18,034,139	\$ 20,613,578	\$ 23,386,137	\$ 26,810,223	\$ 32,003,736	\$ 36,783,849	\$ 40,655,131	\$ 45,927,083	\$ 50,358,395
Over/(Under)	\$ (716,006)	\$ (574,229)	\$ (398,638)	\$ 20,789	\$ 296,011	\$ (626,019)	\$ (459,075)	\$ 1,336,137	\$ 628,890	\$ 1,263,554
Cumulative Over/(Under)	\$ (716,006)	\$ (1,290,235)	\$ (1,688,874)	\$ (1,668,084)	\$ (1,372,073)	\$ (1,998,092)	\$ (2,457,167)	\$ (1,121,030)	\$ (492,141)	\$ 771,413
Wastewater Utility										
Revenues	\$ 7,859,620	\$ 8,496,919	\$ 9,046,025	\$ 9,640,077	\$ 10,174,560	\$ 10,737,172	\$ 11,328,615	\$ 12,061,672	\$ 12,846,542	\$ 13,682,659
Revenue Requirement	\$ 6,755,474	\$ 7,564,104	\$ 7,779,434	\$ 8,407,470	\$ 10,508,472	\$ 11,047,145	\$ 11,498,104	\$ 12,700,749	\$ 13,006,508	\$ 13,448,261
Over/(Under)	\$ 1,104,146	\$ 932,814	\$ 1,266,590	\$ 1,232,607	\$ (333,912)	\$ (309,973)	\$ (169,489)	\$ (639,077)	\$ (159,966)	\$ 234,398
Cumulative Over/(Under)	\$ 1,104,146	\$ 2,036,960	\$ 3,303,550	\$ 4,536,158	\$ 4,202,246	\$ 3,892,273	\$ 3,722,784	\$ 3,083,707	\$ 2,923,741	\$ 3,158,139

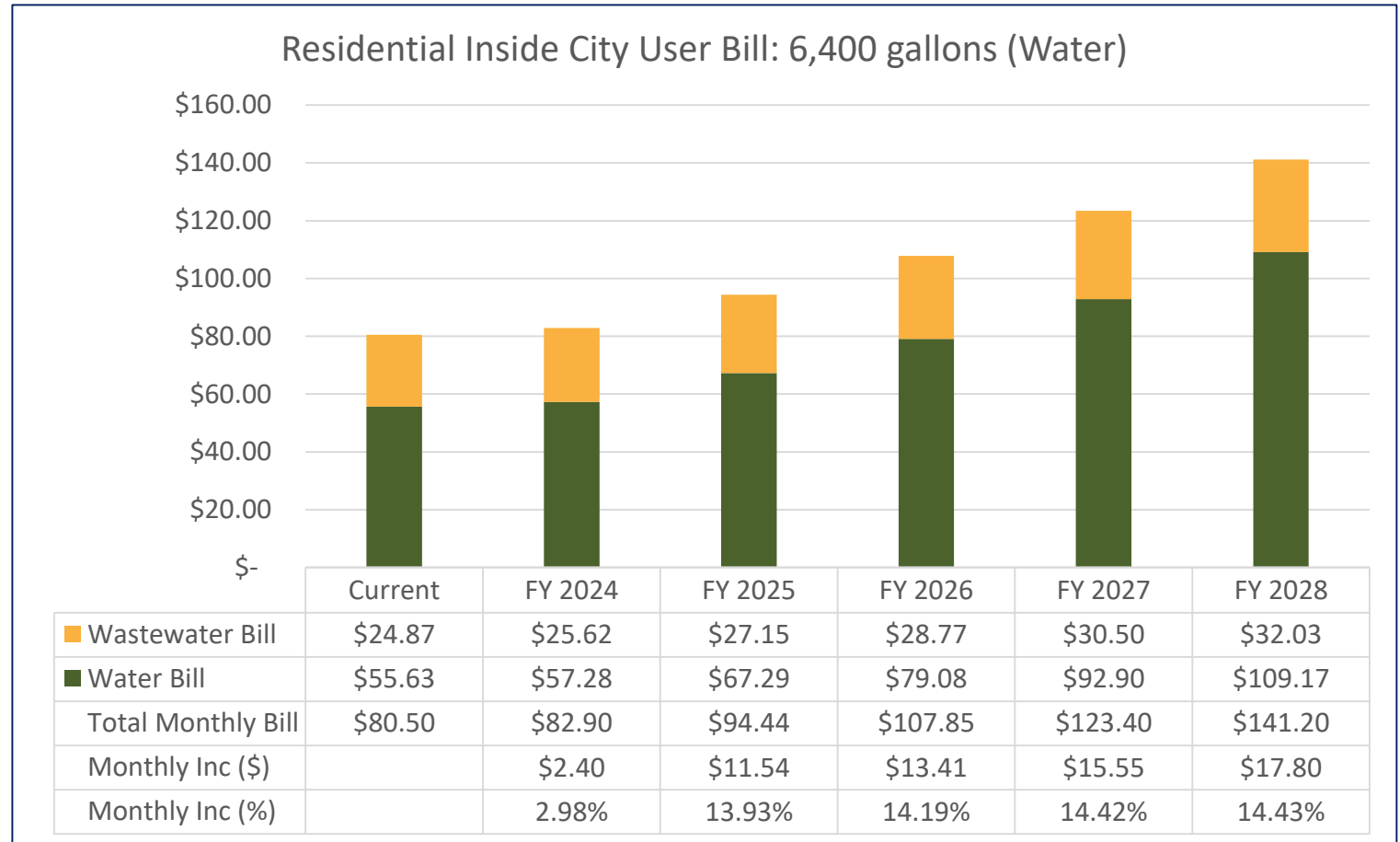
BILL COMPARISON AND BENCHMARKING

BILL COMPARISON

SCENARIO I

- Meter Size: 3/4"
- Water Consumption: 6,400 gallons
- Wastewater Flows: 4,500 gallons

Total Capital Funding	\$596,033,553
Average Annual Water Increases	14.2%
Average Annual Wastewater Increases	6.0%

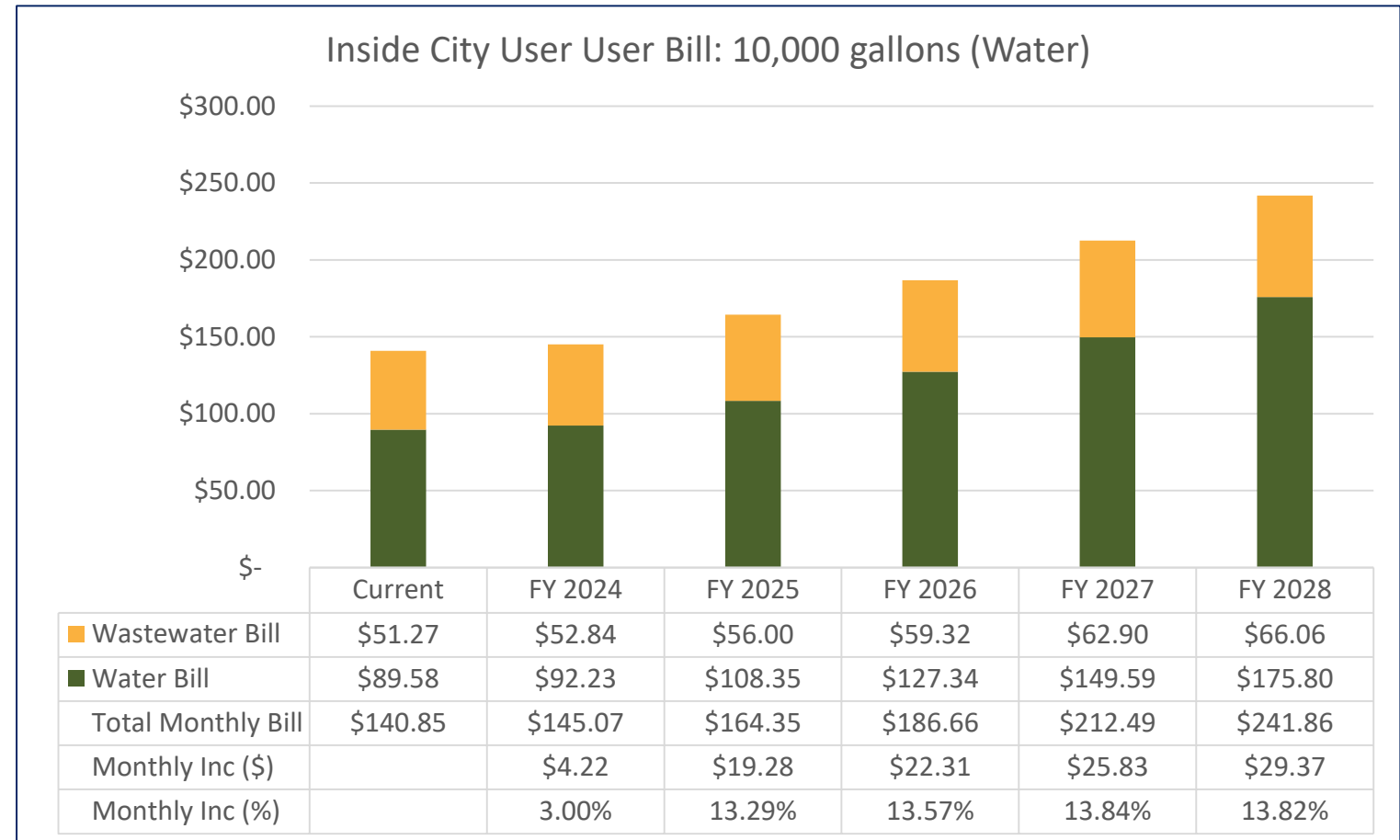


BILL COMPARISON

SCENARIO I

- Meter Size: 1"
- Water Consumption: 10,000 gallons
- Wastewater Flows: 10,000 gallons

Total Capital Funding	\$596,033,553
Average Annual Water Increases	14.2%
Average Annual Wastewater Increases	6.0%

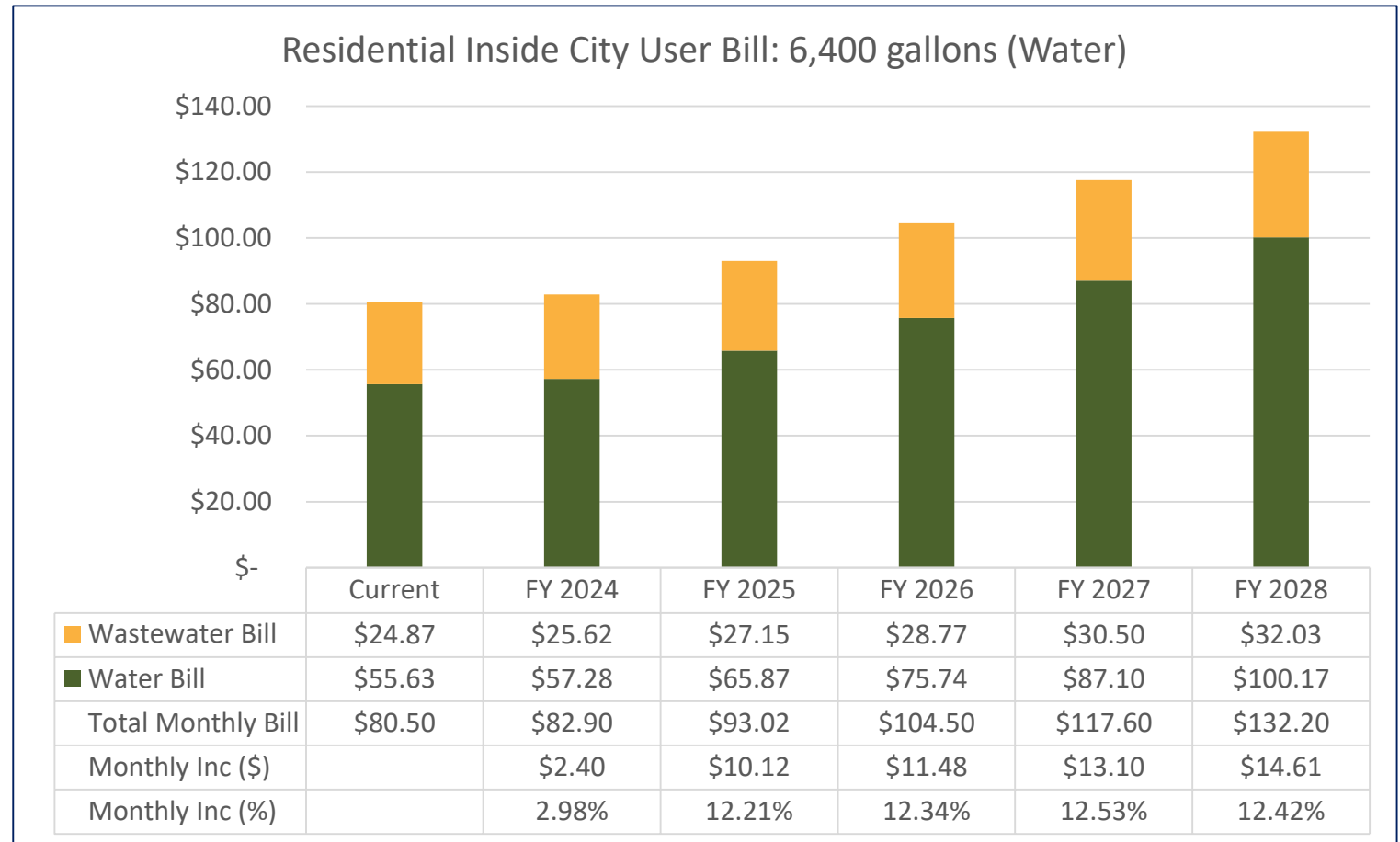


BILL COMPARISON

SCENARIO II

- Meter Size: 3/4"
- Water Consumption: 6,400 gallons
- Wastewater Flows: 4,500 gallons

Total Capital Funding	\$525,255,614 (100% of wastewater)
Average Annual Water Increases	12.7%
Average Annual Wastewater Increases	6.0%

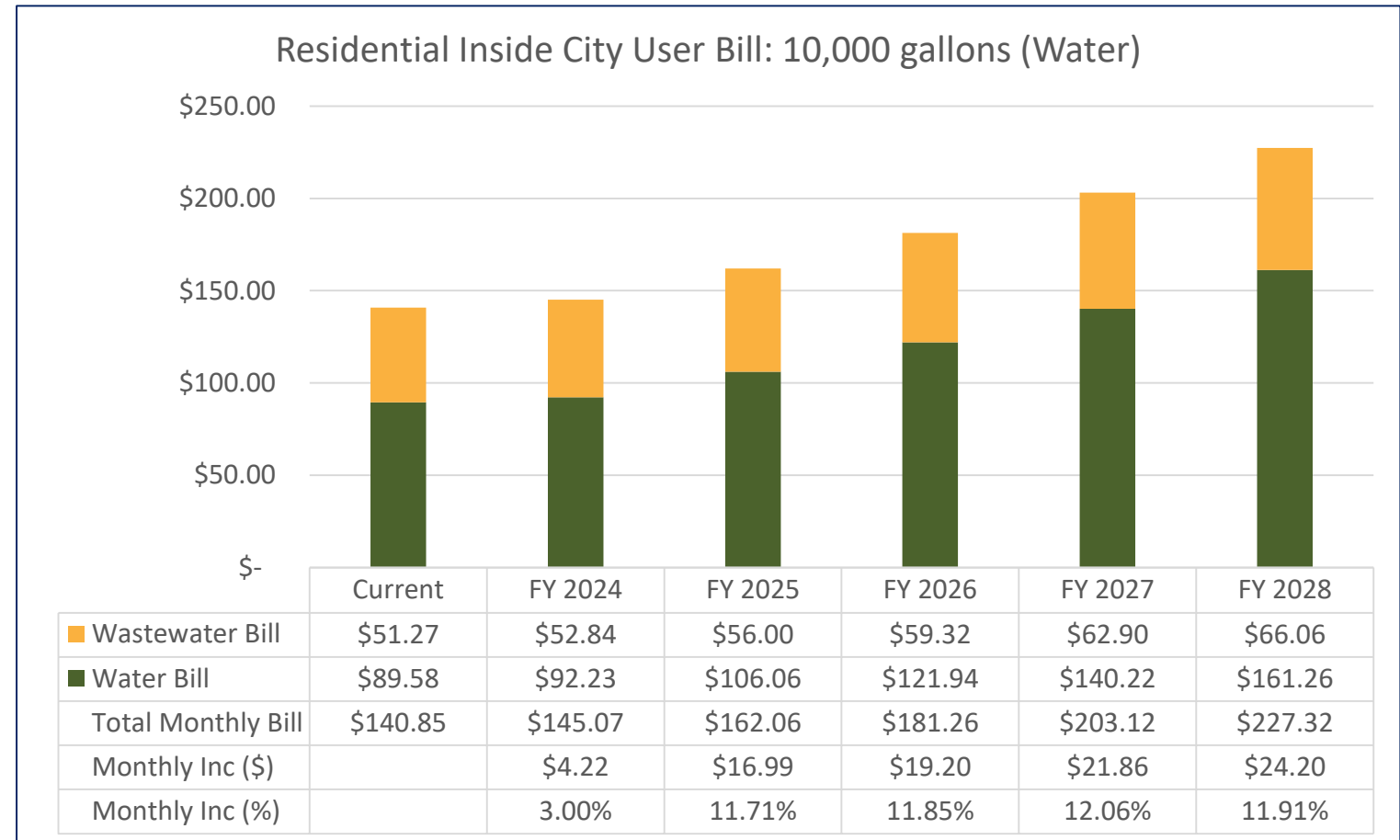


BILL COMPARISON

SCENARIO II

- Meter Size: 1"
- Water Consumption: 10,000 gallons
- Wastewater Flows: 10,000 gallons

Total Capital Funding	\$525,255,614 (100% of wastewater)
Average Annual Water Increases	12.7%
Average Annual Wastewater Increases	6.0%

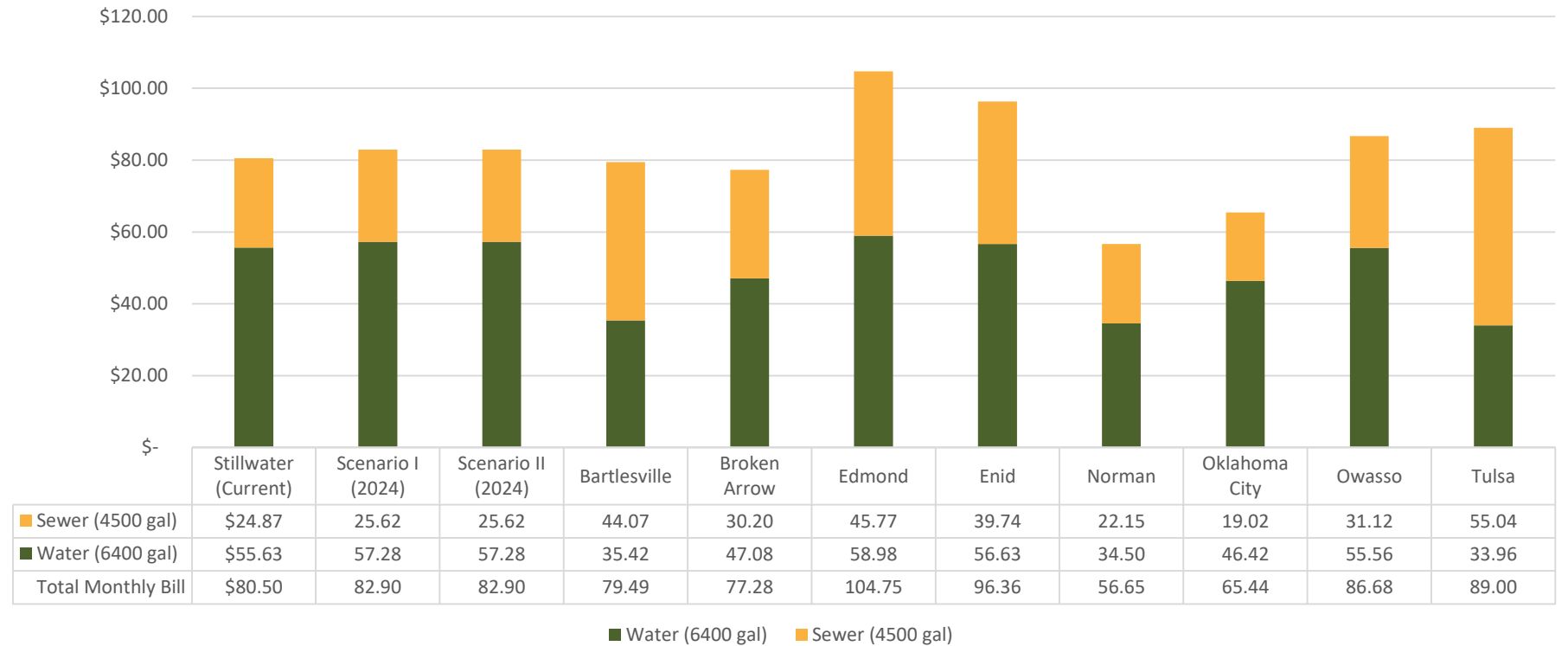


BILL COMPARISON

BENCHMARKING

- Meter Size: 3/4"
- Water Consumption: 6,400 gallons
- Wastewater Flows: 4,500 gallons

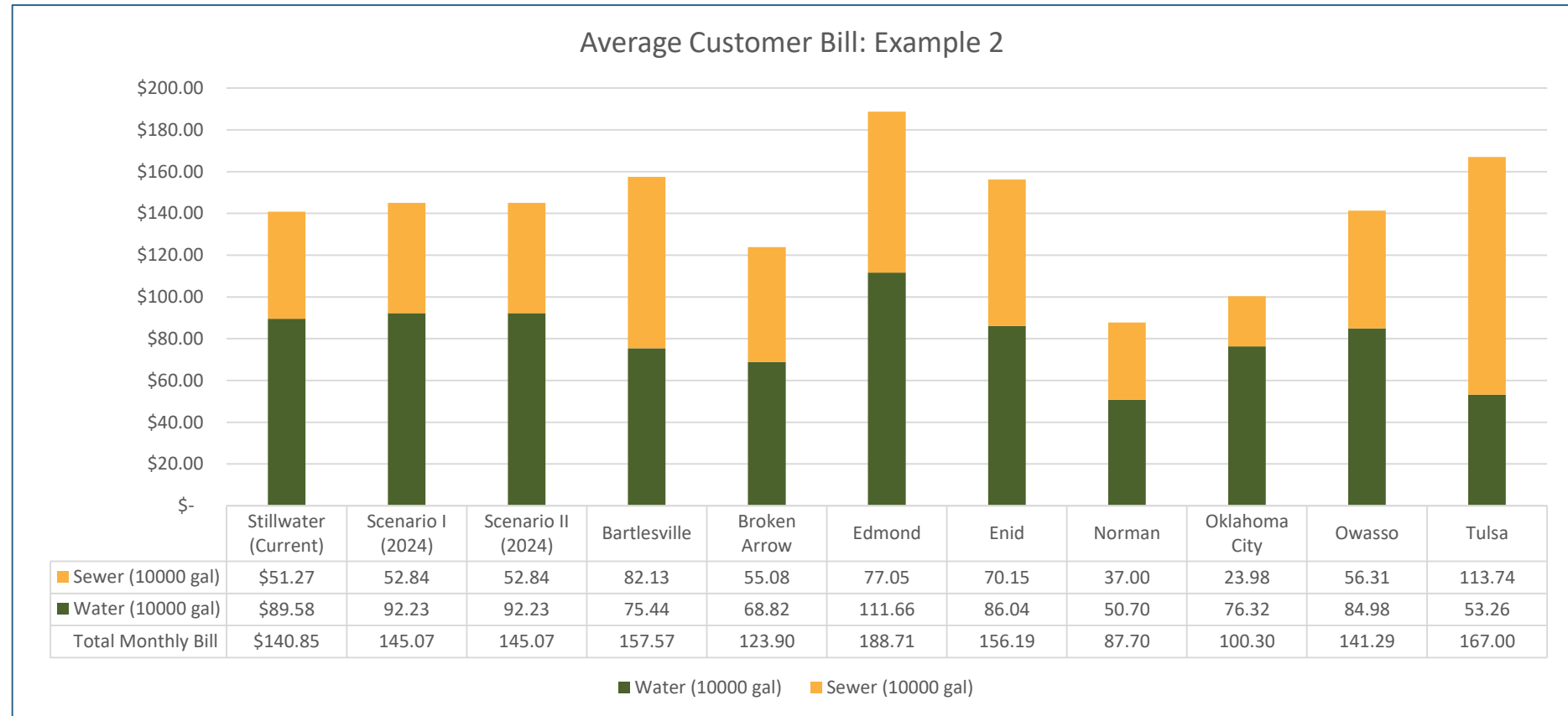
Average Customer Bill: Example 1



BILL COMPARISON

BENCHMARKING

- Meter Size: 1"
- Water Consumption: 10,000 gallons
- Wastewater Flows: 10,000 gallons



NEXT STEPS

- Implement 3% retail, wholesale, and raw water rate increases January 1, 2024.
- Implement recommended annual rate increases through FY 2028.
- Recommend implementing a 1.5 x multiplier for outside city limits and rural water system customers.
 - In the next 10 years, approximately \$32 million of capital has been identified as rural specific distribution and storage projects.
 - Prior capital investments have been made to the rural system.
 - The rural system has higher peaking rates compared to the inside city limit customer class.
 - The rural contingent located inside of the city has a peaking factor of 2.37, compared to the inside city limit retail class peaking factor of 1.41
 - The rural contingent located outside of the city has a peaking factor of 1.74.





DISCUSSION

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NewGen
Strategies & Solutions

ALTERNATIVE SCENARIO

CAPITAL IMPROVEMENT PLAN

10-Year Capital Improvement Plan

	Alt Scenario
Debt Funded Capital	\$110,618,347
Cash Funded Capital	103,214,798
ARPA Funding	8,900,000
Federal Earmarks	10,000,000
Total Capital Funding	\$232,733,145
Water Capital Funded	\$178,984,471
Wastewater Capital Funded	\$53,748,674
Average Annual Water Increases	7.1%
Average Annual Wastewater Increases	3.6%

BASE RATE STRUCTURE (WATER) – ALT SCENARIO

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
3/4"	\$ 7.45	\$ 7.67	\$ 8.13	\$ 8.62	\$ 9.14	\$ 9.69	\$ 10.47	\$ 11.31	\$ 12.21	\$ 13.19	\$ 14.25
1"	\$ 15.08	\$ 15.53	\$ 16.46	\$ 17.45	\$ 18.50	\$ 19.61	\$ 21.18	\$ 22.87	\$ 24.70	\$ 26.68	\$ 28.81
1.5"	\$ 30.76	\$ 31.68	\$ 33.58	\$ 35.59	\$ 37.73	\$ 39.99	\$ 43.19	\$ 46.65	\$ 50.38	\$ 54.41	\$ 58.76
2"	\$ 45.63	\$ 47.00	\$ 49.82	\$ 52.81	\$ 55.98	\$ 59.34	\$ 64.09	\$ 69.22	\$ 74.76	\$ 80.74	\$ 87.20
3"	\$ 88.76	\$ 91.42	\$ 96.91	\$ 102.72	\$ 108.88	\$ 115.41	\$ 124.64	\$ 134.61	\$ 145.38	\$ 157.01	\$ 169.57
4"	\$ 140.67	\$ 144.89	\$ 153.58	\$ 162.79	\$ 172.56	\$ 182.91	\$ 197.54	\$ 213.34	\$ 230.41	\$ 248.84	\$ 268.75
6"	\$ 272.72	\$ 280.90	\$ 297.75	\$ 315.62	\$ 334.56	\$ 354.63	\$ 383.00	\$ 413.64	\$ 446.73	\$ 482.47	\$ 521.07

VOLUMETRIC RATE STRUCTURE (WATER) – ALT SCENARIO

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Retail¹											
Tier 1	\$ 7.45	\$ 7.67	\$ 8.13	\$ 8.62	\$ 9.14	\$ 9.69	\$ 10.47	\$ 11.31	\$ 12.21	\$ 13.19	\$ 14.25
Tier 2	\$ 7.81	\$ 8.04	\$ 8.52	\$ 9.03	\$ 9.57	\$ 10.14	\$ 10.95	\$ 11.83	\$ 12.78	\$ 13.80	\$ 14.90
Tier 3	\$ 8.71	\$ 8.97	\$ 9.51	\$ 10.08	\$ 10.68	\$ 11.32	\$ 12.23	\$ 13.21	\$ 14.27	\$ 15.41	\$ 16.64
Flat Volumetric^{1,2}	\$ 7.59	\$ 7.82	\$ 8.29	\$ 8.79	\$ 9.32	\$ 9.88	\$ 10.67	\$ 11.52	\$ 12.44	\$ 13.44	\$ 14.52

1. Rate per 1,000 Gallons

2. Applies to customers with meters >1"

Note:

Blocks	3"	1"
Tier 1	0-5,000	0-15,000
Tier 2	5,001-12,000	15,000-33,000
Tier 3	12,001-greater	33,001-greater

*****The proposed rates for wholesale and raw water customers are detailed in Scenario I***

BASE RATE STRUCTURE (WASTEWATER) – ALT SCENARIO

Meter Size	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
3/4"	\$ 8.80	\$ 9.06	\$ 9.29	\$ 9.52	\$ 9.76	\$ 10.00	\$ 10.45	\$ 10.92	\$ 11.41	\$ 11.92	\$ 12.46
1"	\$ 15.57	\$ 16.04	\$ 16.44	\$ 16.85	\$ 17.27	\$ 17.70	\$ 18.50	\$ 19.33	\$ 20.20	\$ 21.11	\$ 22.06
1.5"	\$ 31.16	\$ 32.09	\$ 32.89	\$ 33.71	\$ 34.55	\$ 35.41	\$ 37.00	\$ 38.67	\$ 40.41	\$ 42.23	\$ 44.13
2"	\$ 49.84	\$ 51.34	\$ 52.62	\$ 53.94	\$ 55.29	\$ 56.67	\$ 59.22	\$ 61.88	\$ 64.66	\$ 67.57	\$ 70.61
3"	\$ 93.46	\$ 96.26	\$ 98.67	\$ 101.14	\$ 103.67	\$ 106.26	\$ 111.04	\$ 116.04	\$ 121.26	\$ 126.72	\$ 132.42
4"	\$ 155.76	\$ 160.43	\$ 164.44	\$ 168.55	\$ 172.76	\$ 177.08	\$ 185.05	\$ 193.38	\$ 202.08	\$ 211.17	\$ 220.67
6"	\$ 311.53	\$ 320.88	\$ 328.90	\$ 337.12	\$ 345.55	\$ 354.19	\$ 370.13	\$ 386.79	\$ 404.20	\$ 422.39	\$ 441.40

***Outside City Limit Customers are charged 1.5x the rates detailed above.*

VOLUMETRIC RATE STRUCTURE (WASTEWATER) – ALT SCENARIO

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Retail											
Inside City Limit	\$ 3.57	\$ 3.68	\$ 3.77	\$ 3.86	\$ 3.96	\$ 4.06	\$ 4.24	\$ 4.43	\$ 4.63	\$ 4.84	\$ 5.06
Outside City Limit	\$ 5.36	\$ 5.52	\$ 5.66	\$ 5.79	\$ 5.94	\$ 6.09	\$ 6.36	\$ 6.65	\$ 6.95	\$ 7.26	\$ 7.59

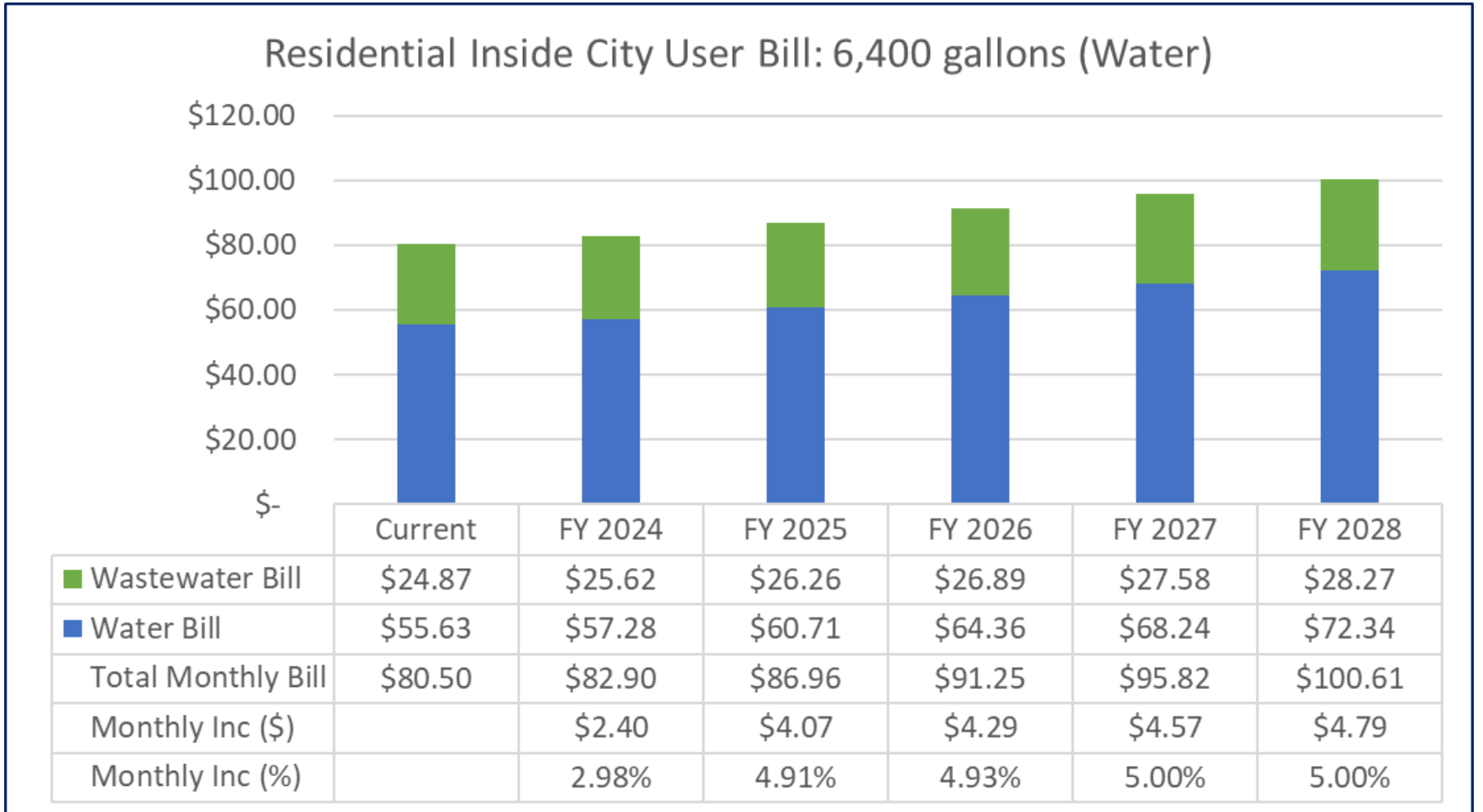
REVENUE RECOVERY FROM PROPOSED RATES – ALT SCENARIO

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Water Utility										
Revenues	\$ 14,810,620	\$ 16,166,483	\$ 17,331,277	\$ 18,592,093	\$ 19,980,968	\$ 21,835,674	\$ 23,871,750	\$ 26,108,137	\$ 28,521,486	\$ 31,170,304
Revenue Requirement	\$ 15,524,345	\$ 16,174,874	\$ 17,054,386	\$ 17,950,626	\$ 19,586,560	\$ 21,257,981	\$ 24,665,009	\$ 26,677,788	\$ 27,800,809	\$ 28,811,803
Over/(Under)	\$ (713,725)	\$ (8,390)	\$ 276,891	\$ 641,467	\$ 394,408	\$ 577,693	\$ (793,259)	\$ (569,651)	\$ 720,677	\$ 2,358,501
Cumulative Over/(Under)	\$ (713,725)	\$ (722,115)	\$ (445,224)	\$ 196,243	\$ 590,651	\$ 1,168,344	\$ 375,085	\$ (194,566)	\$ 526,111	\$ 2,884,612
Wastewater Utility										
Revenues	\$ 7,859,620	\$ 8,215,437	\$ 8,455,808	\$ 8,716,405	\$ 8,979,975	\$ 9,426,755	\$ 9,898,850	\$ 10,396,891	\$ 10,921,315	\$ 11,474,018
Revenue Requirement	\$ 6,755,474	\$ 7,366,431	\$ 7,171,704	\$ 7,480,105	\$ 7,984,982	\$ 8,504,078	\$ 9,326,893	\$ 9,881,871	\$ 10,293,253	\$ 10,761,106
Over/(Under)	\$ 1,104,146	\$ 849,006	\$ 1,284,105	\$ 1,236,300	\$ 994,993	\$ 922,677	\$ 571,957	\$ 515,020	\$ 628,062	\$ 712,912
Cumulative Over/(Under)	\$ 1,104,146	\$ 1,953,152	\$ 3,237,257	\$ 4,473,556	\$ 5,468,549	\$ 6,391,226	\$ 6,963,182	\$ 7,478,202	\$ 8,106,264	\$ 8,819,176

BILL COMPARISON

ALT SCENARIO

- Meter Size: 3/4"
- Water Consumption: 6,400 gallons
- Wastewater Flows: 4,500 gallons



BILL COMPARISON

ALT SCENARIO

- Meter Size: 1"
- Water Consumption: 10,000 gallons
- Wastewater Flows: 10,000 gallons

