



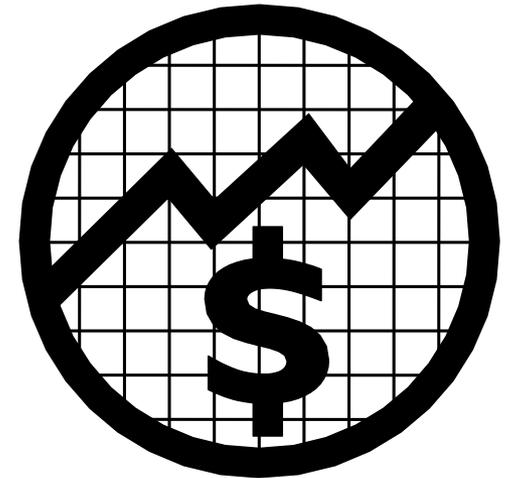
Town of Eagar

2012 Water and Wastewater Rate Analysis Council Presentation

Facts about Water and Wastewater Rates in the 21st Century



- ◆ Average utility has been increasing its rates 5-6% every year for the past decade
- ◆ Many reasons for a rate increase are beyond a utility's control (inflation, environmental regulations, etc.)
- ◆ Cost of repairing and maintaining systems has increased significantly in recent years
- ◆ Conclusion: while still affordable, water/ww costs are simply going to be higher in the coming years



Examples of Products that have Increased in Cost in the Past Decade



Loaf of Bread



Fast Food Hamburger



Gallon of Gas



Medical Care



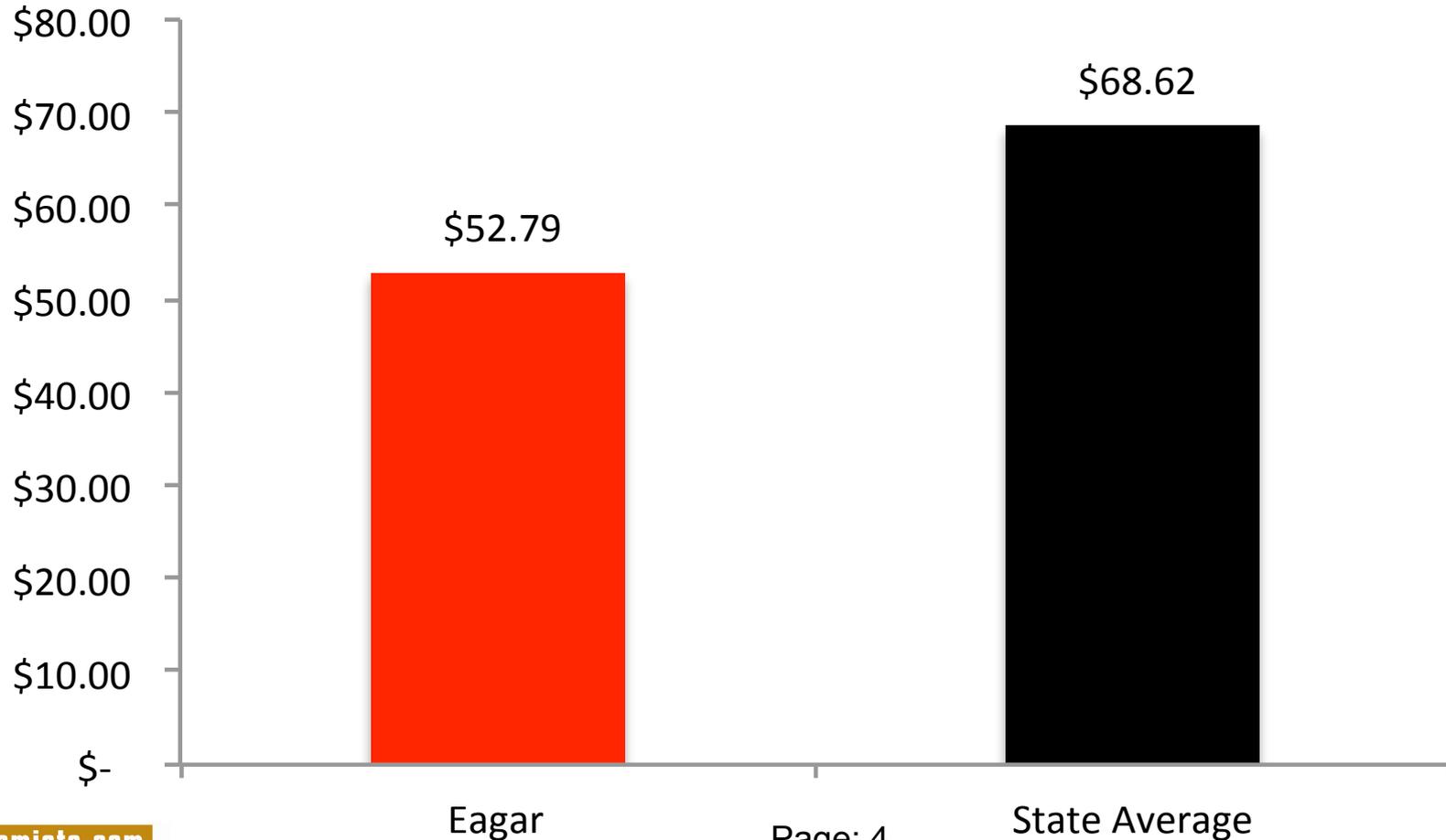
Carton of Milk



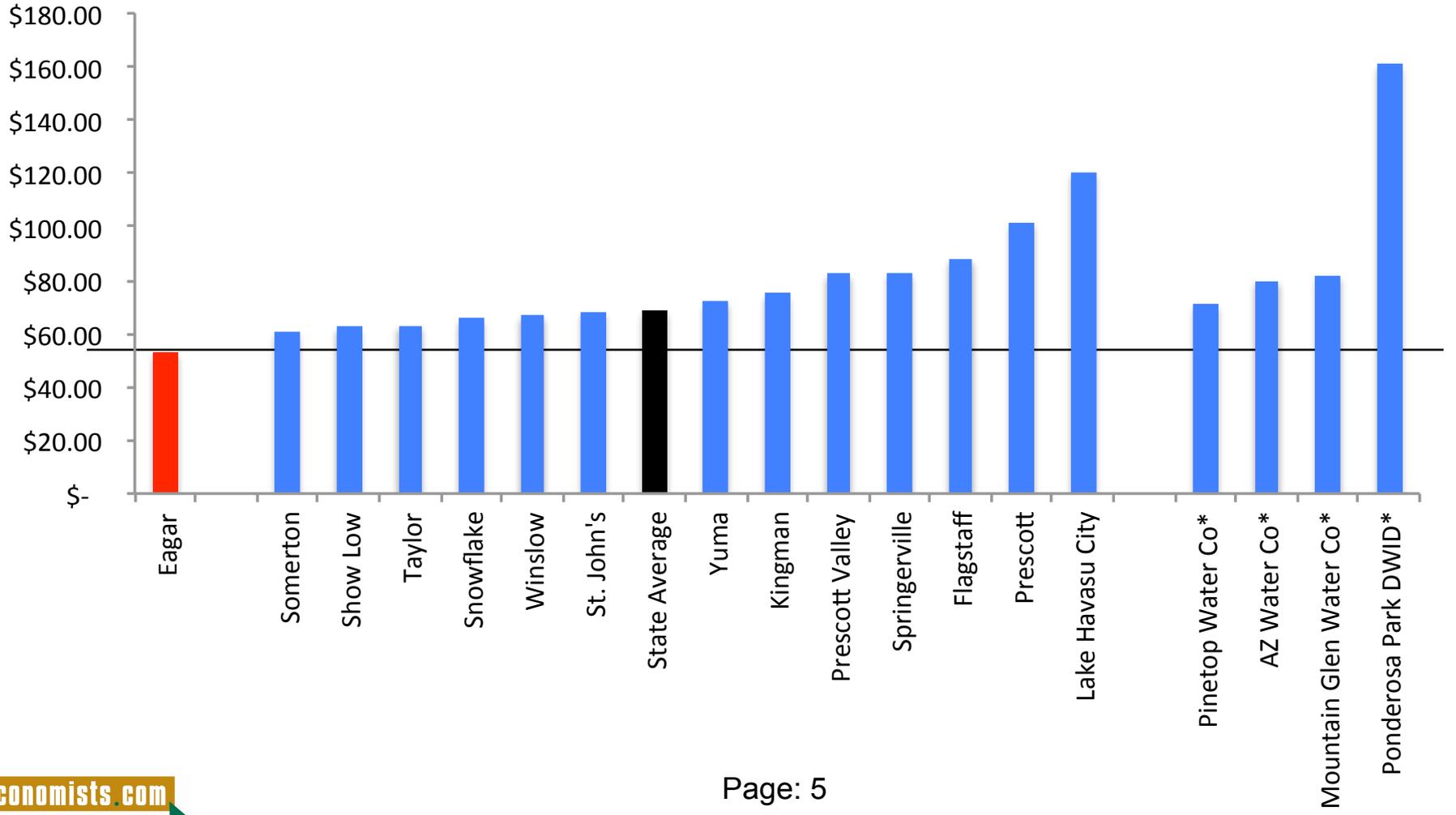
Average Residential Monthly Charge 10,000 Gallons Water/Wastewater



Eagar's rates are 23% below the state average!



Monthly Charge Comparison 10,000 Gallons – Water and Wastewater



Water and Wastewater Fund Long Term Financial Forecast

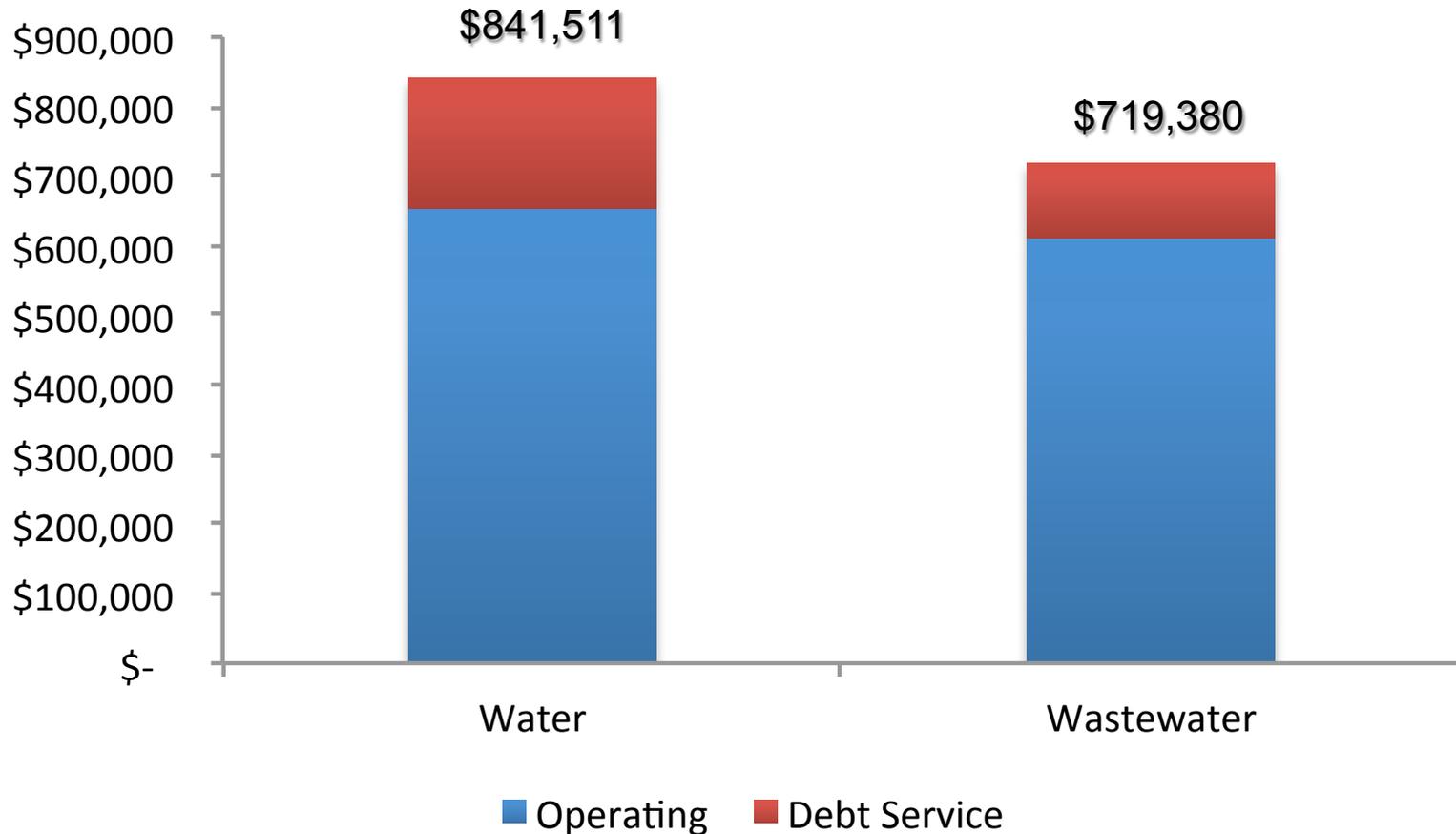


- ◆ New account growth expected to be limited for next several years
- ◆ Operating costs forecast to continue to increase on an annual basis
- ◆ Certain costs (chemicals, electricity, gasoline, insurance, etc.) forecast to increase at higher annual rates
- ◆ Town incurs \$350,000 in debt to fund purchase of a well – will result in increased debt service but will eliminate lease payments

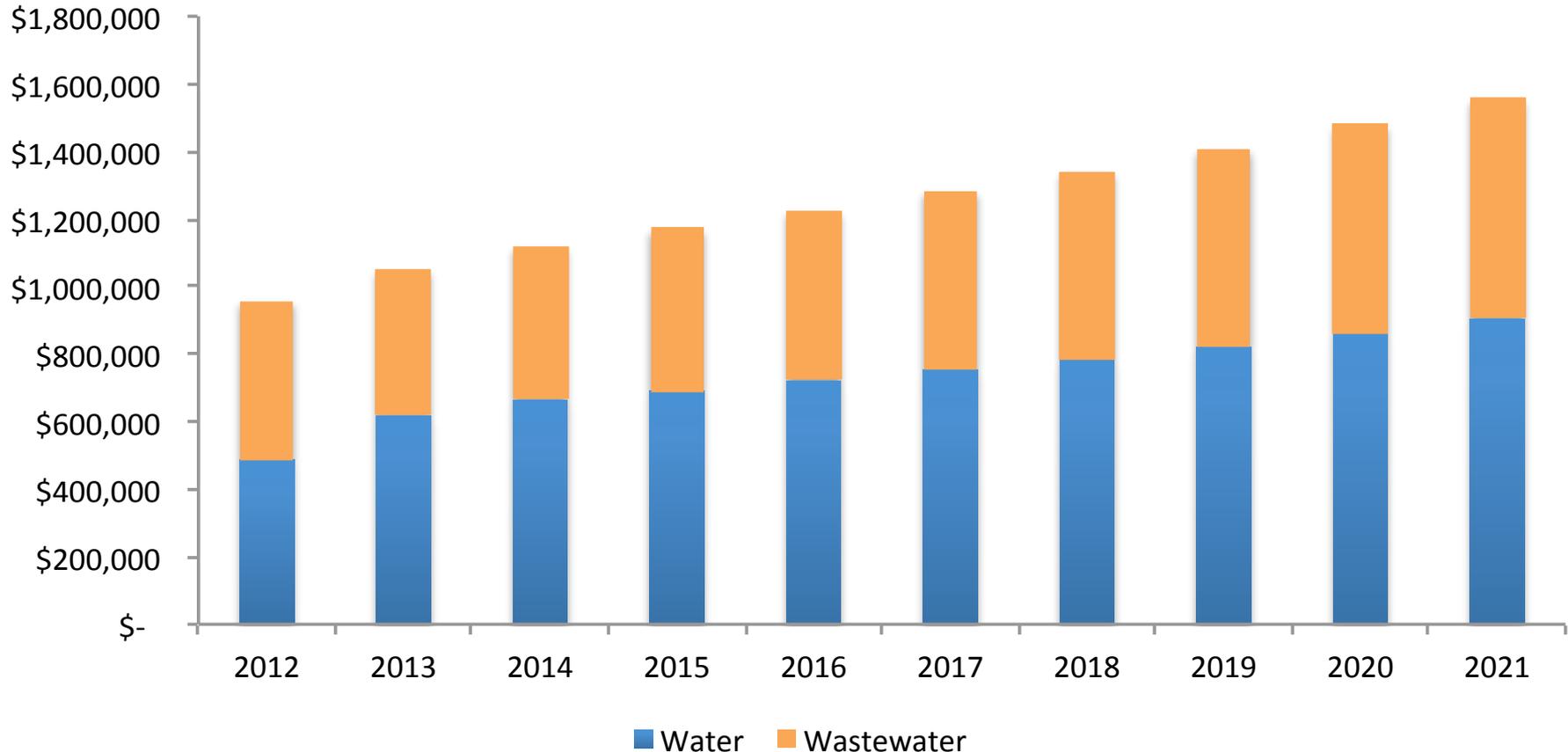
FY 2012 Water/Wastewater Cost of Service



Total = \$1,560,891



Forecast Revenue Requirement Water and Wastewater Utility



Water and Wastewater Rate Proposal



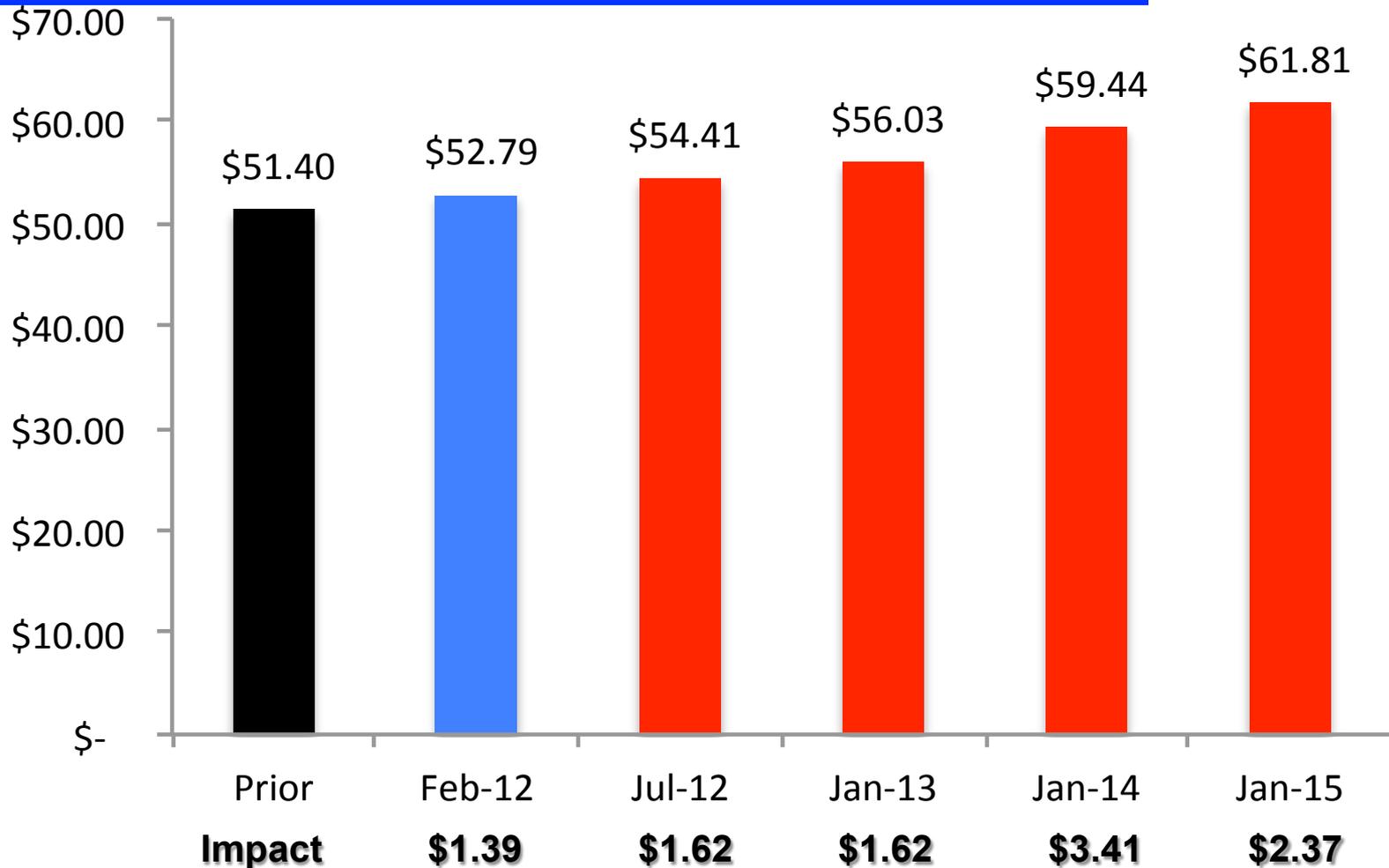
- ◆ Annual inflation adjustments to rates forecast to be insufficient to fund all water and wastewater costs
- ◆ Additional rate adjustments are required in future to enable water and wastewater fund to finance operating costs and well debt
- ◆ Recommend implementing next adjustment in July 2012, with additional adjustments in January of each subsequent year
- ◆ Town's rates forecast to remain significantly below state average and most surrounding communities

Town of Eagar Proposed Water/WW Rate Plan

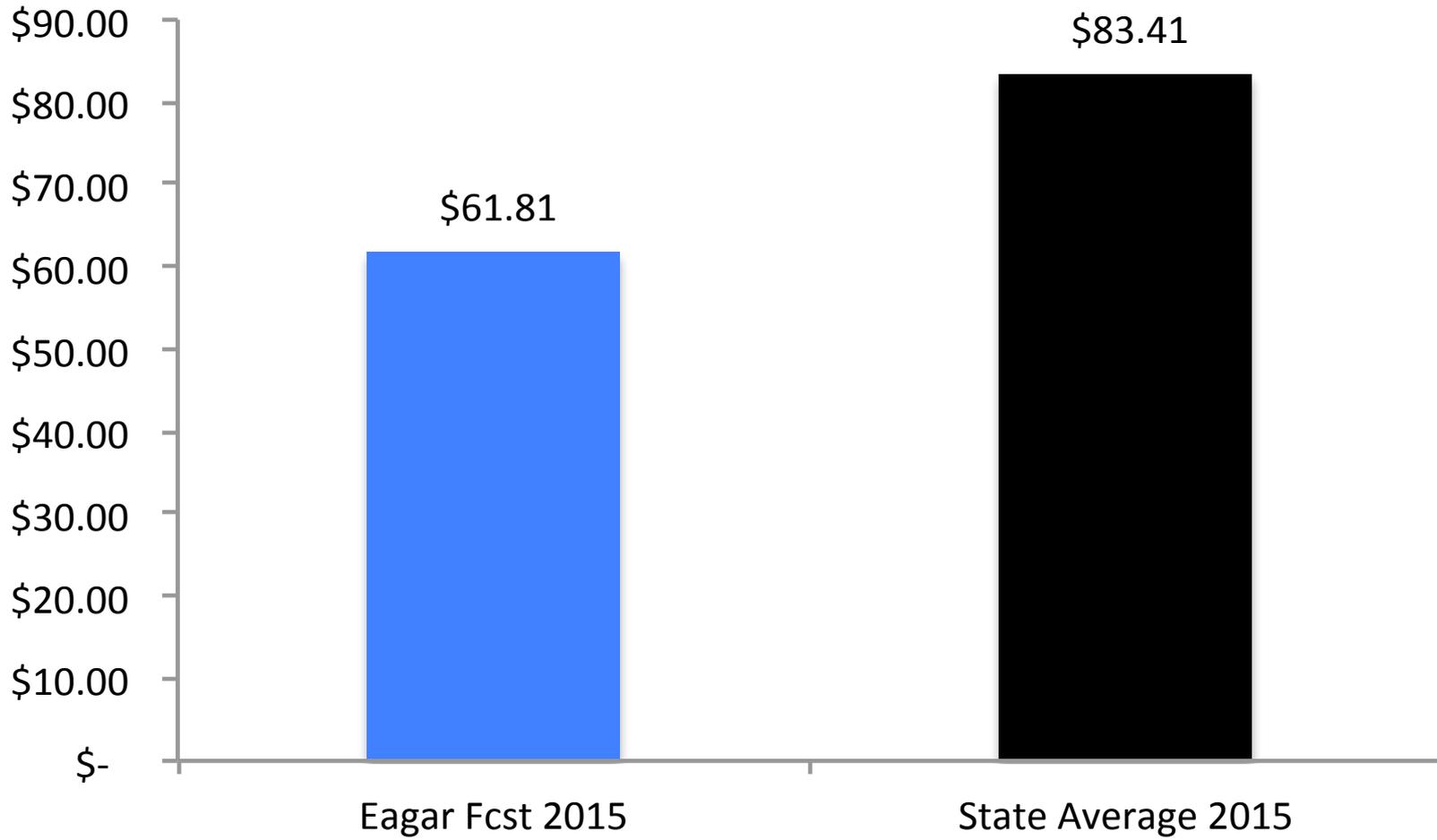


	Prior	Effective Feb-12	Effective Jul-12	Effective Jan-13	Effective Jan-14	Effective Jan-15	
Water Rates							
Minimum Charge							
3/4"	\$ 8.91	\$ 9.15	\$ 9.43	\$ 9.71	\$ 10.49	\$ 10.91	
1"	22.29	22.89	23.59	24.30	26.24	27.29	
1 1/2"	44.57	45.77	47.18	48.58	52.47	54.57	
2-4"	71.32	73.25	75.49	77.74	83.96	87.32	
Volume Charge							
2,001	20,000	2.20	2.26	2.33	2.40	2.59	2.69
20,001	30,000	2.37	2.43	2.51	2.58	2.79	2.90
30,001	50,000	2.52	2.59	2.67	2.75	2.97	3.09
50,001	Above	2.87	2.95	3.04	3.13	3.38	3.52
Wastewater Rates							
Residential Mthly Chg	24.89	25.56	26.35	27.13	28.22	29.35	

Average Impact on Residential Charges 10,000 Gal Water and Wastewater



Forecast Charges – 10,000 Gallons Town of Eagar and State Average



Presentation Summary

What are the Benefits of the Proposed Rate Plan?



- ◆ It will enable Town to continue to fund all of its water and wastewater operating costs
- ◆ It will allow Town to issue debt for well purchase
- ◆ It will provide Town with resources to meet all bond covenants and requirements
- ◆ It will ensure that Water and Wastewater fund remains financially solvent
- ◆ Phased in adjustments will help minimize financial impact on ratepayers