



WATER AFFORDABILITY (RATES)



GOALS

- High quality, safe and affordable water service
- Affordable service for residents with all levels of income
- Financially sustainable

MR&I SYSTEM OM&R FUNDING

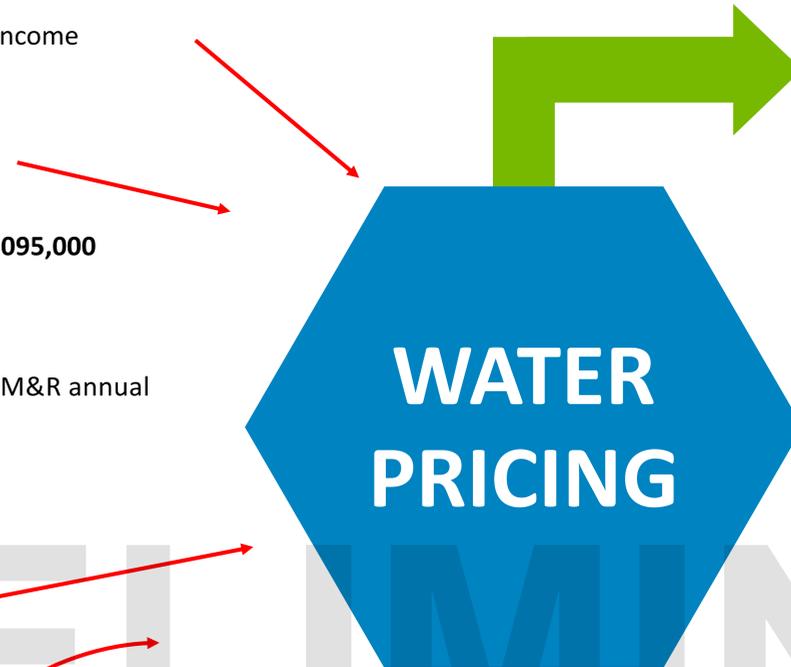
- Annual Operation, Maintenance, and Replacement (OM&R) Cost ≈ \$ 4,095,000
- Settlement Fund OM&R Account includes:
 - \$ 47 Million Principal (2018 Index = \$ 56 Million)
 - **2% Annual Interest = \$1,136,800 Million**, which is ≈ 28% of the OM&R annual cost
- Initial operation shortfall of **\$2,958,200** annually to be paid by users.
- *Inflation will increase operation costs and water rates

AVAILABLE RATE OPTIONS

- Flat Rate
- Budget Billing
- Income-based
- Late Payment Forgiveness
- Leak Detection Assistance
- Payment Discounts
- Partial Credits
- Minimum Essential Use Rates
- Targeted Conservation

AFFORDABILITY

- Low-income (below \$20,000 per year) threshold
 - Maximum water bill not to exceed **1%** of income or **1%** of median household income (whichever is less)
- System-wide average threshold
 - Maximum water bill not to exceed **1%** of median



WATER CONSUMPTION

Category	Gallons Per Person Daily		
	Average	Winter	Summer
Municipal & Rural	100	60	210
Livestock	18	18	18
Commercial	80	80	80
Industrial	Varies	Varies	Varies

WATER RATE SCENARIOS

Projection Assumptions/Criteria

- Preserve OM&R account principal (use only earned interest to offset MR&I operation costs)
- An annual interest rate on the OM&R account of 2%
- Average per capita water demands based on USGS study from 2005-10
- OM&R costs based on current appraisal level design (Crow MR&I Master Plan)

SCENARIO 1: even allocation of costs across all sectors of water use

Projections

- Average unit price of water per 1000 gallons = **\$3.30**
 - National average monthly water use of 5000-7000 gallons = bills ranging from **\$16.50* to \$23.10***
- *Exceeds 1% of income for low-income households

SCENARIO 2: adjusted based on low income affordability thresholds

- Adjusted unit price of **\$1.53 per 1000 gallons** for households below the low income level
- Adjusted unit price of **\$3.45 per 1000 gallons** for all other water users
- National average monthly water use = bills for low-income households ranging from **\$7.65 to \$10.71**
- National average monthly water use = bills for households above low income ranging from **\$17.25 to \$24.15**
- Range in monthly water bill is proportional to household size

bottles at



1,000 gallons = \$10,000

or

MR&I water



1,000 gallons = \$3.30

UNIT PRICE OF WATER

- The unit price of water will vary based on the type of treatment plant used, if customer classification is used, and the method of predicting average volumes used.

Treatment Alternative	Unit Price (\$ per 1,000 Gallons)			
	Scenario 1		Scenario 2	
	Single User Class	Below Low-income	Level Above Low-income	Level
Microfiltration with Reverse Osmosis softening	\$ 3.30	\$ 1.53	\$ 3.45	
Microfiltration with Lime softening	\$ 3.12	\$ 1.53	\$ 3.25	
Conventional media filtration with Lime softening	\$ 2.57	\$ 1.53	\$ 2.65	