

Bargersville Water Rate Increase

A Response From

White River Citizens United

July 15, 2010

What has Changed?

- 2009
 - Town of Bargersville web site
 - Capacity= 7.5MGD
 - Average Daily Capacity= 2.0MGD
 - **New Customer Availability = 3.2MGD**
- 2010
 - June 29, 2010 Daily Journal
 - Capacity = 6.0 to 6.5 MGD
 - New Plant Capacity = 4.0 MGD
 - No system data to support this need

Indiana Utility Regulatory Commission

- Bargersville withdrew from oversight in 2009
- Indiana Legislature permitted Municipal Utilities to do so
 - Citizens could express rate dissatisfaction at the polls
 - “Inside” vs. “Outside” rate differences now a problem
- IURC has settled such claims with public utilities and eliminated differences

Indiana Legislature introduced House Bill 1107 to
limit the difference in municipal utilities

Given Information

- 10,000 customers
- Typical usage is 6,000 gallons/ month
 - That bill would go up by \$24/month
 - That bill would be \$55.92/ month
- 17% pay town property tax
- They would pay an additional \$0.15/\$100
- The project would cost \$20.37 M
 - Water rate increase pays \$16.12M
 - That would have an interest cost of \$12.8M
 - Redevelopment Comm. pays \$4.23M

Source: Daily Journal

“This is an opportunity to do something different”

“We can’t do an 80% increase, so what can we do?”

Source: Town Council Member Ms. Cindy Jarvis
Daily Journal July 1, 2010

The Water Bill

- Fixed Costs....that cost associated with having the system “CAPACITY” to deliver water
 - Meter fee per month
 - Fire Protection fee per month
- Variable Costs....that cost associated with the amount of water “DELIVERED” by the system
 - Water Consumption per month
- Tax....7% Indiana sales tax

ALL users should be billed in an equitable manner No user should pay more or less for “CAPACITY” or amount of water “DELIVERED”

Bargersville Discriminatory Billing

- Different rates for different folks...
 - Bargersville resident vs. non- resident
 - Town tax vs. town tax exempt
 - Exemptions for agreeing to the voluntary annexation as well as non profit organizations
 - Sprinkler vs. non-sprinkler users

There are SIX degrees of Rate Discrimination

Monthly Water Bill Differences

Assumptions:

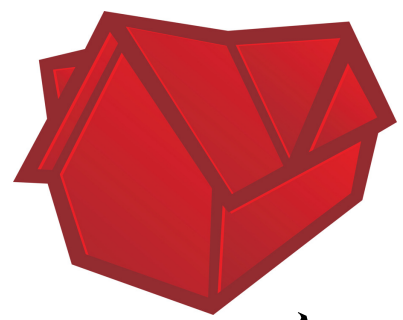
5/8" Water meter for all customers

6000 gal/mo. average for all customers

	<u>Current Bill</u>		<u>Future Bill</u>		<u>Percent Increase</u>	
	<u>No Sprinkler</u>	<u>Sprinkler</u>	<u>No Sprinkler</u>	<u>Sprinkler</u>		
Inside Bargersville						
Tax District						
Water Rate	\$2.97	\$2.97	\$3.53	\$3.53		
Meter Rate	\$3.51	\$9.28	\$4.17	\$11.02		
Fire Protection	\$0.00	\$0.00	\$0.00	\$0.00		
Tax	<u>\$1.49</u>	<u>\$1.90</u>	<u>\$1.77</u>	<u>\$2.25</u>		
Total	\$22.82	\$29.00	\$27.12	\$34.45	18.8%	
Outside Bargersville						
Tax District						
Water Rate	\$2.97	\$2.97	\$6.32	\$6.32		
Meter Rate	\$3.51	\$9.28	\$7.47	\$19.74		
Fire Protection	\$10.53	\$10.53	\$10.64	\$10.64		
Tax	<u>\$2.23</u>	<u>\$2.63</u>	<u>\$3.92</u>	<u>\$4.78</u>		
Total	\$34.09	\$40.26	\$59.95	\$73.08	75.9%	
Percent Increase	49.4%	38.9%	121.0%	112.1%		

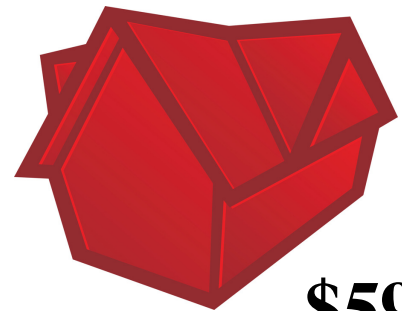
Four
Identical
Homes

Sprinklers



\$73.08

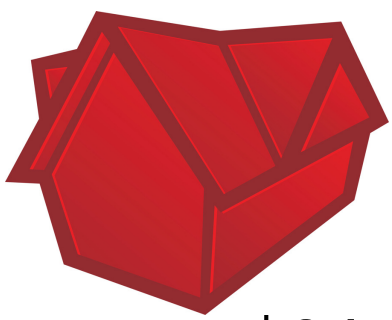
No Sprinklers



\$59.95

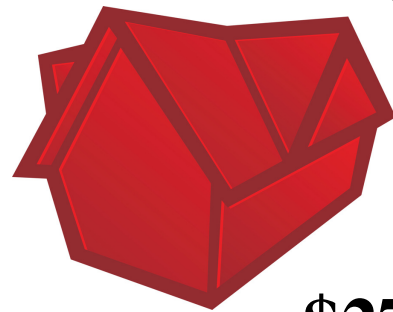
Not Bangersville

Sprinklers



\$34.45

Bangersville

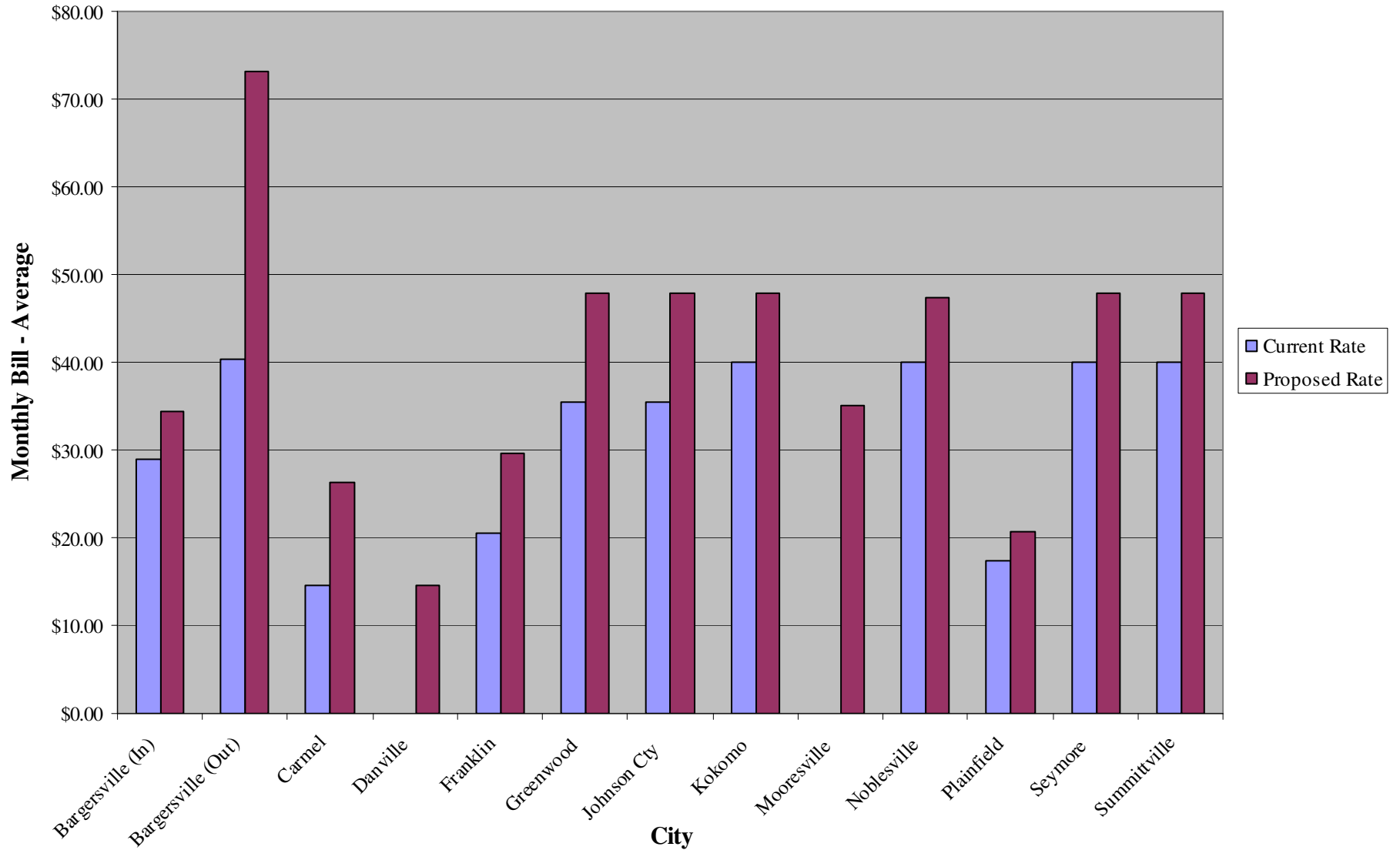


\$27.12

No Sprinklers

Same monthly usage of 6,000 gal

Comparison of Recent / Proposed Water Rates



Outside BV water rate second highest of 140 rates reviewed by the IURC*

* 2010 IURC Annual Water Bill Analysis

Rate Plan Basics

- Bargersville resident rates will increase by 18.75%
 - Their share of additional operating costs
 - Based on their share of total water usage in 2009 (13.78%)

Rate Plan Basics (cont)

- Non Bargersville resident rates will increase by 112.75%
 - Assume ALL debt on the \$16M bond
 - Their share of the additional operating costs (86.22%)
 - All expenses to establish a \$2M debt service reserve over five years

“We can’t do an 80% increase, so what can we do?”

- Rate Plan contains an increase of 112.75 %
- Complex: contains six degrees of discrimination
- Places burden of debt on customers outside the Town of Bartersville
- Not supported by a “Cost of Services” analysis
- Based on increases to an unsupported current rate plan

Designed to provide growth and capacity for Town of Bartersville

To the Town Council

- This Rate Plan is unfair, undemocratic, and should not be passed
- There are other alternatives:
 - What is the true cost of services?
 - Can other water utilities provide the future water needs at wholesale rates for redistribution?
 - Can the expected growth pay for the needed capacity?
- The IURC can help?
 - Low cost financing
 - Cost recovery plans

You have a moral and ethical obligation to do what is right for **all** of your customers