



# Water Rate Study

## High Valleys Water District

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ROBERT D. NIEHAUS, INC.

AUGUST 18, 2023

# Current Rates

Fixed Charges		
Customer Class	Meter Size	Monthly Fee
Residential	All Meters	\$56.00
Commercial	All Meters	\$56.00

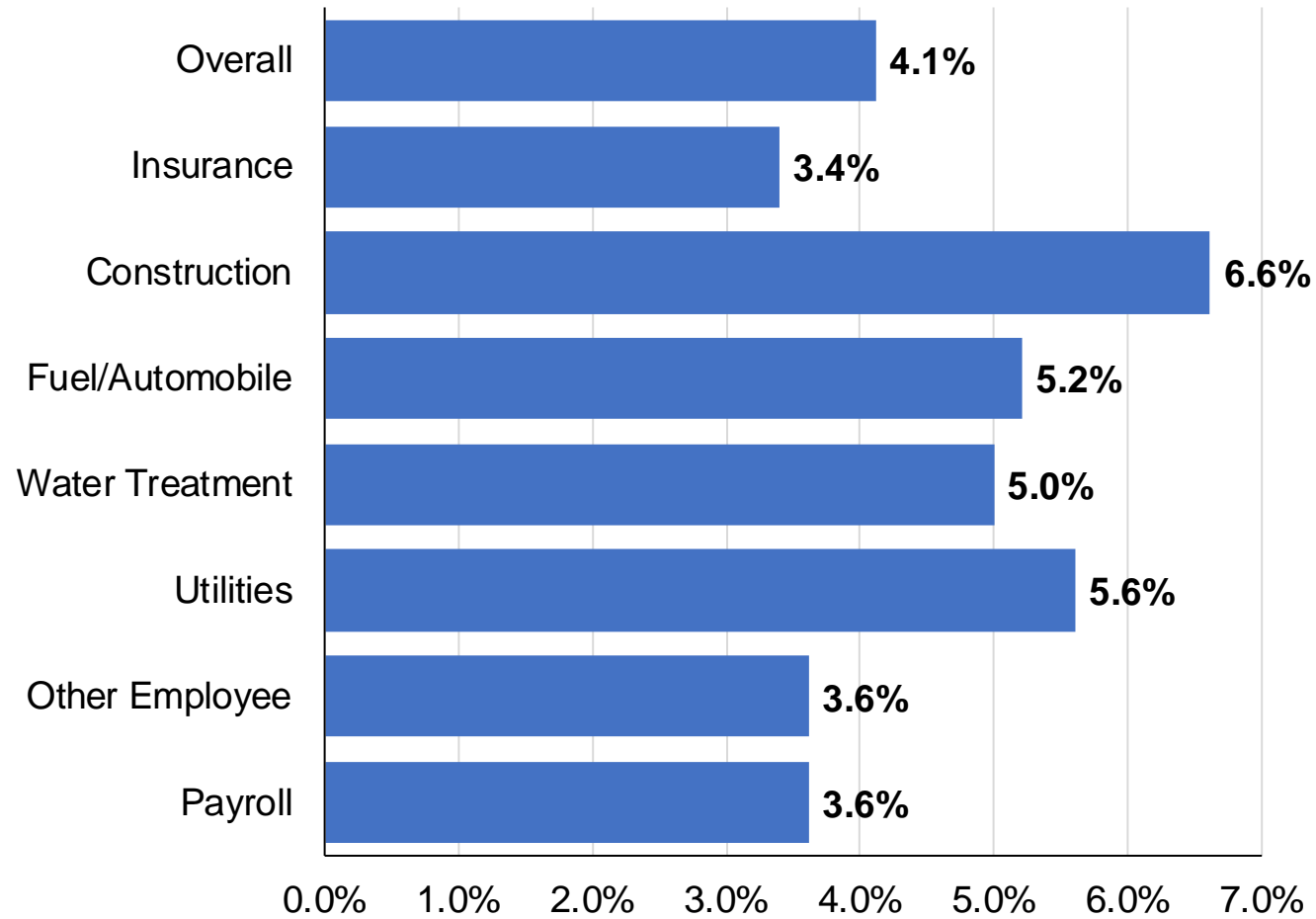
Customer Class	Tier - Width	Unit Cost
Residential	Tier-1000 cf	\$0.00
	Tier 2 - All Additional cf	\$0.0464
Commercial	Tier 1-1000 cf	\$0.00
	Tier 2-All Additional cf	\$0.0764

# Revenue Summary

Meter Size	Customer Count	Rate	Revenue
Residential	235	\$56.00	\$157,920
Commercial	5	\$56.00	\$3,360

Use Category	Volume (cf)	Rate	Revenue
Residential - Tier 1	1,117,133	\$0.00	\$0
Residential - Tier 2	578,327	\$0.05	\$26,834
Commercial - Tier 1	30,000	\$0.00	\$0
Commercial - Tier 2	70,080	\$0.08	\$5,354

# Expense Inflation



# Operating Budget

Category	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$521,000	\$534,157	\$554,828	\$576,538	\$599,344	\$623,309
O&M Expense	\$521,000	\$543,407	\$566,153	\$589,157	\$612,410	\$636,100
Inflation		4.3%	4.2%	4.1%	3.9%	3.9%
Net Income (Deficit)		(\$9,250)	(\$11,325)	(\$12,619)	(\$13,066)	(\$12,791)
		FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
		\$648,500	\$674,984	\$702,837	\$732,134	\$762,959
		\$660,735	\$686,354	\$712,997	\$740,706	\$769,525
		3.9%	3.9%	3.9%	3.9%	3.9%
		(\$12,235)	(\$11,369)	(\$10,160)	(\$8,571)	(\$6,566)

Assumptions:

- Significant tax revenues
- 3 new customers per year (based on meter and connection sale)
- Stable use (per capita)
- Current inflation trends will level out over time

## Other Financial

Current Cash Balance

*From Audited Financial Statement (2020)*

No Planned Rate Funded Capital Projects

*Any Plans?*

No Large Debt Service (Auto payments)

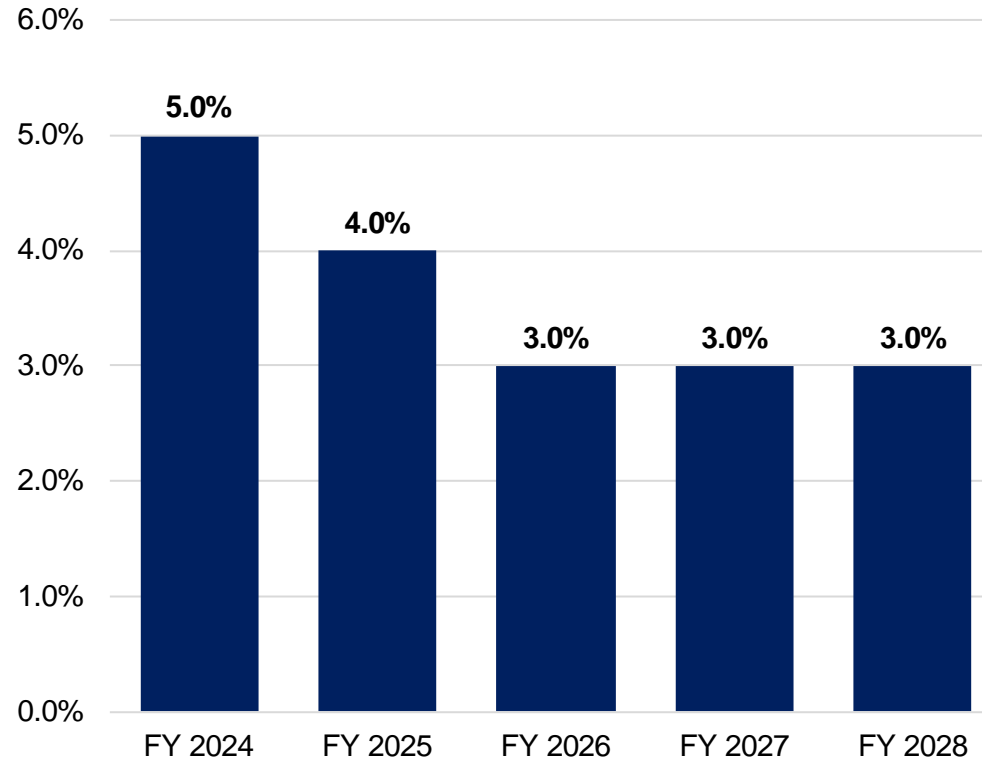
*Any Plans?*

Reserve Policy/Targets

*Any Policy?*

# Recommendation

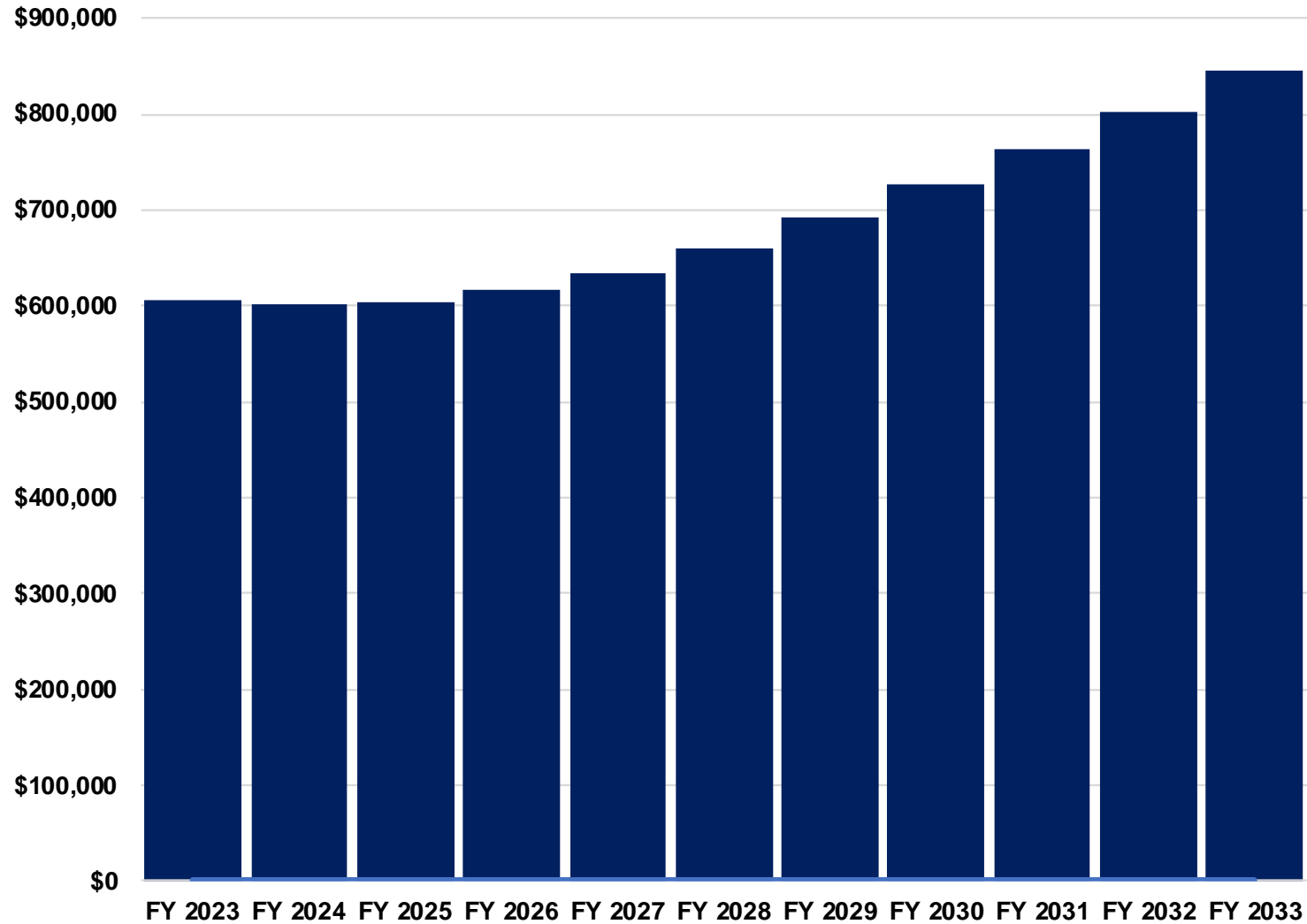
January 2024 Implementation



Multi-Year Adjustment

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Recommended Adjustment</b>	5.0%	4.0%	3.0%	3.0%	3.0%
<b>Cumulative Adjustment</b>	105.0%	109.2%	112.5%	115.9%	119.3%
Cumulative Adjustment	5.0%	9.2%	12.5%	15.9%	19.3%

# Cash Balance with Adjustment





# Cost of Service

O&M Expense		
Category	Allocation	Percent
<b>Total O&amp;M</b>	<b>\$543,407</b>	<b>100.0%</b>
Water Supply	\$169,378	31.2%
Pumping	\$36,963	6.8%
Transmission and Distribution	\$91,869	16.9%
Professional Services	\$15,618	2.9%
Maintenance and General	\$27,643	5.1%
Meter Services	\$6,397	1.2%
Administrative and General	\$195,538	36.0%

O&M Expense							
Category	Total Allocation	Source of Supply	Base	MDD	PHD	Meters	Total
Water Supply	\$169,378	100.0%	0.0%	0.0%	0.0%	0.0%	<b>100.0%</b>
Pumping	\$36,963	0.0%	37.9%	28.8%	33.3%	0.0%	<b>100.0%</b>
Transmission and Distribution	\$91,869	0.0%	56.9%	43.1%	0.0%	0.0%	<b>100.0%</b>
Professional Services	\$15,618	0.0%	37.9%	28.8%	33.3%	0.0%	<b>100.0%</b>
Maintenance and General	\$27,643	0.0%	37.9%	28.8%	33.3%	0.0%	<b>100.0%</b>
Meter Services	\$6,397	0.0%	0.0%	0.0%	0.0%	100.0%	<b>100.0%</b>
Administrative and General	\$195,538	0.0%	48.5%	36.8%	10.2%	4.5%	<b>100.0%</b>

O&M Expense						
Category	Total Allocation	Source of Supply	Base	MDD	PHD	Meters
Water Supply	<b>\$169,378</b>	\$169,378	\$0	\$0	\$0	\$0
Pumping	<b>\$36,963</b>	\$0	\$14,013	\$10,630	\$12,321	\$0
Transmission and Distribution	<b>\$91,869</b>	\$0	\$52,241	\$39,628	\$0	\$0
Professional Services	<b>\$15,618</b>	\$0	\$5,921	\$4,491	\$5,206	\$0
Maintenance and General	<b>\$27,643</b>	\$0	\$10,479	\$7,949	\$9,214	\$0
Meter Services	<b>\$6,397</b>	\$0	\$0	\$0	\$0	\$6,397
Administrative and General	<b>\$195,538</b>	\$0	\$94,836	\$71,940	\$19,923	\$8,839
<b>Percent of Total</b>		<b>31.2%</b>	<b>32.7%</b>	<b>24.8%</b>	<b>8.6%</b>	<b>2.8%</b>

# Cost of Service

Unit	Count of Units
Customers	243
EMs	243
Water Use	1,817,184
Max Month	272,156
Average Day	4,992
Max Day	8,779
Peak Hourly	13,169

	Source of Supply	Base	MDD	PHD	Meters
Rate Revenue Requirement	\$62,565	\$65,561	\$49,732	\$17,237	\$5,628
Units	1,817,184	1,817,184	8,779	13,169	243
<b>Unit Cost</b>	<b>\$0.03</b>	<b>\$0.04</b>	<b>\$5.66</b>	<b>\$1.31</b>	<b>\$23.16</b>

Customer Class	Source of Supply	Base	MDD	PHD	Meters
Residential	1,717,104	1,717,104	8,055	12,082	238
Commercial	100,080	100,080	725	-	5
<b>Total</b>	<b>1,817,184</b>	<b>1,817,184</b>	<b>8,779</b>	<b>12,082</b>	<b>243</b>

Customer Class	Total	Source of Supply	Base	MDD	PHD	Meters
Residential	\$188,024	\$59,119	\$61,950	\$45,628	\$15,814	\$5,512
Commercial	\$12,699	\$3,446	\$3,611	\$4,104	\$1,423	\$116
<b>Total</b>	<b>\$200,723</b>	<b>\$62,565</b>	<b>\$65,561</b>	<b>\$49,732</b>	<b>\$17,237</b>	<b>\$5,628</b>

# Proposed Rates

<b>Fixed Charges</b>					
<b>Category</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Res	\$51.43	\$54.00	\$56.16	\$57.84	\$59.58
Com	\$64.78	\$68.02	\$70.74	\$72.86	\$75.05

<b>Variable Charges</b>					
<b>Variable Rate</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Res	\$0.0702	\$0.0737	\$0.0766	\$0.0789	\$0.0813
Com	\$0.1257	\$0.1320	\$0.1373	\$0.1414	\$0.1456

Maintain current structure?

Continue including water in base rate?

Proportional rates by meter size?

Thank You