

## **WATER & SEWER RATES**

In 2014, BHWSO performed a rate study to evaluate the operations and maintenance costs and planned capital improvements for water and sewer to determine what our water and sewer rates should be. Both the water and sewer systems have infrastructure that is up to 70 years old. Much of the water system pump stations and piping are either reaching or exceeding their useful life. Also, system growth in certain areas has exceeded the system capacity and will require upgrades to match the demand. As a result, we need to engage in aggressive capital improvements in order to keep the system running at full functionality. Over the last few years we have replaced water and sewer pump stations, replaced water mains, added an intertie with Longview for greater source reliability, looped some dead end mains, added pressure reducing stations, and added a new SCADA (telemetry) system to have greater control and better information of operations. We are working on the design of a new pump station to replace our critical Hillside Pump Station which supplies water to customers and subsequent pump stations up Columbia Heights and over to the Lone Oak areas. We are also preparing to install a new Pressure Reducing Station and increase supply and redundancy in other areas. However, many more projects are necessary to keep the water safe and reliably flowing to our customers.

In the past, we have been able to acquire funding with low interest Public Works Trust Fund loans, which helps to keep rates down. Grants and low interest loans for rehab and replacement of infrastructure have become harder to find or more competitive as many agencies are vying for these dollars. We had acquired a Drinking Water State Revolving Fund (DWSRF) loan, which is low interest federal dollars, but it comes with much red tape and requires more staff management. Our goal is to maintain and upgrade the water and sewer systems while keeping the rates reasonable. BHWSO rates are generally competitive or even lower than neighboring utilities for outside city limits.

We will be conducting a follow up rate study in 2017 which will address other elements in rate setting that were not able to be completed in the 2014 study. Some elements include the setting of General Facilities Charges and considering whether it makes sense for the District to go to a consumption-based sewer rate.