

# Town of Lowell

## Public Hearing on Wastewater Rates

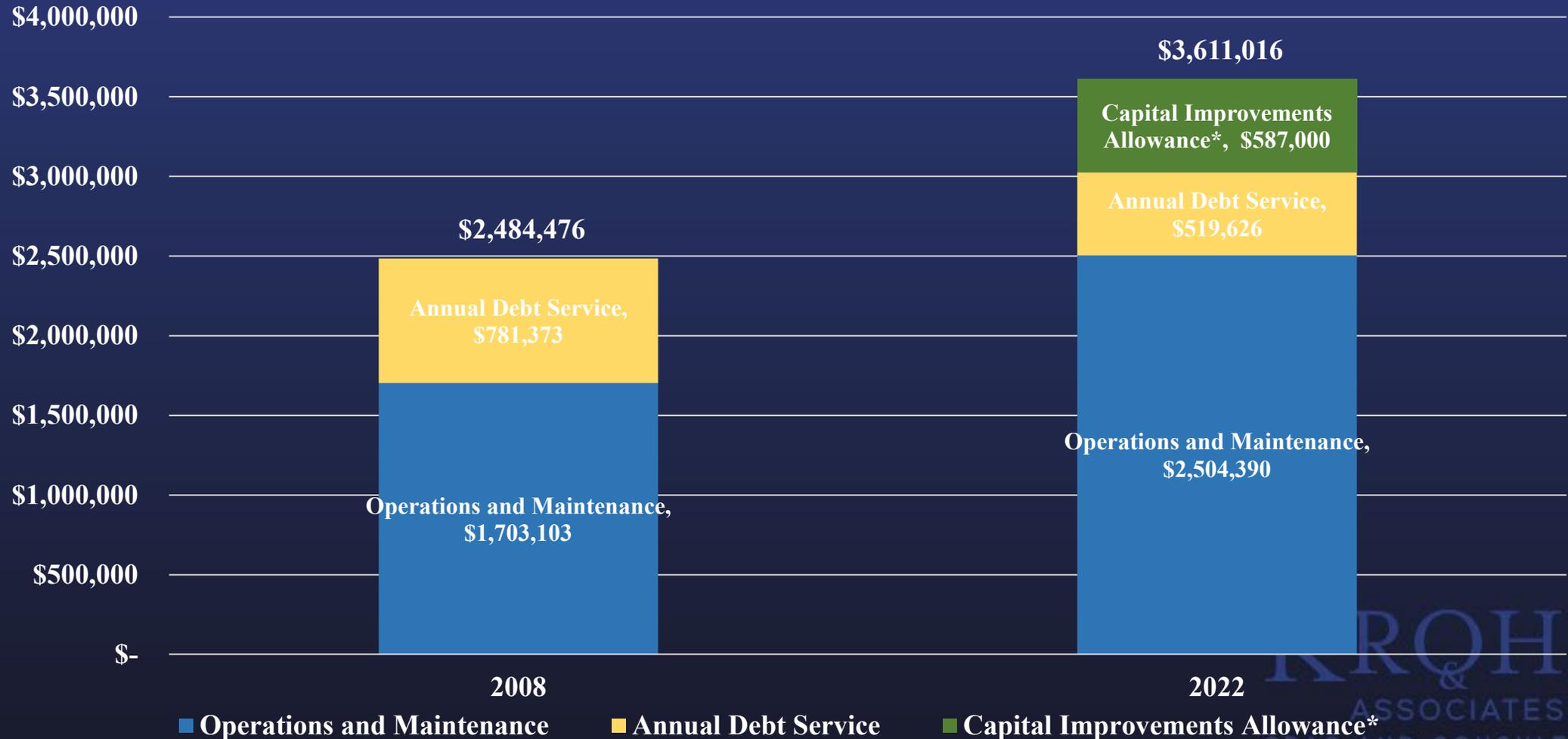
Presented by:  
**O.W. Krohn & Associates LLP**  
Corby Thompson, CPA  
[cthompson@owkcpa.com](mailto:cthompson@owkcpa.com)

231 E. Main Street  
Westfield, IN 46074

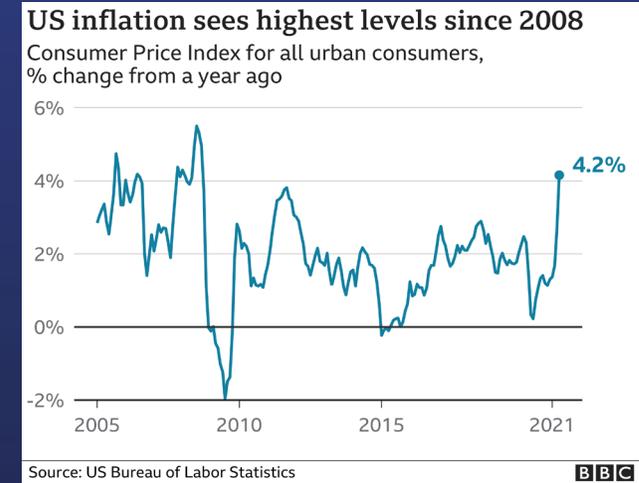
P 317 . 867 . 5888  
F 317 . 867 . 5898

[www.owkcpa.com](http://www.owkcpa.com)

**COMPARISON OF PRIOR PRIOR AND CURRENT  
REVENUE REQUIREMENTS**



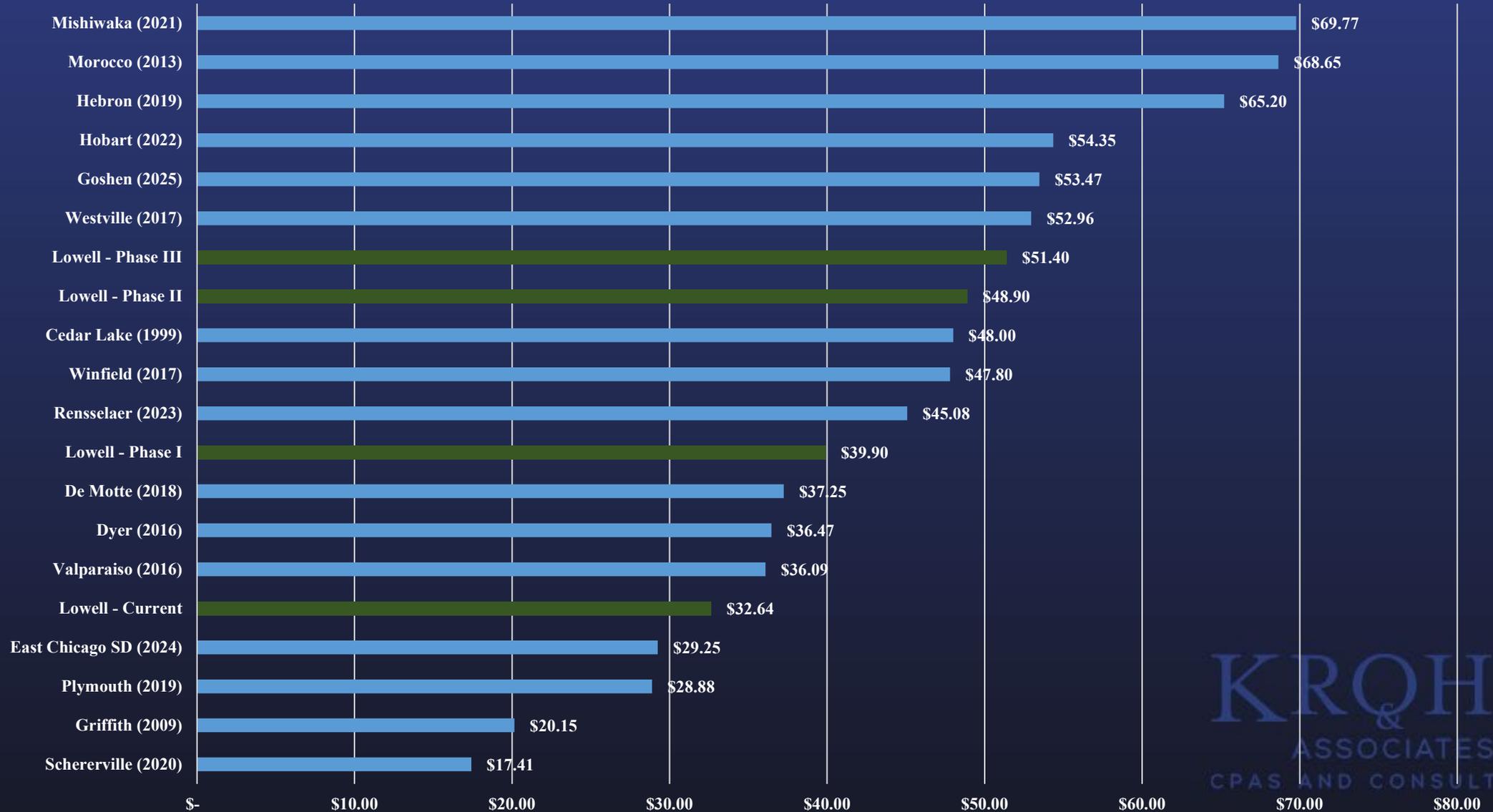
- **OPERATIONS AND MAINTENANCE:**
  - 47% increase since over 2008 requirements
    - annual inflation rate of 3% computes to 51% inflation during this time period
  - Increase in required services to maintain growing sewer system and customer base – larger general system
- **ANNUAL DEBT SERVICE:**
  - Decrease due to bond payoffs and shared debt service requirements with Cedar Lake
- **CAPITAL IMPROVEMENTS ALLOWANCE:**
  - Previous 2008 rate adjustment authorized a rate reduction
    - Impacts from rate reduction were more significant than projected; effectively eliminating any coverage and improvements allowance
  - Proposed improvements allowance provides for the reserve of \$587,000 for future capital needs



**COMPARISON OF CURRENT WASTEWATER BILLS WITH PHASED-IN RATES**

Monthly Flows		Customer Class	Meter Size	Current Rates	Proposed Rates		
					Phase I <i>- On passage -</i>	Phase II <i>- 7/1/2023 -</i>	Phase III <i>- 7/1/2024* -</i>
500	Gallons	Residential-Single	5/8 - 3/4 Inch	\$ 20.40	\$ 23.80	\$ 32.80	\$ 35.30
1,000	Gallons	Residential-Single	5/8 - 3/4 Inch	20.40	26.10	35.10	37.60
2,500	Gallons	Residential-Single	5/8 - 3/4 Inch	20.40	33.00	42.00	44.50
4,000	Gallons	Residential-Single	5/8 - 3/4 Inch	32.64	39.90	48.90	51.40
7,500	Gallons	Residential-Single	5/8 - 3/4 Inch	58.38	60.75	66.00	67.50
10,000	Gallons	Residential-Duplex	5/8 - 3/4 Inch	75.95	77.00	78.50	79.00
15,000	Gallons	Commercial	1 Inch	111.10	141.75	149.25	151.50
20,000	Gallons	Commercial	1 Inch	140.30	166.75	172.75	174.50
50,000	Gallons	Commercial	1 Inch	300.20	310.75	312.25	312.50
75,000	Gallons	Commercial	2 Inch	420.70	544.00	595.00	609.00
100,000	Gallons	Industrial	2 Inch	509.45	644.00	705.00	724.00
150,000	Gallons	Industrial	2 Inch	686.95	844.00	925.00	954.00
250,000	Gallons	Industrial	3 Inch	1,041.95	1,416.00	1,609.00	1,678.00

## COMPARISON OF WASTEWATER RATES AND CHARGES IN AREA (4,000 Gallons)



- SYSTEM DEVELOPMENT CHARGES

- Designed to provide cash funding for future capital needs (capacity and extension) and/or to provide an equity payment into the existing system
- Three ways to calculate:
  - Incremental cost method (growth/capacity requirements)
  - Equity method (existing system requirements)
  - Combination (growth/capacity and existing system requirements)
- Not eligible for debt service coverage calculations, should be determined completely independent of wastewater rates and charges
- However, net impact effectively drives down rates required by providing cash funding that would otherwise have to be assessed through rates and charges