

Mishawaka Municipal Water Utility

Proposed 2012 Water Rate Case

August 13, 2012

Summary of Financial Analysis

Financial Needs

Operation and maintenance expense	\$4,875,000
Payment-in-lieu of taxes	770,000
Debt service – P & I payments	2,070,000
Debt service – reserve funding	130,000
Capital and improvements	<u>1,245,000</u>
Total Needs	<u>\$9,090,000</u>

Summary of Financial Analysis

Revenue from current rates	\$7,250,000
Miscellaneous revenues (taps, penalties, etc.)	<u>585,000</u>
Total available funding	<u>\$7,835,000</u>
Shortfall	<u>\$1,255,000</u>

Rate Case Objectives

- Close the \$1,255,000 funding gap
- Combine the two service areas
 - Mishawaka City
 - Clay Utility
- Establish a charge for users outside the city
- Modernize the rate structure
 - One set of rates for single family customers
 - Discontinue use of minimum bills
 - Eliminate volume discounts for using more water

Comparison of Rates

Mishawaka City

Residential

		Present Minimum Monthly Charge	
		Usage	Amount
	5/8 - 3/4	inch meter	600 \$10.62
	1	inch meter	1,500 26.10

		Present (Cubic Feet)	
Usage per 100 cubic feet per month			
	First	1,000	\$1.77
	Next	3,000	1.68
	Next	8,000	1.61
	Over	12,000	1.55

Comparison of Rates

Mishawaka City

Commercial

		<u>Present Minimum Monthly Charge</u>	
		<u>Usage</u>	<u>Amount</u>
5/8 - 3/4	inch meter	600	\$11.28
1	inch meter	1,500	26.35
1 1/2	inch meter	3,000	49.00
2	inch meter	4,800	74.02
3	inch meter	9,000	126.10
4	inch meter	15,000	193.60
6	inch meter	30,000	345.10
8	inch meter	48,000	526.90
10	inch meter	69,000	739.00

		<u>Present (Cubic Feet)</u>	
Usage per 100 cubic feet per month			
First		1,000	\$1.88
Next		3,000	1.51
Next		8,000	1.24
Next		98,000	1.01
Over		110,000	0.83

Proposed Rates - Residential

		<u>Proposed Customer Base Charge</u>	
		<u>Inside City</u>	<u>Outside City</u>
5/8 - 3/4	inch meter	\$5.80	\$6.80
1	inch meter	5.80	6.80

		<u>Proposed Per 100 Cubic Feet</u>	
		<u>Inside City</u>	<u>Outside City</u>
Usage per 100 cubic feet per month			
All usage		\$1.69	\$1.96

Note: Meters over one inch are reclassified to commercial or industrial rates.

Proposed Rates - Commercial

		<u>Proposed Customer Base Charge</u>	
		<u>Inside City</u>	<u>Outside City</u>
5/8 - 3/4	inch meter	\$5.80	\$6.80
1	inch meter	11.45	13.95
1 1/2	inch meter	20.85	25.85
2	inch meter	32.10	40.15
3	inch meter	58.40	73.50
4	inch meter	95.95	125.15
6	inch meter	189.90	240.25
8	inch meter	302.60	383.15
10	inch meter	434.10	549.90

		<u>Inside City</u>	<u>Outside City</u>
Usage per 100 cubic feet per month			
All usage		\$1.72	\$1.97

Comparison of Rates

Mishawaka City

	<u>Present</u>	<u>Proposed</u>
Private hydrant per annum	\$393.61	\$526.90
 <u>Public Fire Protection</u>		
Service charge per month		
5/8 - 3/4 inch meter	3.31	4.09
1 inch meter	4.62	10.23
1 1/2 inch meter	5.94	20.45
2 inch meter	9.57	32.72
3 inch meter	36.29	61.35
4 inch meter	46.20	102.25
6 inch meter	69.28	204.50
8 inch meter	95.70	327.20
10 inch meter	128.69	470.35

Comparison of Monthly Water Bills

Mishawaka Residential

	Present Rates	Inside City		Outside City			
		Proposed Rates	Difference Dollars	%	Proposed Rates	Difference Dollars	%
<u>0 Cubic Feet</u>							
Total	<u>\$13.93</u>	<u>\$9.89</u>	<u>(\$4.04)</u>	<u>-29.00%</u>	<u>\$10.89</u>	<u>(\$3.04)</u>	<u>-21.82%</u>
<u>300 Cubic Feet</u>							
Total	<u>\$13.93</u>	<u>\$14.96</u>	<u>\$1.03</u>	<u>7.39%</u>	<u>\$16.77</u>	<u>\$2.84</u>	<u>20.39%</u>
<u>1,100 Cubic Feet</u>							
Total	<u>\$22.69</u>	<u>\$28.48</u>	<u>\$5.79</u>	<u>25.52%</u>	<u>\$32.45</u>	<u>\$9.76</u>	<u>43.01%</u>
<u>1,500 Cubic Feet</u>							
Total	<u>\$29.41</u>	<u>\$35.24</u>	<u>\$5.83</u>	<u>19.82%</u>	<u>\$40.29</u>	<u>\$10.88</u>	<u>36.99%</u>

Comparison of Monthly Water Bills

Clay Residential

	Present Rates	Inside City		Outside City			
		Proposed Rates	Difference Dollars	%	Proposed Rates	Difference Dollars	%
<u>0 Cubic Feet</u>							
Total	<u>\$30.12</u>	<u>\$9.89</u>	<u>(\$20.23)</u>	<u>-67.16%</u>	<u>\$10.89</u>	<u>(\$19.23)</u>	<u>-63.84%</u>
<u>500 Cubic Feet</u>							
Total	<u>\$30.12</u>	<u>\$18.34</u>	<u>(\$11.78)</u>	<u>-39.11%</u>	<u>\$20.69</u>	<u>(\$9.43)</u>	<u>-31.31%</u>
<u>1,000 Cubic Feet</u>							
Total	<u>\$30.12</u>	<u>\$26.79</u>	<u>(\$3.33)</u>	<u>-11.06%</u>	<u>\$30.49</u>	<u>\$0.37</u>	<u>1.23%</u>
<u>1,500 Cubic Feet</u>							
Total	<u>\$38.62</u>	<u>\$35.24</u>	<u>(\$3.38)</u>	<u>-8.75%</u>	<u>\$40.29</u>	<u>\$1.67</u>	<u>4.32%</u>

Comparison of Monthly Water Bills

Mishawaka Commercial

	Present Rates	Inside City		Outside City		
		Proposed Rates	Difference Dollars	%	Proposed Rates	Difference Dollars
<u>1,000 Cubic Feet</u>						
Total	<u>\$83.59</u>	<u>\$82.02</u>	<u>(\$1.57)</u>	<u>-1.88%</u>	<u>\$92.57</u>	<u>\$8.98 10.74%</u>
<u>10,000 Cubic Feet</u>						
Total	<u>\$148.07</u>	<u>\$236.82</u>	<u>\$88.75</u>	<u>59.94%</u>	<u>\$269.87</u>	<u>\$121.80 82.26%</u>
<u>100,000 Cubic Feet</u>						
Total	<u>\$1,061.67</u>	<u>\$1,784.82</u>	<u>\$723.15</u>	<u>68.11%</u>	<u>\$2,042.87</u>	<u>\$981.20 92.42%</u>
<u>150,000 Cubic Feet</u>						
Total	<u>\$1,494.67</u>	<u>\$2,644.82</u>	<u>\$1,150.15</u>	<u>76.95%</u>	<u>\$3,027.87</u>	<u>\$1,533.20 102.58%</u>

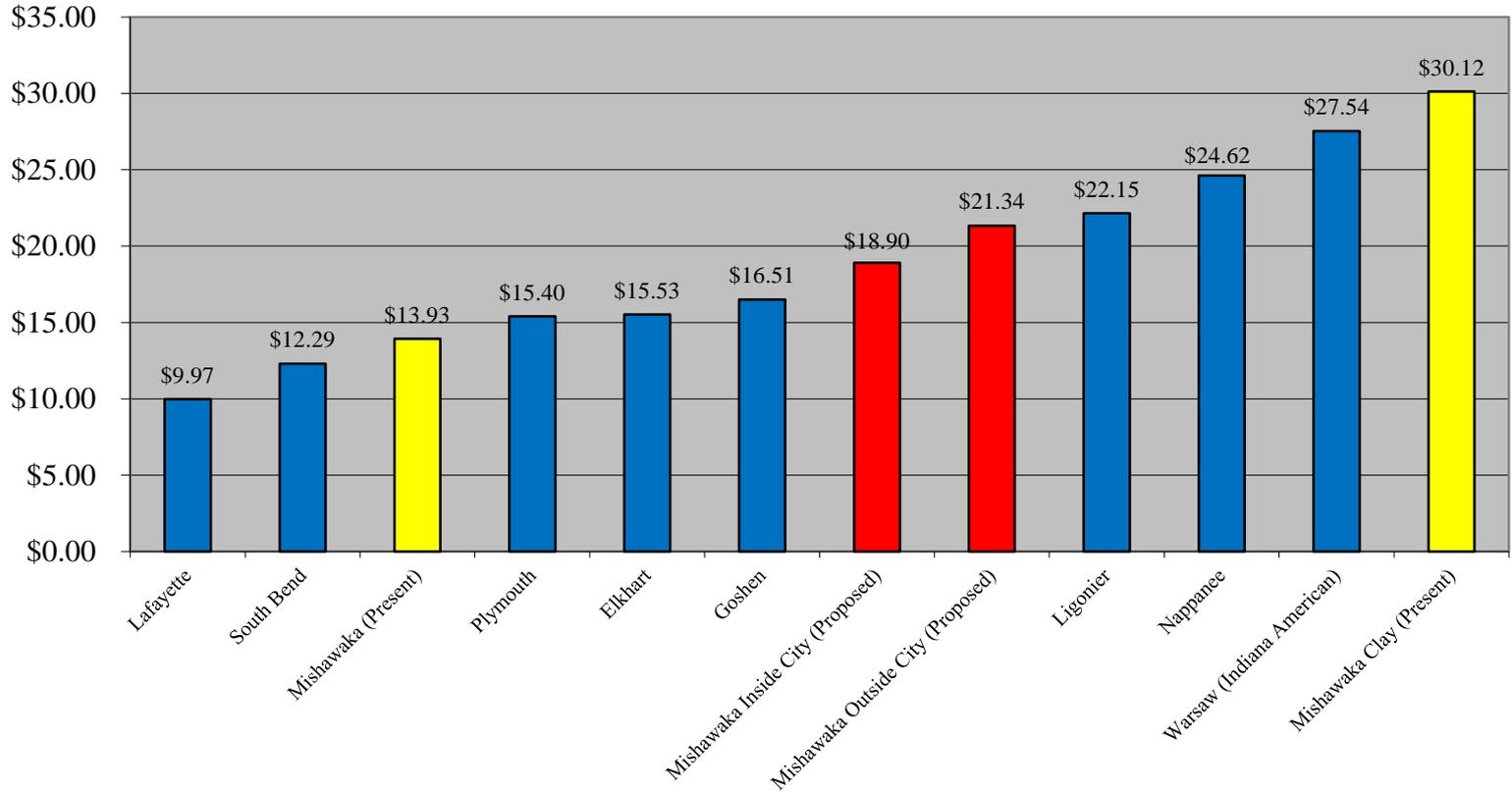
MISHAWAKA (INDIANA) MUNICIPAL WATER UTILITY

COMPARISON OF MONTHLY RESIDENTIAL BILLINGS

(Includes Public Fire Protection Charge Where Applicable)

(Assumes 5/8 inch meter size)

(Based on Usage of 533 Cubic Feet or 4,000 Gallons)



Mishawaka Municipal Water Utility

Removal of Utilities from IURC
Regulation

Removal of Utilities from IURC Regulation

Reasons

- Cost of regulations
 - Annual reporting costs
 - State Board of Accounts conducts an annual audit
 - Electric quarterly tracker filing
 - IURC compliance
 - Demand-side management
 - Demand response
 - Rate case expense
 - Professional fees
 - IURC Fees

Removal of Utilities from IURC Regulation

Reasons

- Opportunity for local involvement
 - Decisions made by Council
 - Hearing on rates is held in Mishawaka
- Timing
 - Opportunity for smaller, more frequent rate adjustments

Removal of Utilities from IURC Regulation Process

- Introduce IURC Ordinance – done 8/6/12
- Inform rate payers
 - Mail written notice – done 8/10/12
 - Conduct public meetings
 - Community meetings
 - 8/13/12 – John Young School
 - 8/14/12 – Twin Branch School
 - 8/15/12 – St. Bavo School
 - Council meetings
 - 8/20/12 – City Hall
 - 8/27/12 – Battell Center

Removal of Utilities from IURC Regulation Process

- Adopt IURC Ordinance – proposed 9/17/12
- Notify IURC of withdrawal
 - After 60 hold period
- Action during hold period
 - Registered voters can petition that the question be submitted to the City's registered voters
 - Signatures needed to place the question on the ballot. The number equals 2% of the total votes cast in Mishawaka during the last election for secretary of state.
 - Next ballot would be May 2014

Removal of Utilities from IURC Regulation

Who has Withdrawn?

- 361 of 398 municipal water utilities
- 41 of 54 municipal electric utilities