



Warwick Sewer Authority

Proposed Rate Adjustments

FY2012-2016

May 2011 Rate Study

by B & E Consulting

Key Factors Driving Up Expenses

*for WSA and Nation-Wide**

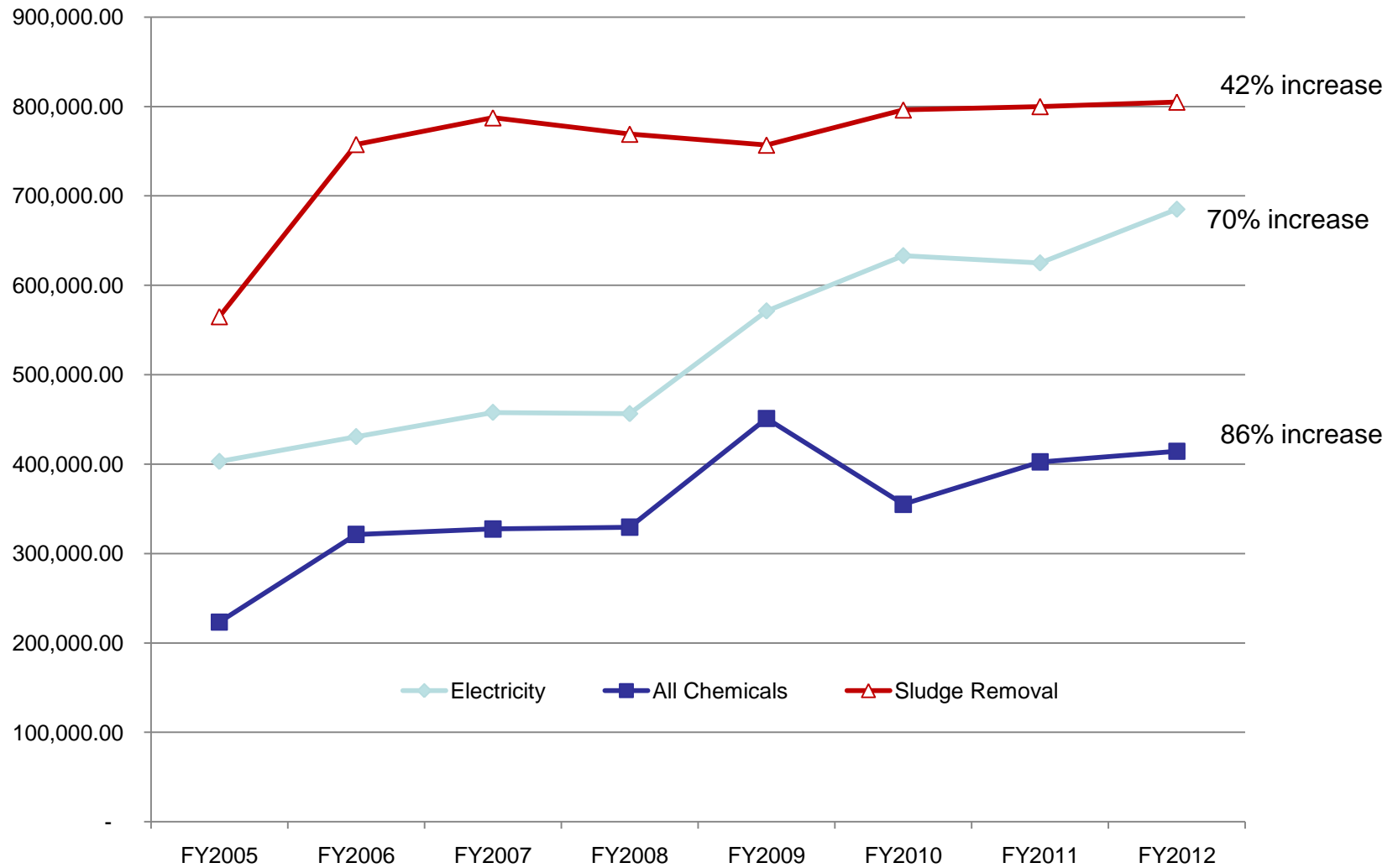
- Influence of wastewater Consent Decrees
- Commodity price increases
- Lower consumption and high fixed costs
- Aging infrastructure
- Employee benefits
- WSA debt to the City for past operational budget deficits

* Source: 50 Largest Cities Water/Wastewater Rate Survey, Black & Veatch, 2010

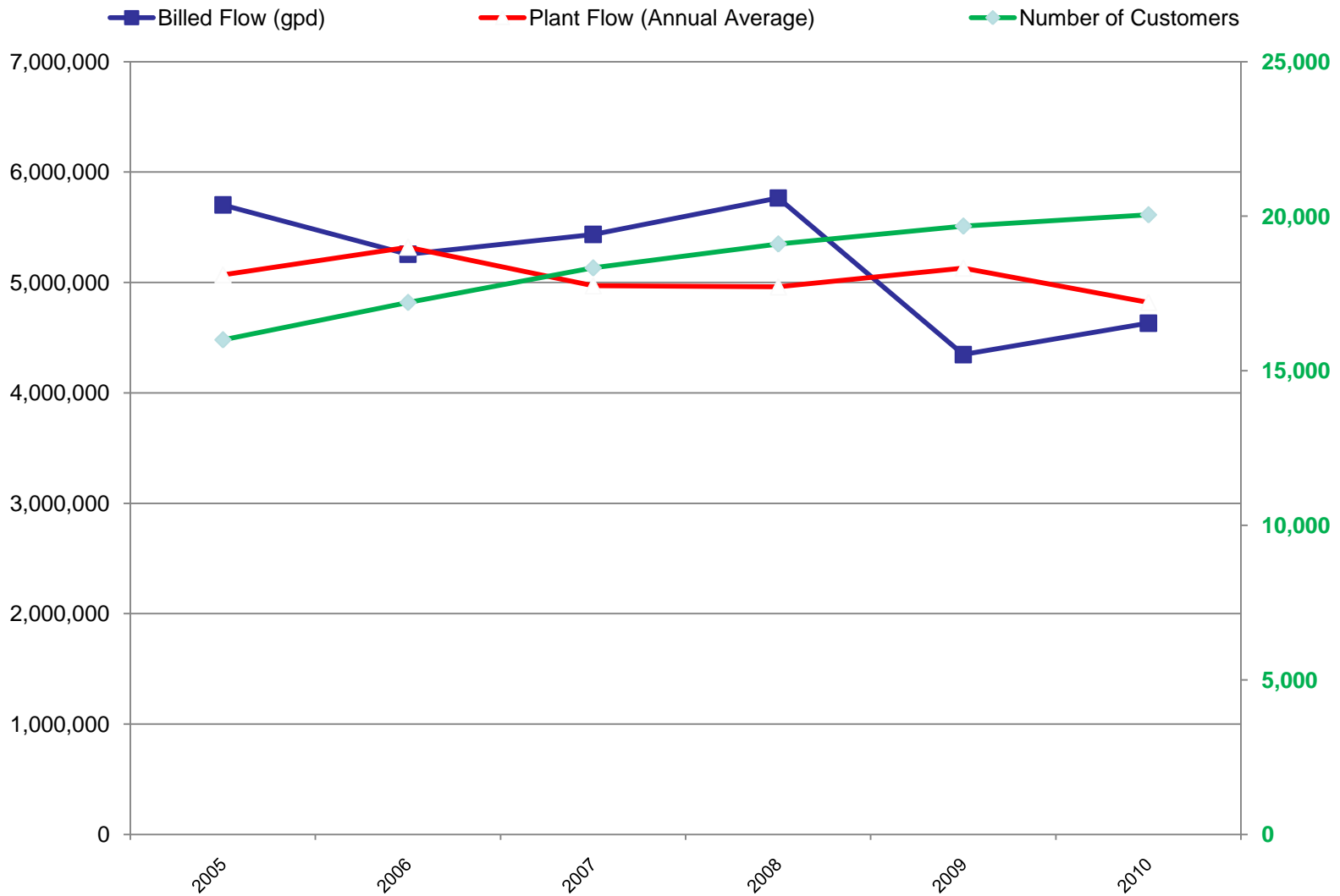
Treatment Facility Changes in the Past Decade

- Since 1992, flows have increased by about 1.5 million gallons per day (45%)
- Sludge production has doubled
- Number of pumping stations and miles of collection system piping has doubled
- Quality of effluent has improved significantly with amounts and concentrations of pollutants discharged to the Pawtuxet River dropping dramatically
- Increased staffing required to operate new processes and for maintenance of additional collection piping and pump stations

Trends in Major WSA Expenses



Trends in Flows and Customers



Infrastructure Expenses

- Aging lines and pump stations
 - No money budgeted in past for capital upkeep
 - 2011 Cedar Swamp Pump Station and line collapse (estimated cost \$2.2 Million)
- Renewal and replacement of existing treatment facility capital
 - Much done as a result of The Flood
- Consent Decree with RIDEM to meet more stringent permit limits for nutrients
 - No State or Federal funds, other than low-interest loans
 - Estimated cost \$16 Million

Purpose of Rate Study

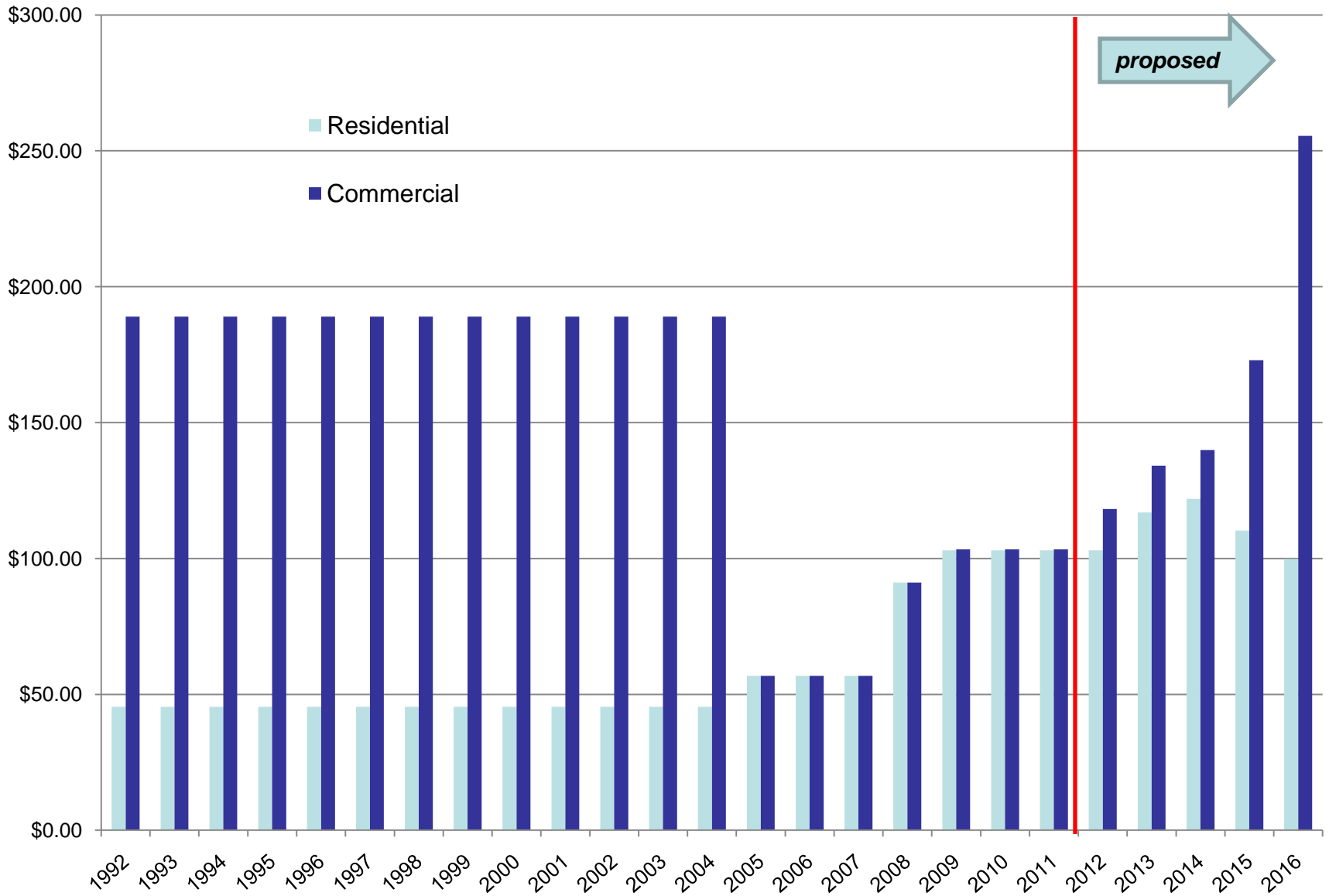
WSA Rate Objectives (as stated in the Request for Proposals issued in 2009):

- Provide a predictable and stable revenue stream
- Promote fairness and equity in the distribution of costs of service
- Maintain simplicity and enhance transparency of bills
- Comply with all applicable laws
- Stabilize cash flows/revenue stream and usage rates

Rate Study Results

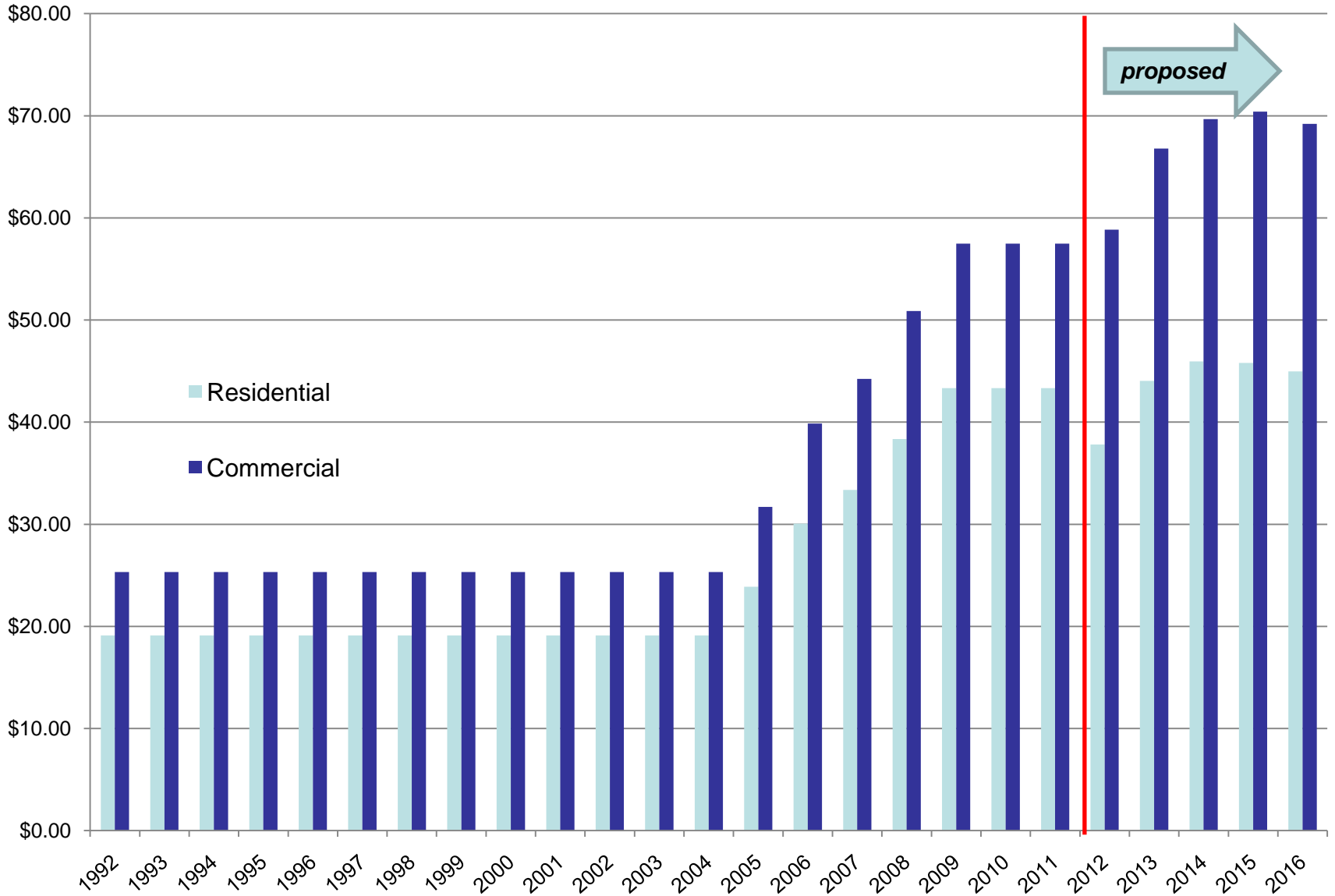
- Increase revenue from sewer usage and service charges:
 - 5% in FY2012
 - 16% in FY2013 (plant upgrades)
 - 6% in FY2014
 - 0.6% in FY2015
 - 0% in FY2016
- Restructure rates to provide more equity between residential and commercial users
- Add Renewal & Replacement charge

WSA Service Charges

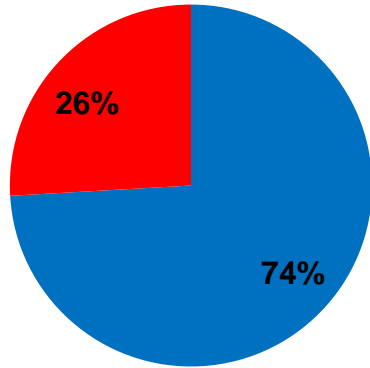


WSA Usage Charges

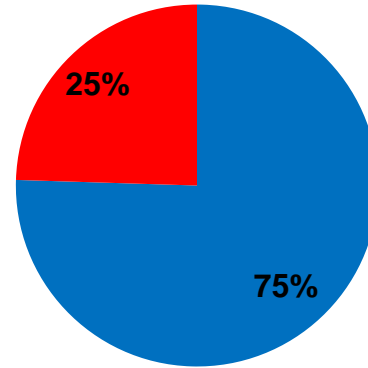
per 1,000 cubic feet of water usage



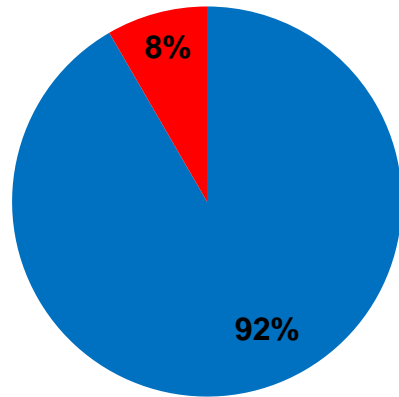
Current Usage (cubic feet)



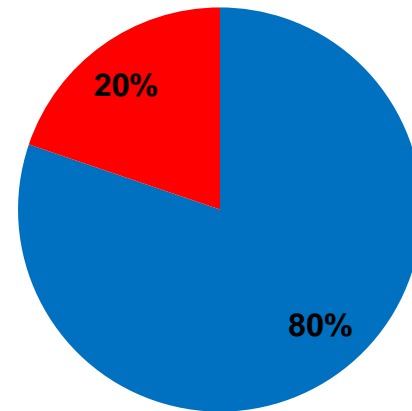
2016 Usage (cubic feet)



Current Service Charges (\$)



2016 Service Charges (\$)



 Commercial Accounts

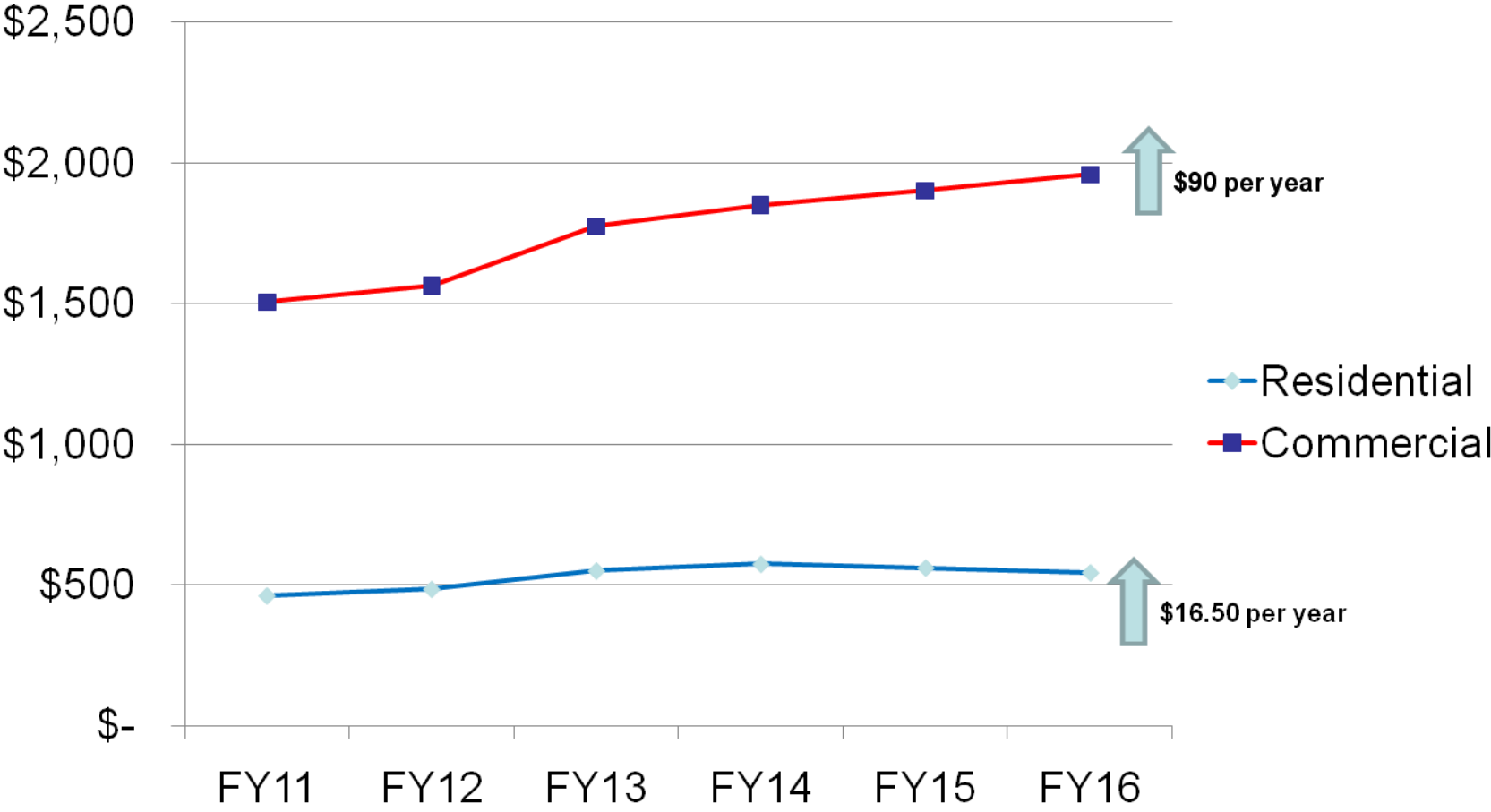
 Residential Accounts

Rate Study Results (continued. . .)

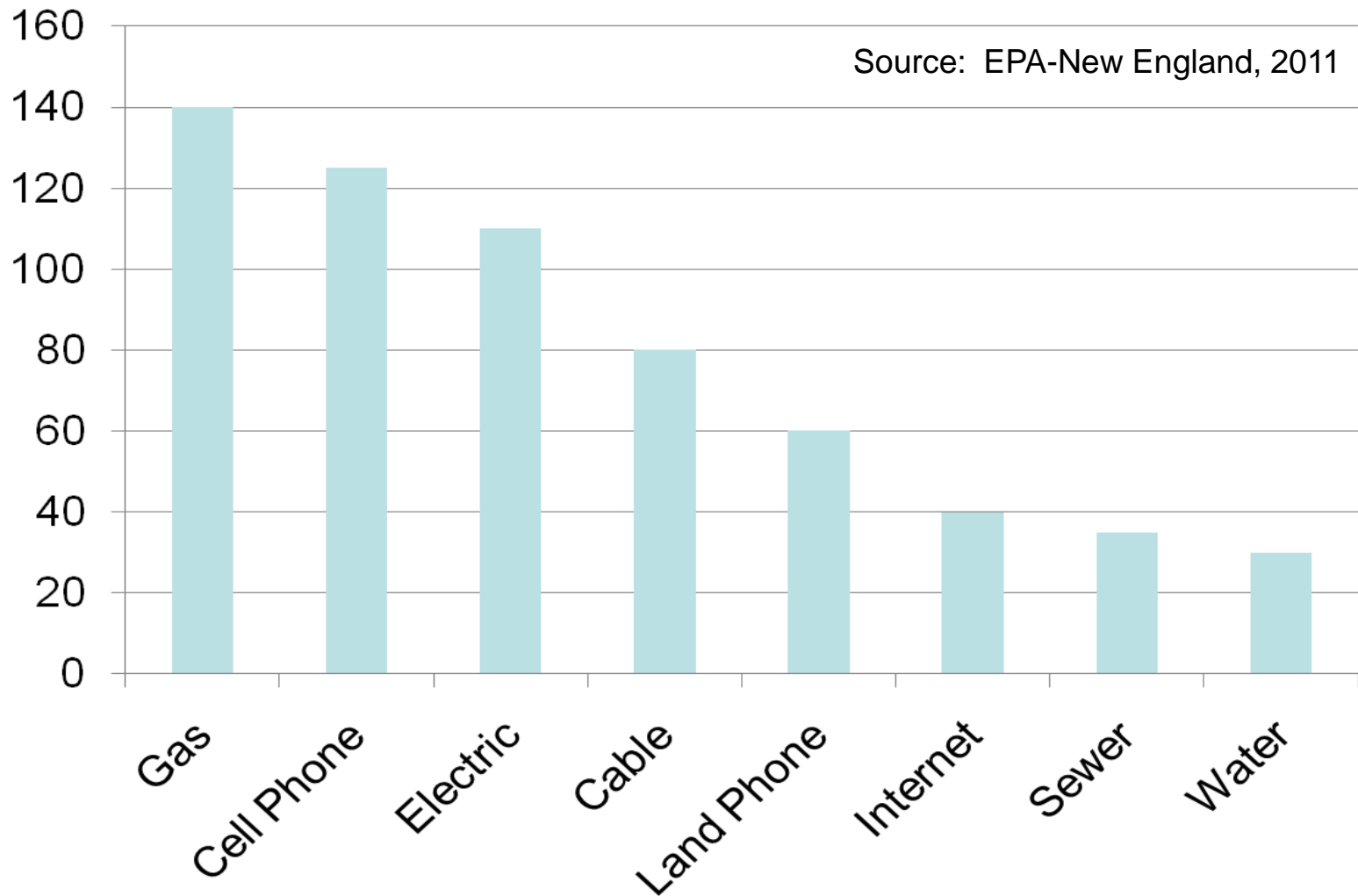
- Repay debt to City's General Fund (estimated at approximately \$7 Million) by FY2016
- Begin to accumulate debt service and capital reserves to reduce the future impact on rates
- Consider Connect Capable Fee to further reduce impacts on existing customers
- Review annually to ensure accuracy

Impact on Average Annual Sewer Usage Bills

(5/8 meter size)



Typical Monthly Utility and Service Costs for Households in Rhode Island



B & E Consulting

- Changes from last report
- Other comments on final report

Instructions for Public Comment

- Everyone must sign in
- Note if you plan to speak
- Persons who will be speaking will be taken in the following order:
 - Elected Officials
 - Order of sign in
- Persons will have 5 minutes to state their comments
- If you prefer to make your comments in writing, we have provided response cards