

The Source

UTILITY ENTERPRISE MANAGEMENT

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Annual Regional Utility Rate Survey Completed

The 2004 AE2S Annual North Central Region Utility Rate Survey was recently completed. The survey includes a summary of water, wastewater, and storm water utility rates, also noting the type of systems such as surface water or ground water systems and mechanical or non-mechanical wastewater systems. Communities surveyed include primarily those serving greater than 5,000 people throughout North Dakota, Minnesota (including metro area), and South Dakota.

The survey data is compiled and presented to participants in a short booklet format. In the past, participants have found that the survey report is an invaluable tool for utility and city managers to use when discussing rates with government decision makers and rate payers. All survey participants received complimentary copies.

If there are further questions concerning the survey or its findings, please contact Sheryl Smith at 701-

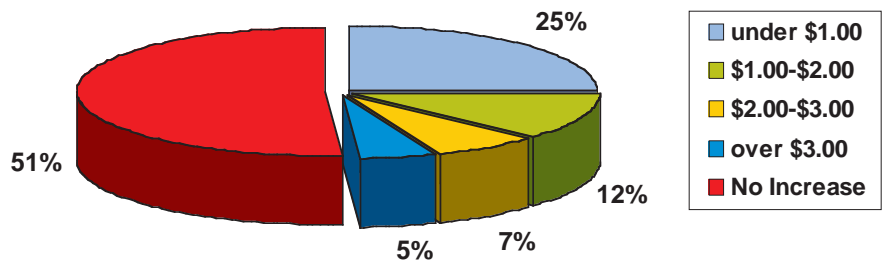
Monthly utility costs among communities are highly variable due to a number of factors such as water source, community size, presence/absence of a mechanical wastewater treatment plant, topography, and local policies relative to depreciation and capital improvement funding. The following represent a summary of all cities surveyed outside the Minneapolis Metro area.

Water Charges

Nearly all of the communities surveyed in 2004 use both a fixed and volume charge for their water users. About half of the communities surveyed increased their rates from 2003 to 2004. Of those who did increase their rates, the majority increased them less than \$2.00 per month, as indicated by the chart below. Typical monthly water utility charges ranged from \$15.56 to \$42.63 for surface water systems and from \$7.22 to \$29.65 for ground water systems surveyed.

AE2S Reports 2004 North Central Utility Rate Survey Results

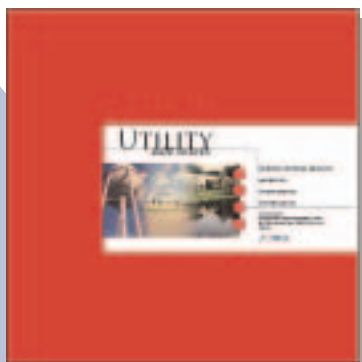
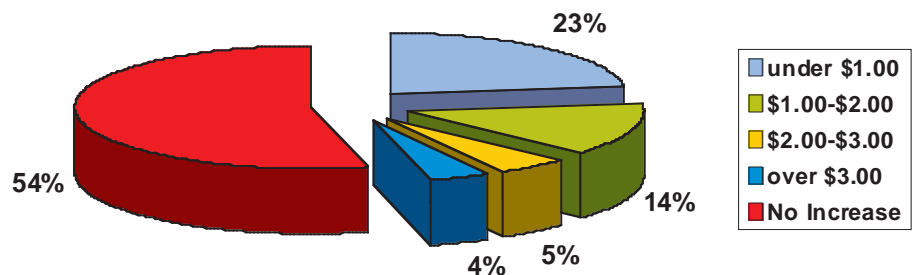
TYPICAL WATER UTILITY MONTHLY INCREASES



Wastewater Charges

The majority of communities surveyed in 2004 also use a fixed and volume charge for their wastewater users. Less than half of the communities increased their wastewater rates from 2003 to 2004. Of those who did increase their rates, the majority increased them less than \$2.00 per month, as indicated by the chart below. Typical monthly wastewater utility charges ranged from \$12.50 to \$39.48 for mechanical systems and \$8.30 to \$21.38 for non-mechanical systems surveyed.

TYPICAL WASTEWATER UTILITY MONTHLY INCREASES



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If you have any questions concerning the contents of this newsletter, please contact Sheryl Smith at 701.746.8087 or Sheryl.Smith@ae2s.com

AWWA Report Helps Avoid "Rate Shock"

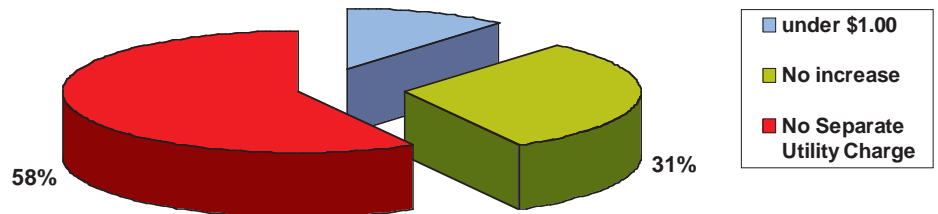
A report, commissioned by the American Water Works Association (AWWA), will be released this month to help water utilities avoid "rate shock". The report, "Avoiding Rate Shock: Making the Case for Water Rates", investigates strategies to convince decision-makers, customers, and other stakeholders of the need for increasing rates to cover infrastructure needs. Increasing costs of upgrading and replacing aging infrastructure, complying with regulations, and enhancing security has put many water utilities in a pinch trying to cover costs for their projects. Because, in general, people tend to undervalue water, increasing rates is a difficult endeavor. The report makes recommendations to help customers understand the need for higher rates. All AWWA member utilities will receive the report free. If you are not a member, you can order the report through at www.awwa.org/bookstore or call 800-926-7337. ■

Summarizing Rate Survey Results Continued

Stormwater Charges

A majority of communities surveyed do not have a separate utility charge for stormwater, as some of them include it in their wastewater charges and others include it as part of their property taxes. Typical monthly stormwater charges ranged from \$1.00 to \$5.23. Of those who do have a separate charge, only a few increased their rates. Of those who indicated an increase, it was less than \$1.00 per month as indicated by the chart below. It should be noted that several communities just started charging stormwater fees in 2004 due, in part, to stormwater regulations. ■

TYPICAL STORMWATER UTILITY MONTHLY INCREASES



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