

FY 14 Rate Scenarios

1. No use of retained earnings. Based on budget as presented to the BOA, will result in an average 5.5% increase in combined rates. Water rate increase = 3.1%; Sewer = 7.0%. MWRA increases based on preliminary numbers are Water Assessment increase is 4.46%; Sewer Assessment increase is 4.66%.
2. Use retained earnings to reduce increases. Use \$15,680 Water and \$535,127 Sewer to result in a rate increase of 3%.

Water retained earnings balance is currently \$2,822,563; Sewer retained earnings balance is currently \$7,429,463. Use of retained earnings in the requested amounts results in following balances:

Scenario 2: \$2,806,703 and \$6,894,342.

The Water Department has developed a 15 –Year Capital Plan, with projects totaling >\$16 Million (in current day dollars). These projects address water quality and fire flow issues. Retained Earnings can be used to self fund some of these projects, or for Debt Service payments if projects are bonded. These funds are used in combination with any available MWRA funding. Currently over the next 6 years we will have access to approximately \$6.7 Million (\$2.2 Million is available now, the remainder available at a rate of \$0.7 Million per year).

The Sewer Department is working on developing a long range Capital Plan, similar in nature to the Water Department plan. However, we are already aware of a few major projects (including Union Square), which will cost upwards of \$10 Million. Retained Earnings can be used to self fund some of these projects, or for Debt Service payments if projects are bonded. These funds will also be leveraged with MWRA funds (for eligible I/I reduction projects only). We have access to \$1.4 Million remaining in I/I Assistance available for eligible projects.

Scenario 1

No use of retained earnings

Calculated on Budget as Presented to BOA

| CITY OF SOMEVILLE WATER AND SEWER RATES | | | | | |
|---|----------|-------------|--------|--------|----------------|
| YEAR | USAGE | COMBINED | WATER | SEWER | Change vs FY13 |
| | | preliminary | | | |
| FY14 | 0-13 | \$10.23 | \$3.73 | \$6.50 | \$10.23 |
| | 14-67 | \$13.67 | \$5.38 | \$8.29 | \$13.67 |
| | 68-133 | \$14.35 | \$5.65 | \$8.70 | \$14.35 |
| | 133-OVER | \$14.86 | \$5.86 | \$9.00 | \$14.86 |

Annual Cost Based on AWWA Standard for Historical Comparison (120 HCF = 90,000 Gals)
 40 units per billing x 3 billings per year

Annual Cost \$1,506.50

Total Per Billir

W S C
 \$48.52 \$84.44 \$132.95
\$145.37 \$223.84 \$369.21
 \$193.89 \$308.28 \$502.17

3.1% 7.0%
 3.1% 7.0%
 3.1% 7.0%
 3.1% 7.0%

| | |
|----------|---------|
| increase | \$77.99 |
| % | 5.5% |

| CITY OF SOMEVILLE WATER AND SEWER RATES | | | | |
|---|----------|----------|--------|--------|
| YEAR | USAGE | COMBINED | WATER | SEWER |
| | | FINAL | | |
| FY13 | 0-13 | \$9.69 | \$3.62 | \$6.07 |
| | 14-67 | \$12.97 | \$5.22 | \$7.75 |
| | 68-133 | \$13.61 | \$5.48 | \$8.13 |
| | 133-OVER | \$14.10 | \$5.68 | \$8.41 |

Annual Cost \$1,428.51

W S C
 \$47.06 \$78.91 \$125.97
\$141.00 \$209.20 \$350.20
 \$188.06 \$288.11 \$476.17

Scenario 2

Use Retained earnings to effect 3% increase
(Water \$15,860) (Sewer \$535,127)

| CITY OF SOMEVILLE WATER AND SEWER RATES | | | | | | |
|---|----------|-------------|--------|--------|----------------|----|
| YEAR | USAGE | COMBINED | WATER | SEWER | Change vs FY13 | |
| | | preliminary | | | | |
| FY14 | 0-13 | \$9.98 | \$3.73 | \$6.25 | \$9.98 | 3% |
| | 14-67 | \$13.36 | \$5.38 | \$7.98 | \$13.36 | 3% |
| | 68-133 | \$14.02 | \$5.64 | \$8.37 | \$14.02 | 3% |
| | 133-OVER | \$14.52 | \$5.85 | \$8.66 | \$14.52 | 3% |

Annual Cost Based on AWWA Standard for Historical Comparison (120 HCF = 90,000 Gals)
40 units per billing x 3 billings per year

Annual Cost \$1,471.36

Total Per Billing
\$48.47
\$145.23
\$193.70

\$81.28
\$215.47
\$296.75

\$129.75
\$360.71
\$490.45

| CITY OF SOMEVILLE WATER AND SEWER RATES | | | | | | |
|---|----------|----------|--------|--------|---------|--|
| YEAR | USAGE | COMBINED | WATER | SEWER | | |
| | | FINAL | | | | |
| FY13 | 0-13 | \$9.69 | \$3.62 | \$6.07 | \$9.69 | |
| | 14-67 | \$12.97 | \$5.22 | \$7.75 | \$12.97 | |
| | 68-133 | \$13.61 | \$5.48 | \$8.13 | \$13.61 | |
| | 133-OVER | \$14.10 | \$5.68 | \$8.41 | \$14.10 | |

Annual Cost \$1,428.51

Total Per Billing
\$47.06
\$141.00
\$188.06

\$78.91
\$209.20
\$288.11

\$125.97
\$350.20
\$476.17

increase \$42.86
% 3.0%