



Rochelle Municipal Utilities
Water/Water Reclamation
Interoffice Memorandum

To: David Plyman

From: Adam Lanning

Date: February 25, 2016

Re: Rate Increase

The RMU water reclamation division over the last two years has seen a 3% annual increase in labor costs and 5% increase in electric rates last year and expecting a 2% increase next year. The total proposed budget for electricity and labor alone next fiscal year is \$1,096,131 and accounts for approximately 40% of non-debt revenue. The proposed budget for these two line items reflects a \$74,239 increase over the last two years.

The projected revenue for 2015/16 is \$2,491,212, which does not include industrial surcharges or miscellaneous revenues which amount to approximately \$300,000 annually. The increase in labor and electricity expenses account for 2.98% of the projected revenues this year. Therefore I would propose a one-time annual rate increase of 3% to account for the increases over the last two years and also for the next fiscal year. This rate increase does not account for increased costs of materials or supplies.

There are a total of 3,173 residential accounts for water reclamation and the 3% annual increase would reflect an average monthly increase in a residential water bill by \$1.15. My recommendation is to adopt an ordinance authorizing an annual rate increase of 3% effective May 1, 2016 which is broken down in the rate structure as follows:

Current Rate Structure (Commercial, Residential, Minor Industry)

Fixed Charge

Water Meter Only	\$8.05/month
Water and Sewer Meter	\$80.10/month
Basic User Rate	\$2.32/100 Cubic Feet
IEPA Replacement	\$.15/100 Cubic Feet
Non-Debt Projects	\$.81/100 Cubic Feet
Capital Recover	\$.66/100 Cubic Feet
TOTAL	\$3.94/100 Cubic Feet

Proposed Rate Structure (Commercial, Residential, Minor Industry)

Fixed Charge

Water Meter Only	\$8.05/month
Water and Sewer Meter	\$80.10/month
Basic User Rate	\$2.44/100 Cubic Feet
IEPA Replacement	\$.15/100 Cubic Feet
Non-Debt Projects	\$.81/100 Cubic Feet
Capital Recover	\$.66/100 Cubic Feet
TOTAL	\$4.06/100 Cubic Feet

Current Rate Structure (Major Industrial Customer)

Fixed Charge	\$80.10/month
Basic User Rate	\$2.44/100 Cubic Feet
IEPA Replacement	\$.43/100 Cubic Feet
Non-Debt Projects	\$.58/100 Cubic Feet
Capital Recover	\$0.00/100 Cubic Feet
TOTAL	\$3.45/100 Cubic Feet

Proposed Rate Structure (Major Industrial Customer)

Fixed Charge	\$80.10/month
Basic User Rate	\$2.54/100 Cubic Feet
IEPA Replacement	\$.43/100 Cubic Feet
Non-Debt Projects	\$.58/100 Cubic Feet
Capital Recover	\$0.00/100 Cubic Feet
TOTAL	\$3.55/100 Cubic Feet

Current Rate Structure (Village of Creston)

Fixed Charge	\$80.10/month
Basic User Rate	\$1.92/100 Cubic Feet
IEPA Replacement	\$.26/100 Cubic Feet
Non-Debt Projects	\$0.00/100 Cubic Feet
Capital Recover	\$0.00/100 Cubic Feet
TOTAL	\$2.18/100 Cubic Feet

Proposed Rate Structure (Village of Creston)

Fixed Charge	\$80.10/month
Basic User Rate	\$1.99/100 Cubic Feet
IEPA Replacement	\$.26/100 Cubic Feet
Non-Debt Projects	\$0.00/100 Cubic Feet
Capital Recover	\$0.00/100 Cubic Feet
TOTAL	\$2.25/100 Cubic Feet

Cc: Adam Lanning, Water/Water Reclamation

