

RETAIL WASTEWATER RATE STUDY FY24 and FY25

Billings, MT

April 3, 2023

Executive Summary

The City of Billings, Montana (City) calculates its retail wastewater rates using a cost of service rate model developed specifically for its wastewater treatment and collection system. The last rate analysis was completed in April 2021, at which time rates for FY22 and FY23 were set. This report summarizes the results of the most recent update to the wastewater rate model, including rate recommendations for FY24 and FY25. Detailed asset tables are found in the Appendices.

The City currently maintains two rate models for the Wastewater System – a cash-based model used to calculate retail rates and a utility-based model used to calculate the rates for wholesale users. The retail rate model utilizes the cash-basis approach for determining capital costs and therefore does not readily provide a mechanism for differentiating between retail and wholesale users in terms of cost allocation. The wholesale model utilizes the utility-method to better differentiate between retail and wholesale users. This model, discussed in detail in the Wastewater Wholesale Rate Study, applies a 15 percent rate of return on the asset base, which includes 12.5 percent working capital, to calculate capital costs for wholesale users. The rate of return plus depreciation forms the basis for the capital component of the revenue requirements for wholesale users.

Based on the results of this study, the recommended fixed monthly meter rates for retail users for the study period are shown in Tables ES.1 and ES.2 for Inside City Users and Outside City Users, respectively. Due to the City’s practice of rounding the wastewater fixed charge to the nearest \$0.05, the calculated cost of service-based rate changes vary slightly for some of the meters in FY24 and FY25. Overall, the projected fixed monthly rates increase roughly three and a half (3.5) percent annually over the two-year period.

The recommended retail volumetric rates are shown in Table ES.3. Based on projected expenditures and wastewater flows, the cost of service model indicated the need for rate increases in both FY24 and FY25. Over the last few years, the rate strategy has been to gradually step into rate increases needed to operate the wastewater treatment facility while keeping rate adjustments at a moderate level.

Meter Size	Inside City Current FY23 Rate (\$/Month)	Recommended Inside City FY24 Rate (\$/Month)	% Increase	Recommended Inside City FY25 Rate (\$/Month)	% Increase
3/4"	\$7.05	\$7.30	3.5%	\$7.55	3.4%
1"	\$9.00	\$9.25	2.8%	\$9.65	4.3%
1-1/2"	\$11.05	\$11.40	3.2%	\$11.80	3.5%
2"	\$11.55	\$11.90	3.0%	\$12.40	4.2%
3"	\$18.65	\$19.20	2.9%	\$19.95	3.9%
4"	\$70.65	\$72.85	3.1%	\$75.65	3.8%
6"	\$89.95	\$92.70	3.1%	\$96.25	3.8%
8"	\$134.90	\$139.05	3.1%	\$144.40	3.8%
10"	\$186.30	\$192.05	3.1%	\$199.40	3.8%

Table ES.1: FY24 and FY25 Recommended Monthly Minimum Wastewater Charges – Inside City Retail Users

Meter Size	Outside City Current FY23 Rate (\$/Month)	Recommended Outside City FY24 Rate (\$/Month)	% Increase	Recommended Outside City FY25 Rate (\$/Month)	% Increase
3/4"	\$7.75	\$8.05	3.9%	\$8.30	3.1%
1"	\$9.90	\$10.15	2.5%	\$10.60	4.4%
1-1/2"	\$12.15	\$12.50	2.9%	\$12.95	3.6%
2"	\$12.70	\$13.05	2.8%	\$13.60	4.2%
3"	\$20.50	\$21.05	2.7%	\$21.90	4.0%
4"	\$77.70	\$80.15	3.2%	\$83.20	3.8%
6"	\$98.95	\$101.95	3.0%	\$105.90	3.9%
8"	\$148.40	\$152.95	3.1%	\$158.85	3.9%
10"	\$204.95	\$211.25	3.1%	\$219.35	3.8%

Table ES.2: FY24 and FY25 Recommended Monthly Minimum Wastewater Charges – Outside City Retail Users

User Class	Current FY23 Rate (\$/kgal)	Recommended FY24 Rate (\$/kgal)	% Increase	Recommended FY25 Rate (\$/kgal)	% Increase
Residential	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Large Residential	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Commercial	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Public Buildings	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Outside Retail Users	\$5.08	\$5.21	2.6%	\$5.35	2.6%

Table ES.3: FY24 and FY25 Recommended Wastewater Volumetric Rates

Lastly, strength surcharge rates are shown in Table ES.4.

	Current FY23 Rate (\$/Pound)	Calculated FY24 Rate (\$/Pound)	% Increase	Calculated FY25 Rate (\$/Pound)	% Increase
BOD	\$0.9019	\$0.9019	0.0%	\$0.9019	0.0%
TSS	\$0.5811	\$0.5811	0.0%	\$0.5811	0.0%
TKN	\$1.7217	\$1.7217	NA	\$1.7217	0.0%
	Current FY23 Rate (\$/kgal)	Calculated FY24 Rate (\$/kgal)	% Increase	Calculated FY25 Rate (\$/kgal)	% Increase
Septage	\$61.12	\$61.12	0.0%	\$61.12	0.0%

Table ES.4: Recommended FY24 and FY25 Strength Surcharge Rates

1.0 Introduction

The City of Billings (City) retained AE2S Nexus to update its wastewater rate model and recommend retail wastewater rates for the 2024 Fiscal Year (FY24), which begins July 1, 2023 and ends June 30, 2024, as well as for FY25, which begins July 1, 2024 and ends June 30, 2025. The rate model utilized by the City of Billings was last updated by AE2S Nexus in early 2021 for the purpose of developing rates for FY22 and FY23. The FY24/FY25 rate review involved a comprehensive review of assumptions and methodology upon which the analysis is based. The results of that review are described herein.

The City's cost of service wastewater rate model utilizes a cash-based approach in calculating retail rates. This approach is designed to meet all legal requirements for rate setting under Montana law (specifically, clearly tying the benefit of service received to the cost paid). Revenue requirements are functionalized to the categories of flow, biochemical oxygen demand (BOD), total suspended solids (TSS), total Kjeldahl nitrogen (TKN), and customer costs. The flow, BOD, TSS, and TKN costs are allocated to the user classes based on user-specific characteristics and respective usage of the system and form the basis for the volumetric and strength components of the user charges. Customer costs are then allocated to the user classes and form the basis for the monthly minimum component of the rate.

At the City's request, AE2S Nexus has updated the customer billing data, operating and maintenance (O&M) budget, and capital revenue requirements. To complete a comprehensive update, assumptions upon which the model calculations are based were also reviewed and verified or updated to reflect current system conditions. This report summarizes the following topics:

- Wastewater system usage parameters assumed for FY24 and FY25 (Section 2.0);
- Projected FY24 and FY25 revenue requirements and associated assumptions (Section 3.0);
- Allocation of FY24 and FY25 operating and capital-related revenue requirements (Section 4.0); and
- Calculated FY24 and FY25 costs of service by user class and recommended FY24/FY25 wastewater rates for the Retail customer classes (Section 5.0).

2.0 Customers and Usage

The City of Billings provides wastewater service to approximately 35,858 users within City limits, 60 users outside of the City, and to the wholesale customers, Lockwood, ExxonMobil, and Phillips 66. Projected FY24 and FY25 accounts and meters are based on actual meter and account data from FY22, adjusted by one percent annually for Residential accounts. As shown in Table 2.1, a growth factor zero percent per year is used to project flows for FY24 and FY25. Flows were held constant due to recent flows fluctuating around existing levels.

Customer Class	Description	Flow Growth Factor
Residential	single family, two- and three- multi-family unit complexes	0.0%
Commercial		0.0%
Residential - Large	includes multi-family complexes with greater than three units	0.0%
Public Buildings	Includes governments and schools	0.0%
Outside City – Domestic Strength		0.0%

Table 2.1 : Flow Growth Factors

Rates for the wholesale users (Lockwood Water and Sewer District, ExxonMobil and Phillips 66) are calculated in separate rate models that apply the utility basis cost of service methodology rather than the cash-based methodology employed for retail rate analysis. For the purpose of calculating rates for the retail customers, revenue associated with the wholesale users was treated as non-rate revenue, reducing the net revenue requirements. Estimated FY24 and FY25 retail customer accounts by meter size and equivalent meters are shown in Tables 2.2 and 2.3, respectively. The equivalent meter counts are shown on a 3/4-inch meter basis. Table 2.4 summarizes the projected FY24 and FY25 billable retail flow for each user class, measured in units of million gallons (MG).

Meter Size	Residential	Commercial	Residential-Large	Public Buildings-Domestic	Outside City	Total
3/4"	32,847	1,285	435	12	36	34,615
1"	375	368	303	5	10	1,061
1-1/2"	24	272	144	15	5	460
2"	-	140	64	22	5	231
3"	1	72	36	23	2	134
4"	1	18	19	4	1	43
6"	-	9	26	4	-	39
8"	-	3	4	2	1	10
10"	-	-	-	-	-	-
12"	-	-	1	-	-	1
Total	33,249	2,167	1,031	87	60	36,594
Equivalent Meters	33,376	2,949	1,840	268	99	38,532

Table 2.2: Projected FY24 Wastewater Customer Accounts and Equivalent Meters

Meter Size	Residential	Commercial	Residential-Large	Public Buildings-Domestic	Outside City	Total
3/4"	33,176	1,285	439	12	36	34,948
1"	379	368	306	5	10	1,068
1-1/2"	25	272	145	15	5	462
2"	-	140	65	22	5	232
3"	1	72	36	23	2	134
4"	1	18	20	4	1	44
6"	-	9	26	4	-	39
8"	-	3	4	2	1	10
10"	-	-	-	-	-	-
12"	-	-	-	-	-	-
Total	33,582	2,167	1,041	87	60	36,937
Equivalent Meters	33,710	2,949	1,864	268	99	38,889

Table 2.3: Projected FY25 Wastewater Customer Accounts and Equivalent Meters

Customer Class	FY2024 Flow (MG)	FY2025 Flow (MG)
Residential	1,447.66	1,447.66
Large Residential	559.34	559.34
Commercial - Domestic	904.77	904.77
Public Buildings - Domestic	66.84	66.84
Outside City	41.67	41.67
Total	3,020.28	3,020.28

Table 2.4: Projected FY24 and FY25 Retail Customer Flows

Tables 2.5 and 2.6 present projected retail customer strength concentrations and loadings for FY24 and FY25, respectively. Consistent with previous analyses, BOD and TSS strengths of 200 milligrams per liter (mg/L) (the current domestic limit) were assumed for all user classes, and beginning in FY24, a TKN strength of 45 milligrams per liter (mg/L) was assumed.

Customer Class	BOD (mg/L)	TSS (mg/L)	TKN (mg/L)	BOD (pounds)	TSS (pounds)	TKN (pounds)
Residential	200	200	45	2,416,341	2,416,341	543,677
Large Residential	200	200	45	933,617	933,617	210,064
Commercial - Domestic	200	200	45	1,510,177	1,510,177	339,790
Public Buildings - Domestic	200	200	45	111,568	111,568	25,103
Outside City	200	200	45	69,558	69,558	15,651
Total				5,041,261	5,041,261	1,134,284

Table 2.5: Estimated FY24 Retail Concentrations and Loadings

Customer Class	BOD (mg/L)	TSS (mg/L)	TKN (mg/L)	BOD (pounds)	TSS (pounds)	TKN (pounds)
Residential	200	200	45	2,416,341	2,416,341	543,677
Large Residential	200	200	45	933,617	933,617	210,064
Commercial - Domestic	200	200	45	1,510,177	1,510,177	339,790
Public Buildings - Domestic	200	200	45	111,568	111,568	25,103
Outside City	200	200	45	69,558	69,558	15,651
Total				5,041,261	5,041,261	1,134,284

Table 2.6: Estimated FY25 Retail Concentrations and Loadings

3.0 Revenue Requirements

Revenue requirements consist of expenses incurred for O&M of the Wastewater Utility, as well capital-related expenses such as debt service principal, capital outlays, and contributions to reserves. These revenue requirements form the basis of costs recouped through calculated rates.

3.1 Operation and Maintenance Costs

For the purpose of developing wastewater rates for FY24 and FY25, the O&M component of revenue requirements was based on the preliminary FY24 Wastewater Operating budget. To maintain consistency with previous reports for historic tracking, the analysis grouped divisions according to the following naming system: Administration, Fiscal Services – Service Center, Wastewater Treatment Plant, Distribution and Collection, and Environmental Affairs.

The utility also generates non-rate operating revenue, which is applied to offset operating costs. For the purpose of calculating the retail rates, revenues from existing wholesale users Lockwood, ExxonMobil, and Phillips 66 are accounted for as non-rate O&M revenue. Table 3.1 summarizes total projected O&M revenue requirements for FY24 and FY25, total projected O&M non-rate revenue, and net O&M revenue requirements.

Line Item	FY2024 Total	FY2025 Total
Administrative	\$ 2,022,343	\$ 2,093,125
Utility Commercial & Meter	\$ 75,933	\$ 78,591
Wastewater Treatment	\$ 6,460,846	\$ 6,686,976
Distribution & Collection	\$ 1,702,422	\$ 1,762,006
Environmental Affairs	\$ 503,889	\$ 521,525
O&M – Total	\$ 10,765,433	\$ 11,142,223
Less: Non-Rate O&M Revenue		
Sewer Permits	\$ 65,650	\$ 66,307
Sale of Material/ Labor	\$ 6,000	\$ 6,000
Collection of Bad Debt	\$ 600	\$ 600
Wastewater Supply	\$ 50,000	\$ 50,000
Phillips 66	\$ 699,148	\$ 454,790
Lockwood	\$ 436,188	\$ 726,273
Exxon	\$ 782,150	\$ 812,363
Misc & Surcharge Revenue	\$ 115,049	\$ 119,606
Charge for Services	\$ -	\$ -
Total Non-Rate O&M Revenue	\$ 2,154,784	\$ 2,235,938
Net O&M Revenue Requirements	\$ 8,610,649	\$ 8,906,285

Table 3.1: Summary of FY24 and FY25 Wastewater O&M Revenue Requirements

3.2 Capital Costs

The City provided information related to existing and anticipated debt service requirements, the five-year Capital Improvement Plan (CIP), non-CIP capital outlays, and anticipated capital-related non-rate revenue for FY24 and FY25. Capital projects planned for FY23 total approximately \$41.8 million (M). The CIP includes \$14.1M in capital projects for FY24 and \$8.7M in FY25. The City plans to use cash reserves totaling \$13.1M, in addition to anticipated System Development Fee revenue, to complete capital projects in FY24 and FY25. Table 3.2 summarizes net capital revenue requirements for FY24 and FY25.

Line Item	FY2024 Total	FY2025 Total
Debt Service	\$ 5,374,653	\$ 5,375,000
Cash Funded CIP	\$ 13,075,208	\$ 5,863,600
Transfers To (from) O&M Reserve	\$ 425,720	\$ 32,505
Increase (Decrease) Operating Fund	\$ (8,012,324)	\$ (458,712)
Capital – Total	\$ 10,863,258	\$ 10,812,393
Less: Non-Rate Capital Revenue		
Late Payment Interest	\$ 35,000	\$ 35,000
Interest Earnings	\$ 245,000	\$ 170,764
Total Non-Rate O&M Revenue	\$ 280,000	\$ 205,764
Net Capital Revenue Requirements	\$ 10,583,258	\$ 10,606,629
Net Capital Revenue Requirements	\$ 10,583,258	\$ 10,606,629

Table 3.2: Summary of Net Capital-Related Revenue Requirements

3.3 Total Revenue Requirements

Table 3.3 summarizes the total net revenue requirements for FY24 and FY25, which total approximately \$19.19M and \$19.51M, respectively.

Revenue Requirement	Projected FY23	Projected FY24
Net O&M	\$ 8,610,649	\$ 8,906,285
Net Capital	\$ 10,583,258	\$ 10,606,629
Total	\$ 19,193,906	\$ 19,512,914

Table 3.3: Summary of Total Projected FY24 and FY25 Wastewater Net Revenue Requirements

4.0 Cost of Service Analysis

4.1 Methodology

Following the establishment of net O&M and capital revenue requirements, costs must be allocated to each user class. To arrive at the final cost allocation to each user class, the revenue requirements were classified based on the manner in which the cost is related to user characteristics such as equivalent meters, flow, BOD, TSS, and TKN. The methodology employed for this analysis utilized the following classifications:

- Flow;
- BOD;
- TSS;
- TKN; and
- Customer.

Once classified, the costs were allocated to the user classes based on the service characteristics associated with each user class for each classification. The revenue requirements comprising the Customer classified costs result in the calculation of the fixed monthly meter charges, and those allocated to the Flow, BOD, TSS, and TKN components comprise the charges that derive the volumetric rates. The following subsections illustrate the classification and allocation of O&M and Capital-related revenue requirements.

4.2 Classification of O&M Revenue Requirements

Previously, Section 3.1 and Table 3.1 summarized the O&M net revenue requirements. Table 4.1 summarizes the O&M revenue classification percentages used for both FY24 and FY25. Tables 4.2 and 4.3, respectively, summarize the classified O&M net revenue requirements for FY24 and FY25.

Item	Flow	BOD	TSS	TKN	Customer	Total
Revenue Requirements						
Administrative	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Commercial & Meter	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Wastewater Treatment	22.8%	37.6%	21.8%	17.9%	0.0%	100.0%
Distribution and Collection	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Environmental Affairs	0.0%	33.3%	33.3%	33.3%	0.0%	100.0%
Non-Rate Revenues						
Sewer Permits	29.9%	33.4%	19.4%	16.0%	1.2%	100.0%
Sale of Material/Labor	29.9%	33.4%	19.4%	16.0%	1.2%	100.0%
Misc Revenue	29.9%	33.4%	19.4%	16.0%	1.2%	100.0%
Collection Bad Debt	29.9%	33.4%	19.4%	16.0%	1.2%	100.0%
Wastewater Supply	29.9%	33.4%	19.4%	16.0%	1.2%	100.0%
Franchise Fee	29.9%	33.4%	19.4%	16.0%	1.2%	100.0%
Phillips 66	22.5%	37.1%	21.5%	17.6%	1.2%	100.0%
Lockwood	22.5%	37.1%	21.5%	17.6%	1.2%	100.0%
P66 Surcharge	22.5%	37.1%	21.5%	17.6%	1.2%	100.0%
Charge for Service	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Transfer to O&M for Pipebursting Projects	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Table 4.1: FY24-FY25 Wastewater Classification Percentages for O&M and Non-Rate Revenue

Line Item	FY2024 Total	Flow	BOD	TSS	TKN	Customer
Administrative	\$ 2,022,343	\$ -	\$ -	\$ -	\$ -	\$ 2,022,343
Utility Commercial & Meter	\$ 75,933	\$ -	\$ -	\$ -	\$ -	\$ 75,933
Wastewater Treatment	\$ 6,460,846	\$ 1,473,073	\$ 2,427,728	\$ 1,406,397	\$ 1,153,649	\$ -
Distribution & Collection	\$ 1,702,422	\$ 1,702,422	\$ -	\$ -	\$ -	\$ -
Environmental Affairs	\$ 503,889	\$ -	\$ 167,963	\$ 167,963	\$ 167,963	\$ -
O&M – Total	\$ 10,765,433	\$ 3,175,495	\$ 2,595,691	\$ 1,574,360	\$ 1,321,612	\$ 2,098,276
Less: Non-Rate O&M Revenue						
Sewer Permits	\$ 65,650	\$ 19,659	\$ 21,938	\$ 12,768	\$ 10,499	\$ 786
Sale of Material/ Labor	\$ 6,000	\$ 1,797	\$ 2,005	\$ 1,167	\$ 960	\$ 72
Collection of Bad Debt	\$ 600	\$ 180	\$ 200	\$ 117	\$ 96	\$ 7
Wastewater Supply	\$ 50,000	\$ 14,973	\$ 16,708	\$ 9,724	\$ 7,996	\$ 599
Phillips 66	\$ 699,148	\$ 699,148				\$ -
Lockwood	\$ 436,188	\$ 98,296	\$ 161,998	\$ 93,846	\$ 76,981	\$ 5,067
Exxon	\$ 782,150	\$ 176,259	\$ 290,487	\$ 168,281	\$ 138,038	\$ 9,086
Misc & Surcharge Revenue	\$ 115,049	\$ 115,049	\$ -	\$ -	\$ -	\$ -
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Rate O&M Revenue	\$ 2,154,784	\$ 1,125,359	\$ 493,336	\$ 285,903	\$ 234,570	\$ 15,616
Net O&M Revenue Requirements	\$ 8,610,649	\$ 2,050,135	\$ 2,102,355	\$ 1,288,457	\$ 1,087,042	\$ 2,082,660

Table 4.2: Classified FY24 O&M Net Revenue Requirements

Line Item	FY2025 Total	Flow	BOD	TSS	TKN	Customer
Administrative	\$ 2,093,125	\$ -	\$ -	\$ -	\$ -	\$ 2,093,125
Utility Commercial & Meter	\$ 78,591	\$ -	\$ -	\$ -	\$ -	\$ 78,591
Wastewater Treatment	\$ 6,686,976	\$ 1,524,631	\$ 2,512,698	\$ 1,455,621	\$ 1,194,026	\$ -
Distribution & Collection	\$ 1,762,006	\$ 1,762,006	\$ -	\$ -	\$ -	\$ -
Environmental Affairs	\$ 521,525	\$ -	\$ 173,842	\$ 173,842	\$ 173,842	\$ -
O&M – Total	\$ 11,142,223	\$ 3,286,637	\$ 2,686,540	\$ 1,629,463	\$ 1,367,868	\$ 2,171,716
Less: Non-Rate O&M Revenue						
Sewer Permits	\$ 66,307	\$ 19,856	\$ 22,157	\$ 12,896	\$ 10,604	\$ 794
Sale of Material/ Labor	\$ 6,000	\$ 1,797	\$ 2,005	\$ 1,167	\$ 960	\$ 72
Collection of Bad Debt	\$ 600	\$ 180	\$ 200	\$ 117	\$ 96	\$ 7
Wastewater Supply	\$ 50,000	\$ 14,973	\$ 16,708	\$ 9,724	\$ 7,996	\$ 599
Phillips 66	\$ 454,790	\$ 102,488	\$ 168,907	\$ 97,849	\$ 80,264	\$ 5,283
Lockwood	\$ 726,273	\$ 163,667	\$ 269,734	\$ 156,259	\$ 128,177	\$ 8,437
Exxon	\$ 812,363	\$ 183,067	\$ 301,708	\$ 174,781	\$ 143,371	\$ 9,437
Misc & Surcharge Revenue	\$ 119,606	\$ 119,606	\$ -	\$ -	\$ -	\$ -
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Rate O&M Revenue	\$ 2,235,938	\$ 605,632	\$ 781,419	\$ 452,792	\$ 371,467	\$ 24,628
Net O&M Revenue Requirements	\$ 8,906,285	\$ 2,681,005	\$ 1,905,120	\$ 1,176,671	\$ 996,401	\$ 2,147,088

Table 4.3: Classified FY25 O&M Net Revenue Requirements

4.3 Classification of Capital Cost Revenue Requirements

The capital-related revenue requirements are shown in Table 3.2. In general, capital-related revenue requirements were classified in accordance with the composite makeup of the fixed asset base according to asset type.

Fixed assets and classification of such are summarized in detail in Appendix A. Table 4.4 summarizes FY24 and FY25 net fixed assets for the wastewater system by asset type. Tables 4.5 and 4.6 summarize fixed assets by classification, as well as capital-related revenue requirements associated with capital outlays and debt for FY24 and FY25, respectively.

Fixed Asset Type	Original Cost	Annual Depreciation	Estimated Accumulated Depreciation Through 2022	FY2023 CWIP Net Fixed Assets	Net Fixed Assets 2024	Net Fixed Assets 2025
Wastewater Treatment	\$ 15,022,138	\$ 534,201	\$ 6,490,015	\$ 506,205	\$ 8,642,778	\$ 9,223,315
Pumping & Lift Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection & Distribution	\$ 6,383,835	\$ 125,073	\$ 4,654,566	\$ -	\$ 1,604,197	\$ 1,479,100
General Plant	\$ 2,531,374	\$ 202,328	\$ 1,641,123	\$ 37,920	\$ 734,104	\$ 2,228,770
Total	\$ 23,937,347	\$ 861,601	\$ 12,785,703	\$ 544,125	\$ 10,981,079	\$ 12,931,185

Table 4.4: Summary of FY24 and FY25 Net Fixed Assets by Asset Type

Fixed Asset Type	Flow	BOD	TSS	TKN	Customer	Total
Wastewater Treatment	\$ 4,076,505	\$ 7,159,951	\$ 3,552,103	\$ 657,400	\$ 8,832	\$ 15,454,792
Pumping & Lift Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection & Distribution	\$ 1,604,197	\$ -	\$ -	\$ -	\$ -	\$ 1,604,197
General Plant	\$ 502,430	\$ 99,809	\$ 80,243	\$ 50,938	\$ 684	\$ 734,104
Total - Fixed Assets	\$ 6,183,132	\$ 7,259,759	\$ 3,632,346	\$ 708,338	\$ 9,516	\$ 17,793,092
Percent Allocation - Net Plant In Service	34.8%	40.8%	20.4%	4.0%	0.1%	100.0%
Capital Outlay-Related Revenue Requirements	\$ 2,328,491	\$ 2,733,935	\$ 1,367,897	\$ 266,751	\$ 3,584	\$ 6,700,658
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Treatment-Related Assets	\$ 67,860,033	\$ 3,736,152	\$ 4,906,112	\$ 2,241,514	\$ 9,998	\$ 78,753,808
Percent Allocation - Treatment Plant	86.2%	4.7%	6.2%	2.8%	0.0%	100.0%
Treatment Plant Debt-Related Revenue Requirements	\$ 3,345,532	\$ 184,194	\$ 241,874	\$ 110,508	\$ 493	\$ 3,882,600
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Total Capital-Related Revenue Requirements (Capital Outlay + Treatment Debt)	\$ 5,674,022	\$ 2,918,129	\$ 1,609,770	\$ 377,259	\$ 4,077	\$ 10,583,258

Table 4.5: Classification of FY24 Net Fixed Assets

Fixed Asset Type	Flow	BOD	TSS	TKN	Customer	Total
Wastewater Treatment	\$ 4,459,298	\$ 2,452,618	\$ 1,581,684	\$ 720,057	\$ 9,659	\$ 9,223,315
Pumping & Lift Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection & Distribution	\$ 1,479,100	\$ -	\$ -	\$ -	\$ -	\$ 1,479,100
General Plant	\$ 2,017,562	\$ 90,992	\$ 73,154	\$ 46,438	\$ 624	\$ 2,228,770
Total - Fixed Assets	\$ 7,955,959	\$ 2,543,609	\$ 1,654,839	\$ 766,495	\$ 10,283	\$ 12,931,185
Percent Allocation - Net Plant In Service	61.5%	19.7%	12.8%	5.9%	0.1%	100.0%
Capital Outlay-Related Revenue Requirements	\$ 4,134,646	\$ 1,321,892	\$ 860,006	\$ 398,341	\$ 5,344	\$ 6,720,229
<hr/>						
Treatment-Related Assets	\$ 91,670,035	\$ 3,970,173	\$ 4,934,870	\$ 2,244,850	\$ 10,721	\$102,830,649
Percent Allocation - Treatment Plant	89.2%	3.9%	4.8%	2.2%	0.0%	100.0%
Treatment Plant Debt-Related Revenue Requirements	\$ 3,464,955	\$ 150,065	\$ 186,529	\$ 84,851	\$ 405	\$ 3,886,400
<hr/>						
Total Capital-Related Revenue Requirements (Capital Outlay + Treatment Debt)	\$ 7,599,601	\$ 1,471,958	\$ 1,046,535	\$ 483,192	\$ 5,749	\$ 10,607,034

Table 4.6: Classification of FY25 Net Fixed Assets

4.4 Summary of Total Classified Net Revenue Requirements

Table 4.7 summarizes the net O&M and Capital-related revenue requirements by classification. Flow, BOD, TSS, and TKN costs were all tied to actual billed discharged flow from those individual user classes as opposed to customer costs, which were considered to be related to total and sizes of meters in service. As a result, the majority of costs are flow-related.

Wastewater rate-setting analyses in previous years established a method for gradually bringing fixed charges in line with the cost of service by allocating a percentage of fixed cost to a fixed demand component. To remain consistent with this approach, a portion of the flow costs were reallocated to the fixed demand component in FY24. Table 4.8 shows the FY24 net revenue requirements reflecting this adjustment. Similarly, a portion of flow costs were reallocated to the fixed demand component in the FY25 rate calculation. Net O&M and Capital-related revenue requirements for FY25 are shown in Table 4.9, with adjusted net revenue requirements in Table 4.10.

The final step in calculating the cost of service is to allocate the classified costs to the user classes. Table 4.11 summarizes the allocation factors, derived based on customer usage characteristics, for each classified component of the revenue requirements. The allocation of revenue requirements to each user class is summarized in Section 5.0.

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$ 2,050,135	\$ 2,102,355	\$ 1,288,457	\$ 1,087,042	\$ 6,527,989	\$ 2,082,660	\$ 8,610,649
Capital	\$ 5,674,022	\$ 2,918,129	\$ 1,609,770	\$ 377,259	\$ 10,579,181	\$ 4,077	\$ 10,583,258
Total	\$ 7,724,158	\$ 5,020,484	\$ 2,898,227	\$ 1,464,301	\$ 17,107,170	\$ 2,086,736	\$ 19,193,906

Table 4.7: Summary of FY24 Classified Net Revenue Requirements

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$1,804,119	\$2,102,355	\$1,288,457	\$1,087,042	\$6,281,973	\$2,328,676	\$8,610,649
Capital	\$4,993,140	\$2,918,129	\$1,609,770	\$377,259	\$9,898,298	\$684,959	\$10,583,258
Total	\$6,797,259	\$5,020,484	\$2,898,227	\$1,464,301	\$16,180,271	\$3,013,635	\$19,193,906

Table 4.8: Summary of Adjusted FY24 Classified Net Revenue Requirements

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$2,681,005	\$1,905,120	\$1,176,671	\$996,401	\$6,759,197	\$2,147,088	\$8,906,285
Capital	\$7,599,601	\$1,471,958	\$1,046,535	\$483,192	\$10,601,285	\$5,749	\$10,607,034
Total	\$10,280,605	\$3,377,078	\$2,223,205	\$1,479,594	\$17,360,482	\$2,152,837	\$19,513,319

Table 4.9: Summary of FY25 Classified Net Revenue Requirements

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$2,359,284	\$1,905,120	\$1,176,671	\$996,401	\$6,437,476	\$2,468,808	\$8,906,285
Capital	\$6,687,649	\$1,471,958	\$1,046,535	\$483,192	\$9,689,333	\$917,701	\$10,607,034
Total	\$9,046,933	\$3,377,078	\$2,223,205	\$1,479,594	\$16,126,809	\$3,386,509	\$19,513,319

Table 4.10: Summary of Adjusted FY25 Classified Net Revenue Requirements

Customer Class	Flow	BOD	TSS	TKN	Customer (Equivalent Meters)
Residential	48%	48%	47.9%	47.9%	87%
Large Residential	19%	19%	18.5%	18.5%	5%
Commercial	30%	30%	30.0%	30.0%	8%
Public Buildings	2%	2%	2.2%	2.2%	1%
Outside City	1%	1%	1.4%	1.4%	0%
Total	100%	100%	100%	100%	100%

Table 4.11: Summary of Retail Customer Service Characteristics

5.0 Results and Proposed Rates

5.1 Cost of Service Results

The total revenue requirements to be recovered through rates for FY24 and FY25 were projected to total \$19,193,906 and \$19,513,388, respectively. Tables 5.1 and 5.2 summarize the allocated revenue requirements by user class for these respective years.

User Class	Total Meter	Total Volume	Total
Residential	\$ 1,797,035	\$ 8,205,476	\$ 10,002,511
Large Residential	\$ 99,095	\$ 3,170,402	\$ 3,269,498
Commercial	\$ 158,785	\$ 5,128,301	\$ 5,287,086
Public Buildings	\$ 14,404	\$ 378,864	\$ 393,268
Outside City	\$ 5,335	\$ 236,208	\$ 241,543
Total	\$ 2,074,654	\$ 17,119,252	\$ 19,193,906

Table 5.1: Summary of FY24 Wastewater Cost of Service Results

User Class	Total Meter	Total Volume	Total
Residential	\$ 1,860,919	\$ 8,323,978	\$ 10,184,897
Large Residential	\$ 102,875	\$ 3,216,189	\$ 3,319,064
Commercial	\$ 162,801	\$ 5,202,363	\$ 5,365,164
Public Buildings	\$ 14,769	\$ 384,336	\$ 399,104
Outside City	\$ 5,470	\$ 239,620	\$ 245,090
Total	\$ 2,146,833	\$ 17,366,486	\$ 19,513,319

Table 5.2: Summary of FY25 Wastewater Cost of Service Results

5.2 Recommended FY24 and FY25 Wastewater Rates

Based on the results of this study, the recommended rates for inside and outside City Users are shown in Tables 5.3 and 5.4, respectively. Due to the City’s practice of rounding the wastewater fixed charge to the nearest \$0.05, the cost of service-based rate increases vary slightly for some of the meters in FY24 and FY25.

Based on projected expenditures and wastewater flows, the cost of service model indicated a rate increase is necessary in FY24 and FY25. Over the last few years, the rate strategy has been to smooth into rate increases needed to operate the expansion of the wastewater treatment facility while keeping rates adjustments at a moderate level. Rate increases in FY24 and FY25 are part of the strategy to replenish those cash reserves in a fair and equitable manner for all customers. Table 5.5 outlines recommended volumetric rates based on this approach. Calculated cost of service-based rates for the outside users Lockwood, ExxonMobil, and Phillips 66 were evaluated as part of this study but are reported under separate cover.

Meter Size	Inside City Current FY23 Rate (\$/Month)	Recommended Inside City FY24 Rate (\$/Month)	% Increase	Recommended Inside City FY25 Rate (\$/Month)	% Increase
3/4"	\$7.05	\$7.30	3.5%	\$7.55	3.4%
1"	\$9.00	\$9.25	2.8%	\$9.65	4.3%
1-1/2"	\$11.05	\$11.40	3.2%	\$11.80	3.5%
2"	\$11.55	\$11.90	3.0%	\$12.40	4.2%
3"	\$18.65	\$19.20	2.9%	\$19.95	3.9%
4"	\$70.65	\$72.85	3.1%	\$75.65	3.8%
6"	\$89.95	\$92.70	3.1%	\$96.25	3.8%
8"	\$134.90	\$139.05	3.1%	\$144.40	3.8%
10"	\$186.30	\$192.05	3.1%	\$199.40	3.8%

Table 5.3: FY24 and FY25 Recommended Monthly Minimum Wastewater Charges – Inside City Retail Users

Meter Size	Outside City Current FY23 Rate (\$/Month)	Recommended Outside City FY24 Rate (\$/Month)	% Increase	Recommended Outside City FY25 Rate (\$/Month)	% Increase
3/4"	\$7.75	\$8.05	3.9%	\$8.30	3.1%
1"	\$9.90	\$10.15	2.5%	\$10.60	4.4%
1-1/2"	\$12.15	\$12.50	2.9%	\$12.95	3.6%
2"	\$12.70	\$13.05	2.8%	\$13.60	4.2%
3"	\$20.50	\$21.05	2.7%	\$21.90	4.0%
4"	\$77.70	\$80.15	3.2%	\$83.20	3.8%
6"	\$98.95	\$101.95	3.0%	\$105.90	3.9%
8"	\$148.40	\$152.95	3.1%	\$158.85	3.9%
10"	\$204.95	\$211.25	3.1%	\$219.35	3.8%

Table 5.4: FY24 and FY25 Recommended Monthly Minimum Wastewater Charges – Outside City Retail Users

User Class	Current FY23 Rate (\$/kgal)	Recommended FY24 Rate (\$/kgal)	% Increase	Recommended FY25 Rate (\$/kgal)	% Increase
Residential	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Large Residential	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Commercial	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Public Buildings	\$5.08	\$5.21	2.6%	\$5.35	2.6%
Outside Retail Users	\$5.08	\$5.21	2.6%	\$5.35	2.6%

Table 5.5: FY24 and FY25 Recommended Wastewater Volumetric Rates

5.3 Strength Surcharge Recommendations

As shown in Tables 2.4 and 2.5, a TKN strength of 45 mg/L was assumed as the concentration for all user classes.

Table 5.6 presents the recommended BOD, TSS, and TKN surcharge rates for FY24 and FY25. Based on the asset base and review of retail functionalization, no changes are recommended to strength charges.

	Current FY23 Rate (\$/Pound)	Calculated FY24 Rate (\$/Pound)	% Increase	Calculated FY25 Rate (\$/Pound)	% Increase
BOD	\$0.9019	\$0.9019	0.0%	\$0.9019	0.0%
TSS	\$0.5811	\$0.5811	0.0%	\$0.5811	0.0%
TKN	\$1.7217	\$1.7217	NA	\$1.7217	0.0%
	Current FY23 Rate (\$/kgal)	Calculated FY24 Rate (\$/kgal)	% Increase	Calculated FY25 Rate (\$/kgal)	% Increase
Septage	\$61.12	\$61.12	0.0%	\$61.12	0.0%

Table 5.6: Recommended FY24 and FY25 Strength Surcharge Rates

5.4 FY24 Bill Comparison

Finally, for the purpose of illustrating the effect of the recommended FY24 rates on varying levels of usage, Table 5.7 provides a bill comparison.

Description	Meter Size	Consumption (kgal)	Current (FY23)	Proposed (FY24)	Difference	Percent Change
Residential	3/4"	0	\$7.05	\$7.30	\$0.25	3.5%
		2	\$17.21	\$17.73	\$0.52	3.0%
		6	\$37.53	\$38.58	\$1.05	2.8%
		15	\$83.25	\$85.51	\$2.26	2.7%
Commercial/ Other	3/4"	0	\$7.05	\$7.30	\$0.25	3.5%
		6	\$37.53	\$38.58	\$1.05	2.8%
		20	\$108.65	\$111.58	\$2.93	2.7%
		75	\$388.05	\$398.34	\$10.29	2.7%
	1"	0	\$9.00	\$9.25	\$0.25	2.8%
		15	\$85.20	\$87.46	\$2.26	2.7%
		75	\$390.00	\$400.29	\$10.29	2.6%
	2"	200	\$1,025.00	\$1,052.03	\$27.03	2.6%
		0	\$11.55	\$11.90	\$0.35	3.0%
		50	\$265.55	\$272.60	\$7.05	2.7%
		200	\$1,027.55	\$1,054.68	\$27.13	2.6%
	3"	500	\$2,551.55	\$2,618.85	\$67.30	2.6%
		0	\$18.65	\$19.20	\$0.55	2.9%
		100	\$526.65	\$540.59	\$13.94	2.6%
		300	\$1,542.65	\$1,583.37	\$40.72	2.6%
	Outside City	3/4"	800	\$4,082.65	\$4,190.32	\$107.67
0			\$7.55	\$7.55	\$0.00	0.0%
2			\$17.71	\$17.98	\$0.27	1.5%
6			\$38.03	\$38.83	\$0.80	2.1%
		15	\$83.75	\$85.76	\$2.01	2.4%

Table 5.7: Wastewater Bill Comparison – FY23 to FY24

Appendix A: Fixed Asset Tables

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2024 Net Fixed Assets	Estimated FY2025 Net Fixed Assets
Administration Building-Building	\$1,375,814	\$46,968	\$0	\$81,396	\$34,400
Administration Building-Equipment	\$695,300	\$36,164	\$0	\$0	\$0
Administration Building-Infrastructure	\$225,075	\$17,482	\$0	\$0	\$0
Administration Building-Non Building	\$248,184	\$7,446	\$0	\$0	\$0
Air Flotation Thickener-Infrastructure	\$654,469	\$19,832	\$0	\$605,341	\$585,500
Black Otter Trail Land-Infrastructure	\$3,100	\$44	\$0	\$2,469	\$2,400
Chlorine Contact 1 - 10-Infrastructure	\$42,187	\$1,406	\$0	\$26,718	\$25,300
Chlorine Contact 1 - 11-Infrastructure	\$8,046	\$402	\$0	\$3,654	\$3,300
Chlorine Contact 1 - 5-Building	\$50,000	\$1,500	\$0	\$0	\$0
Chlorine Contact 1 - 6-Infrastructure	\$97,290	\$2,919	\$0	\$0	\$0
Chlorine Contact 1 - 9-Infrastructure	\$3,203,431	\$106,781	\$0	\$1,913,161	\$1,806,400
Cold Storage Building-Building	\$17,841	\$535	\$0	\$0	\$0
Cold Storage Building-Non Building	\$78,446	\$7,845	\$0	(\$1)	\$0
Communications Equip-Equipment	\$91,803	\$19,117	\$0	\$0	\$0
Construction Equipment-Equipment	\$1,020,442	\$112,975	\$0	\$175,977	\$63,000
Decant Pump Bldg & Tanks-Building	\$831,496	\$24,947	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Equipment	\$89,529	\$4,476	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Infrastructure	\$104,674	\$3,141	\$0	(\$1)	\$0
Electrical Shop-Building	\$751,292	\$33,547	\$0	\$126,770	\$93,200
Electrical Shop-Equipment	\$468,798	\$46,880	\$37,920	\$420,769	\$405,970
Engine Generator-Building	\$518,846	\$10,610	\$0	\$361,050	\$350,400
Engine Generator-Equipment	\$536,310	\$38,631	\$0	\$0	\$0
Engine Generator-Non Building	\$507,688	\$15,232	\$0	\$0	\$0
Five Mile Lift Station-Building	\$1,943,216	\$38,864	\$0	\$1,574,005	\$1,535,100

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2024Net Fixed Assets	Estimated FY2025 Net Fixed Assets
Five Mile Lift Station-Infrastructure	\$993,004	\$49,650	\$0	\$531,448	\$481,800
Gas Pumps-Equipment	\$12,412	\$621	\$0	\$8,119	\$1,664,200
Gravity Thickening Building-Infrastructure	\$39,839	\$1,207	\$0	\$36,128	\$34,900
Grit Building-Building	\$59,625	\$2,981	\$0	\$17,901	\$14,900
Grit Building-Equipment	\$294,047	\$29,405	\$0	\$0	\$0
Grit Building-Infrastructure	\$42,000	\$2,100	\$0	\$25,375	\$23,300
Headworks Building-Building	\$6,211,360	\$124,227	\$0	\$4,223,728	\$4,099,500
Headworks Building-Equipment	\$36,052	\$3,605	\$0	\$21,030	\$17,400
Headworks Building-Infrastructure	\$3,600,881	\$114,427	\$0	\$3,191,674	\$3,077,200
Heated Storage Building-Building	\$81,270	\$4,231	\$0	\$13,729	\$9,500
Interceptor Lines-Infrastructure	\$6,383,835	\$125,073	\$0	\$1,604,197	\$1,479,100
Ironwood Lift Station-Building	\$103,455	\$14,779	\$0	\$43,106	\$28,300
Laboratory Test Equip-Equipment	\$127,653	\$15,236	\$0	\$25,061	\$9,800
Lake Hills Lift Staion-Equipment	\$269,400	\$13,470	\$0	\$0	\$0
Lateral Lines - Below 15"-Infrastructure	\$56,460,667	\$1,089,656	\$17,488,383	\$56,402,636	\$77,392,120
Lloyd Mangrum Lift Station-Building	\$51,728	\$7,390	\$1,109,840	\$1,131,393	\$2,063,659
Maintenance Building-Building	\$275,329	\$8,261	\$0	\$0	\$0
Non-Potable Waterline-Infrastructure	\$42,656	\$853	\$0	\$40,026	\$39,200
Odor Control-Building	\$181,900	\$3,638	\$500,000	\$537,289	\$1,417,000
Odor Control-Infrastructure	\$7,195,069	\$218,032	\$0	\$6,529,168	\$6,311,100
Office Furniture & Equip-Equipment	\$230,095	\$35,718	\$0	\$24,027	\$0
Outfall-Infrastructure	\$212,945	\$6,453	\$0	\$193,113	\$186,700
Primary Clarifiers 1 - 10-Infrastructure	\$601,502	\$18,047	\$0	\$405,993	\$387,900
Primary Clarifiers 1 - 11-Infrastructure	\$338,315	\$10,252	\$0	\$306,713	\$296,500
Primary Clarifiers 1 - 5-Infrastructure	\$11,859	\$593	\$0	\$0	\$0
Primary Clarifiers 1 - 6-Infrastructure	\$152,130	\$7,607	\$0	\$0	\$0
Primary Clarifiers 1 - 7-Infrastructure	\$565,964	\$16,981	\$0	\$0	\$0
Primary Clarifiers 1 - 8-Infrastructure	\$533,950	\$16,020	\$0	\$85,499	\$69,500
Primary Clarifiers 1 - 9-Infrastructure	\$862,138	\$43,107	\$0	\$290,972	\$247,900

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2024Net Fixed Assets	Estimated FY2025 Net Fixed Assets
Primary Digesters-Building	\$1,000,203	\$30,009	\$0	\$0	\$0
Primary Digesters-Equipment	\$837,355	\$43,807	\$0	\$44,582	\$800
Primary Digesters-Infrastructure	\$1,288,348	\$61,090	\$0	\$327,632	\$266,500
Rehberg Ranch Lagoons-Infrastructure	\$102,267	\$10,227	\$0	\$1,704	\$0
Scum Pumping Station-Building	\$167,442	\$5,024	\$0	\$7,048	\$2,000
Scum Pumping Station-Equipment	\$55,669	\$4,926	\$0	\$0	\$0
Scum Pumping Station-Infrastructure	\$9,262	\$278	\$0	\$0	\$0
Secondary Aerator 1 - 11-Infrastructure	\$497,790	\$14,935	\$0	\$0	\$0
Secondary Aerator 1 - 12-Infrastructure	\$47,135	\$1,414	\$0	\$234	\$0
Secondary Aerator 1 - 13-Infrastructure	\$638,530	\$19,158	\$0	\$102,143	\$83,000
Secondary Aerator 1 - 14-Infrastructure	\$1,702,429	\$51,078	\$0	\$485,649	\$434,600
Secondary Aerator 1 - 15-Infrastructure	\$149,152	\$7,458	\$0	\$97,570	\$90,100
Secondary Aerator 1 - 19-Infrastructure	\$24,634,063	\$746,487	\$0	\$22,332,992	\$21,586,500
Secondary Aerator 1 - 4-Building	\$50,000	\$1,500	\$0	\$0	\$0
Secondary Aerator 1 - 6-Equipment	\$450,000	\$45,000	\$0	\$0	\$0
Secondary Aerator 1 - 8-Equipment	\$83,071	\$4,154	\$0	\$0	\$0
Secondary Aerator 1 - 9-Equipment	\$34,499	\$3,450	\$0	\$0	\$0
Secondary Digester-Equipment	\$800,000	\$40,000	\$0	\$0	\$0
Secondary Digester-Infrastructure	\$2,583,521	\$80,396	\$0	\$1,570,116	\$1,489,700
Secondary Final Clarifier 1-4-Equipment	\$31,250	\$1,563	\$0	\$0	\$0
Secondary Final Clarifier 1-6-Infrastructure	\$432,374	\$12,973	\$0	(\$1)	\$0
Secondary Final Clarifier 1-8-Infrastructure	\$20,161,313	\$610,949	\$0	\$18,278,043	\$17,667,100
Secondary Flotation Thickener-Building	\$444,107	\$17,733	\$0	\$37,712	\$20,000
Secondary Flotation Thickener-Equipment	\$32,500	\$1,625	\$0	\$0	\$0
Secondary Flotation Thickener-Infrastructure	\$94,166	\$2,825	\$0	\$0	\$0

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2024Net Fixed Assets	Estimated FY2025 Net Fixed Assets
Secondary Pumping Station-Building	\$125,000	\$3,750	\$0	\$0	\$0
Secondary Pumping Station-Equipment	\$3,084,022	\$154,712	\$0	\$0	\$0
Secondary Pumping Station-Infrastructure	\$1,407,751	\$40,500	\$0	\$1,184,902	\$1,144,400
Sewage Lift Station #003 Bldg 517-Infrastructure	\$31,825	\$3,182	\$0	\$6,365	\$3,200
Site Work, Landscaping/Yrd-Equipment	\$9,200	\$920	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Infrastructure	\$1,899,442	\$63,320	\$0	\$1,517,771	\$1,454,500
Site Work, Landscaping/Yrd-Non Building	\$1,880,157	\$37,603	\$0	\$224,350	\$186,700
Sludge Control Building-Building	\$57,200	\$2,860	\$0	\$0	\$0
Sludge Control Building-Equipment	\$12,500	\$625	\$0	\$0	\$0
Sludge Control Building-Infrastructure	\$6,486	\$195	\$0	\$0	\$0
Sludge Pumping House-Building	\$227,596	\$8,216	\$0	\$16,087	\$7,900
Sludge Pumping House-Infrastructure	\$549,929	\$5,766	\$0	\$435,910	\$430,100
Solids Processing Building-Building	\$1,964,573	\$66,780	\$0	\$0	\$0
Solids Processing Building-Equipment	\$2,297,075	\$125,354	\$6,205	\$6,205	\$5,515
	\$169,413,558	\$4,913,207	\$19,142,348	\$127,656,648	\$149,129,065

Table A.1: Net Fixed Assets

Item	Flow	BOD	TSS	TKN	Customer	Total
Administration Building-Building	\$37,612	\$11,885	\$9,555	\$6,065	\$16,279	\$81,396
Administration Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Administration Building-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Administration Building-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Air Flotation Thickener-Infrastructure	\$121,068	\$151,335	\$181,602	\$151,335	\$0	\$605,341
Black Otter Trail Land-Infrastructure	\$2,469	\$0	\$0	\$0	\$0	\$2,469
Chlorine Contact 1 - 10-Infrastructure	\$26,718	\$0	\$0	\$0	\$0	\$26,718
Chlorine Contact 1 - 11-Infrastructure	\$3,654	\$0	\$0	\$0	\$0	\$3,654
Chlorine Contact 1 - 5-Building	\$0	\$0	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 6-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 9-Infrastructure	\$1,913,161	\$0	\$0	\$0	\$0	\$1,913,161
Cold Storage Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Cold Storage Building-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Communications Equip-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Construction Equipment-Equipment	\$175,977	\$0	\$0	\$0	\$0	\$175,977
Decant Pump Bldg & Tanks-Building	\$0	\$0	\$0	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Electrical Shop-Building	\$73,131	\$23,108	\$18,578	\$11,794	\$158	\$126,770
Electrical Shop-Equipment	\$242,733	\$76,700	\$61,664	\$39,145	\$526	\$420,769
Engine Generator-Building	\$208,283	\$65,814	\$52,913	\$33,589	\$451	\$361,050
Engine Generator-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Engine Generator-Non Building	\$0	\$0	\$0	\$0	\$0	\$0

Item	Flow	BOD	TSS	TKN	Customer	Total
Five Mile Lift Station-Building	\$1,574,005	\$0	\$0	\$0	\$0	\$1,574,005
Five Mile Lift Station-Infrastructure	\$531,448	\$0	\$0	\$0	\$0	\$531,448
Gas Pumps-Equipment	\$8,119	\$0	\$0	\$0	\$0	\$8,119
Gravity Thickening Building-Infrastructure	\$0	\$25,290	\$10,839	\$0	\$0	\$36,128
Grit Building-Building	\$3,580	\$3,580	\$7,160	\$3,580	\$0	\$17,901
Grit Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Grit Building-Infrastructure	\$5,075	\$5,075	\$10,150	\$5,075	\$0	\$25,375
Headworks Building-Building	\$844,746	\$844,746	\$1,689,491	\$844,746	\$0	\$4,223,728
Headworks Building-Equipment	\$4,206	\$4,206	\$8,412	\$4,206	\$0	\$21,030
Headworks Building-Infrastructure	\$638,335	\$638,335	\$1,276,670	\$638,335	\$0	\$3,191,674
Heated Storage Building-Building	\$13,729	\$0	\$0	\$0	\$0	\$13,729
Interceptor Lines-Infrastructure	\$1,604,197	\$0	\$0	\$0	\$0	\$1,604,197
Ironwood Lift Station-Building	\$43,106	\$0	\$0	\$0	\$0	\$43,106
Laboratory Test Equip-Equipment	\$25,061	\$0	\$0	\$0	\$0	\$25,061
Lake Hills Lift Station-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Lateral Lines - Below 15"-Infrastructure	\$56,402,636	\$0	\$0	\$0	\$0	\$56,402,636
Lloyd Mangrum Lift Station-Building	\$1,131,393	\$0	\$0	\$0	\$0	\$1,131,393
Maintenance Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Non-Potable Waterline-Infrastructure	\$40,026	\$0	\$0	\$0	\$0	\$40,026
Odor Control-Building	\$309,952	\$97,940	\$78,741	\$49,985	\$672	\$537,289
Odor Control-Infrastructure	\$3,766,554	\$1,190,176	\$956,862	\$607,416	\$8,160	\$6,529,168
Office Furniture & Equip-Equipment	\$13,861	\$4,380	\$3,521	\$2,235	\$30	\$24,027
Outfall-Infrastructure	\$193,113	\$0	\$0	\$0	\$0	\$193,113
Primary Clarifiers 1 - 10-Infrastructure	\$0	\$178,637	\$227,356	\$0	\$0	\$405,993
Primary Clarifiers 1 - 11-Infrastructure	\$0	\$134,954	\$171,759	\$0	\$0	\$306,713
Primary Clarifiers 1 - 5-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0

Item	Flow	BOD	TSS	TKN	Customer	Total
Primary Clarifiers 1 - 6-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Primary Clarifiers 1 - 7-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Primary Clarifiers 1 - 8-Infrastructure	\$0	\$37,620	\$47,880	\$0	\$0	\$85,499
Primary Clarifiers 1 - 9-Infrastructure	\$0	\$128,028	\$162,944	\$0	\$0	\$290,972
Primary Digesters-Building	\$0	\$0	\$0	\$0	\$0	\$0
Primary Digesters-Equipment	\$0	\$31,207	\$13,375	\$0	\$0	\$44,582
Primary Digesters-Infrastructure	\$0	\$229,343	\$98,290	\$0	\$0	\$327,632
Rehberg Ranch Lagoons-Infrastructure	\$1,704	\$0	\$0	\$0	\$0	\$1,704
Scum Pumping Station-Building	\$1,410	\$1,410	\$2,819	\$1,410	\$0	\$7,048
Scum Pumping Station-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 11-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 12-Infrastructure	\$47	\$59	\$70	\$59	\$0	\$234
Secondary Aerator 1 - 13-Infrastructure	\$20,429	\$25,536	\$30,643	\$25,536	\$0	\$102,143
Secondary Aerator 1 - 14-Infrastructure	\$97,130	\$121,412	\$145,695	\$121,412	\$0	\$485,649
Secondary Aerator 1 - 15-Infrastructure	\$19,514	\$24,392	\$29,271	\$24,392	\$0	\$97,570
Secondary Aerator 1 - 19-Infrastructure	\$4,466,598	\$5,583,248	\$6,699,898	\$5,583,248	\$0	\$22,332,992
Secondary Aerator 1 - 4-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 6-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 8-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Digester-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Digester-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-11-Infrastrucutre	\$0	\$1,099,082	\$471,035	\$0	\$0	\$1,570,116

Item	Flow	BOD	TSS	TKN	Customer	Total
Secondary Final Clarifier 1-14-Infrastructre	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-4-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-6-Infrastructure	\$3,655,609	\$4,569,511	\$5,483,413	\$4,569,511	\$0	\$18,278,043
Secondary Final Clarifier 1-8-Infrastructure	\$7,542	\$9,428	\$11,314	\$9,428	\$0	\$37,712
Secondary Flotation Thickener-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Flotation Thickener-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Flotation Thickener-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Pumping Station-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Pumping Station-Equipment	\$1,184,902	\$0	\$0	\$0	\$0	\$1,184,902
Secondary Pumping Station-Infrastructure	\$6,365	\$0	\$0	\$0	\$0	\$6,365
Site Work, Landscaping/Yrd-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Infrastructure	\$1,517,771	\$0	\$0	\$0	\$0	\$1,517,771
Site Work, Landscaping/Yrd-Non Building	\$224,350	\$0	\$0	\$0	\$0	\$224,350
Sludge Control Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Control Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Control Building-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Pumping House-Building	\$0	\$11,261	\$4,826	\$0	\$0	\$16,087
Sludge Pumping House-Infrastructure	\$0	\$305,137	\$130,773	\$0	\$0	\$435,910
Grant Total - Net Fixed Assets	\$81,161,317	\$15,632,833	\$18,097,518	\$12,732,500	\$26,277	\$127,650,445
Percent Allocation	63.58%	12.25%	14.18%	9.97%	0.02%	100.00%
Capital Outlay-Related Costs	\$4,260,339	\$820,602	\$949,979	\$668,357	\$1,379	\$6,700,658
Debt -Related Costs	\$3,345,532	\$184,194	\$241,874	\$110,508	\$493	\$3,882,600
Total Capital-Related Costs	\$7,605,871	\$1,004,796	\$1,191,853	\$778,865	\$1,872	\$10,583,258

Table A.2: Classification of Net Fixed Assets – FY24

Item	Flow	BOD	TSS	TKN	Customer	Total
Administration Building-Building	\$15,896	\$5,023	\$4,038	\$2,563	\$6,880	\$34,400
Administration Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Administration Building-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Administration Building-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Air Flotation Thickener-Infrastructure	\$117,100	\$146,375	\$175,650	\$146,375	\$0	\$585,500
Black Otter Trail Land-Infrastructure	\$2,400	\$0	\$0	\$0	\$0	\$2,400
Chlorine Contact 1 - 10-Infrastructure	\$25,300	\$0	\$0	\$0	\$0	\$25,300
Chlorine Contact 1 - 11-Infrastructure	\$3,300	\$0	\$0	\$0	\$0	\$3,300
Chlorine Contact 1 - 5-Building	\$0	\$0	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 6-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 9-Infrastructure	\$1,806,400	\$0	\$0	\$0	\$0	\$1,806,400
Cold Storage Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Cold Storage Building-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Communications Equip-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Construction Equipment-Equipment	\$63,000	\$0	\$0	\$0	\$0	\$63,000
Decant Pump Bldg & Tanks-Building	\$0	\$0	\$0	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Electrical Shop-Building	\$53,765	\$16,989	\$13,659	\$8,670	\$116	\$93,200
Electrical Shop-Equipment	\$234,196	\$74,003	\$59,496	\$37,768	\$507	\$405,970
Engine Generator-Building	\$202,139	\$63,873	\$51,352	\$32,598	\$438	\$350,400
Engine Generator-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Engine Generator-Non Building	\$0	\$0	\$0	\$0	\$0	\$0

Item	Flow	BOD	TSS	TKN	Customer	Total
Five Mile Lift Station-Building	\$1,535,100	\$0	\$0	\$0	\$0	\$1,535,100
Five Mile Lift Station-Infrastructure	\$481,800	\$0	\$0	\$0	\$0	\$481,800
Gas Pumps-Equipment	\$1,664,200	\$0	\$0	\$0	\$0	\$1,664,200
Gravity Thickening Building-Infrastructure	\$0	\$24,430	\$10,470	\$0	\$0	\$34,900
Grit Building-Building	\$2,980	\$2,980	\$5,960	\$2,980	\$0	\$14,900
Grit Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Grit Building-Infrastructure	\$4,660	\$4,660	\$9,320	\$4,660	\$0	\$23,300
Headworks Building-Building	\$819,900	\$819,900	\$1,639,800	\$819,900	\$0	\$4,099,500
Headworks Building-Equipment	\$3,480	\$3,480	\$6,960	\$3,480	\$0	\$17,400
Headworks Building-Infrastructure	\$615,440	\$615,440	\$1,230,880	\$615,440	\$0	\$3,077,200
Heated Storage Building-Building	\$9,500	\$0	\$0	\$0	\$0	\$9,500
Interceptor Lines-Infrastructure	\$1,479,100	\$0	\$0	\$0	\$0	\$1,479,100
Ironwood Lift Station-Building	\$28,300	\$0	\$0	\$0	\$0	\$28,300
Laboratory Test Equip-Equipment	\$9,800	\$0	\$0	\$0	\$0	\$9,800
Lake Hills Lift Station-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Lateral Lines - Below 15"-Infrastructure	\$77,392,120	\$0	\$0	\$0	\$0	\$77,392,120
Lloyd Mangrum Lift Station-Building	\$2,063,659	\$0	\$0	\$0	\$0	\$2,063,659
Maintenance Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Non-Potable Waterline-Infrastructure	\$39,200	\$0	\$0	\$0	\$0	\$39,200
Odor Control-Building	\$817,440	\$258,299	\$207,664	\$131,825	\$1,771	\$1,417,000
Odor Control-Infrastructure	\$3,640,754	\$1,150,425	\$924,904	\$587,129	\$7,888	\$6,311,100
Office Furniture & Equip-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Outfall-Infrastructure	\$186,700	\$0	\$0	\$0	\$0	\$186,700
Primary Clarifiers 1 - 10-Infrastructure	\$0	\$170,676	\$217,224	\$0	\$0	\$387,900
Primary Clarifiers 1 - 11-Infrastructure	\$0	\$130,460	\$166,040	\$0	\$0	\$296,500
Primary Clarifiers 1 - 5-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Primary Clarifiers 1 - 6-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0

Item	Flow	BOD	TSS	TKN	Customer	Total
Primary Clarifiers 1 - 7-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Primary Clarifiers 1 - 8-Infrastructure	\$0	\$30,580	\$38,920	\$0	\$0	\$69,500
Primary Clarifiers 1 - 9-Infrastructure	\$0	\$109,076	\$138,824	\$0	\$0	\$247,900
Primary Digesters-Building	\$0	\$0	\$0	\$0	\$0	\$0
Primary Digesters-Equipment	\$0	\$560	\$240	\$0	\$0	\$800
Primary Digesters-Infrastructure	\$0	\$186,550	\$79,950	\$0	\$0	\$266,500
Rehberg Ranch Lagoons-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station-Building	\$400	\$400	\$800	\$400	\$0	\$2,000
Scum Pumping Station-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 11-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 12-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 13-Infrastructure	\$16,600	\$20,750	\$24,900	\$20,750	\$0	\$83,000
Secondary Aerator 1 - 14-Infrastructure	\$86,920	\$108,650	\$130,380	\$108,650	\$0	\$434,600
Secondary Aerator 1 - 15-Infrastructure	\$18,020	\$22,525	\$27,030	\$22,525	\$0	\$90,100
Secondary Aerator 1 - 19-Infrastructure	\$4,317,300	\$5,396,625	\$6,475,950	\$5,396,625	\$0	\$21,586,500
Secondary Aerator 1 - 4-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 6-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 8-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1 - 9-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Digester-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Digester-Infrastructure	\$0	\$1,042,790	\$446,910	\$0	\$0	\$1,489,700
Secondary Final Clarifier 1-11-Infrastrucutre	\$6,440	\$8,050	\$9,660	\$8,050	\$0	\$32,200

Item	Flow	BOD	TSS	TKN	Customer	Total
Secondary Final Clarifier 1-14-Infrastructure	\$15,700	\$19,625	\$23,550	\$19,625	\$0	\$78,500
Secondary Final Clarifier 1-4-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-6-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-8-Infrastructure	\$3,533,420	\$4,416,775	\$5,300,130	\$4,416,775	\$0	\$17,667,100
Secondary Flotation Thickener-Building	\$4,000	\$5,000	\$6,000	\$5,000	\$0	\$20,000
Secondary Flotation Thickener-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Flotation Thickener-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Pumping Station-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Pumping Station-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Pumping Station-Infrastructure	\$1,144,400	\$0	\$0	\$0	\$0	\$1,144,400
Sewage Lift Station #003 Bldg 517-Infrastructure	\$3,200	\$0	\$0	\$0	\$0	\$3,200
Site Work, Landscaping/Yrd-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Infrastructure	\$0	\$1,018,150	\$436,350	\$0	\$0	\$1,454,500
Site Work, Landscaping/Yrd-Non Building	\$0	\$130,690	\$56,010	\$0	\$0	\$186,700
Sludge Control Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Control Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Control Building-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Sludge Pumping House-Building	\$0	\$5,530	\$2,370	\$0	\$0	\$7,900
Sludge Pumping House-Infrastructure	\$0	\$301,070	\$129,030	\$0	\$0	\$430,100
Grant Total - Net Fixed Assets	\$102,464,031	\$16,310,409	\$18,050,421	\$12,391,789	\$17,601	\$149,234,249
Percent Allocation	68.66%	10.93%	12.10%	8.30%	0.01%	100.00%
Capital Outlay-Related Costs	\$4,614,100	\$734,481	\$812,836	\$558,020	\$793	\$6,720,229
Debt -Related Costs	\$3,464,955	\$150,065	\$186,529	\$84,851	\$405	\$3,886,805
Total Capital-Related Costs	\$8,079,055	\$884,546	\$999,365	\$642,871	\$1,198	\$10,607,034

Table A.3: Classification of Net Fixed Assets – FY25