

RETAIL WASTEWATER RATE STUDY FY26 and FY27

Billings, MT

April 1, 2025

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 May 2023, at which time rates for FY24 and FY25 were set. This report summarizes the results of the most recent update to the wastewater rate model, including rate recommendations for FY26 and FY27. 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. The wholesale model, discussed in detail in the Wastewater Wholesale Rate Study, applies a minimum 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. This revenue projection is then utilized in the cash model to offset retail user costs.

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 FY26 and FY27.

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 FY26 and FY27. 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 by utilizing existing cash reserves. The combined increase between fixed and volumetric averages around 3 to 3.5 percent for the average user.

Meter Size	Inside City Current FY25 Rate (\$/Month)	Recommended Inside City FY26 Rate (\$/Month)	% Increase	Recommended Inside City FY27 Rate (\$/Month)	% Increase
3/4"	\$7.85	\$8.00	1.9%	\$8.05	0.6%
1"	\$10.00	\$10.15	1.5%	\$10.25	1.0%
1-1/2"	\$12.25	\$12.50	2.0%	\$12.60	0.8%
2"	\$12.85	\$13.05	1.6%	\$13.20	1.1%
3"	\$20.70	\$21.05	1.7%	\$21.25	1.0%
4"	\$78.50	\$79.90	1.8%	\$80.60	0.9%
6"	\$99.90	\$101.70	1.8%	\$102.60	0.9%
8"	\$149.90	\$152.55	1.8%	\$153.90	0.9%
10"	\$206.95	\$210.65	1.8%	\$212.55	0.9%

Table ES.1: FY26 and FY27 Recommended Monthly Minimum Wastewater Charges – Inside City Retail Users

Meter Size	Outside City Current FY25 Rate (\$/Month)	Recommended Outside City FY26 Rate (\$/Month)	% Increase	Recommended Outside City FY27 Rate (\$/Month)	% Increase
3/4"	\$8.65	\$8.80	1.7%	\$8.85	0.6%
1"	\$11.00	\$11.15	1.4%	\$11.25	0.9%
1-1/2"	\$13.45	\$13.70	1.9%	\$13.80	0.7%
2"	\$14.10	\$14.30	1.4%	\$14.45	1.0%
3"	\$22.75	\$23.15	1.8%	\$23.35	0.9%
4"	\$86.35	\$87.90	1.8%	\$88.65	0.9%
6"	\$109.90	\$111.90	1.8%	\$112.90	0.9%
8"	\$164.90	\$167.80	1.8%	\$169.30	0.9%
10"	\$227.65	\$231.70	1.8%	\$233.80	0.9%

Table ES.2: FY26 and FY27 Recommended Monthly Minimum Wastewater Charges – Outside City Retail Users

User Class	Current FY25 Rate (\$/kgal)	Recommended FY26 Rate (\$/kgal)	% Increase	Recommended FY27 Rate (\$/kgal)	% Increase
Residential	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Large Residential	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Commercial	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Public Buildings	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Outside Retail Users	\$5.75	\$5.95	3.5%	\$6.15	3.4%

Table ES.3: FY26 and FY27 Recommended Wastewater Volumetric Rates

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

	Current FY25 Rate (\$/Pound)	Calculated FY26 Rate (\$/Pound)	% Increase	Calculated FY27 Rate (\$/Pound)	% Increase
BOD	\$0.9019	\$0.9019	0.0%	\$0.9019	0.0%
TSS	\$0.5811	\$0.6144	5.7%	\$0.6144	0.0%
TKN	\$1.7217	\$1.7892	3.9%	\$1.7892	0.0%

	Current FY25 Rate (\$/kgal)	Calculated FY26 Rate (\$/kgal)	% Increase	Calculated FY27 Rate (\$/kgal)	% Increase
Septage	\$61.12	\$62.88	2.9%	\$62.88	0.0%

Table ES.4: Recommended FY26 and FY27 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 2026 Fiscal Year (FY26), which begins July 1, 2025 and ends June 30, 2026, as well as for FY27, which begins July 1, 2026 and ends June 30, 2027. The rate model utilized by the City of Billings was last updated by AE2S Nexus in early 2023 for the purpose of developing rates for FY24 and FY25. The FY26/FY27 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 FY26 and FY27 (Section 2.0);
- Projected FY26 and FY27 revenue requirements and associated assumptions (Section 3.0);
- Allocation of FY26 and FY27 operating and capital-related revenue requirements (Section 4.0); and
- Calculated FY26 and FY27 costs of service by user class and recommended FY26/FY27 wastewater rates for the Retail customer classes (Section 5.0).

2.0 Customers and Usage

The City of Billings provides wastewater service to approximately 37,382 users within City limits, 55 users outside of the City, and to the wholesale customers, Lockwood, ExxonMobil, and Phillips 66. Projected FY26 and FY27 accounts and meters are based on actual meter and account data from FY24, adjusted by one percent annually for all accounts. As shown in Table 2.1, a growth factor of zero percent per year is used to project flows for FY26 and FY27. Residential flows were held constant due to recent flows fluctuating around existing levels; all other user classes were grown at one percent annually.

Customer Class	Description	Flow Growth Factor
Residential	single family, two- and three- multi-family unit complexes	0.0%
Commercial		1.0%
Residential - Large	includes multi-family complexes with greater than three units	1.0%
Public Buildings	Includes governments and schools	1.0%
Outside City – Domestic Strength		1.0%

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 FY26 and FY27 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 FY26 and FY27 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 Inside City
3/4"	33,508	1,316	447	6	32	35,309
1"	380	397	303	4	9	1,093
1-1/2"	26	292	152	15	5	489
2"	-	155	64	22	5	246
3"	1	75	39	23	2	140
4"	1	20	19	4	1	46
6"	1	14	28	4	-	47
8"	-	3	5	2	1	11
10"	-	-	-	-	-	-
12"	-	-	1	-	-	1
Total	33,917	2,273	1,058	79	55	37,382
Equivalent Meters	34,058	3,174	1,919	258	94	39,502

Table 2.2: Projected FY26 Wastewater Customer Accounts and Equivalent Meters

Meter Size	Residential	Commercial	Residential-Large	Public Buildings-Domestic	Outside City	Total Inside City
3/4"	33,843	1,329	451	6	32	35,661
1"	384	401	306	4	9	1,104
1-1/2"	26	295	154	15	5	495
2"	-	157	65	22	5	249
3"	1	76	39	23	2	141
4"	1	21	20	4	1	47
6"	1	14	28	4	-	47
8"	-	3	5	2	1	11
10"	-	-	-	-	-	-
12"	-	-	-	-	-	-
Total	34,256	2,296	1,068	80	55	37,755
Equivalent Meters	34,398	3,203	1,942	260	94	39,897

Table 2.3: Projected FY27 Wastewater Customer Accounts and Equivalent Meters

Customer Class	FY2026 Flow (MG)	FY2027 Flow (MG)
Residential	1,421.17	1,421.17
Large Residential	597.20	603.18
Commercial - Domestic	949.48	958.97
Public Buildings - Domestic	75.76	76.52
Outside City	49.40	49.90
Total	3,093.01	3,109.73

Table 2.4: Projected FY26 and FY27 Retail Customer Flows

Tables 2.5 and 2.6 present projected retail customer strength concentrations and loadings for FY26 and FY27, 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 and remains in effect for FY26 and FY27.

Customer Class	BOD (mg/L)	TSS (mg/L)	TKN (mg/L)	BOD (pounds)	TSS (pounds)	TKN (pounds)
Residential	200	200	45	2,372,117	2,372,117	533,726
Large Residential	200	200	45	996,815	996,815	224,283
Commercial - Domestic	200	200	45	1,584,810	1,584,810	356,582
Public Buildings - Domestic	200	200	45	126,450	126,450	28,451
Outside City	200	200	45	82,459	82,459	18,553
Total				5,162,650	5,162,650	1,161,596

Table 2.5: Estimated FY26 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	2,372,117	2,372,117	533,726
Large Residential	200	200	45	1,006,783	1,006,783	226,526
Commercial - Domestic	200	200	45	1,600,658	1,600,658	360,148
Public Buildings - Domestic	200	200	45	127,714	127,714	28,736
Outside City	200	200	45	83,284	83,284	18,739
Total				5,190,556	5,190,556	1,167,875

Table 2.6: Estimated FY27 Retail Concentrations and Loadings

3.0 Revenue Requirements

Revenue requirements consist of expenses incurred for O&M of the Wastewater Utility, as well as 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 FY26 and FY27, the O&M component of revenue requirements was based on the preliminary FY26 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 FY26 and FY27, total projected O&M non-rate revenue, and net O&M revenue requirements.

Line Item	FY2026 Total	FY2027 Total
Administrative	\$ 2,590,000	\$ 2,680,650
Utility Commercial & Meter	\$ 81,920	\$ 84,787
Wastewater Treatment	\$ 7,241,063	\$ 7,494,500
Distribution & Collection	\$ 2,464,205	\$ 2,550,452
Environmental Affairs	\$ 575,012	\$ 595,137
O&M – Total	\$ 12,952,200	\$ 13,405,527
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	\$ 1,351,285	\$ 1,403,416
Lockwood	\$ 525,002	\$ 539,496
Exxon	\$ 1,292,138	\$ 1,340,922
Misc & Surcharge Revenue	\$ 190,105	\$ 197,030
Charge for Services	\$ -	\$ -
Total Non-Rate O&M Revenue	\$ 3,480,780	\$ 3,603,771
Net O&M Revenue Requirement	\$ 9,471,420	\$ 9,801,756

Table 3.1: Summary of FY26 and FY27 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 FY26 and FY27. Capital projects planned for FY25 total approximately \$37.04 million (M), including capital work in progress. The CIP includes \$10.7M in capital projects for FY26 and \$10.9M in FY27. Table 3.2 summarizes net capital revenue requirements for FY26 and FY27.

Line Item	FY2026 Total	FY2027 Total
Debt Service	\$ 5,331,000	\$ 5,331,000
Cash Funded CIP	\$ 9,214,403	\$ 9,436,400
Transfers To (from) O&M Reserve	\$ -	\$ -
Increase (Decrease) Operating Fund Balance	\$ (1,433,157)	\$ (1,288,403)
Capital – Total	\$ 13,112,246	\$ 13,478,997
Less: Non-Rate Capital Revenue		
Late Payment Interest	\$ 35,000	\$ 35,000
Interest Earnings	\$ 300,000	\$ 301,500
Total Non-Rate O&M Revenue	\$ 335,000	\$ 336,500
Net Capital Revenue Requirements	\$ 12,777,246	\$ 13,142,497

Table 3.2: Summary of Net Capital-Related Revenue Requirements

3.3 Total Revenue Requirements

Table 3.3 summarizes the total net revenue requirements from rates for FY26 and FY27, which total approximately \$22.2M and \$22.9M, respectively.

Revenue Requirement	Projected FY25	Projected FY26
Net O&M	\$ 9,471,420	\$ 9,801,756
Net Capital	\$ 12,777,246	\$ 13,142,497
Total	\$ 22,248,666	\$ 22,944,254

Table 3.3: Summary of Total Projected FY26 and FY27 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 FY26 and FY27. Tables 4.2 and 4.3, respectively, summarize the classified O&M net revenue requirements for FY26 and FY27.

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	30.8%	26.8%	25.9%	16.4%	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	46.4%	20.3%	19.5%	13.0%	0.8%	100.0%
Sale of Material/Labor	46.4%	20.3%	19.5%	13.0%	0.8%	100.0%
Misc Revenue	46.4%	20.3%	19.5%	13.0%	0.8%	100.0%
Collection Bad Debt	46.4%	20.3%	19.5%	13.0%	0.8%	100.0%
Wastewater Supply	46.4%	20.3%	19.5%	13.0%	0.8%	100.0%
Franchise Fee	46.4%	20.3%	19.5%	13.0%	0.8%	100.0%
Phillips 66	30.5%	26.5%	25.6%	16.2%	1.1%	100.0%
Lockwood	30.5%	26.5%	25.6%	16.2%	1.1%	100.0%
P66 Surcharge	30.5%	26.5%	25.6%	16.2%	1.1%	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: FY26-FY27 Wastewater Classification Percentages for O&M and Non-Rate Revenue

Line Item	FY2026 Total	Flow	BOD	TSS	TKN	Customer
Administrative	\$ 2,590,000	\$ -	\$ -	\$ -	\$ -	\$ 2,590,000
Utility Commercial & Meter	\$ 81,920	\$ -	\$ -	\$ -	\$ -	\$ 81,920
Wastewater Treatment	\$ 7,241,063	\$ 2,232,960	\$ 1,942,344	\$ 1,875,563	\$ 1,187,867	\$ 2,329
Distribution & Collection	\$ 2,464,205	\$ 2,464,205	\$ -	\$ -	\$ -	\$ -
Environmental Affairs	\$ 575,012	\$ -	\$ 191,671	\$ 191,671	\$ 191,671	\$ -
O&M – Total	\$ 12,952,200	\$ 4,697,165	\$ 2,134,015	\$ 2,067,234	\$ 1,379,538	\$ 2,674,249
Less: Non-Rate O&M Revenue						
Sewer Permits	\$ 65,650	\$ 30,438	\$ 13,304	\$ 12,812	\$ 8,560	\$ 536
Sale of Material/ Labor	\$ 6,000	\$ 2,782	\$ 1,216	\$ 1,171	\$ 782	\$ 49
Collection of Bad Debt	\$ 600	\$ 278	\$ 122	\$ 117	\$ 78	\$ 5
Wastewater Supply	\$ 50,000	\$ 23,182	\$ 10,132	\$ 9,758	\$ 6,519	\$ 408
Phillips 66	\$ 1,351,285	\$ 1,351,285				\$ -
Lockwood	\$ 525,002	\$ 160,179	\$ 139,332	\$ 134,542	\$ 85,211	\$ 5,738
Exxon	\$ 1,292,138	\$ 394,234	\$ 342,925	\$ 331,135	\$ 209,721	\$ 14,122
Misc & Surcharge Revenue	\$ 190,105	\$ 190,105	\$ -	\$ -	\$ -	\$ -
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Rate O&M Revenue	\$ 3,480,780	\$ 2,152,484	\$ 507,031	\$ 489,535	\$ 310,871	\$ 20,859
Net O&M Revenue Requirements	\$ 9,471,420	\$ 2,544,680	\$ 1,626,983	\$ 1,577,699	\$ 1,068,667	\$ 2,653,390

Table 4.2: Classified FY26 O&M Net Revenue Requirements

Line Item	FY2027 Total	Flow	BOD	TSS	TKN	Customer
Administrative	\$ 2,680,650	\$ -	\$ -	\$ -	\$ -	\$ 2,680,650
Utility Commercial & Meter	\$ 84,787	\$ -	\$ -	\$ -	\$ -	\$ 84,787
Wastewater Treatment	\$ 7,494,500	\$ 2,311,113	\$ 2,010,326	\$ 1,941,208	\$ 1,229,443	\$ 2,410
Distribution & Collection	\$ 2,550,452	\$ 2,550,452	\$ -	\$ -	\$ -	\$ -
Environmental Affairs	\$ 595,137	\$ -	\$ 198,379	\$ 198,379	\$ 198,379	\$ -
O&M – Total	\$ 13,405,527	\$ 4,861,565	\$ 2,208,705	\$ 2,139,587	\$ 1,427,822	\$ 2,767,848
Less: Non-Rate O&M Revenue						
Sewer Permits	\$ 66,307	\$ 30,743	\$ 13,437	\$ 12,940	\$ 8,645	\$ 541
Sale of Material/ Labor	\$ 6,000	\$ 2,782	\$ 1,216	\$ 1,171	\$ 782	\$ 49
Collection of Bad Debt	\$ 600	\$ 278	\$ 122	\$ 117	\$ 78	\$ 5
Wastewater Supply	\$ 50,000	\$ 23,182	\$ 10,132	\$ 9,758	\$ 6,519	\$ 408
Phillips 66	\$ 1,403,416	\$ 428,186	\$ 372,458	\$ 359,652	\$ 227,782	\$ 15,339
Lockwood	\$ 539,496	\$ 164,601	\$ 143,179	\$ 138,256	\$ 87,563	\$ 5,896
Exxon	\$ 1,340,922	\$ 409,118	\$ 355,872	\$ 343,637	\$ 217,639	\$ 14,656
Misc & Surcharge Revenue	\$ 197,030	\$ 197,030	\$ -	\$ -	\$ -	\$ -
Charge for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Rate O&M Revenue	\$ 3,603,771	\$ 1,255,920	\$ 896,416	\$ 865,532	\$ 549,008	\$ 36,894
Net O&M Revenue Requirements	\$ 9,801,756	\$ 3,605,645	\$ 1,312,289	\$ 1,274,055	\$ 878,813	\$ 2,730,953

Table 4.3: Classified FY27 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 FY26 and FY27 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 FY26 and FY27, respectively.

Fixed Asset Type	Original Cost	Annual Depreciation	Estimated Accumulated Depreciation Through 2024	FY2025 CWIP Net Fixed Assets	Net Fixed Assets 2026	Net Fixed Assets 2027
Wastewater Treatment	\$ 13,676,125	\$ 293,178	\$ 5,712,644	\$ 933,624	\$ 8,603,927	\$ 9,600,489
Collection & Distribution	\$ 6,383,835	\$ 124,126	\$ 4,902,819	\$ -	\$ 1,356,890	\$ 1,232,800
General Plant	\$ 2,683,569	\$ 152,484	\$ 1,880,152	\$ -	\$ 650,933	\$ 2,251,360
Total	\$ 22,743,530	\$ 569,788	\$ 12,495,616	\$ 933,624	\$ 10,611,750	\$ 13,084,649

Table 4.4: Summary of FY26 and FY27 Net Fixed Assets by Asset Type

Fixed Asset Type	Flow	BOD	TSS	TKN	Customer	Total
Wastewater Treatment	\$ 4,078,342	\$ 2,362,697	\$ 1,496,356	\$ 657,697	\$ 8,836	\$ 8,603,927
Collection & Distribution	\$ 1,356,890	\$ -	\$ -	\$ -	\$ -	\$ 1,356,890
General Plant	\$ 499,746	\$ 65,133	\$ 52,365	\$ 33,241	\$ 447	\$ 650,933
Total - Fixed Assets	\$ 5,934,979	\$ 2,427,830	\$ 1,548,721	\$ 690,938	\$ 9,282	\$ 10,611,750
Allocation - Net Plant In Service	55.9%	22.9%	14.6%	6.5%	0.1%	100.0%
Flow-Related Revenue Requirements	\$ 4,974,631	\$ 2,034,979	\$ 1,298,120	\$ 579,136	\$ 7,780	\$ 8,894,646
Capital-Related Revenue Requirements						
Treatment-Related Assets	\$ 24,862,311	\$ 21,626,528	\$ 20,882,974	\$ 13,226,002	\$ 25,930	\$ 80,623,744
Allocation - Treatment Plant	30.8%	26.8%	25.9%	16.4%	0.0%	100.0%
Treatment Plant Debt-Related Revenue Requirements	\$ 1,197,295	\$ 1,041,469	\$ 1,005,662	\$ 636,925	\$ 1,249	\$ 3,882,600
Total Capital-Related Revenue Requirements						
	\$ 6,171,926	\$ 3,076,449	\$ 2,303,782	\$ 1,216,061	\$ 9,029	\$ 12,777,246

Table 4.5: Classification of FY26 Net Fixed Assets

Fixed Asset Type	Flow	BOD	TSS	TKN	Customer	Total
Wastewater Treatment	\$ 4,694,248	\$ 2,507,554	\$ 1,631,496	\$ 757,021	\$ 10,170	\$ 9,600,489
Collection & Distribution	\$ 1,232,800	\$ -	\$ -	\$ -	\$ -	\$ 1,232,800
General Plant	\$ 2,133,014	\$ 50,985	\$ 40,991	\$ 26,021	\$ 350	\$ 2,251,360
Total - Fixed Assets	\$ 8,060,062	\$ 2,558,539	\$ 1,672,486	\$ 783,042	\$ 10,520	\$ 13,084,649
Percent Allocation - Net Plant In Service	61.6%	19.6%	12.8%	6.0%	0.1%	100.0%
Capital Outlay-Related Revenue Requirements	\$ 5,701,698	\$ 1,809,914	\$ 1,183,119	\$ 553,925	\$ 7,442	\$ 9,256,097
Debt-Related Revenue Requirements						
Treatment-Related Assets	\$ 32,323,262	\$ 23,462,355	\$ 22,221,879	\$ 14,094,422	\$ 43,244	\$ 92,145,163
Percent Allocation - Treatment Plant	35.1%	25.5%	24.1%	15.3%	0.0%	100.0%
Treatment Plant Debt-Related Revenue Requirements	\$ 1,363,296	\$ 989,570	\$ 937,251	\$ 594,459	\$ 1,824	\$ 3,886,400
Total Capital-Related Revenue Requirements (Capital Outlay + Treatment Debt)						
	\$ 7,064,994	\$ 2,799,484	\$ 2,120,370	\$ 1,148,384	\$ 9,266	\$ 13,142,497

Table 4.6: Classification of FY27 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 FY26. Table 4.8 shows the FY26 net revenue requirements reflecting this adjustment. Similarly, a portion of flow costs were reallocated to the fixed demand component in the FY27 rate calculation. Net O&M and Capital-related revenue requirements for FY27 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	\$ 2,544,680	\$ 1,626,983	\$ 1,577,699	\$ 1,068,667	\$ 6,818,030	\$ 2,653,390	\$ 9,471,420
Capital	\$ 6,171,926	\$ 3,076,449	\$ 2,303,782	\$ 1,216,061	\$ 12,768,217	\$ 9,029	\$ 12,777,246
Total	\$ 8,716,606	\$ 4,703,432	\$ 3,881,481	\$ 2,284,728	\$ 19,586,247	\$ 2,662,419	\$ 22,248,666

Table 4.7: Summary of FY26 Classified Net Revenue Requirements

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$2,285,123	\$1,626,983	\$1,577,699	\$1,068,667	\$6,558,472	\$2,912,948	\$9,471,420
Capital	\$5,542,389	\$3,076,449	\$2,303,782	\$1,216,061	\$12,138,681	\$638,566	\$12,777,246
Total	\$7,827,512	\$4,703,432	\$3,881,481	\$2,284,728	\$18,697,153	\$3,551,513	\$22,248,666

Table 4.8: Summary of Adjusted FY26 Classified Net Revenue Requirements

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$3,605,645	\$1,312,289	\$1,274,055	\$878,813	\$7,070,803	\$2,730,953	\$9,801,756
Capital	\$7,064,994	\$2,799,484	\$2,120,370	\$1,148,384	\$13,133,232	\$9,266	\$13,142,497
Total	\$10,670,639	\$4,111,773	\$3,394,425	\$2,027,198	\$20,204,035	\$2,740,219	\$22,944,254

Table 4.9: Summary of FY27 Classified Net Revenue Requirements

Line Item	Flow	BOD	TSS	TKN	Volume - Total	Customer	Total
Revenue Requirements							
O&M	\$3,273,926	\$1,312,289	\$1,274,055	\$878,813	\$6,739,084	\$3,062,673	\$9,801,756
Capital	\$6,415,014	\$2,799,484	\$2,120,370	\$1,148,384	\$12,483,252	\$659,245	\$13,142,497
Total	\$9,688,940	\$4,111,773	\$3,394,425	\$2,027,198	\$19,222,336	\$3,721,918	\$22,944,254

Table 4.10: Summary of Adjusted FY27 Classified Net Revenue Requirements

Customer Class	Flow	BOD	TSS	TKN	Customer
Residential	46%	46%	45.9%	45.9%	86%
Large Residential	19%	19%	19.3%	19.3%	5%
Commercial	31%	31%	30.7%	30.7%	8%
Public Buildings	2%	2%	2.4%	2.4%	1%
Outside City	2%	2%	1.6%	1.6%	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 FY26 and FY27 were projected to total \$22,248,666 and \$22,944,254, 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	\$ 2,292,727	\$ 9,000,891	\$ 11,293,618
Large Residential	\$ 129,182	\$ 3,782,369	\$ 3,911,551
Commercial	\$ 213,652	\$ 6,013,490	\$ 6,227,141
High Strength Commercial	\$ -	\$ -	\$ -
Public Buildings	\$ 17,345	\$ 479,808	\$ 497,153
Outside City	\$ 6,315	\$ 312,888	\$ 319,203
Total	\$ 2,659,220	\$ 19,589,446	\$ 22,248,666

Table 5.1: Summary of FY26 Wastewater Cost of Service Results

User Class	Total Meter	Total Volume	Total
Residential	\$ 2,377,376	\$ 9,225,497	\$ 11,602,873
Large Residential	\$ 134,226	\$ 3,915,521	\$ 4,049,747
Commercial	\$ 221,375	\$ 6,225,185	\$ 6,446,560
High Strength Commercial	\$ -	\$ -	\$ -
Public Buildings	\$ 17,987	\$ 496,699	\$ 514,687
Outside City	\$ 6,484	\$ 323,903	\$ 330,387
Total	\$ 2,757,448	\$ 20,186,806	\$ 22,944,254

Table 5.2: Summary of FY27 Wastewater Cost of Service Results

5.2 Recommended FY26 and FY27 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 FY26 and FY27.

Based on projected expenditures and wastewater flows, the cost of service model indicated a rate increase is necessary in FY26 and FY27. Over the last few years, the rate strategy has been to increase rates as part of strategy to replenish cash reserves in a fair and equitable manner. Rate increases in FY26 and FY27 are recommended as part of the same strategy. 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 FY25 Rate (\$/Month)	Recommended Inside City FY26 Rate (\$/Month)	% Increase	Recommended Inside City FY27 Rate (\$/Month)	% Increase
3/4"	\$7.85	\$8.00	1.9%	\$8.05	0.6%
1"	\$10.00	\$10.15	1.5%	\$10.25	1.0%
1-1/2"	\$12.25	\$12.50	2.0%	\$12.60	0.8%
2"	\$12.85	\$13.05	1.6%	\$13.20	1.1%
3"	\$20.70	\$21.05	1.7%	\$21.25	1.0%
4"	\$78.50	\$79.90	1.8%	\$80.60	0.9%
6"	\$99.90	\$101.70	1.8%	\$102.60	0.9%
8"	\$149.90	\$152.55	1.8%	\$153.90	0.9%
10"	\$206.95	\$210.65	1.8%	\$212.55	0.9%

Table 5.3: FY26 and FY27 Recommended Monthly Minimum Wastewater Charges – Inside City Retail Users

Meter Size	Outside City Current FY25 Rate (\$/Month)	Recommended Outside City FY26 Rate (\$/Month)	% Increase	Recommended Outside City FY27 Rate (\$/Month)	% Increase
3/4"	\$8.65	\$8.80	1.7%	\$8.85	0.6%
1"	\$11.00	\$11.15	1.4%	\$11.25	0.9%
1-1/2"	\$13.45	\$13.70	1.9%	\$13.80	0.7%
2"	\$14.10	\$14.30	1.4%	\$14.45	1.0%
3"	\$22.75	\$23.15	1.8%	\$23.35	0.9%
4"	\$86.35	\$87.90	1.8%	\$88.65	0.9%
6"	\$109.90	\$111.90	1.8%	\$112.90	0.9%
8"	\$164.90	\$167.80	1.8%	\$169.30	0.9%
10"	\$227.65	\$231.70	1.8%	\$233.80	0.9%

Table 5.4: FY26 and FY27 Recommended Monthly Minimum Wastewater Charges – Outside City Retail Users

User Class	Current FY25 Rate (\$/kgal)	Recommended FY26 Rate (\$/kgal)	% Increase	Recommended FY27 Rate (\$/kgal)	% Increase
Residential	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Large Residential	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Commercial	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Public Buildings	\$5.75	\$5.95	3.5%	\$6.15	3.4%
Outside Retail Users	\$5.75	\$5.95	3.5%	\$6.15	3.4%

Table 5.5: FY26 and FY27 Recommended Wastewater Volumetric Rates

5.3 Strength Surcharge Recommendations

Table 5.6 presents the recommended BOD, TSS, and TKN surcharge rates for FY26 and FY27. Based on the asset base and review of retail functionalization, slight changes are recommended to strength charges.

	Current FY25 Rate (\$/Pound)	Calculated FY26 Rate (\$/Pound)	% Increase	Calculated FY27 Rate (\$/Pound)	% Increase
BOD	\$0.9019	\$0.9019	0.0%	\$0.9019	0.0%
TSS	\$0.5811	\$0.6144	5.7%	\$0.6144	0.0%
TKN	\$1.7217	\$1.7892	3.9%	\$1.7892	0.0%
	Current FY25 Rate (\$/kgal)	Calculated FY26 Rate (\$/kgal)	% Increase	Calculated FY27 Rate (\$/kgal)	% Increase
Septage	\$61.12	\$62.88	2.9%	\$62.88	0.0%

Table 5.6: Recommended FY26 and FY27 Strength Surcharge Rates

5.4 FY26 Bill Comparison

Finally, for the purpose of illustrating the effect of the recommended FY26 rates on varying levels of usage, Table 5.7 provides a bill comparison.

Description	Meter Size	Consumption (kgal)	Previous	Proposed	Difference	Percent Change
Residential						
Minimum	3/4"	0	\$7.85	\$8.00	\$0.15	1.9%
Small	3/4"	2	\$19.35	\$19.90	\$0.55	2.8%
Medium	3/4"	7	\$48.10	\$49.65	\$1.55	3.2%
Large	3/4"	20	\$122.85	\$127.00	\$4.15	3.4%
Commercial--Domestic						
Minimum	3/4"	0	\$7.85	\$8.00	\$0.15	1.9%
Small	3/4"	8	\$53.85	\$55.60	\$1.75	3.2%
Medium	3/4"	30	\$180.35	\$186.50	\$6.15	3.4%
Large	3/4"	100	\$582.85	\$603.00	\$20.15	3.5%
Minimum	1"	0	\$10.00	\$10.15	\$0.15	1.5%
Small	1"	20	\$125.00	\$129.15	\$4.15	3.3%
Medium	1"	50	\$297.50	\$307.65	\$10.15	3.4%
Large	1"	400	\$2,310.00	\$2,390.15	\$80.15	3.5%
Minimum	2"	0	\$12.85	\$13.05	\$0.20	1.6%
Small	2"	20	\$127.85	\$132.05	\$4.20	3.3%
Medium	2"	90	\$530.35	\$548.55	\$18.20	3.4%
Large	2"	400	\$2,312.85	\$2,393.05	\$80.20	3.5%
Outside City						
Minimum	3/4"	0	\$8.65	\$8.80	\$0.15	1.7%
Small	3/4"	2	\$20.15	\$20.70	\$0.55	2.7%
Medium	3/4"	8	\$54.65	\$56.40	\$1.75	3.2%
Large	3/4"	20	\$123.65	\$127.80	\$4.15	3.4%

Table 5.7: Wastewater Bill Comparison – FY25 to FY26

Appendix A: Fixed Asset Tables

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2026 Net Fixed Assets	Estimated FY2027 Net Fixed Assets
Administration Building-Building	\$653,374	\$3,940	\$870,858	\$987,403	\$1,773,006
Administration Building-Equipment	\$695,300	\$4,305	\$133,221	\$133,221	\$249,728
Administration Building-Infrastructure	\$225,075	\$0	\$300,000	\$300,000	\$554,000
Administration Building-Non Building	\$62,047	\$0	\$0	\$0	\$0
Air Flotation Thickener-Infrastructure	\$674,990	\$20,454	\$0	\$585,105	\$564,700
Black Otter Trail Land-Infrastructure	\$3,100	\$44	\$0	\$2,381	\$2,300
Chlorine Contact 1 - 5-Building	\$50,000	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 6-Infrastructure	\$4,415,201	\$133,158	\$0	\$2,273,434	\$2,140,300
Cold Storage Building-Building	\$17,841	\$0	\$0	\$0	\$0
Cold Storage Building-Non Building	\$78,446	\$0	\$0	(\$1)	\$0
Communications Equip-Equipment	\$91,803	\$0	\$0	\$0	\$0
Construction Equipment-Equipment	\$1,172,638	\$74,242	\$0	\$284,361	\$210,100
Decant Pump Bldg & Tanks-Building	\$207,874	\$0	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Equipment	\$89,529	\$0	\$0	\$0	\$0
Decant Pump Bldg & Tanks-Infrastructure	\$104,674	\$0	\$0	(\$1)	\$0
Electrical Shop-Building	\$751,292	\$30,697	\$0	\$68,225	\$37,500
Electrical Shop-Equipment	\$468,798	\$46,880	\$0	\$289,089	\$242,200
Engine Generator-Building	\$518,846	\$9,911	\$0	\$341,928	\$332,000
Engine Generator-Equipment	\$236,310	\$0	\$0	\$0	\$0
Engine Generator-Non Building	\$507,688	\$0	\$0	\$0	\$0
Five Mile Lift Station-Building	\$1,943,216	\$38,864	\$55,083	\$1,551,359	\$1,561,061
Five Mile Lift Station-Infrastructure	\$993,004	\$49,650	\$67,501	\$499,649	\$507,101
Gas Pumps-Equipment	\$12,412	\$621	\$0	\$6,878	\$1,759,260
Gravity Thickening Building-Infrastructure	\$39,917	\$1,210	\$0	\$33,787	\$32,600
Grit Building-Building	\$59,625	\$2,981	\$0	\$11,938	\$9,000
Grit Building-Equipment	\$294,047	\$0	\$0	\$0	\$0

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2026 Net Fixed Assets	Estimated FY2027 Net Fixed Assets
Grit Building-Infrastructure	\$42,000	\$2,100	\$0	\$21,175	\$19,100
Headworks Building-Building	\$6,211,360	\$124,227	\$0	\$3,975,273	\$3,851,000
Headworks Building-Equipment	\$36,052	\$3,605	\$0	\$13,820	\$10,200
Headworks Building-Infrastructure	\$3,693,566	\$109,618	\$0	\$3,070,436	\$2,960,800
Heated Storage Building-Building	\$81,270	\$2,395	\$0	\$10,776	\$8,400
Interceptor Lines-Infrastructure	\$6,383,835	\$124,126	\$0	\$1,356,890	\$1,232,800
Ironwood Lift Station-Building	\$51,728	\$7,390	\$0	\$6,774	\$0
Laboratory Test Equip-Equipment	\$117,043	\$6,353	\$0	\$21,238	\$14,900
Lake Hills Lift Station-Equipment (& Infrastructure)	\$711,090	\$12,875	\$0	\$615,844	\$603,000
Lateral Lines - Below 15"-Infrastructure	\$60,718,299	\$1,150,143	\$13,401,187	\$54,366,533	\$67,335,516
Lloyd Mangrum Lift Station-Building	\$51,728	\$7,390	\$0	\$6,774	\$0
Maintenance Building-Building	\$275,329	\$0	\$0	\$0	\$0
Non-Potable Waterline-Infrastructure	\$42,656	\$853	\$0	\$38,320	\$37,500
Odor Control-Building	\$181,900	\$3,638	\$933,624	\$963,637	\$2,249,689
Odor Control-Infrastructure	\$7,208,765	\$218,447	\$0	\$6,106,005	\$5,887,600
Office Furniture & Equip-Equipment	\$341,408	\$31,825	\$0	\$86,559	\$54,700
Outfall-Infrastructure	\$213,363	\$6,466	\$0	\$180,600	\$174,100
Primary Clarifiers 1 - 10-Infrastructure	\$3,068,536	\$87,507	\$0	\$916,750	\$829,200
Primary Digesters-Building	\$1,000,203	\$0	\$0	\$0	\$0
Primary Digesters-Equipment	\$837,355	\$7,811	\$0	\$64,455	\$56,600
Primary Digesters-Infrastructure	\$1,288,858	\$12,269	\$0	\$346,496	\$334,200
Rehberg Ranch Lagoons-Infrastructure	\$102,267	\$0	\$0	\$0	\$0
Scum Pumping Station-Building	\$139,859	\$3,917	\$0	\$322	\$0
Scum Pumping Station-Equipment	\$55,669	\$0	\$0	\$0	\$0
Scum Pumping Station-Infrastructure	\$9,262	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4-Building	\$12,500	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4-Equipment	\$230,070	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4-Infrastructure	\$28,032,067	\$850,114	\$0	\$21,696,470	\$20,846,400
Secondary Digester-Equipment	\$800,000	\$0	\$0	\$0	\$0
Secondary Digester-Infrastructure	\$2,586,975	\$53,473	\$0	\$1,493,660	\$1,440,200

Asset and Asset Group	Original Cost	Annual Depreciation	FY2025 CWIP	FY2026 Net Fixed Assets	Estimated FY2027 Net Fixed Assets
Secondary Final Clarifier 1-4-Equipment	\$31,250	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-6-Infrastructure	\$20,753,346	\$615,787	\$0	\$17,200,651	\$16,584,900
Secondary Flotation Thickener-Building	\$237,857	\$9,482	\$0	\$0	\$0
Secondary Flotation Thickener-Equipment	\$32,500	\$0	\$0	\$0	\$0
Secondary Flotation Thickener-Infrastructure	\$94,166	\$0	\$0	\$0	\$0
Secondary Pumping Station-Building	\$31,250	\$0	\$0	\$0	\$0
Secondary Pumping Station-Equipment	\$2,916,855	\$4,550	\$0	\$12,133	\$7,600
Secondary Pumping Station-Infrastructure	\$1,409,905	\$40,565	\$0	\$1,105,931	\$1,065,400
Sewage Lift Station #003 Bldg 517-Infrastructure	\$31,825	\$3,182	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Equipment	\$9,200	\$0	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Infrastructure	\$1,902,246	\$63,405	\$0	\$1,393,772	\$1,330,400
Site Work, Landscaping/Yrd-Non Building	\$633,193	\$11,544	\$0	\$79,762	\$68,200
Sludge Control Building-Building	\$57,200	\$0	\$0	\$0	\$0
Sludge Control Building-Equipment	\$12,500	\$0	\$0	\$0	\$0
Sludge Control Building-Infrastructure	\$6,486	\$0	\$0	\$0	\$0
Sludge Pumping House-Building	\$227,596	\$3,470	\$0	\$13,893	\$10,400
Sludge Pumping House-Infrastructure	\$549,929	\$5,470	\$0	\$425,267	\$419,800
Solids Processing Building-Building	\$601,410	\$12,249	\$0	\$13,906	\$1,700
Solids Processing Building-Equipment	\$2,297,075	\$5,370	\$0	\$26,720	\$21,300
Total	\$170,727,848	\$4,018,575	\$15,761,474	\$122,999,597	\$137,430,461

Table A.1: Net Fixed Assets

Item	Flow	BOD	TSS	TKN	Customer	Total
Administration Building-Building	\$456,261	\$144,172	\$115,910	\$73,579	\$197,481	\$987,403
Administration Building-Equipment	\$61,559	\$19,452	\$15,639	\$9,927	\$26,644	\$133,221
Administration Building-Infrastructure	\$138,625	\$43,803	\$35,216	\$22,355	\$60,000	\$300,000
Administration Building-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Air Flotation Thickener-Infrastructure	\$117,021	\$146,276	\$175,532	\$146,276	\$0	\$585,105
Black Otter Trail Land-Infrastructure	\$2,381	\$0	\$0	\$0	\$0	\$2,381
Chlorine Contact 1 - 5-Building	\$0	\$0	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 6-Infrastructure	\$2,273,434	\$0	\$0	\$0	\$0	\$2,273,434
Cold Storage Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Cold Storage Building-Non Building	\$0	\$0	\$0	\$0	\$0	-\$1
Communications Equip-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Construction Equipment-Equipment	\$284,361	\$0	\$0	\$0	\$0	\$284,361
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	-\$1
Electrical Shop-Building	\$39,358	\$12,437	\$9,999	\$6,347	\$85	\$68,225
Electrical Shop-Equipment	\$166,770	\$52,697	\$42,367	\$26,894	\$361	\$289,089
Engine Generator-Building	\$197,252	\$62,329	\$50,110	\$31,810	\$427	\$341,928
Engine Generator-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Engine Generator-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Five Mile Lift Station-Building	\$1,551,359	\$0	\$0	\$0	\$0	\$1,551,359
Five Mile Lift Station-Infrastructure	\$499,649	\$0	\$0	\$0	\$0	\$499,649
Gas Pumps-Equipment	\$6,878	\$0	\$0	\$0	\$0	\$6,878
Gravity Thickening Building-Infrastructure	\$6,757	\$6,757	\$13,515	\$6,757	\$0	\$33,787
Grit Building-Building	\$2,388	\$2,388	\$4,775	\$2,388	\$0	\$11,938
Grit Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Grit Building-Infrastructure	\$4,235	\$4,235	\$8,470	\$4,235	\$0	\$21,175
Headworks Building-Building	\$795,055	\$795,055	\$1,590,109	\$795,055	\$0	\$3,975,273
Headworks Building-Equipment	\$2,764	\$2,764	\$5,528	\$2,764	\$0	\$13,820
Headworks Building-Infrastructure	\$614,087	\$614,087	\$1,228,175	\$614,087	\$0	\$3,070,436
Heated Storage Building-Building	\$6,217	\$1,964	\$1,579	\$1,003	\$13	\$10,776
Interceptor Lines-Infrastructure	\$1,356,890	\$0	\$0	\$0	\$0	\$1,356,890
Ironwood Lift Station-Building	\$6,774	\$0	\$0	\$0	\$0	\$6,774
Laboratory Test Equip-Equipment	\$12,252	\$3,871	\$3,112	\$1,976	\$27	\$21,238

Item	Flow	BOD	TSS	TKN	Customer	Total
Lake Hills Lift Station-Equipment (& Infrastructure)	\$615,844	\$0	\$0	\$0	\$0	\$615,844
Lateral Lines - Below 15"-Infrastructure	\$54,366,533	\$0	\$0	\$0	\$0	\$54,366,533
Lloyd Mangrum Lift Station-Building	\$6,774	\$0	\$0	\$0	\$0	\$6,774
Maintenance Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Non-Potable Waterline-Infrastructure	\$38,320	\$0	\$0	\$0	\$0	\$38,320
Odor Control-Building	\$555,904	\$175,657	\$141,223	\$89,648	\$1,204	\$963,637
Odor Control-Infrastructure	\$3,522,439	\$1,113,039	\$894,847	\$568,048	\$7,632	\$6,106,005
Office Furniture & Equip-Equipment	\$39,997	\$12,639	\$10,161	\$6,450	\$17,312	\$86,559
Outfall-Infrastructure	\$180,600	\$0	\$0	\$0	\$0	\$180,600
Primary Clarifiers 1 - 10-Infrastructure	\$0	\$403,370	\$513,380	\$0	\$0	\$916,750
Primary Digesters-Building	\$0	\$0	\$0	\$0	\$0	\$0
Primary Digesters-Equipment	\$0	\$45,118	\$19,336	\$0	\$0	\$64,455
Primary Digesters-Infrastructure	\$0	\$242,547	\$103,949	\$0	\$0	\$346,496
Rehberg Ranch Lagoons-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station-Building	\$64	\$64	\$129	\$64	\$0	\$322
Scum Pumping Station-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4-Infrastructure	\$4,339,294	\$5,424,117	\$6,508,941	\$5,424,117	\$0	\$21,696,470
Secondary Digester-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Digester-Infrastructure	\$0	\$1,045,562	\$448,098	\$0	\$0	\$1,493,660
Secondary Final Clarifier 1-4-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-6-Infrastructure	\$3,440,130	\$4,300,163	\$5,160,195	\$4,300,163	\$0	\$17,200,651
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	\$12,133	\$0	\$0	\$0	\$0	\$12,133
Sewage Lift Station #003 Bldg 517-Infrastructure	\$1,105,931	\$0	\$0	\$0	\$0	\$1,105,931
Site Work, Landscaping/Yrd-Equipment	\$0	\$0	\$0	\$0	\$0	\$0

Item	Flow	BOD	TSS	TKN	Customer	Total
Site Work, Landscaping/Yrd-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Non Building	\$804,041	\$254,065	\$204,260	\$129,664	\$1,742	\$1,393,772
Sludge Control Building-Building	\$46,013	\$14,540	\$11,689	\$7,420	\$100	\$79,762
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	\$0	\$0	\$0	\$0	\$0
Solids Processing Building-Building	\$0	\$9,725	\$4,168	\$0	\$0	\$13,893
Solids Processing Building-Equipment	\$0	\$297,687	\$127,580	\$0	\$0	\$425,267
Solids Processing Building-Infrastructure	\$0	\$9,735	\$4,172	\$0	\$0	\$13,906
Supernatant Tank-Infrastructure	\$0	\$18,704	\$8,016	\$0	\$0	\$26,720
Tools & Working Equip-Equipment	\$0	\$4,476,328	\$1,918,426	\$0	\$0	\$6,394,754
Transportation Equipment-Equipment	\$0	\$0	\$0	\$0	\$0	-\$1
Trunk Lines 15" & Up-Infrastructure	\$7,149	\$2,259	\$1,816	\$1,153	\$15	\$12,393
Utilities Service Center-Building	\$477,254	\$0	\$0	\$0	\$0	\$477,254
Grand Total - Net Fixed Assets	\$78,160,744	\$19,757,606	\$19,380,422	\$12,272,183	\$313,043	\$129,883,998
Percent Allocation	60.18%	15.21%	14.92%	9.45%	0.24%	100.00%
Capital Outlay-Related Costs	\$5,352,562	\$1,353,030	\$1,327,200	\$840,417	\$21,438	\$8,894,646
Treatment Debt -Related Costs	\$1,197,295	\$1,041,469	\$1,005,662	\$636,925	\$1,249	\$3,882,600
Total Capital-Related Costs	\$6,549,857	\$2,394,499	\$2,332,862	\$1,477,342	\$22,686	\$12,777,246

Table A.2: Classification of Net Fixed Assets – FY26

Item	Flow	BOD	TSS	TKN	Customer	Total
Administration Building-Building	\$819,275	\$258,879	\$208,130	\$132,121	\$354,601	\$1,773,006
Administration Building-Equipment	\$115,395	\$36,463	\$29,315	\$18,609	\$49,946	\$249,728
Administration Building-Infrastructure	\$255,994	\$80,890	\$65,033	\$41,283	\$110,800	\$554,000
Administration Building-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Air Flotation Thickener-Infrastructure	\$112,940	\$141,175	\$169,410	\$141,175	\$0	\$564,700
Black Otter Trail Land-Infrastructure	\$2,300	\$0	\$0	\$0	\$0	\$2,300
Chlorine Contact 1 - 5-Building	\$0	\$0	\$0	\$0	\$0	\$0
Chlorine Contact 1 - 6-Infrastructure	\$2,140,300	\$0	\$0	\$0	\$0	\$2,140,300
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	\$210,100	\$0	\$0	\$0	\$0	\$210,100
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	\$21,633	\$6,836	\$5,496	\$3,489	\$47	\$37,500
Electrical Shop-Equipment	\$139,721	\$44,150	\$35,495	\$22,532	\$303	\$242,200
Engine Generator-Building	\$191,525	\$60,519	\$48,655	\$30,886	\$415	\$332,000
Engine Generator-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Engine Generator-Non Building	\$0	\$0	\$0	\$0	\$0	\$0
Five Mile Lift Station-Building	\$1,561,061	\$0	\$0	\$0	\$0	\$1,561,061
Five Mile Lift Station-Infrastructure	\$507,101	\$0	\$0	\$0	\$0	\$507,101
Gas Pumps-Equipment	\$1,759,260	\$0	\$0	\$0	\$0	\$1,759,260
Gravity Thickening Building-Infrastructure	\$6,520	\$6,520	\$13,040	\$6,520	\$0	\$32,600
Grit Building-Building	\$1,800	\$1,800	\$3,600	\$1,800	\$0	\$9,000
Grit Building-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Grit Building-Infrastructure	\$3,820	\$3,820	\$7,640	\$3,820	\$0	\$19,100
Headworks Building-Building	\$770,200	\$770,200	\$1,540,400	\$770,200	\$0	\$3,851,000
Headworks Building-Equipment	\$2,040	\$2,040	\$4,080	\$2,040	\$0	\$10,200
Headworks Building-Infrastructure	\$592,160	\$592,160	\$1,184,320	\$592,160	\$0	\$2,960,800
Heated Storage Building-Building	\$4,846	\$1,531	\$1,231	\$781	\$10	\$8,400

Item	Flow	BOD	TSS	TKN	Customer	Total
Interceptor Lines- Infrastructure	\$1,232,800	\$0	\$0	\$0	\$0	\$1,232,800
Ironwood Lift Station-Building	\$0	\$0	\$0	\$0	\$0	\$0
Laboratory Test Equip- Equipment	\$8,596	\$2,716	\$2,184	\$1,386	\$19	\$14,900
Lake Hills Lift Station- Equipment (& Infrastructure)	\$603,000	\$0	\$0	\$0	\$0	\$603,000
Lateral Lines - Below 15"- Infrastructure	\$67,335,516	\$0	\$0	\$0	\$0	\$67,335,516
Lloyd Mangrum Lift Station- Building	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Building-Building	\$0	\$0	\$0	\$0	\$0	\$0
Non-Potable Waterline- Infrastructure	\$37,500	\$0	\$0	\$0	\$0	\$37,500
Odor Control-Building	\$1,297,803	\$410,087	\$329,696	\$209,291	\$2,812	\$2,249,689
Odor Control-Infrastructure	\$3,396,445	\$1,073,227	\$862,839	\$547,730	\$7,359	\$5,887,600
Office Furniture & Equip- Equipment	\$25,276	\$7,987	\$6,421	\$4,076	\$10,940	\$54,700
Outfall-Infrastructure	\$174,100	\$0	\$0	\$0	\$0	\$174,100
Primary Clarifiers 1 - 10- Infrastructure	\$0	\$364,848	\$464,352	\$0	\$0	\$829,200
Primary Digesters-Building	\$0	\$0	\$0	\$0	\$0	\$0
Primary Digesters-Equipment	\$0	\$39,620	\$16,980	\$0	\$0	\$56,600
Primary Digesters- Infrastructure	\$0	\$233,940	\$100,260	\$0	\$0	\$334,200
Rehberg Ranch Lagoons- Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station-Building	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station- Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Scum Pumping Station- Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4- Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4- Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Aerator 1,2,3,4- Infrastructure	\$4,169,280	\$5,211,600	\$6,253,920	\$5,211,600	\$0	\$20,846,400
Secondary Digester-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Digester- Infrastructure	\$0	\$1,008,140	\$432,060	\$0	\$0	\$1,440,200
Secondary Final Clarifier 1-4- Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Final Clarifier 1-6- Infrastructure	\$3,316,980	\$4,146,225	\$4,975,470	\$4,146,225	\$0	\$16,584,900
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

Item	Flow	BOD	TSS	TKN	Customer	Total
Secondary Pumping Station-Building	\$0	\$0	\$0	\$0	\$0	\$0
Secondary Pumping Station-Equipment	\$7,600	\$0	\$0	\$0	\$0	\$7,600
Secondary Pumping Station-Infrastructure	\$1,065,400	\$0	\$0	\$0	\$0	\$1,065,400
Sewage Lift Station #003 Bldg 517-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Site Work, Landscaping/Yrd-Infrastructure	\$767,483	\$242,513	\$194,973	\$123,769	\$1,663	\$1,330,400
Site Work, Landscaping/Yrd-Non Building	\$39,343	\$12,432	\$9,995	\$6,345	\$85	\$68,200
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	\$7,280	\$3,120	\$0	\$0	\$10,400
Sludge Pumping House-Infrastructure	\$0	\$293,860	\$125,940	\$0	\$0	\$419,800
Solids Processing Building-Building	\$0	\$1,190	\$510	\$0	\$0	\$1,700
Solids Processing Building-Equipment	\$0	\$14,910	\$6,390	\$0	\$0	\$21,300
Solids Processing Building-Infrastructure	\$0	\$4,315,920	\$1,849,680	\$0	\$0	\$6,165,600
Supernatant Tank-Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0
Tools & Working Equip-Equipment	\$3,000	\$948	\$762	\$484	\$6	\$5,200
Transportation Equipment-Equipment	\$216,500	\$0	\$0	\$0	\$0	\$216,500
Trunk Lines 15" & Up-Infrastructure	\$70,539,395	\$0	\$0	\$0	\$0	\$70,539,395
Utilities Service Center-Building	\$287,092	\$90,717	\$72,933	\$46,298	\$124,260	\$621,300
Grand Total - Net Fixed Assets	\$163,741,097	\$19,485,143	\$19,024,331	\$12,064,620	\$663,265	\$214,978,456
Percent Allocation	76.17%	9.06%	8.85%	5.61%	0.31%	100.00%
Capital Outlay-Related Costs	\$7,050,025	\$838,951	\$819,110	\$519,453	\$28,558	\$9,256,097
Treatment Debt -Related Costs	\$1,363,296	\$989,570	\$937,251	\$594,459	\$1,824	\$3,886,400
Total Capital-Related Costs	\$8,413,321	\$1,828,521	\$1,756,361	\$1,113,913	\$30,381	\$13,142,497
Grand Total - Net Fixed Assets	\$163,741,097	\$19,485,143	\$19,024,331	\$12,064,620	\$663,265	\$214,978,456
Percent Allocation	76.17%	9.06%	8.85%	5.61%	0.31%	100.00%

Table A.3: Classification of Net Fixed Assets – FY27