

FOR BOARD ACTION

Agenda Item # 7

Meeting Date:

12/16/04

SUBJECT:

2005 Water Revenue Adjustment

PREPARED BY:

Larry Koshire, General Manager

ITEM DESCRIPTION

At the November Utility Board meeting, staff presented various water revenue adjustment alternatives and the projected ability of each alternative to meet board policy requirements for cash reserves. The needed revenue increase reflects growth in operating costs and increased capital expenditures. The Board acted to notice a proposed rate increase of 5% to be considered at their December 16th board meeting. This notice was provided to the public via the paper of record in accordance with board policy.

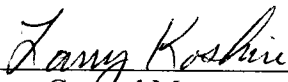
The base case for the materials presented at the November board meeting was a recommended rate increase of 5%. A 5% increase will result in an increase of approximately \$0.53 per month for a typical residential customer. The Board's notice of up to 5% increase also considered the need to have higher reserve levels because forecasting cash requirements are difficult. The water utility continues to experience the impact of community growth and Highway 52 construction.

Staff recommends that the Board proceed with a recommendation to the City Council for increasing water rates by 5% effective January 1, 2005.

UTILITY BOARD ACTION REQUESTED:

1. Approve and recommend to the City Council a 5.0% water rate increase to all customer classes effective January 1, 2005.
2. Approve a resolution to approve the attached rate schedules effective January 1, 2005.

Water Service (WTR)
Fire Hydrant Facilities Charge (FHFC)



General Manager



Date

ROCHESTER PUBLIC UTILITIES



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the following rate schedules effective January 1, 2005.

Water Service (WTR)
Fire Hydrant Facilities Charge (FHFC)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December 2004

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a 5.0% increase water rates effective January 1, 2005 to the following rate classes:

Water Service (WTR)
Fire Hydrant Facilities Charge (FHFC)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2004.

President

Secretary