



KANSAS CITY

BPU

2023 Water Rate Proposal

THE POWER OF COMMUNITY

Background:

- An outside *Cost of Service (COS) Rate Study* has been conducted to determine if existing rates will support future water utility operating and capital needs over the next five years.
- A public hearing process has been initiated to determine what, if any, water rate adjustments should be implemented.
- Meetings and a public hearing process will provide opportunities to discuss rate adjustments and capital improvement projects required to meet the future water needs of our community.

What's Being Proposed:

- An external study recommends a 6% increase in water base rates beginning July 1, 2023, 6% on July 1, 2024, and 6% on July 1, 2025.
- Adjustments will vary among customer groups based on cost of service and usage levels.

Why This Is Necessary:

- BPU's water system needs \$135 million in capital improvements to keep it running efficiently, and to meet regulatory requirements as well as future demand.
- Inflationary pressure on costs of outside services, materials, and labor have increased.
- Postponing improvements may cause service disruptions, impact public safety, and cost more.
- BPU will not be able to adequately finance capital projects and meet reserve and debt service requirements without additional revenue.
- Without a strong credit rating, BPU won't be able to borrow money for capital improvements at a reasonable rate.

Impact on Customers:

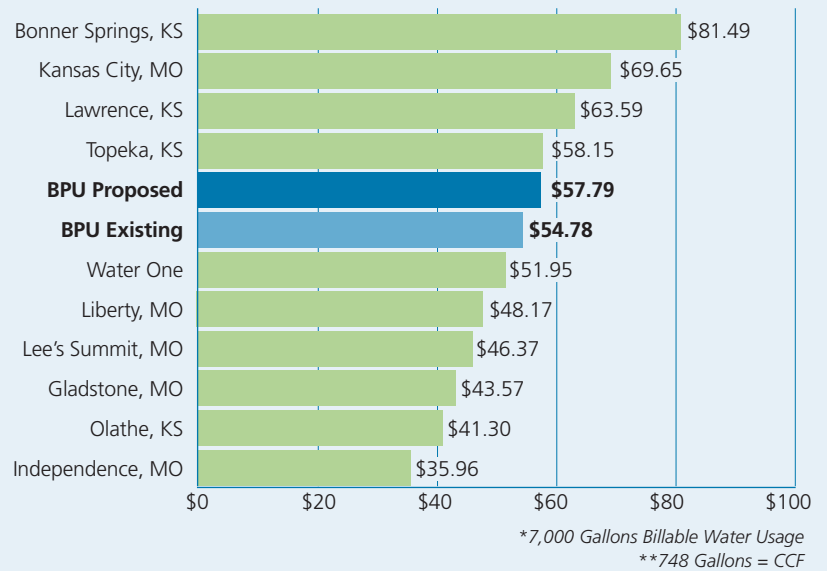
- The average residential customer's bill will increase approximately \$2.00 a month in 2023 under this proposal. This equals approximately 7 cents a day.*

*will vary depending on consumption use

BPU: Competitive Rates

- *BPU has not increased water rates since 2013*, while other utilities have repeatedly proposed and implemented increases.
- Water rates are competitive with other surrounding utilities.

Typical Monthly Water Bills



BPU: Fiscal Responsibility

- BPU continues working to reduce spending, increase efficiencies, and improve overall customer service.

BPU: A Community Asset

- One of the top-ranked water utilities in the country, BPU has provided affordable reliable water to the community for over 100 years.
- Servicing 53,000 water customers – with one Water Treatment Facility, three pump stations (72 MG a day), 1,000 miles of water lines, 6,200 fire hydrants - 20 MG of water in reservoirs/ tanks.

Critical Capital Improvement Projects:

(2023-27) = \$135 million

- Water Distribution = \$46.9 million
- Water Storage and Transmission = \$44.2 million
- Water Equipment = \$4.3 million
- Water Services = \$13.8 million
- Water Facility Improvements = \$3.1 million
- Water Production Projects = \$11.2 million
- Water Meters = \$3.5 million
- Water Developmental Mains = \$1.8 million