

WHY IS MY BILL SO HIGH?

- 1) The District's utility bills are for services received in the previous two months and are mailed out bi-monthly. All water service in the District is metered. Water use from 0-600 cubic feet per billing period is covered by the basic rate; water usage over 600 cubic feet is billed at an additional charge. The average water use over the duration of two months for a family of two persons is 900-1000 cubic feet. Water usage usually increases during the summer months. Sewer is billed at a flat rate.
- 2) If you are a Lake Whatcom Water and Sewer District customer, you are living in an environmentally sensitive, difficult to serve area.
- 3) The District has a relatively small, mostly residential customer base; currently about 4,000 customers. The District's rates are based on cost of service. Other than the occasional grant or low-cost loan for specific infrastructure projects, the District receives no outside funding. All costs are borne by our customers.
- 4) The mostly forested, steep slopes of the District's service area require extensive infrastructure, particularly for pumping and transporting sewage out of the watershed and to the City of Bellingham's wastewater treatment plant located at Post Point in the Fairhaven area.
- 5) In addition to paying the District's costs for providing water and sewer service, District customers must also pay their fair share of the City of Bellingham's costs for processing their sewage. The City of Bellingham's sewage treatment bill accounts for roughly 1/4 of the District's annual operating budget. Sewage disposal costs and a share of the City's facility upgrades and maintenance costs to the District are based upon the volume of sewage that is sent to the wastewater treatment plant.
- 6) Much of the District's sewer system was originally installed in the early to mid-1970s. Infrastructure such as pump stations and transmission lines wear out over time and must be refurbished, repaired, or replaced as needed.
- 7) The District owns, operates, and maintains 28 sewer pump stations. Engineers estimate that sewer pump stations have an effective life of around 30 years. The District is currently in the process of upgrading its sewage pump stations.
- 8) The District also owns, operates, and maintains 82 miles of sewage collection and transmission lines. Depending upon different factors such as the types of material that the pipes are made of, engineers estimate that sewer transmission lines have an effective life of roughly 100 years. Transmission lines are also vulnerable to breakage and plugging from causes other than normal wear and tear.
- 9) Setting utility rates is a complex issue. In setting the rates, the District's Board of Commissioners not only have to be sure that there will be enough money to pay for the day to day operations of the District but also to cover future infrastructure upgrades, repairs and replacements. Because rate setting is such a complex issue, the District has periodic rate studies done by a rate consultant.

10) The District's Commissioners have established a rate schedule that typically increases annually to accommodate projected capital improvement and operating costs into the future. Revenues and expenditures are forecasted utilizing the following key assumptions:

- i) General inflation is estimated at 3% per year
- ii) Labor cost inflation is estimated at 4% per year.
- iii) Employee benefit cost inflation is estimated at 6% per year.
- iv) General construction costs are inflated at 4% per year.

11) A system replacement (depreciation) funding policy is currently in place to fund annually from rates an amount equal to annual depreciation expenses.