2017 Water Rate Increase: You have questions, we have answers!

Water rates are going up in the City of Elkins.

The new, higher water rates will be applied to **all water usage occurring after the October 16, 2017 round of meter reading**s. The first bills reflecting the new rates will be mailed in late November and **due December 19**.

Below, we've supplied answers to many of the questions we are hearing about this increase.

Why are water rates going up?

Water rates are going up because, in January 2018, the city must start paying back the $37 million package of loans and bonds that funded the new water-treatment plant, pumping station, reservoir, and other critical improvements to the Elkins water system. From January 2018 until 2055, Elkins will need to pay $116,000 each month to service this debt.

Will this water-rate increase cause sewer rates to rise, too?

No. Although each customer's sewer bill is based on the volume of water that customer uses, sewer rates are set independently of water rates. This increase will have no effect on sewer rates.

How much will water rates increase?

The following table shows the changes between the rates set in 2015 and the new rates that will go into effect this fall.

Levels	2015 rate (per 1,000 gallons)	2017 rate (per 1,000 gallons)	Percent change
First 2,000 gallons	$10.00	$15.25	52.50
Next 3,000 gallons	$5.49	$8.50	54.83
Next 5,000 gallons	$3.24	$7.06	117.90
Over 10,000 gallons	$2.42	$5.22	115.70

Who decided to raise these rates, and when was that decision made?

This rate increase is the second of two that were enacted into law by the Elkins Common Council in 2015. The first increase, which became effective in 2015, only covered the increased cost of ongoing operations, a type of increase that is sometimes referred to as "going level."

The increase that will be seen on bills due December 19 was designed to cover the cost of the Elkins Water System Improvement Project and was a loan condition imposed by the project's funders. Before Elkins could access the needed $37 million of project funds, the city's water utility had to commit to raising water rates enough to cover the $116,000 monthly loan payments that we would have to start paying no later than January 2018.

Can these rates be changed?

Without this rate increase, the city would not be able to make the monthly $116,000 loan payments that will commence in January 2018. As a practical matter, lowering or delaying this rate increase would cause the city to default on its loans. As a legal matter, West Virginia utilities may not change their rates without the permission of the West Virginia Public Service Commission (PSC); because a reduction or delay in this rate increase would place Elkins in default, the PSC would not grant permission.

Why did you pick just before the holidays to make the new rates effective?

The effective date of the rate increase was triggered by the fact that we must start making our $116,000 monthly loan payments in January 2018. That date, in turn, was established by the lending agencies at the time that the package of loans and bonds was finalized, in 2015. In order to access project funds, the city had to comply with the lenders' requirements, including the date of commencement of debt service and the resulting effective date of the needed rate increase.

Can't we move money from elsewhere in the city budget to cover these payments?

West Virginia state law requires that municipal utility services, such as the City of Elkins Water Distribution System, be run like independent businesses, with no income other than customer payments for services provided. The purpose of this law is to ensure transparency with utility customers concerning the true cost of providing utility services. Moving money from other sources into the water system's budget would be illegal.

What is this rate increase paying for?

As mentioned elsewhere in this FAQ, the sole purpose of this increase is to cover the $116,000 monthly payments that the city will have to make from January 2018 until 2055. In turn, these payments repay the $37 million package of loans and bonds that funded the Elkins Water System Improvement Project.

The results of that project include:

- A new water plant that can produce clean drinking water at 4,000 gallons per minute, with backup generators and a membrane filtration system that provides a positive barrier against waterborne viruses and which can be upgraded as filtration technology advances.

- A new pumping station, also with backup generators as well as new intakes and raw-water pumps.
- A new 3-million gallon, pre-stressed-concrete reservoir tank, which replaces the end-of-life, welded-steel Crystal Springs and McQuain Road tanks.
- Gravity-fed water distribution that will reduce fluctuations in water pressure, eliminate system shocks from pump restarts, and simplify line flushing.
- The installation of 43,540 feet of new water lines and 41 new fire hydrants.
- The removal of many old, deteriorated sections of pipe.

Why do we need a new water plant?

The old water plant has served Elkins since 1921. It was extremely well constructed and incorporated the most advanced water-treatment technology of that time, but of course significant advances in water treatment have occurred in the century since then. Obtaining twenty-first-century water-treatment technology for Elkins would be a good enough reason to replace the old plant, but the 1921 plant also has vulnerabilities that create an even more urgent need for replacement.

One of the old plant's biggest vulnerabilities is that, because its electrical system was not built to modern standards and codes, it has never been possible to connect it to generator power. As a result, if the city experienced a long enough power outage before shifting to the new water plant, the city water system could run dry. This could also happen in the event of an equipment breakdown, because repairing the old plant's original pumps and other equipment often requires the custom fabrication of parts, placing the city's water supply at the mercy of the timetables of outside commercial vendors and other factors the city does not control.

If the city were to run out of water in these or other scenarios, possible results include:

- Conditions in homes quickly becoming unsanitary.
- Schools and businesses closing.
- Hospitals and other care facilities being forced to limit services and evacuate patients.
- Dry hydrants and sprinkler systems making it difficult or impossible to fight fires.

The City of Elkins takes very seriously its obligation to provide a reliable supply of clean drinking water to all of its water customers. Therefore, given the above risks and vulnerabilities, it is no longer prudent to rely on the old water plant, and replacing it is an absolute must.

Who Can I Contact if I Have More Questions?

If you have more questions, please contact the Elkins Operations Department.
Phone: 304-635-7021
Email: mhimes@cityofelkinswv.com

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