



Focused on Starkville's Future:

AUGUST 2020

Rate Adjustment Will Keep Infrastructure Upgrades on Track

Starkville Utilities is recommending an adjustment in water and sewer rates that, if approved, will fund planned upgrades to benefit customers well into the future. We are committed to managing costs responsibly and making the right decisions to ensure our customers continue enjoying reliable utility services. As part of that commitment, we have developed this fact sheet to answer questions and promote clarity and transparency in our funding processes.

Why is a rate adjustment necessary?

As part of our five-year capital improvement plan, Starkville Utilities plans to invest more than \$25 million to replace aging portions of the city's water and sewer services and update our wastewater treatment facility. The adjustment will keep projects on track.

Why does Starkville need capital improvements?

Nearly half of the city's water and sewer infrastructure is over 50 years old. In addition to improving service, our proactive approach saves customers money in the long run by avoiding repairs and outages caused by aging infrastructure.

We are committed to managing costs responsibly and making the right decisions to ensure our customers continue enjoying reliable utility services.

What projects are included in the capital plan?

Starkville Utilities is nearing completion of a water and sewer upgrade project in Pleasant Acres, where we replaced all water and sewer infrastructure. We are planning similar projects for Green Oaks, Rolling Hills and Oktibbeha Gardens as well as other areas of the city – all of which will require significant capital investment over the next five years to replace and update aging infrastructure.

Didn't the 2018 rate adjustment fund capital improvements?

Our intention with the 2018 adjustment was to fund the anticipated \$7.2 million annual budget for infrastructure projects, but the adjustment did not generate needed revenue. After carefully analyzing several rate options, we've chosen one that addresses revenue needs going forward and positions Starkville Utilities to stay on track with planned improvements at efficient levels.

How will the proposed increase affect customer bills?

We propose raising water and sewer base rates from \$4 to \$4.50 with a variable rate of \$4.15 per 1,000 gallons (the first 1,000 gallons of water usage is still included in the base rate). If approved, the adjustment will raise monthly water and sewer bills for most customers by \$2 to \$5 while generating annual revenues of \$7.5 million.

Will more rate increases be necessary to fund capital improvements?

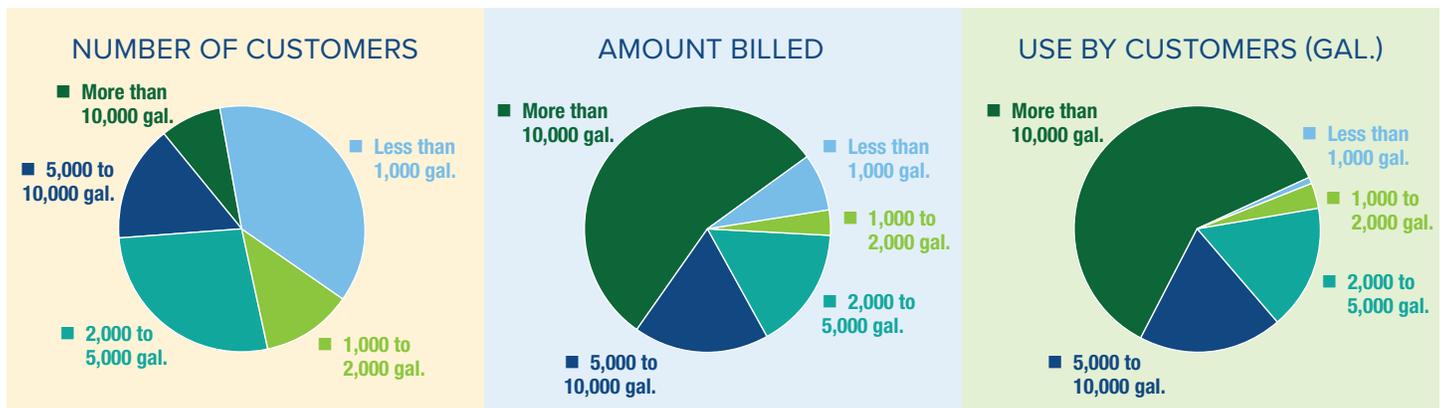
Based on current conditions and revenue projections, we do not foresee the need for another increase in the near future. It's worth noting that Starkville Utilities' infrastructure upgrades are funded by rates, not taxes, and periodic adjustments play a key role in our ongoing funding processes to keep utility systems in top operating condition. Before 2018, our water and sewer rates rose only two times over a 30-year period, and our customers have some of the lowest rates in Mississippi when compared to similarly sized municipalities.

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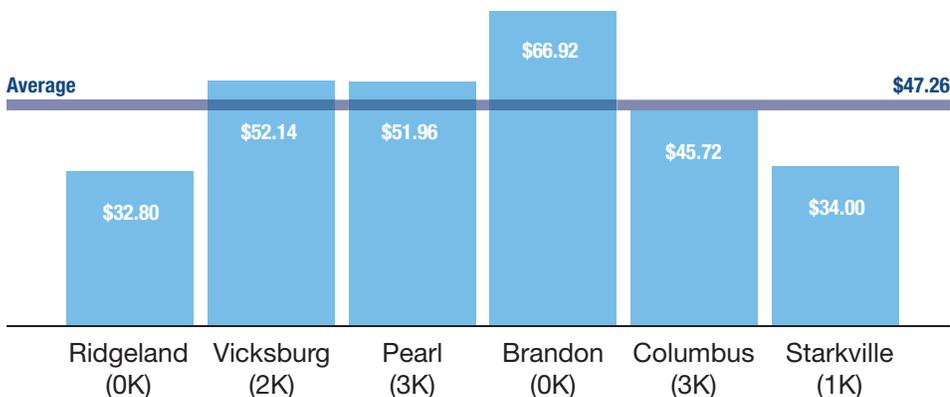
Use and Revenue by Customer Strata – Average Month

CUSTOMER USE	NUMBER OF CUSTOMERS		REVENUE RESPONSIBLE FOR		USE BY CUSTOMERS (GALLONS)	
Less than 1,000 gallons	5,546	37.69%	\$ 22, 184.00	7.63%	821,344	1.01%
1,000 to 2,000 gallons	1,759	11.95%	\$ 9,939.65	3.42%	2,652, 430	3.26%
2,000 to 5,000 gallons	3,987	27.10%	\$46,431.11	15.98%	13,366,420	16.44%
5,000 to 10,000 gallons	2,250	15.29%	\$ 51,900.88	17.86%	15,450, 270	19.01%
More than 10,000 gallons	1,172	7.97%	\$160,124.22	55.11%	48,998,530	60.28%



Water and Sewer Utilities – Cost of 5,000 Gallons

Utility Average\$47.26
 Starkville 28.05% Below Average



The adjustment will fund planned upgrades to benefit customers well into the future.



To learn more: 662-323-3133 starkvilleutilities.com