



# SCIOTO WATER, INC.

*"BRINGING GOOD WATER & GOOD PEOPLE TOGETHER"*

To All of Our Customers,

For any of Scioto Water's customers that have not yet realized it, last month Scioto Water, Inc. had a higher than usual rate increase that went into immediate effect with the August billing period and was calculated into the bills received in the first week of this month (September).

Any time a new rate increase is initiated and put into effect, it is never because the company just wanted to do so as many may like to believe. Neither was it to stuff our employee's pockets full of money, as many of them can attest to from talking with employees and employers of other water companies. And we certainly don't have a garage full of shiny new trucks and equipment.

If I were asked to sum up the reason for the increase in a simple sentence, I would say it's just the cost of doing business, but a simple sentence is not good enough and falls far short of actually explaining what the cost of "doing business" actually means. Therefore, I believe our customers deserve a better explanation which I will try to provide in this letter.

Since 2010, and into this year, there are 14 projects that Scioto Water, Inc. has already or will soon complete and we will have invested over twenty-six million dollars into the communities our various water systems serve which now extends into 6 counties. (\$26,373,058 to be more exact)

Thankfully, over these years, we were blessed to receive approximately \$3,689,000 in Principle Forgiveness, meaning we do not have to pay that portion back. However, including the cost (\$1,953,433) of the current project that just started, we have still amassed loan debts totaling about \$22,684,050, and these loans must be paid back along with other loans that were previously existing or created.

Since the beginning of these projects, Scioto Water has tried to absorb much of the additional costs of funding them through lower or more moderate rate increases. A couple of the smaller projects had no bearing on the normal inflationary rate increases put into place. Sadly however, the rate increases over the last couple of years came nowhere close to covering the cost of the projects when the semi-annual payments became due. This was mainly because of record inflation rates that increased the costs of other goods and services. Increasing regulatory requirements also contribute to higher costs.

Some of the other cost increases experienced by Scioto Water this last year were an 18.6% increase to health care costs, a 16.5% increase in auto and property insurance. We experienced a 31.6% increase in the cost of salt used in our softeners and saw a 31.7% increase in our water testing fees. And over the past 4 years (2024 vs 2020) we have seen an increase in our bulk water rate of 43.19% from another water company. Currently we are projecting an increase of 23.2% in our electric costs. The greatest increase came from increased fuel costs with an approximate increase over the past four years of 56% and a peak increase happening in 2022 of 91.79% compared to the annual price in 2020. Thankfully, the fuel prices have decreased some and have leveled out even though we recently experienced \$0.40 per gallon cost swings overnight.

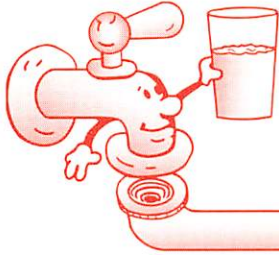
No doubt some of you may be asking if all these projects were necessary and the answer is yes. All customers, both new and existing alike, deserve to have a safe, abundant supply of potable water. That means systems must be upgraded to meet storage requirements and line sizes were increased where more flow was needed. With many of the water mains already reaching their life expectancy of 50 years

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or more, existing infrastructure must be maintained and/or replaced as necessary to sustain the level of service customers demand.

So why this increase and why now?

Scioto Water, Inc., being a private not-for-profit 501c corporation is very limited to the types of funding programs that are available. During the nominating and submitting process of the current project, it was noted and estimated that a rate increase of as much as 20% may be necessary to meet funding and normal operational requirements in accordance with certain regulatory agencies. Because of this, the Board gave approval to enter into a contract with a representative of Great Lakes Community Action Partnership to perform a Comprehensive Rate Analysis Study.

However, due to the timing needed to gather and prepare all the information necessary for the study, and while taking discussions at previous monthly meetings into consideration, it was determined in the August 2024 meeting that an interim rate increase now would provide the needed revenue to meet Scioto Water's operational needs and monthly obligations to ensure uninterrupted service to our customers. It is also believed that this current increase will lessen the impact of a higher increase if shown necessary by the Rate Analysis. With all things being considered, a vote to approve a rate increase passed and the rate was made effective for the August billing.

The breakdown of the increase is as follows:

The number of gallons allowed under the minimum bill was reduced from 1,250 gallons to 1,000 gallons. This allows additional revenue to be collected from the 250-gallon reduction while still providing protection to the most vulnerable customers on lower fixed monthly incomes.

There was an increase in the surcharge rate from \$4/month to \$7/month. The surcharge is intended to be a short-term increase which can be adjusted down as the economy improves and/or as debt is retired.

The flat rate per 1,000 gallons was increased by 10% or \$1.08 per thousand gallons. Based upon 2023's average usage amount of 3,463 gallons per month the new rate structure increased monthly bill for usage by \$5.35 a month which was calculated to be an 8.26% increase. Adding the \$3.00 increase of the surcharge brings the monthly increase to \$8.35. This calculates to show a monthly increase of 12.14%. For residential customers still below the minimum gallons of 1,000 per month, the calculated percentage of the \$3.00 increase on the surcharge is 6.67%.

The numbers used to calculate the dollar and percentage increases of the current rates compared to the previous rate are shown on the next page.

Respectfully,  
Jeff Spradlin  
General Manager  
Scioto Water, Inc.

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**Comparrison of Average Bill for Residential Users  
(3/4 inch water service tap)  
Average Usage Based Upon 2023 Water Sales = 3,463 gallons/month**

Previous Rate = Minimum Bill Allowance (1,250 gallons @ \$41.00 and a Flat Rate of \$10.75/1,000 gallons thereafter)					
	3,463	2,213/1,000 = 2.213	1,250 @ \$41.00 =	\$	41.00
	<u>1,250</u>		2.213 x \$10.75 =	\$	<u>23.79</u>
	2,213			\$	64.79

Current Rate = Minimum Bill Allowance (1,000 gallons @ \$41.00 and a Flat Rate of \$11.83/1,000 gallons thereafter)					
	3,463	2,463/1,000 = 2.463	1,000 @ \$41.00 =	\$	41.00
	<u>1,000</u>		2.463 x \$11.83 =	\$	<u>29.14</u>
	2,463			\$	70.14

	Water Charges for usage	With \$4.00 surcharge	With \$7.00 surcharge
New Average	\$ 70.14	\$ 74.14	\$ 77.14
Previous Avg.	\$ 64.79	\$ 68.79	\$ 68.79
	\$ 5.35	\$ 5.35	\$ 8.35
Percent of Increase	8.26%	7.78%	12.14%

Residential Customers using less than the 1,000 gallon minimum allowance	With an increase of \$3.00 to the surcharge	
Minimum Bill =	Before	After
Surcharge =	\$41.00	\$41.00
	\$4.00	\$7.00
	\$45.00	\$48.00
Percent of Increase	6.67%	