

# Messaging Framework for Proposed 2018 Rate Increase

**FAQ** | Frequently  
Asked  
Questions



## THE BMU FOCUS

We have maintained a strong focus on keeping rates low, lower than nearly every community across the state and well beyond. From 1987 to 2012, the BMU did not raise electric rates, and we also managed to keep water and sewer rates substantially low. However, recent and future rate increases are part of an effort to bring our customer rates to the current cost of service – an increase that is needed to sustain our utility service, support infrastructure repairs and replacements, and remain compliant with federal regulations.

### HOW DID YOU DEVELOP THE RATE INCREASE PLAN?

We consulted an organization experienced in helping utility services throughout the nation. They examined our current rates, costs associated with providing residential and commercial service, existing bond requirements and much needed repairs and upgrades before determining that our financial projections demanded the rate increase. The proposed rate increases are being phased in to make it as manageable as possible for our customers while addressing utility capacity, compliance and reliability.

### HOW IS THE BMU HELPING RESIDENTS PAY FOR THE RATE INCREASES?

All increases will be in stairsteps, predetermined and scheduled for once a year. This will give each customer an opportunity to prepare for the rate increases. The BMU has developed a plan of infrastructure repair and replacement that goes alongside the phased increases to be able to maintain the level of utility service our customers have come to expect, while supporting long-term sustainability.

### WILL THERE BE ADDITIONAL RATE INCREASES FOLLOWING THIS THREE-YEAR PROPOSED INCREASE?

#### **ELECTRIC**

Barring any unforeseen circumstance or imposed regulation, BMU estimates that implementing this proposed 3-year electric rate increase will position BMU favorably to then only have to consider rate increases that are applied on a Cost of Living Adjustment (COLA) basis.

#### **WATER**

The BMU Board proposal outlines the first three years of recommended rate increases beginning in 2019 and continuing through 2021. Additional water rate increases will occur after the three year mark. It is incredibly difficult to project rate increase needs four or more years into the future with any degree of reliability due to the various external influences beyond the BMU's control.

#### **SEWER**

The BMU Board proposal outlines the first three years of recommended rate increases beginning in 2019 and continuing through 2021. Additional sewer rate increases will occur after the three year mark. It is incredibly difficult to project rate increase needs four or more years into the future with any degree of reliability due to the various external influences beyond the BMU's control.

### WHAT KIND OF UPGRADES DOES THE BMU NEED AND WHY?

Our plants' infrastructure is rapidly aging beyond routine repair, and in some cases, parts are no longer available due to age. We need to bring many of our systems up to date to maintain our independent utility services and meet the changing federal requirements.

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With water production plants nearing max capacity now, plans for the proposed increase include improvements to the current plants to support the water needs of our current population and anticipated growth; upgrades of existing wastewater treatment plant to comply with new regulations and discharge limits enforced by the Department of Natural Resources; and upgrade aging distribution facilities and equipment to help alleviate any performance issues in support of effective power distribution. All of these plans are necessary to continue to maintain independent, sustainable utilities provided to all residents and businesses.

## ELECTRIC

### **WHAT IS THE ESTIMATED AMOUNT OF THE ELECTRIC-RATE INCREASE?**

The BMU is proposing three annual rate increases of 8 percent overall. The average residential customer can expect an average annual increase of \$10.37 on their monthly bill.

### **WHEN WILL THE ELECTRIC RATES BEGIN INCREASING?**

We are aiming to bring our current customer rates closer to the current cost of service by increasing electric rates in October 2018.

### **HOW DOES THE BMU'S 2021 RATE COMPARE TO OTHER CITIES?**

Sikeston's 2021 electric rate will still be lower than most Missouri communities. In fact, when compared to the 2016 rates of many Missouri communities, Sikeston's 2021 rates will still be significantly lower than the 2016 rates many others pay. When these other Missouri communities are implementing similar rate increases over the next three years, Sikeston residents will continue to experience lower-than-average rates.

### **HOW DID YOU DECIDE ON THE ELECTRIC RATE-INCREASE AMOUNT?**

After an in-depth analysis of current rates, overall system repairs and replacements, federal regulation requirements and needed cash reserves, it was determined the rate increases were necessary to remain independent and allow us to continue to provide the fast, reliable service our customers have come to rely on.

## WATER

### **WHAT IS THE ESTIMATED AMOUNT OF THE WATER-RATE INCREASE?**

The BMU is proposing three annual rate increases of 12 percent overall. The average residential customer can expect an average annual increase of \$2.36 to their monthly bill.

### **WHEN WILL THE WATER RATES BEGIN INCREASING?**

Water rates are scheduled to increase in January 2019.

### **HOW WILL THE BMU'S 2021 WATER RATE COMPARE TO OTHER CITIES?**

Much like the electric rate comparison, Sikeston's 2021 water rate will be similar to many surrounding cities' 2016 rates.

### **HOW DID YOU DECIDE ON THE WATER RATE INCREASE AMOUNT?**

Our current plants are nearing max capacity and range in age from 41 to 86 years old. This limits Sikeston's ability to accommodate current and potential new customers, which impairs our ability to support new jobs and growth. Improvements to the current production capacity will help support the water needs of our current population and anticipated growth.

## SEWER

### **WHAT IS THE ESTIMATED AMOUNT OF THE SEWER-RATE INCREASE?**

The BMU is proposing three annual rate increases of 12 percent overall. The average residential customer can expect an average annual increase of \$1.88 on their monthly bill.

### **WHEN WILL THE SEWER RATES BEGIN INCREASING?**

Sewer rates are scheduled to increase in January 2019.

### **HOW WILL THE BMU'S 2021 SEWER RATE COMPARE TO OTHER CITIES?**

Sikeston will still have a low sewer rate compared to the 2016 rates of many Missouri communities.

### **HOW DID YOU DECIDE ON THE SEWER RATE INCREASE AMOUNT?**

The Department of Natural Resources has imposed discharge limits that our current wastewater plant simply cannot meet, and portions of the current plant are approximately 50 years old. Upgrades to the existing wastewater treatment plant, and other necessary maintenance and repair needs through out the wastewater infrastructure, are necessary to comply with new regulations and the discharge limits enforced by the DNR.