Cooke City Public Meeting – 05/19/2026

Water Rate Increase Calculations

Rural Water Systems Analysis

- The Water District is a member of Montana Rural Water Systems (MRWS).
- MRWS assisted the district to calculate the estimated necessary income of the water district.
- This approach is a common analysis for water systems in Montana.
- The calculations take into account:
    - Number of Users
        - Size of services
    - Existing Debt
    - Existing Operation & Maintenance (O&M)
    - Reserve Asset Replacement
        - Much like building up a rainy-day fund.
        - For our analysis, we only accounted for $1,000/month.
- Then, it applies those costs to each user in the district
- **Results:**
    - **The estimated necessary income per user per month - $115.25**
    - If we remove the rainy-day fund - $105.55

Current Rates & Estimated Income

- To estimate income to the district per user per month, we took meter data from 2022-2025.
    - Using excel, each user average per month was calculated based on those four years.
    - Then, we could apply the existing and proposed user rates to those averages to calculate the costs for each user per month.
- Applying The Current Rates:

- $39.39 Base Rate w/ Tier System

July 2024 Rates			REFERENCE CELLS DO NOT DELETE	
Base Rate		$ 39.39		
USAGE (GALLONS)	ADDITIONAL COST	COST UNIT	INCREASE	
5001-10,000	$0.80	PER 100 GALLONS	$ 0.0080000	5,000
10,001-25,000	$1.00	PER 100 GALLONS	$ 0.0020000	10,000
25,001-40,000	$1.15	PER 100 GALLONS	$ 0.0015000	25,000
40,001-50,000	$1.35	PER 100 GALLONS	$ 0.0020000	40,000
Over 50,000	$1.50	PER 100 GALLONS	$ 0.0015000	50,000
Existing Average Profit/User/Month		=	**$ 66.41**	

- **<u>The estimated income per user per month under the current system $66.41.</u>**
  - ~58% of the Rural Water target income.
- Before estimating new rate structures, we wanted to verify that our current spreadsheets were accurate.
  - Per the spreadsheet the estimated income per year from water sales was $77,297.18. The actual income for 2025 was $76,700.86.
  - Within 1% accuracy.

<u>Proposed Rates & Estimated Income</u>

- The district decided to use a simpler tier system with more definitive tiers for low and high users.
- Proposed Rate Structure:
  - $49.49 Base Rate w/ Simplified Tiers

Proposed Rate Structure				
			REFERENCE CELLS DO NOT DELETE	REFERENCE CELLS DO NOT DELETE
Base Rate ($10 Increase)		$49.39		
USAGE (GALLONS)	ADDITIONAL COST	COST UNIT	INCREASE	
3,001-19,999	$1.10	PER 100 GALLONS	$ 0.0110000	3,000
Over 20,000	$1.50	PER 100 GALLONS	$ 0.0040000	20,000
		PER 100 GALLONS	$ (0.0150000)	500,000
		PER 100 GALLONS	$ -	
		PER 100 GALLONS	$ -	
Proposed Average Profit/User/Month		=	**$ 87.96**	

- How were the Tiers Calculated?

AVERAGE WATER USAGE (GALLONS)											
Jan-Avg Consump	Feb-avg Consump	Mar-avg Consump	Apr-avg Consump	May-avg Consump	Jun-avg Consump	Jul-avg Consump	Aug-avg Consump	Sep-avg Consump	Oct-avg Consump	Nov-avg Consump	Dec-avg Consump
2,016	2,054	2,242	1,679	2,050	3,338	3,421	3,139	2,486	1,517	1,251	2,123

Overall Average	=	2,276	gallons

(Excludes "Commercial" Properties)

  - 3,000 gallons was calculated as a baseline by removing the highest users or "commercial properties".
  - 3,000 – 20,000 gallons captures most of the lower end of commercial properties or smaller businesses.
  - 20,000+ gallons will only be hit by the largest commercial properties during busy season.
- **Estimated income per user per month will be $87.96.**
  - ~76% of the Rural Water target income.
  - ~ $25,000 more income per year.
  - Estimated Annual Income - $102,387.10

Summary & Wrap-up

- The Water District decided to do a rate increase to keep up with rising costs.
- Rural Water Systems helped calculate a target income per user per month
  - **$115.25 /user /month**
- Using existing meter data from 2022-2025, we calculated the existing income per user per month under the existing rate structure. We also verified it against actual income and were within 1% of the actual income.
  - **$66.41 /user /month (~58% of Rural Water Target)**
- The proposed rate structure features a $10 base rate increase and a simplified tier system. The new rate structure increase the income.
  - **$87.96 /user /month (~76% of Rural Water Target)**

Questions/Comments/Concerns?