



NEWS & NOTES

A PUBLICATION OF THE MWRA ADVISORY BOARD
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AB RELEASES RETAIL RATE SURVEY AND LOOKS FOR SOLUTIONS TO PROVIDE RELIEF

The MWRA Advisory Board released its 23rd Annual Water and Sewer Retail Rate Survey this week, reporting an average 5.3% increase in combined retail water and sewer bills in 2009 for customers in the MWRA service area. Consistent with the Advisory Board's twenty-three year history of tracking retail rates, the 2009 survey uses the American Water Works Association industry standard of 90,000 gallons to track the percentage increase in retail rates from year to year. At this level of usage, the average combined annual water and sewer charges for homeowners in MWRA communities increased 5.3% from the 2008 survey, for a total annual cost of \$1,196 (up from \$1,136 in 2008).

The survey also tracks actual water usage as provided by the community to the Massachusetts Department of Environmental Protection (DEP). This data confirms an alarming trend – communities' costs increase even as water consumption continues to drop. System-wide, MWRA sales have declined from over 300 million gallons per day (MGD) in 1980 to under 200 MGD in 2009. In the last year alone, usage decreased by 3.7% from 196 MGD to 189 MGD. Reduced retail sales of water, although an environmental success, is wreaking havoc on communities' ability to accurately project and collect the necessary revenues to operate local systems; half of the communities in the MWRA system are predicting budgetary shortfalls due to lower than projected water consumption. Many communities have already discussed, planned, or approved mid-year rate increases to address these shortfalls.

The Advisory Board has been a consistent champion of expanding the rate base by bringing more communities into the MWRA system. Currently, the Quabbin Reservoir is releasing more water than the MWRA is selling. "Expanding the water system is a win for communities who need water to ensure the quality of life for their residents. It is a win for MWRA ratepayers when costs are spread over a larger base. It is a win for the environment as it would reduce the impacts on stressed rivers," said Katherine Dunphy, Chairwoman of the MWRA Advisory Board.

To view the 2009 Water and Sewer Retail Rate Survey, please visit our website: www.mwraadvisoryboard.com

AB AND MWRA ACHIEVE LOWEST RATE REVENUE INCREASE IN 15 YEARS

With all the current economic pressures facing cities and towns, the Advisory Board successfully pushed for an aggressive rates management strategy for FY11, which advocated a \$0 rate revenue increase. After significant dialogue and debate between the MWRA Board of Directors, MWRA staff and Advisory Board staff, the MWRA issued its preliminary assessments to communities this month, proposing a 1.49% increase over FY10 rates. This is the lowest wholesale water and sewer rate increase since 1996.

In addition to issuing the preliminary assessments to communities, the Authority approved the transmittal of the proposed Current Expense Budget (CEB) for FY11 to the Advisory Board for its review and comment. Total proposed expenses come to \$602.8 million, of which \$355.3 million is for capital financing costs, fully 59% of the budget. Direct expenses total \$209 million and indirect expenses come to \$38.5 million. Non-rate revenue is \$33 million. Just over 94% of all revenue is from water and sewer rates, projected to be \$569.8 million, a 1.49% increase over FY10's rates. In order to achieve a 1.49%, rate increase the Authority reduced its total Operating Expenses by \$1.8 million including 0% wage increases for all employees and containing capital financing costs through \$23 million in defeasance of debt and \$75 million in restructuring to provide targeted relief for FY11-13. The Advisory Board hearing on the MWRA's Proposed FY11 CEB will be held prior to the Advisory Board meeting in April. The Advisory Board will vote on its *Comments and Recommendations* in May; the Authority's Board of Directors is scheduled to vote on the final budget in June.

UPCOMING MEETINGS

MARCH 10: MWRA BOARD OF DIRECTORS / 10 AM – CHARLESTOWN
MARCH 12: EXECUTIVE COMMITTEE / 8:30 AM – BOSTON
MARCH 18: MWRA ADVISORY BOARD / 11:30AM – CANTON

If you have any questions regarding topics raised in this newsletter or any other MWRA issue, please contact:
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