

RESOLUTION NO. 16PUC-004

**RESOLUTION ESTABLISHING WATER RATES EFFECTIVE
WITH METER READINGS AFTER APRIL 30, 2016;
SUPERSEDING ALL PRIOR INCONSISTENT OR
CONFLICTING RATES AS OF MAY 1, 2016.**

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby makes the following Finds of Fact:

- 1.) The City's water utility system infrastructure, taken as a whole, is badly deteriorated and much of it needs to be replaced.
- 2.) A large part of the City's water utility system infrastructure is in excess of 80 years old or more and has exceeded its expected useful life.
- 3.) At least \$4 Million needs to be invested annually in water-related capital projects in order to maintain the system's ability to serve the needs of the City over the long term.
- 4.) The City's water booster stations and water treatment facilities will need \$8 Million for repairs and replacement of equipment over the next 10 years to meet the needs of the City.
- 5.) The City has not increased its water rates since January 2013.
- 6.) Because of the deteriorated state of the City's water mains, the utility has suffered increased costs for repair related to water main breaks as well as losses of product and revenues.
- 7.) It is necessary to increase water rates charged by the City to provide funds for the needed upgrading and improving of the City's water distribution system.

FURTHER RESOLVED, that effective with the water meter readings after April 30, 2016, the rates to be charged to all customers of the water utility of the city of Duluth shall be amended as follows:

1. Variable charges:
The rates to be charged to all customers* in the city of Duluth per 100 cubic feet (CCF) shall be as follows:

User Class	Flow Rate / CCF	
	Effective May 1, 2016	Effective January 1, 2013
Residential 1 (R 1)	\$3.51	\$3.34
Residential 2 (R 2)	\$3.29	\$3.10
Residential 3 (R 3)	\$2.89	\$2.73
Residential 4 (R 4)	\$2.54	\$2.40
Commercial & Industrial 1 (C&I 1)	\$3.51	\$3.34
Commercial & Industrial 2 (C&I 2)	\$2.94	\$2.77

Commercial & Industrial 3 (C&I 3)	\$2.36	\$2.23
Commercial & Industrial 4 (C&I 4)	\$2.05	\$1.93
Commercial & Industrial 5 (C&I 5)	\$1.82	\$1.72
Commercial & Industrial 6 (C&I 6)	\$1.54	\$1.45

* User Classes established and defined by 12PUC-005.

2. Fixed charges:

In addition, all customers shall pay the following fixed charges for service based on the size of the water meter measuring service to the premises.

Meter size	Effective May 1, 2016 (no change)
1 inch & under	\$6.27
1-1/2 inch	\$10.97
2 inch	\$18.80
3 inch	\$68.92
4 inch	\$87.71
6 inch	\$131.57
8 inch	\$181.69
10 inch	\$238.07

3. Political Subdivisions outside City:

Rates charged for water furnished to political subdivisions outside the corporate limits of the city will be by individual contract, and such customers shall be charged the following effective May 1, 2016:

Political Subdivision	Effective May 1, 2016	Effective January 1, 2013
Hermantown	\$3.12/CCF	\$2.94/CCF
Proctor	\$3.52/CCF	\$3.32/CCF
City of Rice Lake	\$3.01/CCF	\$2.84/CCF

4. Other Customers outside of City:

Water metered at or beyond the city limits, for use by customers located outside the corporate limits of the city of Duluth not including political subdivisions:


All water - \$4.63/CCF, effective May 1, 2016.

RESOLVED FURTHER, any prior rates inconsistent or conflicting with this resolution are superseded as of May 1, 2016.

Approved by the DPUC: March 15, 2016
(date)

Submitted to City Council: March 16, 2016
(where appropriate) (date)

ATTEST:



Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE:

This resolution sets water rates effective with meter readings after April 30, 2016.

This resolution represents a rate increase of approximately 6% over those applicable after January 1, 2013. This increase will provide an estimated \$715,000 annually in additional revenue for capital improvements, raising the total funds available for capital projects to an estimated \$3,500,000.