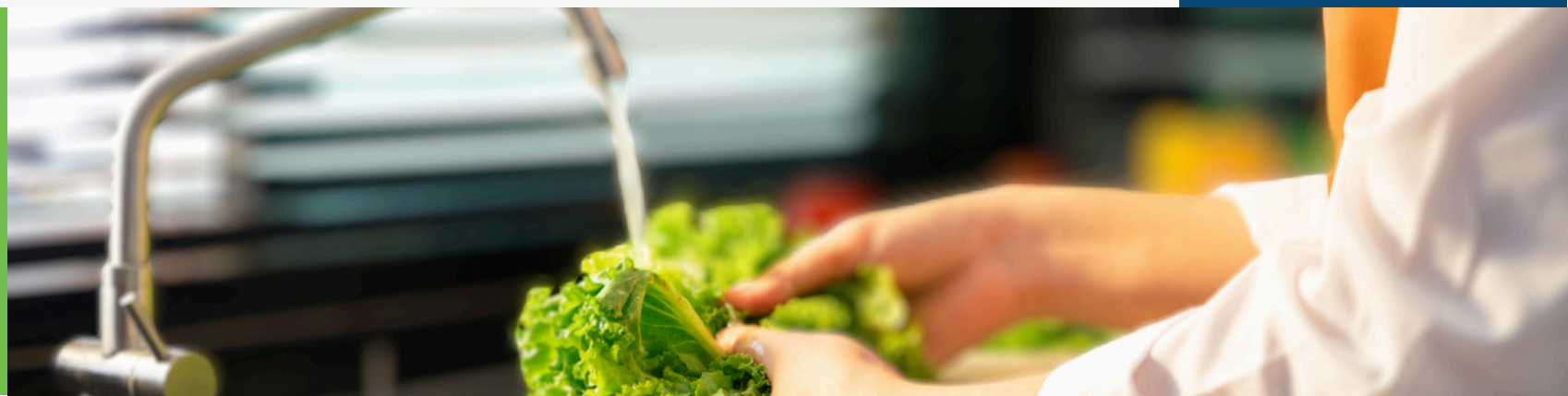




UTILITY RATES

Hallsdale-Powell Utility District



RATE ADJUSTMENT FOR HALLSDALE-POWELL UTILITY DISTRICT

On March 20, 2023, the Hallsdale-Powell Utility District Board of Commissioners approved a 3% rate increase on water and a 4% rate increase on sewer for the fiscal years of 2024 and 2025. The new rates will go into effect on April 1, 2024 and will be reflected on your May utility bill.

HOW MUCH WILL THE NEW RATES IMPACT AN AVERAGE CUSTOMERS BILL?

Below are examples of the price change an average customer can expect for the fiscal year of 2024 on both water and wastewater. The prices listed below include a base charge of \$10.52 and a usage charge of \$10.00 per thousand gallons for water and a base charge of \$14.44 and a usage charge of \$13.58 per thousand gallons for wastewater. Prices do not include tax.

AVERAGE WATER BILL EXAMPLE

Gallon Usage	Current	New Rate	Price Change
1,000 Gallons	\$19.92	\$20.52	\$0.60
2,000 Gallons	\$29.63	\$30.52	\$0.89
3,000 Gallons	\$39.34	\$40.52	\$1.18
4,000 Gallons	\$49.05	\$50.52	\$1.47
5,000 Gallons	\$58.76	\$60.52	\$1.76
6,000 Gallons	\$68.47	\$70.52	\$2.05

*Base Rate Included

*No Tax Included

AVERAGE WASTEWATER BILL EXAMPLE

Gallon Usage	Current	New Rate	Price Change
1,000 Gallons	\$26.94	\$28.02	\$1.08
2,000 Gallons	\$40.00	\$41.60	\$1.60
3,000 Gallons	\$53.06	\$55.18	\$2.12
4,000 Gallons	\$66.12	\$68.76	\$2.64
5,000 Gallons	\$79.18	\$82.34	\$3.16
6,000 Gallons	\$92.24	\$95.92	\$3.68

*Base Rate Included

*No Tax Included

WHAT DO UTILITY RATES PAY FOR?

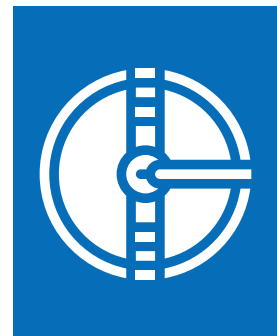
WATER SYSTEMS

SERVICE AREA



146 square mile service area
689 miles of service mains

FACILITIES & CAPACITY



2 treatment plants
14 storage facilities
19 booster pump stations
16 million gallons rated capacity
12.37 million gallons reservoir capacity

TREATMENT



2.9 billion gallons treated water
8.25 million gallons/day average flow

CUSTOMERS



32,442 customers
48,000 gallons annual per residential household

WASTEWATER SYSTEMS

SERVICE AREA



146 square mile service area
493 miles of service mains

FACILITIES & CAPACITY



2 treatment plants
1 storage facility
22 lift stations
23 million gallons of treatment capacity

TREATMENT



3.7 billion gallons treated wastewater
8.7 million gallons/day average flow

CUSTOMERS



25,053 customers
48,000 gallons annual per residential household



WHY ARE RATES GOING UP?

Capital Improvement Projects

There are many factors that drive debt. Capital debt is the largest driver of rate changes over the last 23 years. Below are some of the significant investments the District has made as the result of two Consent Orders from the Tennessee Department of Environment & Conservation.

Beaver Creek Wastewater Treatment Plant	\$ 53,000,000
Collection System Rehabilitation Phases 1-4	\$ 15,157,024
Beaver Creek Interceptor Replacement Phases 1-3	\$ 45,227,523
Brown Gap Interceptor Replacement	\$ 5,257,234
Dry Gap Wastewater Storage Facility	\$ 4,963,951
Willow Fork Interceptor Replacement	\$ 3,273,000

Federal & State Regulations / Mandates

Federal and state regulations are major drivers in the cost of providing water and wastewater services. In fact, more than half of every utility dollar funds capital projects and infrastructure of which most are regulatory driven, and government mandated.

- EPA Lead and Copper Rule Revisions
- EPA/TDEC Cyber Security Mandate
- TDEC Sewer Consent Order - Capital Projects and Infrastructure Improvements
- EPA/TDEC Mandated Reduction of Unaccounted Water Loss Revisions
- EPA Mandated Water Quality Regulations Revisions

Increased Operating Costs

Increase cost as a result of inflated material, labor and equipment costs.

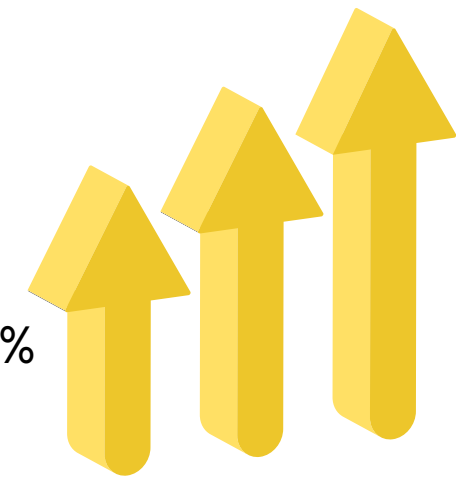
Chemical Cost + 46 %

Electrical Cost + 3.5%

Fuel Cost + 9%

Brass Water Fittings Cost + 34 %

Ductile Iron Pipe Cost + 66%



OTHER RATE DRIVERS

Relocation of Utilities Driven by TDOT and Knox County Engineering & Public Works

Since 2005, relocation of utilities due to projects accompanied by TDOT and Knox County Engineering & Public Works has financially impacted HPUD by \$17.7 million dollars. These projects are typically not reimbursed and funded primarily by HPUD's rates.

Relocation of Utilities - Road Projects	Cost
Emory Rd (Clinton Hwy to Maynardville Hwy)	\$7,885,870
Maynardville Hwy (Halls High School to Union Co. Line)	\$4,700,000
Maynardville Hwy (Doris Circle to Ledgerwood)	\$1,518,988
Emory Rd at Fairview/Thompson School Rd	\$347,585
Emory Rd at Cate Rd	\$426,424
Clinton Hwy at Raccoon Valley	\$377,137
Emory Rd at Beeler Rd	\$473,488
Emory Rd at Tazewell Pk	\$287,125
Bishop Rd / Taggart Ln	\$877,230
W Beaver Creek Rd / Brickyard Rd	\$774,110
Total	\$17,667,957

WHAT IS HPUD DOING TO HELP OFFSET THE RISING COSTS?

- ➔ **Fiscal Stewardship-** HPUD refinanced debt to save rate payers \$26 million over the term of four bond issues
- ➔ **Reduced Operating Expenses** for the 2021 - 22 fiscal year by \$1 million
- ➔ **Ensure conservative fiscal management** by reprioritizing the Capital Improvement Plan
- ➔ **Applied and Approved for ARPA Funds** (American Rescue Plan Act) to help offset infrastructure investment costs
- ➔ **Implemented a Leak Protection Program** to offset the cost of adjustments and directly benefit customers with significant water leaks
- ➔ **Utilize the services of Raftelis**, a local government & utility financial management consultant
- ➔ **Ensure sound financial management** through a third party audit (annually)
- ➔ **Inventory Management -** Monitoring trends to ensure best pricing

HOW DO WE COMPARE?

For information on how Hallsdale-Powell Utility District's rates compare to other utilities in the East Tennessee region, please visit the East Tennessee Development District's website www.etdd.org to see the results of their most recent survey. Also, visit HPUD's website www.hpud.org to see how our utility rates compare to other local utilities.

Hallsdale-Powell Utility District's commitment to excellence includes conservative fiscal management practices. We have worked diligently to prevent rate increases in 5 of the last 10 years. The charts below show how much an average water user's bill (based on 4,000 gallons) has been impacted over the past ten years by rate adjustments.

