



# WATER RATE STUDY

In December 2022, the North Dakota Rural Water Systems Association (NDRWSA) prepared a water rate analysis for Crosby. A review of expenses and revenues revealed an average deficit of \$172,864 (27% less revenue than expenses).

In 2021, 43% of the water Crosby purchased was due to unaccounted-for water (2,619,541 gallons per month). The NDRWSA considers 10% water loss acceptable. For perspective, the city's elevated storage tank holds 500,000 gallons; the unaccounted-for water would fill this tank over five times! At the time of the study, residents purchased water at \$6.30 per thousand gallons. This cost has a negative financial impact but can be corrected with infrastructure upgrades, including replacing and repairing non-functioning water meters and replacing leaking water mains and services. The affordability index of 1.5% to 2.5% of household median income (MHI) is used to gauge affordability by EPA. At the time of the rate study, the household median income for Crosby was \$63,375. 1.5% MHI is \$79.22 per month for water service.

Recommendations from the study:

- Instituting a rate structure that is affordable, responsible, and will meet the community's long-term needs. Rate increases could be implemented incrementally over a multi-year period, allowing residents ample time to budget for the increases.
- Reduce the amount of unaccounted-for water by metering accurately and through leak detection and infrastructure upgrades as needed.

Monthly Base Rate	Montly Rate per 1000 Gallons	Monthly Affordability Rate
\$25	\$8.52	\$79.22
Gallons Used	Total Monthly Water Rate	Rate Increase to Affordable
3000 Gallons	\$50.56	\$28.66
3500 Gallons	\$54.82	\$24.40
4000 Gallons	\$59.08	\$20.14
5000 Gallons	\$67.60	\$11.62