



P.O. Box 226 • Seneca, KS 66538 • 785/336-3760  
FAX 785/336-2751 • <http://www.krwa.net>

March 3, 2010

Wayne Landwehr  
Montgomery RWD 12  
5875 CR 5100  
Cherryvale, KS 67335

Dear Wayne;

This letter is in follow up to the Water Rate Review conducted for Montgomery RWD 12. Basically you wanted to know if the present rates are adequate to cover expenses and debt on a 20-year loan in the amount of \$108,000. Penny mentioned the monthly debt payment of \$689.13 or \$8,269.56 annually will soon begin. The loan is to install a pump-house and an underground vault.

In 2009 the revenue for the district was \$149,604 which included the monthly minimum and water sales. The expenses were \$172,404 for the same period. The district purchased 17,854,000 gallons of water. With the cost of water and the expenses in 2009, the average cost is \$9.66 per 1,000 gallons. That cost increases to \$14.18 per thousand gallons when the calculation is made based on the amount of water sold (12,156,000 gallons).

The district had other revenue but was not used in the calculation, because there is no assurance that there will be new connections or refunds.

The two highest expenses for the district are Contract Labor at \$36,639 and Repairs and Maintenance at \$21,107. Another significant expense is the 28% water loss (5,045,000 gallons). The district should work to reduce water loss and the costs as possible.

The district presently has a monthly minimum of \$20.67 and a charge for water at \$8.64 per 1,000 gallons. The monthly minimum has been subsidizing the cost per 1,000. The new debt will require \$2.75 per user per month to meet the monthly payment.

This review was conducted to give the board a starting point when considering an increase in water rates for the patrons. Please let us know if KRWA can be of further assistance.

Sincerely,



Greg Duryea  
Technical Assistant

c: Penny Lumbley, Bookkeeper