



NOTICE OF RATE INCREASE AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on May 10, 2017, the Board of Directors (the “Board”) of Lockwood Area/Yellowstone County Water and Sewer District, Montana (the “District”), adopted a Resolution of Intention to Increase Rates for the Users of the District’s Water and Sanitary Sewer Systems (the “Resolution”).

This notice was mailed to all District customers on May 12, 2017. The notice of the passage of this resolution was published in the Billings Times, (May 11th & May 18th, 2017), and the Yellowstone County News, (May 12th & May 19th, 2017).

The District currently charges users of the Water System a monthly base rate (the “Water Base Rate”) based on the size of the water meter servicing each connection. The District also charges users of the Water System a usage charge per 1,000 gallons per month (the “Water Usage Rate”). The monthly water charge (“Monthly Water Charge”) for each connection consists of the Water Base Rate plus the Water Usage Rate for each connection. The District proposes to increase the Water System Base Rate and Water Usage Rate July 1st of each year over the next four years as follows:

Diameter of Water Meter Size	Current Base Rate	July 1, 2017 Base Rate	July 1, 2018 Base Rate	July 1, 2019 Base Rate	July 1, 2020 Base Rate
¾-inch	\$15.00	\$15.21	\$15.41	\$15.62	\$15.82
1-inch	26.85	27.22	27.58	27.95	28.32
1 ½-inch	59.99	60.81	61.63	62.45	63.27
2-inch	107.09	108.55	110.02	111.48	112.94
3-inch	239.97	243.25	246.53	249.81	253.09
4-inch	428.55	434.41	440.26	446.12	451.98
6-inch	959.87	972.99	986.11	999.22	1,012.34
8-inch	1,706.70	1,730.02	1,753.35	1,776.67	1,800.00
10-inch	2,402.08	2,434.91	2,467.74	2,500.57	2,533.39

Customer Class	Current Usage Rate	July 1, 2017 Usage Rate	July 1, 2018 Usage Rate	July 1, 2019 Usage Rate	July 1, 2020 Usage Rate
Residential	\$3.70	\$3.90	\$4.10	\$4.30	\$4.67
Commercial	3.70	3.90	4.10	4.30	4.67
Trailer	3.70	3.90	4.10	4.30	4.67
Bulk Water	5.00	5.25	5.50	5.75	6.00

The District currently charges users of the Sanitary Sewer System a monthly base rate (the “Sewer Base Rate”) based on the size of the water meter servicing each connection. The District also charges users of the Sanitary Sewer System a usage charge per 1,000 gallons per month of water (the “Sewer Usage Rate”). The monthly water charge (“Monthly Sewer Charge”) for each connection consists of the Sewer Base Rate plus the Sewer Usage Rate for each connection.

The District proposes to maintain the Sanitary Sewer System Base Rate and increase the Sewer Usage Rate July 1st of each year over the next four years as follows:

Diameter of Water Meter Size	Current Base Rate	July 1, 2017 Base Rate	July 1, 2018 Base Rate	July 1, 2019 Base Rate	July 1, 2020 Base Rate
¾-inch	\$46.30	\$46.30	\$46.30	\$46.30	\$46.30
1-inch	82.88	82.88	82.88	82.88	82.88
1 ½-inch	185.20	185.20	185.20	185.20	185.20
2-inch	330.58	330.58	330.58	330.58	330.58
3-inch	740.80	740.80	740.80	740.80	740.80
4-inch	1,319.55	1,319.55	1,319.55	1,319.55	1,319.55
6-inch	2,963.20	2,963.20	2,963.20	2,963.20	2,963.20
8-inch	5,268.94	5,268.94	5,268.94	5,268.94	5,268.94
10-inch	8,232.14	8,232.14	8,232.14	8,232.14	8,232.14

Customer Class	Current Usage Rate	July 1, 2017 Usage Rate	July 1, 2018 Usage Rate	July 1, 2019 Usage Rate	July 1, 2020 Usage Rate
Domestic (1)	\$1.10	\$1.31	\$1.52	\$1.74	\$1.96

(1) Customers with higher strength sewer discharge characteristics may be assessed a surcharge.

Monthly bills by year for residential user with a ¾-inch water meter that uses 6,000 gallons of water per month and 5,000 gallons of sewer volume per month under current and proposed rates are summarized below.

Description	Volume Gallons	Current Bill	July 1, 2017 Bill	July 1, 2018 Bill	July 1, 2019 Bill	July 1, 2020 Bill
Water (1)	6,000	\$37.20	\$38.62	\$40.03	\$41.42	\$43.82
Sewer (1)	5,000	51.80	52.85	53.90	55.00	56.10

(1) ¾-inch water meter diameter size.

Monthly bills by year for a commercial user with a 1-inch water meter that uses 20,000 gallons of water per month and 20,000 gallons of sewer volume per month under current and proposed rates are summarized below.

Description	Volume Gallons	Current Bill	July 1, 2017 Bill	July 1, 2018 Bill	July 1, 2019 Bill	July 1, 2020 Bill
Water (1)	20,000	\$100.85	\$105.26	\$109.64	\$113.97	\$119.12
Sewer (1)	20,000	104.88	109.08	113.28	117.68	122.08

(1) Commercial customer with 1-inch water meter diameter size.

System Development Fees (SDFs) are one-time charges paid to fund the infrastructure needed to serve new development. The District assesses two sets of water SDFs, one system-wide and one within the Mid-Zone. The proposed water SDFs phase to a single system-wide water SDFs by July 1, 2020. See below.

Diameter of Water Meter Size	Water SDF System-Wide				
	Current	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
¾-inch	\$1,225	\$2,418	\$3,611	\$4,804	\$6,000
1-inch	1,715	3,385	5,055	6,726	8,400
1 ½-inch	1,960	3,869	5,778	7,686	9,600
2-inch	2,205	4,352	6,500	8,647	10,800
3-inch	3,553	7,013	10,473	13,934	17,402
4-inch	13,475	26,598	39,721	52,844	66,000
6-inch	17,150	33,852	50,554	67,256	84,000
8-inch	25,725	50,778	75,831	100,884	126,000
10-inch	35,525	70,122	104,719	139,316	174,000

Diameter of Water Meter Size	Water Mid-Zone Service Area (1)				
	Current	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
¾-inch	\$4,236	\$4,677	\$5,118	\$5,559	\$6,000
1-inch	5,930	6,548	7,165	7,783	8,400
1 ½-inch	6,778	7,483	8,189	8,894	9,600
2-inch	7,625	8,419	9,212	10,006	10,800
3-inch	12,284	13,565	14,844	16,123	17,402
4-inch	46,596	51,447	56,298	61,149	66,000
6-inch	59,304	65,478	71,652	77,826	84,000
8-inch	88,956	98,217	107,478	116,739	126,000
10-inch	122,844	135,633	148,422	161,211	174,000

(1) Includes System-wide fee.

The current sewer system SDFs are assessed as a single fee system-wide. The proposed sewer SDFs include four separate assessment schedules applicable to development inside and outside Phase 1 Sewer Sub-District and Phase 2 Sewer Sub-Districts respectively. See tables below.

Diameter of Water Meter Size (2)	Inside Phase 1 Sewer Sub-District System Development Fee (1)				
	Current	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
¾-inch	\$195	\$726	\$887	\$1,053	\$1,223
1-inch	220	819	1,001	1,188	1,380
1 ½-inch	320	1,191	1,456	1,728	2,007
2-inch	450	1,675	2,047	2,430	2,822
3-inch	910	3,388	4,139	4,914	5,707
4-inch	1,770	6,590	8,051	9,558	11,101

(1) Excludes City of Billings wastewater treatment plant system development fee and franchise fee.
(2) For 6-inch and larger water meter sizes, system development fees are calculated for each connection.

Diameter of Water Meter Size (2)	Inside Phase 2 Sewer Sub-District System Development Fee (1)				
	Current	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
¾-inch	\$195	\$1,695	\$2,250	\$2,819	3,398
1-inch	220	1,912	2,538	3,180	3,834
1 ½-inch	320	2,782	3,692	4,626	5,576
2-inch	450	3,912	5,192	6,505	7,842
3-inch	910	7,910	10,500	13,155	15,857
4-inch	1,770	15,385	20,423	25,588	30,843

(1) Excludes City of Billings wastewater treatment plant system development fee and franchise fee.
(2) For 6-inch and larger water meter sizes, system development fees are calculated for each connection.

Diameter of Water Meter Size (2)	Outside Phase 1 Sewer Sub-District System Development Fee (1)				
	Current	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
¾-inch	\$195	\$3,712	\$3,764	\$3,817	\$3,873
1-inch	220	4,188	4,247	4,306	4,370
1 ½-inch	320	6,091	6,177	6,264	6,356
2-inch	450	8,566	8,686	8,808	8,938
3-inch	910	17,323	17,565	17,813	18,074
4-inch	1,770	33,694	34,166	34,647	35,155

(1) Excludes City of Billings wastewater treatment plant system development fee and franchise fee.
(2) For 6-inch and larger water meter sizes, system development fees are calculated for each connection.

Diameter of Water Meter Size (2)	Outside Phase 2 Sewer Sub-District System Development Fee (1)				
	Current	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
¾-inch	\$195	\$14,553	\$14,769	\$14,984	\$15,206
1-inch	220	16,419	16,662	16,905	17,155
1 ½-inch	320	23,882	24,236	24,589	24,953
2-inch	450	33,584	34,082	34,578	35,091
3-inch	910	67,914	68,922	69,925	70,961
4-inch	1,770	132,096	134,057	136,009	138,024

(1) Excludes City of Billings wastewater treatment plant system development fee and franchise fee.
(2) For 6-inch and larger water meter sizes, system development fees are calculated for each connection.

A public hearing on the rate increase will be held on May 23, 2017, commencing at 7 p.m. at the Commons Room at the Lockwood Middle School, 1932 Hwy 87 E., in Lockwood, Montana.

Further information about the proposed rates and charges or information concerning the Resolution may be obtained by contacting Mike Ariztia, District Manager, Lockwood Area/Yellowstone County Water and Sewer District, phone: (406) 259-4120, or on our website www.lockwoodwater.com

Done by Order of the Board of the Lockwood Area/Yellowstone County Water and Sewer District, Montana, this 10th day of May, 2017.

/s/ Carlotta Hecker

District Secretary