



PO Box 226 • Seneca, KS 66538 • 785/336-3760
Fax 785/336-2751 • <https://krwa.net>

July 15, 2025

Corey Lyon
City of Aurora
PO Box 105
Aurora, KS 67417

RE: Rate Review

Dear Corey,

This letter is in response and follow-up to the request to conduct a rate review for the city. The rate review aims to determine if the current rates meet expenses and maintain the water infrastructure and operations. Carl Brown of Getting Great Rates designed the spreadsheet and program that KRWA uses.

The attached spreadsheet shows the cost-to-serve rates based on the expenses for 2024. The spreadsheet also displays recommendations for assigning expenses as fixed or variable costs, and rates for minimum charges and water usage. The calculation sheet for the year's water expenses revealed a need for \$21.90 for the monthly minimum and \$2.76 per 1,000 gallons used. The city's current water rate is \$20 Minimum and includes the first 1,000 gallons and \$5.00/1000 gallons thereafter. The city adopted the rate in 2016, almost ten years ago. The current rate, which provides the first 1,000 gallons, hardly covers the operational costs of the system. Also, there was no funding of a reserve or replacement account. I suggest that the utility should generate enough revenue to fund a reserve account for possible emergency needs or future upgrades.

I added a second sheet with options for an annual payment to a replacement fund of \$ 1,000 and a \$2,000 payment to an operating reserve fund. I also added \$2,000 to the operating staff salaries line item to provide an idea of what the rates would be. Although all entries can be tweaked, the city appears to need to adjust the rates to sustain the system.

KRWA's help to the city on this review was funded through a contract between the National Rural Water Association and KRWA, with USDA Rural Development providing the funding. Please call me at 785-541-0342 or contact the KRWA office at 785-336-3760 if you have any questions or need further assistance. And for news, information, training schedules, and more about KRWA programs, visit the KRWA website at <https://krwa.net>.

Yours truly,

Greg Metz
Circuit Rider

Enclosures

C: Council Members

Mike Pan, USDA Rural Development
Dan Fischer, USDA Rural Development
Marsha Fleming, KDHE, North-Central Office

City of Aurora , Water System Cost Classification and Resulting Rates

Level Minimum and Unit Charges Model

This model calculates rates in a cost-to-serve structure.

The first day of the year for which these rates will apply is 8/1/2026

Cost Item	Annual Cost	% Fixed	Fixed Cost	Variable Cost	Monthly Minimum Cost	Unit Cost / 1,000 Gallons	Unbilled-for Water Unavoidable Known Cost / 1,000 Gallons
Administration Salaries, Benefits, etc.	\$4,112	50%	\$2,056	\$2,056	\$5.71	\$1.170	
Office-related Expenses (Rent or amortized value, utilities, computers and software, etc.)	\$252	100%	\$252	\$0	\$0.70	\$0.000	
Water Testing	\$640	100%	\$640	\$0	\$1.78	\$0.000	
Insurance, Legal, Accounting, Technical Support, Similar Personal Services	\$4,865	100%	\$4,865	\$0	\$13.51	\$0.000	
Travel and Training	\$0	100%	\$0	\$0	\$0.00	\$0.000	
Remittances	\$70	100%	\$70	\$0	\$0.19	\$0.000	
Permitting Agency Fee	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Operations Staff Salaries, Benefits, etc.	\$0	25%	\$0	\$0	\$0.00	\$0.000	
Vehicle, Rolling Stock Maintenance	\$0	25%	\$0	\$0	\$0.00	\$0.000	
Minor Operating Equipment Purchase and Maintenance	\$0	25%	\$0	\$0	\$0.00	\$0.000	
Miscellaneous Operating Supplies	\$13	25%	\$3	\$10	\$0.01	\$0.006	
Annual Payment to Operating Reserve	\$0	25%	\$0	\$0	\$0.00	\$0.000	
Engineering for Capital Improvements	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Capital Improvements Paid With Cash	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Existing Loan Payments for Capital Improvements	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Debt Reserve Payments	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Annual Payment to Capital Improvements Reserve	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Annual Payment to Replacement Fund	\$0	50%	\$0	\$0	\$0.00	\$0.000	
One-time Payment to Replacement Fund	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Treatment Chemicals, Supplies and Equipment	\$1,530	0%	\$0	\$1,530	\$0.00	\$0.871	\$0.871
Purchased Water	\$0	0%	\$0	\$0	\$0.00	\$0.000	\$0.000
Electricity to Operate System	\$1,016	0%	\$0	\$1,016	\$0.00	\$0.578	\$0.578
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Total Costs	\$12,498		\$7,886	\$4,612	\$21.90	\$2.62	
Less Offsetting Incomes (NOT User Charge Rates)	\$0	63%	\$0	\$0	Needed Monthly Minimum Charge	Needed Unit Charge / 1000 Gallons	
Total Cost, Less Offsetting Income	\$12,498		\$7,886	\$4,612			
Overall Fixed and Variable Cost Percentages			63%	37%			

Unbilled-for Water Statistics

<p>-37,000 Unbilled-for Water (Gallons) During Test Year</p> <p>-2% Unbilled-for Water Percentage</p> <p>-\$54 Total Unavoidable Known Cost of Unbilled-for Water</p> <p>0% The Unavoidable Cost of Unbilled-for Water Amounts to This Percentage of Costs above.</p> <p>Unbilled-for Water is not free. The known parts of those costs were calculated immediately above. Additional costs are related to Unbilled-for Water, but must be estimated. If those costs were included, the cost of Unbilled-for Water may be double what was calculated here. This highlights the importance of trying to locate and reduce Unbilled-for Water.</p>	<p>\$1.45</p> <p>Unbilled-for Water Unavoidable Known Cost / 1,000 Gallons</p>
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These calculations are provided by the Kansas Rural Water Association and were performed by:
Greg Metz, Circuit Rider, (785) 541-0342, gmetz@krwa.net

City of Aurora , Water System Cost Classification and Resulting Rates

Level Minimum and Unit Charges Model

This model calculates rates in a cost-to-serve structure.

The first day of the year for which these rates will apply is August 1, 2026

Cost Item	Annual Cost	% Fixed	Fixed Cost	Variable Cost	Monthly Minimum Cost	Unit Cost / 1,000 Gallons	
Administration Salaries, Benefits, etc.	\$4,112	50%	\$2,056	\$2,056	\$5.71	\$1.170	
Office-related Expenses (Rent or amortized value, utilities, computers and software, etc.)	\$252	100%	\$252	\$0	\$0.70	\$0.000	
Water Testing	\$640	100%	\$640	\$0	\$1.78	\$0.000	
Insurance, Legal, Accounting, Technical Support, Similar Personal Services	\$4,865	100%	\$4,865	\$0	\$13.51	\$0.000	
Travel and Training	\$0	100%	\$0	\$0	\$0.00	\$0.000	
Remittances	\$70	100%	\$70	\$0	\$0.19	\$0.000	
Permitting Agency Fee	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Operations Staff Salaries, Benefits, etc.	\$2,000	25%	\$500	\$1,500	\$1.39	\$0.854	
Vehicle, Rolling Stock Maintenance	\$0	25%	\$0	\$0	\$0.00	\$0.000	
Minor Operating Equipment Purchase and Maintenance	\$0	25%	\$0	\$0	\$0.00	\$0.000	
Miscellaneous Operating Supplies	\$13	25%	\$3	\$10	\$0.01	\$0.006	
Annual Payment to Operating Reserve	\$2,000	25%	\$500	\$1,500	\$1.39	\$0.854	
Engineering for Capital Improvements	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Capital Improvements Paid With Cash	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Existing Loan Payments for Capital Improvements	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Debt Reserve Payments	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Annual Payment to Capital Improvements Reserve	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Annual Payment to Replacement Fund	\$1,000	25%	\$250	\$750	\$0.69	\$0.427	
One-time Payment to Replacement Fund	\$0	50%	\$0	\$0	\$0.00	\$0.000	
Treatment Chemicals, Supplies and Equipment	\$1,530	0%	\$0	\$1,530	\$0.00	\$0.871	\$0.871
Purchased Water	\$0	0%	\$0	\$0	\$0.00	\$0.000	\$0.000
Electricity to Operate System	\$1,016	0%	\$0	\$1,016	\$0.00	\$0.578	\$0.578
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Other Cost	\$0	0%	\$0	\$0	\$0.00	\$0.000	
Total Costs	\$17,498		\$9,136	\$8,362	\$25.38	\$4.76	
Less Offsetting Incomes (NOT User Charge Rates)	\$0	52%	\$0	\$0	Needed Monthly Minimum Charge	Needed Unit Charge / 1000 Gallons	
Total Cost, Less Offsetting Income	\$17,498		\$9,136	\$8,362			
Overall Fixed and Variable Cost Percentages			52%	48%			

Unbilled-for Water Statistics

<p>-37,000 Unbilled-for Water (Gallons) During Test Year</p> <p>-2% Unbilled-for Water Percentage</p> <p>-\$54 Total Unavoidable Known Cost of Unbilled-for Water</p> <p>0% The Unavoidable Cost of Unbilled-for Water Amounts to This Percentage of Costs above.</p> <p>Unbilled-for Water is not free. The known parts of those costs were calculated immediately above. Additional costs are related to Unbilled-for Water, but must be estimated. If those costs were included, the cost of Unbilled-for Water may be double what was calculated here. This highlights the importance of trying to locate and reduce Unbilled-for Water.</p>	<p>\$1.45</p> <p>Unbilled-for Water Unavoidable Known Cost / 1,000 Gallons</p>
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