**Frequently Asked Questions about the New Rates**

**How much more will I pay under the new rates?**

**Only the Base Rate is changing this year, rising by $5.00 per month, per meter.** To the right is an example of how the new rates will affect your bill in comparison to the current rates.



**What is the Board doing to control costs and plan for the future?**

**Every member of the Board – *and the majority of Staff* – are also Customers of Moffat Water Supply.** Our shared duty is to ensure **SOUND** operations, a **SAFE** drinking supply, and a financially **SOLVENT** organization. The Board and Staff are committed to managing expenses in the most efficient way while remaining mindful of our duty to provide quality water service and a sustainable future for MWSC.

With the recent acceptance of a Texas Water Development Board loan, MWSC will be using those funds to establish more source water and additional elevated water storage for our water system. Payments on this $3.3 Million loan began October of 2019 (Fiscal Year 2019-2020).

Cash on-hand funds will finance other system improvements such as major line upgrades in the Highway 36 and Aycock Road area that are already underway to help deliver more water to our most heavily populated distribution areas.

**Why do we need a rate increase?**

The **Profit & Loss Summary[[1]](#footnote-1)** shows that Moffat Water Supply Corporation has become more fiscally strong. All debt reserve accounts are fully funded as required by lenders, and MWSC cash levels satisfy the recommended reserve for three months of emergency operating expense. **The $189,257 Net Income forecast covers all expense, depreciation, and debt principal payments for 2020 plus $60,000 capital improvement.** Total Income represents anticipated revenue from water sales, including $96,000 additional from the rate increase. MWSC secured a $3.3 Million loan from Texas Water Development Board in February, and the 2020 budget recognizes the additional debt obligation, depreciation on new assets, and a higher reserve requirement. **To build a budget that covers all expenses with enough profit to pay down our debt, that supports distribution system repairs and upgrades, an increase is necessary.**

**What do we own, and what do we owe?**

**Board focus has been strengthening the Balance Sheet**[[2]](#footnote-2) **to support planned growth.** Since 2015, Current Assets have more than tripled, loan covenant reserve requirements[[3]](#footnote-3) were fully funded, and Equity (net worth after covering all liabilities) has more than doubled. Cash assets have grown and will be used to finance necessary system improvements. The new TWDB loan has doubled MWSC’s debt, but additional source water and overhead storage is a critical need.



1. 2019 numbers throughout are projected based on Oct-Aug actuals plus an estimate for September. 2019 results are subject to audit adjustments. [↑](#footnote-ref-1)
2. Profit-Loss Statements show Income vs Expenses; a Balance Sheet shows Assets vs Liabilities (or, “what you own vs what you owe.”) [↑](#footnote-ref-2)
3. Each loan requires MWSC fund a reserve for a full year’s worth of principal and interest within 5 years of signing the loan agreement. [↑](#footnote-ref-3)