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Birmingham Water Works Board Approves 2022 Budgets

*Utility Will Issue No Debt to Fund Capital Budget
3.9% Rate Increase Effective January 1 To Cover Higher Costs*

AMENDED

BIRMINGHAM, ALABAMA — November 17, 2021 — After receiving public comment during a public hearing held on Nov. 10, the Birmingham Water Works Board approved an Operating & Maintenance (O&M) Budget of \$115.3 million and a Capital Budget of \$77 million for fiscal year 2022 during a board meeting held today.

In keeping with the organization's strategy to reduce its reliance on long-term debt, Birmingham Water Works will fund its entire 2022 Capital Budget with cash and without issuing debt during the fiscal year.

While Birmingham Water Works lowered its Capital Budget from \$81.5 million in 2021, it increased the Operating & Maintenance Budget by 6.4% to cover higher chemicals and energy costs for water treatment and distribution and increased labor and related expenses to maintain adequate staffing.

"We strive to set rates that are fair and reasonable while maintaining standards for high-quality drinking water and reliable service our customers expect," said Michael Johnson, General Manager of Birmingham Water Works. "In order to keep pace with the increased cost of filtering and delivering water and satisfy our financial obligations, a rate increase is necessary for 2022."

Approval of the budgets will result in a 3.9% rate increase effective January 1, 2022 for Birmingham Water Works residential customers, in accordance with its currently adopted Rate Stabilization and Equalization (RSE) model. The rate is increase below the national average of 4.6%.

***Amended 03/09/2021-** The rate increase means an average household using 4,500 gallons per month (6 CCFs) can expect to see an increase of approximately \$1.50 per month on their bill. However, approximately 65,000 customers who use less than 3 CCF will see lower bills due to a decrease in the base charge fee from \$26.60 to \$26.26 per month. With Board approval, the base charge fee is forecasted to reduce from \$26.26 to \$25.92 per month in 2023.

In addition, wholesale customers will see a rate decrease from \$3.61 to \$3.42 per CCF, while raw water rates will not change. Current fire hydrate rates will remain in effect until Oct. 1, 2022.

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ABOUT BIRMINGHAM WATER WORKS: Founded in 1951, the Birmingham Water Works Board serves 650,000 people in Jefferson, Shelby, Blount, St. Clair, and Walker counties. The BWWB operates four filtration plants, a certified testing laboratory, and has more than 4,000 miles of pipe in its distribution network; it ranked among the top five water systems in the United States. For more information about the Birmingham Water Works Board, media inquiries, or tours of our museum, please call 205-244-4000 or visit www.bwwb.org.

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