



CITY OF RENSSELAER

RENSSELAER, INDIANA

STEPHEN A. WOOD, *Mayor*
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January 6, 2023

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Dear Customer,

On March 16, 2022, House Enrolled Act 1002 was signed into law, removing the Utility Receipts Tax from utility obligations beginning July 1, 2022. The Utility Receipts Tax was embedded in water, electric, and natural gas rates. The City completed a rate analysis for all utilities in 2022 to reflect the removal of Utility Receipts Tax and account for current operating and capital costs. The removal of Utility Receipts Tax allowed all three utilities to have lower future rate adjustments than would not have otherwise been possible. A typical residential customer will have an approximate monthly savings of \$0.44 for the drinking water portion of the utility bill, \$1.67 for the electric portion of the utility bill and \$0.98 for the natural gas portion of the utility bill. While there was a tax savings of 1.4%, **utility rates have increased.** Water 3%, Sewage 4%, Electric 1.5% + the quarterly tracker reset and Gas .25% + the fuel cost adjustment reset.

The Municipal Water Works is set to construct a new water tower near the I65 and State Road 114 interchange as well as replace unsafe lead service lines in 2023. The City has been working diligently with our financial advisors to secure grants and low-cost financing for these projects. Even with the savings from the removal of the Utility Receipt Tax, rate increases are necessary: previously approved 3% in 2023 and newly approved 9% in 2024 to ensure our community has an ample supply of safe drinking water.

The Sewage Utility is also under construction. An ongoing mandate by IDEM requires the City to make improvements to the sanitary sewer. Current projects include a new lift station on Lincoln Street that will safely carry raw sewage from the north side of the city to the treatment facility on Sparling Avenue and installing sewer lines to homes and businesses in unserved areas. To meet the rising costs associated with the projects, a previously approved rate increase of 4% went into effect January 1, 2023 and new approved 6% increase in 2024.

The Rensselaer Municipal Electric Utility closed the generation facility in 2020 and is currently in the process of decommissioning the plant. Investments in the utility are possible, in part, from money received from the sale of the engines and equipment. Over the next five years, the utility will be completing upgrades to improve reliability, minimize outages on the City lines and advancing the metering technology. To accomplish this, it was necessary to raise the set rates 1.5%, effective January 1, 2023.

Effective January 1, 2022 the Gas Utility rate structure changed from a minimum monthly charge based upon usage, to usage charges plus a monthly customer charge. Due to a required change in programming, the new rate structure began with the December 2022 bills. Changes to rates in 2022 and most recently 2023, combined with an unstable natural gas market have caused significant fluctuations in customer gas bills, similar to gasoline and diesel prices at the pump.

In addition to set rates, the City uses a Fuel Cost Adjustment, also known as a tracking factor, for the electric and gas utilities. This adjustment can go up or down depending on the price to purchase electric and natural gas from our providers.

In closing, the City is conscious of the profound effect increases can have on all of our ratepayers. The intent is never to cause financial hardship to any of our customers but to continue providing safe, reliable, competitively priced utility services. If you are in need of assistance, please contact the utility office at 219-866-7884 to discuss available options.

To request this information in an alternate format, call 219-866-5212