



City of Lawton
Lawton Water Authority
Special Meeting Agenda

Lawton City Hall
212 SW 9th Street
Lawton, Oklahoma
73501-3944

Tuesday, May 12, 2026

6:00 PM

**Lawton City Hall
Wayne Gilley Auditorium**

Meeting Called to Order

"Official action can be taken only on items which appear on the agenda. The Authority may adopt, approve, ratify, deny, defer, recommend, or continue any agenda item. The Authority may also propose and enact floor amendments to any matter presented before them. When more information is needed to act on an item, the Authority may refer the matter to the City Manager or the City Attorney. The Authority may also refer items to standing committees of the Council or a board, commission, or authority for additional study. Under certain circumstances, items are deferred to a specific later date or stricken from the agenda entirely."

Roll Call

Business Items

1. Consider and take action in approving a resolution amending Appendix A, Schedule of Fees and Charges, Lawton City Code, 2025, by implementing increases in water and sewer rates as set forth in Exhibit "A" of the resolution and establishing an effective date.

Adjournment

The City of Lawton encourages participation from all of its citizens. If participation at any public meeting is not possible due to a disability, notification to the City Clerk at (580) 581-3305 at least 48 hours prior to the scheduled meeting is encouraged to make the necessary accommodations. The City may waive the 48 hour rule if interpreters for the deaf (signing) is not the necessary accommodation."

Item Title:

Consider and take action in approving a resolution amending Appendix A, Schedule of Fees and Charges, Lawton City Code, 2025, by implementing increases in water and sewer rates as set forth in Exhibit "A" of the resolution and establishing an effective date.

Initiator: Willie Whisenhunt, Director

Information Source: Willie Whisenhunt, Director, Kristin Huntley, Deputy Director, Chandra Young, John Ratliff, City Manager

Background:

On March 28, 2023, City Council was given a presentation on Public Utilities' Water and Wastewater system conditions and a plan of improvements with a means of funding the improvements. May 3, 2023, an RFQ was received from only one engineering for perform a rate study on the Enterprise Fund rates charged. Freese and Nichols ,Inc was the only firm that proposed on the rate study. On June 27, 2023, City Council approved the Master Service Agreement with Freese & Nichols, Inc for profession Engineering services for Public Utilities related projects. Amendment No. 1 to the Master Services Agreement was approved on September 26, 2023, and included the rate study of water, sanitary sewer, solid waste collection, solid waste disposal, and storm sewer rate evaluation and recommendations. The study presented is for water and wastewater rates for Industrial users and incorporates capital cost for life cycle replacement to provide the services. The study will also provide a cost comparison to the six peer Cities and other Oklahoma cities. The Funding identified will fund approximately \$700 Million dollars of capital upgrade and replacement over the next 20 years (350 mile of Water main replacement, 150 miles of Sewer line replacement, phase 2 of WWTP upgrade and other Public Utilities system improvements).

This item was presented to Lawton Water Authority February 25, 2025.

This item was requested to be updated for March 2026 and brought back to Lawton Water Authority for review on March 24, 2026.

Authority directed the City Manager to to bring to fee committee and back to Water Authority recommended action

This item was brought back to the Council Fee Committee on April 21, 2026, where it was recommended bring to the Water Authority and City Council the resolution to adopt the rates identified in the Rate study report.

Correlation to the True North Statement:

This item meets the True North Culture statement of Citizens first by providing a sustainable water and wastewater system that provides safe, reliable water supply and wastewater disposal that protects the environment.

Exhibit:

Resolution no. XXX, Final Report, Presentation

Key Issues:

Does the Lawton water Authority wish to take action on increase in water and sewer rates sent

foward from the Council Fee's Committee?

Funding Source:

N/A

Recommended Action:

Approve Resolution Number XXXX, implementing increased rates for water and sewer services.as set forth in Exhibit "A".

ATTACHMENTS:

1. LWA Resolution Water Rate Study Change FY27
2. Exhibit A Water Rate Study Change FY27
3. Final Report
4. Water & Sewer col proposed Increase May 12 (2)

RESOLUTION NO. 26-_____

A RESOLUTION OF THE LAWTON WATER AUTHORITY, LAWTON, OKLAHOMA (THE “AUTHORITY) AMENDING APPENDIX A, SCHEDULE OF FEES AND CHARGES, LAWTON CITY CODE, 2025, AS AMENDED, BY INCORPORATING AN INCREASE IN WATER AND SEWER RATES AS SET FORTH IN EXHIBIT “A” OF THIS RESOLUTION PROPOSED FOR IMPLEMENTATION BY THE CITY OF LAWTON, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Lawton Water Authority Trust Agreement, as amended, and a Lease Agreement with the City of Lawton, as amended, provide that the Lawton Water Authority will establish utility rates; and

WHEREAS, Section 1-2-205 of the Lawton City Code provides changes in utility rates are implemented by amendment of Appendix A, Schedule of Fees and Charges, Lawton City Code, 2025, upon passage of a resolution amending Appendix A by the City of Lawton; and

WHEREAS, the Lawton Water Authority has determined that the specific increases set forth in Exhibit “A” hereto are necessary due to increased costs in providing such utility services.

NOW, THEREFORE BE IT RESOLVED by the Lawton Water Authority that:

Section 1. APPENDIX A, Schedule of Fees and Charges, Lawton City Code, 2025, be amended as set out in the attached Exhibit “A”.

Section 2. EFFECTIVE DATE. The provisions of this resolution shall be in full force and effect on and after July 1, 2026.

Section 3. The Chairman and Secretary of the Lawton Water Authority are hereby authorized to sign and execute this Resolution.

PASSED and **APPROVED** by the Lawton Water Authority this 12th day of May, 2026.

STANLEY BOOKER , CHAIRMAN

ATTEST:

DONALYNN BLAZEK-SCHERLER, SECRETARY

APPROVED as to form and legality this 12th day of May, 2026.

JARI ASKINS, INTERIM CITY ATTORNEY

Chapter A-22 UTILITIES

Article A-22-1 General provisions.

WATER FEES AND CHARGES

22-111	Water rates inside city limits; residential, multiunit residential, and business	
	In addition to the charges listed below, a drainage maintenance fee will be added to each account for each unit per month, excluding senior citizen and disability discount accounts.	\$2.30
	In addition to the charges listed below, a stormwater management fee will be added to each account for each unit per month, excluding senior citizen and disability discount account.	1.25
	In addition to the charges listed below, a fee will be added to each account for each unit per month, to be deposited and expended for capital outlay (Rolling Stock), excluding senior citizens and disability discount accounts as defined in Section 22-102 and those utility accounts which are provided service on a seasonal basis as defined in Section 22-214. Revenue generated from July 1, 2025 to December 31, 2025, shall be repurposed for general fund operating expenses	8.05
	In addition to the water rates listed in Section 22-111 of this appendix, there is hereby assessed a surcharge on each City of Lawton billing to defray the cost of pumping water between the city's lakes. The surcharge shall be billed each utility customer based on the actual cost of pumping the water pro-rated based on consumption. The surcharge shall not apply to those accounts qualifying for the city's elderly/disabled low income reduction in rates as defined in Section 22-102 and utility customers whose water service is provided at a special rate under contract.	
22-111	In addition to the water rates listed in Section 22-111 of this appendix, there is hereby assessed a surcharge on each City of Lawton billing to defray the cost of the Waurika assessment for water/storage rights and improvements. The surcharge shall be billed to each unit. The surcharge shall not apply to those accounts qualifying for the city's elderly/disabled low income reduction in rates as defined in Section 22-102 and utility customers whose water service is provided at a special rate under contract.	8.65
22-111	Fuel Surcharge	0.00
	Water rates inside city limits; Residential and Business	
22-111	First 2,000 gallons or any part thereof (Rate adjustment to support debt service for WWTP CWSRF Loan)	23.00 <u>25.00</u>
22-111	All over 2,000 gallons, per 1,000 gallons or any part thereof	4.65 <u>5.65</u>
	In addition to (not in place of) the water rates listed in Section 22-111 of this Appendix for residential, multi-unit residential and business, water conservation rates for the purpose of identifying and obtaining	

	alternative/additional water sources shall apply to each City of Lawton billing as follows:	
	Stage 3 Water Restriction Period:	
	Per 1,000 gallon for consumption between 8,001 and 15,000 gallons	1.15
	Per 1,000 gallon for consumption between 15,001 and 25,000 gallons	2.30
	Per 1,000 gallon for consumption above 25,000 gallons	4.60
	Stage 4 Water Restriction Period:	
	Per 1,000 gallon for consumption between 8,001 and 15,000 gallons	2.30
	Per 1,000 gallon for consumption between 15,001 and 25,000 gallons	4.60
	Per 1,000 gallon for consumption above 25,000 gallons	9.20
	Stage 5 Water Restriction Period:	
	Per 1,000 gallon for consumption between 8,001 and 15,000 gallons	4.60
	Per 1,000 gallon for consumption between 15,001 and 25,000 gallons	9.20
	Per 1,000 gallon for consumption above 25,000 gallons	18.40
22-111	Water rates inside city limits; government and commercial	
22-111	First 2,000 gallons or any part thereof	43.00 <u>47.00</u>
22-111	All over 2,000 gallons, per 1,000 gallons or any part thereof	4.60 <u>7.25</u>
	In addition to (not in place of) the water rates listed in Section 22-111 of this Appendix for government and commercial, water conservation rates for the purpose of identifying and obtaining alternative/additional water sources shall apply to each City of Lawton billing as follows:	
	Stage 3 Water Restriction Period:	
	Per 1,000 gallon for consumption above 2,000 gallons	0.35
	Stage 4 Water Restriction Period:	
	Per 1,000 gallon for consumption above 2,000 gallons	0.46
	Stage 5 Water Restriction Period:	
	Per 1,000 gallon for consumption above 2,000 gallons	0.58

(Res. 95-137, 12/19/1995; Res. No. 96-2, 01/09/1996; Res. No. 96-56, 06/18/1996; Res. No. 96-82, 08/27/1996; Res. No. 97-69, 06/10/1997; Res. No. 98-109, 06/16/1998; Res. No. 02-100, 06/13/2002; Res. No. 02-103, 06/25/2002; Res. No. 03-107, 06/17/2003; Res. No. 03-103, 06/24/2003; Res. No. 05-109, 07/01/2005; Res. No. 10-57, 06/06/2010; Res. No. 11-56, 06/28/2011; Res. No. 11-99, § 1, 11/15/2011; Res. No. 12-57, § 1(Exh. A), 6-26-2012, eff. 8-1-2012; Res. No. 13-37, § 1(Exh. A), 6-25-2013, eff. 7-1-2013; Res. No. 14-84, § 1(Exh. A), 6-24-2014, eff. 7-1-2014; Ord. No. 15-27(Res.), § 1(Exh. A), 3-24-2015; Res. No. 15-48, § 1, 6-9-2015; Res. No. 15-63, § 1(Exh. A), 7-14-2015; 16-35, 5-10-2016; Res. No. 16-45, § 1(Exh. A), eff. 7-1-2016; Res. No. 17-69, § 1(Exh. A), 6-13-2017, eff. 7-1-2017; Res. No. 18-45, § 1(Exh. A), 6-19-2018; Res. No. 19-52, § 1(Exh. A), 6-11-2019; Res. No. 20-38, § 1(Exh. A), 6-23-2020; Res. No. 21-114, § 1(Exh. A), 6-8-2021; Res. No. 22-93, § 1(Exh. A), 6-14-2022; Res. No. 25-113, § 1(Exh. A), 4-22-2025)

Res. No. 15-48, § 1, adopted June 9, 2015 and effective immediately, repealed Res. No. 15-20, adopted Feb. 24, 2015, and effective March 1, 2015, thereby repealing the temporary \$1.00 surcharge on each City of Lawton

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utility billing for the purpose of defraying the costs associated with identifying and obtaining alternative water sources.

<u>22-112</u>	<u>Water rates outside city limits; Residential and Business</u>	
<u>22-112</u>	Base rate for each metered account	\$27.50 <u>29.50</u>
<u>22-112</u>	Water rates outside city limits per 1,000 gallons or any part thereof	6.89 <u>7.89</u>
	<u>Water rates outside city limits; government and commercial</u>	
<u>22-112</u>	<u>Base rate for each metered account</u>	<u>31.50</u>
<u>22-112</u>	<u>Water rates outside city limits per 1,000 gallons or any part thereof</u>	<u>9.49</u>
	In addition to (not in place of) the water rates listed in Section 22-112 and the water rate for wholesale customers listed in Section 22-114 of this Appendix, water conservation rates for the purpose of identifying and obtaining alternative/additional water sources shall apply to each City of Lawton billing as follows:	
	Stage 3 Water Restriction Period:	
	Per 1,000 gallon for consumption between 8,001 and 15,000 gallons	1.15
	Per 1,000 gallon for consumption between 15,001 and 25,000 gallons	2.30
	Per 1,000 gallon for consumption above 25,000 gallons	4.60
	Stage 4 Water Restriction Period:	
	Per 1,000 gallon for consumption between 8,001 and 15,000 gallons	2.30
	Per 1,000 gallon for consumption between 15,001 and 25,000 gallons	4.60
	Per 1,000 gallon for consumption above 25,000 gallons	9.20
	Stage 5 Water Restriction Period:	
	Per 1,000 gallon for consumption between 8,001 and 15,000 gallons	4.60
	Per 1,000 gallon for consumption between 15,001 and 25,000 gallons	9.20
	Per 1,000 gallon for consumption above 25,000 gallons	18.40
	In addition to the charges listed below, a fee will be added to each account for each unit per month, to be deposited and expended for capital outlay (Rolling Stock), excluding senior citizens and disability discount accounts as defined in Section 22-102 and those utility accounts which are provided service on a seasonal basis as defined in Section 22-214.	7.50
	In addition to the water rates listed in Sections 22-112 and 22-114 of this Appendix, there is hereby assessed a surcharge on each City of Lawton billing to defray the cost of the Waurika assessment for water/storage rights and improvements, as follows:	
	Surcharge for each master meter and active submeter on the master meter account read and maintained by the City of Lawton	8.65
	Surcharge for each active submeter on the master meter account NOT read and maintained by the City of Lawton	4.05
	In addition to the water rates listed in Section 22-112 of this Appendix, there is hereby assessed a surcharge on each City of Lawton billing to defray the cost of pumping water between the city' s lakes. The	

	surcharge shall be billed to each utility customer based on the actual cost of pumping the water pro-rated based on consumption.	
	Fuel Surcharge	0.00

(Res. No. 96-2, 01/09/1996; Res. No. 96-56, 06/18/1996; Res. No. 96-82, 08/27/1996; Res. No. 02-100, 06/13/02; Res. No. 02-228, 12/17/2002; Res. No. 03-107, 06/17/2003; Res. No. 03-123, 06/24/2003; Res. No. 05-109, 07/01/2005; Res. No. 10-57, 06/08/2010; Res. No. 11-49, 6/14/2011; Res. No. 10-57, 06/08/2010; Res. No. 12-57, § 1(Exh. A), 6-26-2012, eff. 8-1-2012; Res. No. 13-37, § 1(Exh. A), 6-25-2013, eff. 7-1-2013; Res. No. 14-84, § 1(Exh. A), 6-24-2014, eff. 7-1-2014; Ord. No. 15-27(Res.), § 1(Exh. A), 3-24-2015; Res. No. 15-48, § 1, 6-9-2015; Res. No. 15-63, § 1(Exh. A), 7-14-2015; Res. No. 16-45, § 1(Exh. A), eff. 7-1-2016; Res. No. 17-69, § 1(Exh. A), 6-13-2017, eff. 7-1-2017; Res. No. 18-45, § 1(Exh. A), 6-19-2018; Res. No. 19-52, § 1(Exh. A), 6-11-2019; Res. No. 20-38, § 1(Exh. A), 6-23-2020; Res. No. 21-114, § 1(Exh. A), 6-8-2021; Res. No. 22-93, § 1(Exh. A), 6-14-2022)

Res. No. 15-48, § 1, adopted June 9, 2015 and effective immediately, repealed Res. No. 15-20, adopted Feb. 24, 2015 and effective March 1, 2015, thereby repealing the temporary \$1.00 surcharge on each City of Lawton utility billing for the purpose of defraying the costs associated with identifying and obtaining alternative water sources.

22-113	Minimum charge for multiunit users	No. of units × (times) \$23.00 base rate
22-114	Special contracts for large volume customers	Determined by negotiation between parties
<u>22-114</u>	<u>Water rate for wholesale customer, first 2,000 gallons or any part thereof</u>	<u>\$29.50</u>
22-114	Water rate for wholesale customer per 1,000 gallons or any part thereof <u>Wholesale customer - all over 2,000 gallons, per 1,000 gallons or any part thereof</u>	\$5.33 <u>\$7.98</u>
<u>22-114</u>	<u>Water rate for industrial customer, first 2,000 gallons or any part thereof</u>	<u>\$47.00</u>
<u>22-114</u>	<u>Industrial customer – (uses over 750,000 gallons per day with a minimum of 100 full-time employees) – all over 2,000 gallons or any part thereof</u>	<u>\$5.00</u>
	Rate for Goodyear Tire and Rubber Company	Rate per 1,000 gallons \$2.55
22-115	Deposit for service, service reinstated, landfill charge account, or the water turned on	\$150.00 or surety bond in the minimum amount of \$3,000.00 or an amount to be determined by the City, whichever is greater
	(The city manager may waive the deposit for victims of a FEMA declared disaster.)	
22-115	Bookkeeping charge for discontinued service on open account, per month after the 12th of the month	\$1.15
22-115	Water changeout, split or modification 1½ inches and larger, cost of labor and materials plus 10%	
	Minimum	17.25
	Maximum	57.50
22-115	Establishment of new account or transfer	23.00

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	(The city manager may waive this fee for victims of a FEMA declared disaster.)	
22-119	Raw Water rate per 1,000 gallons as provided in Section 22-119	1.60
22-120	Bac-T Analysis, Each	30.00

(Res. No. 98-109, 06/16/1998; Res. No. 00-94, 09/18/00; Res. No. 02-100, 06/13/02; Res. No. 05-153, 09/13/2005; Res. No. 10-57, 06/08/2010; Res. No. 12-57, § 1(Exh. A), 6-26-2012, eff. 8-1-2012; Res. No. 13-37, § 1(Exh. A), 6-25-2013, eff. 7-1-2013; Res. No. 14-83, § 1(Exh. A), 6-24-2014, eff. 7-1-2014; Res. No. 14-84, § 1(Exh. A), 6-24-2014, eff. 7-1-2014; Res. No. 16-45, § 1(Exh. A), eff. 7-1-2016; Res. No. 17-69, § 1(Exh. A), 6-13-2017, eff. 7-1-2017; Res. No. 18-45, § 1(Exh. A), 6-19-2018; Res. No. 19-52, § 1(Exh. A), 6-11-2019; Res. No. 20-38, § 1(Exh. A), 6-23-2020; Res. No. 21-114, § 1(Exh. A), 6-8-2021; Res. No. 22-93, § 1(Exh. A), 6-14-2022; Res. No. 24-25, § 1, 2-13-2024)

SEWER FEES AND CHARGES

22-131	Base charge, per month for first 2,000 gallons of water consumed, or any part thereof, residential inside and non-residential inside	\$16.00 <u>\$17.00</u>
	Dwelling unit, next 10,000 gallons, per 1,000 gallons	2.00 <u>4.00</u>
	(Quantities in excess of 12,000 gallons of water metered considered as not entering system.)	
	Base charge, per month for first 2,000 gallons of water consumed, or any part thereof, industrial	<u>25.00</u>
	Business, commercial and governmental, and all other uses except dwelling units, all over 2,000 gallons, per 1,000 gallons	2.25 <u>10.05</u>
	Industrial customer – (uses over 750,000 gallons per day with a minimum of 100 full-time employees) – all over 2,000 gallons, per 1,000 gallons	<u>4.00</u>
	In addition to all other charges for sewer service, a fee will be added to each account for each unit per month, to be deposited and expended for the rehabilitation of the wastewater collection system as required to complete all phases of the Oklahoma Department of Environmental Quality Consent Order issued in 1998, excluding senior citizens and disability discount accounts.	2.75
22-131	Per space, per month, Ralph's Resort and Schoolhouse Slough	11.65
22-132	Certain commercial users special rate when water is consumed as the principal ingredient of the commodity	½ times rates in above
22-133	Sewer service charge outside city limits	1½ times rate in above
<u>22-133</u>	Base charge, per month for first 2,000 gallons of water consumed, or any part thereof, residential and non-residential outside	<u>\$25.00</u>
<u>22-133</u>	Dwelling unit, next 10,000 gallons, per 1,000 gallons, residential outside	<u>\$6.00</u>
<u>22-133</u>	Dwelling unit, next 10,000 gallons, per 1,000 gallons, non-residential outside	<u>\$11.18</u>

(Res. No. 14-84, § 1(Exh. A), 6-24-2014, eff. 7-1-2014; Res. No. 14-146, § 1(Exh. A), 11-11-2014; Res. No. 16-45, § 1(Exh. A), eff. 7-1-2016; Res. No. 17-69, § 1(Exh. A), 6-13-2017, eff. 7-1-2017; Res. No. 18-26, § 1(Exh. A), 4-26-2018; Res. No. 18-45, § 1(Exh. A), 6-19-2018; Res. No. 19-52, § 1(Exh. A), 6-11-2019; Res. No. 20-38, § 1(Exh. A), 6-23-2020; Res. No. 21-114, § 1(Exh. A), 6-8-2021; Res. No. 22-93, § 1(Exh. A), 6-14-2022)

WATER AND SEWER RATE STUDY UPDATE

Prepared for:

City of Lawton

April 1, 2026



Prepared by:

FREESE AND NICHOLS, INC.
3600 NW 138th Street, Suite 202
Oklahoma City, Oklahoma 73134
405-607-7060
FNI Project No.: LAW23826

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City of Lawton

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APPENDICES

APPENDIX A – PROJECTED DEBT SERVICE SCHEDULE

1.0 INTRODUCTION

The City of Lawton (City) provides water and sewer services to customers within the City and outside the city limits. In early 2026, the City contracted with Freese and Nichols, Inc. (FNI) to update the water and sewer rate studies presented in 2025. The results of the water and sewer studies are contained in this report. The rate study's purpose is to develop a multi-year forecast of revenue requirements to ensure sufficient revenue is available to fund operations and maintenance, and to implement needed capital improvements identified by the City. FNI's methodology for performing this study is based on accepted industry standards and practices, specifically the American Water Works Association (AWWA) Manual 1 (M1) "Principles of Water Rates, Fees, and Charges", Seventh Edition (2016).

The study included the following steps:

1. Obtain relevant data from the City
2. Review and analyze the data and develop projections of the operating expenses and revenues at current rates
3. Identify the revenue requirements for the water and sewer system using the projected operating expenses and the projected capital expenses associated with funding the capital improvement plan (CIP) identified by the City
4. Develop a rate model for the City's water and sewer systems that projects the rate increases needed to provide sufficient annual revenue
5. Develop a cost-of-service analysis to determine equitable rates for each customer class
6. Prepare financial projections using the recommended cost-based rates
7. Document the findings in a report

This report describes the findings and recommendations of the water and sewer rate study. The calculations are based on the City of Lawton's fiscal year (FY), which runs from July 1 through June 30. The data tables developed in support of this study are located after the text, and figures are located after the tables.

2.0 WATER AND SEWER SYSTEM

2.1 GENERAL DESCRIPTION

The City of Lawton has an estimated population of 94,000 and owns and operates its own water and sewer system through the Lawton Water Authority [1]. The City’s water supply is obtained from Lake Lawtonka and Lake Waurika, with Lake Ellsworth serving as a supplemental source [2], [3]. The City’s water distribution system consists of two water treatment plants (WTP), three pump stations, six elevated storage tanks, and a network of 700 miles of water distribution lines [4], [5]. The City’s water treatment capacity is 40 MGD at the Medicine Park WTP and 10 MGD at the Southeast WTP [3], [5].

The City’s sewer system consists of 10 lift stations and associated force mains, a wastewater treatment plant (WWTP) and a network of 500 miles of collection main [6], [7]. The WWTP has a permitted capacity of 18 MGD average day flow [7].

The City’s water and sewer customer base includes residential, business, governmental and commercial users within the city limits, along with both industrial and wholesale customers outside the city limits. Water and sewer services are also provided to entities that maintain special service contracts with the City. Those entities include Fort Sill, Goodyear, and Republic Paper. In total, there are an estimated 28,495 active meters. Most of the customer meters serve residential and small business accounts, making up 98% of the water customer base. A breakdown of meters in the water system by account type is provided in

Table 2-1.

Table 2-1: Active Meter Count by Account Type

Account Type	Estimated Active Water Meters*
Residential/Business Inside	27,636
Residential/Business Outside	314
Commercial/Government Inside	526
Commercial/Government Outside	10
Wholesale Outside	9
Special Contract	9

A review of available historical financial data including actual revenues and expenditures for FY23-FY25. The data provided by the City showed the following general patterns:

- Water revenue has averaged \$22.8 million, and sewer revenue has averaged \$10.6 million.
- Total annual water consumption by category generally follows the pattern of 36% by single-family residences and businesses, 15% by commercial and government customers, 42% by contract customers, and 7% by wholesale customers. This represents use both inside and outside the city limits.
- Annual volume by category for which the City determines sewer bills generally follows the pattern of 43% for single-family residences, 39% for non-residential customers, and 18% for contract customers.

2.2 PROJECTED ACTIVE WATER AND SEWER CONNECTIONS

Table 2-2 shows projected water and sewer connections for Lawton. These projections are based on general historical trends and discussions with the City. Error! Reference source not found. shows the projected number of water and sewer connections.

Table 2-2: Projected Active Water and Sewer Connections

	Budgeted	Projected				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Water Connections	28,698	28,865	29,034	29,205	29,379	29,555
Sewer Connections	28,093	28,303	28,518	28,738	28,963	29,193
Key Assumptions for Projecting Water Production and Sales: <ul style="list-style-type: none"> • Growth in water meters: 5.0% per year for commercial/government (inside city limits) meters and 0.5% per year for residential/business (inside city limits) meters; 0% all other categories • Growth in sewer meters: 5.0% per year for non-residential (inside city limits) meters and 0.5% per year for residential (inside city limits) meters; 0% all other categories • Approximately 595 water meters are used for irrigation only 						

Figure 2-1: Projected Active Water Connections

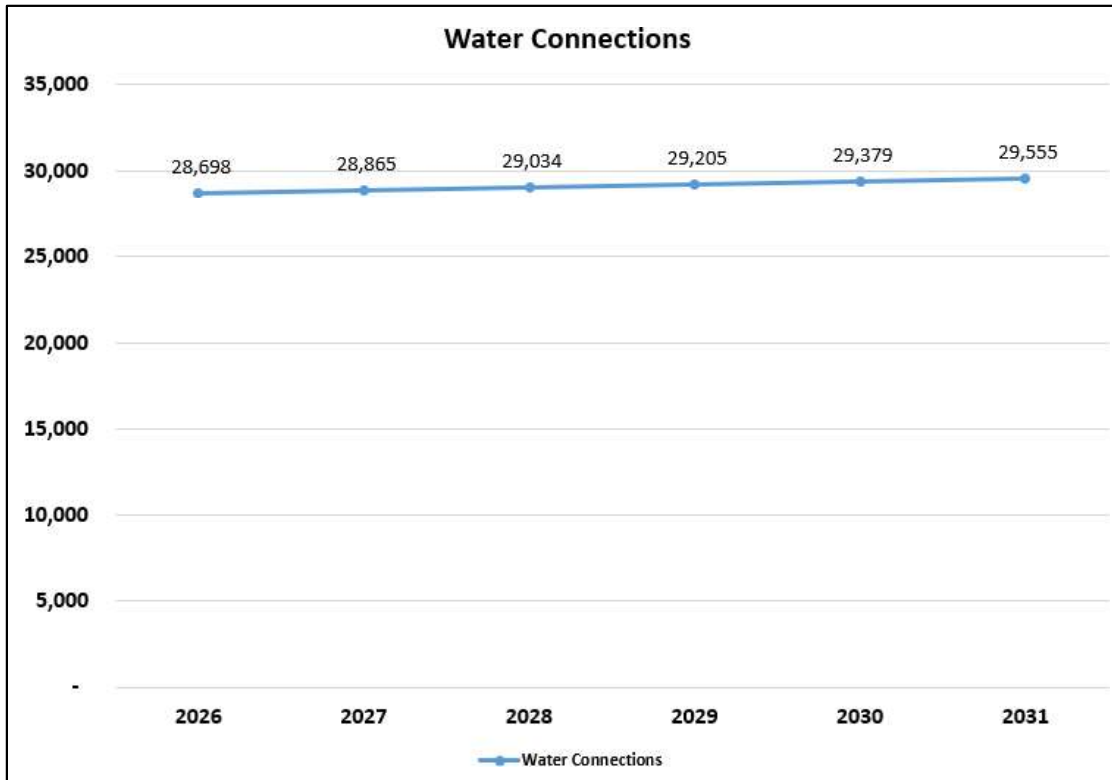
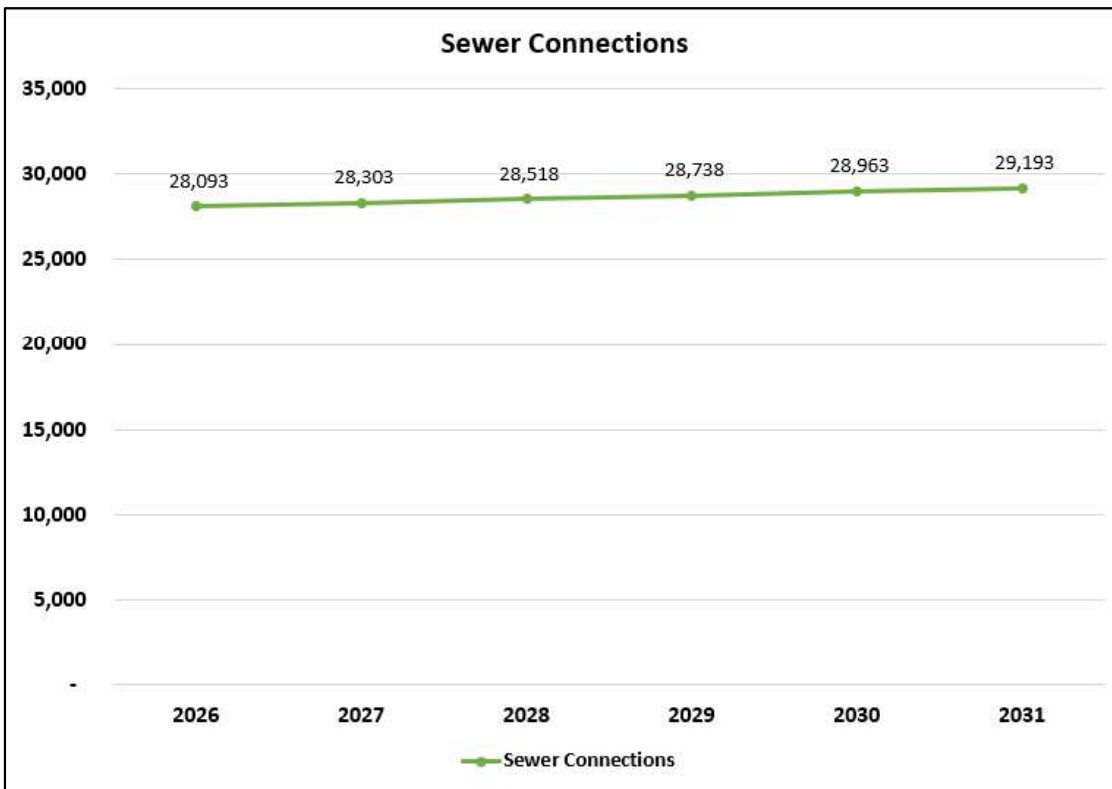


Figure 2-2: Projected Active Sewer Connections



3.0 HISTORICAL REVENUES AND EXPENDITURES

3.1 HISTORICAL REVENUES

Table 3-1 shows the historical revenues for the water and sewer fund over the last three years and the budgeted revenues for FY26. The City did not adjust rates during this time. Current rates are shown in **Table 3-2**. Total revenue of approximately \$32M was recorded in FY23. This figure increased to \$42M in FY24, then \$43M for FY25, and is projected to reach \$55M in FY26, absent loan proceeds depicted in the FY24-25 adopted budget.

It should be noted that revenue derived from the capital outlay fee, which is charged to all customers at a rate of \$8.05 per month, is received in the fund but does not directly benefit the water and sewer systems. Funds received are transferred out and used citywide for rolling stock. Revenue derived from the sewer rehab fee, which is charged at a rate of \$2.75 per month, is received in the fund and used to offset a portion of the cost of the Sewer Construction and Sewer Technical Services sections of the budget. Additionally, the Waurika surcharge, charged to all customers at a rate of \$8.65 per month, is transferred to the Waurika Fund to cover the cost of operations. Revenue collected from the fee does not fully cover the cost of operations, with the remainder subsidized by water rates. Any changes to monthly fees are evaluated and recommended by the Finance Department as a part of a citywide fee review.

Table 3-1: Historical Revenue for the Water and Sewer Fund

Revenue	Historical			Current
	Actual 2023	Actual 2024	Estimated 2025	Adopted 2026
Water				
Water Revenue	\$22,059,178	\$22,417,069	\$25,292,280	\$24,525,917
Water Taps	\$51,812	\$80,245	\$93,190	\$80,245
Other Water Revenue	\$373,061	\$341,715	\$874,810	\$341,715
Sewer				
Sewer Service Charge	\$10,523,519	\$10,847,938	\$11,049,345	\$11,438,595
Wastewater Effluent	\$85,833	\$34,333	\$16,025	\$17,510
Other				
Capital Outlay Fee	\$3,491,116	\$3,630,889	\$3,532,842	\$3,555,332
Overpayment/Deferred Revenue	\$-	\$(2,202)	\$-	\$-
Outside Water Sales Contract	\$300	\$-	\$-	\$-
Standby Fee	\$600	\$600	\$600	\$600
Alternate Water Source Fee	\$-	\$-	\$-	\$-
Sewer Maintenance Revenue	\$143,647	\$150,000	\$154,620	\$150,000

Revenue	Historical			Current
	Actual 2023	Actual 2024	Estimated 2025	Adopted 2026
Other Sewer Revenue	\$5,450	\$459,682	\$889,325	\$800,000
Sewer Rehab Fee	\$1,121,075	\$1,102,506	\$1,152,205	\$1,134,980
Wastewater Influent	\$947	\$10,655	\$13,015	\$10,000
Late Fees	\$291,130	\$711,635	\$856,550	\$711,635
Leases & Rentals	\$186,041	\$154,031	\$172,755	\$167,191
Federal Grant	\$-	\$-	\$-	\$14,000,000
Miscellaneous Revenue	\$18,727	\$11,268	\$4,650	\$5,000
Earned Interest	\$18,284	\$47,757	\$65,780	\$18,127
Earned Interest-Restricted	\$82,948	\$2,159,485	\$2,513,696	\$2,514,500
Debt Service	\$1,724,762	\$1,945,749	\$1,925,720	\$1,349,855
Principal Forgiveness	\$91,000	\$1,489,722	\$-	\$-
TRF to/from 2016 CIP	\$2,598,784	\$-	\$-	\$-
TRF to/from 2019 CIP*	\$-	\$7,040,239	\$5,418,926	\$5,304,070
Total Revenue	\$32,258,862	\$41,751,045	\$42,960,964	\$54,669,167

*Used to fund 2023 FAP debt service

Table 3-2: City of Lawton Monthly Water Rates

Current Water Rates		
Residential		
Service Charge* (includes 2,000 gallons)	\$23.00	monthly
Volumetric Charge (over 2,000 gallons)	\$4.65	per 1,000 gal
<i>* Senior/Low Income Discount - \$(6.25)/Month</i>		
Commercial/Government		
Service Charge (includes 2,000 gallons)	\$43.00	monthly
Volumetric Charge (over 2,000 gallons)	\$4.65	per 1,000 gal
Outside City Limits		
Service Charge	\$27.50	monthly
Volumetric Charge	\$6.89	per 1,000 gallons
Wholesale		
Volumetric Charge	\$5.33	per 1,000 gallons
Current Sewer Rates		
Residential		
Service Charge* (includes 2,000 gallons)	\$16.00	monthly
Volume Charge (over 2,000 gallons)	\$2.00	per 1,000 gal
<i>*Senior/Low Income Discount - \$(4.75)/month</i>		
Non-Residential		
Service Charge (includes 2,000 gallons)	\$16.00	monthly
Volumetric Charge (over 2,000 gallons)	\$2.25	per 1,000 gal

Residential Outside City Limits		
Service Charge	\$24.00	monthly
Volumetric Charge	\$3.00	per 1,000 gal
Non-Residential Outside City Limits		
Service Charge	\$24.00	monthly
Volumetric Charge	\$3.38	per 1,000 gal

3.2 HISTORICAL AND CURRENT EXPENDITURES

Table 3-3 shows the historical expenditures for the water and sewer fund over the last three years and the budgeted expenditures for FY26. Annual expenditures have increased from approximately \$24.1M in FY24 to \$27.8M in the FY25 adopted budget. In addition to the water and sewer costs in the Lawton Water Authority, expenditures in the Utility Services section and the Waurika Fund were also examined, since water and sewer revenues are used to pay for those expenses. Water and sewer expenses for utility services have fluctuated since FY24 and the contributions to the Waurika Fund have increased from \$2.25M to \$4.99M in the FY26 Adopted Budget.

Additionally, combined transfers, such as transfers to the General Fund, have increased over annually through 2025. Transfers to the General Fund represent about one-third of total expenditures. Water and sewer rate-supported revenue is increasingly used to fund General Fund operations in lieu of water and sewer operations and maintenance. For every dollar transferred to the General Fund but collected for water and sewer services, critical maintenance is deferred. This will continue to put upward pressure on water and sewer rates as adequate revenue is required to improve system reliability and recognize critical infrastructure's life cycle costs. Maintaining those dollars within the utility systems would provide long-term benefits to water and sewer customers.

Table 3-3: Historical and Current Expenditures

	2023 - 2024 Actual Expenditures	2024 – 2025 Adopted Expenditures	2025 – 2026 Adopted Expenditures
Public Utilities Fund			
Sewer System Technical	\$927,816	\$2,102,411	\$1,673,230
Sewer System Construction	\$6,486,874	\$8,118,845	\$5,950,538
Medicine Park WTP	\$4,634,428	\$5,084,018	\$6,293,717
Wastewater Treatment Plant	\$3,770,904	\$3,796,025	\$3,217,314
Southeast WTP	\$2,267,336	\$2,575,105	\$2,493,915
Wastewater Collection	\$1,178,720	\$1,289,850	\$1,162,187
Water Distribution	\$3,734,661	\$3,879,205	\$3,045,897
Meter Services	\$1,096,709	\$957,819	\$923,591
Total	\$24,097,448	\$27,803,278	\$24,760,389
Other Funds			
Utility Services	\$1,387,183	\$1,057,890	\$901,814
Waurika	\$2,251,188	\$4,550,000	\$4,997,600
Total	\$3,638,371	\$5,607,890	\$5,899,414

3.3 COMPARISON OF HISTORICAL REVENUES AND EXPENDITURES

From Actual FY23 to Actual FY25, water rates have generated between \$22.1M and \$23.9M in revenue annually. Sewer rates have generated between \$10.5M and \$10.8M in revenue annually. Other revenues have helped to reduce the revenue requirements for water and sewer rate revenues and have ranged between \$6.1M and \$7.8M annually.

During the same period, water expenses have varied between \$13.4M and \$17.2M annually. Sewer expenses have varied between \$10.1M and \$12.2M annually. Utility service expenses are included in this total and are split between both water and sewer.

4.0 WATER AND SEWER FUND RATE ANALYSIS

4.1 PROJECTED REVENUES AND EXPENDITURES

Table 4-1 shows the projected revenues for the water and sewer systems at the proposed rates. **Table 4-2** details all the assumptions that were used in developing the projected revenues.

Figure 4-1 graphically shows water and sewer revenues over the next five years at the proposed rates.

Table 4-3 is a summary by major category of the projected expenditures for the water and sewer funds.

Capital expenses are forecasted to reflect not only growth and regulatory needs but also the life cycle costs of assets in the water and sewer systems. Life cycle costs represent water and sewer system renewal and are based on projected needs over a 3- to 15-year period, beginning with plant improvements in FY27 and pipeline improvements in FY30. Improvements are implemented over the period with differing schedules. **Table 4-4** outlines the cost of those capital projects over the next five years. The capital cost is evenly distributed annually based on the specific period of project implementation. These projects are incorporated into the projected debt service used to establish revenue requirements over the 5-year study period.

Table 4-1: Projected Revenue at Calculated Rates for the Water and Sewer Fund

Water	Current Fiscal Year	Projected by Fiscal Year				
	2026	2027	2028	2029	2030	2031
Revenue Required based on proposed rates	\$24,944,282	\$25,878,500	\$26,709,043	\$27,570,756	\$36,170,154	\$36,668,804
Base Revenues based on proposed rates	\$7,996,803	\$8,754,274	\$9,158,854	\$9,218,170	\$9,283,856	\$9,345,300
Volumetric Revenues based on proposed rates	\$12,641,406	\$17,172,389	\$17,560,519	\$17,777,530	\$30,096,729	\$30,348,947
Total Revenue based on proposed rates	\$20,638,209	\$25,926,663	\$26,719,373	\$26,995,700	\$39,380,585	\$39,694,247
Surplus/(Deficit)	\$(4,306,074)	\$48,163	\$10,330	\$(575,056)	\$3,210,431	\$3,025,443
Sewer	Current Fiscal Year	Projected by Fiscal Year				
	2026	2027	2028	2029	2030	2031
Revenue Required based on proposed rates	\$21,359,786	\$22,213,496	\$23,228,325	\$24,249,409	\$27,748,278	\$28,057,291
Base Revenues based on proposed rates	\$5,418,450	\$5,919,196	\$6,184,458	\$6,231,960	\$6,282,189	\$6,331,918
Volumetric Revenues based on proposed rates	\$4,649,218	\$16,291,062	\$17,135,804	\$17,790,345	\$21,581,555	\$21,742,651
Total Revenue based on proposed rates	\$10,067,668	\$22,210,258	\$23,320,262	\$24,022,305	\$27,863,744	\$28,074,569
Surplus/(Deficit)	\$(11,292,118)	\$(3,237)	\$91,937	\$(227,104)	\$115,466	\$17,278

Table 4-2: Assumptions in Developing Projected Revenues

Category	Assumptions
Sewer Rehab Fee	Revenue shown in FY26 Revised Budget with proposed 15% fee increase in FY27 and a 1% increase in each of the following years.
Capital Outlay Fee	Capital outlay fee revenues are disregarded in the analysis, since they are used for citywide rolling stock.
Usage and Customer Count Growth	Growth in water meters: 5.0% per year for commercial/government (inside city limits) meters and 0.5% per year for residential/business (inside city limits) meters. Growth in sewer meters: 5.0% per year for non-residential (inside city limits) meters and 0.5% per year for residential (inside city limits) meters.
Sewer Billing Cap	Residential customers were billed for sewer usage based on a maximum of 12,000 gallons used in the billing period (per rate ordinance).
Waurika Expense	Waurika Fund-related debt and O&M expenses not covered by the monthly Waurika Fee. Fee revenue is assumed to increase by 15% in FY27 and 1% each year thereafter.
Drought Surcharges	No adjustments were made to the current drought surcharges.
Fort Sill Water	By contract Fort Sill is billed for water service at the lowest available rate. That is projected to be the Republic contract rate through the existing term and the residential/bus inside rate for the remaining forecast years.
Outside City Limits	Water and Sewer rate increases for outside city limits are limited to the value of the increase for inside water customers reflecting a “dollar for dollar” change.
Sewer Discharge Strength	Sewer discharge is monitored for applicable high-strength customers and surcharges are assessed in accordance with the adopted ordinance. Monitored strength data was not analyzed as part of this study per City direction.
Debt Service	Current and future debt service payments to be paid from water and sewer rate revenues for the period were provided by the City and its financial advisor.
Industrial	To develop the new Industrial classification, the consultant analyzed usage from current commercial with industrial uses including Bar-S Foods and Silverline Plastics. Usage patterns from Goodyear and Republic Paper were included in the analysis but rates for Goodyear and Republic Paper are set by contract so the industrial rate is not applied in the analysis for the years covered by existing contracts.
Debt Service Payments	Debt Service payments are partially covered by revenue from rates where sales tax dollars are insufficient to cover the annual service, per City. Sales tax revenue used to pay a portion of the debt was weighted water/sewer based on the weight of the annual payments.
Senior/Low Income Discount	Senior/Low Income Discount provides for a reduction in the base rate of \$6.25 for water and \$4.75 for sewer. This discount applies to all senior and identified low-income accounts. Account estimates were provided by the City.
Expense Inflation	O&M expenses were inflated at a year-over-year rate of 3% for each line item unless otherwise stated by the City.
General Fund Transfers	Assumed to remain flat at the current transfer level throughout the projection period, consistent with the assumption presented to the City. The allocation is based on the current cost split, with 59% assigned to Water and 12% assigned to Sewer.

Figure 4-1: Projected Water and Sewer Revenue at Recommended Rates

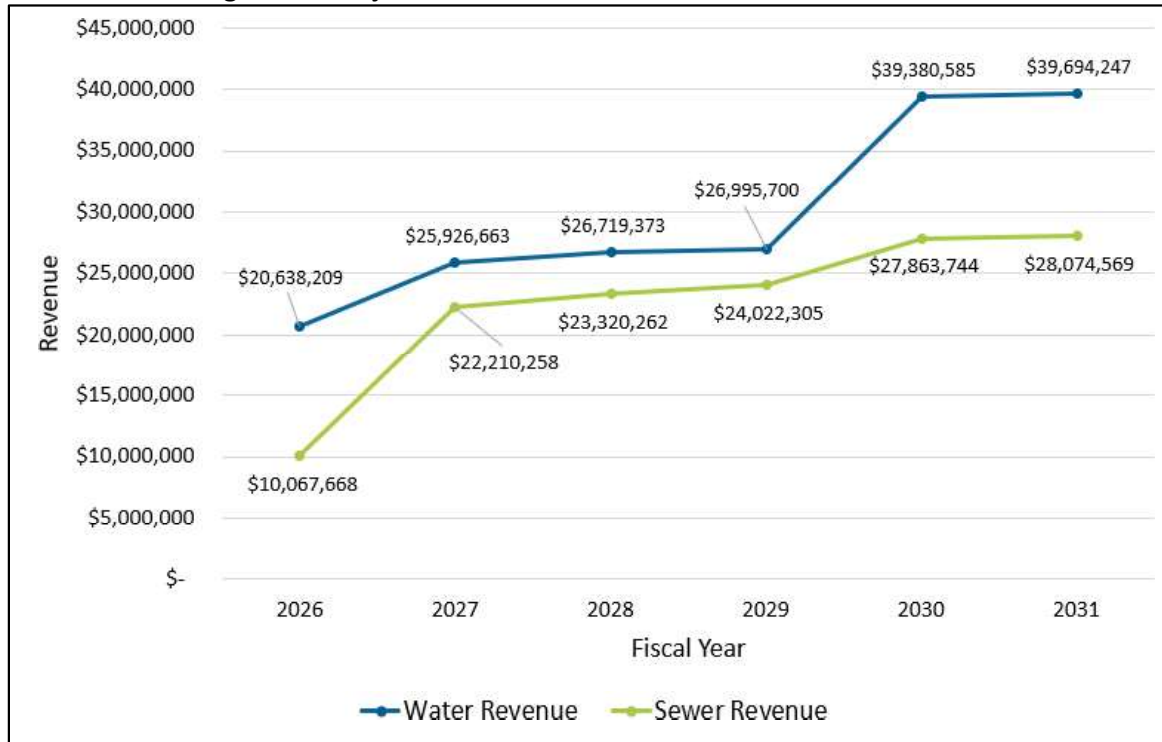


Table 4-3: Projected Expenditures for the Water and Sewer Fund by Major Category

Category	Budget	Projected Expenditures by Fiscal Year				
	2024-25*	2026-27	2027-28	2028-29	2029-30	2030-31
Water Distribution	\$3,879,205	\$4,021,377	\$4,141,413	\$4,265,051	\$4,392,398	\$4,523,566
Medicine Park WTP	\$5,084,018	\$5,281,449	\$5,439,202	\$5,601,688	\$5,769,049	\$5,941,430
Southeast WTP	\$2,575,105	\$2,688,343	\$3,312,082	\$3,411,429	\$3,513,757	\$3,619,155
Meter Services	\$957,819	\$986,554	\$1,016,150	\$1,046,635	\$1,078,034	\$1,110,375
Utility Services - Water	\$624,155	\$659,396	\$676,012	\$693,095	\$710,659	\$728,717
Waurika Fund	\$4,997,600	\$5,076,180	\$5,156,572	\$5,076,311	\$5,160,755	\$5,245,263
Information Technology Services - Water	\$641,654	\$660,904	\$680,731	\$701,153	\$722,187	\$743,853
Debt Service - Water	\$3,706,203	\$4,659,940	\$4,992,738	\$5,560,469	\$5,562,929	\$5,564,249
Life Cycle Costs – Water	\$-	\$178,567	\$178,567	\$178,567	\$1,660,167	\$1,660,167
Transfer to General Fund - Water	\$13,069,370	\$13,069,370	\$13,069,370	\$13,069,370	\$13,069,370	\$13,069,370
Sewer System Construction	\$8,118,845	\$5,743,431	\$5,831,689	\$5,922,595	\$6,016,228	\$6,112,670
Sewer System Technical	\$2,102,411	\$1,129,113	\$1,156,615	\$1,184,943	\$1,214,121	\$1,244,174
Wastewater Collection	\$1,289,850	\$1,330,710	\$1,370,576	\$1,411,638	\$1,453,931	\$1,497,494
Wastewater Treatment Plant	\$3,796,025	\$3,966,837	\$4,085,773	\$4,208,277	\$4,334,456	\$4,464,421
Utility Services - Sewer	\$126,947	\$130,195	\$133,536	\$136,971	\$140,503	\$144,135
Information Technology Services - Sewer	\$641,654	\$660,904	\$680,731	\$701,153	\$722,187	\$743,853
Debt Service - Sewer	\$4,957,531	\$8,580,317	\$9,405,003	\$10,135,590	\$10,583,010	\$10,583,262
Life Cycle Costs - Sewer	\$-	\$471,418	\$471,418	\$471,418	\$2,388,382	\$2,388,382
Transfer to General Fund - Sewer	\$2,658,177	\$2,658,177	\$2,658,177	\$2,658,177	\$2,658,177	\$2,658,177
TOTAL EXPENSES						
<i>Water Total</i>	\$35,535,129	\$37,282,079	\$38,662,838	\$39,603,769	\$41,639,305	\$42,206,145
<i>Sewer Total</i>	\$23,691,439	\$24,671,102	\$25,793,518	\$26,830,761	\$29,510,995	\$29,836,567

- 2024–2025 Adopted Expenditures served as the baseline for expenditure growth at the City of Lawton’s direction, because the City indicated these amounts are more representative of actual current year expenses

Table 4-4: Water & Sewer Life Cycle Costs Plan

Project Type	Implementation Period	Financing Period	Total Cost	Description	2026	2027	2028	2029	2030	2031
Water Distribution Line Replacement	15 years	30 years	\$ 435,600,000	300 miles of 8" pipe at \$275 per linear foot	\$-	\$-	\$-	\$-	\$ 29,040,000	\$ 29,040,000
Water Treatment Plants	10 years	30 years	\$ 35,000,000	\$20M plant and \$15M plant	\$-	\$-	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Total Water			\$ 470,600,000		\$-	\$-	\$ 3,500,000	\$ 3,500,000	\$ 32,540,000	\$ 32,540,000
Sewer Collection Line Replacement	15 years	30 years	\$ 138,600,000	150 miles of 8" pipe at \$175 per linear foot	\$-	\$-	\$-	\$-	\$ 9,240,000	\$ 9,240,000
Sewer Treatment Plant	3 years	30 years	\$ 85,000,000	\$85M plant	\$-	\$-	\$ 28,333,333	\$ 28,333,333	\$ 28,333,333	\$-
Total Sewer			\$ 223,600,000		\$-	\$-	\$28,333,333	\$28,333,333	\$ 37,573,333	\$ 9,240,000
Grand Total			\$ 694,200,000		\$-	\$-	\$ 35,333,333	\$ 35,333,333	\$ 70,113,333	\$41,780,000

5.0 CALCULATED RATES

This rate study created an industrial customer classification for both water and sewer service. Consumption from existing customers with industrial uses was used to identify the unique usage characteristics of the new rate classes. Proposed rates were established to recognize the classes' impacts on system peaking and infrastructure-sizing needs and to provide a competitive rate for future industrial customers. Additionally, the proposed industrial sewer rate recognizes the quarterly strength surcharges applied in compliance with the City's pretreatment ordinance.

In addition, the City recently executed a new five-year contract for water and sewer service with Republic Paper. The contract covers April 1, 2024 - March 31, 2029, and applies to Republic Paper and Goodyear. Fort Sill does not have specific rates outlined by contract but is contractually provided the lowest available rate. It is important to note that customers who have contracts for service are not included in the cost-of-service determination. Projected revenue from those customers is based on projected volumes and contractually established rates. As a result, revenue derived from contract services is used to reduce the revenue requirement from the overall cost of providing services.

5.1 COST-OF-SERVICE ANALYSIS

A cost-of-service analysis was developed to help determine revenue sufficiency and to assess the effectiveness of the current rate structure. This cost-of-service analysis was performed in general accordance with the methodology presented in AWWA M1 Manual (Section III), and included five basic steps:

1. Identify annual expenses by function. Functions include items such as source of supply, pumping, treatment, storage, maintenance, personnel, and debt service.
2. Allocate these functionalized costs (from Step 1) to the appropriate cost component. Cost components include annual use, peak day demand, peak hour demand, fire protection, and customer meters and bills. There are two accepted methods to accomplish this: the Base-Extra Capacity method (which was employed for this study) and the Commodity-Demand method.
3. Develop units of service by customer class for each cost component.
4. Develop unit costs of service. This is accomplished by dividing the total costs for each cost component by the respective total system units of service.
5. Distribute costs to customer classes based on the unit costs of service (from Step 3) and each class's unit of service for each cost component (from Step 4).

Gaps in available sewer customer usage data required assumptions in determining the cost of service for each customer class. These assumptions were developed in coordination with the City.

A utility's base rates should reflect the cost of providing basic monthly service, including fire protection, billing, and customer meters and services. Meter size is not the current basis of determining base rates in the current rate structure, rather customer class is the determining factor, therefore assumptions were made about the impact of each customer class based on customer counts and usage. For this study, the base fee included the first 2,000 gallons of volume each month, in accordance with the adopted ordinance. This applies to both water and sewer base fees for customers inside the city limits.

The volume charges of a utility should reflect the cost of providing water and sewer services based on the actual volume of water usage and sewer flow utilized by the customers within each customer class. A typical cost of service analysis would include evaluating tiered usage; however, Lawton's current rate structure is not tiered, so assumptions were made to assess the volumetric usage and demand patterns of each customer class.

5.2 WATER AND SEWER RATES

Any recommended changes to existing rates are based on the distinct expenses associated with each service, water and sewer. An analysis of the water fund and sewer fund was performed separately to determine the equitable assignment of costs to proposed rates. **Table 5-1** and **Table 5-2** show the projected revenue requirements for the water and sewer funds separately.

Table 5-1: Projected Performance of the Water Fund

Water Only	Projected Revenues by Fiscal Year					
	2026	2027	2028	2029	2030	2031
Revenue Required based on proposed rates	\$24,944,282	\$25,878,500	\$26,709,043	\$27,570,756	\$36,170,154	\$36,668,804
Base Revenues based on proposed rates	\$7,996,803	\$8,754,274	\$9,158,854	\$9,218,170	\$9,283,856	\$9,345,300
Volumetric Revenues based on proposed rates	\$12,641,406	\$17,172,389	\$17,560,519	\$17,777,530	\$30,096,729	\$30,348,947
Total Revenue based on proposed rates	\$20,638,209	\$25,926,663	\$26,719,373	\$26,995,700	\$39,380,585	\$39,694,247
Surplus/(Deficit)	\$(4,306,074)	\$48,163	\$10,330	\$(575,056)	\$3,210,431	\$3,025,443

Table 5-2: Projected Performance of the Sewer Fund

Sewer Only	Projected Revenues by Fiscal Year					
	2026	2027	2028	2029	2030	2031
Revenue Required based on proposed rates	\$21,359,786	\$22,213,496	\$23,228,325	\$24,249,409	\$27,748,278	\$28,057,291
Base Revenues based on proposed rates	\$5,418,450	\$5,919,196	\$6,184,458	\$6,231,960	\$6,282,189	\$6,331,918
Volumetric Revenues based on proposed rates	\$4,649,218	\$16,291,062	\$17,135,804	\$17,790,345	\$21,581,555	\$21,742,651
Total Revenue based on proposed rates	\$10,067,668	\$22,210,258	\$23,320,262	\$24,022,305	\$27,863,744	\$28,074,569
Surplus/(Deficit)	\$(11,292,118)	\$(3,237)	\$91,937	\$(227,104)	\$115,466	\$17,278

The split of water expenses and sewer expenses was accomplished by applying the cost distributions below. The projected year-over-year change in revenue requirements by class are depicted in **Table 5-3** and **Table 5-4**:

- Water Expenses included:
 - 100% of Water Distribution, Medicine Park WTP, Southeast WTP, Meter Services, and Waurika Fund Divisions.
 - 59% of the Utility Services Division. This percentage is based on the allocation provided in the previous study for the City of Lawton.
 - Approximately 43% of Existing Debt Service expenses, varying by year. This was calculated by determining the approximate percentage of water-related principal on the outstanding payments of existing debt service by year.
 - Approximately 33% of Future Debt Service expenses, varying by year. This was calculated by determining the approximate percentage of water-related capital project cost to be included in future debt service by year.
 - Transfers to the General Fund are collected based on a flat transfer from the Lawton Water Authority by service. For rate determination the percentage of the total expense attributable to water was applied. That amount is projected to remain flat over the planning period.
- Sewer Expenses included:
 - 100% of the Sewer System Construction, Sewer System Technical, Wastewater Collection, and Wastewater Treatment Plant Divisions.
 - 12% of the Utility Services Division. This percentage is based on the allocation provided in the previous study for the City of Lawton.
 - Approximately 57% of Existing Debt Service expenses, varying by year. This was calculated by determining the approximate percentage of sewer-related principal on the outstanding payments of existing debt service by year.
 - Approximately 67% of Future Debt Service expenses, varying by year. This was calculated by determining the approximate percentage of sewer-related capital project cost to be included in future debt service by year.
 - Transfers to the General Fund are collected based on a flat transfer from the Lawton Water Authority by service. For rate determination the percentage of the total expense attributable to water was applied. That amount is projected to remain flat over the planning period.

Based on the projected revenues and expenditures, the following average increases for water and sewer volumetric rates are projected:

Table 5-3: Water Rate Increase Percentage by Class

Customer Class	FY26	FY27	FY28	FY29	FY30	FY31
Commercial/Government Inside	0%	55.9%	0.7%	0.0%	0.0%	0.0%
Commercial/Government Outside	0%	37.7%	0.5%	0.0%	0.0%	0.0%
Industrial	N/A	52.7%	0.0%	0.0%	0.0%	0.0%
Residential/Business Inside	0%	21.5%	0.9%	0.0%	0.0%	0.0%
Residential/Business Outside	0%	14.5%	0.6%	0.0%	0.0%	0.0%
Wholesale	0%	55.7%	2.4%	0.0%	0.0%	0.0%

Table 5-4: Sewer Rate Increase Percentage by Class

Customer Class	FY26	FY27	FY28	FY29	FY30	FY31
Non-Residential Inside	0.0%	346.7%	2.0%	4.9%	0.0%	0.0%
Non-Residential Outside	0.0%	231.1%	1.8%	4.4%	0.0%	0.0%
Industrial	N/A	346.7%	0.5%	2.0%	0.0%	0.0%
Residential Inside	0.0%	150.0%	9.0%	0.0%	0.0%	0.0%
Residential Outside	0.0%	100.0%	7.5%	0.0%	0.0%	0.0%

6.0 SUMMARY OF RATE RECOMMENDATIONS

The recommendations for water and sewer rates and projected rate increases are summarized below. Projected rate increases should be examined annually to evaluate future growth, revenues, and system expenditures.

6.1 WATER AND SEWER RATE ADJUSTMENTS

This subsection uses the information presented in **Section 5.2: Water and Sewer Rates** to develop recommended rates. The following tables outline recommended annual rates by class necessary to maintain cost of service, ensuring class equity and revenue sufficiency. **Table 6-1** and **Table 6-2** reflect volumetric rates and **Tables 6-3** and **Table 6-4** document base charges.

Table 6-1: Recommended Water Volumetric Rates

Fiscal Year	FY26	FY27	FY28	FY29	FY30	FY31
Commercial/Government Inside	\$4.65	\$7.25	\$7.30	\$7.30	\$7.30	\$7.30
Commercial/Government Outside	\$6.89	\$9.49	\$9.54	\$9.54	\$9.54	\$9.54
Industrial	\$4.65	\$7.10	\$7.10	\$7.10	\$7.10	\$7.10
Residential/Business Inside	\$4.65	\$5.65	\$5.70	\$5.70	\$5.70	\$5.70
Residential/Business Outside	\$6.89	\$7.89	\$7.94	\$7.94	\$7.94	\$7.94
Wholesale	\$5.33	\$8.30	\$8.50	\$8.50	\$8.50	\$8.50

Table 6-2: Recommended Sewer Volumetric Rates

Fiscal Year	FY26	FY27	FY28	FY29	FY30	FY31
Non-Residential Inside	\$2.25	\$10.05	\$10.25	\$10.75	\$10.75	\$10.75
Non-Residential Outside	\$3.38	\$11.18	\$11.38	\$11.88	\$11.88	\$11.88
Industrial	N/A	\$10.05	\$10.10	\$10.30	\$10.30	\$10.30
Residential Inside	\$2.00	\$5.00	\$5.45	\$5.45	\$5.45	\$5.45
Residential Outside	\$3.00	\$6.00	\$6.45	\$6.45	\$6.45	\$6.45

Table 6-3: Recommended Water Base Fees

Fiscal Year	FY26	FY27	FY28	FY29	FY30	FY31
Commercial/Government Inside	\$43.00	\$47.00	\$48.00	\$48.00	\$48.00	\$48.00
Commercial/Government Outside	\$27.50	\$31.50	\$31.50	\$31.50	\$31.50	\$31.50
Industrial	N/A	\$47.00	\$48.00	\$48.00	\$48.00	\$48.00
Residential/Business Inside	\$23.00	\$25.00	\$26.00	\$26.00	\$26.00	\$26.00
Residential/Business Outside	\$27.50	\$29.50	\$30.50	\$30.50	\$30.50	\$30.50
Wholesale	\$27.50	\$29.50	\$30.50	\$30.50	\$30.50	\$30.50

Table 6-4: Recommended Sewer Base Fees

Fiscal Year	FY26	FY27	FY28	FY29	FY30	FY31
Non-Residential Inside	\$16.00	\$17.00	\$18.00	\$18.00	\$18.00	\$18.00
Non-Residential Outside	\$24.00	\$25.00	\$26.00	\$26.00	\$26.00	\$26.00
Industrial	N/A	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00
Residential Inside	\$16.00	\$17.00	\$18.00	\$18.00	\$18.00	\$18.00
Residential Outside	\$24.00	\$25.00	\$26.00	\$26.00	\$26.00	\$26.00

6.2 OTHER RECOMMENDATIONS

- The City should analyze the impact of reducing the transfer to the General Fund to enable additional funding for utility services. In doing so, rate capacity could be used to help fund the increases in O&M and debt service that are currently driving the need for significant rate increases to support the water and sewer systems over time.
- The City should evaluate current class distinctions in the existing rate structure, providing clarity in non-residential water customers and aligning based on system use. Currently business customers share the same classification as residential customers, while commercial customers are paired with government customers.
- The City should audit its billing data to ensure that customers are appropriately classified and billed based on adopted water and sewer rates.
- The City should closely monitor its water loss through audits, identification of leaks, and other appropriate measures in addition to tracking the number of main breaks and sanitary sewer overflows within the distribution and collection systems.

- The City should update this rate study every three to five years or more frequently if there are significant changes in the assumptions presented in this study. Such changes could include the timing of CIP projects, increases in transfers, or reductions in fee revenue used to fund portions of the water or sewer system.

7.0 TYPICAL BILL BENCHMARKS

Table 7-1 shows the monthly cost for residential water and sewer service using 5,000 gallons for water and 5,000 gallons for sewer for Lawton and other nearby cities. The costs for water and sewer services in other cities are based on information obtained from public websites as of January 2026. Costs reflected in **Table 7-1** include General Fund Transfers. **Table 7-2** shows the monthly cost exclusive of the General Fund Transfers.

Figure 7-1 shows the comparison of costs for 5,000 gallons of water and sewer service for a typical residential customer.

Figure 7-2 shows the comparison of costs for 5,000 gallons of water and sewer service for a typical residential customer including what is going to the General Fund.

Table 7-1: Water and Sewer Rate Comparison to Other Cities (Including General Fund Transfer)

City	Water (5,000 gal)	Sewer (5,000 gal)	General Fund	Total
Edmond	\$51.76	\$51.89	\$0.00	\$103.65
Enid	\$17.10	\$36.93	\$16.14	\$70.17
Broken Arrow	\$47.35	\$48.95	\$0.00	\$96.30
Stillwater	\$48.42	\$23.49	\$22.46	\$94.37
Oklahoma City	\$41.80	\$35.66	\$11.91	\$89.37
Lawton Proposed FY27	\$28.11	\$21.44	\$24.40	\$73.95
Lawton Current	\$24.76	\$14.74	\$19.45	\$58.95
Moore	\$30.76	\$29.30	\$11.70	\$71.75
Midwest City	\$34.31	\$38.60	\$5.91	\$78.82
Norman	\$23.97	\$19.98	\$7.76	\$51.70

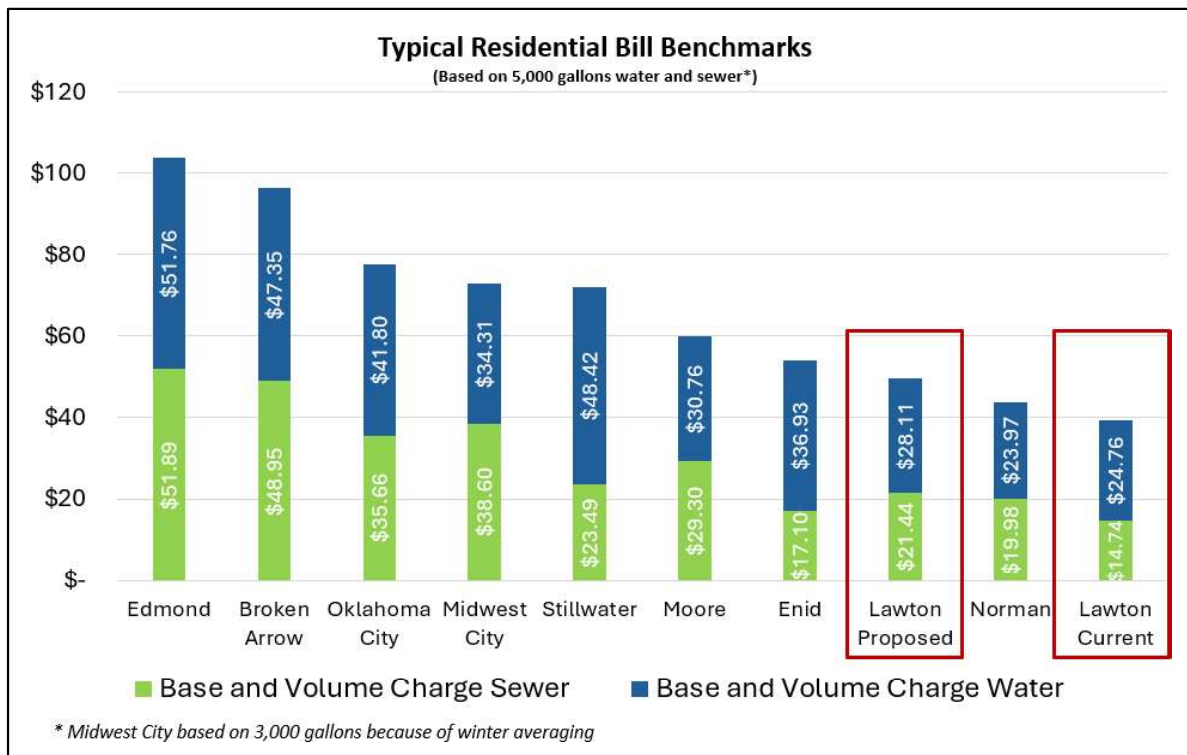
Midwest City based on 3,000 gallons because of winter averaging

Table 7-2: Water and Sewer Rate Comparison to Other Cities

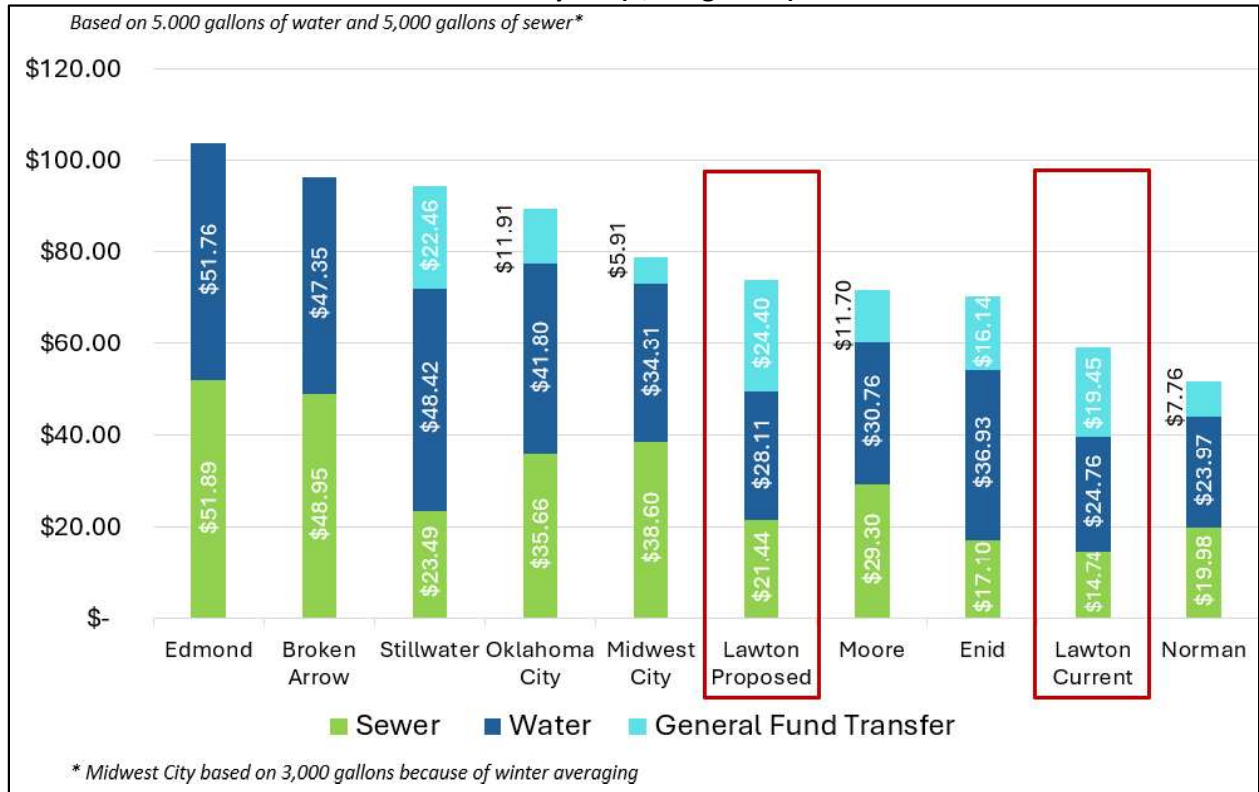
City	Water (5,000 gal)	Sewer (5,000 gal)	Total
Edmond	\$51.76	\$51.89	\$103.65
Enid	\$17.10	\$36.93	\$54.03
Broken Arrow	\$47.35	\$48.95	\$96.30
Stillwater	\$48.42	\$23.49	\$71.91
Oklahoma City	\$41.80	\$35.66	\$77.46
Lawton Proposed FY27	\$28.11	\$21.44	\$49.55
Lawton Current	\$24.76	\$14.74	\$39.50
Moore	\$30.76	\$29.30	\$60.05
Midwest City	\$34.31	\$38.60	\$72.91
Norman	\$23.97	\$19.98	\$43.95

Midwest City based on 3,000 gallons because of winter averaging

Figure 7-1: Combined Water and Sewer Rate Comparison with Other Cities, Monthly Bill (5,000 gallons)



**Figure 7-2: Combined Water and Sewer Rate Comparison with Other Cities (Including General Fund),
Monthly Bill (5,000 gallons)**



8.0 REFERENCES

- [1] [Online]. Available: https://www.lawtonok.gov/DocumentCenter/View/312/Lawton---Connecting-People-to-New-Opportunities-PDF?utm_source=chatgpt.com.
- [2] "2025 City Archives," [Online]. Available: <https://www.lawtonok.gov/m/newsflash/home/detail/62>. [Accessed 1 April 2026].
- [3] "MP Water Treatment Plant," [Online]. Available: <https://www.lawtonok.gov/372/MP-Water-Treatment-Plant>. [Accessed 1 April 2026].
- [4] "Water Distribution," [Online]. Available: <https://www.lawtonok.gov/362/Water-Distribution>. [Accessed 1 April 2026].
- [5] "SE Water Treatment Plant," [Online]. Available: <https://www.lawtonok.gov/371/SE-Water-Treatment-Plant>. [Accessed 1 April 2026].
- [6] "Wastewater Collection," [Online]. Available: <https://www.lawtonok.gov/364/Wastewater-Collection>. [Accessed 1 April 2026].
- [7] "Wastewater Treatment Plant," [Online]. Available: <https://www.lawtonok.gov/363/Wastewater-Treatment-Plant>. [Accessed 1 April 2026].

APPENDIX A

PROJECTED DEBT SERVICE

Lawton - Aggregate Debt Service

FYE June 30,	Utility Revenue			Funded by Debt Service Revenue In				Funded by Waurika Fee			
	2003A CWSRF Refunding	2003C CWSRF Refunding	2004E CWSRF Refunding	2018 CWSRF	2011 Refunding	2013 Refunding	2015A WLMCD Refunding	2015B WLMCD	2017 WLMCD Refunding		
2024	-	-	<u>33,674</u>	\$ 327,336	\$ 433,673	\$ 1,157,570	\$ 968,283	\$ 390,563	\$ 1,021,058		
2025	-	-	-	<u>1,053,524</u>	<u>433,075</u>	<u>466,647</u>	<u>967,772</u>	<u>389,495</u>	<u>1,021,722</u>		
2026	-	-	-	1,053,524	437,208	-	967,526	388,203	1,022,123		
2027	-	-	-	1,053,524	435,935	-	967,502	389,536	1,021,214		
2028	-	-	-	1,053,524	86,148	-	968,620	388,404	1,020,683		
2029	-	-	-	1,053,524	-	-	967,062	386,359	1,020,468		
2030	-	-	-	1,053,524	-	-	968,525	388,229	1,020,507		
2031	-	-	-	1,053,524	-	-	968,203	389,322	1,020,738		
2032	-	-	-	1,053,524	-	-	-	389,065	1,021,101		
2033	-	-	-	1,053,524	-	-	-	389,966	1,021,533		
2034	-	-	-	1,053,524	-	-	-	390,305	1,021,726		
2035	-	-	-	1,053,524	-	-	-	195,188	511,036		

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FYE June 30	2021* CWSRF	2022A DWSRF	2022* CWSRF	2023* DWSRF	2023 Note	2023B* CWSRF	2023C* DWSRF	2024A* CWSRF
2024	\$ 522,001	\$ 600,228	\$ 101,908	\$ 145,056	\$ 218,919	\$ 44,550	\$ 28,463	
2025	857,626	600,966	3,337,471	1,601,171	387,163	291,179	392,438	\$ 6,525
2026	856,930	600,675	3,831,467	1,673,480	384,795	1,323,600	1,397,962	404,950
2027	2,185,449	600,019	3,832,298	1,648,693	386,821	1,600,712	1,627,293	1,290,465
2028	2,186,393	600,198	3,831,944	1,647,935	387,878	1,600,447	1,628,874	1,290,118
2029	2,186,903	600,623	3,831,798	1,647,874	383,570	1,600,379	1,629,272	1,290,313
2030	2,187,021	600,816	3,831,813	1,648,117	388,414	1,600,147	1,626,537	1,289,931
2031	2,186,660	600,617	3,831,960	1,648,425	387,530	1,600,163	1,628,015	1,290,032
2032	2,185,908	600,020	3,831,716	1,648,742	385,919	1,600,816	1,626,193	1,290,407
2033	2,184,721	-	3,832,650	1,648,215	383,459	1,600,903	1,628,611	1,290,606
2034	2,183,056	-	3,831,860	1,648,583	-	1,600,526	1,627,553	1,290,989
2035	2,185,955	-	3,831,985	1,647,899	-	1,600,263	1,630,533	1,290,763

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FYE June 30	2025A* DWSRF	2025B* CWSRF	Projected 2027 CWSRF	Aggregate Debt Service
2024				\$ 5,993,281
2025				12,013,854
2026	454,488	217,059	\$ -	15,636,792
2027	814,918	1,347,870	\$ -	20,212,445
2028	813,286	2,049,242	\$ 123,335	21,019,595
2029	1,125,991	2,048,726	853,948	22,227,948
2030	1,125,799	2,048,691	1,301,883	22,681,199
2031	1,126,053	2,048,750	1,302,173	22,683,775
2032	1,125,524	2,049,004	1,302,021	21,711,562
2033	1,125,896	2,048,150	1,301,306	21,110,582
2034	1,125,395	2,049,343	1,302,005	20,726,873
2035	1,126,251	2,048,481	1,302,214	20,026,191

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FYE
June 30,

	Total Water	Total Sewer	Sales Tax Water	Sales Tax Sewer	Utility Revenue	
					Water Balance	Sewer Balance
2024	\$ 5,134,202.690	\$ 7,687,531	\$ 1,428,000	\$ 2,730,000	\$ 3,706,203	\$ 4,957,531
2025	\$ 6,087,939.840	\$ 11,310,317	\$ 1,428,000	\$ 2,730,000	\$ 4,659,940	\$ 8,580,317
2026	\$ 6,420,738.040	\$ 12,135,003	\$ 1,428,000	\$ 2,730,000	\$ 4,992,738	\$ 9,405,003
2027	\$ 6,988,468.980	\$ 12,865,590	\$ 1,428,000	\$ 2,730,000	\$ 5,560,469	\$ 10,135,590
2028	\$ 6,990,929.100	\$ 13,313,010	\$ 1,428,000	\$ 2,730,000	\$ 5,562,929	\$ 10,583,010
2029	\$ 6,992,249.300	\$ 13,313,262	\$ 1,428,000	\$ 2,730,000	\$ 5,564,249	\$ 10,583,262
2030	\$ 6,988,000.060	\$ 13,313,396	\$ 1,428,000	\$ 2,730,000	\$ 5,560,000	\$ 10,583,396
2031	\$ 6,387,221.560	\$ 13,311,861	\$ 1,428,000	\$ 2,730,000	\$ 4,959,222	\$ 10,581,861
2032	\$ 6,003,539.020	\$ 13,311,303	\$ 1,428,000	\$ 2,730,000	\$ 4,575,539	\$ 10,581,303
2033	\$ 6,006,781.070	\$ 13,313,186	\$ 1,428,000	\$ 2,730,000	\$ 4,578,781	\$ 10,583,186
2034	\$ 6,005,900.470	\$ 13,310,507	\$ 1,428,000	\$ 2,730,000	\$ 4,577,900	\$ 10,580,507
2035	\$ 6,004,539.490	\$ 13,311,571	\$ 1,428,000	\$ 2,730,000	\$ 4,576,539	\$ 10,581,571

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WATER & SEWER RATE STUDY

Update
May 12, 2026



WATER RATES BY CLASS

	Base Fee		Rate/1,000	
	Current	COL Proposed FY27	Current	COL Proposed FY27
RES/BUS	\$23.00	\$25.00	\$4.65	\$5.65
RES/BUS Outside	\$27.50	\$29.50	\$6.89	\$7.89
Industrial	N/A	\$47.00	N/A	\$5.00
COM/GOV	\$43.00	\$47.00	\$4.60	\$7.25
COM/GOV Outside	\$27.50	\$31.50	\$6.89	\$9.49
Wholesale	\$27.50	\$29.50	\$5.33	\$7.98

SEWER RATES BY CLASS

	Base Fee		Rate/1,000	
	Current	COL Proposed FY27	Current	COL Proposed FY27
Residential	\$16.00	\$17.00	\$2.00	\$4.00
Residential Outside	\$24.00	\$25.00	\$3.00	\$6.00
Industrial	N/A	\$25.00	N/A	\$4.00
Non-Residential	\$16.00	\$17.00	\$2.25	\$10.05
Non-Residential Outside	\$24.00	\$25.00	\$3.38	\$11.18

TYPICAL RESIDENTIAL BILL CHANGE

Current	COL Proposed FY2027	Difference												
<p>(5000 gallons)</p> <table><tr><td>Water Base Fee</td><td>\$23.00</td></tr><tr><td>Water Volume</td><td>\$13.95</td></tr><tr><td>Total</td><td>\$36.95</td></tr></table>	Water Base Fee	\$23.00	Water Volume	\$13.95	Total	\$36.95	<p>(5000 gallons)</p> <table><tr><td>Water Base Fee</td><td>\$25.00</td></tr><tr><td>Water Volume</td><td>\$16.95</td></tr><tr><td>Total</td><td>\$41.95</td></tr></table>	Water Base Fee	\$25.00	Water Volume	\$16.95	Total	\$41.95	Water + \$5.00/month
Water Base Fee	\$23.00													
Water Volume	\$13.95													
Total	\$36.95													
Water Base Fee	\$25.00													
Water Volume	\$16.95													
Total	\$41.95													
<p>(5000 gallons)</p> <table><tr><td>Sewer Base Fee</td><td>\$16.00</td></tr><tr><td>Sewer Volume</td><td>\$ 6.00</td></tr><tr><td>Total</td><td>\$ 22.00</td></tr></table>	Sewer Base Fee	\$16.00	Sewer Volume	\$ 6.00	Total	\$ 22.00	<p>(5000 gallons)</p> <table><tr><td>Sewer Base Fee</td><td>\$17.00</td></tr><tr><td>Sewer Volume</td><td>\$12.00</td></tr><tr><td>Total</td><td>\$29.00</td></tr></table>	Sewer Base Fee	\$17.00	Sewer Volume	\$12.00	Total	\$29.00	Sewer + \$7.00/month
Sewer Base Fee	\$16.00													
Sewer Volume	\$ 6.00													
Total	\$ 22.00													
Sewer Base Fee	\$17.00													
Sewer Volume	\$12.00													
Total	\$29.00													
		Total + \$12.00/month												

Note: 2,000 gallons included in base fee

EFFICIENT USER RESIDENTIAL BILL CHANGE

COL Proposed FY2027

4000 gallons

3000 gallons

2000 gallons

	4000 gallons			3000 gallons			2000 gallons		
	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
Water Base Fee	\$23.00	\$25.00	\$2.00	\$23.00	\$25.00	\$2.00	\$23.00	\$25.00	\$2.00
Water Volume	\$9.30	\$11.30	\$2.00	\$4.65	\$5.65	\$1.00	\$0.00	\$0.00	\$0.00
Total	\$32.30	\$36.30	\$4.00	\$27.65	\$30.65	\$3.00	\$23.00	\$25.00	\$2.00

4000 gallons

3000 gallons

2000 gallons

	4000 gallons			3000 gallons			2000 gallons		
	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
Sewer Base Fee	\$16.00	\$17.00	\$1.00	\$16.00	\$17.00	\$1.00	\$16.00	\$17.00	\$1.00
Sewer Volume	\$4.00	\$8.00	\$4.00	\$2.00	\$4.00	\$2.00	\$0.00	\$0.00	\$0.00
Total	\$20.00	\$25.00	\$5.00	\$18.00	\$21.00	\$3.00	\$16.00	\$17.00	\$1.00

**Total Increase
\$9.00**

**Total Increase
\$6.00**

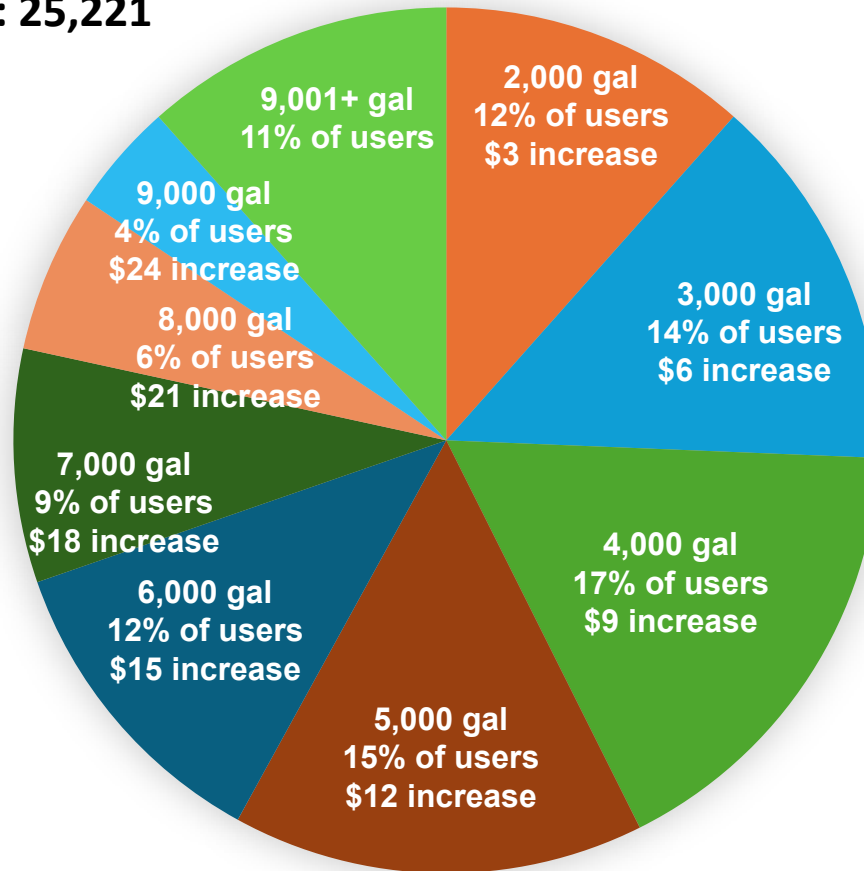
**Total Increase
\$3.00**

Note: 2,000 gallons included in base fee

Residential Customers by Monthly Usage

(approximate)

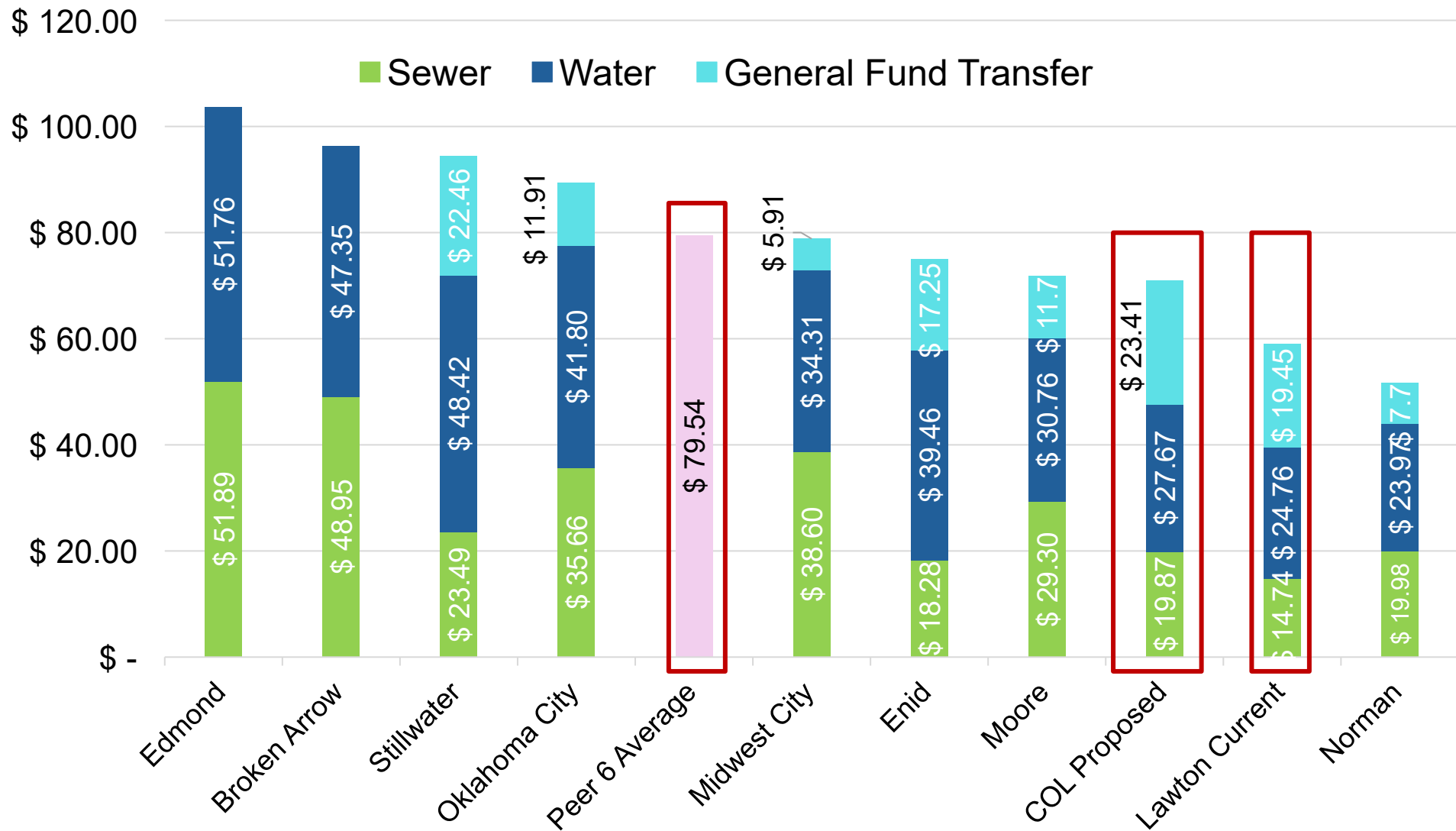
Total Customers: 25,221



Note: Based on billing for April 2026.

TYPICAL RESIDENTIAL BILL BENCHMARKS

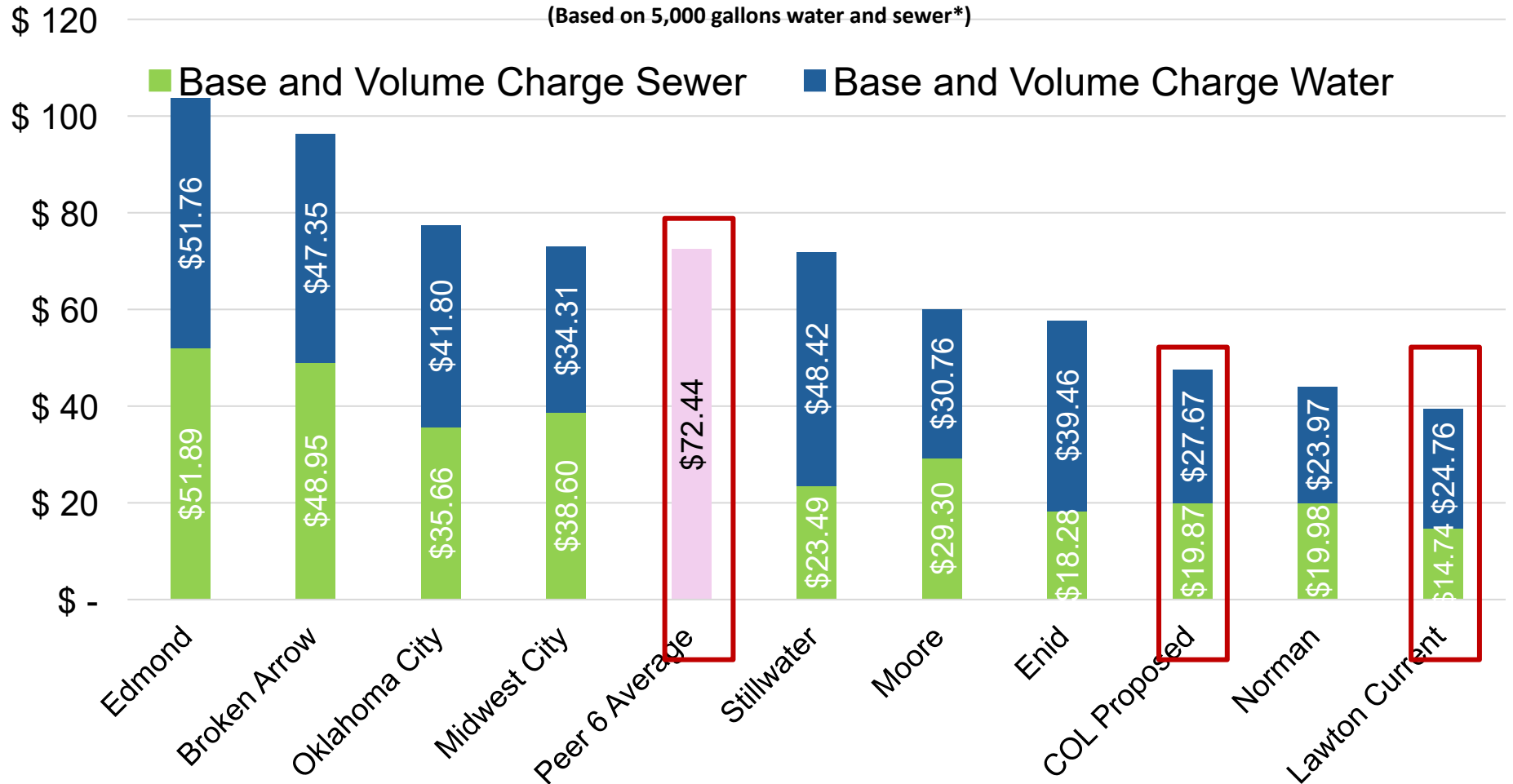
Based on 5,000 gallons of water and 5,000 gallons of sewer*



* Midwest City based on 3,000 gallons because of winter averaging

Typical Residential Bill Benchmarks

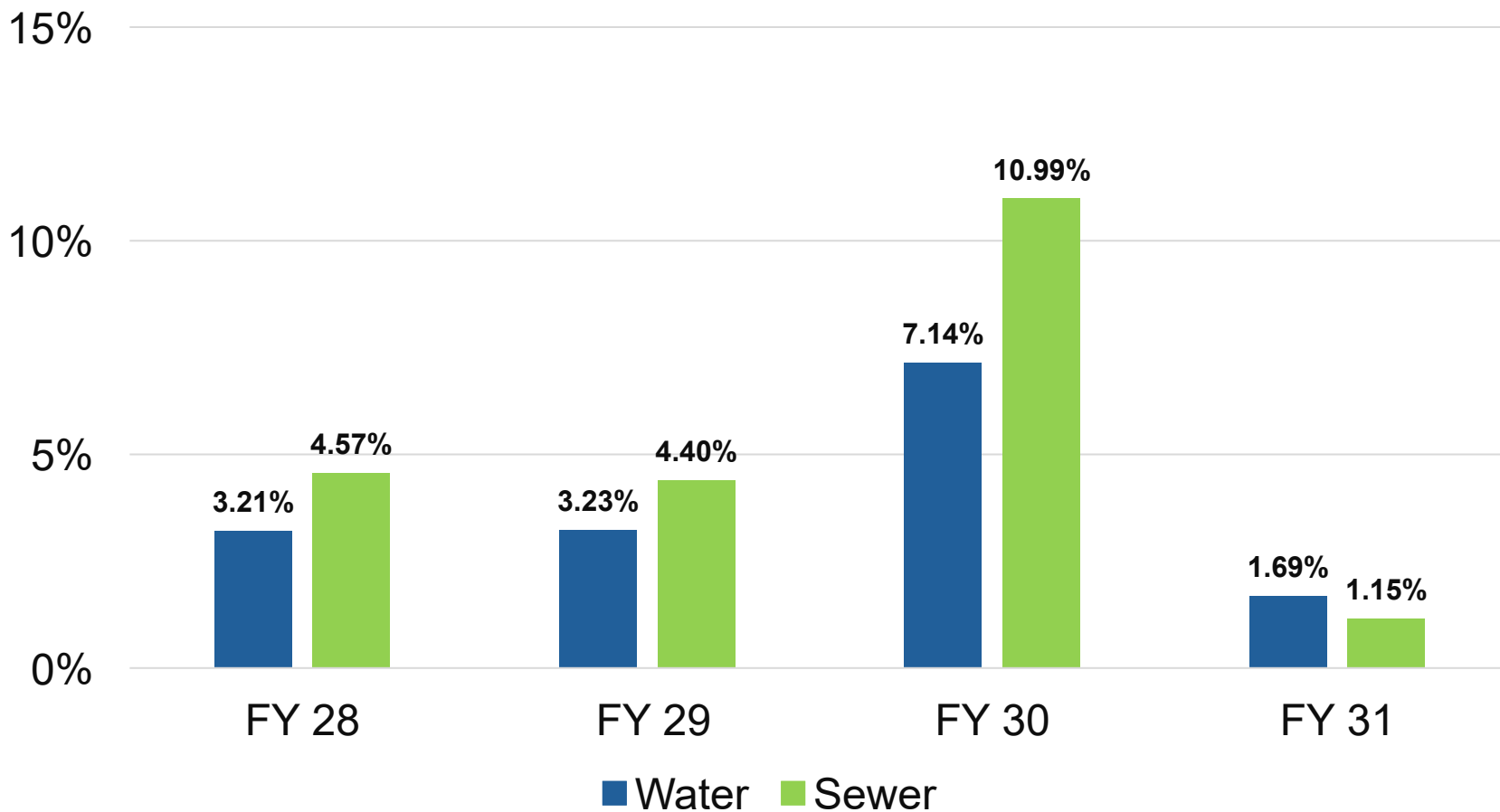
(Based on 5,000 gallons water and sewer*)



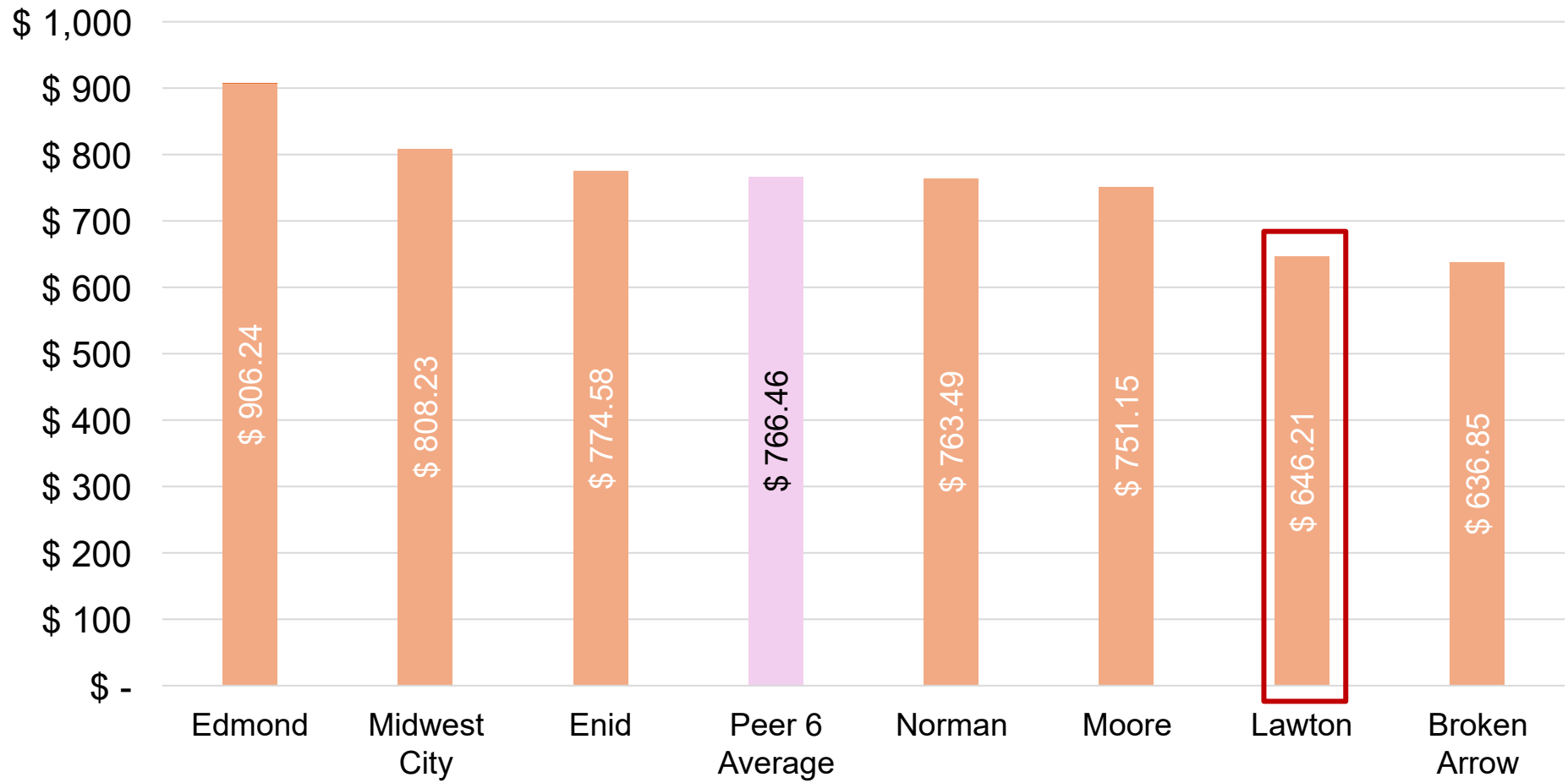
* Midwest City based on 3,000 gallons because of winter averaging

WATER AND SEWER RATE FORECAST

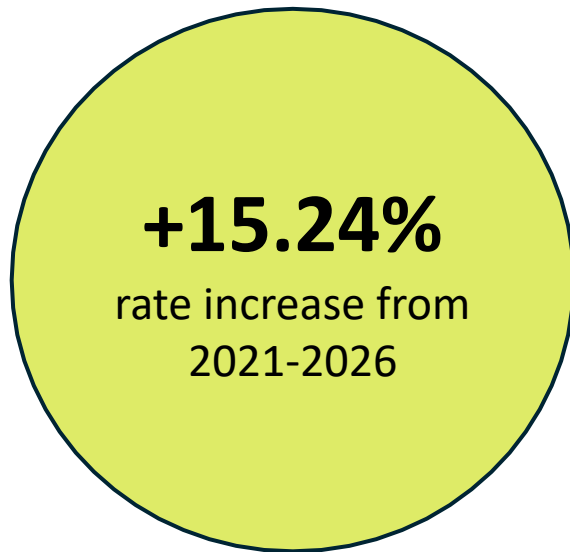
Projected Revenue Requirement Change



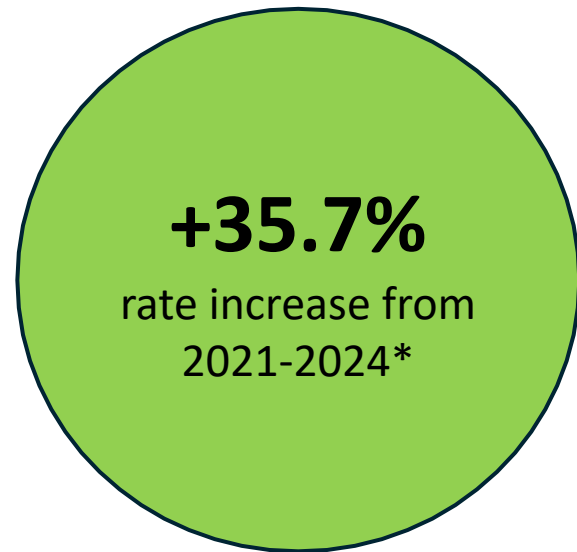
Peer City Annual Sales Tax Per Capita Comparison



Oklahoma AEP Electric Utility



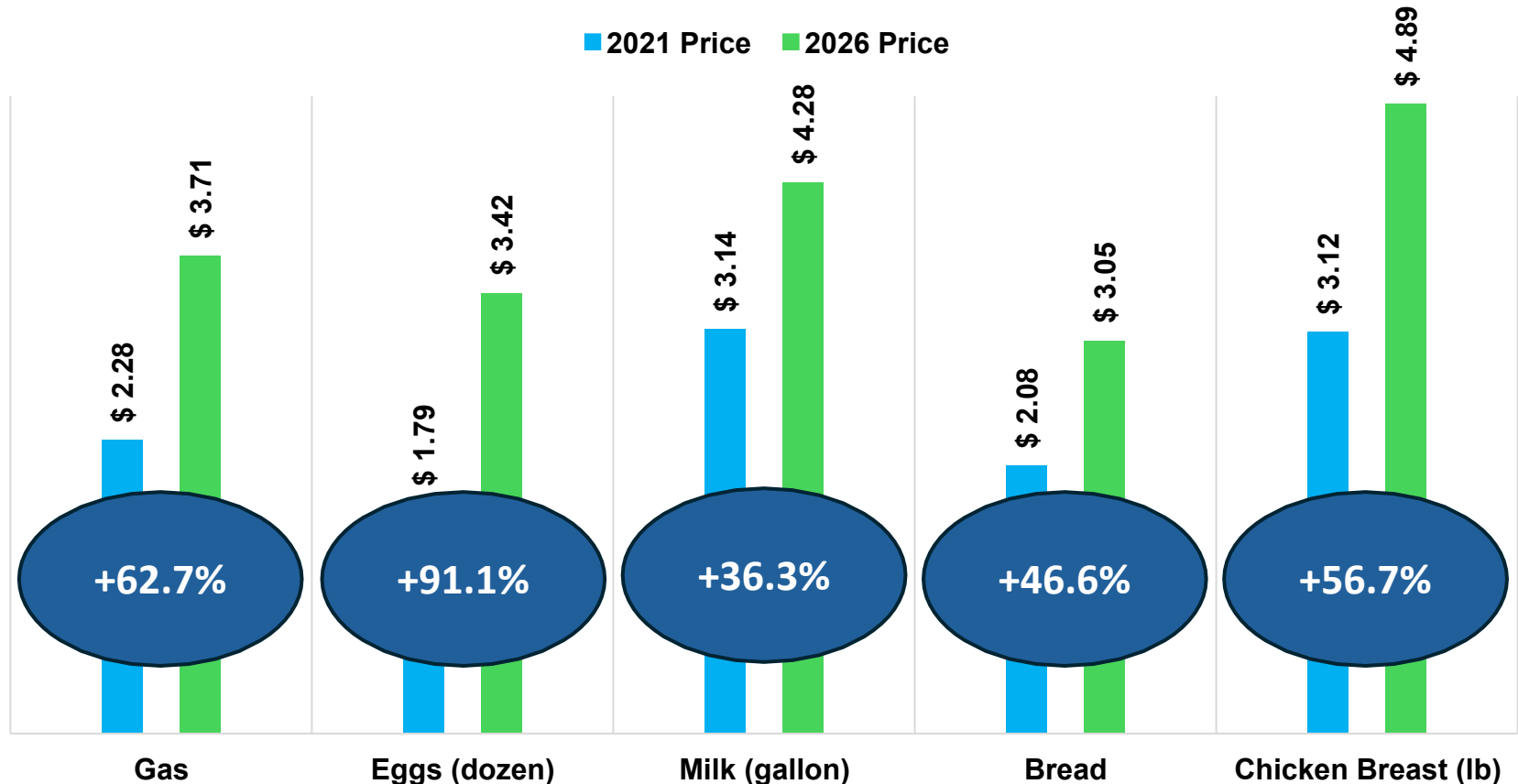
Oklahoma Natural Gas Utility



*finalized rates only available through 2024

5 YEAR PRICE INCREASES

Price Increases on 5 Common Items Using Oklahoma Averages



THANK YOU

