

KITTERY WATER DISTRICT BOARD OF TRUSTEES MEETING MINUTES

Public Hearing – Proposed Water Rate Increase

Date: July 15, 2026

Time: 4:30 PM

Location: Kittery Town Hall Council Chambers

Call to Order

The public hearing regarding Kittery Water District's proposed rate increase was opened by the District's rate consultant, Nick Henry. The hearing was conducted as part of Public Utilities Commission Docket No. 2026-00163.

Overview of Rate Proposal

Mr. Henry reviewed the proposed rate adjustment, which is scheduled to become effective September 1, 2026, pending PUC approval.

He explained:

- The District is seeking an overall **7% increase in annual revenue**, generating approximately **\$300,000** in additional revenue.
- The increase is necessary to address rising operating expenses, infrastructure improvements, and debt service associated with planned capital projects.
- Although the PUC's rate-setting methodology would support a substantially larger increase, the District elected to pursue a smaller increase to lessen the impact on customers.
- The quarterly minimum charge for metered customers would increase from **\$37.16 to \$39.00**.
- Even with the proposed increase, Kittery Water District's rates remain among the lowest for similarly sized water utilities in Maine.

Mr. Henry also reviewed customers' rights during the rate case process, including the opportunity to request information, participate in the hearing, and file a petition with the Public Utilities Commission pursuant to Maine law if the required number of customer signatures is obtained by **August 14, 2026**.

Capital Improvement Projects

Superintendent Matt Berube responded to questions regarding the District's capital improvement program.

Discussion included:

- The planned **\$5.5 million bond issuance** to fund major infrastructure improvements.
- Continued replacement of aging water mains and infrastructure.
- Meter replacement throughout the distribution system.
- Water treatment plant improvements.
- The importance of maintaining and replacing infrastructure proactively to ensure system reliability.

It was noted that replacing aging infrastructure through bonding allows the District to complete necessary improvements while spreading the cost over the useful life of the assets.

Capital Reserve Discussion

Questions were raised regarding the District's capital reserve calculations.

Mr. Henry explained that the PUC allows water utilities to recover certain deferred capital costs through Chapter 675, providing an opportunity to build funding for future infrastructure improvements. While the District could have pursued a larger rate increase to fully utilize this mechanism, it elected not to do so in order to minimize the financial impact on customers.

Fire Protection Charges

Mr. Henry explained the proposed changes to municipal fire protection charges.

Discussion included:

- PUC requirements governing the allocation of fire protection costs.
- The adjustment from approximately **9–10%** of total revenue to the required **12%** allocation.
- Although the District's overall revenue increase is approximately **7%**, the change in allocation results in an approximate **30% increase** to municipal fire protection charges.

Public Comment

Bill St. Lawrence asked questions regarding the District's planned infrastructure improvements and bond financing.

Christine Bennett requested additional information regarding capital reserve funding and how it relates to future infrastructure investments.

District representatives responded to all questions presented.

No additional comments were offered by attendees.

Adjournment

With no further questions or comments, the public hearing concluded 4:50 PM.