

EXHIBIT 2
DATE 1/14/05
HB 11,6

Custer Area/ Yellowstone County Water and Sewer District

Grant Application Hearing
January 14, 2005

ME&A

Efforts to Date

- > Created the District in 2003 with 100% Community Support
- > Passed Bond Election in 2005 with 98% in Favor (only 1 against)
- > Also:
 - Preliminary Engineering Report (PER)
 - Land Agreements
 - Four Public Hearings, Secured CDBG Funding

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Flow vs. Temperature

Date	Flow	High Temp	Date	Flow	High Temp
	(gals/day)	(°F)		(gals/day)	(°F)
1/27	13,746	28	2/5	10,614	27
1/28	16,182	33	2/6	14,094	41
1/29	13,398	27	2/7	15,468	40
1/30	18,270	51	2/8	9,570	33
1/31	28,706	N/A	2/9	9,570	34
2/1	10,614	25	2/10	8,352	40
2/2	10,286	32	2/11	19,488	26
2/3	11,832	21	2/12	13,746	32
2/4	5,568	41	2/13	18,792	49
2/5	10,614	27	2/14	17,966	41

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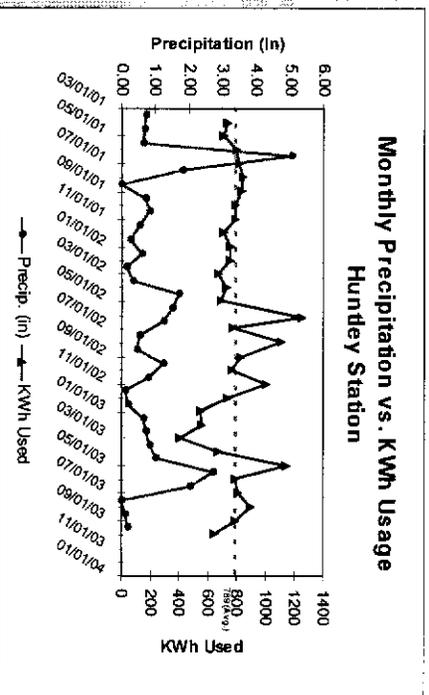
Preliminary Engineering Report (PER)



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- > Examined Flows
- > Evaluated System Performance
- > Identified and Compares Alternatives to Solve Problems (Faculative Lagoons with I/P Ponds by far lowest cost)
- > Provided Funding Plan

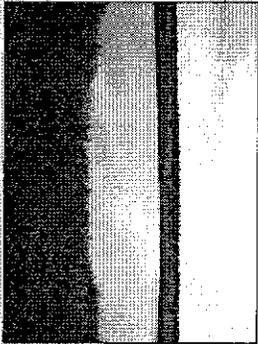
Monthly Precipitation vs. KWh Usage
Huntley Station



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Lagoons

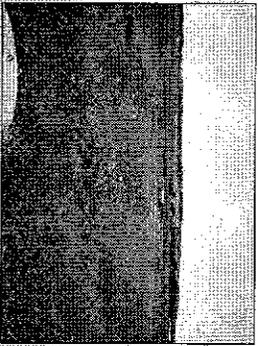
- > Estimated 85% of Inflow is Leaking Out the Bottom of the Lagoons
- > Violation of Clean Water Act (CWA)
- > Pollution to Groundwater and Likely The Yellowstone River



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Identified Concerns

- > Exfiltration of Sewage Through Cracked Sewer Mains
- > Groundwater Contamination and Fines Due to CWA Violations
- > Safety at the Lift Station
- > Need to Control I/I



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Lift Station

- > 35 Years Old
- > Valves Clog
- > Electrical Outlets Unprotected
- > Final 2,600 ft of Sewer Line High I/I and Poor Slope



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Estimated Cost of Treatment Alternatives

Alternative	Pipe & Lift Station	Capital Cost	20 Yr Cost (Capital + O&M)
1 Total Retention Lagoon	\$410,730	\$1,550,700	\$1,961,000
2 Facultative with Spray Irrigation	\$410,730	\$1,524,800	\$1,935,000
3 Facultative with IP Ponds	\$410,730	\$796,200	\$1,207,000
4 2 Cell, Aerated with Spray Irrigation	\$410,730	\$1,770,000	\$2,180,000
5 3 Cell, Aerated with Spray Irrigation	\$410,730	\$1,875,000	\$2,285,000
6 3 Cell, Aerated with IP Ponds	\$410,730	\$1,158,000	\$1,569,000

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O&M Costs

- > Yearly O&M Costs to Increase by \$4,565
- > Need to Build Reserves by \$3,000/year for Future Capital Improvements
- > Total Increase for O&M = \$7,565/year

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Cost Per User

- > Determined by Equivalent Dwelling Units (EDU's) → 82.7 in Custer
- > Rate per EDU
 - $(\$28,989/\text{yr})/82.7 = \$350/\text{yr}$
 - $(\$350/\text{yr})/12 = \$29.21/\text{month}$
- > Current Rate = \$22.50/month
- > Increase = \$6.71/month

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