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Municipality of Two Borders

Lyleton Utility Rate Study

February, 2020

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Way To Go Consulting Inc.

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Lyleton Utility Water Rate Study Index

Executive Summary



Executive
Summary~Lyleton Util

Minimum Filing Requirements



Lyleton Utility
Minimum Filing Requi

Water Rate By-law



Lyleton Utility Rate
By-law Draft.doc



Lyleton Schedule
A.docx

Schedule of Utility Rate Requirements



Schedule of Rate
Requirements.pdf

Schedule of Utility Rate Calculations



Schedule of Rate
Calculation.pdf

Schedule of Billing Revenues



Schedule of Billing
Revenues.pdf

Cost Allocation for Shared Services



Cost Allocation
Matrix.doc

Current Utility Rates

Lyleton Utility treats its water, supplied from an aquifer, for its 24 utility customers.

Current utility rates for the Utility were approved by PUB Order #74/16. A rate study was last prepared in 2015 with the Utility changing from unmetered to metered water rates with the installation of water meters. Metered water rates were effective January, 2016. Rates in 2016 were calculated based on water production volume at that time with estimated consumption assumed at 90% of production with an unaccounted water percentage of 10%. Based on that, water consumption was calculated at 1,160,780 gallons per year. With an actual unaccounted for water percentage of 50%, the actual water consumption in 2018 at 483,000 gallons is less than half of what was estimated in the 2015 rate study. As a result, utility billing revenues are significantly below what was forecast in the 2015 utility rate study.

Deficits have continued to occur since the last rate study, requiring further rate increases. This Utility Rate Study proposes to raise the utility rates effective July 1, 2020, January 1 in 2021, 2022, and 2023.

Reason for Utility Rate Increases

There have been significant operating shortfalls since the last rate increase and last deficit approvals. Overall revenue increases for the Utility are primarily related to eliminating the operating deficit.

Increase in Water Billing Revenues

	2023 billing revenues	25,612	
	2019 billing revenues	7,578	
		<u>\$18,034</u>	
Contingency Allowance included in Proposed Rates		\$1,863	10%
Working Capital Deficit Contribution		\$235	1%
Eliminate Operating Deficit	2019	\$13,932	77%
Increase in Administration Expense:	2023	\$723	
	2019	<u>(\$224)</u>	
		\$947	5%
		<u>\$16,977</u>	<u>94%</u>

In addition to the utility rate increases a proposed rate rider of \$2.00 per 1,000 gallons is proposed to deal with operating deficits that have occurred since the last operating deficit approval.

Proposed Utility Rates

Following are proposed water rates for the Lyleton Water Utility (including the proposed deficit recovery rate rider):

<u>Water Rate - 1,000 gallons</u>	Water per 1,000 gallons	%	Recovery Rate Rider	Service Charge Quarterly	%
Current Rates	\$14.72		-	\$5.20	
July 1, 2020 Proposed Rates	\$32.88	123%	\$2.00	\$7.59	46%
January 1, 2021 Proposed Rates	\$47.41	44%	\$2.00	\$9.50	25%
January 1, 2022 Proposed Rates	\$49.23	4%	\$2.00	\$9.74	3%
January 1, 2023 Proposed Rates	\$51.04	4%	\$2.00	\$9.98	2%

The proposed rates take into account and include estimated increases in Utility expenses of 2% a year from 2020 to 2023.

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Capital Projects

There is nothing planned for capital over the next five years.

Customer Service Charges

Customer Service charges increase by \$2.39 per quarter effective July 1, 2020, by \$1.91 per quarter January 1, 2021, and by \$0.24 per quarter January 1, 2022 and January 1, 2023.

Calculation of Customer Service Charge - 2023 Forecast

Administration costs		\$723
Working Capital Contribution = 1% of 2022 expense:		
Administration Costs	723	
Water Costs	22,789	
	<u>23,512</u>	
Total x 1%		<u>\$235</u>
		\$958
Number of customers		<u>24</u>
Annual customer service charge		<u>\$39.91</u>
Proposed Quarterly customer service charge		<u>\$9.98</u>

Current quarterly customer service charge		<u>\$5.20</u>			
				Increase	
				\$	%
July 1, 2020 Customer Service Charge	Portion of Increase from Current to 2023	50%	<u>\$7.59</u>	\$2.39	46%
January 1, 2021 Customer Service Charge	Portion of Increase from Current to 2023	40%	<u>\$9.50</u>	\$1.91	25%
January 1, 2022 Customer Service Charge	Portion of Increase from Current to 2023	5%	<u>\$9.74</u>	\$0.24	3%
January 1, 2023 Customer Service Charge	Portion of Increase from Current to 2023	5%	<u>\$9.98</u>	\$0.24	2%

Water Commodity Rates

Water rates increase by \$18.16 in 2020, \$14.53 in 2021, \$1.82 in 2022, and \$1.81 in 2023.

Calculation of Water Rates - 2023 Forecast

Water Net Rate Costs	22,789	100%	22,789
Less amortization of capital grants - water	-	100%	-
Less: Debt paid by taxation	-	100%	-
Transfer to Utility Reserve	-	100%	-
Contingency allowance	1,863	100%	1,863
			<u>\$24,652</u>

<u>Sales Volume for water rate calculation</u>	<u>000 gallons</u>
Total water sales volume	<u>483</u>

Proposed Water rate per 1,000 gallons	<u>\$51.04</u>
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Current water charge per 1,000 gallons		<u>\$14.72</u>			
				Increase	
				\$	%
July 1, 2020 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	50%	<u>\$32.88</u>	\$18.16	123%
January 1, 2021 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	40%	<u>\$47.41</u>	\$14.53	44%
January 1, 2022 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	5%	<u>\$49.23</u>	\$1.82	4%
January 1, 2023 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	5%	<u>\$51.04</u>	\$1.81	4%

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Bulk Water

Increases to the bulk rates are proposed as follows:

<u>Bulk water rate</u>			<u>per 1,000 gallons</u>	
Current Bulk Water Rate		(\$2.50/Cubic Meter)	<u>\$11.37</u>	
Administration costs, including working capital contribution (see above)		\$958		
Total volume of water sold; in 1,000 gallons (metered & bulk)		<u>523</u>		
Customer service charge based on rate per 1,000 gallons		\$1.83		
July 1, 2020 Domestic water rate			\$32.88	
Add Deficit Recovery Rate Rider			\$2.00	
Add customer service charge per 1,000 gallons			\$1.83	
Bulk Water Rate, calculated, rounded			<u>\$37.00</u>	
July 1, 2020 Bulk Water Rate proposed	Portion of Increase from Current	50%	<u>\$13.00</u>	14%
January 1, 2021 Domestic water rate			\$47.41	
Add Deficit Recovery Rate Rider			\$2.00	
Add customer service charge per 1,000 gallons			\$1.83	
Bulk Water Rate, calculated, rounded			<u>\$51.00</u>	
January 1, 2021 Bulk Water Rate, proposed	Portion of Increase from Current	50%	<u>\$20.00</u>	54%
January 1, 2022 Domestic water rate			\$49.23	
Add Deficit Recovery Rate Rider			\$2.00	
Add customer service charge per 1,000 gallons			\$1.83	
Bulk Water Rate, calculated, rounded			<u>\$53.00</u>	
January 1, 2022 Bulk Water Rate; rounded	Portion of Increase from Current	50%	<u>\$21.00</u>	5%
January 1, 2023 Domestic water rate			\$51.04	
Add Deficit Recovery Rate Rider			\$2.00	
Add customer service charge per 1,000 gallons			\$1.83	
Bulk Water Rate, calculated, rounded			<u>\$55.00</u>	
January 1, 2022 Bulk Water Rate, proposed	Portion of Increase from Current	50%	<u>\$22.00</u>	5%

Working Capital

The Public Utilities Board requires that water and sewer utilities have a minimum working capital position equal to 20% of Utility expenditures. Working capital is calculated by deducting the tangible capital asset balance from the Utility's accumulated surplus and adding the Utility reserve balances and the outstanding debt balance.

Based on the 2018 unaudited financial statements, the Utility had a working capital deficit of \$46,307. The Utility is forecast to have a working capital deficit of \$42,015 in 2023, still less than the PUB required surplus of 20% of expenses or \$4,908.

	2014	2015	2016	2017	Unaudited 2018	Unaudited 2019	2020	2021	2022	2023
	Audited	Audited	Audited	Audited	Actual	Actual		Forecast		
Working Capital Surplus/Deficit										
Fund Surplus	\$ 39,476	\$ 38,834	\$ 47,577	\$ 32,724	\$ 21,380	\$ 7,448	\$ (2,691)	\$ (713)	\$ 1,816	\$ 4,882
Less Tangible Capital Assets	(42,393)	(50,023)	(76,003)	(71,845)	(67,687)	(63,529)	(59,371)	(55,213)	(51,055)	(46,897)
Add Long term debt	-	-	-	-	-	-	-	-	-	-
Add Utility Reserve	30,000	20,626	-	-	-	-	-	-	-	-
Working Capital Surplus	<u>\$27,083</u>	<u>\$9,437</u>	<u>-\$28,426</u>	<u>-\$39,121</u>	<u>-\$46,307</u>	<u>-\$56,081</u>	<u>-\$62,062</u>	<u>-\$55,926</u>	<u>-\$49,239</u>	<u>-\$42,015</u>
Minimum working capital surplus = 20% of expenses	<u>\$2,665</u>	<u>\$2,983</u>	<u>\$3,354</u>	<u>\$4,795</u>	<u>\$3,990</u>	<u>\$4,437</u>	<u>\$4,673</u>	<u>\$4,750</u>	<u>\$4,828</u>	<u>\$4,908</u>

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The deficits from 2014 to 2017 total \$45,699. At an annual consumption of 483,022 gallons it would require a rate of \$18.92 per thousand gallons over 5 years to recover.

However, due to the significant increase in rates, the Working Capital deficit is proposed to be undertaken over a longer time period than the normal 5-year recovery period. Including the water rate increase and a proposed rate rider of \$2.00 per 1,000 gallons, the Working Capital position is forecast to improve by \$6,686 from 2021 to 2022 and by \$7,224 from 2022 to 2023. Based on forecasted Working Capital improvements, the Utility is forecast to be in compliance by 2031.

Unaccounted for Water

Residential Equivalent Units were used for water billings prior to 2016 and water meters were put in during the time of the last rate study. The 2016 study assumed a 10% reduction in water use due to metering. Water production in 2016 was 1,433,000 gallons and has declined to 1,048,000 in 2018; an actual reduction of 385,000 gallons or 27%.

Actual unaccounted for water is 50% versus 10% estimated in 2016. The Municipality is concerned about the unaccounted-for water percentage and is continuing to review water volumes produced and water consumed.

	<u>2018</u>
	<u>1,000 Gallons</u>
<u>Water Purchased/Sold</u>	
Water produced	1,048
<u>Sold:</u>	
Water volume Billed	483
Bulk Water volume sold	40
Flushing (done 2x per year)	
Total Sales and Use	<u>523</u>
Unaccounted for water	<u>525</u>
Percentage of total	<u>50%</u>

Average Consumption

Water Volume billed	483
# of Customers	24
Average annual consumption	<u>20,126</u>
Average quarterly consumption; rounded	<u>5,000</u>

Calculation of Water Consumption Based on 2018 Water and Sewer Billing Revenues

Customer service charges (#customers x rate x 4 quarters)	24	\$5.20	4	\$499
Water billing revenue (water volume x rate)	483	\$14.72		<u>7,110</u>
				7,609
2018 water and sewer billing revenues				<u>7,834</u>
Difference; billing revenues are higher than calculated revenues based on volume sold				<u>225</u>
Percent difference, as a percent of billing revenues				<u>3%</u>

There are a large number of minimum billings that will be contributing to this and causing the actual billing revenue to be higher than calculated revenues based on flow x rates would otherwise indicate.

Inflationary Increase

The financial projections for 2020 to 2023 inclusive assume annual increases of 2% in expenses.

Cost Allocation

Due to the small utility, Administration cost allocation is proposed to be based on 0.1% of Financial Plan General "At Large" Government Services less Assessment and Grants expenses. While the last utility rate study prepared in 2015 proposed \$600 to be charged for administration costs, these costs had not been charged to the Utility.

Operating Surplus/Deficit

The Utility had deficits in all of the years following the last approved deficit in 2013 (approved by PUB Order 74/16) :

2014 PSAB, PUB adjusted operating deficit	(\$8,677.)
2015 PSAB, PUB adjusted operating deficit	(\$10,181.)
2016 PSAB, PUB adjusted operating deficit	(\$11,988.)
2017 PSAB, PUB adjusted operating deficit	(\$14,853.)
2018 PSAB, PUB adjusted operating deficit, unaudited	(\$11,344.)

Deficit approval applications are being submitted for the 2014 to 2017 operating deficits. As noted in the Working Capital section of this report, a rate rider is required to recover these deficits. From 2014 to 2017 the operating deficits amount to \$45,699. Recovering them over the annual consumption of 483,022 gallons over 5 years would amount to \$18.92 per 1,000 gallons. Due to the significant increase in rates, it is proposed that the deficit rate rider be in effect over a time period of longer than 5 years.

Contingency Allowance and Reserves

There is a Contingency Allowance of 10% of net rate costs less amortization expenses and interest costs, included in the rate study. This equates to \$1,863 for water.

Due to the size of the utility and significant increases, there is no transfer to the Utility Reserve included in the utility rate calculations.

Rate Comparison – Water Only

Following is a comparison of the Lyleton’s Utility’s quarterly proposed water rates, with water rates, including service charges, of other communities with rates that have been set by the PUB in the last few years:

	<u>Quarterly Billing Based on 3,000 Gallons</u>
Gimli, RM of,	\$42.66
Stony Mountain, RM of Rockwood	\$47.42
Stanley, RM of	\$48.32
Pierson, Municipality of Two Borders (2020 rate)	\$49.55
Neepawa, Town of	\$51.79
Westlake-Gladstone, Yellowhead Rural Utility	\$52.19
Souris, RM of Souris-Glenwood	\$52.65
Onanole, Municipality of Harrison Park	\$53.65
Lac du Bonnet. Town of	\$56.02
Selkirk, City of (2020 rate)	\$57.05
RM of Thompson, Rural Utility (2020 rate)	\$57.48
Carman, Town of	\$60.56
Cartier, RM of	\$63.24
Arborg, Town of	\$63.70
Portage la Prairie, RM of (rural utility)	\$64.95
North Norfolk, Municipality of, Rural Utility (2020 rate)	\$65.83
Melita, Town of	\$66.34
Austin, Municipality of North Norfolk (2020 rate)	\$67.64
Altona, Town of (2020 rate)	\$70.26
McCreary, Municipality of (2021 rate)	\$78.45
Dufferin, RM of, 2020 rate	\$80.01
Lac du Bonnet, RM of (2020 rate)	\$88.32
Whitemouth, RM of (2021 rate)	\$88.89
Holland, RM of Victoria	\$100.93
Baldur, RM of Argyle (2021 rate)	\$105.84
Lyleton Utility; Proposed 2020 rate, not including rate rider	\$106.23
Oak River, RM of Oakview	\$107.47
Rapid City, RM of Oakview	\$111.66
Dauphin, RM of	\$120.35
Cypress River, RM of Victoria	\$121.94
Lyleton Utility; Proposed 2021 rate, not including rate rider	\$151.73
Lyleton Utility; Proposed 2022 rate, not including rate rider	\$157.43
Lyleton Utility; Proposed 2023 rate, not including rate rider	\$163.10

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Utility Billing Impact

WITHOUT DEFICIT RATE RIDER

	3 000 gallons minimum				
	Annual costs based on rates in effect	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed
	Currently	July 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
Impact on a 5/8" meter bill quarterly consumption					
Water - Total Cost per Year, not including rate rider	\$197.44	\$424.92	\$606.92	\$629.72	\$652.40
Annual Increase		\$227.48	\$182.00	\$22.80	\$22.68
Quarterly Billing	\$49.36	\$106.23	\$151.73	\$157.43	\$163.10
Quarterly Increase		\$56.87	\$45.50	\$5.70	\$5.67
% Increase Per Year		115%	43%	4%	4%

WITHOUT DEFICIT RATE RIDER

	5 000 gallons				
	Annual costs based on rates in effect	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed
	Currently	July 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
Impact on average quarterly consumption of:					
Water - Total Cost per Year, not including rate rider	\$315.20	\$687.96	\$986.20	\$1,023.56	\$1,060.72
Annual Increase		\$372.76	\$298.24	\$37.36	\$37.16
Quarterly Billing	\$78.80	\$171.99	\$246.55	\$255.89	\$265.18
Quarterly Increase		\$93.19	\$74.56	\$9.34	\$9.29
% Increase Per Year		118%	43%	4%	4%

WITH DEFICIT RATE RIDER

	3 000 gallons minimum				
	Annual costs based on rates in effect	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed
	Currently	July 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
Impact on a 5/8" meter bill quarterly consumption					
Water - Total Cost per Year, including rate rider	\$197.44	\$448.92	\$630.92	\$653.72	\$676.40
Annual Increase		\$251.48	\$182.00	\$22.80	\$22.68
Quarterly Billing	\$49.36	\$112.23	\$157.73	\$163.43	\$169.10
Quarterly Increase		\$62.87	\$45.50	\$5.70	\$5.67
% Increase Per Year		127%	41%	4%	3%

WITH DEFICIT RATE RIDER

	5 000 gallons				
	Annual costs based on rates in effect	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed
	Currently	July 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
Impact on average quarterly consumption of:					
Water - Total Cost per Year, including rate rider	\$315.20	\$727.96	\$1,026.20	\$1,063.56	\$1,100.72
Annual Increase		\$412.76	\$298.24	\$37.36	\$37.16
Quarterly Billing	\$78.80	\$181.99	\$256.55	\$265.89	\$275.18
Quarterly Increase		\$103.19	\$74.56	\$9.34	\$9.29
% Increase Per Year		131%	41%	4%	3%

Municipality of Two Borders – Lyleton Water Utility
 Water Utility – Minimum Filing Requirements for Municipalities
 Filing Applications for Revised Rates with the Public Utilities Board (Board)
 Full Process (MFRFP)

The Application shall include 1 paper copy and an electronic copy which can be forwarded by email, via Dropbox or provided on a USB drive.

Application and Financial:

1. Utility rates by-law, after first reading only, detailing rates, billing information, penalties, fees, etc. and rescinding past by-law.
2. Rate study using Board guidelines as applicable.
3. Commentary on the reasons for the rate increase.

The increase in utility rates is primarily due to eliminating the operating deficit

Increase in Water Billing Revenues

	2023 billing revenues	25,612	
	2019 billing revenues	7,578	
		\$18,034	
Contingency Allowance included in Proposed Rates		\$1,863	10%
Working Capital Deficit Contribution		\$235	1%
Eliminate Operating Deficit	2019	\$13,932	77%
Increase in Administration Expense:	2023	\$723	
	2019	(\$224)	
		\$947	5%
		\$16,977	94%

4. Available on Mb Municipalities Online: prior year’s utility financial statements (audited, if available, noting Schedule 9 prepared for the Board’s purposes is unaudited), current year’s utility budget (page 6*), current year capital plan (page 13*), 5 year utility capital plan (page 14*), utility debenture schedules (page 12*) and operating forecast for the next 2 years.

**pages from municipal Financial Plan template.*

5. Proposed method of financing 5 year Capital Plan.
There is nothing planned for capital over the next five years.
6. Cost Allocation Policy with respect to shared services and equipment between the utility and general operations.¹

Due to the small utility, Administration cost allocation is proposed to be based on 0.1% of Financial Plan General "At Large" Government Services less Assessment and Grants expenses. While the last utility rate study prepared in 2015 proposed \$600 to be charged for administration costs, these costs had not been charged to the Utility.

7. Statement on the need for contingency.
There is a Contingency Allowance of 10% of net rate costs less amortization expenses and interest costs included in the rate study. This equates to \$1,863 for water.

8. Statement on the need for reserves, if requested.
Due to the size of the utility and significant increases, there is no transfer to the Utility Reserve included in the utility rate calculations.

¹ In the Board’s Order No. 93/09, the Board referred to a suggested cost allocation matrix to be followed by municipalities noting that once a policy was developed any changed thereto required the Board’s approval.

² Target equity position is determined as per Board Order 93/09.

9. Statement on adequacy of equity position and plans to address if insufficient (below the Board's 20% of prior year's operating expenses target level).²



Based on the 2018 unaudited financial statements, the Utility had a working capital deficit of \$46,307. The Utility is forecast to have a working capital deficit of \$42,015 in 2023, still less than the PUB required surplus of 20% of expenses or \$4,908.

	2014	2015	2016	2017	Unaudited 2018	Unaudited 2019	2020	2021	2022	2023
	Audited	Audited	Audited	Audited	Actual	Actual	Forecast			
<u>Working Capital Surplus/Deficit</u>										
Fund Surplus	\$ 39,476	\$ 38,834	\$ 47,577	\$ 32,724	\$ 21,380	\$ 7,448	\$ (2,691)	\$ (713)	\$ 1,816	\$ 4,882
Less Tangible Capital Assets	(42,393)	(50,023)	(76,003)	(71,845)	(67,687)	(63,529)	(59,371)	(55,213)	(61,066)	(46,897)
Add Longterm debt	-	-	-	-	-	-	-	-	-	-
Add Utility Reserve	30,000	20,626	-	-	-	-	-	-	-	-
<u>Working Capital Surplus</u>	<u>\$27,083</u>	<u>\$9,437</u>	<u>-\$28,426</u>	<u>-\$39,121</u>	<u>-\$46,307</u>	<u>-\$56,081</u>	<u>-\$62,062</u>	<u>-\$55,926</u>	<u>-\$49,239</u>	<u>-\$42,015</u>
Minimum working capital surplus = 20% of expenses	\$2,866	\$2,983	\$3,364	\$4,795	\$3,990	\$4,437	\$4,673	\$4,760	\$4,823	\$4,908

The deficits from 2014 to 2017 total \$45,699. At an annual consumption of 483,022 gallons it would require a rate of \$18.92 per thousand gallons over 5 years to recover.

However, due to the significant increase in rates, the Working Capital deficit is proposed to be undertaken over a longer time period than the normal 5-year recovery period. Including the water rate increase and a proposed rate rider of \$2.00 per 1,000 gallons, the Working Capital position is forecast to improve by \$6,686 from 2021 to 2022 and by \$7,224 from 2022 to 2023. Based on forecasted Working Capital improvements, the Utility is forecast to be in compliance by 2031.

10. Summary of operating deficits in the last 5 years and method of recovery ie. amount and approved method of recovery, including Board Order No. granting approval.



The Utility had deficits in most of the years following the last approved deficit in 2013 (approved by PUB Order 74/16) :

2014 PSAB, PUB adjusted operating deficit	(\$8,677.)
2015 PSAB, PUB adjusted operating deficit	(\$10,181.)
2016 PSAB, PUB adjusted operating deficit	(\$11,988.)
2017 PSAB, PUB adjusted operating deficit	(\$14,853.)
2018 PSAB, PUB adjusted operating deficit, unaudited	(\$11,344.)

Deficit approval applications are being submitted for the 2014 to 2017 operating deficits. As noted in the Working Capital section of this report, a rate rider is required to recover these deficits. From 2014 to 2017 the operating deficits amount to \$45,699. Recovering them over the annual consumption of 483,022 gallons over 5 years would amount to \$18.92 per 1,000 gallons. Due to the significant increase in rates, it is proposed that the deficit rate rider be in effect over a time period of longer than 5 years.

11. Details of any incentives or special rate treatment provided to large volume users with an explanation.

None.



12. If rates are determined on a Residential Equivalent Unit basis, confirmation that the assessments have been reviewed and remain accurate. Comment on the potential use of meters.

All water utility customers are metered.



13. Details of connection charges and developer agreements related to the extension of service.



N/A

Details of Operating System:

14. Description of the system(s) indicating age, condition and capacity to meet current and future needs of the ratepayers.

The Lyleton Utility services 24 customers. All customers are connected to the water system. Usage is metered, as of 2016.

The raw water source for the water system is ground water from an unnamed aquifer. The system has been in operation year round since 1978.



15. If the Utility has been notified it is non-compliant with water quality and environmental regulation, provide the timeline and manner of recovery of any associated costs to become compliant.

It is compliant with applicable environmental licenses and regulations.



16. Statement as to whether service is extended beyond the municipality or LID boundary and if so, details of any surcharges levied or proposed.

The Utility does not extend services beyond the municipality.



17. Details of any plant being decommissioned and any resulting expenses set up as an environmental liability to be collected in rates.

N/A



18. Commentary on unaccounted for water if the amount exceed 10% and if related to a deteriorating system, provide a plan to address.

Residential Equivalent Units were used for water billings prior to 2016 and water meters were put in during the time of the last rate study. The 2016 study assumed a 10% reduction in water use due to metering. Water production in 2016 was 1,433,000 gallons and has declined to 1,048,000 in 2018; an actual reduction of 385,000 gallons or 27%.



Actual unaccounted for water is 50% versus 10% estimated in 2016. The Municipality is concerned about the unaccounted-for water percentage and is continuing to review water volumes produced and water consumed.

	<u>2018</u>
<u>Water Purchased/Sold</u>	<u>1,000 Gallons</u>
Water produced	1,048
<u>Sold:</u>	
Water volume Billed	483
Bulk Water volume sold	40
Flushing (done 2x per year)	
Total Sales and Use	<u>523</u>
Unaccounted for water	<u>525</u>
Percentage of total	<u>50%</u>

Average Consumption

Water Volume billed	483
# of Customers	24
Average annual consumption	20,126
Average quarterly consumption; rounded	5,000

Calculation of Water Consumption Based on 2018 Water and Sewer Billing Revenues

Customer service charges (#customers x rate x 4 quarters)	24	\$5.20	4	\$499
Water billing revenue (water volume x rate)	483	\$14.72		7,110
				7,609
2018 water and sewer billing revenues				7,834
Difference: billing revenues are higher than calculated revenues based on volume sold				225
Percent difference, as a percent of billing revenues				3%

There are a large number of minimum billings that will be contributing to this and causing the actual billing revenue to be higher than calculated revenues based on flow x rates would otherwise indicate.

Other:

19. If a declining block rate is used, provide commentary on any consideration given to reducing or eliminating such blocks.

There is only one unitary utility rate for all customers.



20. Commentary as to whether an increased block rate has been considered.

An increasing block rate has not been considered at this time.



21. Details of any notification of revised rates provided to customers and summary of response.

The proposed rate increase will be advertised in accordance with PUB requirements and any responses will be summarized and reported to the PUB.



22. If utility rates are collected with tax bills, confirmation that utility operating costs are not being offset by the Education Property Tax Credit.

Utility bills are mailed out quarterly separate from property tax bills.



23. If any public consultation has been held or is planned in anticipation of the application, provide details.

N/A



24. A signed statement from the applicant with the statement "the information contained within this application is certified as true and accurate"



Municipality of Two Borders

By-Law No.

BEING A BY-LAW OF THE MUNICIPALITY OF TWO BORDERS TO ESTABLISH WATER RATES FOR THE LYLETON UTILITY.

WHEREAS The Municipality of Two Borders has undertaken a water rate study for the Lyleton Utility that indicates water rates require to be increased;

AND WHEREAS, subject to The Public Utilities Board Act, Section 232(1) provides that a council may pass by-laws for municipal purposes respecting the following matters:

- 1) public utilities.

AND WHEREAS, Section 232(2) provides that without limiting the generality of Subsection (1), a council may in a by-law passed under this Division:

- d) establish fees or other charges for services, activities or things provided or done by the municipality or for the use of property under the ownership, direction, management or control of the municipality.

AND WHEREAS it is deemed advisable to provide rates for July 1, 2020, 2021, 2022 and 2023 and thereafter to be paid by persons to whom water collection is supplied by the Lyleton Utility and to provide for the collection thereof;

NOW THEREFORE THE COUNCIL OF THE MUNICIPALITY OF TWO BORDERS IN SESSION DULY ASSEMBLED, HEREBY ENACTS A BY-LAW AS FOLLOWS:

- 1) THAT all accounts for minimum quarterly charges for metered services for the Lyleton Utility as set forth in the Schedule of Quarterly Rates shall be billed quarterly. Consumers shall pay for water service supplied to them by the Utility at the rates and terms set out in Schedule "A" attached hereto and forming part of this by-law.
- 2) THAT The Municipality of Two Borders reserves the right to discontinue the supply of water for fountains, jets, hoses and sprinklers, or to limit the hours for use of the same, whenever, at the discretion of Council it is in the best interests of the public to do so.
- 3) THAT no person, other than the Fire Chief or someone acting on his/her behalf, or a representative of The Municipality of Two Borders duly authorized in writing by the Chief Administrative Officer, shall open or use any fire hydrant, either for construction purposes, street cleaning, or any other purpose.
- 4) THAT the meter shut off valve inside premises serviced with water by the Lyleton Utility, shall be readily accessible and not used by the owner except for the protection of the premises. No person shall tamper with the meter or cause the water supply to bypass the meter. All pipes and valves inside the premises shall be kept in good repair by the owner or occupant. Any damage through neglect or otherwise, by a contractor for the owner or occupant, to the water service pipes from the street to the premises including the meter shall be the responsibility of the owner or occupant.
- 5) THAT no person shall wilfully or maliciously hinder or cause to hinder The Municipality of Two Borders or its representative in the exercise of their duties in relation to the operation and maintenance of the water system.
- 6) THAT any person violating any provision of this by-law shall:
 - a) be guilty of an offence and, upon conviction, liable to a fine not exceeding one thousand dollars (\$1,000) and costs for each violation;
 - b) be liable to The Municipality of Two Borders for any expense, loss or damage suffered by the Municipality as a result of the violation;

- c) be liable for the repairs and costs of the repairs to the system as a result of the violation. If that person is in default of effecting the repairs, the Municipality may effect the repairs and charge the cost thereof to that persons or add the cost to property taxes and collect those property taxes in the same manner as other property taxes.
- 7) This by-law and rates for July 1, 2020, 2021, 2022 and 2023 and thereafter, shall come into force and be effective on, from and after both approval of the Public Utilities Board of Manitoba and receipt of third and final reading thereof.
- 8) That By-law Number 9-2015 of The Municipality of Two Borders be repealed as of July 1, 2020 and upon final approval of this By-law by the Public Utilities Board of Manitoba.

PASSED AND ENACTED BY THE MUNICIPALITY OF TWO BORDERS IN COUNCIL DULY
ASSEMBLED THIS day of , 2020.

Reeve

Chief Administrative Officer

Read a first time this day of , 2020.
Read a second time this day of , 2020.
Read a third time day of , 2020.

MUNICIPALITY OF TWO BORDERS
 LYLETON UTILITY
 WATER RATES BY-LAW NO.
 SCHEDULE "A"

SCHEDULE OF QUARTERLY RATES

1. Schedule of Rates **July 1, 2020**
 Rates per 1,000 Gallons
 Water \$32.88
 Quarterly Service Charge \$7.59

2. Minimum Charges per Quarter
 Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

Water Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Deficit Rate Rider (see Clause 4)	Water Total Quarterly Minimum
5/8 inch	1	3,000	7.59	98.64	6.00	\$112.23
3/4 inch	2	6,000	7.59	197.28	12.00	\$216.87
1 inch	4	12,000	7.59	394.56	24.00	\$426.15

3. Bulk Water
 All water sold in bulk shall be charged for at a rate of \$13.00 per 1,000 gallons, with a minimum charge of \$6.50 for 500 gallons or less.

1. Schedule of Rates **January 1, 2021**
 Rates per 1,000 Gallons
 Water \$47.41
 Quarterly Service Charge \$9.50

2. Minimum Charges per Quarter
 Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

Water Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Deficit Rate Rider (see Clause 4)	Water Total Quarterly Minimum
5/8 inch	1	3,000	9.50	142.23	6.00	\$157.73
3/4 inch	2	6,000	9.50	284.46	12.00	\$305.96
1 inch	4	12,000	9.50	568.92	24.00	\$602.42

3. Bulk Water
 All water sold in bulk shall be charged for at a rate of \$20.00 per 1,000 gallons, with a minimum charge of \$10.00 for 500 gallons or less.

1. Schedule of Rates

January 1, 2022

Rates per 1,000 Gallons

Water	\$49.23
Quarterly Service Charge	\$9.74

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

Water Customers

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Deficit Rate Rider (see Clause 4)</u>	<u>Water Total Quarterly Minimum</u>
5/8 inch	1	3,000	9.74	147.69	6.00	\$163.43
3/4 inch	2	6,000	9.74	295.38	12.00	\$317.12
1 inch	4	12,000	9.74	590.76	24.00	\$624.50

3. Bulk Water

All water sold in bulk shall be charged for at a rate of \$21.00 per 1,000 gallons, with a minimum charge of \$10.50 for 500 gallons or less.

1. Schedule of Rates

January 1, 2023

Rates per 1,000 Gallons

Water	\$51.04
Quarterly Service Charge	\$9.98

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

Water Customers

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Deficit Rate Rider (see Clause 4)</u>	<u>Water Total Quarterly Minimum</u>
5/8 inch	1	3,000	9.98	153.12	6.00	\$169.10
3/4 inch	2	6,000	9.98	306.24	12.00	\$328.22
1 inch	4	12,000	9.98	612.48	24.00	\$646.46

3. Bulk Water

All water sold in bulk shall be charged for at a rate of \$22.00 per 1,000 gallons, with a minimum charge of \$11.00 for 500 gallons or less.

The Following Clauses are Effective July 1, 2020

4. Deficit Rate Rider

A rate rider of \$2.00 per 1,000 gallons is included in the schedule of rates to recover the net operating deficits occurred from 2014 to 2017.

5. Service to Customers outside Lyleton limits

The Council of the Municipality of Two Borders may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of Lyleton. Such agreements shall provide for payment of the appropriate rates set out in the schedule, as well as a surcharge, set by resolution of Council which shall be equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connection to the Utility's mains and installing and maintaining service connections will be paid by the customer.

6. Billings and Penalties

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1 ¼% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least twenty (20) days after the mailing of the bills.

7. Disconnections

The Public Utilities Board has approved the Conditions Precedent to be followed by the Municipality with respect to the disconnection of service for non-payment including such matters as notice and the right to appeal such action to the Public Utilities Board. A copy of the Conditions Precedent are available for inspection at the Municipal office.

8. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

Seasonal residents requiring a reconnection for the period of time they are using the water system will be levied a \$50.00 reconnection fee.

9. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, the amount of all outstanding charges for water and sewer services, including fines and penalties, are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies. Where charges and penalties pursuant to this by-law are not paid within sixty (60) days from the date when they were incurred, said charges and penalties shall be added to the taxes on the property and collected in the same manner as other taxes.

10. Hydrant Rentals

An annual charge of seventy five hundred dollars (\$75.00) per hydrant shall be made by the said utility to Lyleton for fire protection services, which annual charge shall include water used.

11. Municipality to be Notified of Failure of Meter

In the case of breakage, stoppage or irregularity in a water meter, the customer shall notify the Designated Officer immediately upon such condition being discovered. All installation, repair and disconnection of any water meter shall be performed only by those authorized to do such work by the municipality.

12. Meter Testing

Any customer wishing to have a meter tested for accuracy will pay in advance a fee of \$100, plus any applicable meter testing costs. In the event the meter tests prove that the meter is recording water flows in excess of actual flows, the meter testing fee and associated costs will be refunded to the customer and the customer's account will be reviewed and adjusted accordingly.

13. Meter Tampering

Where there is evidence of meter tampering a minimum charge of \$500 will be applied to the customer's account in addition to an amount calculated to adjust for the tampering based on historical usage.

14. Cross Connections

No customer or person shall connect, cause to be connected or allow to remain connected any piping, fixture, fitting, container or appliance in a manner which under any circumstances may allow water, wastewater or any harmful liquid or substance to enter the Municipality's water system.

If a condition is found to exist which, in the opinion of the Municipality, is contrary to the aforesaid, the Municipality may either:

- Shut off the service or services; or
- Give notice to the customer to correct the fault at his or her own expense within a specified time period. If the customer fails to comply with such notice the Municipality shall proceed in accordance with clause 8 of this by-law.

15. Authorization for Officer to Enter Upon Premises

The Public Works Foreman, or other employee authorized by the Municipality in the absence of the Public Works Foreman, shall be authorized to enter upon any premise for the purpose of:

affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or
taking readings from, repairing, inspecting or removing any meter or apparatus belonging to the Municipality.

16. New Connections

Any person wishing to connect to the water distribution system must make arrangements with the municipal office. A connection fee of \$500.00 will be levied for any new connection with the connection fee including the cost of the meter, curb stop, and flow control valve.

SCHEDULE OF UTILITY RATE REQUIREMENTS - LYLETON UTILITY
 FOR PUBLIC UTILITIES USE ONLY
 2014 to 2017 Audited; 2018 unaudited; 2019 Budget, 2020 - 2023 Forecast

Inflation rate 2%

Line	2014 Audited	2015 Audited	2016 Audited	2017 Audited	Unaudited 2018 Actual	Unaudited 2019 Actual	2020 Forecast	2021	2022	2023
General Expenses:										
Administration	\$0	\$0	\$235	\$203	\$0	\$0	\$822	\$839	\$856	\$873
Training costs	-	-	-	-	-	-	-	-	-	-
Billing and Collection	596	15	-	-	-	-	-	-	-	-
Total general expenses	596	15	235	203	-	-	822	839	856	873
Revenue										
Penalties	-	-	-	-	-	-	-	-	-	-
Other income	-	90	29	242	185	77	150	150	150	150
Total general revenues	-	90	203	826	587	147	-	-	-	-
	-	90	232	1,068	772	224	150	150	150	150
Net Costs General	596	(75)	3	(865)	(772)	(224)	672	689	706	723
Water Expenses										
Purification and treatment	11,079	13,254	13,748	19,612	15,792	18,025	18,386	18,753	19,128	19,511
Water purchases	-	-	-	-	-	-	-	-	-	-
Service of Supply	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	-	-	-	-	-	-	-	-	-	-
Amortization	1,648	1,648	2,787	4,158	4,158	4,158	4,158	4,158	4,158	4,158
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Total water expenses	12,727	14,902	16,535	23,770	19,950	22,183	22,544	22,911	23,286	23,669
Revenue										
Connection fees	-	-	-	-	-	-	-	-	-	-
Bulk Water Sales	-	-	-	-	-	449	485	800	840	880
Total revenue	-	-	-	-	-	449	485	800	840	880
Net rate costs - Water	12,727	14,902	16,535	23,770	19,950	21,734	22,059	22,111	22,446	22,789
Water Billing Revenues										
Water billings	-	-	4,550	8,052	7,834	7,578	12,110	23,812	24,714	25,612
Property Taxes										
Transfer from Gen.Optg. for Payments - Water	4,646	4,646	-	-	-	-	-	-	-	-
	4,646	4,646	-	-	-	-	-	-	-	-
Net Revenue/(Expenses)	(8,677)	(10,181)	(11,988)	(14,853)	(11,344)	(13,932)	(10,622)	1,012	1,562	2,100
Capital Grants Amortization										
Amortization of water capital grants	-	-	-	-	-	-	-	-	-	-
Amortization of Capital Grants	-	-	-	-	-	-	-	-	-	-
Deduct Contributed TCAs Current Year	-	-	-	-	-	-	-	-	-	-
Net Operating Surplus (Deficit) with PUB Adjustments	(8,677)	(10,181)	(11,988)	(14,853)	(11,344)	(13,932)	(10,622)	1,012	1,562	2,100
Transfers										
Provincial Grants/Federal Grants	-	-	-	-	-	-	-	-	-	-
Transfer from Gen Optg	7,235	-	-	-	-	-	-	-	-	-
Transfer from (to) Reserves	-	9,539	20,733	-	-	-	-	-	-	-
Add Transfer from (to) Utility Reserve	-	-	-	-	-	-	-	-	-	-
Change in Utility Fund Balance after Surplus Transfers	(1,442)	(642)	8,745	(14,853)	(11,344)	(13,932)	(10,622)	1,012	1,562	2,100
Deficit Rate Rider Revenues										
	-	-	-	-	-	-	483	966	966	966

	2014 Audited	2015 Audited	2016 Audited	2017 Audited	2018 Actual	2019 Actual	2020 Forecast	2021	2022	2023
Reverse PUB Adjustments to Adjust Surplus to PSAB										
Deduct Amortization of Capital Grants	-	-	-	-	-	-	-	-	-	-
Add Contributed TCAs Current Year	-	-	-	-	-	-	-	-	-	-
FUND SURPLUS, BEGINNING OF YEAR	40,918	39,476	38,832	47,577	32,724	21,380	7,448	(2,691)	(713)	1,816
FUND SURPLUS, END OF YEAR	\$ 39,476	\$ 38,834	\$ 47,577	\$ 32,724	\$ 21,380	\$ 7,448	\$ (2,691)	\$ (713)	\$ 1,816	\$ 4,882
Working Capital Surplus/Deficit										
Fund Surplus	\$ 39,476	\$ 38,834	\$ 47,577	\$ 32,724	\$ 21,380	\$ 7,448	\$ (2,691)	\$ (713)	\$ 1,816	\$ 4,882
Less Tangible Capital Assets	(42,393)	(50,023)	(76,003)	(71,845)	(67,687)	(63,529)	(59,371)	(55,213)	(51,055)	(46,897)
Add Long term debt	-	-	-	-	-	-	-	-	-	-
Add Utility Reserve	30,000	20,626	-	-	-	-	-	-	-	-
Working Capital Surplus	\$27,083	\$9,437	-\$28,426	-\$39,121	-\$46,307	-\$56,081	-\$62,062	-\$55,926	-\$49,239	-\$42,015
Minimum working capital surplus										
= 20% of expenses	\$2,665	\$2,983	\$3,354	\$4,795	\$3,990	\$4,437	\$4,673	\$4,750	\$4,828	\$4,908

note 1

The 2016 and 2017 actual Administration costs were bank interest charges.

The 2015 Utility Rate study, approved by PUB Order #74/16, set cost allocation at \$600/year, with 2% /yr increases. It appears these costs were actually not allocated.

It is proposed that a percentage of General Government Services, excluding Assessment and Grants be charged as a cost allocation from the General Operating Fund to the Utility Operating Fund:

2019 Financial Plan General Government Services

Less Assessment expense 886,303
 Taxation expense - 55,000
 Less Grants expense - 25,000

2020 Administration cost allocation

Based on 2019 Financial Plan 806,303
 Add 2% for 2020 0.1%
 2020 Administration cost allocation 806,16

note 2

Other Income in Audited Statements included bulk well water sales. For 2019 and on this is moved to be in water revenue. Bulk water sales started in 2016.

note 3

Labour and material costs have increased and the Municipality expects them to stay at current levels in future.

note 4

2019 Budget showed the 2019 water billings at \$11,500 but prior years are around \$8,000. This has been adjusted for this rate study.

note 5

Capital Purchases:

Flo Crest Coin Operated Truck Fill System 16,988
 Hand held water meter reader 4,877
 Water Meters 16,180

note 6

PUB Order 74/16 approved deficits for 2012 and 2013. Since then, the following deficits have occurred:

2014	(8,677)
2015	(10,181)
2016	(11,988)
2017	(14,853)
2017	(45,699)
2017	\$4,795

Recovery Rate Rider based on deficits 2014 to 2017, over 5 years: 483,022 / 5 years = \$ 18,92 per 1,000 gallons
 Recovery Rate Rider based on 20% of 2017 Expenses 483,022 / 5 years = \$ 2.00 per 1,000 gallons
 Due to the significant increase in rates, Working Capital deficit will be undertaken over a time period longer than 5 years.

At this time the rate rider proposed is: \$ 2.00 per 1,000 gallons of water, commencing July 1, 2020.

Schedule of Utility Rate Calculations
 Lyleton Water Rate Study

<u>Customers</u>	2018
Water & Sewer	-
Water only	24
	<u>24</u>

<u>Meters Connected to System</u>	2018
5/8 inch	24
3/4 inch	-
1 inch	-
2 inch	-
	<u>24</u>

<u>Water Purchased/Sold</u>	2018
Water produced	1,048
Sold:	
Water volume Billed	483
Bulk Water volume sold	40
Flushing (done 2x per year)	
Total Sales and Use	<u>523</u>
Unaccounted for water	<u>525</u>
Percentage of total	<u>50%</u>

<u>Average Consumption</u>	483
Water Volume billed	24
# of Customers	20,126
Average annual consumption	<u>5,000</u>
Average quarterly consumption; rounded	

<u>Calculation of Water Consumption Based on 2018 Water and Sewer Billing Revenues</u>			
Customer service charges (#customers x rate x 4 quarters)	24	\$5.20	4
Water billing revenue (water volume x rate)	483	\$14.72	
			<u>\$499</u>
			<u>7,110</u>
			<u>7,609</u>
			<u>7,834</u>
			<u>225</u>

2018 water and sewer billing revenues
 Difference; billing revenues are higher than calculated revenues based on volume sold

Percent difference, as a percent of billing revenues 3%
 There are a large number of minimum billings that will be contributing to this and causing the actual billing revenues to be higher than calculated revenues based on flow x rates would otherwise indicate.

<u>Contingency Allowance - 2023 Forecast</u>	Variable Costs	%	Contingency Allowance
Water Net Rate Costs	22,789		
Less Water Amortization	(4,158)		
Water Contingency Allowance	<u>18,631</u>	10%	<u>\$1,863</u>

Annual Debenture Cost
 Utility Debenture Debt, Dec 31, 2018 \$0
 2018 Debenture costs \$0

Calculation of Customer Service Charge - 2023 Forecast
 Administration costs \$723
 Working Capital Contribution = 1% of 2022 expense:
 Administration Costs 723
 Water Costs 22,789
23,512

Total x 1% \$235
\$958
 24
\$39.91
\$9.98

Number of customers
 Annual customer service charge
Proposed Quarterly customer service charge
 Current quarterly customer service charge \$5.20

	Increase	
	\$	%
Portion of Increase from Current to 2023	\$7.59	50%
Portion of Increase from Current to 2023	<u>\$9.50</u>	40%
Portion of Increase from Current to 2023	<u>\$9.74</u>	5%
Portion of Increase from Current to 2023	<u>\$9.98</u>	5%
	\$2.39	46%
	\$1.91	25%
	\$0.24	3%
	\$0.24	2%

Calculation of Water Rates - 2023 Forecast
 Water Net Rate Costs 22,789 100%
 Less amortization of capital grants - water - 100%
 Less: Debt paid by taxation - 100%
 Transfer to Utility Reserve - 100%
 Contingency allowance 1,863 100%
1,863
\$24,652

Sales Volume for water rate calculation 000 gallons
 Total water sales volume 483

Proposed Water rate per 1,000 gallons \$51.04

Current water charge per 1,000 gallons

<u>\$14.72</u>				
			Increase	
			\$	%
July 1, 2020 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	50%	<u>\$32.88</u>	123%
January 1, 2021 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	40%	<u>\$47.41</u>	44%
January 1, 2022 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	5%	<u>\$49.23</u>	4%
January 1, 2023 Water Rate per 1,000 gallons	Portion of Increase from Current to 2023	5%	<u>\$51.04</u>	4%

Bulk water rate

Current Bulk Water Rate

per 1,000 gallons
<u>\$11.37</u>

(\$2.50/Cubic Meter)

Administration costs, including working capital contribution (see above) \$958

Total volume of water sold; in 1,000 gallons (metered & bulk) 523

Customer service charge based on rate per 1,000 gallons \$1.83

July 1, 2020 Domestic water rate

Add Deficit Recovery Rate Rider

Add customer service charge per 1,000 gallons

Bulk Water Rate, calculated, rounded

July 1, 2020 Bulk Water Rate proposed

\$32.88	
\$2.00	
\$1.83	
<u>\$37.00</u>	
\$13.00	14%

January 1, 2021 Domestic water rate

Add Deficit Recovery Rate Rider

Add customer service charge per 1,000 gallons

Bulk Water Rate, calculated, rounded

January 1, 2021 Bulk Water Rate, proposed

\$47.41	
\$2.00	
\$1.83	
<u>\$51.00</u>	
\$20.00	54%

January 1, 2022 Domestic water rate

Add Deficit Recovery Rate Rider

Add customer service charge per 1,000 gallons

Bulk Water Rate, calculated, rounded

January 1, 2022 Bulk Water Rate; rounded

\$49.23	
\$2.00	
\$1.83	
<u>\$53.00</u>	
\$21.00	5%

January 1, 2023 Domestic water rate

Add Deficit Recovery Rate Rider

Add customer service charge per 1,000 gallons

Bulk Water Rate, calculated, rounded

January 1, 2022 Bulk Water Rate, proposed

\$51.04	
\$2.00	
\$1.83	
<u>\$55.00</u>	
\$22.00	5%

Portion of Increase from Current 50%

Water Rate - 1,000 gallons

	Water per 1,000 gallons	%	Deficit Recovery Rate Rider	Service Charge Quarterly	%
Current Rates	\$14.72		-	\$5.20	
July 1, 2020 Proposed Rates	\$32.88	123%	\$2.00	\$7.59	46%
January 1, 2021 Proposed Rates	\$47.41	44%	\$2.00	\$9.50	25%
January 1, 2022 Proposed Rates	\$49.23	4%	\$2.00	\$9.74	3%
January 1, 2023 Proposed Rates	\$51.04	4%	\$2.00	\$9.98	2%

WITHOUT DEFICIT RATE RIDER

Impact on a 5/8" meter bill quarterly consumption

	3 000 gallons minimum Annual costs based on rates in effect	Annual costs based on rates proposed	Annual costs based on rates proposed
Water - Total Cost per Year, not including rate rider	Currently \$197.44	July 1, 2020 \$424.92	January 1, 2021 \$606.92
Annual Increase		\$227.48	\$22.80
Quarterly Billing	\$49.36	\$106.23	\$157.43
Quarterly Increase		\$56.87	\$5.70
% Increase Per Year		115%	4%

WITHOUT DEFICIT RATE RIDER

Impact on average quarterly consumption of:

	5 000 gallons Annual costs based on rates in effect	Annual costs based on rates proposed	Annual costs based on rates proposed
Water - Total Cost per Year, not including rate rider	Currently \$315.20	July 1, 2020 \$687.96	January 1, 2021 \$986.20
Annual Increase		\$372.76	\$298.24
Quarterly Billing	\$78.80	\$171.99	\$246.55
Quarterly Increase		\$93.19	\$74.56
% Increase Per Year		118%	43%

	Annual costs based on rates proposed	Annual costs based on rates proposed	Annual costs based on rates proposed
January 1, 2022	\$629.72	\$1,023.56	\$1,060.72
January 1, 2023	\$22.68	\$37.36	\$37.16
	\$163.10	\$255.89	\$265.18
	\$5.67	\$9.34	\$9.29
	4%	4%	4%

WITH DEFICIT RATE RIDER

Impact on a 5/8" meter bill quarterly consumption

3 000 gallons minimum

Annual costs based
on rates in effect

Currently
\$197.44

Annual costs based
on rates proposed

July 1, 2020
\$448.92

\$251.48
\$112.23
\$62.87
127%

Water - Total Cost per Year, including rate rider

Annual Increase

Quarterly Billing

Quarterly Increase

% Increase Per Year

Annual costs based
on rates proposed

January 1, 2021
\$630.92

\$182.00
\$157.73
\$45.50
41%

Annual costs based
on rates proposed

January 1, 2022
\$653.72

\$22.80
\$163.43
\$5.70
4%

Annual costs based
on rates proposed

January 1, 2023
\$676.40

\$22.68
\$169.10
\$5.67
3%

WITH DEFICIT RATE RIDER

Impact on average quarterly consumption of:

5 000 gallons

Annual costs based
on rates in effect

Currently
\$315.20

Annual costs based
on rates proposed

July 1, 2020
\$727.96

\$412.76
\$181.99
\$103.19
131%

Water - Total Cost per Year, including rate rider

Annual Increase

Quarterly Billing

Quarterly Increase

% Increase Per Year

Annual costs based
on rates proposed

January 1, 2021
\$1,026.20

\$298.24
\$256.55
\$74.56
41%

Annual costs based
on rates proposed

January 1, 2022
\$1,063.56

\$37.36
\$265.89
\$9.34
4%

Annual costs based
on rates proposed

January 1, 2023
\$1,100.72

\$37.16
\$275.18
\$9.29
3%

Schedule of Billing Revenues
 Lyleton Utility Rate Study
 Estimated Annual Revenue from Water Rates
 Rate Increases to take effect July 1, 2020, January 1, 2021, 2022 and 2023

2020 Water billing revenues

<u>January to June</u>	<u>customers</u>			
Customer Service Charge	24	\$5.20	4 quarters	\$499
Water Sales		<u>1,000 gallons</u>	<u>Rate</u>	
Annual		483	\$14.72	\$7,110
50% of full year				<u>\$7,609</u>
				<u>\$3,804.64</u>
<u>July to December</u>	<u>customers</u>			
Customer Service Charge	24	\$7.59	4 quarters	\$729
Water Sales		<u>1,000 gallons</u>	<u>Rate</u>	
Annual		483	\$32.88	\$15,882
50% of full year				<u>\$16,610</u>
				<u>\$8,305.20</u>
Water and Sewer Billing Revenues				<u>\$12,110</u>

2021 Water billing revenues

Customer Service Charge	24 customers	\$9.50	4 quarters	\$912
Water Sales		<u>1,000 gallons</u>	<u>Rate</u>	
Annual		483	\$47.41	\$22,900
				<u>\$22,900</u>
Water and Sewer Billing Revenues				<u>\$23,812</u>

2022 Water billing revenues

Customer Service Charge	24 customers	\$9.74	4 quarters	\$935
Water Sales		<u>1,000 gallons</u>	<u>Rate</u>	
Annual		483	\$49.23	\$23,779
				<u>\$23,779</u>
Water and Sewer Billing Revenues				<u>\$24,714</u>

2023 Water billing revenues

Customer Service Charge	24 customers	\$9.98	4 quarters	\$958
Water Sales		<u>1,000 gallons</u>	<u>Rate</u>	
Annual		483	\$51.04	\$24,653
				<u>\$24,653</u>
Water and Sewer Billing Revenues				<u>\$25,612</u>

Lyleton Water Utility
Allocation Plan for Non-Direct Shared services

December, 2019

Category	Sub-category	Options		
1.0	Administrative Staff (excluding CAO), office, legal and audit costs	Activity Based (Note 1)		0.1%
	1.1 Billing services – meter reading to receipting and collection.	Meter reading based on time sheets. Billing, receipting and collection activity based (Note 1)		
	1.2 Accounting/ auditing/ including bylaw making and enforcement.			0.1%
	1.3 Common office space			0.1%
	1.4 Office overheads (telephone, photocopier, computer, etc)			0.1%
2.0	Operating, construction and maintenance costs			
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs	Capital costs are directly paid by the Operating Revenues. Fuel and maintenance is charged off relative to staff time in the Utility		
	2.2 Labour – full time, part time, on call, sick time, vacation, Note 2	Three public works staff are charged to the system based on timesheet.		
	2.3 Public works building and property.	Costs that could be charged to the Utility are minimal and at present nothing is allocated to the Utility		
	2.4 Road repairs and alike (Note 3)	Based on actual costs		
3.0	Major projects			
	Interest/ financing			Debenture Debt
	Labour	Based on actual costs		
	External costs	Direct charge (dedicated consulting)		

Note 1: Allocation must be updated periodically to reflect the impacts of inflation.

Note 2: Including salaries and benefits.

Note 3: If a project involves work benefitting both the utility and general operations, the costs may be shared e.g. re-constructing a road and replacing services at the same time – a portion of the road work may be allocated to the utility.