CITY COUNCIL REPORT

TITLE:

BY-LAW 7342 - TO ESTABLISH WATER AND WASTEWATER UTILITY RATES

PRESENTER:
Dean Hammond

DEPARTMENT:
Finance

ATTACHMENTS:

DATE:
7/8/2022

CLEARANCE / APPROVALS:

Alexia Stangherlin	Director of Utilities
Tara Pearce	Acting Director of Finance
Ron Bowles	General Manager
Ron Bowles	City Manager

RECOMMENDATION(S):

That By-law 7342 to establish water and wastewater utility rates for July 1, 2023; January 1, 2024; January 1, 2025 and January 1, 2026 be read a first time;

And further, that the "City of Brandon Utility Rate Study July 2022" be submitted to the Manitoba Public Utilities Board (PUB) for their review and approval;

And further, that as part of the PUB's review and approval process, that the City of Brandon request that the PUB hold a public hearing for the City's proposed utility rates;

And further, that the City of Brandon request approval from the Public Utilities Board for the Brandon Utility deficits of $2,590,217 in 2015, $8,474,307 in 2016, $2,272,738 in 2017, $686,336 in 2020 and $1,562,813 in 2021 with said deficits to be recovered through a rate rider of $0.21 per cubic meter of wastewater and $0.18 per cubic meter of water consumed for a period of 7 years or until the deficit amount of $7,447,928 on

wastewater volume and $8,138,483 on water volume have been recovered, whichever comes first.

BACKGROUND:

The City of Brandon operates its own independent water and wastewater utility. Current water and wastewater rates are approved under the Public Utilities Board of Manitoba (PUB) order #60/16.

ANALYSIS:

The City's Utilities and Finance Departments, with the assistance of a consulting expert, have undertaken a utility rate study. The rate study proposes to set rates effective July 1, 2023 and January 1, in each of the years 2024, 2025 and 2026. The PUB must review and approve the proposed rates before they can be implemented.

Rate Setting Goals: The City of Brandon incorporated the following goals into its rate setting methodology:

1. Health & Safety. Rates should be adequate to operate the water utility, providing an uninterrupted supply of safe, potable water in promotion of public health.
2. Environment. Rates should be adequate to operate the wastewater utility, providing a treated water effluent back to the environment of a higher quality than was withdrawn. Conservation of all water resources should be a priority.
3. Capacity. Rates should allow for increasing input costs and aging infrastructure maintenance to operate existing infrastructure to its full potential.
4. Self-sufficiency. Rates should be sufficient to limit debt requirements and to operate the Utility Fund without reliance on the General Fund (property tax revenue).
5. Reliability. Rates should ensure sufficient funds are appropriated to utility reserves to deliver the ongoing capital improvement plan.
6. Competitiveness. Rates should remain competitive with other jurisdictions.
7. Growth. Rates should promote new user connections, with growth-related capital investments funded by Development Charges.

Rationale for rate increases: The rationale for the proposed rate increases can be summarized in five reasons.

1. Budgetary Requirements.
    1. The PUB requires that utilities recover past operating deficits;
    2. The PUB requires that utilities maintain a 10% of operating expenditures contingency;

3. And further that 1% of net expenditures are contributed towards maintaining a working capital surplus. The combination of these three budgetary requirements account for approximately 35% of the required rate increases.

2. Transfers to Reserves. The rate study includes an additional $4 million of transfers to utility reserves in order to facilitate future projects as well as to aid minimum working capital requirements. This accounts for approximately 28% of the required rate increases.
3. Water Treatment Facility Upgrades. The Water Treatment Facility is in the midst of a $125 million series of upgrades, jointly funded by the City of Brandon, the Province of Manitoba, and the Federal Government. The increased interest and amortization expense associated with this project accounts for approximately 18% of the required rate increases.
4. Anticipated increase in water operating expense (2026 vs. 2022). General increases in the costs of water treatment and distribution over the next five years account for approximately 8% of the required rate increases.
5. Anticipated increase in wastewater operating expense (2026 vs. 2022).General increases in the costs of wastewater collection and treatment over the next five years account for approximately 6% of the required rate increases.

Population growth and water volumes: The rate study includes a forecasted 1% population growth per year and a forecasted 1% per year increase in water volumes. It should be noted that the City's "unaccounted for water" decreased from 20% to 13% after the repair of a broken water line under the Assiniboine river. 13% unaccounted for water is typical of utilities with mature distribution systems.

Proposed utility rates: The following outlines the proposed water and wastewater rate increases.

Base Rates per cubic meter (C.M.)	Water	Waste water	Water & Waste water	Quarterly Service Charge
Current Rates	$1.66	$1.63	$3.29	$17.48
July 1, 2023 Proposed Rates	$1.80	$1.79	$3.59	$18.00
January 1, 2024 Proposed Rates	$2.10	$2.14	$4.24	$19.17
January 1, 2025 Proposed Rates	$2.40	$2.49	$4.89	$20.34
January 1, 2026 Proposed Rates	$2.71	$2.84	$5.55	$21.51

Debt Surcharge - Water Treatment Facility Chemical Building: The City had previously applied to the PUB to include a debt surcharge to recover the $16 million borrowed for the construction and upgrades to the Water Treatment Facility Chemical building. Series A of the borrowing, to recover $0.083 per cubic meter of

water for the $8 million borrowed was approved under PUB order 108/21. Series B of the borrowing, to recover $0.089 per cubic meter of water for the $8 million borrowed is currently pending PUB approval. Combined the two series of borrowings for this project will necessitate a total debt surcharge of $0.172 per cubic meter of water to recover the $16 million borrowed.

Deficit Rate Rider: Deficits incurred in prior years will necessitate a $0.18 surcharge per cubic meter of water and a $0.21 per cubic meter of wastewater. These are proposed to be recovered over a seven year period.

Water and wastewater rates per cubic meter (C.M.) including debt surcharge and deficit riders	Water	Waste water	Water & Waste water	Quarterly Service Charge
Current Rates	$1.66	$1.63	$3.29	$17.48
July 1, 2023 Proposed Rates	$2.152	$2.00	$4.152	$18.00
January 1, 2024 Proposed Rates	$2.452	$2.35	$4.802	$19.17
January 1, 2025 Proposed Rates	$2.752	$2.70	$5.452	$20.34
January 1, 2026 Proposed Rates	$3.062	$3.05	$6.112	$21.51

LEGISLATIVE REQUIREMENTS:

Utility Rate Approval Process: Typically, the utility rate setting process commences with City Council giving 1st reading to a bylaw to revise utility rates. The bylaw along with the utility rate study is then forwarded to

the Public Utilities Board and under the normal approval process, the following steps occur:

- A public notice of application will be issued by the PUB and the City is responsible for posting and/or publishing the notice using Board Guidelines;
- The application is then reviewed by Board staff and any necessary information requests are sent to the City;
- Once the Board is satisfied that the necessary evidence has been received, a final review is completed. The Board Panel will determine whether a public hearing is in the best interest of the community or whether a paper review process will suffice;
- The Board will complete its review and render a decision by way of a Board Order; and
- The utility rate bylaw can then receive 2nd and 3rd reading, as amended, to comply with the Board Order.

  This process normally takes 10 to 12 months. It is anticipated that utility rates under the normal PUB process will be approved by July, 2023. Brandon Utility is forecast to return to an operating surplus in 2023 with the first phase of new utility rates starting in July, 2023 and it is recommended to request utility rate approval from the Public Utilities Board under the normal approval process.

STRATEGIC ALIGNMENT:

The setting of utility rates, which ensure the long-term sustainability of the City's water and wastewater utility, supports Council's strategic pillars of Infrastructure, Economic Development, and Community Safety, as well as the overarching themes of Financial Sustainability and Environmental prudence.

FINANCIAL IMPACT:

The setting of utility rates is designed to be balanced such that the long-term financial needs and goals of the utility can be met, while ensuring that rates are fair and prudent for users. The Public Utilities Board is the regulator of utility rates in Manitoba and their role is to act in the best interests of both utility consumers as well as the operator of the utility.

RISK ASSESSMENT:

The rate study team recognizes that the proposed rate increases will be a significant burden for some individuals and businesses. The rate study team worked diligently to come up with a proposal that spreads the increases over a four-year period to mitigate the impacts.

COMMUNICATION STRATEGY:

Information on the proposed rate increases is available on the City's website.

The rate study team has been working with the City's Economic Development officer to communicate with those industries which are high water volume users.

As part of the City's submission to the PUB, it is recommended that the City ask for a PUB-lead public hearing on the proposed rates and/or the impacts that users may face.

CONCLUSION:

That By-law 7342 to establish water and wastewater utility rates for July 1, 2023; January 1, 2024; January 1, 2025 and January 1, 2026 be read a first time;

And further, that the "City of Brandon Utility Rate Study July 2022" be submitted to the Manitoba Public Utilities Board (PUB) for their review and approval;

And further, that as part of the PUB's review and approval process, that the City of Brandon request that the PUB hold a public hearing for the City's proposed utility rates;

And further, that the City of Brandon request approval from the Public Utilities Board for the Brandon Utility deficits of $2,590,217 in 2015, $8,474,307 in 2016, $2,272,738 in 2017, $686,336 in 2020 and $1,562,813 in 2021 with said deficits to be recovered through a rate rider of $0.21 per cubic meter of wastewater and $0.18 per cubic meter of water consumed for a period of 7 years or until the deficit amount of $7,447,928 on wastewater volume and $8,138,483 on water volume have been recovered, whichever comes first.

By-Law No. 7342

BEING A BY-LAW OF THE CITY OF BRANDON TO ESTABLISH WATER AND WASTEWATER RATES.

WHEREAS The City of Brandon has undertaken a water and wastewater rate study that indicates water and wastewater rates require to be increased;

AND WHEREAS The Municipal Act, S.M. 1996, c. 58, states in part as follows:

232(1) A Council may pass by-laws for municipal purposes respecting the following matters:
(l) public utilities:

232(2) 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;

250(2) Without limiting the generality of subsection (1), a municipality may for municipal purposes do the following:
(c) acquire, establish, maintain and operate services, facilities and utilities;

252(1) A municipality exercising powers in the nature of those referred to in clauses 250(2)(b),(c) and (e) may set terms and conditions in respect of users, including
(a) setting the rates or amounts of deposits, fees and other charges, and charging and collecting them;
(b) providing for a right of entry onto private property to determine compliance with other terms and conditions, to determine the amount of deposits, fees or other charges, or to disconnect a service; and
(c) discontinuing or disconnecting a service and refusing to provide the service to users who fail to comply with the terms and conditions.

252(2) A charge referred to in clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this Act.

AND WHEREAS it is deemed advisable to provide rates for July 1, 2023, January 1 2024, 2025, and 2026 and thereafter to be paid by persons to whom water is supplied by the City of Brandon and who use the wastewater system of the City of Brandon and to provide for the collection thereof;

NOW THEREFORE THE COUNCIL OF THE CITY OF BRANDON IN SESSION DULY ASSEMBLED, HEREBY ENACTS A BY-LAW AS FOLLOWS:

1) THAT all accounts for charges for metered services for the City of Brandon Utility as set forth in Schedule "A" shall be billed quarterly, unless approved by the City to be billed monthly. Consumers shall pay for water and wastewater service supplied to them by the Utility at the rates and terms set out in Schedule “A”, and other Administrative fees and terms set out in Schedule “B” and attached hereto and forming part of this by-law.

2) THAT the City of Brandon 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 if 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 City duly authorized in writing by the City Manager, 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 City, 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 City or its representative in the exercise of their duties in relation to the operation and maintenance of the water or wastewater 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 City of Brandon for any expense, loss or damage suffered by the City 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 City 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, 2023, January 1, 2024, 2025 and 2026 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 No 7139 be repealed as of July 1, 2023 and upon final approval of this By-law by the Public Utilities Board of Manitoba.

PASSED AND ENACTED BY THE CITY OF BRANDON IN COUNCIL DULY ASSEMBLED THIS day of , 2022.

_____ _____

R. Chrest, Mayor A. Chapil, Acting City Clerk

Read a first time this day of , 2022.
Read a second time day of , 2022.
Read a third time day of , 2022.

CITY OF BRANDON
WATER & WASTEWATER RATES BY-LAW NO. 7342
SCHEDULE "A"

1. Schedule of Commodity Rates

a. Commodity Rates per Cubic Meter

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Water	$1.80	$2.10	$2.40	$2.71
Wastewater	$1.79	$2.14	$2.49	$2.84
Water & Wastewater	$3.59	$4.24	$4.89	$5.55

b. Deficit Rate Rider

In addition to the aforesaid commodity rates, a deficit rate rider shall be charged, for 7 years commencing July 1, 2023 (or sooner as approved by the Public Utilities Board), to recover the 2015, 2016, 2017, 2020, & 2021 operating deficits as follows:

Water	$0.18 per cubic meter
Wastewater	$0.21 per cubic meter

c. Debenture Surcharge

In addition to the aforesaid commodity rates, the following debenture surcharges shall be charged:

i. $0.083 per cubic meter of water shall be charged for 20 years commencing October 1, 2021 in accordance with Public Utilities Board Order #108/21;
ii. $0.089 per cubic meter of water shall be charged for 20 years commencing once approved by the Public Utilities Board.

d. Service Charge

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Quarterly	$18.00	$19.17	$20.34	$21.51
Monthly	$4.80	$5.11	$5.42	$5.74
Service Charge Rates are per water meter				

e. Wastewater Only

Residential Customers	**July 1, 2023**	**Jan. 1, 2024**	**Jan. 1, 2025**	**Jan. 1, 2026**
Quarterly	$108.00	$124.92	$141.84	$158.76
Monthly	$34.80	$40.36	$45.92	$51.49
Wastewater only charge is based on 45 cubic meters quarterly or 15 cubic meters monthly, plus the customer service charge.				

2. Wastewater Septic Truck Tipping Fees

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Per Cubic Meter	$8.00	$8.25	$8.50	$9.00

3. Bulk Water

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Per 445 Litres	$1.00			
Per 400 Litres		$1.00		
Per 355 Litres			$1.00	
Per 310 Litres				$1.00

4. Meter/Bypass Resealing
   When damages or meter tampering, or both are reported, all costs to restore or replace the meter, as determined by the Director of Utilities or Delegate, plus payment for the estimated quantity of unmetered water and related wastewater commodity charge, plus a fee for resealing the meter/bypass shall be charged and added to the utility account and collected along with the next scheduled billing, unless prior written authorization for breaking the seal was issued by the Director of Utilities or Delegate.

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Resealing Fee	$90.00	$93.00	$95.00	$98.00

5. Meter Testing
   If any owner or customer wishes to have the water meter in their premises tested, the Director of Utilities or Delegate shall have such meter tested. If the test finds the meter to be accurate, a fee shall be charged for the test. Testing fees shall be added to the utility account and collected along with the next scheduled billing.

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
1” or Less	$170.00	$175.00	$180.00	$185.00
Greater than 1”	$245.00	$255.00	$260.00	$270.00

6. Meter Replacement

   Where the meter requires replacement due to damage or freezing, the cost of the meter, or meter replacement parts, plus 20%, and a labour fee shall be added to the utility account and collected along with the next scheduled billing.

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Labour Fee	$90.00	$93.00	$95.00	$98.00

7. Water Curb Stop Turn On/Turn Off

   The fee to turn on or turn off the water service at the curb stop shall be:

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
During working hours	$90.00	$93.00	$95.00	$98.00
Outside working hours	$475.00	$490.00	$505.00	$520.00
Working hours shall be between 8:00am-4:00pm, Monday-Friday, not including statutory holidays				

Such fee shall be added to the utility account and collected along with the next scheduled billing.

8. Hydrant Connection/Disconnection

   The fee for either a temporary hydrant connection or disconnection shall be:

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
Connect/Disconnect	$90.00	$93.00	$95.00	$98.00

Such fee shall be added to the utility account and collected along with the next scheduled billing.

9. Hydrant Fees

   The City of Brandon or any other hydrant owner of an active and useable hydrant for the purpose of firefighting operations will pay to the Utility an annual fee for each hydrant connected to the system and a fee for the cost of an annual inspection by the City.

   Hydrants that have no firefighting purpose and are used solely for City of Brandon watermain maintenance activities shall not be charged a system connection fee.

	July 1, 2023	Jan. 1, 2024	Jan. 1, 2025	Jan. 1, 2026
System Connection	$125.00	$130.00	$135.00	$140.00
Annual Inspection	$90.00	$93.00	$95.00	$98.00

10. Billings and Penalties

    Accounts shall be billed monthly or quarterly, at the discretion of the City, based on water used. A late payment penalty charge of 1.25% monthly shall be charged on the dollar amount owing after the billing due date. The due date will be a minimum of fourteen (14) days after the invoice date of the bills.

11. Outstanding Bills

    Pursuant to Section 252(2) of the Municipal Act, the amount of all outstanding charges for water and wastewater services, and other service fees, including 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, the Director of Finance, or Delegate, may add said charges and penalties to the taxes on the property and collect them in the same manner as other taxes.

    The fee to add outstanding water and wastewater charges to the property tax roll shall be $10.00 per account.

CITY OF BRANDON
WATER & WASTEWATER RATES BY-LAW NO. 7342
SCHEDULE "B"

1. Change of Customer Subsequent to Billing
   Split water and wastewater billings for a change of customer may only occur prior to each quarterly or monthly billing. Quarterly and monthly water and wastewater billings are payable by the customer of record at the time of the billing.

2. Minimum Refund for Inactive Accounts
   Inactive accounts, for water and/or wastewater customers who do not have any other active utility account, with balances less than $5.00 will not be refunded by the City.

3. Water Service Disconnection for Non-payment
   The Public Utilities Board has approved the Conditions Precedent, attached to this by-law as Schedule “C”, to be followed by the City 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.

4. Wastewater Surcharges
   There may be levied annually, in addition to rates set forth in Schedule “A”, a special surcharge on sewage based on the strength of various parameters above average domestic strength sewage as established from time to time by the City.

5. Water Allowance due to Line Freezing
   That in any case where at the request of the Director of Utilities or Delegate, a customer allows water to run continuously for any period of time to prevent the water lines in the water system from freezing, the charge to that customer for the current quarter shall be the average consumption for the last four previous quarters to the same customer, or the same premises if the occupant has changed, and billed at the rates and terms set out in Schedule “A”.

6. Temporary Water Service
   That in any case where at the request of the Director of Utilities or Delegate, a customer is provided with a temporary water service from another utility customer, the charge to both customers for the current quarter shall be the average consumption for the last four previous quarters to the same customer, or the same premises if the occupant has changed, and billed at the rates and terms set out in Schedule “A”.

7. Additional Meters

   Where deemed expedient:

   a. the City may elect to install auxiliary meters to separately record the amount of wastewater or water for billing purposes; or
   b. upon application to the Director of Utilities or Delegate, by an owner or operator of a premise where a wastewater service is installed, the City shall install an auxiliary meter at the expense of the applicant, for such purpose.
   c. the City may enter into written agreements with large volume wastewater customers that provides for the customer to install a City approved wastewater meter at the customer's expense with wastewater volumes for billing purposes then determined by the wastewater meter. The agreement must provide that the wastewater meter is calibrated at the customer's cost on a schedule recommended by the meter manufacturer or if no schedule is available, then annually, with proof of calibration supplied to the City.

8. Service To Customers Outside Utility's Limits

   The Council of the City of Brandon may sign Agreements with customers for the provision of water and wastewater services to properties located outside the boundaries of the City of Brandon. Such Agreements shall provide for payment of the appropriate rates set out in the Schedule "A", as well as a surcharge, set by Resolution of Council, which shall be equivalent to the frontage levy, general taxes, and special taxes for the 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 City boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

CITY OF BRANDON
WATER & WASTEWATER RATES BY-LAW NO. 7342
SCHEDULE "C"

Conditions Precedent Allowing for Collection and Disconnection of Water and/or Sewer Services for Non-Payment of Accounts

POLICY AND PROCEDURES REVISED APRIL 17, 2009 (REPLACES SEPTEMBER 4, 2008 ORDER 127/08)

1.0 PURPOSE:

The purpose of this document is to outline and define the disconnection and reconnection policies and procedures for customers with water and/or sewer services.

Disconnection, in accordance with the steps outlined in the following policy and procedures may occur if a customer is in arrears and full payment or payment arrangements suitable to the utility have not been made and if so, such disconnections must occur in conformance with these conditions precedent.

Reconnection, in accordance with the following policy and procedures will occur as soon as it is reasonably possible after the account returns to good standing. This Policy and Procedure does not apply to disconnection practices for routine maintenance of the utility including emergencies.

2.0 SCOPE:

The policy and procedures apply to customers receiving water and/or sewer services. The procedures are detailed to reflect the variety of situations that may occur for each of the following customers.

2.1 All property owners and/or tenants responsible for water and/or sewer services.
2.2 All landlords responsible for providing tenant water and/or sewer services covered under The Residential Tenancies Act (C.C.S.M. c R119).
2.3 Where water and/or sewer services are added to taxes.
2.4 Where water is sold in bulk.
2.5 Where sewage is dumped into a treatment facility.
2.6 Where water and/or sewer service is provided beyond the boundaries of a municipality, if applicable.

3.0 DEFINITIONS:

Account Holder/Customer – shall refer to the person or persons who have applied for water and/or sewer service at a particular residence, whether it be the property owner or renter

Property Owner – shall refer to the person or persons who are listed on the title of a specific property.

Renter – is not the property owner of the subject property and shall refer to the utility account holder/customer of the subject property.

Security Deposit – shall be based on the risk to the utility and should not exceed an estimated bill for three months.

4.0 POLICY:

4.1 The Utility will normally confine collection activity to the person(s) identified on the account who requested the service(s) with an implied agreement to pay or the person or agency who has agreed to pay for the service(s), with the following exception: where a reasonable person would expect that a customer not named on the bill is implicitly responsible for the service(s), i.e. husband or wife (legal or common-law), that person will also be presumed to have liability for the outstanding balance.

4.2 In order to satisfy provisions of *The Freedom of Information and Protection of Privacy Act,* Utilities are encouraged to develop an agreement between the utility and the account holder/customer, with provisions that establish at minimum conditions for service, recourse for unpaid bills, deposits required, and for renter's acknowledgement that information relating to their account status and other information may be released to the property owner to assist with collections.

4.3 The Public Utilities Board (Board) may, on its own initiative, or at the request of a customer, review a Utility's action and make recommendations and/or orders with respect to same as the Board may determine.

4.4 Every effort is to be made by the Utility to resolve outstanding accounts, disconnection and reconnection issues directly with its customer(s). If a solution cannot be reached the customer may apply to the Board for dispute resolution.

4.5 The Utility should familiarize itself with legislated provisions and the duty to report when a child is in need of protection and/or where the life, health or emotional well-being of the child (or children) is endangered. These provisions are contained in Part III – Child Protection - of *The Child and Family Services Act*.

4.6 The Utility must make special application to the Board prior to disconnecting service to a community or multiple residences/properties. Such an application must be shared with the affected community (ies) and/or multiple residences/properties. The Board will consider the circumstances and particulars of the application and provide the Utility with direction, following such process as the Board may deem appropriate.

4.7 If a landlord is responsible for the provision of water and/or sewer services to tenant occupied premises, arrears will be based on the outstanding account balance and will be subject to Residential Tenancy Branch (RTB) procedures at the tenant occupied premises. Landlords failing to bring their outstanding account balance to good standing will be subject to disconnection of services of the same utility at their personal residence and any vacant premises under the same name.

4.8 This policy does not affect the Utility's right to disconnect in times of emergency and/or for reasons of safety or for failure to comply with water rationing requirements.

4.9 The Utility will keep current data of all disconnected customers in accordance with the following procedures.

4.10 The Utility may seek Board exemption from full disconnection procedures when faced with customers who consistently and deliberately show patterns of payment avoidance and who clearly understand the consequences of their actions.

5.0 PROCEDURES

5.1 DISCONNECTION PROCEDURE

Steps 1, 2 and 3 must be followed on water and/or sewer services in arrears.

Step 1

Customers shall receive a billing statement each billing cycle for services. In some cases the bill is for past consumption and/or minimum quarterly bill for the prior quarter and in other cases, for past consumption over the minimum quarterly bill in the prior quarter plus the next minimum quarterly bill in advance. The due date which appears on the bill shall be no less than 14 days after the billing date. Bulk water customers or customers dumping sewage may have special billing arrangements. However, failure to pay an outstanding bill may result in the removal of the right to use the service.

Step 2

If payment is not received within 31 days from the last billing date, a message similar to the following shall appear on a reminder statement:

"Our records indicate your account is past due. Please give this your prompt attention. If payment or payment arrangements have been made, kindly disregard this notice."

[The following is applicable to residential premises.]

"Information on service disconnection, payment arrangements and financial assistance is enclosed."

Sample Insert:

If your account is past due and you have not made payment arrangements, your water and/or sewer service could be disconnected. The Public Utilities Board adopted Order No. 39/09 governing the disconnection of water and/or sewer service for non-payment of account.	To make payment arrangements, please contact the utility at: *[Insert contact information here]* If you have already made payment arrangements, please disregard this notice.	Financial assistance may be available through Employment and Income Assistance: • 1-800-626-4862 Additional financial counseling and support may be available through Community Financial Counseling Services: • 1-888-573-2383

Step 3

If payment is not received within 45 days of the last billing date, a message similar to the following shall appear on the second and final reminder notice. Reconnection fees will be charged as approved by the Board from time to time:

IMPORTANT PAST DUE NOTICE

Your **account** is past due. If suitable payment arrangements or full payment of the arrears are not made on or before *(enter Date {14 calendar days from date of issue})* your account will be subject to disconnection. If payment of the arrears has already been made, please notify us immediately.

If payment arrangements have already been made kindly disregard this notice.

If your service(s) is disconnected, full payment of the arrears balance plus a reconnection fee will be required before service is fully restored. A security deposit may also be required.

Customers may appeal the Utility's action by contacting the Public Utilities Board.

The Utility is not responsible for any damages or losses that may occur as a result of services which are disconnected for non-payment. Please ensure you protect people, animals and property that may be impacted by disconnection of service.

Reconnect Fees are $_____.

Your service will be disconnected on _____ in the a.m. or p.m.

5.2 Where the Utility bills the minimum quarterly bill in advance, and where service is not reconnected, the bill should be adjusted and prorated accordingly, for the period from the date of disconnection to the end of the next quarter.

5.3 The following are exceptions to the above notice requirements before disconnection:

(a) Where the customer's account was past due and where a payment arrangement was made and subsequently broken, the Utility may disconnect the customer's service with 7 calendar days notice.

(b) Where the customer's account was past due for services billed at a previous premise, the Utility may, with 10 days notice, disconnect the customer's service at the new premise if the customer fails to make a payment arrangement.

The Utility shall take all reasonable steps to collect the arrears from its account holder/customer before adding any arrears to taxes.

5.4 A message similar to the following shall appear on any future billing statements where services have been disconnected:

"Your account remains outstanding despite previous requests for payment. Failure to pay the outstanding account balance may make your account subject to legal action. Please call the phone number on the front of your billing statement or pay in person. If payment of the arrears has already been made please notify the Utility immediately. If payment arrangements have already been made kindly disregard this notice."

6.0 RECONNECTION OR RESTORATION OF SERVICE PROCEDURE:

6.1 No reconnection of service(s) shall occur unless full payment of the arrears or payment arrangements is made suitable to the Utility including a reconnection fee. Reconnection terms may also include the payment of a security deposit.

6.2 All reasonable efforts shall be made to reconnect or restore the service as soon as possible.

7.0 GENERAL GUIDELINES FOR RENTAL PROPERTIES:

7.1 The renter and property owner are both responsible for providing notice and meter readings to the utility when vacating or renting a premise for the first time.

7.2 If the new renter has an unpaid amount, the utility may refuse service to the tenant.

7.3 The departing tenant will be responsible for services to the date of departure and the arriving tenant or the property owner will be responsible on the date the new tenant takes occupancy.

7.4 If there is a period of time between departing tenant and the arriving tenant the property owner will be responsible for the service charge.

7.5 The renter's deposit, if applicable, will be applied to the utility bill at this time.

In the case where the amount of the deposit, if applicable, exceeds the amount of the final bills and a credit is shown on the utility account, the credit is then refunded to the renter in the form of a cheque.

8.0 REPORTING REQUIREMENTS:

8.1 The Utility shall record the following information which the Board may request at any time:

(a) the name of the account holder disconnected;

(b) efforts made by the Utility to contact the customer (bill messages, letters, telephone calls, personal visits) and the results of such efforts.

City of Brandon
Utility Rate Study
Executive Summary
July, 2022

Prepared by

Dale Lyle, CPA, CGA, CMMA, P.Admin

Way To Go Consulting Inc.

Contents

Overview

The City of Brandon owns and operates a municipal water and wastewater utility that provides services to 14,738 Brandon customers.

The last utility rate application by the City to the Public Utilities Board "PUB" was in September, 2015 and resulted in approved utility rate increases in July, 2016, 2017 and 2018 under authority of PUB Order #60/16. The City's 3 step water, 2 step wastewater declining rate structure was collapsed over that 3 year period into the existing single step structure.

PUB Order #100/19 approved in principle a debt surcharge to fund the annual payments for up to $16 million in debt for the construction of a chemical building at the water treatment facility. PUB Order #108/21 authorized a debt surcharge of $0.083 per cubic meter to fund the annual payment for Series A debt in the amount of $8 million. Debenture bylaw #7325 for Series B debt for an additional $8 million received 1st reading on February 22, 2022 and has been submitted to the PUB for approval.

Way To Go Consulting Inc. was retained in October, 2019 by the City of Brandon to prepare a Utility Rate Study in accordance with Request for Proposal #L-18/19.

The City's RFP included the following objectives:

- to analyze the City's utility rate structure;
- create a financially sustainable rate structure considering fairness and equity to customers and natural resource management; and
- to produce a document that can be submitted to the Public Utilities Board (PUB).

This Utility Rate Study proposes to set utility rates effective July 1, 2023 and January 1, 2024, 2025 and 2026.

Utility Rate Goals

The City of Brandon incorporated the following goals into its rate setting methodology:

1. Health & Safety

Rates should be adequate to operate the water utility, providing an uninterrupted supply of safe, potable water in promotion of public health.

2. Environment

Rates should be adequate to operate the wastewater utility, providing a treated water effluent back to the environment of a higher quality than was withdrawn. Conservation of all water resources should be a priority.

3. Capacity

Rates should allow for increasing input costs and aging infrastructure maintenance to operate existing infrastructure to its full potential.

4. Self-sufficiency

Rates should be sufficient to limit debt requirements and to operate the Utility Fund without reliance on the General Fund (property tax revenue).

5. Reliability

Rates should ensure sufficient funds are appropriated to utility reserves to deliver the ongoing capital improvement plan.

6. Competitiveness

Rates should remain competitive with other jurisdictions.

7. Growth

Rates should promote new user connections, with growth-related capital investments funded by Development Charges.

Reasons for Utility Rate Increase

The proposed utility rate increase is required as a result of:

- Forecast 2022 deficit based on Public Sector Accounting Standards "PSAS" and PUB requirement for a 10% contingency built into utility rates to create a budgeted operating surplus for unforeseen costs and with a Working Capital Deficit there is a PUB requirement for 1% of operating expenses to be added to the Working Capital balance;
- Transfer to Reserve to fund future capital projects;
- Interest and net amortization expense for the new Water Treatment Facility "WTF"; and
- Increases in water and wastewater operating expenses.

Increase in Water and Wastewater Billing Revenues			
2026 Forecast Billing Revenues	$34,930,734		
2022 Budgeted Billing Revenues	20,256,895		
	$14,673,839		
Budgetary Requirements			
2022 Forecast Operating Deficit (PSAS, PUB Adjusted)	$909,512		
Add back Development Charges included in Revenues	2,077,049		
	2,986,561		
Contingency; 10% of Operating Expenses required by PUB	1,670,048		
Working Capital Contribution; 1% of expenses; required by PUB	323,346	$4,979,955	34%
Transfer to Reserves			
Transfer to Water Reserve; built into rates	2,000,000		
Transfer to Wastewater Reserve; built into rates	2,000,000	4,000,000	27%
Water Treatment Facility			
Water Debt Interest expense for WTF	1,693,937		
Amortization expense for WTF	3,163,750		
Less Capital Grant Amortization offset	(2,222,921)	2,634,766	18%

Increase in Water Operating Expenses			
2026 water operating expense	11,681,195		
2022 water operating expense	10,543,836	1,137,359	8%
Increase in Wastewater Operating Expenses			
2026 wastewater operating expense	9,772,375		
2022 wastewater operating expense	8,887,254	885,121	6%
		13,637,201	93%

Financial Modelling Used for Utility Rate Setting

The PUB rate setting guidelines utilize audited financial statements for rate setting purposes. The audited financial statements are prepared using Public Sector Accounting Standards “PSAS” and include amortization expense for the Utility’s Tangible Capital Assets.

2017 to 2020 audited, 2021 actual and 2022 and 2023 budgeted revenues and expenses and budgeted capital asset purchases were used to forecast 2024 to 2026 revenue requirements calculated on a PSAS basis with an adjustment for capital grant amortization in accordance with PUB guidelines. Forecast costs include a Contingency Allowance of 10% of net rate costs less amortization and interest expenses and a 1% Working Capital provision as mandated by the PUB, plus an annual transfer to Utility Reserves of $4.0 million. The financial forecast from this process, which includes a 3% inflation factor for 2024 to 2026, formed the basis for the proposed utility rates.

Population Growth

The 2016 and 2021 federal population census results indicate population increases in the City of Brandon of 6% and 5% respectively for the 5 year period reflected in each census. With average annual population growth of just over 1% for the last 10 years, it appears reasonable to reflect this growth in the forecast of future revenues with offsetting increases in variable expenses.

Water volumes used to calculate forecast revenues were increased as follows for purposes of the utility rate study:

City of Brandon
Water and Wastewater Utility Rate Study

Calculation of Water Volume to use for Rate Study - Impact of Population Growth

Brandon Population from Census	Population	Total	Total %	Average % Compound Growth per year
2006	41,511			
2011	46,061	4,550	11%	2.1%
2016	48,883	2,822	6%	1.2%
2021	51,313	2,430	5%	1.0%

2020 metered water volume billed	6,498,105
2020 metered water volume increased by 1% per year, compounded, to take into account population growth. 2026 estimated water volume sold with 1%/year compound growth = 6 yrs @ 1% growth	399,764
Water volume used for rate study	**6,897,870**

Variable water operating costs were increased to reflect the increase in volume as follows:

Variable costs for water treatment & distribution increased for population growth

2021 budget - water plant chemicals	$2,194,000
2021 budget - water plant power	365,000
2021 budget - water reservoir power	110,000
2021 budget - water treatment variable costs	$2,669,000
Increase by 1% a year, compounded from 2022 to 2026	$164,197

Calculation of Wastewater Volume to use for Rate Study

2020 Wastewater volume sold from billing records, cubic meters	4,965,457
2020 metered wastewater volume increased by 1% per year, compounded, to taked into account population growth. 2026 estimated wastewater volume sold with 1%/year compound growth =	305,476
Wastewater volume used for rate study	**5,270,933**

Variable wastewater operating costs were increased to reflect the increase in volume as follows:

Variable costs for wastewaer collection and distribution increased for population gr

2021 budget - pre-treatment facility power	$200,000
2021 budget - sewage lagoon biosolids contract	580,000
2021 budget - water reclamation facility power	580,000
2021 budget - water treatment variable costs	$1,360,000
Increase by 1% a year, compounded from 2022 to 2026	$83,667

Proposed Utility Rates

Following are proposed water and wastewater rates for the Brandon Water and Wastewater Utility:

Water and Wastewater Rate - C.M.	Water		Wastewater		Water & Wastewater per C.M.	%	Service Charge Quarterly	%
Current Rates	$1.66		$1.63		$3.29		$17.48	
July 1, 2023 Proposed Rates	**$1.80**	8%	**$1.79**	10%	**$3.59**	9%	**$18.00**	3%
January 1, 2024 Proposed Rates	**$2.10**	17%	**$2.14**	20%	**$4.24**	18%	**$19.17**	7%
January 1, 2025 Proposed Rates	**$2.40**	14%	**$2.49**	16%	**$4.89**	15%	**$20.34**	6%
January 1, 2026 Proposed Rates	**$2.71**	13%	**$2.84**	14%	**$5.55**	13%	**$21.51**	6%

Debt Surcharge - Water Plant Chemical Building

Water rate per CM **$0.172**

Deficit Rate Rider per CM

Deficit Rate Rider - Water	**$0.18**	
Deficit Rate Rider - Wastewater		**$0.21**

Deficit Rate Riders to recover 2015, 2016, 2017, 2020 & 2021 deficits; see calculations on Schedule of Rate Requirements

Water and Wastewater Rate - C.M. With Deficit Rider & Debt Surcharge	Water		Wastewater		Water & Wastewater per C.M.	%	Service Charge Quarterly	%
Current Rates	$1.660		$1.63		$3.290		$17.48	
July 1, 2023 Proposed Rates	**$2.152**	30%	**$2.00**	23%	**$4.152**	26%	**$18.00**	3%
January 1, 2024 Proposed Rates	**$2.452**	14%	**$2.35**	18%	**$4.802**	16%	**$19.17**	7%
January 1, 2025 Proposed Rates	**$2.752**	12%	**$2.70**	15%	**$5.452**	14%	**$20.34**	6%
January 1, 2026 Proposed Rates	**$3.062**	11%	**$3.05**	13%	**$6.112**	12%	**$21.51**	6%

Customer Service Charges

Customer Service charges increase by $0.52 in 2023, by $1.17 in 2024, 2025 and 2026. With the working capital surplus not meeting PUB minimum requirements in 2020, a working capital contribution of 1% of expenses is included in the customer service charge.

Calculation of Customer Service Charge - 2026 Forecast

Administration costs		$ 944,913
Working Capital Contribution = 1% of 2026 expense:		
Net Administration Costs	$ 944,913	
Net Water Costs	18,832,115	
Net Wastewater Costs	12,557,574	
	32,334,602	
Total x 1%		323,346
		1,268,259
Number of customers		14,738
Annual customer service charge		$86.05
Proposed Quarterly customer service charge		**$21.51**
Proposed Monthly customer service charge		**$5.74**

Current Quarterly customer service charge	$17.48
Current Monthly customer service charge (based on quarterly charge discounted by 20% due to monthly payments being automatic withdrawals done by bank requiring less staff time)	$4.66

			Increase		
	% of Increase	Quarterly	$	%	Monthly
July 1, 2023 Customer Service Charge	13%	**$18.00**	$0.52	3%	**$4.80**
January 1, 2024 Customer Service Charge	29%	**$19.17**	$1.17	7%	**$5.11**
January 1, 2025 Customer Service Charge	29%	**$20.34**	$1.17	6%	**$5.42**
January 1, 2026 Customer Service Charge	29%	**$21.51**	$1.17	6%	**$5.74**

Water Commodity Rates

Water rates increase by $0.14 per cubic meter in 2023, by $0.30 in 2024 and 2025 and $0.31 in 2026.

Calculation of Water Rates - 2026 Forecast

Water Net Rate Costs	$ 18,832,115	100%	$ 18,832,115
Less amortization of capital grants - water	(2,302,854)	100%	(2,302,854)
Less amortization of contributed capital	(411,861)	50%	(205,930)
Less Debt surcharge; separate rate charged	(1,117,674)	100%	(1,117,674)
Transfer to Water Distribution Reserve	2,000,000	100%	2,000,000
Transfer to Water DC Reserve	402,256	100%	402,256
Contingency allowance	1,078,865	100%	1,078,865
			$ 18,686,778
Water volume used for rate study; see above			6,897,870
Proposed Water rate per Cubic Meter			**$2.71**

Current water charge per C.M. $1.66

	% of Increase		Increase $	Increase %
July 1, 2023 Water Rate per C.M.	13%	**$1.80**	$0.14	8%
January 1, 2024 Water Rate per C.M.	29%	**$2.10**	$0.30	17%
January 1, 2025 Water Rate per C.M.	29%	**$2.40**	$0.30	14%
January 1, 2026 Water Rate per C.M.	29%	**$2.71**	$0.31	13%

Bulk water rates are calculated in accordance with PUB rate setting guidelines and are proposed to remain at $2.20 per cubic meter in 2023 and then increase $0.05 in 2024 and $0.25 in 2025 and 2026.

Current Bulk Water Rate; per cubic meter			$2.20	($0.25 for 25 gallons)		
July 1, 2023 water rate in CM		Water Sold in CM	$1.80	**Increase/(Decrease)**		
Add Debt Surcharge (Chemical Building)			$0.17	$		%
Add Deficit Rate Rider - Water			$0.18			
Administration costs	$858,365	6,541,828	$0.13			
July 1, 2023 Bulk Water Rate per CM; rounded			$2.25		$0.05	2%
Based on set charge of $1.00 per volume =			**445**	litres for $1		
January 1, 2024 water rate			$2.10			
Add Debt Surcharge (Chemical Building)			$0.17			
Add Deficit Rate Rider - Water			$0.18			
Administration costs	$886,366	6,541,828	$0.14			
January 1, 2024 Bulk Water Rate; per CM; rounded			**$2.50**		$0.25	11%
Based on set charge of $1.00 per volume =			**400**	litres for $1		
January 1, 2025 water rate			$2.40			
Add Debt Surcharge (Chemical Building)			$0.17			
Add Deficit Rate Rider - Water			$0.18			
Administration costs	$915,207	6,541,828	$0.14			
January 1, 2025 Bulk Water Rate; per CM; rounded			**$3.00**		$0.50	20%
Based on set charge of $1.00 per volume =			335	litres for $1		
Rate used for January 1, 2025 (bulk water meter is limited to 45 litre or 10 gallon increments)			**355**	litres for $1		
January 1, 2026 water rate			$2.71			
Add Debt Surcharge (Chemical Building)			$0.17			
Add Deficit Rate Rider - Water			$0.18			
Administration costs	$944,913	6,541,828	$0.14			
January 1, 2026 Bulk Water Rate; per CM; rounded			**$3.25**		$0.25	8%
Based on set charge of $1.00 per volume =			**310**	litres for $1		

Wastewater Commodity Rates

Wastewater rates increase by $0.16 in 2023, by $0.35 in 2024, 2025 and 2026.

Calculation of Wastewater Rate - 2026 Forecast

Total net Wastewater expenses	$ 12,557,574	100%	$ 12,557,574
Less amortization of capital grants - Wastewater	(1,689,326)	100%	(1,689,326)
Less amortization of contributed capital	(411,861)	50%	(205,930)
Transfer to Wastewater Reserve	2,000,000	100%	2,000,000
Transfer to Wastewater DC Reserve	1,715,539	100%	1,715,539
Contingency allowance	591,184	100%	591,184
			$ 14,969,040
Wastewater volume used for rate study; see above			5,270,933
Proposed Wastewater rate per C.M.			**$2.84**

Current Wastewater Rate $1.63

	% of Increase		Increase $	Increase %
July 1, 2023 Wastewater Rate per C.M.	13%	**$1.79**	$0.16	10%
January 1, 2024 Wastewater Rate per C.M.	29%	**$2.14**	$0.35	20%
January 1, 2025 Wastewater Rate per C.M.	29%	**$2.49**	$0.35	16%
January 1, 2026 Wastewater Rate per C.M.	29%	**$2.84**	$0.35	14%

Wastewater Septic Truck Tipping Fees

Septic truck dumping fees are set annually in the City of Brandon Annual Fee Schedule By-law and are $7.75 per cubic meter for 2022.

Septic truck tipping fee rates charged by municipal utilities in Manitoba were reviewed. With Brandon septic truck dumping fees rates at the higher end of rates in comparison to other municipal utilities, and with the metered wastewater rate increasing significantly over the next few years, it is reasonable to continue increasing tipping fee rates, but at a lower percentage increase than metered rates. Following are proposed septic truck tipping fee rates to be included in the Utility Rate bylaw:

	per CM	% Increase
Current rate	$7.75	
July 1, 2023	$8.00	3%
January 1, 2024	$8.25	3%

January 1, 2025	$8.50	3%
January 1, 2026	$9.00	6%

A review of septic truck tipping fees at other utilities in Manitoba provided the following information:

		Resident		Non-Resident	
		Per truck Single Axle 1,500-2,000 Gallons	Double Axle (if specified) 2,500-3,000 Gallons	Per truck Single Axle 1,500-2,000 Gallons	Double Axle (if specified) 2,500-3,000 Gallons
Brandon	Bylaw 7284 - 2022 fees	$53	$88	same	
Brokenhead	PUB Order 90/21	$25	$50	same	
De Salaberry (St. Malo)	PUB Order 96/16	$40	$60	same	
Dauphin, City	Fees&Charges bylaw 16/20	$50	$50	same	
Elkhorn, RM of Wallace Woodsworth	PUB Order 120/21	$30	$30	same	
Gimli	PUB Order 111/19	$42	$63	$54	$81
Grey; Elm Creek	PUB Order 28/20	$20	$20	same	
Harrison Park, RM of	PUB Order 19/17	$30	$60	same	
Hanover, RM of (5 utilities)		$30	$60	same	
La Broquerie	PUB Order 152/18	$7	$7	$42	$42
Macdonald*	*PUB Order #38/16	$35	$52	same	
Portage la Prairie	By-law - 2022 fees	$30	$30		
Rhineland	PUB Order 43/20	$120	$180	same	
Riding Mountain West (Inglis, Angusvill	PUB Order 55/20	$20	$30	same	
Rossburn	PUB Order 64/21	$30	$45	same	
Rosser; Grosse Isles	PUB Order 83/20	$52	$78	same	
Russell	PUB Order 107/20	$120	$180	same	
St. Clements	PUB Order 4/15	$46	$69	same	
Tache (Landmark)	PUB Order 61/20	$0	$0	same	
Wallace Woodsworth	PUB Order 119/21	$30	$30	same	
Winnipeg Beach	PUB Order #71/19	$25	$25	same	
Whitemouth	PUB Order 55/19	$60	$60	same	

Utility Operating Surplus/(Deficit)

The Utility had Public Sector Accounting Standards, PUB adjusted deficits in 2015, 2016, 2017, 2020 and 2021 and surpluses in 2018 and 2019 as follows:

2015	($2,590,217)	2016	($8,474,307)	2017	($2,272,738)
2018	$818,295	2019	$432,476	2020	($686,336)
2021	($1,562,813)				

With the Utility in a Working Capital deficit position, a deficit rate rider will be required to recover these deficits. Typically deficit rate riders are 3 to 5 years in length. Due to the proposed large increase in utility rates, it is proposed to request that the deficits be recovered over a 7 year period by a rate rider of $0.21 on wastewater and $0.18 on water as follows:

PUB Order #60/16 approved 2013 & 2014 operating deficits of $1,233,719 & $2,382,515. Subsequent deficits are:

2015	$2,590,217
2016	8,474,307
2017	2,272,738
2020	686,336
2021	1,562,813
	15,586,411

Administration costs include $5,934,609 in 2016 & $1,513,319 in 2017 in payments to a wastewater partner for wastewater capital works.

2016	5,934,609
2017	1,513,319
	7,447,928

As this was a payment for wastewater capital, the surcharge to recover this portion of the deficit should be on wastewater volume	
2020 wastewater volume	4,965,457
7 year deficit rate rider; rate per CM of wastewater	**$0.21**

Total Deficit to be recovered	15,586,411
Payments to a wastewater partner to be recovered on wastewater rate	(7,447,928)
Balance to be recovered as a surcharge on water volume sold	8,138,483
2020 water consumption; CM	6,498,105
7 year deficit rate rider; rate per CM of water consumption	**$0.18**

Utility Rate Approval Process

Typically, the utility rate setting process commences with City Council giving 1st reading to a bylaw to revise utility rates. The bylaw along with the utility rate study is then forwarded to the Public Utilities Board and under the normal approval process, the following steps occur:

- a public notice of application will be issued by the PUB and the City is responsible for posting and/or publishing the notice using Board Guidelines;
- the application is then reviewed by Board staff and any necessary information requests are sent to the City;
- once the Board is satisfied that the necessary evidence has been received, a final review is completed. The Board Panel will determine whether a public hearing is in the best interest of the community or whether a paper review process will suffice;
- the Board will complete its review and render a decision by way of a Board Order; and
- the utility rate bylaw can then receive 2nd and 3rd reading, as amended, to comply with the Board Order.

This process normally takes 10 to 12 months.

The other process available for approval of utility rates by the Public Utilities Board is to request approval on an interim *ex parte* basis. The steps are the same, but in a different order. Rates are approved after an initial review by the PUB, giving Council the ability to pass the bylaw and institute the rates in 2 to 4 months. The full review by Board staff, and the Board rendering a final decision, with or without a public hearing, is then done after the rates have come into effect. The PUB will then declare the existing rates as the final rates, or adjust them. In effect this process approves the utility rates for implementation prior to full review by the PUB and prior to public input.

Requesting interim rates is only available when a Utility is running operating deficits and is in a negative Working Capital position. The City could request PUB approval of the proposed utility rates as Brandon Utility is in a Working Capital deficit position and incurred operating deficits in 2020 and 2021 and is budgeted for a deficit in 2022.

It is anticipated that utility rates under the normal PUB process will be approved by July, 2023. Brandon Utility is forecast to return to an operating surplus in 2023 with the first phase of new utility rates starting in July, 2023 and it is recommended to request utility rate approval from the Public Utilities Board under the normal approval process.

Working Capital Surplus and Reserve Transfer

The Public Utilities Board requires that 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 balance and the outstanding debt balance. The Utility's financial results for rate setting purposes are calculated on a Public Sector Accounting Standards basis. With PSAS including amortization as a non-cash expense, the Working Capital Surplus is utilized to determine the Utility's financial position and ability to fund capital projects. It is important to note that Utility Reserves are part of the Working Capital calculation and the actual Working Capital varies, at times significantly, from the balance of the Reserves.

As noted in the following chart, the Utility has been in a Working Capital Deficit position since 2013 and according to the 2020 audited financial statements the Deficit ended the year at $34,144,376.

Based on the Utility's capital program, reserve transfers, debt funding and proposed utility rates, the Working Capital Deficit is forecast to be $77,486 in 2026. The forecast 2026 PUB minimum Working Capital Surplus of 20% of expenses is $7,432,537. An annual transfer of $4.0 million to Utility Reserves is built into the utility rates and included in computing this forecast.

	2008	2009	2010	2011
	Audited	Audited	Audited	Audited
Working Capital Surplus/(Deficit)				
Fund Surplus	$ 112,051,261	$ 129,582,276	$ 128,806,066	$ 133,434,540
Less Tangible Capital Assets	(121,956,743)	(140,893,042)	(142,929,687)	(144,162,621)
Add Long term debt	8,634,330	11,162,744	6,023,536	4,583,288
Add Water Distribution Reserve	4,836,096	3,604,850	2,853,854	4,318,058
Add Wastewater Reserve	1,190,524	2,534,404	599,268	3,679,251
Add DC Water & DC Wastewater Cost Charge Reserves				
Add Industrial WW Treatment Facility Reserve	210,519	235,356	259,935	283,977
Working Capital Surplus/(Deficit)	$ 4,965,987	$ 6,226,588	$ (4,387,028)	$ 2,136,493
Annual change in Working Capital				
Minimum working capital surplus = 20% of expenses	$ 2,375,939	$ 2,380,323	$ 2,566,617	$ 3,464,836

	2012	2013	2014	2015
	Audited	Audited	Audited	Audited
Working Capital Surplus/(Deficit)				
Fund Surplus	$ 130,546,419	$ 129,216,669	$ 126,624,942	$ 124,322,144
Less Tangible Capital Assets	(158,684,894)	(180,207,423)	(184,068,228)	(181,369,046)
Add Long term debt	3,490,891	3,227,587	2,957,109	2,678,192
Add Water Distribution Reserve	6,377,649	21,683,231	19,859,134	19,868,030
Add Wastewater Reserve	19,382,622	19,483,693	25,719,929	25,613,696
Add DC Water & DC Wastewater Cost Charge Reserves				
Add Industrial WW Treatment Facility Reserve	305,581	314,585	318,935	318,935
Working Capital Surplus/(Deficit)	$ 1,418,268	$ (6,281,658)	$ (8,588,179)	$ (8,568,049)
Annual change in Working Capital				
Minimum working capital surplus = 20% of expenses	$ 3,543,990	$ 3,743,628	$ 3,963,808	$ 4,159,792

	2016	2017	2018	2019
	Audited	Audited	Audited	Audited
Working Capital Surplus/(Deficit)				
Fund Surplus	$ 123,105,286	$ 118,255,721	$ 119,691,275	$ 136,834,217
Less Tangible Capital Assets	(178,952,270)	(177,680,743)	(178,327,780)	(194,683,618)
Add Long term debt	11,673,499	10,887,025	10,072,522	9,227,764
Add Water Distribution Reserve	18,310,470	18,948,738	18,492,116	14,405,597
Add Wastewater Reserve	18,353,817	16,656,127	15,996,172	14,581,145
Add DC Water & DC Wastewater Cost Charge Reserves		-	-	23,577
Add Industrial WW Treatment Facility Reserve	318,935	-	-	-
Working Capital Surplus/(Deficit)	$ (7,190,263)	$ (12,933,132)	$ (14,075,695)	$ (19,611,318)
Annual change in Working Capital			$ (1,142,563)	$ (5,535,623)
Minimum working capital surplus = 20% of expenses	$ 5,556,824	$ 4,932,727	$ 4,696,247	$ 4,798,461

	2020	2021	2022	2023
	Audited	Actual	Budget	Budget
Working Capital Surplus/(Deficit)				
Fund Surplus	$ 155,886,906	$ 149,484,072	$ 167,698,899	$ 205,895,555
Less Tangible Capital Assets	(213,622,033)	(221,668,163)	(268,920,167)	(324,091,466)
Add Long term debt	8,351,349	15,146,933	43,028,479	67,097,071
Add Water Distribution Reserve	5,399,755	10,829,409	9,216,911	10,416,911
Add Wastewater Reserve	9,496,071	9,496,071	8,565,564	9,775,564
Add DC Water & DC Wastewater Cost Charge Res.	343,576	343,576	2,093,625	4,177,069
Add Industrial WW Treatment Facility Reserve	-	-	-	-
Working Capital Surplus/(Deficit)	**$ (34,144,376)**	**$ (36,368,102)**	**$ (38,316,688)**	**$ (26,729,296)**
Annual change in Working Capital	$ (14,533,058)	$ (2,223,726)	$ (1,948,586)	$ 11,587,392
Minimum working capital surplus = 20% of expenses	$ 5,068,281	$ 5,445,474	$ 5,733,274	$ 6,088,026

	2024	2025	2026
	Forecast	Forecast	Forecast
Working Capital Surplus/(Deficit)			
Fund Surplus	$ 222,829,629	$ 236,393,596	$ 241,363,012
Less Tangible Capital Assets	(344,544,367)	(356,140,113)	(367,866,834)
Add Long term debt	72,992,780	76,097,208	90,609,922
Add Water Distribution Reserve	11,686,911	12,615,911	13,745,911
Add Wastewater Reserve	11,013,564	12,423,564	11,595,564
Add DC Water & DC Wastewater Cost Charge Res.	6,263,909	8,354,144	10,474,939
Add Industrial WW Treatment Facility Reserve	-	-	-
Working Capital Surplus/(Deficit)	**$ (19,757,574)**	**$ (10,255,690)**	**$ (77,486)**
Annual change in Working Capital	$ 6,971,722	$ 9,501,884	$ 10,178,204
Minimum working capital surplus = 20% of expenses	$ 6,359,946	$ 6,546,599	$ 7,432,537

Unaccounted for Water

Unaccounted for water was 13% in 2020.

Water Produced/Sold - Cubic Meters	2020	2018
Water produced	7,483,357	8,675,720
Sold:		
Metered Water volume Billed	6,498,105	6,906,873
Bulk Water volume sold	6,125	6,772
Water volume billed - hydrants	37,598	39,363
Total Sales and Use	6,541,828	6,953,008
Unaccounted for water	941,529	1,722,712
Percentage of total	13%	20%

A broken waterline under the Assiniboine River was discovered in 2019 that resulted in lower unaccounted for water volume in 2020

Capital

There are $189 million in capital projects identified in the Utility's 10 year capital from 2022 to 2026 including completion of a Water Treatment Facility expansion at a cost of $129 million. The Utility's 10 year capital plan identifies another $99 million in capital projects from 2027 to 2031.

Summary of Capital Expenditure Funding	Totals
Debenture Debt	80,650,000
Capital Grants	89,460,000
Gas Tax Reserve	4,435,000
Wastewater Network Infrastructure DC Reserve	330,000
Wastewater Reserve	8,531,000
Water Distribution Reserve	6,156,000
	189,562,000

Summary of Capital Expenditures	Totals
Wastewater lines (New)	39,010,000
Water Treatment Facility Expansion	129,550,000
Water Chemical Building	-
Water Treatment Facility Upgrade	4,900,000
Watermain replacements	3,486,000
Wastewater Main Rehabilitation	740,000
Street reconstruction	252,000
Street reconstruction	-
Water Modelling	85,000
Wastewater Modelling	115,000
Flood Protection - wastewater	-
Wastewater Infrastructure Condition Assessments	-
Water Infrastructure Condition Assessments	-
Construction Support Equipment	-
Construction Support Equipment	16,000
Wastewater Treatment Facilities	8,335,000
Utility Equipment Replacement	-
Utility Equipment Replacement	238,000
New Watermains	2,835,000
	189,562,000

Inflationary Increase

The Utility's 2023 budget includes projected increases and the financial forecast for 2024 to 2026 inclusive assume annual increases of 3% in expenses.

Cost Allocation

Allocation of staff salaries is reviewed for each position and the percentage of time spent on Utility is determined and salaries are allocated, based on that percentage.

Contingency Allowance and Reserves

There is a Contingency Allowance of 10% of net rate costs less amortization expenses and interest costs in accordance with PUB guidelines, included in the rate study. This equates to $1,078,865 for water and $591,184 for wastewater, $1,670,049 in total.

The 2022 Capital Plan identifies $189 million in Utility capital projects from 2022 to 2026 with $15,017,000 of this funding proposed to be provided from the Utility's reserves. There is an annual transfer of $4,000,000 to Utility Reserves included in this rate study as a result of the funding required for the Capital Plan.

Rate Comparison – Prairie Provinces

Following is a comparison of **City of Brandon Utility's** quarterly proposed rates, to other utility rates in urban centres in the Prairie Provinces along with the year in which rates were last set:

Cubic Meters	no	Water	Wastewater	Service Charge	Quarterly Water & Wastewater Average Bill 46 Cubic Meters	Quarterly Large Industry Water Only Bill 400000 CM
Brandon, current 2018 rates		**$1.66**	**$1.63**	**$17.48**	**$168.82**	**$664,017**
Brandon, proposed 2023 rates		**$1.80**	**$1.79**	**$18.00**	**$183.14**	**$720,018**
Brandon, proposed 2023 rates with rate riders		**$2.15**	**$2.00**	**$18.00**	**$208.99**	**$860,818**
Brandon, proposed 2026 rates		**$2.71**	**$2.84**	**$21.51**	**$276.81**	**$1,084,022**
Brandon, proposed 2026 rates with rate riders		**$3.06**	**$3.05**	**$21.51**	**$302.66**	**$1,224,822**
Portage la Prairie; 2023 rates	1	$1.93	$1.90	$22.33	$198.51	$772,022
Portage la Prairie; 2025 rates	1	$2.47	$1.75	$22.69	$216.81	$988,023
Steinbach; 2020 rates		$1.08	$0.83	$17.52	$105.38	$432,018
Neepawa; 2019 rates	4	$2.36	$1.40	$19.75	$166.95	$944,020
Selkirk, 2021 rates		$2.44	$3.07	$27.50	$280.96	$976,028
Winnipeg; 2022 rates for 5/8" meter; no minimum		$1.95	$2.91	$21.29	$244.85	$780,021
Moose Jaw; 2019 rates for 5/8" meter; no minimum		$1.47	$1.53	$162.06	$300.06	$588,162
Saskatoon; 2022 rates; residential	2	$2.35	$1.52	$76.86	$254.88	$940,077
Saskatoon; 2022 rates; commercial	2	$1.97	$1.65	$197.28	$363.80	$788,197
Regina; 2020 rates for 5/8" meter	3	$2.21	$1.95	$49.58	$240.94	$884,050
Prince Albert; for 5/8" meter; no minimum		$1.37	$1.21	$79.50	$198.18	$548,080
Yorkton; 2020 rates		$1.67	$1.67	$54.75	$208.39	$668,055

Rate Comparison - Manitoba

Following is a comparison of **Brandon Utility's** quarterly proposed water and wastewater rates, to other utility rates that have been approved by the PUB:

	Quarterly Billing Based on 14 Cubic Meters
Grunthal, RM of Hanover (2023 rate)	$42.11
Winnipeg Beach, Town of (2021 rate)	$43.27
Stonewall, Town of (2022 rate)	$46.78
St. Malo, RM of De Salaberry (2022 rate)	$49.48
Kleefeld, RM of Hanover (2023 rate)	$50.05
Notre Dame de Lourdes, RM of Lorne (2022 rate)	$57.52
Beausejour, Town of (2022 rate)	$59.72
Virden, Town of (2022 rate)	$63.36
Shoal Lake (2021 rate)	$64.06
Miami, RM of Thompson (2021 rate)	$64.49
Hamiota, Municipality of (2021 rate)	$65.68
Pierson, Municipality of Two Borders (2021 rate)	$66.68
MacGregor, Municipality of North Norfolk (2021 rate)	$66.77
Brandon, City of (2023 rate)	**$68.26**
Ashern, RM of West Interlake (2023 rate)	$73.39
Plumas, Municipality of Westlake Gladstone (2021 rate)	$75.01
Tyndall-Garson LUD, RM of Brokenhead (2024 rate)	$75.85
Roblin, Municipality of (2025 rate)	$75.92
Brandon, City of (2023 rate) with deficit rate rider&debt surcharge	**$76.13**
Gladstone, Municipality of Westlake Gladstone (2022 rate)	$77.26
Brandon, City of (2024 rate)	**$78.53**
Laurier, RM of Ste. Rose (2021 rate)	$79.01
Portage la Prairie, City of (2025 rate)	$80.24
Killarney-Turtle Mountain, RM of (2023 rate)	$80.31
Wallace Woodworth, RM of (2022 rate)	$80.33
Dauphin, City of (2023 rate)	$81.53
Pilot Mound, Municipality of Louise (2022 rate)	$83.44
Brandon, City of (2024 rate) with deficit rate rider&debt surcharge	**$86.40**
Morris, RM of (LUD 2022 rate)	$86.27
Brandon, City of (2025 rate)	**$88.80**
Pinawa, LGD of (2022 rate)	$89.03
Oakville, RM of Portage la Prairie (2023 rate)	$90.33
Cartwright, Municipality of Cartwright-Roblin (2022 rate)	$90.61
Birch River, RM of Mountain (2022 rate)	$90.76
Melita, Town of (2022 rate)	$90.76

Russell Binscarth; Municipality of Russell Binscarth (2022 rate)	$92.95
Pipestone, RM of (2022 rate)	$93.36
Clanwilliam-Erickson, Municipality of (2025 rate)	$94.34
Brandon, City of (2025 rate) with deficit rate rider&debt surcharge	**$96.67**
Souris, RM of Souris-Glenwood (2021 rate)	$96.89
Brandon, City of (2026 rate)	**$99.21**
Birtle, Prairieview Municipality of (2021 rate)	$99.83
St. Claude, RM of Grey (2022 rate)	$100.74
Grey, RM of (2022 rate)	$101.06
St. Lazare, RM of Ellice Archie (2023 rate)	$102.39
Selkirk, City of (2021 rate)	$102.65
Hartney, Municipality of Grassland (2022 rate)	$103.51
Emerson, Municipality of Emerson-Franklin (2021 rate)	$104.02
Deloraine-Winchester, Municipality of (2023 rate)	$104.53
Gilbert Plains, RM of; Urban Utility (2022 rate)	$105.52
Brandon, City of (2026 rate)with deficit rate rider&debt surcharge	**$107.08**
Rhineland, RM of (2022 rate)	$111.65
McCreary, Municipality of (2022 rate)	$112.52
Inglis, RM of Riding Mountain West (2022 rate)	$113.03
Manitou, Municipality of Pembina (2022 rate)	$115.81
Strathclair, RM of Yellowhead (2021 rate)	$115.87
Lac du Bonnet, RM of (2021 rate)	$119.08
Rossburn, RM of (2021 rate)	$124.26
Whitemouth, RM of Whitemouth (2022 rate;Water Utility;Sewer Utility)	$126.97
Grosse Isle, RM of Rosser (2022 rate)	$130.47
Baldur, RM of Argyle (2021 rate)	$134.13
Angusville, RM of Riding Mountain West (2022 rate)	$141.67
Rapid City, RM of Oakview (2021 rate)	$144.45
Belmont, RM of Prairie Lakes (2021 rate)	$147.51
Minto, Municipality of Grassland (2022 rate)	$167.84
Elgin, Municipality of Grassland (2022 rate)	$178.16

Water and Wastewater Billing Impact - without Deficit Rate Rider & Debt Surcharges

Impact of Rate Increases on Utility Billings - Without Deficit Rate Rider & Debt Surcharge

Impact on a 5/8" meter bill quarterly consumption of: 14 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$254.16	$273.04	$314.12	$355.20	$396.84
Annual Increase		$18.88	$41.08	$41.08	$41.64
Quarterly Billing	$63.54	$68.26	$78.53	$88.80	$99.21
Quarterly Increase		$4.72	$10.27	$10.27	$10.41
% Increase Per Year		7%	15%	13%	12%

Impact on a family with quarterly consumption of: 46 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$675.28	$732.56	$856.84	$981.12	$1,107.24
Annual Increase		$57.28	$124.28	$124.28	$126.12
Quarterly Billing	$168.82	$183.14	$214.21	$245.28	$276.81
Quarterly Increase		$14.32	$31.07	$31.07	$31.53
% Increase Per Year		8%	17%	15%	13%

Impact on a customer with quarterly consumption of: 455 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$6,057.72	$6,605.80	$7,793.48	$8,981.16	$10,187.04
Annual Increase		$548.08	$1,187.68	$1,187.68	$1,205.88
Quarterly Billing	$1,514.43	$1,651.45	$1,948.37	$2,245.29	$2,546.76
Quarterly Increase		$137.02	$296.92	$296.92	$301.47
% Increase Per Year		9%	18%	15%	13%

Impact on a customer with quarterly consumption of: 4,000 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$52,709.92	$57,512.00	$67,916.68	$78,321.36	$88,886.04
Annual Increase		$4,802.08	$10,404.68	$10,404.68	$10,564.68
Quarterly Billing	$13,177.48	$14,378.00	$16,979.17	$19,580.34	$22,221.51
Quarterly Increase		$1,200.52	$2,601.17	$2,601.17	$2,641.17
% Increase Per Year		9%	18%	15%	13%

Impact on a **Water Only** customer with quarterly consumption of: 400,000 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$2,656,069.92	$2,880,072.00	$3,360,076.68	$3,840,081.36	$4,336,086.04
Annual Increase		$224,002.08	$480,004.68	$480,004.68	$496,004.68
Quarterly Billing	$664,017.48	$720,018.00	$840,019.17	$960,020.34	$1,084,021.51
Quarterly Increase		$56,000.52	$120,001.17	$120,001.17	$124,001.17
% Increase Per Year		8%	17%	14%	13%

City of Brandon
Water and Wastewater Utility Rate Study

Impact of Rate Increases on Utility Billings - With Deficit Rate Rider & Debt Surcharge

Impact on a 5/8" meter bill quarterly consumption of: 14 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$254.16	$304.51	$345.59	$386.67	$428.31
Annual Increase		$50.35	$41.08	$41.08	$41.64
Quarterly Billing	$63.54	$76.13	$86.40	$96.67	$107.08
Quarterly Increase		$12.59	$10.27	$10.27	$10.41
% Increase Per Year		20%	13%	12%	11%

Impact on a family with quarterly consumption of: 46 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$675.28	$835.97	$960.25	$1,084.53	$1,210.65
Annual Increase		$160.69	$124.28	$124.28	$126.12
Quarterly Billing	$168.82	$208.99	$240.06	$271.13	$302.66
Quarterly Increase		$40.17	$31.07	$31.07	$31.53
% Increase Per Year		24%	15%	13%	12%

Impact on a customer with quarterly consumption of: 455 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$6,057.72	$7,628.64	$8,816.32	$10,004.00	$11,209.88
Annual Increase		$1,570.92	$1,187.68	$1,187.68	$1,205.88
Quarterly Billing	$1,514.43	$1,907.16	$2,204.08	$2,501.00	$2,802.47
Quarterly Increase		$392.73	$296.92	$296.92	$301.47
% Increase Per Year		26%	16%	13%	12%

% Increase Per Year		26%	16%	14%	12%

Impact on a **Water Only** customer with quarterly consumption of: 400,000 CM

	Annual costs based on rates in effect Currently	Annual costs based on rates proposed July 1, 2023	Annual costs based on rates proposed January 1, 2024	Annual costs based on rates proposed January 1, 2025	Annual costs based on rates proposed January 1, 2026
Annual Cost	$2,656,070	$3,443,272	$3,923,277	$4,403,281	$4,899,286
Annual Increase		$787,202	$480,005	$480,005	$496,005
Quarterly Billing	$664,017	$860,818	$980,819	$1,100,820	$1,224,822
Quarterly Increase		$196,801	$120,001	$120,001	$124,001
% Increase Per Year		30%	14%	12%	11%