Agenda - Executive Policy Committee – November 18, 2009

Report - Standing Policy Committee on Infrastructure Renewal and Public Works – November 10, 2009

Item No. 4 2010 Water and Sewer Utility Rates
eFile WW-2.3

STANDING COMMITTEE RECOMMENDATION:

On November 10, 2009, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That effective January 1, 2010 the water rates, based on water used, be increased as follows:

   A. To $1.29 from $1.25 per cubic metre from 0 - 272 cubic metres/quarter (Block 1);
   B. To $1.12 from $1.08 per cubic metre 272.1 – 2,720 cubic metres/quarter (Block 2);
   C. To $0.95 from $0.91 per cubic metre over 2,720 cubic metres/quarter (Block 3).

2. That effective January 1, 2010 the sewer rates, based on water used, be increased to $1.91 from $1.86 per cubic metre, which includes 18 cents per cubic metre for the Environmental Projects Reserve (16 cents in 2009).

3. That the by-law, outlined as Appendix G to the report of the Director of Water and Waste dated October 26, 2009, amending the Water Works By-law No. 504/73 and the Sewer By-law No. 7070/97 to implement these fee changes, be enacted.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee – November 18, 2009

Report - Standing Policy Committee on Infrastructure Renewal and Public Works – November 10, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 10, 2009, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: 2010 WATER AND SEWER RATES

Critical Path: Standing Policy Committee on Infrastructure Renewal and Public Works - Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
Darlene Capp, C.G.A. Acting Manager of Finance and Administration	B. D. MacBride, P. Eng. Director of Water and Waste	M. Ruta	G. Laubenstein

RECOMMENDATIONS

It is recommended that

1. Effective January 1, 2010 the water rates, based on water used, be increased as follows:

   to $1.29 from $1.25 per cubic metre from 0 - 272 cubic metres/quarter (Block 1)
   to $1.12 from $1.08 per cubic metre 272.1 – 2,720 cubic metres/quarter (Block 2)
   to $0.95 from $0.91 per cubic metre over 2,720 cubic metres/quarter (Block 3)

2. Effective January 1, 2010 the sewer rates, based on water used, be increased to $1.91 from $1.86 per cubic metre, which includes 18 cents per cubic metre for the Environmental Projects Reserve (16 cents in 2009).

3. Council enact a By-Law (draft attached as Appendix G) that amends the Water Works By-law and the Sewer By-law to implement these fee changes.

IMPLICATIONS OF THE RECOMMENDATIONS

Water Rate

Water rates are proposed to increase effective January 1, 2010:

- $1.29 for domestic from 0 - 272 cu.m/quarter (Block 1)
- $1.12 for intermediate from 272.1 – 2,720 cu.m/quarter (Block 2)
- $0.95 for industrial over 2,720 cu.m/quarter (Block 3)

Increase to the water rates are being driven by escalation in operating costs for chemicals and an increased contribution to the renewal reserve to address infrastructure deficit.

Sewer Rate

For 2010, the Department is proposing that the sewer rate increase from $1.86 to $1.91 per cubic metre. As with previous years' forecasts, the ten year projection continues to forecast the need for rate increases into the future. This includes 18 cents per cubic metre for the Environmental Projects Reserve (16 cents in 2009).

The Winnipeg Public Service is in the process of identifying a Strategic Partner for wastewater upgrades at the North and South End Wastewater Pollution Control Centres. Until an agreement is formalized it is difficult to forecast the impact on capital project timing and costs.

Market volatility also continues to make it difficult to anticipate future capital costs. Two major projects, Combined Sewer Overflow Control (CSO) and Biosolids Management are still in the planning stages creating uncertainty in the budget numbers. Until costs have been scoped and budgets refined the risk of capital costs escalating remains high.

Pending Provincial regulatory decisions on Biosolids could also impact the City's Biosolids Management project.

Federal/Provincial Funding: $50 million in funding under a federal-provincial infrastructure program is being provided to the City of Winnipeg for wastewater system improvements. The agreement was finalized in 2007 and the funding incorporated into the forecast from 2007-2011.

In the 2007 throne speech, the Province announced funding of $206 million for Wastewater projects. To date no agreement has been signed, beyond the $50 million received under the Canada Strategic Infrastructure Fund (CSIF). For the purposes of this forecast, we have estimated receiving the Provincial funds over four years, 2011 to 2014. There is the possibility of additional federal contributions as well, but without confirmation numbers have not been incorporated into the forecast.

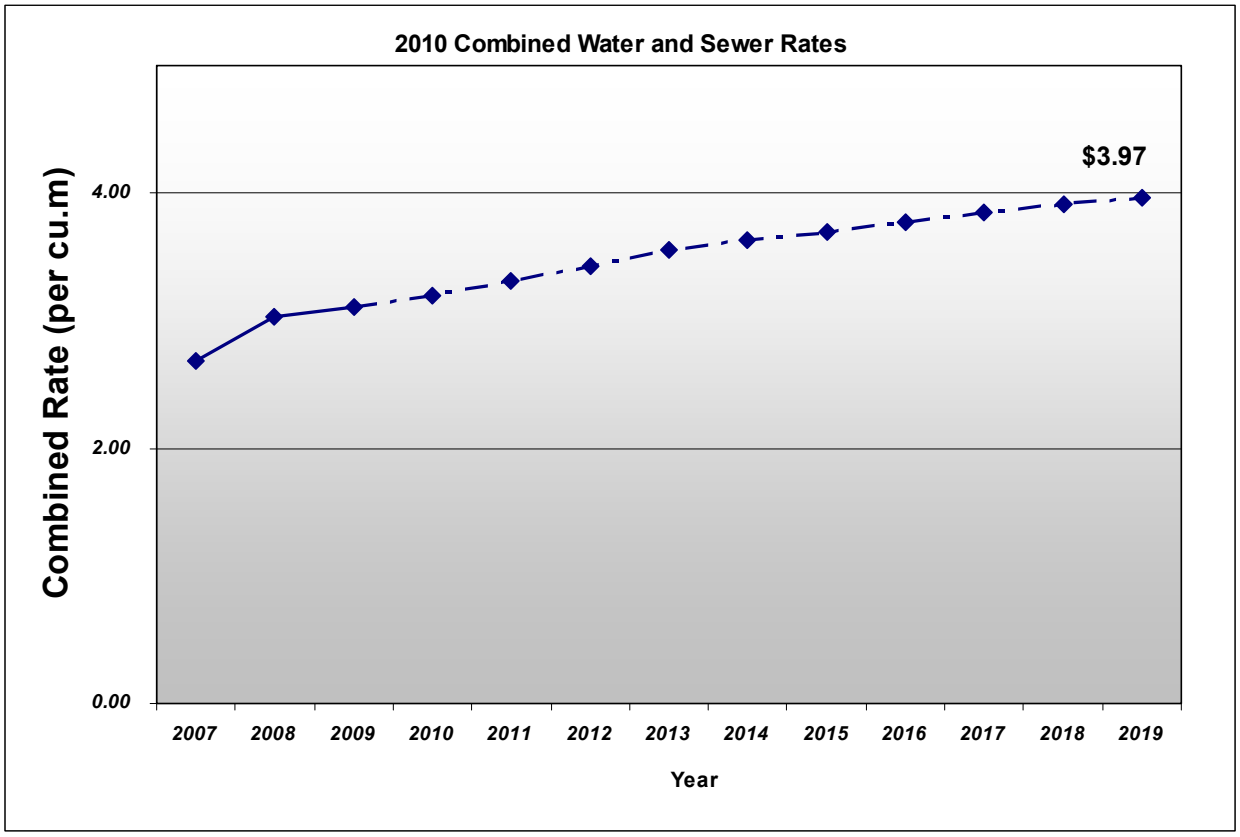
HISTORY

Working Capital

Typically the Water and Sewer Utilities maintain a minimum working capital reserve of 11% of the combined Water and Sewer sales. This is to protect the Utilities' financial position, prevent significant rate fluctuations, provide medium-term stability and absorb losses in any given year that may otherwise result from a decline in consumption or major unforeseen expenditures.

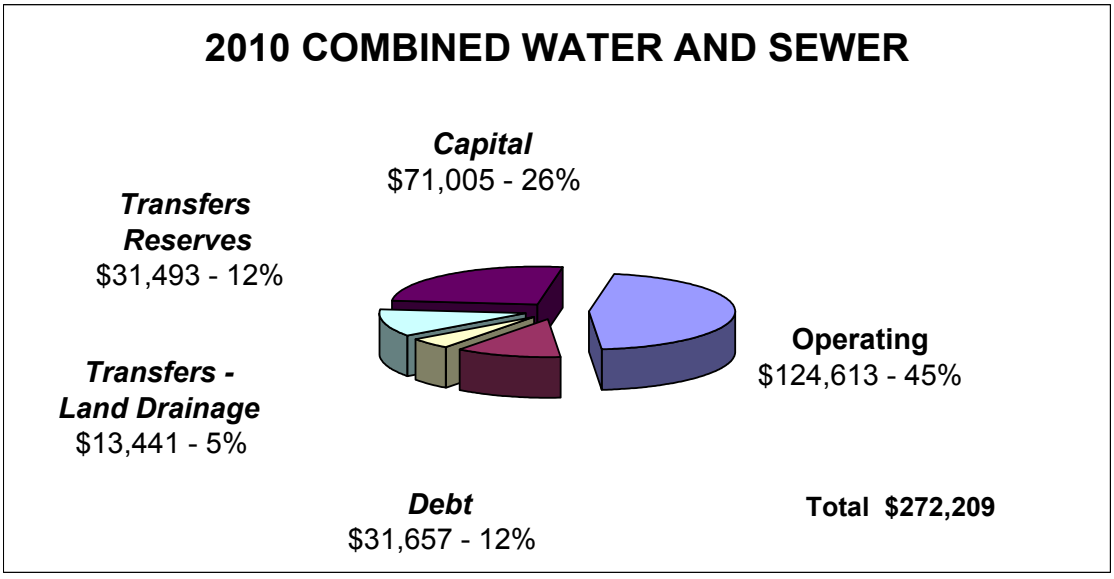
Combined Water and Sewer Rates

The 2010 water and sewer rate model projects an increase to the combined water and sewer rate of 2.7% for 2010 which is slightly less than last year's forecast for 2010 (2.8%).



A typical residential customer's annual water and sewer bill will increase by $21.22 to $816.60 in 2010.

For 2010, the following represents the major cost categories contributing to the water and sewer rates. Total costs are forecast at $272 million, including $71 million for cash funded capital projects.



Daily Basic Service Charge

The Daily Basic Service Charge (DBSC) recovers the cost of meter reading, customer billing, accounts administration, and customer service centre support. Costs associated with the meter installation and maintenance are also recovered from the daily basic service charge. No change is recommended for 2010 for the DBSC.

Reserves

The Department has established reserves to fund and plan for large and complex capital projects.

Environmental Projects Reserve: The Environmental Projects Reserve will support the wastewater treatment improvement program as directed by Manitoba Conservation. Federal/Provincial funding of $256 million over eight years has been incorporated into the financing plan. In addition, under this rate plan, the Department will require borrowing authority for up to $348 million in order to fully fund the improvements over the next 10 years.

Contributions to the reserve will increase in 2010 from 16 cents to 18 cents per cubic metre an increase of 2.0 cents per cubic metre. The increased contribution to the reserve is part of a plan to reduce the amount of debt funding that is required to complete the wastewater treatment improvement program, therefore reducing the amount of interest and service charges being paid.

Sewer Utility
Environmental Projects and Financing Schedule $000s

Year	Annual Capital	Project Financing					Balance	
	Expenditure	Volume Rate [1]	Fed/Prov	Debt	Retained Earnings	Total	Debt	Reserve
to 2006	44,001	90,944	-	-		90,944	-	46,943
2007	19,430	9,959	8,200	-		18,159	-	45,672
2008	28,783	8,514	3,866	-	10,022	22,402	-	39,291
2009	15,783	10,887	4,794	-	3,291	18,972	-	42,480
2010	97,912	11,993	20,105	-	23,334	55,432	-	0
2011	150,324	14,714	64,035	68,000	3,575	150,324	68,000	0
2012	154,709	17,710	51,000	86,000		154,710	154,000	(0)
2013	137,686	20,685	52,000	65,000		137,685	219,000	0
2014	184,082	21,266	52,000	110,816		184,082	329,816	0
2015	21,288	21,288		-		21,288	329,816	0
2016	21,294	21,294		-		21,294	329,816	0
2017	21,352	21,352		-		21,352	329,816	(0)
2018	30,445	21,445		9,000		30,445	338,816	-
2019	31,148	21,559		9,589		31,148	348,405	-
2020	30,060	21,500		8,560		30,060	356,965	-
2021	27,000	21,500		5,500		27,000	362,465	-
2022	26,150	22,000		4,150		26,150	366,615	-
2023	26,090	22,000		4,090		26,090	370,705	-
2024	25,248	22,000		3,248		25,248	373,953	-
2025	21,200	22,000		-		22,000	373,953	800
2026	21,120	22,500		-		22,500	373,953	2,180
2027	21,000	22,500		-		22,500	373,953	3,680
2028	21,250	22,500		-		22,500	373,953	4,930
2029	21,150	22,500		-		22,500	373,953	6,280
2030	21,000	22,500		-		22,500	373,953	7,780
Total to 2019	958,237	313,610	256,000	348,405	40,222	958,237	348,405	-
Total to 2030	1,219,505	557,110	256,000	373,953	40,222	1,227,285	373,953	7,780

Transfers to the Land Drainage Program and Infrastructure Renewal Reserves

In 2010, the sewer fund will transfer an estimated $13.4 million to fully support the tax-supported land drainage and flood control program, (total sewer Land Drainage transfers for 2009 $13.8 million).

Starting in 2009 the Sewer System Rehabilitation and Watermain Renewal reserves, formerly frontage levy funded, are now funded from water and sewer rates. Maintaining the reserves ensures the Department has a consistent funding approach and dedicated resources for infrastructure renewal. A segregated renewal funding approach allows the department to monitor funds, manage contributions and ensure long term funding availability. Based on the Department's asset management strategy and best practices, contributions to the reserves will gradually increase to begin to address the issue of infrastructure deficit. The current deficit is approximately $9M for watermains and $11M for sewer mains, per year over existing contributions. Reserve spending is approved through the capital budget process.

The Department receives $7.5M in frontage levies for renewals for tax supported Land Drainage. In 2011 the contribution will be reduced to $500K then eliminated in 2012. A Land Drainage fee will be developed to make up for the loss of the frontage levy revenue. Operating costs related to land drainage currently funded by the sewer rate will be recovered through the Land Drainage fee. The projected sewer rates in this report do not include reduction that will be possible when a Land drainage fee is implemented by Council.

Transfers to Capital Program

The water and sewer funds continue to employ a pay-as-you-go policy for ongoing infrastructure renewal programs. In 2010, the water fund will cash finance an estimated capital program of $14.1 million. The cash financed sewer fund capital program in 2010 is estimated at $56.9 million, not including the Environmental Projects Reserve.

Financial Projection Risks

The detailed financial projections and rate plans are contained in Appendices B (Water) and C (Sewer). There are several variables that can affect the financial projection and resulting water and sewer rates.

1. Consumption. Consumption is forecast to remain relatively constant over the next ten years. Consumption projections are based on a five year historical average and incorporate, to mitigate risks, the assumptions found in the 2003 Water Treatment Plant Capacity Assessment report including marginal population growth offset by increased conservation and efficiencies for water usage. If actual consumption is less than plan, as is the case for 2009, this could cause a rate increase (conversely, actual consumption greater than plan could effect a rate decrease). See Appendix D for six year history.

2. Capital Investment. Capital investment is based upon the Department's early estimate of improvements that are required. Many items can influence the capital program expenditures, including escalation in market price, the introduction of new technology and availability of consultant and contractor resources.

3. Economic development. The City's economic climate can have significant impact on the financial plan. The addition or deletion of a major customer could effect a change in rates due to the consumption and sales revenue associated with large volume users.

4. New legislation. Environmental and public health concerns are driving more stringent standards in the water and wastewater industry. The Environment Act Licenses for the three water pollution control centers have required huge increases in capital and operating costs. The further introduction of new legislation could cause increased rates through the operating and capital costs associated with compliance. It is expected that an environmental license will be issued for combined sewer overflow mitigation in the near future

The funds target to maintain a minimum combined working capital position of 11% of combined water and sewer sales on an annual basis. The purpose of the working capital reserve is to provide medium-term stability and the ability to absorb losses in any given year when consumption falls short of anticipated levels and/or unforeseen emergency funds are required. The working capital reserve is comprised of current assets (cash and accounts receivable) net of current liabilities (current accounts payable), cash or near cash items that can readily absorb unexpected fluctuations. It is prudent to have a larger shock absorber under conditions where change is significant, costs are rapidly increasing and consumption sales remain flat, due to increasing costs and continuing conservation programs.

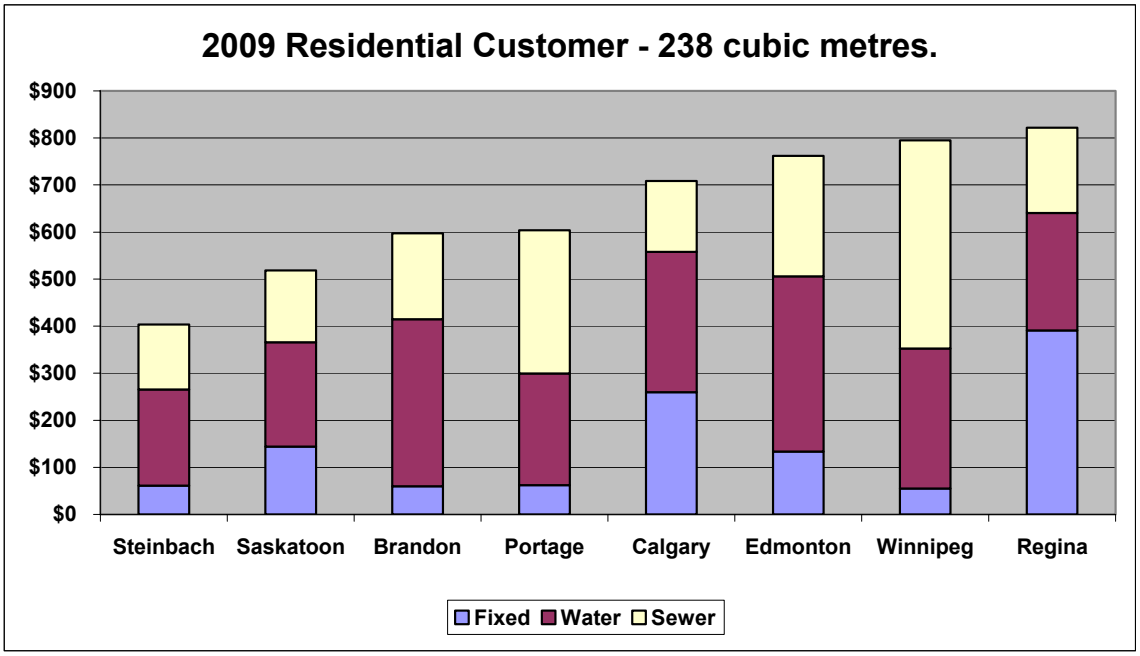
The Water and Sewer Funds adhere to a set of operating principles that can be found in Appendix E. Appendix F illustrates the impact of the rate strategy on various sample customers.

Competitiveness

Winnipeg's combined water and sewer rate, although high, remains competitive to other cities of similar size. Rates have increased across cites surveyed. The following tables illustrate costs for residential customers (Block 1 rates, consumption of 238 cubic metres), commercial customers (Block 1 and 2 rates, consumption of 1,586 cubic metres) and large users (Block 1, 2 and 3 rates, consumption of 254,500 cubic metres) each in 2009 rates.

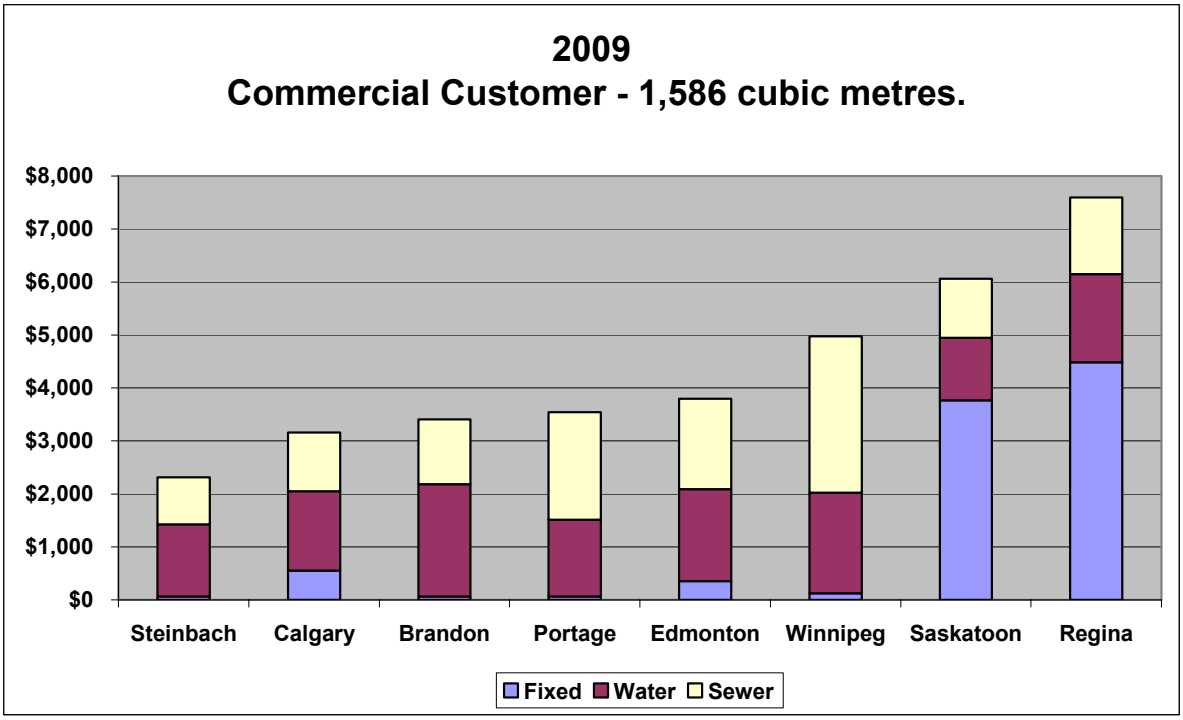
Residential Customers

	Winnipeg	Regina	Saskatoon	Calgary	Edmonton	PLAP	Brandon	Steinbach
Fixed	55.00	390.59	144.00	259.44	133.80	62.36	60.00	61.00
Water	297.33	249.75	221.64	298.28	371.66	237.02	354.41	204.56
Sewer	442.42	181.39	153.01	150.52	256.11	304.52	183.15	137.96
Total 2009	$794.75	$821.74	$518.65	$708.24	$761.56	$603.89	$597.57	$403.52
Total 2008	774.88	751.88	483.28	671.42	730.20	556.43	574.92	272.89
Variance	$19.87	$69.86	$35.37	$36.82	$31.36	$47.46	$ 22.65	$ 130.63
Percent	2.6%	9.3%	7.3%	5.5%	4.3%	8.5%	3.9%	47.9%



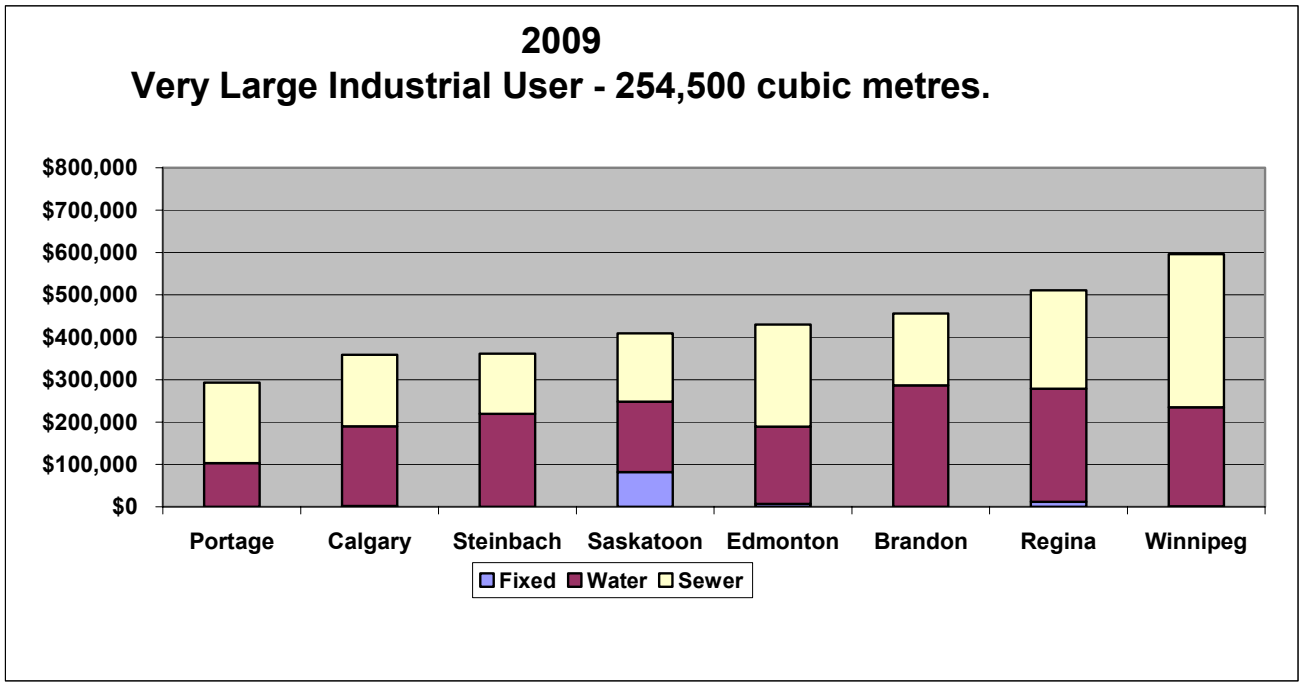
Commercial Customers

	Winnipeg	Regina	Saskatoon	Calgary	Edmonton	PLAP	Brandon	Steinbach
Fixed	127.20	4,482.69	3,768.00	553.92	351.12	62.36	60.00	61.00
Water	1,897.40	1,665.03	1,178.68	1,494.88	1,740.29	1,450.66	2,126.18	1,363.74
Sewer	2,949.39	1,445.25	1,113.88	1,108.59	1,707.37	2,030.10	1,221.02	888.02
Total 2009	$4,973.99	$7,592.97	$6,060.55	$3,157.39	$3,798.78	$3,543.12	$3,407.20	$2,312.76
Total 2008	4,841.92	7,074.04	5,374.15	2,937.43	3,633.13	3,254.04	3,270.48	1,535.95
Variance	$132.07	$518.93	$686.40	$219.96	$165.65	$289.08	$136.72	$776.80
Percent	2.7%	7.3%	12.8%	7.5%	4.6%	8.9%	4.2%	50.6%



Very Large Industrial Users

	Winnipeg	Regina	Saskatoon	Calgary	Edmonton	PLAP	Brandon	Steinbach
Fixed	1,142.80	11,644.78	81,720.00	2,183.88	7,060.32	62.36	60.00	61.00
Water	233,607.62	267,207.67	166,085.55	187,694.89	181,888.49	103,026.32	286,725.51	218,855.81
Sewer	361,327.61	231,936.26	161,515.25	168,518.97	241,228.75	189,769.19	169,279.11	142,510.76
Total 2009	$596,078.03	$510,788.70	$409,320.80	$358,397.74	$430,177.56	$292,857.87	$456,064.62	$361,427.56
Total 2008	579,040.70	466,959.03	394,017.70	389,312.61	409,136.34	263,534.66	421,030.93	238,518.59
Variance	$17,037.33	$43,829.67	$15,303.10	($30,914.87)	$21,041.22	$29,323.21	$35,033.69	$122,908.97
Percent	2.9%	9.4%	3.9%	-7.9%	5.1%	11.1%	8.3%	51.5%



COMMUNICATION:

The Water and Waste Department will communicate the water and sewer rates to customers as follows:

Strategy	Timeline
Briefing session for Water Billing Representatives	First week of December 2009
Ads in the business section of both daily newspapers	First week of December
Web site updated with new rates	First week of December 2009
Presentation on water and sewer rates at the annual Customer Seminar	January 26, 2010
Bill insert with water/sewer bills or message imprinted on each bill	January – March 2010

FINANCIAL IMPACT

The 2010 rates and financial plans for water and sewer funds are contained in Appendices B and C. These plans are reflected in the current and capital estimates and as such, a financial impact statement has not been prepared.

"Original signed by D. Capp. C.G.A."
Darlene Capp, C.G.A.
Acting Manager of Finance and Administration

CONSULTATION

In preparing this Report there was consultation with:

Internal Consultation With and Concurrence By:
Internal Services, Legal Services Division

SUBMITTED BY

Water and Waste Department
Finance and Administration Division
Prepared by: Darlene Capp CGA
Date: October 26, 2009
File No. 010-08-20-01-00
010-08-20-01-01

APPENDICES:

The following appendices are attached as additional information:

APPENDIX A	Water and Sewer Rates - Ten Year History
APPENDIX B	Waterworks System Fund - Ten year financial projection of revenue, expenditures and working capital based on the recommendations contained in this report
APPENDIX C	Sewage Disposal System Fund - Ten year financial projection of revenue, expenditures and working capital based on the recommendations contained in this report
APPENDIX D	Water Consumption Five Year Historical Summary 2003 - 2008
APPENDIX E	Water and Sewer - Principles of Operation
APPENDIX F	Impact of the Water and Sewer recommendations on sample customers January 1st, 2010
APPENDIX G	Water Works and Sewer System By-law Amendments

History of Water and Sewer Rates
2000 – 2009

History of Water and Sewer Utility Rates

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water Rates (per cu m)										
Block 1 (< 272 cu.m)	**$0.95**	**$0.97**	**$0.97**	**$0.97**	**$0.97**	**$0.97**	**$0.97**	**$1.11**	**$1.22**	**$1.25**
Block 2 (272 - 2720 cu.m)	**$0.78**	**$0.80**	**$0.80**	**$0.80**	**$0.80**	**$0.80**	**$0.80**	**$0.94**	**$1.05**	**$1.08**
Block 3 (> 2720 cu.m)	**$0.61**	**$0.63**	**$0.63**	**$0.63**	**$0.63**	**$0.63**	**$0.63**	**$0.77**	**$0.88**	**$0.91**
Sewer Rates (per cu m)										
Volume Rate	**$0.98**	**$0.96**	**$0.96**	**$0.96**	**$1.10**	**$1.20**	**$1.37**	**$1.57**	**$1.81**	**$1.86**
Total Water and Sewer Rate (Block 1)	**$1.94**	**$1.94**	**$1.94**	**$1.94**	**$2.07**	**$2.17**	**$2.34**	**$2.69**	**$3.03**	**$3.11**

WATERWORKS SYSTEM FUND
Financial Projection 2010-2019 ($000s)

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Waterworks System	2009 Budget	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue											
Sales Revenue	89,292	89,431	91,482	93,680	96,504	97,966	98,425	98,789	99,383	100,051	100,639
Non Rate Revenue	4,950	3,345	3,613	3,928	4,034	3,716	3,171	2,953	3,161	3,377	3,603
Total Revenue	**94,242**	**92,776**	**95,095**	**97,608**	**100,538**	**101,682**	**101,596**	**101,742**	**102,544**	**103,428**	**104,242**
Expenditures											
Operating	52,386	60,085	62,115	63,821	63,972	63,925	64,178	64,336	64,596	64,963	66,336
Fire Hydrant Maintaince Expense	0	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708
Debt Service	17,992	17,979	18,259	18,551	18,220	16,690	14,230	12,400	12,585	12,780	12,982
Transfer to Watermain Renewal Reserve	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,500	15,000
Total Expenditures	**80,378**	**92,272**	**95,082**	**97,580**	**97,900**	**96,823**	**95,116**	**93,944**	**94,889**	**95,951**	**98,026**
Surplus(Deficit) for the year	13,864	504	13	28	2,638	4,859	6,480	7,798	7,655	7,476	6,216
Opening Working Capital		50,362	31,533	21,476	10,978	3,551	512	2,386	5,940	8,595	11,072
Appropriated to Capital		(14,121)	(10,070)	(10,525)	(10,065)	(8,050)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Other Changes in Working Capital		(5,213)	0	0	0	151	393	756	0	0	0
Ending Working Capital		31,533	21,475	10,978	3,551	511	2,385	5,940	8,594	11,070	12,289
Working Capital as a % of Sales	**0%**	**35%**	**23%**	**12%**	**4%**	**1%**	**2%**	**6%**	**9%**	**11%**	**12%**
Water Rate Block 1 ($dollars)	**1.25**	**1.29**	**1.34**	**1.38**	**1.43**	**1.44**	**1.44**	**1.45**	**1.45**	**1.45**	**1.45**
Rate Change Block 1	**2.9%**	**2.9%**	**3.9%**	**3.0%**	**3.6%**	**0.7%**	**0.0%**	**0.7%**	**0.0%**	**0.0%**	**0.0%**
Long-Term Debt Summary											
New debt, Water Treatment Plant	**0**										
Debt outstanding, closing year end balance	**173,029**	**167,160**	**161,012**	**154,571**	**148,045**	**142,009**	**136,933**	**132,853**	**128,588**	**124,128**	**119,466**

SEWAGE DISPOSAL SYSTEM FUND
Financial Projection 2010-2019 ($000s)

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Sewage Disposal System	2009 Budget	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue											
Sales Revenue	118,081	123,741	124,904	127,145	129,300	134,211	138,906	143,665	148,943	154,410	159,802
Non Rate Revenue	7,661	7,088	7,452	7,869	5,976	4,475	5,177	5,068	5,431	5,811	6,217
Environmental Projects Reserve	11,483	11,993	14,714	17,710	20,685	21,266	21,288	21,294	21,352	21,445	21,559
Total Revenue	**137,225**	**142,822**	**147,070**	**152,724**	**155,961**	**159,952**	**165,371**	**170,027**	**175,726**	**181,666**	**187,578**
Expenditures											
Operating	60,076	60,820	63,041	63,640	66,913	75,251	82,256	89,071	96,126	98,427	99,782
Debt Service	15,311	13,678	16,008	22,221	23,837	23,553	27,974	27,819	28,138	28,830	30,029
Transfer to Environmental Projects Reserve	11,483	11,993	14,714	17,710	20,685	21,266	21,288	21,294	21,352	21,445	21,559
Land Drainage	13,821	13,441	13,300	13,293	13,426	13,560	13,696	13,833	13,971	14,111	14,252
Transfer to Sewer System Rehabilitation Reserve	9,000	9,000	9,000	9,000	9,000	9,000	10,000	10,000	11,000	11,000	12,000
Total Expenditures	**109,690**	**108,932**	**116,063**	**125,864**	**133,861**	**142,630**	**155,214**	**162,017**	**170,587**	**173,814**	**177,622**
Surplus(Deficit) for the year	27,535	33,890	31,007	26,860	22,100	17,322	10,157	8,010	5,139	7,852	9,956
Opening Working Capital		60,095	37,357	38,011	38,293	33,254	27,531	24,380	20,391	14,530	11,382
Appropriated to Capital		(56,884)	(30,337)	(25,475)	(25,650)	(24,400)	(13,000)	(12,000)	(11,000)	(11,000)	(11,000)
Other Changes in Working Capital		256	(16)	(1,102)	(1,489)	1,355	(308)	1	0	0	(175)
Ending Working Capital		37,357	38,011	38,293	33,254	27,531	24,380	20,391	14,530	11,382	10,163
Working Capital as a % of Sales		**30%**	**30%**	**30%**	**26%**	**21%**	**18%**	**14%**	**10%**	**7%**	**6%**
Sewer Rate	**$1.86**	**$1.91**	**$1.97**	**$2.04**	**$2.12**	**$2.19**	**$2.25**	**$2.32**	**$2.39**	**$2.46**	**$2.52**
Rate Change	**2.7%**	**2.8%**	**3.1%**	**3.6%**	**3.9%**	**3.3%**	**2.7%**	**3.1%**	**3.0%**	**2.9%**	**2.4%**
Long-Term Debt Summary											
New debt, Environmental Projects	**0**	**0**	**68,000**	**86,000**	**65,000**	**110,816**	**0**	**0**	**0**	**9,000**	**9,589**
Debt outstanding, closing year end balance	**34,929**	**28,282**	**89,359**	**166,029**	**166,029**	**322,348**	**310,841**	**299,551**	**287,893**	**286,850**	**281,718**

WATER CONSUMPTION HISTORICAL SUMMARY - 000s GALLONS
Consumption for volume sales (excludes standpipe)

	2003	2004	2005	2006	2007	2008
B-1 Sales	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**
October	933,722	795,325	748,041	973,440	887,918	852,328
November	724,901	619,909	636,342	691,216	694,145	658,639
December	817,935	751,683	818,248	836,972	832,624	737,324
January	837,821	852,006	889,805	804,628	839,640	832,502
February	630,317	651,738	697,814	637,864	661,839	658,009
March	759,140	785,707	792,068	765,669	775,371	766,196
April	830,781	808,006	808,199	785,771	785,117	819,195
May	677,894	632,943	639,414	654,924	674,490	601,100
June	858,112	872,663	823,206	779,361	799,518	703,359
July	943,887	853,732	882,399	869,352	762,184	796,896
August	777,798	725,259	732,120	817,499	656,461	688,678
September	869,904	828,967	792,439	959,712	835,216	884,007
Total	**9,662,212**	**9,177,938**	**9,260,095**	**9,576,408**	**9,204,523**	**8,998,233**
B-2 Sales	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**
October	388,686	295,871	251,095	381,990	362,909	338,170
November	318,955	331,895	329,023	329,107	353,499	361,665
December	280,674	198,561	283,404	252,855	245,111	227,446
January	360,932	328,743	345,648	306,923	310,440	301,744
February	315,362	313,277	361,954	311,953	350,170	364,756
March	230,457	279,872	251,733	265,571	232,972	229,723
April	316,622	311,378	302,882	279,681	254,507	310,072
May	306,117	324,550	312,426	326,436	349,714	307,683
June	258,537	256,964	240,420	232,292	241,865	222,093
July	313,258	272,493	306,199	318,292	299,424	275,734
August	396,572	364,001	379,852	384,013	329,461	356,498
September	322,785	333,051	325,285	243,354	250,541	264,408
Total	**3,808,957**	**3,610,656**	**3,689,921**	**3,632,467**	**3,580,613**	**3,559,992**
B-3 Sales	**02/03**	**03/04**	**04/05**	**05/06**	**06/07**	**07/08**
October	297,954	192,412	109,742	401,201	228,361	218,542
November	218,225	324,615	274,234	216,884	293,187	233,455
December	167,851	40,529	182,493	102,625	204,484	151,794
January	295,438	211,402	162,014	126,743	432,217	175,944
February	207,787	252,773	291,618	202,629	(10,030)	226,817
March	100,921	148,316	175,227	214,633	252,743	127,176
April	242,005	169,360	162,230	384,492	84,862	180,986
May	201,851	312,176	251,989	(625)	202,916	212,917
June	131,279	92,735	186,213	132,850	416,071	127,040
July	436,628	166,094	192,539	244,020	74,986	145,029
August	205,735	360,388	358,768	540,309	246,834	270,887
September	225,071	184,180	215,619	(189,501)	178,884	224,136
Total	**2,730,745**	**2,454,980**	**2,562,686**	**2,376,260**	**2,605,515**	**2,294,723**
TOTAL B1-B3	**16,201,914**	**15,243,574**	**15,512,702**	**15,585,135**	**15,390,651**	**14,852,948**

WATER AND SEWER
PRINCIPLES OF OPERATION

1. Self-Supporting Utilities. The Utilities do not receive subsidies from the mill rate.

2. Cost of Service Rates. Customers pay water and sewer rates, which represent the operating and capital costs of providing the services.

3. Debt Servicing. The Utilities' revenues are sufficient to service the Utilities' long-term debt.

4. Working Capital Reserves - Water and Sewer Utilities. The Water and Sewer Utilities maintain working capital reserves to protect the Utilities' financial position and prevent significant rate fluctuations that may otherwise result from a decline in consumption or major unforeseen expenditures. On an annual basis, the Utilities strive to maintain a minimum combined working capital position of 11% of the combined Water and Sewer sales.

5. Ten Year Financial Plan - Water and Sewer Utilities. Rates in the Water and Sewer Utilities are planned over a ten-year time frame to mitigate the effects of year over year fluctuations and to coincide with the longer term infrastructure development and renewal planning.

6. Infrastructure Renewal.
   The Watermain Renewal and Sewer System Rehabilitation Reserves were established to provide a consistent approach to financing infrastructure renewal. Maintaining the reserves ensures this approach continues. Reserve contributions by the Utilities are based on an asset management strategy developed by the Utilities and approved through the capital and operating budget processes.

7. Transfers to the General Revenue Fund. The Sewer Fund transfer funds to the General Revenue Fund in the form of support to the Land Drainage program which funds 100% of the costs of this program.

8. Capital Reserve Funds. The Utilities establish reserves to fund major capital projects. The pay-as-you-go capital program is more economical than traditional debt financing, which equates to lower rates for our customers. In addition, for specific and cost intensive projects, the Department has developed a strategy whereby a portion of the project is funded through reserves and a portion through debt financing. This strategy facilitates an equitable approach for short and long term funding support.

CUSTOMER IMPACT ANALYSIS
Annual Basis

O:\Fa\DCAPP\Rate Model W&S\2010\[2010RTS_02.xls]customer impact calculation

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential 5/8" meter											
238 cu.m. Water	1.25	1.29	1.34	1.38	1.43	1.43	1.44	1.45	1.45	1.45	1.45
Sewer	1.86	1.91	1.97	2.04	2.12	2.19	2.25	2.32	2.39	2.46	2.52
Total Volume Rate	**3.11**	**3.20**	**3.31**	**3.42**	**3.55**	**3.62**	**3.69**	**3.77**	**3.84**	**3.91**	**3.97**
Daily Basic Service Charge [(1)]	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**	**13.75**
	$795.38	$816.60	$842.78	$868.96	$899.90	$916.56	$933.22	$952.26	$968.92	$985.58	$999.86
Overall $ Change	20.50	21.22	26.18	26.18	30.94	16.65	16.67	19.04	16.66	16.66	14.28
Overall % Change	2.65%	2.67%	3.21%	3.11%	3.56%	1.85%	1.82%	2.04%	1.75%	1.72%	1.45%
Small Restaurant 1" meter											
1,586 cu.m. Water	1.08	1.12	1.17	1.22	1.26	1.26	1.27	1.28	1.28	1.28	1.28
Sewer	1.86	1.91	1.97	2.04	2.12	2.19	2.25	2.32	2.39	2.46	2.52
Total Volume Rate	**2.94**	**3.03**	**3.14**	**3.26**	**3.38**	**3.45**	**3.52**	**3.60**	**3.67**	**3.74**	**3.80**
Daily Basic Service Charge [(1)]	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**	**17.70**
	$4,921.45	$5,061.34	$5,235.80	$5,415.24	$5,616.44	$5,727.46	$5,838.48	$5,965.36	$6,076.38	$6,187.40	$6,282.56
Large Restaurant 3" meter											
17,730 cu.m. Water	0.91	0.95	1.00	1.05	1.09	1.09	1.10	1.11	1.11	1.11	1.11
Sewer	1.86	1.91	1.97	2.04	2.12	2.19	2.25	2.32	2.39	2.46	2.52
Total Volume Rate	**2.77**	**2.86**	**2.97**	**3.09**	**3.21**	**3.28**	**3.35**	**3.42**	**3.50**	**3.57**	**3.63**
Daily Basic Service Charge [(1)]	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**	**109.45**
	$51,619.95	$53,180.16	$55,130.46	$57,247.18	$59,385.66	$60,626.76	$61,867.86	$63,217.76	$64,527.36	$65,768.46	$66,832.26
Foundry 4" meter											
254,500 cu.m. Water	0.91	0.95	1.00	1.05	1.09	1.09	1.10	1.11	1.11	1.11	1.11
Sewer	1.86	1.91	1.97	2.04	2.12	2.19	2.25	2.32	2.39	2.46	2.52
Total Volume Rate	**2.77**	**2.86**	**2.97**	**3.09**	**3.21**	**3.28**	**3.35**	**3.42**	**3.50**	**3.57**	**3.63**
Daily Basic Service Charge [(1)]	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**	**139.25**
	$708,565.82	$730,461.56	$758,456.56	$788,985.68	$819,536.56	$837,351.56	$855,166.56	$873,090.36	$893,341.56	$911,156.56	$926,426.56

By-Law Amendments



2010 Rate Report
by-law amendment.d

THE CITY OF WINNIPEG

BY-LAW NO.

A By-law of THE CITY OF WINNIPEG to amend the Water Works By-law and the Sewer By-law.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

Water Works By-law amended

1(1) The Water Works By-law No. 504/73 is amended by this section.

1(2) Section 1 of Schedule A is repealed and the following is substituted:

Domestic $1.29 per cubic metre from 0 to 272 cubic metres per quarter

Intermediate $1.12 per cubic metre from 272.1 to 2,720 cubic metres per quarter

Industrial $0.95 per cubic metre over 2,720 cubic metres per quarter

Sewer By-law amended

2(1) The Sewer By-law No. 7070/97 is amended by this section.

2(2) Section 8 of Schedule A is repealed and the following is substituted:

8. Sewer Rate - Section 32

Per cubic metre $1.91

Coming into force

3 This By-law comes into force on January 1, 2010.

DONE AND PASSED, this day of , 2009.

_____
Mayor

_____
City Clerk

Approved as to content:

_____
Director of Water and Waste

Approved as to form:

_____
For Acting City Solicitor/Manager of Legal Services