Agenda - Executive Policy Committee – December 5, 2012

Report - Standing Policy Committee on Infrastructure Renewal and Public Works – November 26, 2012

Item No. 8 2013 Water and Sewer Rates

STANDING COMMITTEE RECOMMENDATION:

On November 26, 2012, 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 a three year increase to the water rate, based on the amount of water used in cubic metres (cm), is recommended effective January 1, 2013, 2014 and 2015 as follows:

Customer Groups	Approved Rate/cm 2012	**Recommended Rate/cm 2013**	**Recommended Rate/cm 2014**	**Recommended Rate/cm 2015**
Block 1 (0–272 cm/quarter)	$1.35	$1.39	$1.42	$1.45
Block 2 (272.1–2,720 cm/quarter)	$1.20	$1.25	$1.31	$1.38
Block 3 (over 2,720 cm/quarter)	$1.12	$1.25	$1.31	$1.38

2. That a three year increase to the sewer rate, based on the amount of water used in cubic metres (cm), including the amount allocated for the Environmental Projects Reserve (EPR), is recommended effective January 1, 2013, 2014, and 2015:

Uniform Group	Approved Rate/cm 2012	**Recommended Rate/cm 2013**	**Recommended Rate/cm 2014**	**Recommended Rate/cm 2015**
Rate (cm/quarter)	$2.10	$2.15	$2.21	$2.28
Allocated to EPR	$0.26	$0.26	$0.27	$0.28

Report - Standing Policy Committee on Infrastructure Renewal and Public Works – November 26, 2012

STANDING COMMITTEE RECOMMENDATION (continued):

3. That a three year increase in the daily basic charge rate is recommended for all meter sizes effective January 1, 2013, 2014 and 2015.

Meter Size (inches)	Approved Rate / day 2012	**Recommended Rate / day 2013**	**Recommended Rate / day 2014**	**Recommended Rate / day 2015**
5/8	$ 0.20	$ 0.25	$ 0.30	$ 0.35
3/4	$ 0.21	$ 0.26	$ 0.31	$ 0.36
1.0	$ 0.25	$ 0.30	$ 0.35	$ 0.40
1.5	$ 0.29	$ 0.34	$ 0.41	$ 0.48
2.0	$ 0.40	$ 0.47	$ 0.56	$ 0.64
3.0	$ 1.27	$ 1.44	$ 1.67	$ 1.86
4.0	$ 1.60	$ 1.79	$ 2.08	$ 2.31
6.0	$ 2.36	$ 2.62	$ 3.03	$ 3.36
8.0	$ 3.22	$ 3.57	$ 4.12	$ 4.56
10.0	$ 4.09	$ 4.52	$ 5.21	$ 5.76
private meter	$0.15	$0.20	$0.25	$0.30

4. That a three year increase per kilogram (kg) of overstrength compound Total Suspended Solids (TSS) effective January 1, 2013, 2014 and 2015.

Compound	Approved Rate / kg 2012	**Recommended Rate / kg 2013**	**Recommended Rate / kg 2014**	**Recommended Rate / kg 2015**
TSS	$0.80	$0.85	$0.91	$1.03

5. That a two year increase per kilogram (kg) for overstrength compounds Total Nitrogen (TN) and Total Phosphorus (TP) effective January 1, 2014 and 2015.

Compound		Approved Rate / kg 2013	**Recommended Rate / kg 2014**	**Recommended Rate / kg 2015**
TN		$1.00	$2.00	$3.00
TP		$2.00	$5.00	$8.00

6. That Council enact a By-law (Appendix J, Water Works By-Law Amendment) to implement these fee changes.

7. 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 – December 5, 2012

Report - Standing Policy Committee on Infrastructure Renewal and Public Works – November 26, 2012

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 26, 2012, 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: **2013 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
M. L. Geer, C.A. Manager Finance and Administration	D. P. Sacher, P. Eng. Director, Water and Waste Department	M Ruta	D Joshi COO

RECOMMENDATIONS

1. A three year increase to the water rate, based on the amount of water used in cubic metres (cm), is recommended effective January 1, 2013, 2014 and 2015 as follows:

Customer Groups	Approved Rate/cm 2012	Recommended Rate/cm 2013	Recommended Rate/cm 2014	Recommended Rate/cm 2015
Block 1 (0–272 cm/quarter)	$1.35	$1.39	$1.42	$1.45
Block 2 (272.1–2,720 cm/quarter)	$1.20	$1.25	$1.31	$1.38
Block 3 (over 2,720 cm/quarter)	$1.12	$1.25	$1.31	$1.38

2. A three year increase to the sewer rate, based on the amount of water used in cubic metres (cm), including the amount allocated for the Environmental Projects Reserve (EPR), is recommended effective January 1, 2013, 2014, and 2015:

Uniform Group	Approved Rate/cm 2012	Recommended Rate/cm 2013	Recommended Rate/cm 2014	Recommended Rate/cm 2015
Rate (cm/quarter)	$2.10	$2.15	$2.21	$2.28
Allocated to EPR	$0.26	$0.26	$0.27	$0.28

3. A three year increase in the daily basic charge rate is recommended for all meter sizes effective January 1, 2013, 2014 and 2015.

Meter Size (inches)	Approved Rate / day 2012	**Recommended Rate / day 2013**	**Recommended Rate / day 2014**	**Recommended Rate / day 2015**
5/8	$ 0.20	$ 0.25	$ 0.30	$ 0.35
3/4	$ 0.21	$ 0.26	$ 0.31	$ 0.36
1.0	$ 0.25	$ 0.30	$ 0.35	$ 0.40
1.5	$ 0.29	$ 0.34	$ 0.41	$ 0.48
2.0	$ 0.40	$ 0.47	$ 0.56	$ 0.64
3.0	$ 1.27	$ 1.44	$ 1.67	$ 1.86
4.0	$ 1.60	$ 1.79	$ 2.08	$ 2.31
6.0	$ 2.36	$ 2.62	$ 3.03	$ 3.36
8.0	$ 3.22	$ 3.57	$ 4.12	$ 4.56
10.0	$ 4.09	$ 4.52	$ 5.21	$ 5.76
private meter	$0.15	$0.20	$0.25	$0.30

4. A three year increase per kilogram (kg) of overstrength compound Total Suspended Solids (TSS) effective January 1, 2013, 2014 and 2015.

Compound	Approved Rate / kg 2012	**Recommended Rate / kg 2013**	**Recommended Rate / kg 2014**	**Recommended Rate / kg 2015**
TSS	$0.80	$0.85	$0.91	$1.03

5. A two year increase per kilogram (kg) for overstrength compounds Total Nitrogen (TN) and Total Phosphorus (TP) effective January 1, 2014 and 2015.

Compound		Approved Rate / kg 2013	**Recommended Rate / kg 2014**	**Recommended Rate / kg 2015**
TN		$1.00	$2.00	$3.00
TP		$2.00	$5.00	$8.00

6. Council enact a By-law (draft attached as Appendix J, Water Works By-Law Amendment) to implement these fee changes.

REASON FOR THE REPORT

Changes to the water, sewer, daily basic charge and overstrength rates require Council approval.

IMPLICATIONS OF THE RECOMMENDATIONS

The cost of Winnipeg's high quality water and sewer services remains very affordable at a third of a cent per litre (2013 recommended rates). In the short term, rates will increase to support the fixed maintenance costs and regulatory-driven capital investment. Longer term rates are forecast to increase by inflation.

The Department continues to move towards full cost recovery of the City's water, sewer and overstrength charges, including a uniform water rate.

EXECUTIVE SUMMARY

Recommended is a three year increase for water, sewer and daily basic charge effective January 1, 2013, 2014 and 2015 which applies to all customers.

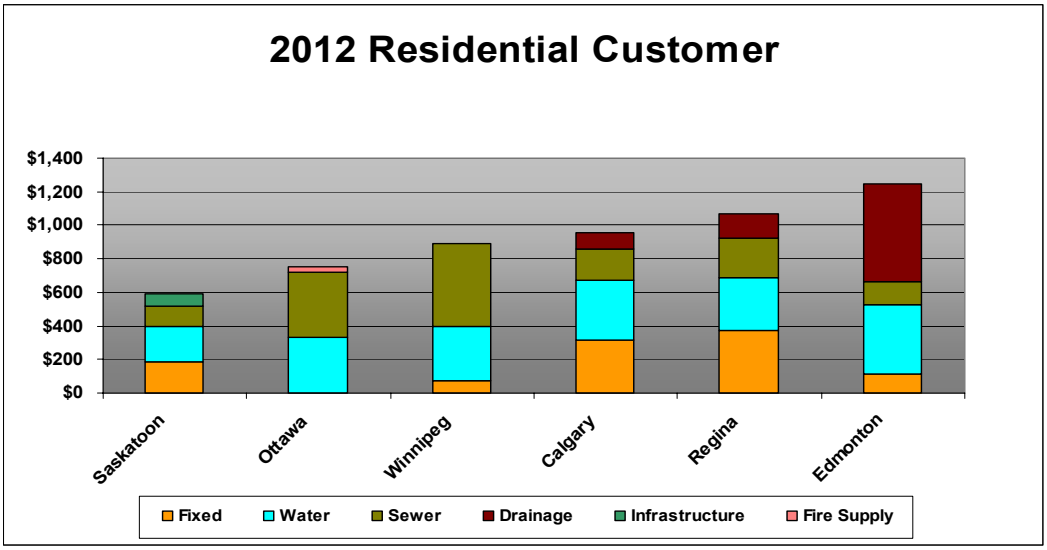
The recommended increases in overstrength charges only apply to business/industrial customers who discharge effluent above established limits and must pay for the cost of additional treatment. Recommended is a three year increase in total suspended solids rates effective January 1, 2013, 2014 and 2015. On March 21, 2012 Council approved the 2013 TN and TP rates, which come into effect January 1, 2013. Recommended is a two year increase for total phosphorus and total nitrogen rates, effective January 1, 2014 and 2015.

For a residential customer, recommended water and sewer rates result in a 4.3% impact each year 2013 to 2015. Winnipeg's projected increases are below many other Canadian cities of similar size.

Residential customer quarterly bill (240 cm per year family of 4)

	2012	2013	2014	2015
Water	$81.00	$83.40	$85.20	$87.00
Sewer	$126.00	$129.00	$132.60	$136.46
DBC	$18.25	$22.43	$27.23	$32.07
Total Quarterly Bill	**$225.25**	**$234.83**	**$245.03**	**$255.53**
Overall $ Change		$9.58	$10.20	$10.50
Overall % Change		4.3%	4.3%	4.3%

Winnipeg's water and sewer rates encompass funding for fire supply, land drainage and infrastructure while many other cities have separate rates on the utility bills for these services. Combining known components of water and sewer 2012 rates, Winnipeg's remains competitive to other cities of similar size.



Note: Residential customer, family of 4, 240 cubic metres per year.

The department undertook a comprehensive review of rate making procedures with a focus on improving methodology, process and reporting. The 2013 rate model is grounded on established practices and cost of service (COS) principles which equate what customers pay for and the benefit they receive. Practices include contributions and balances in reserves, debt limits, financial stability targets, capital cash flow spending, and dividends. An extensive benchmarking of other jurisdictions was also completed.

The three year increase of 4.3% each year recommended in the 2013 rate report is less than the 6%, 6% and 6.5% projected last year. Improvements to the 2013 rate model were accomplished by establishment of formal practices on capital reserve fund balances and deferral of the South and North End Sewage Treatment Plant upgrades as per provincial licensing.

The Public Service will report back on financial results or if there are substantial changes to any of the assumptions used in the three year rate projections.

HISTORY

Rate Making Process

The Department uses industry standard best practices to establish water and sewer rates. (Appendix A)

The rate making process is grounded in cost of service (COS) principles which supports prevailing methods of funding services, and provides a defensible correlation between what customers pay for and the benefit they receive.

The Department is recommending a three year rate approval, a process which is a common practice in Canada (Appendix B). Multi-year approval supports transparency and consistency for our customers, and financial stability for the utility. Bond rating agencies look more favourably upon utilities which have adopted multi-year plans as it demonstrates a commitment to the financial planning process.

What Drives Rates

The Department is committed to protecting public health, property and the environment by delivering high quality drinking water, and collecting and treating sewage in accordance with licensing agreements. The water and sewer utility is self supporting, and must plan to ensure uninterrupted customer service. Maintaining financial stability in order to provide essential services is the main driver of rate change.

Components of rate making include analysis of:

- Consumption
- Licensing requirements
- Operating costs including proposed capital expansion
- Capital asset management
- Debt and financing
- Transfer to reserves
- Dividend and other transfers
- Financial stability (working capital) targets
- Cost of service -- equity for customers

Consumption

Winnipeggers continue to embrace water conservation practices. Conservation can eliminate the need for costly expansion of existing infrastructure. Winnipeg's projected total residential trend usage reflects declining per capita consumption. This is consistent with cities surveyed across North America (Appendix B).

Winnipeg's population growth is expected to rise steadily over the next 10 years (StatsCan historical population figures and Conference Board, March 2012, extended City of Winnipeg).

Population growth, combined with anticipated development in the non-residential customer base, is expected to exceed the decline in per capita consumption. Forecasted future water consumption for rate making purposes is expected to increase, on average, at approximately 0.7% per year. (Appendix C)

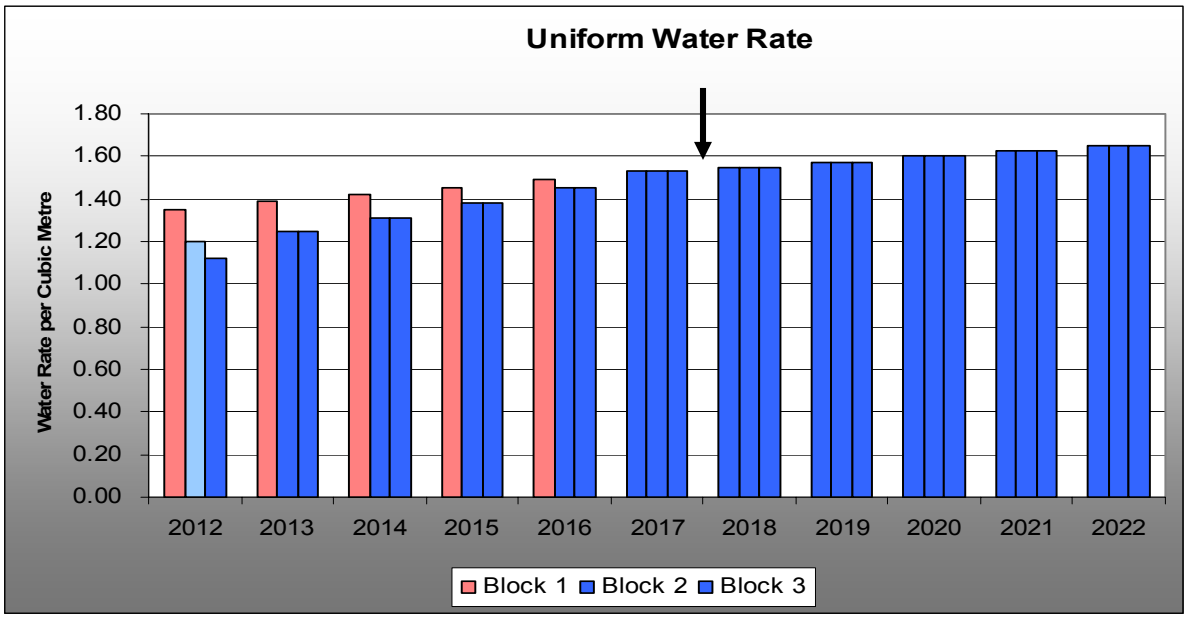
Water Rate

The water rates are increasing primarily due to inflation and increased investment in infrastructure renewal.

Recommended is a three year increase to the water rate, based on the amount of water used in cubic metres (cm), effective January 1, 2013, 2014 and 2015.

Customer Groups	Approved Rate/cm 2012	**Rate/cm 2013**	**Rate/cm 2014**	**Rate/cm 2015**
Block 1 (0–272 cm/quarter)	$1.35	$1.39	$1.42	$1.45
Block 2 (272.1–2,720 cm/quarter)	$1.20	$1.25	$1.31	$1.38
Block 3 (over 2,720 cm/quarter)	$1.12	$1.25	$1.31	$1.38

The Department is moving from a declining to a uniform water rate for all water customers. This change will be phased in over a multi-year period, targeting 2017 as the first year with a single rate.



Uniform water rates are more suitable from both a water conservation and cost of service standpoint, and are reflective of industry standard (Appendix B). The move to a uniform water rate is supported given the historical change in customers' consumption patterns. The trend across North America, including Winnipeg, is that water usage patterns are fairly consistent across customer types and there is no longer a basis to charge different rates based upon variations in peak demands.

The water rate funds: operating and maintenance costs such as salary, services, materials, parts and supplies; debt payments on borrowing for the water treatment plant; transfers for ongoing watermain renewal programs; cash to capital for planned capital projects funded by retained earnings; and the dividend.

A ten year cost requirement summary can be found in Appendix D.

Sewer Rate

The sewer rate is increasing primarily due to the $1.2 billion in sewage treatment improvements that have been mandated by the Province of Manitoba.

Recommended is a three year increase to the sewer rate, based on the amount of water used in cubic metres (cm).

Uniform Group	Approved Rate/cm 2012	**Rate 2013**	**Rate 2014**	**Rate 2015**
Rate	$2.10	$2.15	$2.21	$2.28

The sewer rate funds: operating and maintenance costs such as salary, services, materials, parts and supplies; debt payments on borrowing for past capital projects—new borrowing for provincially mandated capital projects is planned for 2016; transfers for ongoing sewermain renewal programs; environmental projects reserve contributions; cash to capital for planned capital projects funded by retained earnings; and the dividend.

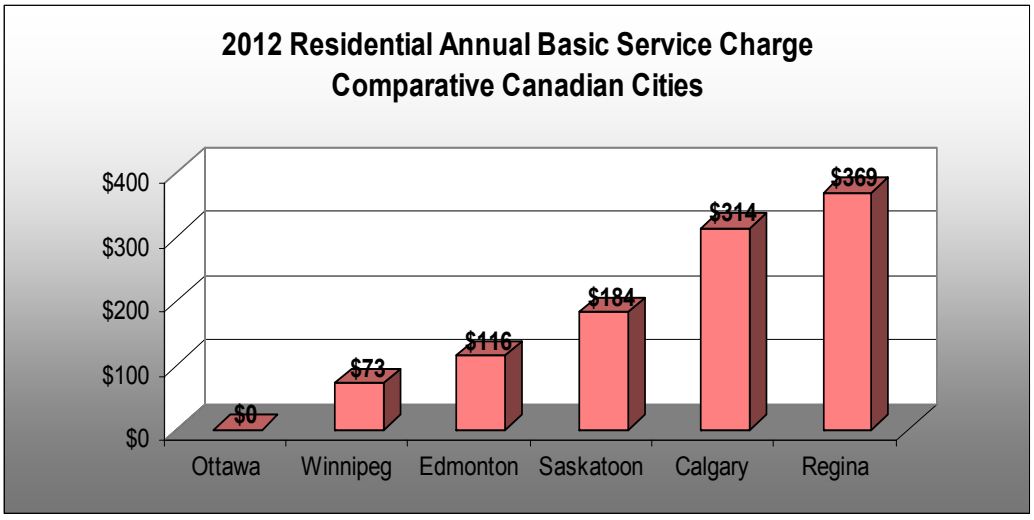
A ten year rate requirement summary can be found in Appendix E.

Daily Basic Service Charge (DBC)

Recommended is a three year increase in the daily basic service charge rate for all meter sizes effective January 1, 2013, 2014 and 2015.

The DBC is increasing as part of a multi-year strategy to phase in full cost recovery of this service. For a residential customer with a 5/8 inch meter, the increase would be $0.05 per day for 2013, 2014 and 2015, a projected annual cost of $89.72, $108.92 and $128.28 respectively.

Billed on a daily rate, this charge is based on meter size and covers fixed the cost of water meters (including maintenance and reading), Water Bill Inquiry (WBI) customer contact centre, and billing and production costs. Full cost of service will be reached over the ten year forecast.



Winnipeg has the second lowest annual cost for the basic service charge compared with Canadian cities of similar size.

Winnipeg's ten year projection is lower than the rates in some Canadian cities today.

Overstrength Sewage Rates

Recommended is an increase to the Total Suspended Solids (TSS), Total Nitrogen (TN) and Total Phosphorus (TP).

- a three year increase per kilogram (kg) of overstrength compound TSS effective January 1, 2013, 2014 and 2015
- a two year increase per kilogram (kg) for overstrength compounds TN and TP effective January 1, 2014 and 2015

	Approved			

Compound	Rate / kg 2012	Rate / kg 2013	Rate / kg 2014	Rate / kg 2015
TSS	Approved $0.80	$0.85	$0.91	$1.03
TN		Approved $1.00	$2.00	$3.00
TP		Approved $2.00	$5.00	$8.00

The provincially issued Environment Act Licenses for the sewage treatment plants stipulate effluent limits for TSS, nitrogen and phosphorus. On March 21, 2012 Council approved the 2013 TN and TP rates, which come into effect January 1, 2013.

Costs associated with TSS, TN and TP are currently being subsidized by the volume sewer rate. The recommended increase in rates is requested to move toward full cost of recovery for these services such that those customers who discharge overstrength effluent are paying for the additional costs to treat. Increases are being phased in over a multi-year period and approach cost of service in the year 2015. These costs will rise with the addition of full biological nutrient removal at the North and South End Sewage Treatment Plants.

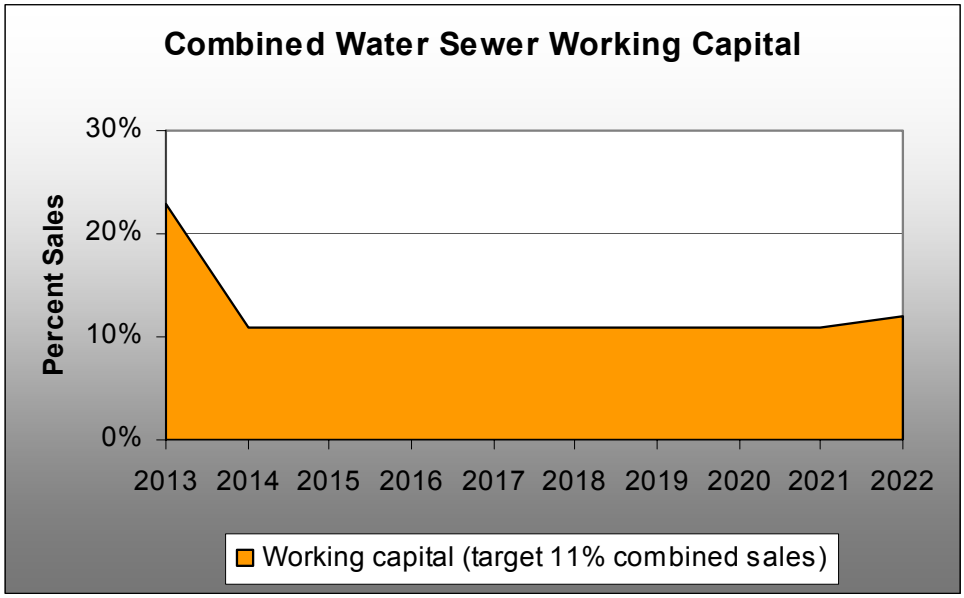
Working Capital

Working capital is comprised of current assets (cash and accounts receivable) net of current liabilities (current accounts payable); cash or near cash items that can respond quickly to unexpected fluctuations.

The working capital target is to provide medium term stability, ensure adequate liquidity to sustain operations, and absorb losses in any given year when consumption falls short of anticipated levels and/or unforeseen emergency funds are required.

The utilities strive to maintain a minimum working capital reserve target of 11% of the combined water and sewer sales or 60 days (17%) of combined operating and maintenance costs (O&M).

Working capital is a primary measure of liquidity that bond rating agencies consider when issuing credit ratings.



The minimum working capital target for Winnipeg is within normal for industry, albeit on the low end of the range. On average utilities with the highest credit ratings typically have higher working capital (Appendix B).

The water and sewer funds adhere to a set of operating principles that can be found in Appendix F.

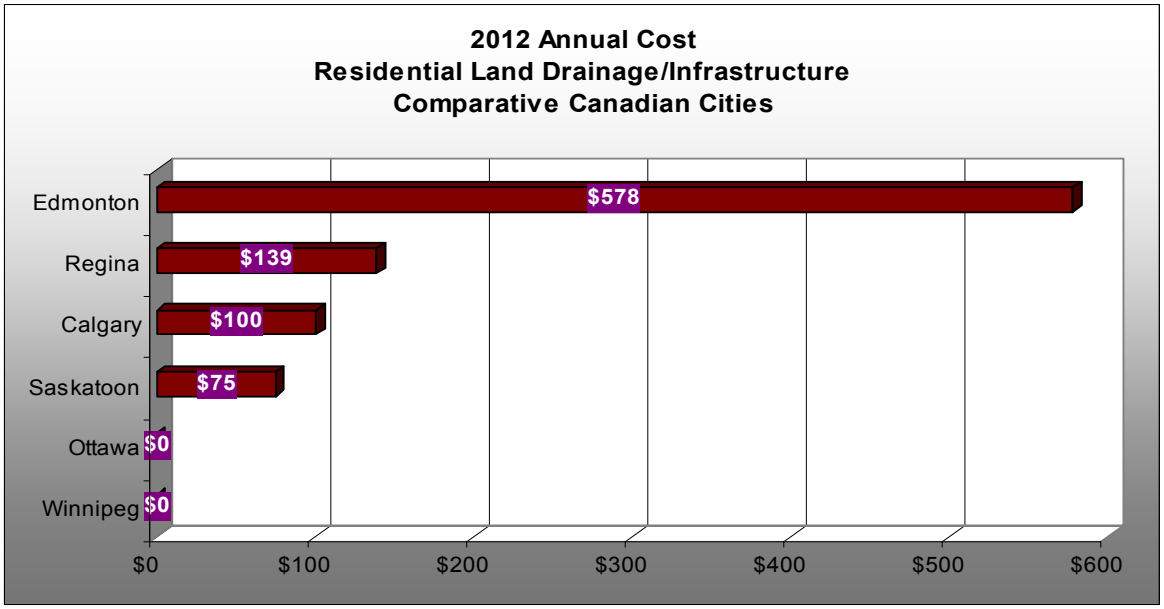
Land Drainage Rate

For 2013, the sewer rate will fund $23.6 million for land drainage and flood control, operating and capital costs ($15 million 2012). This is not consistent with industry trends (Appendix B) or cost of service principles.

Land drainage and flood control funding approaches can be assessed based on flat fee for all customers, often used in the early stages of introduction of a stormwater utility fee, or by more advanced methods that link land drainage services with factors such as land based measures, impervious area and topography.

Introduction of a land drainage (LD) fee will be the subject of a future report to be tabled with Council with recommended implementation in 2016. The proposed rate will be introduced using a multi-year plan and cost of service principles. Cost of service principles support land drainage charges based on factors related to the costs incurred for land drainage management. Land drainage fees based on the amount of water consumed is not reflective of the cost of those services nor the benefit the customer receives.

A separate charge for land drainage is common place in other cities surveyed across Canada.



Customer Impact

For a residential customer, recommended rate increases result in a 4.3% impact 2013 to 2015 (Appendix G).

	Quarterly Bill				
	cm	**2012**	**2013**	**$**	**%**
Residential	240	$225.25	$234.83	**$9.58**	**4.3%**
Small Business	1,600	$1,397.50	$1,440.80	**$43.30**	**3.1%**
Large Business	17,700	$14,622.25	$15,212.31	**$590.06**	**4.0%**

	Quarterly Bill				
	cm	**2013**	**2014**	**$**	**%**
Residential	240	$234.83	$245.03	**$10.20**	**4.3%**
Small Business	1,600	$1,440.80	$1,488.48	**$47.68**	**3.3%**
Large Business	17,700	$15,212.31	$15,755.95	**$543.64**	**3.6%**

	Quarterly Bill				
	cm	**2014**	**2015**	**$**	**%**
Residential	240	$245.03	$255.53	**$10.50**	**4.3%**
Small Business	1,600	$1,488.48	$1,540.78	**$52.30**	**3.5%**
Large Business	17,700	$15,755.95	$16,381.71	**$625.76**	**4.0%**

Cost of service methodology assesses cost to the associated service. Over time, the water and sewer rate, as a proportion of the total rate, will decrease. Introduction of a land drainage rate and full cost of service for the daily basic charge will see these cost component increase as a proportion to total.

Reserves

Environmental Projects Reserve (EPR)

The EPR supports the sewage treatment improvement program as directed by the Province and set forth in the Department's Asset Management Program. Capital projects consist of biological nutrient removal at the North and South End Sewage Treatment Plants, biosolids management and combined sewer overflow (CSO) control. The capital program integrates a sustainable funding strategy that utilizes a combination of debt, equity and funding from the provincial and federal governments. This strategy supports intergenerational ratepayer equity and helps to avoid sudden and significant rate increases.

Sewer Utility
Environmental Projects and Financing Schedule $000s

Year	Annual Capital	Project Financing				
	Expenditure	Volume Rate 1	Fed/Prov	Debt	Retained Earnings	Total
to 2006	44,337	90,944	-	-		90,944
2007	19,430	9,959	8,200	-		18,159
2008	21,789	8,514	3,866	-	3,028	15,408
2009	5,529	9,844	4,795	-		14,639
2010	13,592	12,181	1,904	-	8,415	22,500
2011	10,130	14,215	7,138	-	$2,918	24,271
2012	14,077	17,152	6,600	-	$4,700	28,452
2013	30,291	17,895	15,000	-	11,232	44,127
2014	61,573	18,194	63,500	-	10,940	92,634
2015	140,025	17,991	63,500	-		81,491
2016	183,266	18,548	81,497	11,369		111,414
2017	160,924	19,222		141,702		160,924
2018	166,610	20,139		146,471		166,610
2019	120,071	20,277		99,795		120,072
2020	43,896	20,433		23,463		43,896
2021	27,110	20,602		6,508		27,110
2022	24,110	20,784		3,326		24,110
2023	21,000	21,000		-		21,000
2024	21,000	21,000		-		21,000
2025	21,000	21,000		-		21,000
2026	21,000	21,000		-		21,000
2027	21,000	21,000		-		21,000
2028	21,000	21,000		-		21,000
2029	21,000	21,000		-		21,000
2030	21,000	21,000		-		21,000
2031	21,000	21,000		-		21,000
Total to 2022	1,086,760	356,893	256,000	432,634	41,233	1,086,760
Total to 2031	1,275,760	545,893	256,000	432,634	41,233	1,275,760

[1] Includes Interest

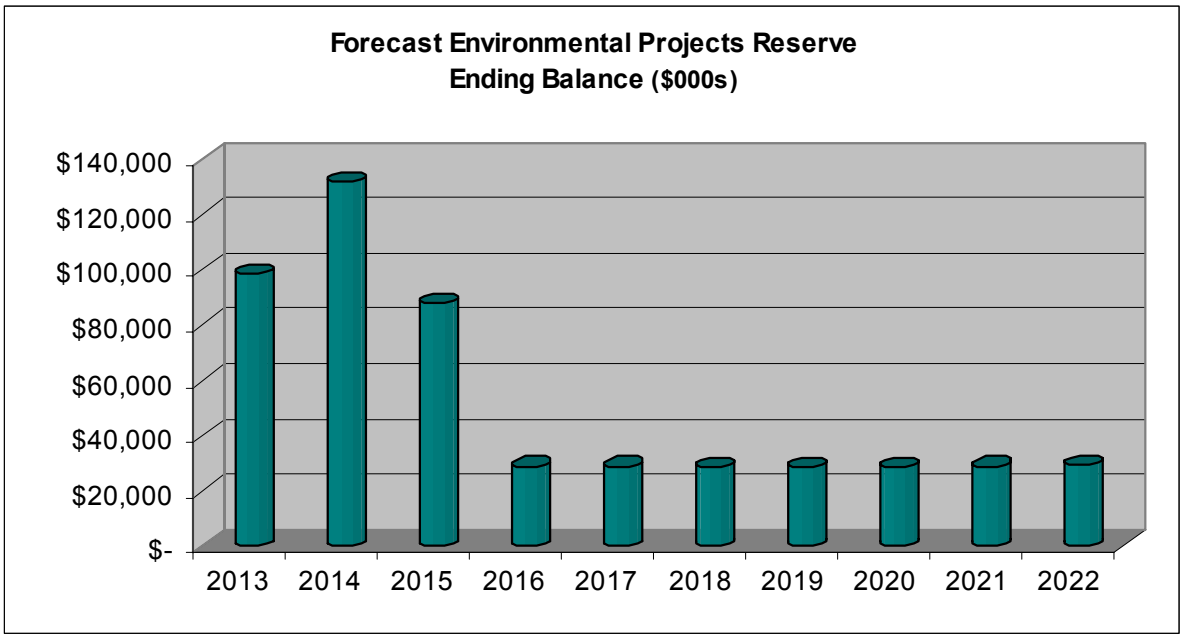
The ten year financing plan incorporates $50 million in federal-provincial funding as secured under a Canada Strategic Infrastructure Fund Agreement and $206 million from the Province as announced in the 2007 throne speech. Remaining funding is split approximately 50% debt and 50% equity supporting intergenerational equity. Any additional funding from other levels of government, as was recommended in the 2003 Clean Environment commission report, would mitigate the rate increases.

Timing of capital project implementation or changes to licensing requirements may impact reserve contributions. Contributions are forecasted to increase in order to comply with the City debt strategy as approved by Council on June 22, 2011.

Contributions to the EPR will approximate the portion of subsequent year's pay-as-you-go funding requirements. The maximum reserve balance will be no more than the total of the projected share of EPR projects over the upcoming five-year forecast period.

For future years, once plant upgrades are complete, rate contributions will match planned capital spending to meet ongoing program needs (CSO mitigation). At that time, the maximum ending balance in the EPR in any fiscal year will be approximately equal to the subsequent year's projected funding requirements. This will support the pay-as-you-go philosophy whereas ongoing infrastructure renewal capital projects are financed using cash to capital to the extent possible.

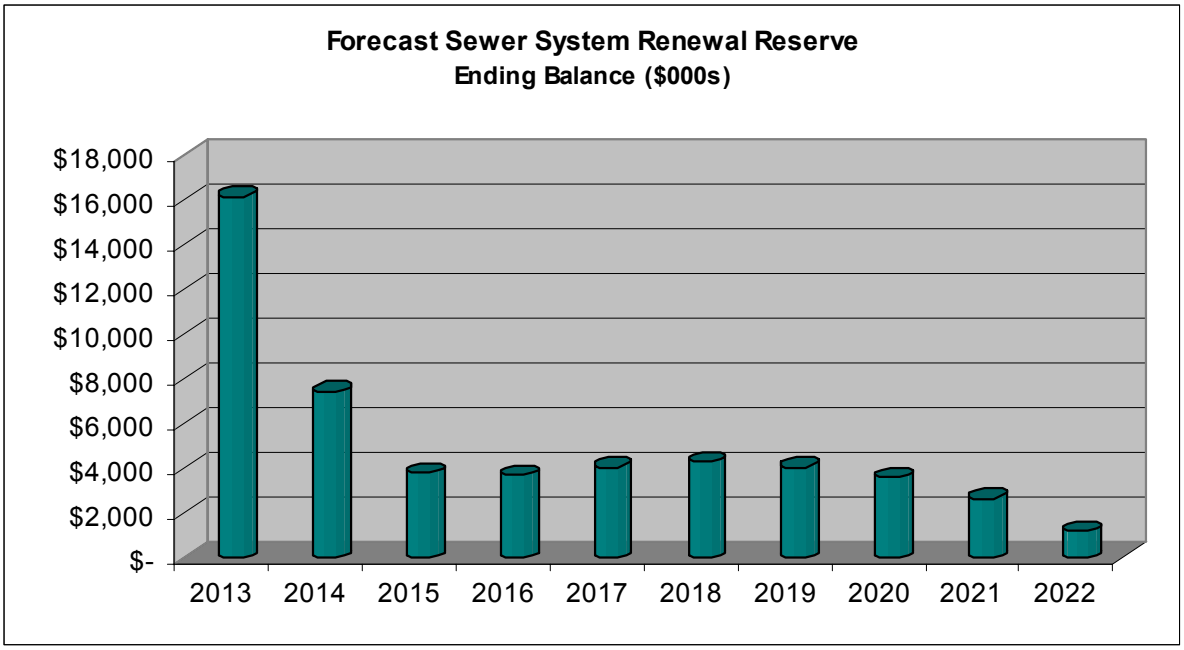
The Department will monitor reserve balances and adjust future contributions according to established reserve practices.



Sewer System Rehabilitation Reserve (SSRR)
The SSRR supports the sewer renewal and basement flood relief programs as set forth in the Department's Asset Management Program.

The ten year financial plan incorporates funding from sewer rates. Timing of capital project implementation may impact reserve contributions. Annual contributions to the SSRR will be approximately equal to the subsequent year's program funding requirements.

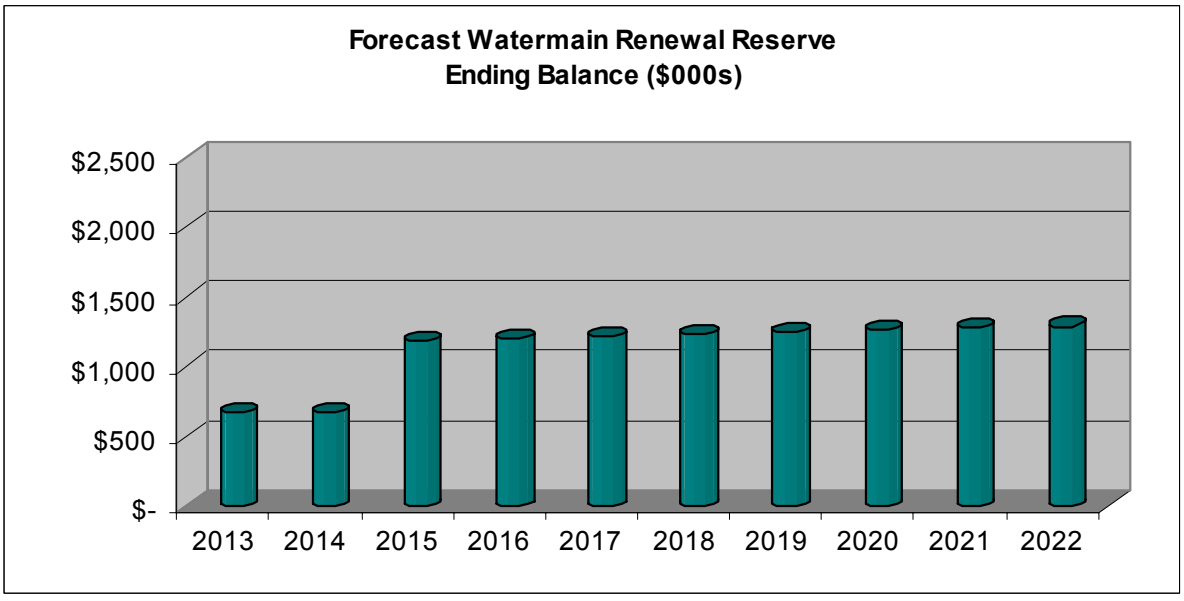
The maximum ending balance in the SSRR in any fiscal year will be approximately equal to the subsequent year's projected funding requirements. The Department will monitor reserve balances and adjust contributions according to established reserve practices.



Watermain Renewal Reserve (WRR)
The WRR supports the renewal of watermains as set forth in the Department's Asset Management Program.

The ten year financial plan incorporates funding from water rates. Timing of capital project implementation may impact reserve contributions. Annual contributions to the WRR will be approximately equal to the subsequent year's watermain renewal funding requirements.

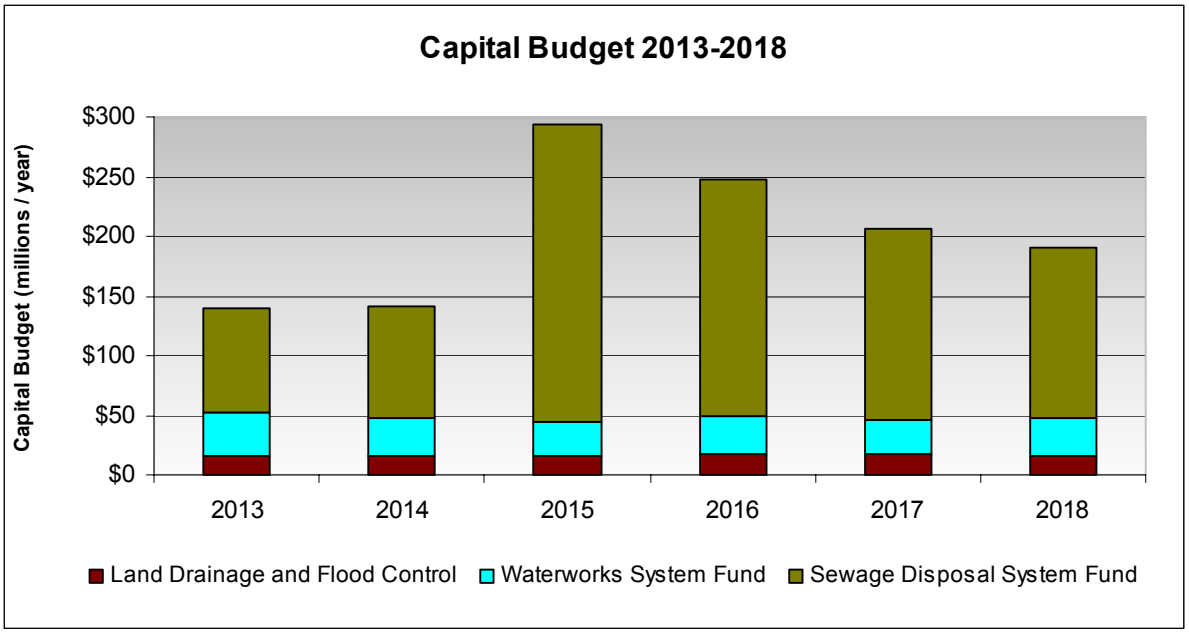
The maximum ending balance in the WRR in any fiscal year will be approximately equal to the subsequent year's projected funding requirements. The Department will monitor reserve balances and adjust contributions according to established reserve practices.



Capital

Capital improvement programs are funded through a combination of debt, reserves, cash to capital and other levels of government. Capital spending directly impacts the timing of rate increases and the ability for the utility to maintain financial stability targets.

The capital budget reflects increases required to meet planned water, sewer and land drainage projects. Changes to provincially mandated projects may affect funding requirements and rates. This year's rate projections include a $70 million dollar increase in the South End Sewage Treatment Plant Upgrade project to account for construction inflation that has accrued since inception of the capital estimate to 2012, which is when the South End Sewage Treatment Environment Act License was finalized and issued to the City of Winnipeg.



Dividends

Based on the recommended three year rate increases, the Department is expected to pay the following dividends:

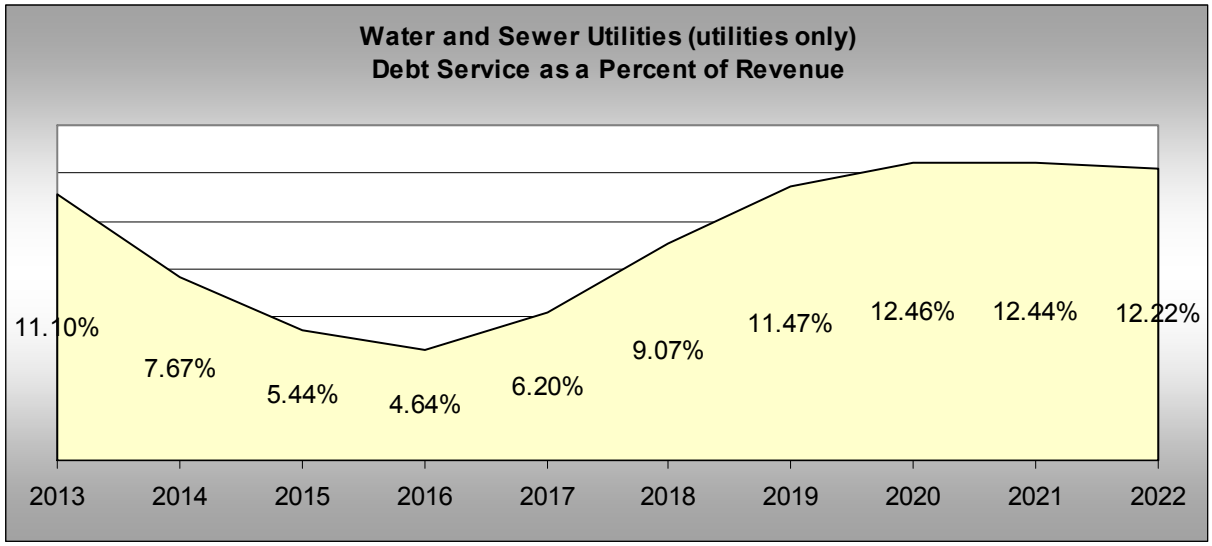
	Budget $000s	Proposed $000s		
	2012	**2013**	**2014**	**2015**
Water	$7,223	$7,764	$8,133	$8,503
Sewer	$10,708	$11,473	$11,964	$12,549
Total	$17,931	$19,237	$20,097	$21,052

A utility dividend policy was approved by City Council on March 22, 2011 requiring the utilities to pay to the City of Winnipeg an annual dividend of 8% of budgeted gross water and sewer sales revenue. City Council will review this policy every four years.

General utility dividend policies, where identified, are typical within cities surveyed in Canada. (Appendix B)

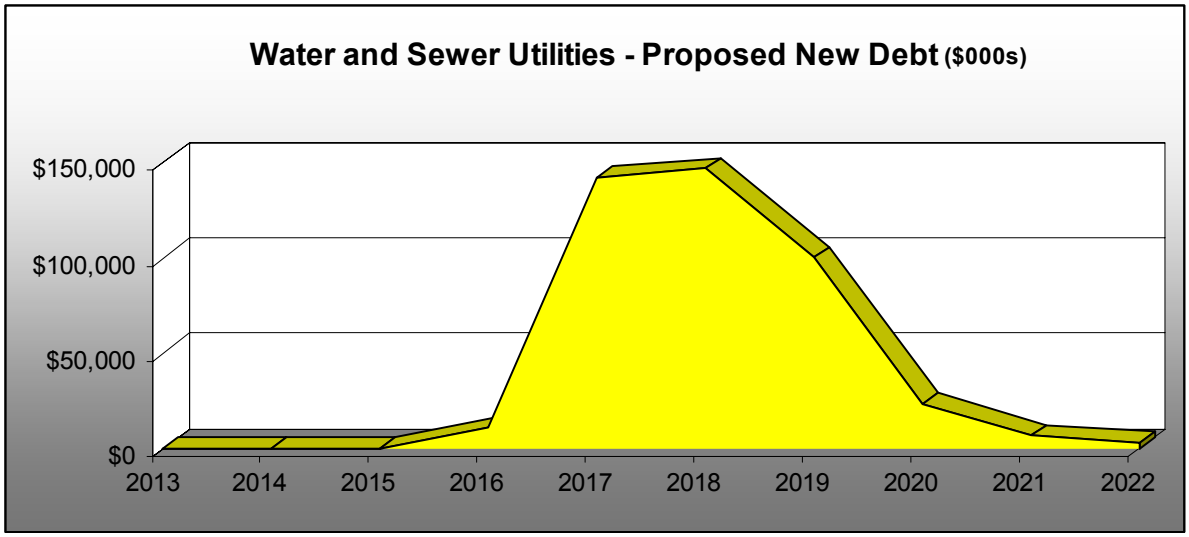
Debt

The Department adheres to the City Council approved Debt Strategy. The strategy includes measures of affordability for the self- supporting utilities and the City of Winnipeg overall. Debt servicing as a percent of revenue for the City overall is not to exceed 11%. The utilities debt servicing as a percent of revenue is not to exceed 20%. The following graph demonstrates that the department is within the affordability targets established by Council. (Appendix H)



The Department utilizes debt funding for capital projects. Through the capital budget process, a comprehensive funding plan is prepared which seeks to maximize the use of limited resources while minimizing the impact to ratepayers. Balancing debt and equity funding manages the impact on short term rate increases, supports intergenerational equity and is viewed favourably by the credit rating agencies.

New debt is planned to approximate 50% funding for the provincially legislated environmental capital projects.



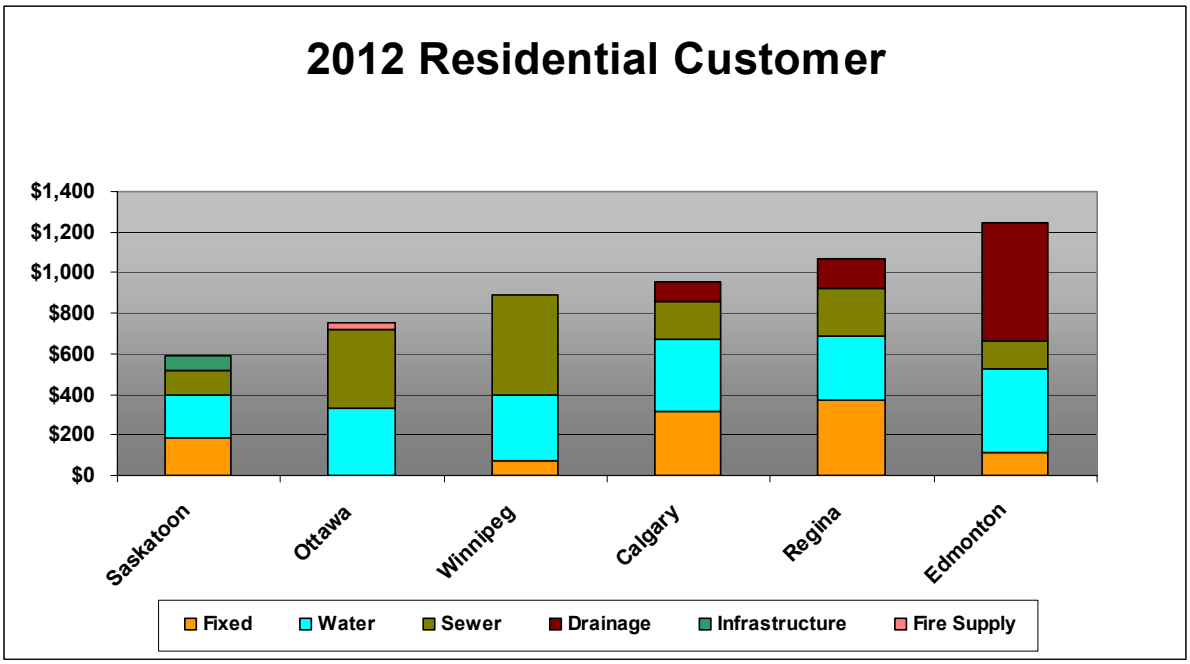
The ten year forecast maintains debt measures within City of Winnipeg policy. The Department maintains a debt to equity ratio that is sustainable and flexible, and is comparable with strategies employed by utilities with high credit ratings (Appendix B). The 2013 budget assumes 45% debt to 55% equity ratio.

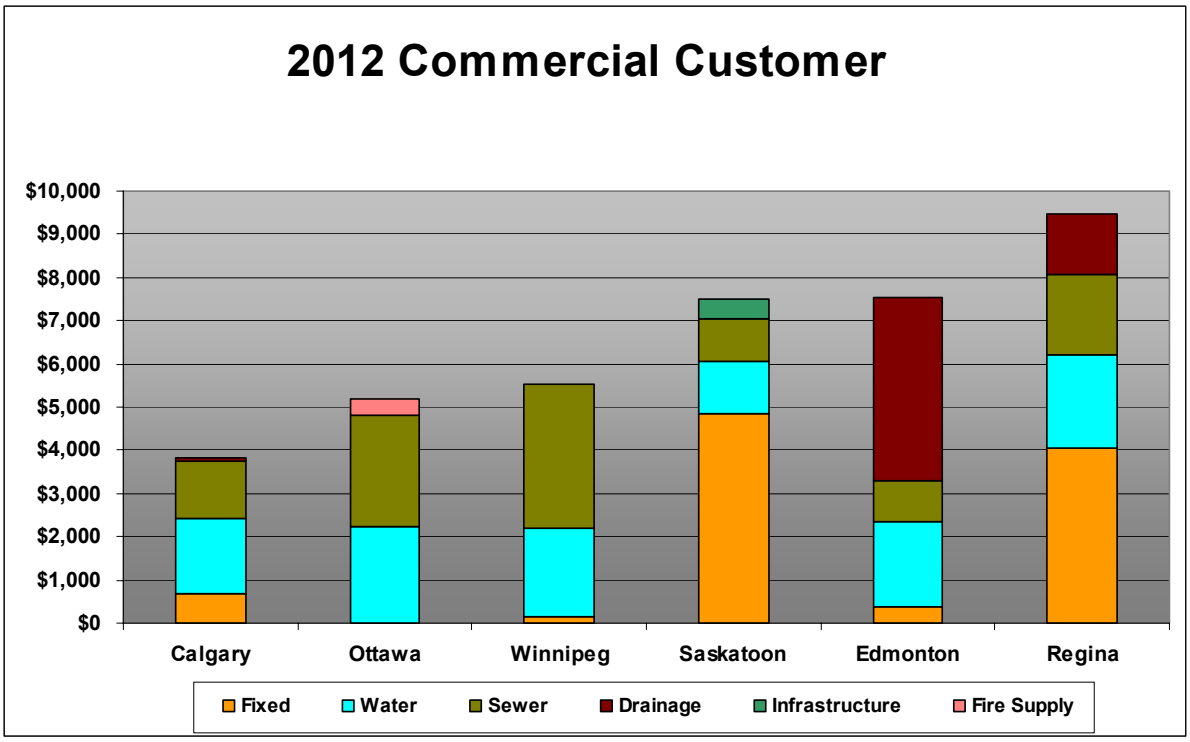
Competitiveness

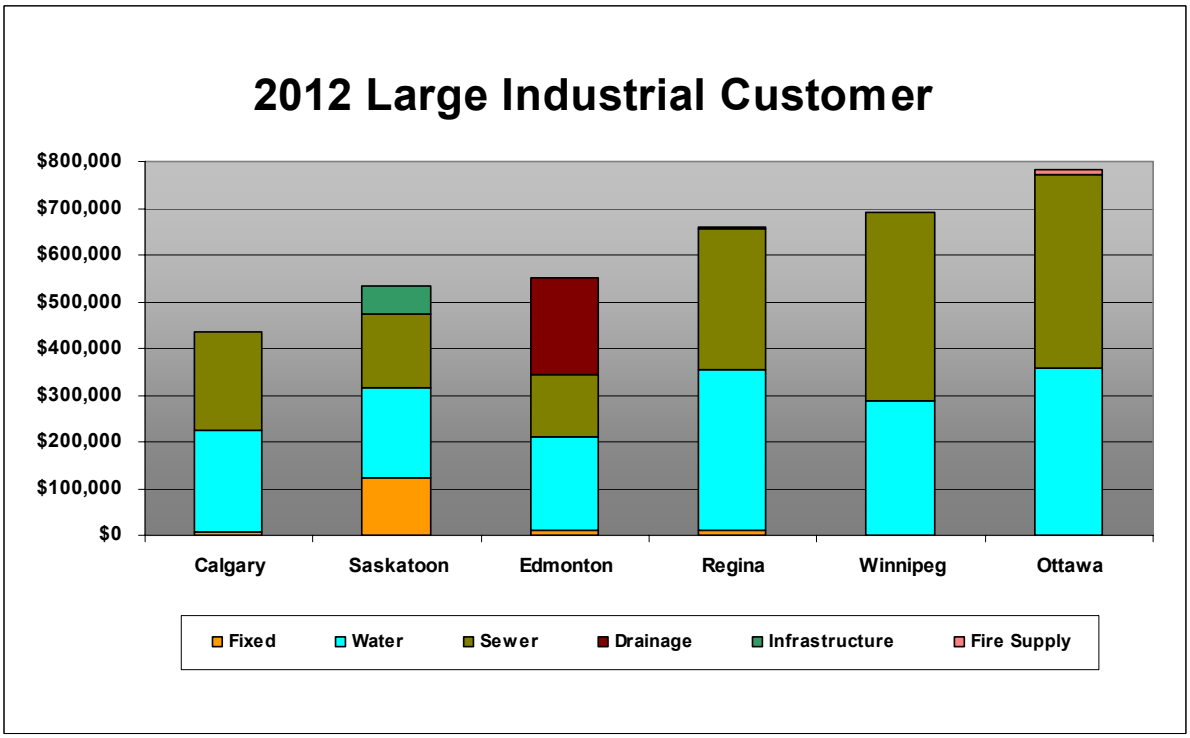
Winnipeg's combined water and sewer rate remains competitive to other cities of similar size. The trend of increasing rates is evident in all cities.

Increases are being driven by more stringent regulatory standards, capital expansion and declining consumption trends. Winnipeg's water and sewer rates encompass funding for all services including fire supply, land drainage and infrastructure. Many other cities have separate rates on the utility bills for these services. For a more accurate comparison, included are known fees and charges applied in other cities that are included in Winnipeg's water and sewer rates.

The following tables illustrate 2012 costs in cities of similar size for residential (240 cm), commercial (1,600 cm) and large (254,500 cm) customers. (Appendix I)




2012 Commercial Customer
$10,000
$9,000
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
Calgary
Ottawa
Winnipeg
Saskatoon
Edmonton
Regina
Fixed
Water
Sewer
Drainage
Infrastructure
Fire Supply


2012 Large Industrial Customer
$800,000
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
Calgary
Saskatoon
Edmonton
Regina
Winnipeg
Ottawa
Fixed
Water
Sewer
Drainage
Infrastructure
Fire Supply

Financial Projection Uncertainties

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

1. Consumption: Trends across North America, including Winnipeg, indicate a continued gradual decline of litres per capita per day (LCD) over the next 10 years as consumers continue to embrace water conservation. Rate model projections incorporate the continued trend of declining consumption combined with forecasted increase in population and growth in the non-residential sectors. If actual consumption is less than plan, this could cause a rate increase; conversely, actual consumption greater than plan could effect a rate decrease or mitigate future increases. (Appendix C)

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

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 sewage industry. The Environment Act Licences for the three sewage treatment plants have required large increases in capital and operating costs. Further introduction of new legislation could cause an increase in rates through the operating and capital costs associated with compliance.

Communication

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

Strategy	Timeline
Ads in the business section of both daily newspapers	December 2012
Website updated with new rates	December 2012
Message imprinted on each water/sewer bill	December 2012 to March 2013

The Water and Waste Department will communicate the overstrength rate increases to customers as follows:

Strategy	Timeline
Website updated with new rates	December 2012
Notices to business customers impacted by rate changes	December 2012 and ongoing

FINANCIAL IMPACT

Financial Impact Statement **Date:** October 31, 2012

Project Name: 2013-2015 WATER AND SEWER RATES

The 2013 rates and financial plans for water and sewer funds are contained in Appendices to this report. These plans are reflected in the current operating and capital estimates and as such, a financial impact statement has not been prepared.

There is no financial impact associated with the overstrength changes discussed in this report. Operating costs and total revenue will not be impacted. The source from which costs are recovered will change, but total cost recovery will not increase.

These proposed rate increases reflect the introduction of a cost of service recovery strategy with the goal of eliminating subsidies by classes of customers and service types.

"Original signed by M. L. Geer, C. A."
Moira Geer, CA
Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department

SUBMITTED BY

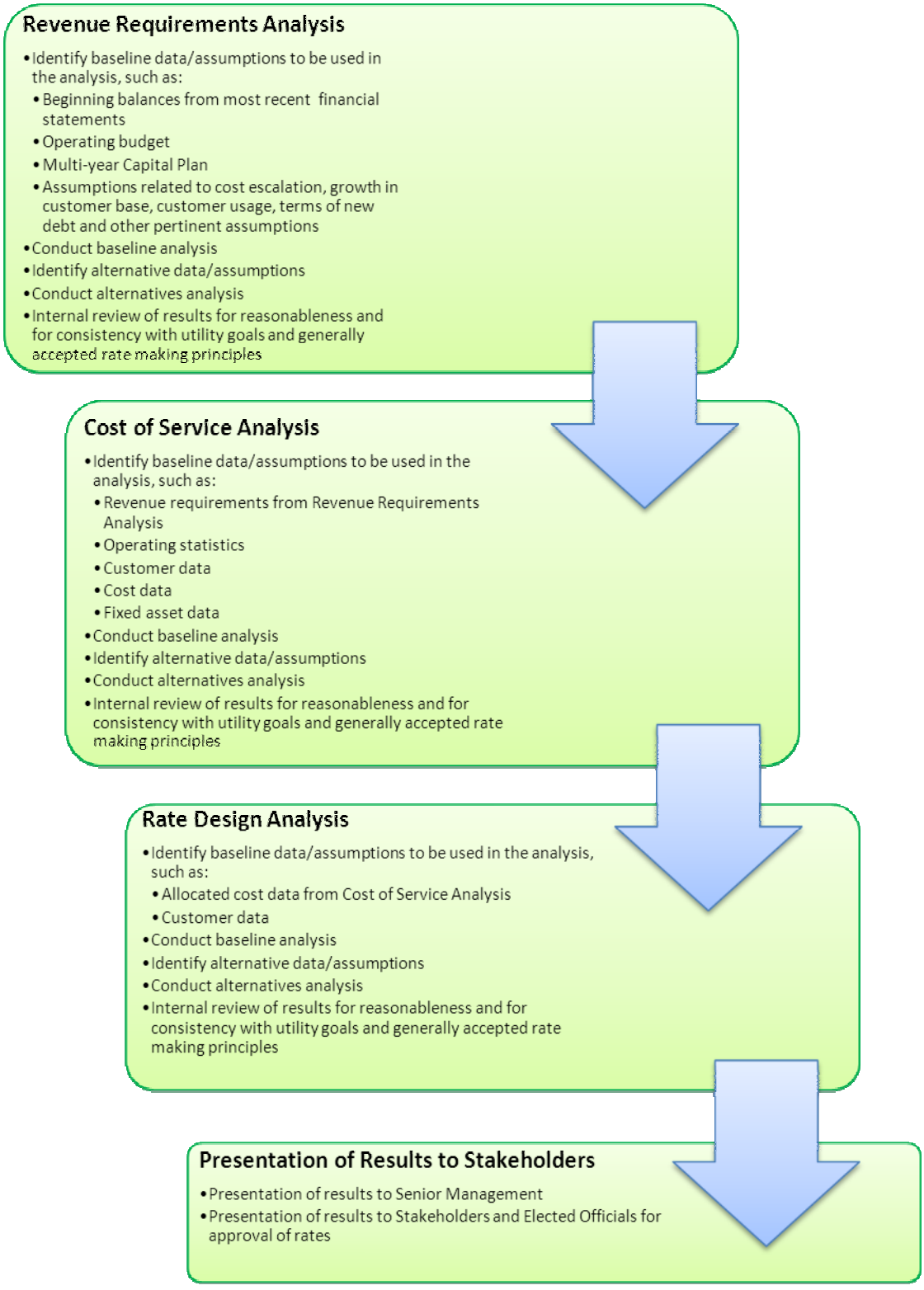
Water and Waste Department
Finance and Administration Division
Prepared by: Lucy Szkwarek, CGA
Date: November 9, 2012
File No. 010-07-20-01-00
010-07-20-02-00

Appendices

The following appendices are attached as additional information:

APPENDIX A	Industry Standard Utility Rate Making Process
APPENDIX B	Benchmarking
APPENDIX C	Consumption
APPENDIX D	Water Works System Fund Financial Projections
APPENDIX E	Sewage Disposal System Fund Financial Projections
APPENDIX F	Water and Sewer Utility Principles of Operation
APPENDIX G	Customer Impact Total Bill
APPENDIX H	Debt
APPENDIX I	Cross Juristdictional Rate Survey 2012 Rates—Annual Costs
APPENDIX J	Water Works By-Law Amendment

APPENDIX A
INDUSTRY STANDARD UTILITY RATE MAKING PROCESS



APPENDIX B
BENCHMARKING

	Winnipeg	Calgary	Edmonton	Regina	Saskatoon	Ottawa
Water rate structure	Declining moving to uniform	Uniform residential Declining non-residential	Inclining residential Declining non-residential	Uniform	Inclining	Uniform
Trend billed water	Decreasing	Decreasing	Decreasing	Decreasing	Level	Decreasing
Basis of rate making	Cash	Hybrid	Utility	Cash	Cash	Cash
Depreciation included in rates	No	Yes	Yes	No	Information unavailable	Information unavailable
Formal debt policy	Yes	Yes	No	No	No	No
Capital reserves	Yes	No	Yes	Yes	Yes	No
Rate stabilization fund	No	No	Yes	No	Yes	No
Land drainage fee	No	Yes	Yes	Yes	Yes	No
Published formal rate setting procedure	Yes	Yes	No	No	No	No
Based on COS	Yes	Yes	Yes	Yes	Yes	Yes
Rate approval	Council	Council	Council	Council	Council	Council
Frequency approved	Annual	3 year	Annual	3 year	3 year 2012 was annual due to election	Annual
Dividends	Yes 8% budgeted revenue	Yes fixed amount approx. 10% of gross revenue	Yes dividend included in calculation of return on base rate	Yes 7.5% previous year's budgeted revenue (Franchise Fee)	No currently reviewing return on investment payment	Information unavailable
Transfer payments	Yes property and other taxes, interest rate, office rent	Yes 10% of Sales revenue in lieu of Property Tax	Information unavailable	Part of dividend	Yes 7.1% of revenue	Yes
Property tax payments	Part of transfer	Part of transfer	Information unavailable	Part of dividend	Yes 10% grants in lieu of taxes	Information unavailable

APPENDIX B
BENCHMARKING

In 2011, the following debt-limitation ratios were approved by Council
City of Winnipeg Approved Debt Policy

Debt Ratios	Tax supported and other funds	Self supporting utilities	Total City
Sustainability: - **Net debt as a percent of revenue not to exceed**	60%	220%	85%
Affordability: - **Debt servicing as a percent of revenue not to exceed**	10%	20%	11%
- **Debt per capita not to exceed**	$1,050	$950	$2,050

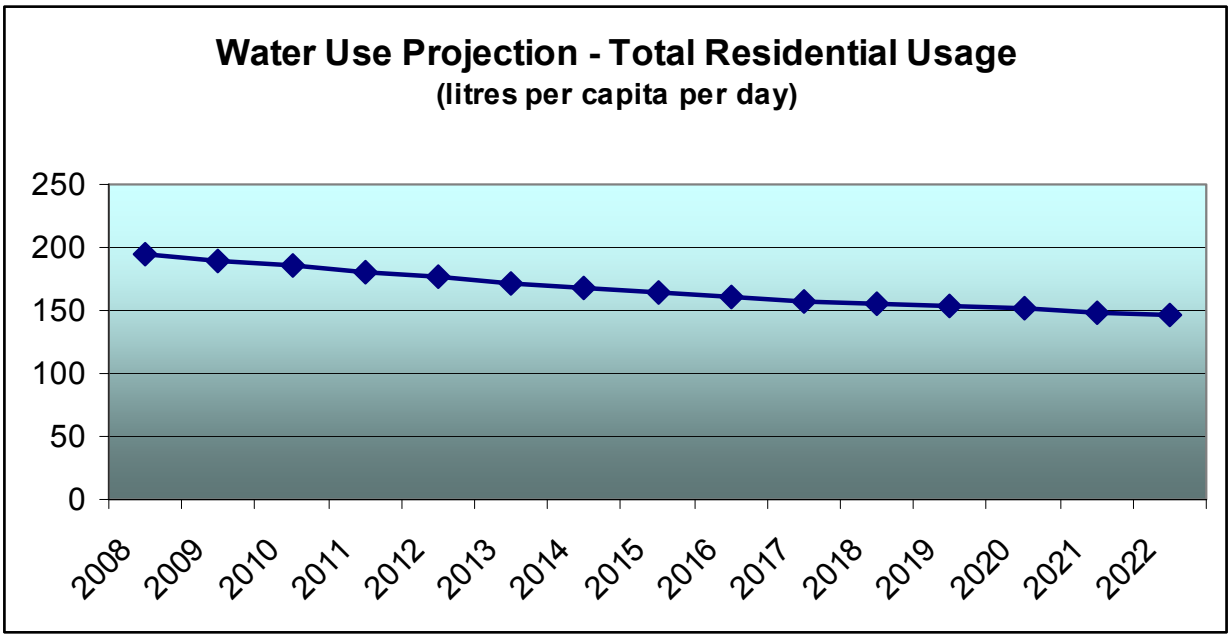
2012 Debt and Working Capital Benchmarking

Debt	Winnipeg	Calgary	Edmonton	Regina	Saskatoon	Ottawa
Formal debt policy	Yes	Yes	No	No	No	No
% of CIP to be funded with debt	44%	93%	76%	53%	Information unavailable	22%

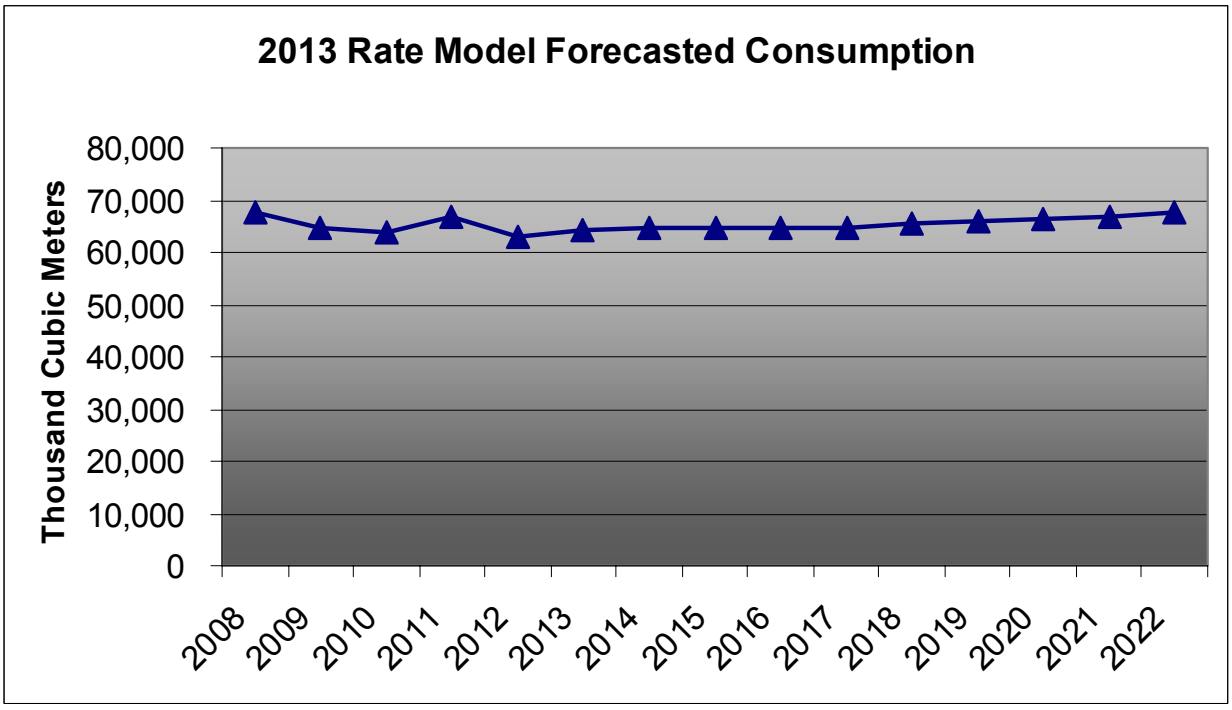
Criteria	Winnipeg 2012 projected	Winnipeg 2012 Target	Fitch AAA Rating	Fitch AA Rating	Moody's Aaa Rating	Moody's Aa2 Rating
Debt service as % of gross revenue	14%	20%	17%	17%	16%	19%
Debt per capita	$242	$950	$298	$533	Information unavailable	Information unavailable
% CIP debt financed	44%	44%	40%	50%	Information unavailable	Information unavailable
Working capital (days O&M)	60	60	434	341	220	345

APPENDIX C
Consumption

AECOM Regional Water Supply Conceptual Planning Study Update, Low Water Use Projection for the City of Winnipeg, February 2011



Historical Actual and 2013 Rate Model Forecasted Consumption



WATERWORKS SYSTEM FUND
Financial Projection 2013-2022 ($000s)

Waterworks System	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue										
Sales Revenue	97,054	101,663	106,288	111,452	116,959	121,640	124,066	127,489	131,127	134,395
Non Rate Revenue	5,052	4,688	4,147	3,866	4,087	4,306	4,534	4,773	5,022	5,279
Total Revenue	**102,106**	**106,352**	**110,435**	**115,318**	**121,046**	**125,946**	**128,600**	**132,262**	**136,149**	**139,673**
Expenditures and Appropriations to Capital										
Operating	62,092	63,389	63,567	65,226	66,929	68,679	70,475	72,321	74,216	76,163
Debt Service	18,861	17,613	14,990	12,849	13,030	13,219	13,417	13,629	13,851	14,082
Appropriations to Capital	32,625	28,625	29,125	27,014	27,014	33,250	32,250	32,250	32,500	34,500
Total Expenditures and Appropriations to Capital	**113,578**	**109,627**	**107,682**	**105,089**	**106,973**	**115,148**	**116,143**	**118,200**	**120,567**	**124,745**
Surplus(Deficit) before dividend	(11,472)	(3,276)	2,753	10,229	14,073	10,798	12,457	14,062	15,582	14,928
Opening Working Capital	37,616	18,379	6,970	1,220	2,533	7,249	8,316	10,848	14,711	19,803
Utility Dividend	(7,764)	(8,133)	(8,503)	(8,916)	(9,357)	(9,731)	(9,925)	(10,199)	(10,490)	(10,752)
Ending Working Capital	18,379	6,970	1,220	2,533	7,249	8,316	10,848	14,711	19,803	23,980
Water Rate Block 1 ($dollars)	**1.39**	**1.42**	**1.45**	**1.49**	**1.53**	**1.55**	**1.57**	**1.60**	**1.63**	**1.65**
% Change	2.7%	2.2%	2.1%	2.8%	2.7%	1.3%	1.3%	1.9%	1.9%	1.2%
Long-Term Debt Summary										
Debt outstanding closing balance	**147,819**	**141,599**	**136,335**	**132,063**	**127,601**	**122,941**	**118,074**	**112,990**	**107,681**	**102,135**

APPENDIX E
SEWAGE DISPOSAL SYSTEM FUND

SEWAGE DISPOSAL SYSTEM FUND

Financial Projection 2013-2022 ($000s)

Sewage Disposal System	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue										
Sales Revenue	143,417	149,557	156,863	160,843	165,520	173,948	179,939	185,883	191,942	198,823
Non Rate Revenue	9,233	7,902	8,279	8,889	9,199	9,667	9,984	10,375	10,785	11,203
Total Revenue	**152,650**	**157,458**	**165,142**	**169,731**	**174,719**	**183,615**	**189,923**	**196,258**	**202,726**	**210,026**
Expenditures and Appropriations to Capital										
Operating	95,523	93,465	96,560	94,732	101,660	91,516	100,620	102,911	105,254	107,244
Debt Service	9,415	2,627	5	374	5,304	14,871	23,108	27,297	28,312	28,642
Appropriations to Capital	67,098	73,806	61,268	60,148	60,022	59,339	55,477	55,633	56,502	57,884
Total Expenditures and Appropriations to Capital	**172,037**	**169,897**	**157,833**	**155,254**	**166,986**	**165,726**	**179,204**	**185,840**	**190,069**	**193,770**
Surplus(Deficit) before dividend	(19,387)	(12,439)	7,309	14,477	7,733	17,889	10,719	10,418	12,657	16,256
Opening Working Capital	63,411	32,551	8,147	2,907	4,517	(992)	2,982	(695)	(5,148)	(7,845)
Utility Dividend	(11,473)	(11,964)	(12,549)	(12,867)	(13,242)	(13,916)	(14,395)	(14,871)	(15,355)	(15,906)
Ending Working Capital	32,551	8,148	2,907	4,517	(991)	2,982	(695)	(5,147)	(7,846)	(7,495)
Sewer Rate $dollars	**$2.15**	**$2.21**	**$2.28**	**$2.29**	**$2.32**	**$2.38**	**$2.43**	**$2.48**	**$2.53**	**$2.59**
$ Change	2.4%	2.8%	3.2%	0.4%	1.3%	2.6%	2.1%	2.1%	2.0%	2.4%
Long-Term Debt Summary										
New debt Environmental Projects	**0**	**0**	**0**	**11,369**	**141,702**	**146,471**	**99,795**	**23,463**	**6,508**	**3,326**
Debt outstanding closing balance	**1,598**	**0**	**0**	**11,369**	**152,885**	**296,838**	**391,591**	**408,027**	**406,464**	**398,768**

APPENDIX F
WATER AND SEWER UTILITY PRINCIPLES OF OPERATION

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

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

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

2. Working Capital Reserves: 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 sales or 17% of combined Water and Sewer operating and Maintenance (O&M).

3. Ten Year Financial Plan: 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.

4. Infrastructure Renewal: The Water Main 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.

5. Transfers to the General Revenue Fund: The Water and Sewer Utilities 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.

9. Dividends: The Utilities pay an annual dividend to the City of Winnipeg General Revenue Fund as a return on investment. City Council will review this policy every four years.

APPENDIX G
CUSTOMER IMPACT TOTAL BILL

Estimated Annual Customer Bills

		Current	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential 5/8" meter												
240 m3/yr	Water	$324.00	$333.60	$340.80	$348.00	$357.60	$367.20	$372.00	$376.80	$384.00	$391.20	$396.00
	Sewer	$504.00	$516.00	$530.40	$545.84	$549.60	$556.80	$571.20	$583.20	$595.20	$607.20	$621.60
Total Volume Rate		$828.00	$849.60	$871.20	$893.84	$907.20	$924.00	$943.20	$960.00	$979.20	$998.40	$1,017.60
Daily Basic Service Charge [1]		$73.00	$89.72	$108.92	$128.28	$146.80	$166.40	$185.40	$197.00	$204.48	$212.28	$220.84
Land Drainage Rate		$0.00	$0.00	$0.00	$0.00	$21.28	$42.51	$64.40	$64.44	$64.47	$64.50	$64.53
Total Annual Bill		**$901.00**	**$939.32**	**$980.12**	**$1,022.12**	**$1,075.28**	**$1,132.91**	**$1,193.00**	**$1,221.44**	**$1,248.15**	**$1,275.18**	**$1,302.97**
Overall $ Change			$38.32	$40.80	$42.00	$53.16	$57.63	$60.09	$28.43	$26.71	$27.03	$27.79
Overall % Change			4.3%	4.3%	4.3%	5.2%	5.4%	5.3%	2.4%	2.2%	2.2%	2.2%
Commercial 2" meter												
1,600 m3/yr	Water	$2,083.20	$2,152.32	$2,215.68	$2,284.16	$2,363.52	$2,448.00	$2,480.00	$2,512.00	$2,560.00	$2,608.00	$2,640.00
	Sewer	$3,360.00	$3,440.00	$3,536.00	$3,648.00	$3,664.00	$3,712.00	$3,808.00	$3,888.00	$3,968.00	$4,048.00	$4,144.00
Total Volume Rate		$5,443.20	$5,592.32	$5,751.68	$5,932.16	$6,027.52	$6,160.00	$6,288.00	$6,400.00	$6,528.00	$6,656.00	$6,784.00
Daily Basic Service Charge [1]		$146.80	$170.89	$202.25	$230.96	$259.74	$289.52	$318.40	$333.34	$344.24	$355.54	$368.28
Land Drainage Rate	25,000	$0.00	$0.00	$0.00	$0.00	$213.88	$213.60	$215.73	$215.84	$215.95	$216.06	$216.17
Total Annual Bill		**$5,590.00**	**$5,763.21**	**$5,953.93**	**$6,163.12**	**$6,501.13**	**$6,663.12**	**$6,822.13**	**$6,949.19**	**$7,088.19**	**$7,227.60**	**$7,368.45**
			$173.21	$190.72	$209.19	$338.02	$161.98	$159.02	$127.05	$139.01	$139.40	$140.85
			3.1%	3.3%	3.5%	5.5%	2.5%	2.4%	1.9%	2.0%	2.0%	1.9%
Large Restaurant 3" meter												
17,700 m3/yr	Water	$20,857.60	$22,277.32	$23,306.68	$24,502.16	$25,708.52	$27,081.00	$27,435.00	$27,789.00	$28,320.00	$28,851.00	$29,205.00
	Sewer	$37,170.00	$38,055.00	$39,117.00	$40,356.00	$40,533.00	$41,064.00	$42,126.00	$43,011.00	$43,896.00	$44,781.00	$45,843.00
Total Volume Rate		$58,027.60	$60,332.32	$62,423.68	$64,858.16	$66,241.52	$68,145.00	$69,561.00	$70,800.00	$72,216.00	$73,632.00	$75,048.00
Daily Basic Service Charge		$461.40	$516.92	$600.12	$668.68	$741.20	$814.40	$885.40	$914.60	$940.08	$966.28	$996.84
Land Drainage Rate	38,600	$0.00	$0.00	$0.00	$0.00	$330.23	$329.79	$333.09	$333.26	$333.43	$333.59	$333.76
Total Annual Bill		**$58,489.00**	**$60,849.24**	**$63,023.80**	**$65,526.84**	**$67,312.95**	**$69,289.19**	**$70,779.49**	**$72,047.86**	**$73,489.51**	**$74,931.87**	**$76,378.60**
			$2,360.24	$2,174.56	$2,503.04	$1,786.11	$1,976.25	$1,490.30	$1,268.37	$1,441.65	$1,442.37	$1,446.73
			4.0%	3.6%	4.0%	2.7%	2.9%	2.2%	1.8%	2.0%	2.0%	1.9%
Food Processing 8" meter												
254,500 m3/yr	Water	$286,073.60	$318,277.32	$333,514.68	$351,286.16	$369,068.52	$389,385.00	$394,475.00	$399,565.00	$407,200.00	$414,835.00	$419,925.00
	Unadj Sewer	$534,450.00	$547,175.00	$562,445.00	$580,260.00	$582,805.00	$590,440.00	$605,710.00	$618,435.00	$631,160.00	$643,885.00	$659,155.00
	Lg Vol. Disc	-$130,335.00	-$134,152.50	-$138,733.50	-$144,078.00	-$144,841.50	-$147,132.00	-$151,713.00	-$155,530.50	-$159,348.00	-$163,165.50	-$167,746.50
	* Adj. Sewer	$404,115.00	$413,022.50	$423,711.50	$436,182.00	$437,963.50	$443,308.00	$453,997.00	$462,904.50	$471,812.00	$480,719.50	$491,408.50
Total Volume Charge		$690,188.60	$731,299.82	$757,226.18	$787,468.16	$807,032.02	$832,693.00	$848,472.00	$862,469.50	$879,012.00	$895,554.50	$911,333.50
Daily Basic Service Charge [1]		$1,160.52	$1,285.88	$1,484.28	$1,641.40	$1,811.12	$1,980.80	$2,145.40	$2,206.28	$2,264.16	$2,323.48	$2,393.64
Land Drainage Rate	150,000	$0.00	$0.00	$0.00	$0.00	$1,283.27	$1,281.58	$1,294.41	$1,295.06	$1,295.70	$1,296.35	$1,297.00
Total Annual Bill		$691,349.12	$732,585.70	$758,710.46	$789,109.56	$810,126.41	$835,955.38	$851,911.81	$865,970.84	$882,571.86	$899,174.33	$915,024.14
[1] Average cost per year			$41,236.58	$26,124.76	$30,399.10	$21,016.85	$25,828.97	$15,956.43	$14,059.03	$16,601.03	$16,602.47	$15,849.81
			6.0%	3.6%	4.0%	2.7%	3.2%	1.9%	1.7%	1.9%	1.9%	1.8%

* 30% Large Volume Sewer Discount, credit over $100,000, applies according to conditions in section 89 of Sewer By-Law 92/2010

APPENDIX H
Debt

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water											
Opening balance	161,142	154,525	147,819	141,599	136,335	132,063	127,601	122,941	118,074	112,990	107,681
Increase (decrease)	(6,617)	(6,706)	(6,220)	(5,264)	(4,272)	(4,462)	(4,660)	(4,867)	(5,084)	(5,309)	(5,546)
Closing balance	154,525	147,819	141,599	136,335	132,063	127,601	122,941	118,074	112,990	107,681	102,135
Sewer											
Opening balance	14,508	7,347	1,598	-	-	11,369	152,885	296,838	391,591	408,027	406,464
New debt	-	-	-	-	11,369	141,702	146,471	99,795	23,463	6,508	3,326
Increase (decrease)	(7,161)	(5,749)	(1,598)	-	-	(186)	(2,518)	(5,042)	(7,027)	(8,071)	(11,022)
Closing balance	7,347	1,598	-	-	11,369	152,885	296,838	391,591	408,027	406,464	398,768
Total outstanding debt	161,872	149,417	141,599	136,335	143,432	280,486	419,779	509,665	521,017	514,145	500,903

APPENDIX I
Cross Juristdictional Rate Survey 2012 Rates—Annual Costs

Residential 240 cm	Fixed	Water	Sewer	Drainage	Fire Supply	Infrastructure	total
Saskatoon	183.60	216.84	115.32	0.00	0.00	75.26	591.02
Ottawa	0.00	333.01	389.62	0.00	32.95	0.00	755.57
Winnipeg	73.00	321.11	499.51	0.00	0.00	0.00	893.62
Calgary	314.04	353.84	186.39	100.32	0.00	0.00	954.59
Regina	368.65	321.11	236.01	138.70	0.00	0.00	1,064.47
Edmonton	116.04	408.84	141.65	577.96	0.00	0.00	1,244.49

Commercial 1.600 cm	Fixed	Water	Sewer	Drainage	Fire Supply	Infrastructure	total
Calgary	663.36	1,773.18	1,300.31	100.32	0.00	0.00	3,837.17
Ottawa	0.00	2,223.20	2,601.14	0.00	366.10	0.00	5,190.44
Winnipeg	146.00	2,065.94	3,329.96	0.00	0.00	0.00	5,541.90
Saskatoon	4,852.80	1,197.93	983.99	0.00	0.00	477.79	7,512.50
Edmonton	393.36	1,945.99	944.31	4,262.03	0.00	0.00	7,545.70
Regina	4,055.15	2,140.75	1,880.37	1,387.00	0.00	0.00	9,463.28

Large Industrial 254,500 cm	Fixed	Water	Sewer	Drainage	Fire Supply	Infrastructure	total
Calgary	5,592.36	219,568.36	208,676.47	100.32	0.00	0.00	433,937.51
Saskatoon	124,231.68	192,231.93	157,901.59	0.00	0.00	57,367.92	531,733.12
Edmonton	9,006.36	200,754.54	133,416.55	208,804.71	0.00	0.00	551,982.15
Regina	10,690.85	343,552.72	301,766.53	4,438.40	0.00	0.00	660,448.50
Winnipeg	1,492.85	286,046.60	404,079.56	0.00	0.00	0.00	691,619.01
Ottawa	0.00	356,276.89	416,843.96	0.00	9,152.56	0.00	782,273.42

APPENDIX J
WATER WORKS BY-LAW AMENDMENT

THE CITY OF WINNIPEG

BY-LAW NO.

A By-law of THE CITY OF WINNIPEG to replace Schedule A of the Water Works By-law

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

Schedule A of Water Works By-law amended

1. Schedule A of the Water Works By-law No. 504/73 is replaced with the following:

SCHEDULE A

1(1) Subject to subsection (2), the following rates apply to delivered on January 1, 2012, 2014 and 2015 and thereafter.

Customer Groups	Rate/cm 2013	Rate/cm 2014	Rate/cm 2015
Domestic per cubic metre from 0 to 272 cubic metres per quarter	$1.39	$1.42	$1.45
Intermediate per cubic metre from 272.1 to 2,720 cubic metres per	$1.25	$1.31	$1.38
Industrial per cubic metre over 2,720 cubic metres per quarter	$1.25	$1.31	$1.38

1(2) If January 1, 2013, 2014 or 2015 occurs part-way through a billing period, the rates in effect prior to and after those dates are applicable on a pro-rated basis to the entire amount of water delivered.

2(1) The following Daily Basic Service Charges for City-owned meters apply after January 1, 2013, 2014 and 2015 (see clause 14(a)):

Metre Size (inches)	Rate / day 2013	Rate / day 2014	Rate / day 2015
5/8	$ 0.25	$ 0.30	$ 0.35
3/4	$ 0.26	$ 0.31	$ 0.36
1.0	$ 0.30	$ 0.35	$ 0.40
1.5	$ 0.34	$ 0.41	$ 0.48
2.0	$ 0.47	$ 0.56	$ 0.64
3.0	$ 1.44	$ 1.67	$ 1.86
4.0	$ 1.79	$ 2.08	$ 2.31
6.0	$ 2.62	$ 3.03	$ 3.36
8.0	$ 3.57	$ 4.12	$ 4.56
10.0	$ 4.52	$ 5.21	$ 5.76

2(2) The following Daily Basic Service Charges for privately-owned meters apply after January 1, 2013, 2014 and 2015 (see clause 14.1(a)):

Private Meter	Rate / day 2013	Rate / day 2014	Rate / day 2015
water and sewer	$ 0.20	$ 0.25	$ 0.30

Effective date

2. This By-law takes effect on January 1, 2013, 2014 and 2015.

DONE AND PASSED, this day of , 2012.

_____
Mayor

_____
City Clerk

Approved as to content:

_____
Director of Water and Waste

Approved as to form:

_____
For Director of Legal Services/City Solicitor