

EXAMPLE NO. IV

MUNICIPALITY WITH ALL SERVICES METERED, 2-STEP SCHEDULE, WITH NO LARGE CUSTOMERS, BUT SOME IN THE INTERMEDIATE RANGE.

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ABBREVIATIONS: C = Contingency Allowance; Dom. = Domestic Rate; G, followed by a number = Guideline Item; Incr. = Increment; M & O = Maintenance & Operation; M.G. = Thousand Gallons; Q = Quarter year; Ratio = Group Capacity Ratio; S = Sewer; W = Water; Wh. = Wholesale rate.

USE SPACES BELOW ( ) TO INSERT YOUR OWN DATA.

Data for preceding year should be projected for 2 years to allow for increases, e.g., estimate increases in costs, number of likely new customers, additional water sales, or decreases where likely.

CUSTOMERS:	W & S	430	( )	If any customers are located outside Municipality or L.I.D. limits, (see G.21) these are also to be included in the number of customers indicated here.
	W only	10	( )	
	S only	10	( )	
		<hr/>		
	Total	450	( )	

METERS:	Connected to system.	5/8 inch	427	( )
		3/4 "	20	( )
		1 "	3	( )
		1½ "	-	( )
		2 "	-	( )
		Total	<hr/> 450	( )

CAPITAL COST OF SYSTEM, ANNUAL DEBENTURE COST & CONTINGENCY ALLOWANCE:

	<u>Capital Cost</u>	<u>Contingency Allowance G.5.</u>
Water Production System	\$ 150,000 ( )	\$1,500 ( )
Water Distribution System	175,000 ( )	1,750 ( )
Sewer Collection & Disposal	<u>175,000</u> ( )	<u>1,750</u> ( )
Total	500,000 ( )	\$ 5,000 ( )

Annual Debenture cost - \$30,000 ( )

Recovered by:

Frontage charges -	\$10,000	( )
Tax on assessment -	20,000	( )
Rates	-	( )

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UTILITY CASH SURPLUS, accumulated to end of previous year \$ 7,000 ( ) G.6.

UTILITY RESERVE FUND, balance end of previous year \$14,000 ( )

WATER:	Produced or purchased	40,000 M.G.	( )
	Sold:		
	Intermediate step	10,000	( )
	Domestic step	27,000	( )
	Bulk Sales	350	( )
	*Sales through hydrants	<u>          -</u>	( )
	Total sales	<u>37,350</u>	( )
	Unaccounted for	2,650	( )
	Percentage of water		
	Produced or purchased	6.6%	( )

\*Note: Water used through hydrants for fire-fighting, building construction, etc., should be estimated and charged at the appropriate rate, usually the Domestic rate. Water unaccounted for includes water used for flushing sewers, which is a Utility expense.

ANNUAL WATER CONSUMPTION (PER QUARTER) NOTE: This data to be filed as additional information

- (a) No. of 5/8" meters and total consumption through all 5/8" meters.
- (b) Quarterly consumption data for each customer with a meter size larger than 5/8", listing in each case the customer description and meter size.

RATE CALCULATIONS:

Based on operating expenses and contingency allowances. G.9 If any debenture costs are to be recovered through rates, these should be included as an expense also. (See G.4). Hydrant rentals are charged to recover cost of maintaining and replacing hydrants, which are part of the W. Distribution system: these rentals should be deducted from W. Distribution costs in calculating rates, as shown below.

<u>Annual Costs</u>	<u>Calculation of rates</u>	<u>Rates Derived</u>
		<u>Per Quarter</u>
\$ 4,950 ( )	ADMINISTRATION COSTS: G.2.  $\frac{\text{Costs} - \$ 4,950 ( )}{\text{customers } 450 ( ) \text{ by } 4 \text{ Q.}}$ = <u>Customer Service Charge</u>	= \$2.75 ( )
\$26,500 ( )	WATER PRODUCTION COST, OR WATER PURCHASED:G 13 $\frac{\text{M \& O } \$25,000 ( ) + \text{C } \$1,500 ( )}{\text{Total W. sales } 37,350 \text{ M.G. ( )}}$	
\$18,750 ( )	WATER DISTRIBUTION COSTS: $\text{M \& O } \$17,000 ( ) + \text{C } \$1,750 ( )$ less hydrant rentals \$800 ( ) = \$17,950 ( )	

To derive Int. rate, or 2nd step:

Take W. Production cost	\$26,500	( )	,
Add 1/2 net W. Distr. Cost	8,975	( )	)
	<u>Total cost</u>	\$35,475	( )
	Total W. sales	37,350 M.G.	( )
	<u>= Intermediate W. rate</u>		= \$1.00 ( )

To derive Dom. Increment:

Take 1/2 net W. Dist. cost	\$8,975	( )
Total W. sales	37,350 M.G.	( )
less Sales, Int.	10,000 M.G.	( )
	<u>= Domestic W. Incr.</u>	
		= \$0.35 ( )

<u>Domestic W. rate</u> is Int. W. rate	\$1.00	( )
plus Dom. W. Incr.	\$0.35	( )
		= \$1.35 ( )

\$12,750

SEWAGE COLLECTION & DISPOSAL COSTS:

( )	<u>M &amp; O \$11,000</u>	( )	+ C \$1,750	( )
	Total sales	37,350 M.G.	( )	
	less Sales, W. cust. only	600 M.G.	( )	
	And less Bulk sales	350 M.G.	( )	
	<u>= Sewer rate for both steps</u>			= \$0.35 ( )

\$62,950  
( )

Total expenses for rate calculation, excluding debenture charges through taxes.

BULK SALES RATE: G 22.

M & O & C costs	\$62,950	( )	, plus
<u>debenture cost</u>	\$30,000	( )	
M & O & C costs	\$62,950	( )	
Multiplied by Dom. W. rate	\$1.35	( )	
	<u>= Bulk sales rate</u>		= \$2.00 ( )

SCHEDULE OF QUARTERLY RATES:

1. <u>Commodity Rates per M.G.</u>	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
First 20,000 ( ) gallons per quarter	\$1.35 ( )	\$0.35 ( )	\$1.70 ( )
Over 20,000 ( ) gallons per quarter	1.00 ( )	0.35 ( )	1.35 ( )

2. Minimum Charges Quarterly G. 8.

Notwithstanding the Commodity Rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

Meter Size	Group Capacity Ratio	Water Included, Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
<u>Water &amp; Sewer Customers</u>						
5/8"	1	3,000( )	\$2.75( )	\$4.05( )	\$1.05( )	\$ 7.85( )
3/4"	2	6,000( )	2.75( )	8.10( )	2.10( )	12.95( )
1"	4	12,000( )	2.75( )	16.20( )	4.20( )	23.15( )
1 1/2"	10	30,000( )	2.75( )	37.00( )	10.50( )	50.25( )
2"	25	75,000( )	2.75( )	82.00( )	26.25( )	111.00( )

Water only customers

Minimum Charge will be the same for each meter size as shown above, but Sewer Commodity Charge will be excluded.

3. Bulk Sales Rate G 22

See page 12 for method of calculation and insert the rate here.

4. Service to customers outside Municipality, or L.I.D., limits

The Council of the Municipality may sign agreements with customers for the provision of water & sewer services to properties located outside the legal boundaries of the Municipality. Such agreements shall provide for payment of the appropriate rates as set forth in paragraphs 1 and 2 of this schedule, as well as a surcharge, set by resolution of Council, which shall be equivalent to the frontage levy, and general and special taxes for Utility purposes in effect at the time, or as may be in effect from time to time, and would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections will be paid by the customer.

5. Reconnection Fee G. 25.

A customer who has had his service disconnected for any reason shall not be reconnected until all regulations have been complied with, and all arrears paid, as well as any penalties and a reconnection fee of \$5.00. (This fee is set by the Municipality to cover costs of connection and disconnection).

6. Billing and Penalties. See G. 23 & 24.

7. Hydrant Rentals. See G. 17.

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ESTIMATED ANNUAL REVENUES AND EXPENSES:

REVENUE:

Service Charges - 450 ( ) customers, @ \$2.75 ( ) by 4 Q. )		\$4,950 ( )
Commodity Charges:		
<u>W &amp; S:</u> Dom. Rate - 26,500 M.G. ( ), @ \$1.70 ( ) per M.G.		45,050 ( )
Int. Rate - 10,000 M.G. ( ), @ \$1.35 ( ) per M.G.		13,500 ( )
<u>W. only:</u> Dom. Rate - 500 M.G. ( ), @ \$1.35 ( ) per M.G.		675 ( )
<u>S. only:</u> Dom. Rate - 500 M.G. ( ), @ \$0.35 ( ) per M.G.		175 ( )
Bulk Sales: 350 M.G. ( ) @ \$2.00 per M.G.		700 ( )
Hydrant rentals: 20 ( ) @ \$40.00 per year ( )		<u>800</u> ( )
Total Revenue		\$65,850 ( )
Total Expenses - page 3		<u>62,950</u> ( )
Estimated Surplus		\$ 2,900 ( )

Note: Estimated revenue should exceed estimated expenses.