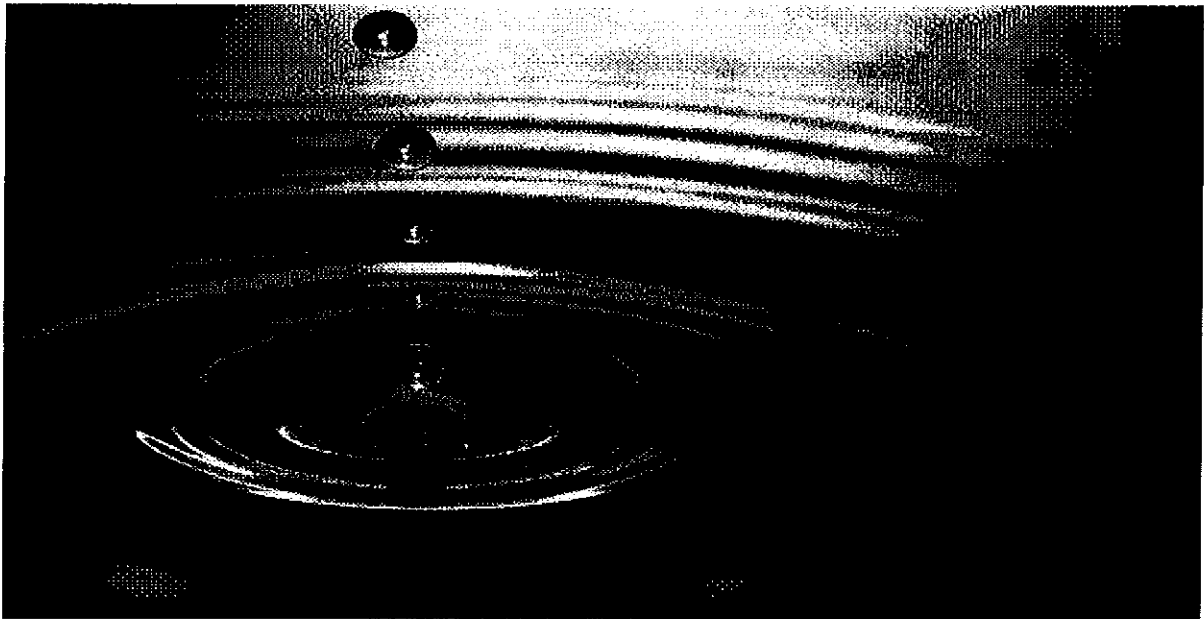




***Municipality of West Elgin
Drinking Water System Rate Report
June 17, 2011***



Sharratt Water Management Ltd.
Sustainable Water Management Specialists



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Executive Summary

The Municipality retained the services of Sharratt Water Management Ltd and the Ontario Clean Water Agency to provide a Financial Plan under Ontario Regulation 453/07 for the West Elgin Secondary Water System. The financial plan has been prepared as a three step process.

1. The Ontario Clean Water Agency has identified the future capital needs necessary to maintain the water system as well as their timing and costs.
2. Sharratt Water Management Ltd. has taken the above data and developed full cost rates for the system.
3. Financial Plan – This is based on components 1 and 2 and is set out in a separate report.

Two rate options are proposed for consideration:

Option 1 – Continuation of the Current Rate Structure

The current rate structure has a very high fixed component that everyone pays, including tenants who do not have a water meter. Those with meters also pay for the amount of water that passes through the meter based on a volumetric rate per cubic metre. The proposed rates for this option are shown in Table 1.

Table 1 West Elgin Water Rate Calculation - Option 1 Current Rate Structure in Inflated \$

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fixed Rate per Year | | | | | | | | | | |
| Meter Size (inches) | | | | | | | | | | |
| Flat Rate | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| 0.62 | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| 0.75 | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| 1 | 310 | 310 | 311 | 311 | 311 | 311 | 315 | 321 | 328 | 333 |
| 1.5 | 399 | 399 | 399 | 400 | 400 | 400 | 404 | 413 | 421 | 429 |
| 2 | 643 | 643 | 643 | 644 | 644 | 645 | 652 | 665 | 679 | 691 |
| 2.5 | 1,551 | 1,552 | 1,553 | 1,554 | 1,555 | 1,556 | 1,573 | 1,606 | 1,639 | 1,667 |
| 3 | 2,438 | 2,439 | 2,441 | 2,442 | 2,444 | 2,445 | 2,472 | 2,523 | 2,575 | 2,619 |
| 4 | 3,103 | 3,105 | 3,106 | 3,108 | 3,110 | 3,112 | 3,146 | 3,212 | 3,277 | 3,334 |
| 6 | 4,654 | 4,657 | 4,660 | 4,663 | 4,665 | 4,668 | 4,719 | 4,817 | 4,916 | 5,000 |
| Variable Cost per M3 | 1.34 | 1.35 | 1.35 | 1.36 | 1.37 | 1.38 | 1.40 | 1.44 | 1.47 | 1.51 |

The fixed part to be paid by those with normal and most common .62 inch meters, as well as tenants in buildings, will be \$222 in 2011 rising slightly to \$238 in 2020. The volumetric component of the rate paid by those with meters (excluding tenants) will be \$1.34 in 2011, rising to \$1.51 in 2020. This charge will apply to all water that passes through the meter. All costs are in inflated dollars. Surcharges will apply to those users on particular water lines.



Option 2 Water Conservation Rates

In this rate structure, more of the cost of providing water is placed on the variable component of the water bill, and less is recovered in the fixed portion. This allows users, particularly low volume users, to better control their water bill. If they use less, their water bill will be less by an almost equivalent amount. It also provides a lower charge for tenants. The fixed charge is lowered by 3% per year over the next ten years in this option, in order to bring it down the level of many Ontario municipalities. The proposed rates are shown in Table 2.

Table 2 Township of West Elgin Water Rate Calculation - Option 2 Conservation Rate in Inflated \$

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fixed Rate per Year | | | | | | | | | | |
| Meter Size (inches) | | | | | | | | | | |
| Flat Rate | 210 | 194 | 179 | 164 | 149 | 134 | 121 | 108 | 95 | 82 |
| 0.62 | 210 | 194 | 179 | 164 | 149 | 134 | 121 | 108 | 95 | 82 |
| 0.75 | 210 | 194 | 179 | 164 | 149 | 134 | 121 | 108 | 95 | 82 |
| 1 | 294 | 272 | 250 | 229 | 208 | 188 | 169 | 151 | 133 | 115 |
| 1.5 | 378 | 350 | 322 | 295 | 268 | 241 | 217 | 195 | 171 | 147 |
| 2 | 609 | 563 | 519 | 475 | 431 | 389 | 350 | 314 | 276 | 237 |
| 2.5 | 1,469 | 1,360 | 1,252 | 1,146 | 1,041 | 938 | 844 | 757 | 667 | 573 |
| 3 | 2,308 | 2,137 | 1,968 | 1,801 | 1,636 | 1,474 | 1,326 | 1,189 | 1,048 | 900 |
| 4 | 2,938 | 2,720 | 2,505 | 2,293 | 2,083 | 1,876 | 1,688 | 1,514 | 1,334 | 1,145 |
| 6 | 4,407 | 4,080 | 3,757 | 3,439 | 3,124 | 2,813 | 2,532 | 2,271 | 2,001 | 1,718 |
| Variable Cost per M3 | 1.39 | 1.47 | 1.56 | 1.64 | 1.73 | 1.82 | 1.93 | 2.07 | 2.21 | 2.35 |

The fixed component paid by normal residential users and those who are tenants would decline from \$210 in 2011 to \$82 in 2020. The variable charge paid for all water used would increase from \$1.39 in 2011 to \$2.35 in 2020. Additional charges will apply to users on particular water service lines. Water bills with this option are lower than option 1 for low volume users and higher for those who use large volumes of water.

Water sales are expected to increase in 2011, over projected 2010 levels, as a service centre resumes operation, and then the water use is projected to decline very slowly to 2020 due to normal residential and commercial water conservation that results from the replacement of current fixtures and appliances with more water efficient ones.



Municipality of West Elgin Water System Rates

1.0 Project Purpose

The Municipality retained the services of Sharratt Water Management Ltd and the Ontario Clean Water Agency to provide a Financial Plan under Ontario Regulation 453/07 for the West Elgin Water System. The financial plan has been prepared in a three step process.

1. Component No. 1 has been carried out by the Ontario Clean Water Agency. It has identified the future capital needs necessary to maintain the Water System. It has also indicated the time during the next 30 years when various capital and major maintenance expenditures will be necessary and has quantified the associated costs.
2. Component No. 2 has been prepared by Sharratt Water Management Ltd. Sharratt has taken the above capital data developed in Component No. 1 and has developed full cost rates for the system. These rates are set out below.
3. Component No. 3 – has been carried out by OCWA and SWML. It involves the preparation of a Financial Plan to meet the requirements of Regulation 453/07 and is set out in a separate report.

This rate report summarized the results of the work carried out as components 1 and 2.

2.0 Background

Financial Plan Component No. 1 provides an updated engineering assessment and development of a long term inventory and infrastructure management plan. Five years ago, OCWA utilized a 20 year planning horizon for assessing capital needs. There is now only a 15 year horizon remaining on this assessment. The horizon chosen in this study is 30 years to be more consistent with the MOE (Aug. 07) financial planning guidelines. Engineering Services (ES) Group conducted an inspection of all the facilities, analyzed the data from OCWA operations and reviewed available information from the Municipality. This updated management plan has integrated future capital expansions or upgrades that are either currently planned or that may be needed during the term of the plan.

SWML utilized the data developed by OCWA in Financial Plan Component No. 1 (above) and updated the estimation of the annual contributions needed in order to have sufficient funds available when infrastructure renewal is required until and including 2039. Water demand forecasts and the number of units paying the fixed portion of the water rates were updated in view of developments over the past five years. Financial requirements were totaled and incorporated into the updated rates.

2.1 Legislative Context to Financial Planning

There have been a number of legislative initiatives affecting water system management and operations over the past decade. These commenced with the water borne illness tragedy in Walkerton in 2000. Following this event, the government established a public inquiry to look into the tragedy, chaired by the Honorable Dennis O'Connor. The Inquiry Report recommended a comprehensive approach to the delivery of safe drinking water in Ontario.



The Ministry of Environment (MOE) has responded to the Inquiry recommendations by making legislative changes. One having relevance to the development of rates and financial plans was the passage of the Safe Drinking Water Act, 2002 (SDWA). It requires owners of municipal drinking water systems to apply for and obtain a Municipal Drinking Water License. There are five elements that must be in place in order for the owner of a drinking water system to obtain a license:

- A Drinking Water Works Permit to establish or alter a drinking-water system;
- An accepted Operational Plan. The Drinking Water Quality Management Standard (DWQMS) is the standard upon which operational plans are based. The plan documents an operating authority's quality management system (QMS).
- An Accredited Operating Authority. A third party audit of an operating authority's QMS will be the basis for accreditation.
- A Permit to Take Water.
- A Financial Plan that must be prepared, based on up-to-date rates, and approved in accordance with the prescribed requirements in the Financial Plans Regulation. This is one of the main purposes of this project.

Under section 30 of the SDWA, the Financial Plans element of the license program must either be prepared in accordance with the Sustainable Water and Sewage System Act, 2002 (SWSSA) or in accordance with the requirements set by the Minister of the Environment. SWSSA regulations have not been published. Accordingly, the requirements set by the Minister of Environment apply and these are the 2007 MOE guidelines.

Regulation 453/07 of the Safe Drinking Water Act 2002 was passed in 2007 and contains two key provisions that apply to existing water systems:

- *"A person who makes an application under the Act for a municipal drinking water license shall, before making the application, prepare and approve Financial Plans for the system that satisfy the requirements of Reg. 453/07."*
- *"As a condition in a municipal drinking water license that is issued in response to an application made under section 33 of the Act for a municipal drinking water license, the Director shall include a requirement that the owner of the drinking water system, by the later of July 1, 2010 and the date that is six months after the date the first license for the system is issued, prepare and approve Financial Plans for the system that satisfy the requirements prescribed Reg. 453/07."*

The financial plans are supported by the review of capital and replacement needs and the preparation of fully sustainable rates. In August, 2007, the MOE published "Toward Financially Sustainable Drinking-Water and Wastewater Systems". This document provides an outline of the Province's approach and principles for developing the above mentioned Financial Plans including the rates. Achieving financial sustainability in the province's municipal and water and wastewater sector is the long term goal.

The above MOE publication set out nine principles to guide the preparation of Financial Plans and by implication, water rates:



1. Ongoing public engagement and transparency can build support for, and confidence in, financial plans and the system(s) to which they relate. The owner of the drinking water system must make the Financial Plan available, on request, to members of the public who are served by the drinking water system without charge, publish them on the internet, if one is available, and provide notice to the public of the availability of the document.
2. An integrated approach to planning among water, wastewater and storm water systems is desirable given the inherent relationship among these services. If one entity plans for both water and wastewater, then this arrangement allows owners and operators to make more rational decisions about operations, capital investment and environmental protection – choices that recognize the inter-relationship between water and wastewater services. Many municipalities pay for the costs of wastewater services by levying a surcharge on water rates. This is a valuable linkage as those who use water will generate equivalent amounts of water. However, the guideline encourages municipalities to structure their accounts to reflect the three separate activity areas: water, wastewater and storm water. Costs are to be computed on a service basis for water and separately for wastewater. Separating fire protection costs from other system costs is desirable. Recovering costs for storm water through a surcharge on water bills does not satisfy the user pay principle.
3. Revenues collected for the provision of water and wastewater services should ultimately be used to meet the needs of those services. This can be done by establishing dedicated reserve funds, in which excess utility revenues above current cash costs and capital expenditures are saved for future utility needs.
4. Financial planning with mid course corrections is preferable to planning over the short term, or not planning at all. It is recommended that utilities, when they undertake capital investment planning, adopt a planning horizon that encompasses the entire life cycle of the asset base. This may not be immediately possible, but in the interim a planning horizon of at minimum 35 years is desirable.
5. An asset management planning approach is a key input to the development of a financial plan. A very useful starting assumption, in preparing capital investment plans is that each asset will need to be replaced at the end of the estimated life that is assigned to it for accounting purposes. The intent of an asset management plan, the rates and accompanying financial plan is to ensure that when assets need to be maintained, rehabilitated or replaced; municipalities are in a financial position to do so.
6. A sustainable level of revenue allows for reliable service that meets or exceeds environmental standards, while providing sufficient resources for future rehabilitation and replacement needs. A sustainable utility is one that can adequately cover current operating costs, maintain and repair its existing asset base, replace assets when appropriate, fund future growth and service enhancements, and account for inflation and changes in technology. Capital expenditures can be funded through user fees, new debt issuance and cash reserves. The use of debt is limited by the municipality's debt ceiling. Many municipalities wish to avoid the use of debt and, accordingly, need to raise additional revenues from ratepayers today to pay for future investment needs. According to the guidelines, it is a good practice for the funding plan to clearly identify the contribution of various funding sources towards satisfying capital investment plan requirements over the projection periods. A related best practice is for the funding plan to include projected balances for debt and cash reserves in each period of the projection horizon. Additional best practices include:
 - Avoiding large fluctuations in rates from year to year
 - Keeping debt within a sustainable level



- Avoiding depleting cash reserves or, conversely, building up large cash balances that do not reflect future cash needs
- 7. Ensuring users pay for the services they are provided leads to equitable outcomes and can improve conservation. In general, metering and the use of rates can help ensure users pay for services rendered. Rate structures should promote financial sustainability and water conservation. Metering and the use of rates are preferable to cross subsidization using property taxes.
- 8. Financial Plans are living documents that require continuous improvement. Comparing the accuracy of financial projections with actual results can lead to improved planning in the future. From time to time, it is good practice to review the accuracy of projections in both capital investment and funding plans. The appropriate frequency is likely to be once in 3 to 5 years.
- 9. Financial Plans benefit from the close collaboration of various groups, including engineers, accountants, auditors, utility staff, and municipal council.

This rate report has been prepared in line with the various pieces of MOE legislation and regulations and in particular, with the above mentioned MOE guideline document.

OCWA in cooperation with municipal staff have prepared the water capital projections setting out the future capital replacement needs, their timing and cost. The financing plan, which includes the development of water rates, was carried out by Sharratt Water Management Ltd.

2.2 West Elgin Water System

The West Elgin Water System purchases its water from the West Elgin Primary Water System. It is directly under the control of the Municipality and is essentially the distribution system within the municipality, which includes the two urban centers of Rodney, and West Lorne and an extensive rural servicing system. The system is served by an elevated water tank in Rodney.

3. Water Service Financing

Municipalities have a number of alternatives available to fund water services:

Development Charges - Such charges are applied to developers and others connecting new non-serviced areas to the existing water and wastewater systems. The growth related costs of building additions to the system can be passed on to these developers or new customers. Existing users are thus spared the capital cost of expanding infrastructure to accommodate new users to the system. The Municipality does not apply a development charges by law.

Connection Charges - Fees are charged to landowners who wish to connect to the system. The fee covers the cost to the water utility associated with installing a water main and a service line or drain from the existing water main or large sewer to the edge of the property line. Some costs may be assessed to cover past infrastructure investments by current users that are not reflected in the water rates. The municipality charges new users 75% of the cost of services to connect new users to the system with 25% provided from the municipal tax base.

Government Grants - The Ontario and Federal governments provide funding on a shared basis with municipalities. The formula is one third Federal government, one third Provincial government and one third municipal funding. Grants have been received in the immediate past



however no grants have been assumed as a funding source from 2011 forward. Should such grants be obtained, they would be used to supplement the reserve or to defray the cost of providing new services.

Reserves - Reserves are set up to deal with unexpected equipment repairs and to renew ageing water and wastewater systems at various points in the future. Increasingly, municipalities are carrying out studies to look out many years to identify capital renewal or replacement projects that need to be funded by a reserve. The Municipality currently has substantial reserves that will be augmented during the study period and will be used to fund future water capital renewal projects.

Debentures - Money has traditionally been borrowed in the form of debentures to provide upgrades to service existing users. Utilizing debentures and loans allows principal and interest to be recovered over a period of time from a large cohort of water users, rather than having the full cost burden fall on one group of water users at one time. The Municipality currently has no loans outstanding and none are forecast.

User Fees – Smaller, recurring capital maintenance and renewal projects are often financed out of the annual operating funds of the water system. User fees cover all the costs not covered by other financing approaches.

Most water systems use some or all of the above means. In this project, revenue generation will rely upon user rates, connection fees, reserves and grants, should grants become available.

4.0 Water Rates

4.1 Water Rate Types

There are a number of rate types that are in use in Ontario. These are as follows:

Flat Rate - All users are assessed an annual fee that does not depend on the amount of water used. The vast majority of the Municipality's users are metered and do not pay a flat rate however tenants in multi-unit premises are charged the fixed portion of the water bill that is a form of flat rate

Decreasing Block - Users pay less per cubic metre as water use increases. This rate provides an economic advantage to large industrial or institutional water users. The Municipality does not use a declining block.

Increasing Block - Users pay more per cubic metre as water use increases. This is sometimes called the conservation rate, as it was designed to encourage large users to be more careful with their water use. This is not utilized by the Municipality.

Two Part Constant Unit – In this rate type, there is a fixed portion paid by all users and a variable part that is based on the water use. For the variable part, the user pays the same for each and every cubic metre of water used. This is the rate currently used by the Municipality for both residential and commercial users.

Seasonal Rate – Higher rates in the summer when the system is closest to capacity. This rate is not used in the Municipality.



Flat rates are commonly utilized in about a tenth of Ontario municipalities that are not metered, and in communities that are only partially metered. Decreasing block rates were formerly very popular as they provided some relief for large users. However the popularity of this rate type is declining. Increasing block rates are often employed by the management of a system that is reaching capacity and will face expensive expansion. It is utilized by an increasing number of municipalities in Ontario. The constant unit rate is now the most commonly used rate type. It is proposed that this rate be continued for the West Elgin secondary water system.

4.2 Current West Elgin 2010 Water Rates

The current water rate for 2010 is set out below:

| User Type | Rate |
|--|------------|
| Service Charge applied to all Water Users | \$18.50/mo |
| Water Use Charge per Cubic Metre | \$1.35 |
| Surcharge for Users on the Glencoe Line per M3 | \$0.62 |
| Surcharge for Users on the Beattie Line per M3 | \$0.62 |
| Water Charge for the Primary System per M3 | \$0.73 |

A two part rate is utilized by the Municipality for all metered users. This includes a fixed charge that is applied to all water users, including tenants in multi-unit buildings. This is paid regardless of the amount of water used. The charge in 2010 is \$18.50 per month. The cost of all water that passes through the user's meter is \$1.35 per cubic metre. There is a surcharge of \$.62 per cubic metre for users on the Glencoe and Beattie lines. Tenants that do not have a water meter in their premises pay only the service charge of \$18.50 per month.

5.0 Proposed Water System Rates for 2011-2020

The water rate setting approach begins by establishing an estimate of capital renewal needs to 2039, the projection of operating costs needs, the determination of water purchases and the number of connections and lastly, computation of rates for 2011-2020.

5.1 Assumptions

- Rate Type Two part rate – a fixed and a volume based component
- Inflation (operating and capital) 3% per annum with 5% for energy
- Interest on Investments 4.5% per annum

5.2 Water System Capital Expenditures

Projected capital renewal and replacement expenditures for 2011 to 2020 are summarized in Table 4. The entire listing of projected major maintenance and capital renewal projects for 2011 to 2039 is set out in Appendix 1.



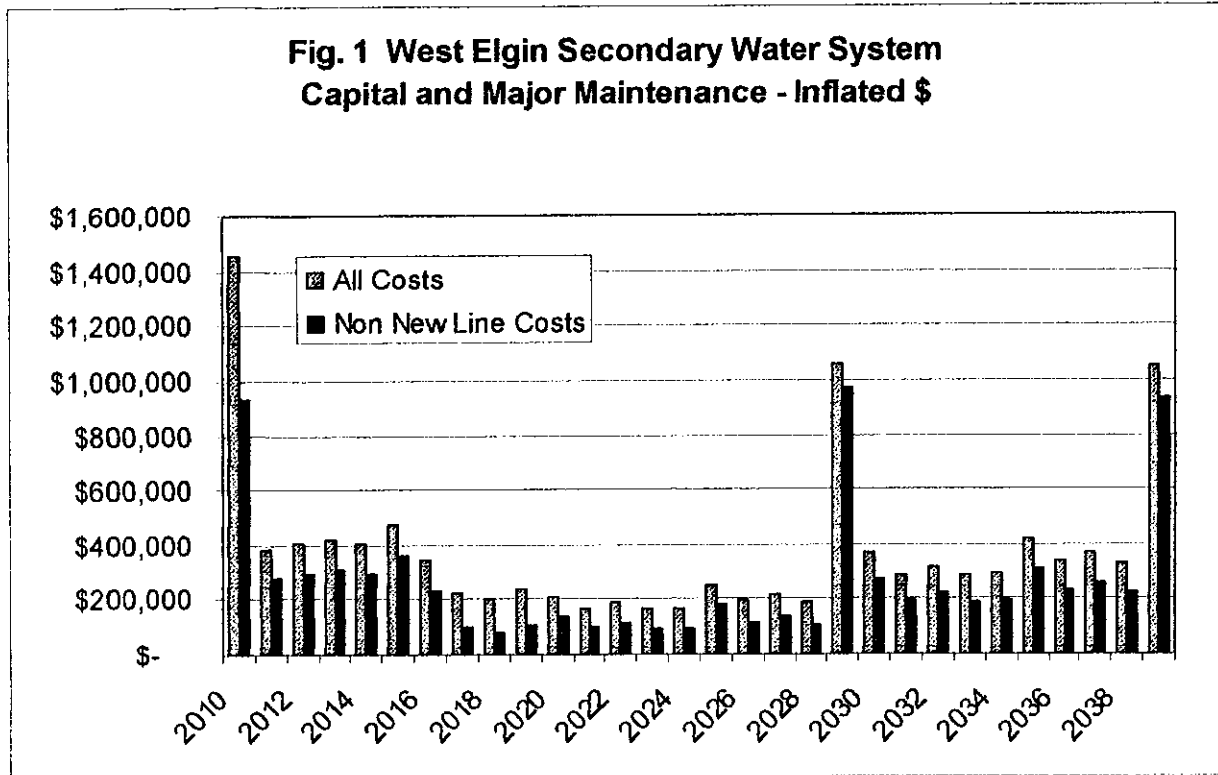
Table 4 West Elgin Water System - Projected Major Maintenance and Capital Renewal 2011-2020 in 2010\$ Unless

| Project/Activity Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| RODNEY ELEVATED TANK | | | | | | | | | | | |
| 1 Paint interior and exterior | | | | | | \$4,000 | | | | | \$4,000 |
| 2 Tank inspection | | | | | | \$1,000 | | | | | \$1,000 |
| 3 Update Operations manual | | | | | | \$5,000 | | | | | \$5,000 |
| 4 Subtotal Rodney Capital Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DISTRIBUTION SYSTEM | | | | | | | | | | | |
| 5 Allowance for Future Extensions | \$521,591 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$50,000 |
| 6 Watermain Replacement (includes valves) Allowance | \$645,693 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$10,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| 7 Update Modeling Study | | \$10,000 | | | | | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| 8 Backflow Preventers/Testing | | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| 9 Household Meters Replacement Program | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10 Radio-communication, PLC | | | | | | \$5,000 | | | | | \$25,000 |
| 11 Water Work Shop | | | | | | \$25,000 | | | | | |
| 12 Trucks and backhoe | | | | | | | | | | | |
| 13 Rechlorination System | | | | | | | | | | | |
| 14 Hydrant replacement | | | | | | | \$100,000 | \$20,000 | | | |
| 15 Plant Contribution | \$200,000 | | | \$20,000 | | | | | | \$20,000 | |
| 16 Subtotal Distribution System Capital Costs | \$1,367,284 | \$362,000 | \$362,000 | \$372,000 | \$362,000 | \$382,000 | \$282,000 | \$152,000 | \$152,000 | \$172,000 | \$127,000 |
| OTHER COSTS - STUDIES, NEW REGULATION | | | | | | | | | | | |
| 17 New regulations/Engineers Reports | | | \$20,000 | | | | | \$20,000 | | | |
| 18 Licensing Requirements (DWQMS and financial plan) | \$47,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$22,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$22,000 |
| 19 Operations manual | \$39,500 | | | | | \$5,000 | | | | | |
| 20 Other Major Maintenance | \$86,500 | \$10,000 | \$30,000 | \$10,000 | \$10,000 | \$27,000 | \$10,000 | \$30,000 | \$10,000 | \$10,000 | \$22,000 |
| 21 Subtotal Other costs - 2010\$ | | \$10,000 | \$30,000 | \$10,000 | \$10,000 | \$27,000 | \$10,000 | \$30,000 | \$10,000 | \$10,000 | \$22,000 |
| 22 Grand Total - All Costs 2010 \$ | \$1,453,784 | \$372,000 | \$382,000 | \$382,000 | \$362,000 | \$414,000 | \$292,000 | \$182,000 | \$182,000 | \$182,000 | \$154,000 |
| 23 Grand Total All Costs less Line Extensions - 2010\$ | \$932,193 | \$272,000 | \$282,000 | \$282,000 | \$262,000 | \$314,000 | \$192,000 | \$82,000 | \$82,000 | \$82,000 | \$104,000 |
| 24 Grand Total -All Costs Inflated \$ | \$1,453,784 | \$383,160 | \$405,264 | \$417,422 | \$407,434 | \$479,939 | \$348,663 | \$223,837 | \$205,217 | \$237,469 | \$206,963 |
| 25 Grand Total - All Costs Less Line Inflated | \$932,193 | \$280,160 | \$299,174 | \$308,149 | \$294,883 | \$364,012 | \$229,258 | \$100,850 | \$78,540 | \$106,991 | \$139,767 |
| CAPITAL/MAJ. MAINT. FINANCING - Inflated \$ | | | | | | | | | | | |
| 26 User Line Connection Charges | \$391,193 | \$77,250 | \$79,568 | \$81,955 | \$84,413 | \$86,946 | \$89,554 | \$92,241 | \$95,008 | \$97,858 | \$50,397 |
| 27 Tax Revenues in Support of Connector Government Grants | \$130,398 | \$25,750 | \$26,523 | \$27,318 | \$28,138 | \$28,982 | \$29,851 | \$30,747 | \$31,669 | \$32,619 | \$16,799 |
| 28 User Fees/Reserve/other | \$315,693 | \$280,160 | \$299,174 | \$308,149 | \$294,883 | \$364,012 | \$229,258 | \$100,850 | \$78,540 | \$106,991 | \$139,767 |
| 29 Total Financing | \$1,453,784 | \$383,160 | \$405,264 | \$417,422 | \$407,434 | \$479,939 | \$348,663 | \$223,837 | \$205,217 | \$237,469 | \$206,963 |
| 30 Financing less Expenditures | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 31 | | | | | | | | | | | |

Note: Numbers in shaded cells are deemed capital items as per PSAB



The total capital projects, including line extensions, average \$382,000 per year in inflated \$ from 2010 to 2039. Line extensions, while an important component of the water system, do not affect rates as they are paid for from special user connection charges and contributions from the municipal tax base on a 75/25% basis. These are set out in lines 25 and 26 of table 4. Without line extensions, the costs average \$269,000 per year in inflated \$. All other projects are funded from rates. This is set out in line 27 of table 4. The major capital projects and major maintenance projects from 2011 to 2039 are summarized in Figure 1.



The major capital projects affecting rates projected in the near term are water main replacements from 2011 to 2015, a water tank interior painting scheduled for 2029 and a water tank exterior painting projected for 2039.

5.3 Water Operating Revenue and Expenditure Plan

The summary operating revenue and expenditure plan for the water system for 2007 to 2020 is set out in Table 5



Table 5 West Elgin Water System Operating Revenue and Expenditure Plan 2007-2020

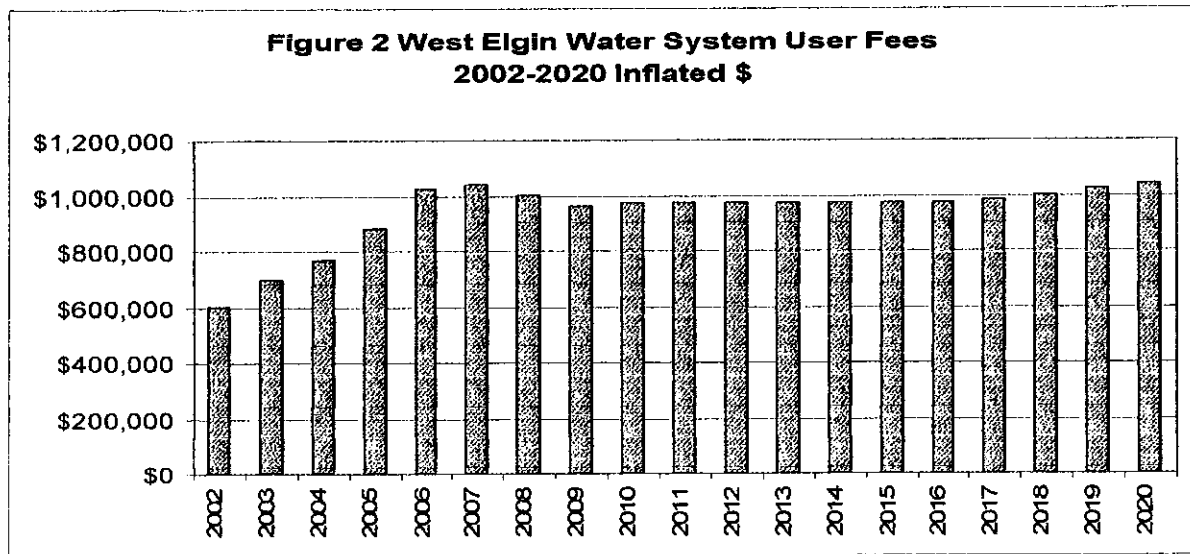
| | Projected - Inflated \$ | | | | | | | | | | | | | |
|-----------------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | | | | | |
| 1 User Fees | 1,043,381 | 1,001,225 | 964,269 | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 985,000 | 1,005,000 | 1,025,000 | 1,042,000 |
| 2 Miscellaneous | 8,960 | 20,052 | 7,321 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| 3 Sun Life Shares | | 5,517 | | | | | | | | | | | | |
| 4 Coin Station | 12,134 | 1,577 | | | | | | | | | | | | |
| 5 New Services | 20,220 | 9,700 | 81,400 | 7,200 | 7,416 | 7,638 | 7,868 | 8,104 | 8,347 | 8,597 | 8,855 | 9,121 | 9,394 | 9,676 |
| 6 Late Payment Charges | 12,438 | 11,143 | 12,774 | 12,000 | 12,360 | 12,731 | 13,113 | 13,506 | 13,911 | 14,329 | 14,758 | 15,201 | 15,657 | 16,127 |
| 7 Disconnection Charge | 10,500 | 8,924 | 8,700 | 9,000 | 9,270 | 9,548 | 9,835 | 10,130 | 10,433 | 10,746 | 11,069 | 11,401 | 11,743 | 12,085 |
| 8 Stock Materials Sold | 11,539 | 56,865 | 21,156 | 20,000 | 20,600 | 21,218 | 21,855 | 22,510 | 23,185 | 23,881 | 24,591 | 25,335 | 26,095 | 26,878 |
| 9 Hydrant Charges | 15,800 | 18,600 | 19,000 | 19,000 | 19,570 | 20,157 | 20,762 | 21,385 | 22,026 | 22,687 | 23,368 | 24,069 | 24,791 | 25,534 |
| 10 Total Revenues | 1,134,972 | 1,125,085 | 1,120,137 | 1,049,200 | 1,051,216 | 1,053,292 | 1,055,431 | 1,057,634 | 1,059,903 | 1,062,249 | 1,064,688 | 1,067,127 | 1,069,566 | 1,139,311 |
| Expenditures | | | | | | | | | | | | | | |
| 13 Cost of Water | 465,492 | 366,039 | 328,120 | 325,000 | 339,280 | 335,887 | 332,528 | 329,203 | 325,911 | 322,651 | 319,425 | 316,231 | 313,068 | 309,938 |
| 14 Cost of Water Surplus Returned | (143,742) | (120,004) | (57,986) | | | | | | | | | | | |
| 15 Mains Repair | 46,110 | 23,807 | 31,451 | 35,000 | 36,050 | 37,132 | 38,245 | 39,393 | 40,575 | 41,792 | 43,046 | 44,337 | 45,667 | 47,037 |
| 16 Hydrant Repair | 6,024 | 2,226 | 9,475 | 12,000 | 12,360 | 12,731 | 13,113 | 13,506 | 13,911 | 14,329 | 14,758 | 15,201 | 15,657 | 16,127 |
| 17 Services | | | | | | | | | | | | | | |
| 18 General Administration | 14,715 | 19,675 | 19,098 | 25,000 | 25,750 | 26,523 | 27,318 | 28,138 | 28,982 | 29,851 | 30,747 | 31,669 | 32,619 | 33,598 |
| 19 Office Supplies | 2,859 | 3,093 | 2,477 | 3,000 | 3,090 | 3,183 | 3,278 | 3,377 | 3,478 | 3,582 | 3,690 | 3,800 | 3,914 | 4,032 |
| 20 Billing and Collecting | 22,330 | 23,236 | 22,650 | 25,000 | 25,750 | 26,523 | 27,318 | 28,136 | 28,982 | 29,851 | 30,747 | 31,669 | 32,619 | 33,598 |
| 21 Bad Debts | | | | | | | | | | | | | | |
| 22 Phones | 4,130 | 6,131 | 5,661 | 5,500 | 5,665 | 5,835 | 6,010 | 6,190 | 6,376 | 6,567 | 6,764 | 6,967 | 7,176 | 7,392 |
| 23 Utilities | 7,278 | 9,809 | 9,486 | 10,000 | 10,500 | 11,025 | 11,576 | 12,155 | 12,763 | 13,401 | 14,071 | 14,775 | 15,513 | 16,289 |
| 24 Postage | 10,731 | 11,025 | 11,043 | 12,000 | 12,360 | 12,731 | 13,113 | 13,506 | 13,911 | 14,329 | 14,758 | 15,201 | 15,657 | 16,127 |
| 25 Janitorial Supplies | 131 | 1,143 | 409 | 500 | 515 | 530 | 546 | 563 | 580 | 597 | 615 | 633 | 652 | 672 |
| 26 Uniforms | 2,538 | 3,105 | 5,551 | 3,500 | 3,605 | 3,713 | 3,825 | 3,939 | 4,057 | 4,179 | 4,305 | 4,434 | 4,567 | 4,704 |
| 27 Small Tools/Safety | 4,072 | 6,615 | 15,807 | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 | 11,423 |
| 28 Water Testing | 4,979 | 5,245 | 6,755 | 7,000 | 7,210 | 7,426 | 7,649 | 7,879 | 8,115 | 8,358 | 8,609 | 8,867 | 9,133 | 9,407 |
| 29 Rodney Tower | 947 | 6,248 | 2,548 | 4,000 | 4,120 | 4,244 | 4,371 | 4,502 | 4,637 | 4,776 | 4,919 | 5,067 | 5,219 | 5,376 |
| 30 Minor Repairs and Maintenance | 18,400 | 22,764 | 28,093 | 30,000 | 30,900 | 31,827 | 32,782 | 33,765 | 34,778 | 35,822 | 36,896 | 38,003 | 39,143 | 40,317 |
| 31 Bad Debts | | 1,333 | (152) | | | | | | | | | | | |
| 32 Materials/Inventory | 32,603 | 49,263 | 35,452 | 20,000 | 33,291 | 34,269 | 35,318 | 36,378 | 37,469 | 38,593 | 39,751 | 40,943 | 42,172 | 43,437 |
| 33 Labour and Benefits | 170,733 | 187,481 | 253,578 | 280,000 | 267,800 | 275,834 | 284,109 | 292,632 | 301,411 | 310,454 | 319,767 | 329,360 | 339,241 | 349,418 |
| 34 Operations Total Expenditures | 671,423 | 629,235 | 729,508 | 786,000 | 827,000 | 838,449 | 850,398 | 862,830 | 875,790 | 889,252 | 903,322 | 917,927 | 933,111 | 948,891 |
| Financial Transfers | | | | | | | | | | | | | | |
| 35 Capital Fund | 88,877 | 499,850 | 390,629 | 263,200 | | | | | | | | | | |
| 36 Renewal Reserve Fund | 374,673 | | | | 224,216 | 214,843 | 205,044 | 194,805 | 184,114 | 172,958 | 171,325 | 179,200 | 186,570 | 190,420 |
| 37 Total Transfers | 463,550 | 499,850 | 390,629 | 263,200 | 224,216 | 214,843 | 205,044 | 194,805 | 184,114 | 172,958 | 171,325 | 179,200 | 186,570 | 190,420 |
| 38 Revenues Less All Expenditure | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |



User fees are shown in line 1 and revenues from all sources, including user fees, are summarized in line 10. Operating expenditures are summarized in line 34. Transfers to capital are shown in line 35 until 2010 and then, for simplicity, all surpluses are transferred to the reserve. This contribution is shown in line 36. The total revenues less operating expenses and transfers are set out in line 38.

5.3.1 User Fee Requirements

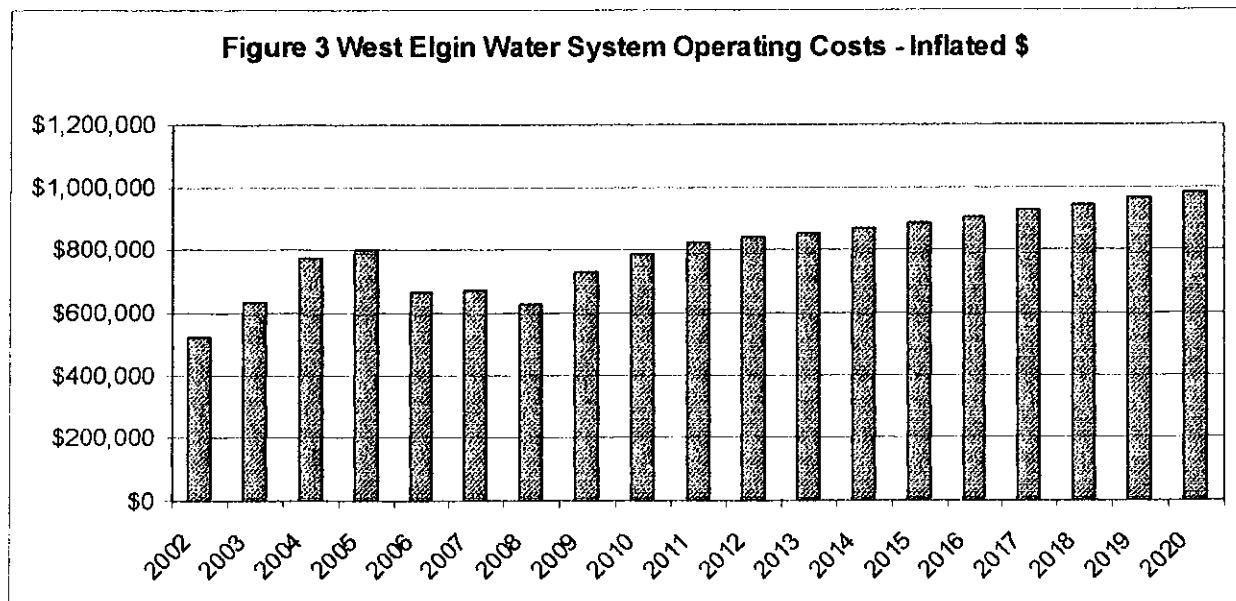
User fees, set out in line 1 of table 4, are shown in figure 2 below:



User fees and revenues have been relatively unchanged since 2006 and are projected to remain relatively unchanged to 2020.

5.3.2 Operating Expenses

Future operating expenditures are summarized in line 34 in Table 4, and illustrated in figure 3.





Operating costs rose until 2006 and then declined as the cost of water from the primary system decreased. This was the result of lower than projected plant capital costs. Operating costs have increased with inflation and this will continue.

5.3.3 Source Water Protection

A source protection study is underway, but no future costs have been identified.

5.3.4 Lead Abatement

The system has no lead so that no abatement expenditures are necessary.

5.3.5 Debt

As of December 31, 2009, there was no debt on the system. No new debt is anticipated in the 2011 to 2039 period. The projected capital costs are proposed to be financed exclusively by contributions from the Municipality's current and future reserve fund. This reliance on reserves is in keeping with the Municipality's pay-as-you-go philosophy governing water infrastructure funding.

5.3.6 Reserve Funds

The water reserve fund is shown in table 6:

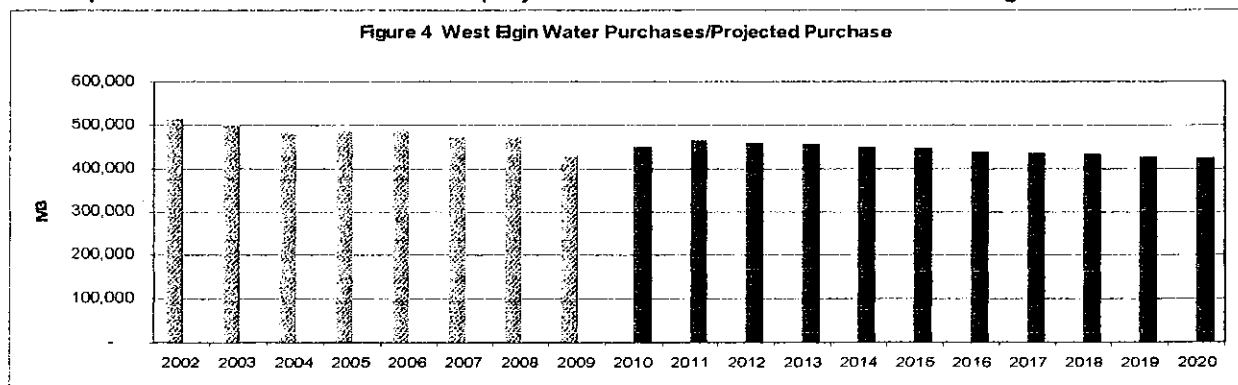
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|
| 1 Major Total Capital- Inflated\$ | \$1,453,784 | \$383,160 | \$406,264 | \$417,422 | \$407,434 | \$479,939 | \$348,663 | \$223,837 | \$205,217 | \$237,469 | \$206,963 |
| 2 Ratepayer and Tax Based Reven | \$521,591 | \$103,000 | \$106,090 | \$109,273 | \$112,551 | \$115,927 | \$119,405 | \$122,987 | \$126,677 | \$130,477 | \$67,196 |
| 3 Government Grants | \$315,693 | | | | | | | | | | |
| 4 Other (Sewer) | \$15,000 | | | | | | | | | | |
| 5 Revenue Fund | \$269,200 | | | | | | | | | | |
| 6 Capital Funded from Reserve | \$338,300 | \$280,160 | \$299,174 | \$308,149 | \$294,883 | \$364,012 | \$229,258 | \$100,850 | \$78,540 | \$106,991 | \$139,767 |
| 7 Opening Reserves | \$1,304,114 | \$1,029,475 | \$1,019,857 | \$981,420 | \$922,478 | \$863,911 | \$722,889 | \$689,119 | \$801,055 | \$937,763 | \$1,059,541 |
| 8 Reserves from Operations | \$0 | \$224,216 | \$214,843 | \$205,044 | \$194,805 | \$184,114 | \$172,958 | \$171,325 | \$179,200 | \$186,570 | \$190,420 |
| 9 Capital Fund from Reserves | \$338,300 | \$280,160 | \$299,174 | \$308,149 | \$294,883 | \$364,012 | \$229,258 | \$100,850 | \$78,540 | \$106,991 | \$139,767 |
| 10 Interest | \$63,661 | \$46,326 | \$45,894 | \$44,164 | \$41,512 | \$38,876 | \$32,530 | \$31,460 | \$36,047 | \$42,199 | \$47,679 |
| 11 Reserve Value at Year End | \$1,029,475 | \$1,019,857 | \$981,420 | \$922,478 | \$863,911 | \$722,889 | \$689,119 | \$801,055 | \$937,763 | \$1,059,541 | \$1,157,873 |

The reserve, with annual contributions, will be sufficient; to cover all currently projected major maintenance and capital renewal and replacement costs until 2039, the time horizon of this study. The reserve balances to 2039 are set out in Appendix 3.

5.4 West Elgin Water Sales/Number of Users

5.4.1 Water Purchases/Sales

Water purchases for 2002-2009 and projected for 2010-2020 are set out in Figure 4:





Overall, water purchases in 2008 and 2009 were lower than in all the years since 2002 and have declined significantly since 2005. The decline no doubt may be partly to do with the closure, for renovation, of the 401 service centre, the economic slowdown and cooler, wetter summers. However, this decline is also consistent with a general pattern of lower water use across the Province. Looking forward, as shown in table 7, water use should increase somewhat in 2011, as the service centre reopens, however, water purchases are unlikely to increase due to the installation of water efficient equipment and fixtures. Water sold by the municipality to its own customers is just over 50,000 cubic metres less than what it buys from the Tri-County system due to line losses within West Elgin.

Table 7 West Elgin Water Projected Purchases/Sales in Cubic Metres

| | | | | | | | | | | | |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| West Elgin Purchase | 449,369 | 464,767 | 460,119 | 455,518 | 450,963 | 446,453 | 441,989 | 437,569 | 433,193 | 428,861 | 424,573 |
| Line Loss | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 | 51,403 |
| West Elgin Sales | 397,966 | 413,364 | 408,716 | 404,115 | 399,560 | 395,050 | 390,586 | 386,166 | 381,790 | 377,458 | 373,170 |

5.4.2 Projected Number of Connections

The number distribution of current and projected connections is set out in Table 8.

Table 8 West Elgin Water System - Number of Water Connections - Current and Projected 2009-2020

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Metered Users | 1,728 | 1,740 | 1,752 | 1,764 | 1,776 | 1,788 | 1,800 | 1,812 | 1,824 | 1,836 | 1,848 | 1,860 |
| Units Without Meters | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 |
| Total Users Paying Fixed | 1,905 | 1,917 | 1,929 | 1,941 | 1,953 | 1,965 | 1,977 | 1,989 | 2,001 | 2,013 | 2,025 | 2,037 |

The municipality had 1,905 connections in 2009. This includes 1,728 users with meters and 177 users who are tenants in buildings with meters. It is estimated that future population and growth in connections in the Municipality will average 12 connections (users) per year.

5.5 Water Rate Options

Rates are calculated by considering the user fee revenue requirements, the future water use and the future number of connections. Two options are presented for consideration:

5.5.1 Option 1 – Current Rate Structure

In this option, the current rate structure with the relatively high fixed component and a variable component is utilized, with tenants paying the fixed charge. The proposed rates are shown in Table 9.

Table 9 West Elgin Water Rate Calculation - Option 1 Current Rate Structure in Inflated \$

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fixed Rate per Year | | | | | | | | | | |
| Meter Size (inches) | | | | | | | | | | |
| Flat Rate | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| 0.62 | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| 0.75 | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| 1 | 310 | 310 | 311 | 311 | 311 | 311 | 315 | 321 | 328 | 333 |
| 1.5 | 399 | 399 | 399 | 400 | 400 | 400 | 404 | 413 | 421 | 429 |
| 2 | 643 | 643 | 643 | 644 | 644 | 645 | 652 | 665 | 679 | 691 |
| 2.5 | 1,551 | 1,552 | 1,553 | 1,554 | 1,555 | 1,556 | 1,573 | 1,606 | 1,639 | 1,667 |
| 3 | 2,438 | 2,439 | 2,441 | 2,442 | 2,444 | 2,445 | 2,472 | 2,523 | 2,575 | 2,619 |
| 4 | 3,103 | 3,105 | 3,106 | 3,108 | 3,110 | 3,112 | 3,146 | 3,212 | 3,277 | 3,334 |
| 6 | 4,654 | 4,657 | 4,660 | 4,663 | 4,665 | 4,668 | 4,719 | 4,817 | 4,916 | 5,000 |
| Variable Cost per M3 | 1.34 | 1.35 | 1.35 | 1.36 | 1.37 | 1.38 | 1.40 | 1.44 | 1.47 | 1.51 |



In this option, 43% of all capital and operating costs are recovered in the fixed rate through the 2011-2020 periods. This is a continuation of current practice in the Municipality. The fixed charges would be \$222 in 2011 and stay at this level until 2016 and then rise very slowly to \$238 in 2020. The variable rate would be \$1.34 in 2011 and this would increase by approximately one cent per year until 2016, and then it would increase to \$1.51 in 2020.

5.5.2 Option 2 – Conservation Water Rate

In this rate option, the fixed charge is reduced from the 2010 level of 43% of total cost recovery, used in option 1, by 3% per year over the next ten years, bringing the fixed portion cost recovery to 16% by 2020. This is revenue neutral and raises the same amount of money each year as option 1. It does this by reducing the fixed charge and increasing the variable charge gradually over the next ten years. The proposed rates are set out in table 10.

Table 10 Township of West Elgin Water Rate Calculation - Option 2 Conservation Rate in Inflated \$

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fixed Rate per Year | | | | | | | | | | |
| Meter Size (inches) | | | | | | | | | | |
| Flat Rate | | | | | | | | | | |
| 0.62 | 210 | 194 | 179 | 164 | 149 | 134 | 121 | 108 | 95 | 82 |
| 0.75 | 210 | 194 | 179 | 164 | 149 | 134 | 121 | 108 | 95 | 82 |
| 1 | 294 | 272 | 250 | 229 | 208 | 188 | 169 | 151 | 133 | 115 |
| 1.5 | 378 | 350 | 322 | 295 | 268 | 241 | 217 | 195 | 171 | 147 |
| 2 | 609 | 563 | 519 | 475 | 431 | 389 | 350 | 314 | 276 | 237 |
| 2.5 | 1,469 | 1,360 | 1,252 | 1,146 | 1,041 | 938 | 844 | 757 | 667 | 573 |
| 3 | 2,308 | 2,137 | 1,968 | 1,801 | 1,636 | 1,474 | 1,326 | 1,189 | 1,048 | 900 |
| 4 | 2,938 | 2,720 | 2,505 | 2,293 | 2,083 | 1,876 | 1,688 | 1,514 | 1,334 | 1,145 |
| 6 | 4,407 | 4,080 | 3,757 | 3,439 | 3,124 | 2,813 | 2,532 | 2,271 | 2,001 | 1,718 |
| Variable Cost per M3 | 1.39 | 1.47 | 1.56 | 1.64 | 1.73 | 1.82 | 1.93 | 2.07 | 2.21 | 2.35 |

This rate is more consistent with conservation. It is also more in line with current practice in many other Ontario municipalities. The fixed charge proposed for a residential user with a standard .62 inch meter would be \$210 in 2011, declining by \$15 per year until 2016, and then diminishing more slowly to \$82 by 2020. This would be paid by all users with meters as well as tenants. The variable charge will increase to provide the revenues that are no longer collected through the fixed charge. The variable charge is proposed to be \$1.39 in 2011 with this increasing by nine cents per year until 2016, and then increasing more rapidly to \$2.35 in 2020.

In both options, it is recommended that people, who do not use any water at all, such as snowbirds or owners of vacant premises served by the water system, pay the monthly fixed fee. This is justifiable, as the fixed costs such as insurance, billing and labour are incurred by the utility whether or not the customer uses any water. The revenues generated by this proposed rate structure for 2010-2020 are set out in Appendix 2.



5.6 Sample Water Bills for Various User Groups

5.6.1 Option 1 – Current Rate Structure

In this option, the current rate structure with the relatively high fixed component and a variable component is utilized from 2011 to 2020, with tenants paying the fixed charge. A projected monthly water bill for various types of water users is set out in Table 10.

Table 11 West Elgin Water Bills - Option 1 Current Rate Structure Annual Bills (inflated) for Water Only

| User Category | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Charge - Renters | 222 | 222 | 222 | 222 | 222 | 222 | 225 | 229 | 234 | 238 |
| Metered Using 100 M3/Yr | 355 | 356 | 357 | 358 | 359 | 360 | 365 | 373 | 382 | 389 |
| Metered Using 360 M3/Yr | 703 | 706 | 709 | 712 | 715 | 718 | 729 | 747 | 765 | 781 |
| Metered Using 1200M/Yr | 1,826 | 1,836 | 1,846 | 1,856 | 1,866 | 1,876 | 1,905 | 1,954 | 2,004 | 2,048 |
| Metered Using 2400M3/Yr | 3,431 | 3,451 | 3,470 | 3,490 | 3,510 | 3,529 | 3,586 | 3,679 | 3,773 | 3,857 |
| Metered Using 3600M3/Yr | 14,933 | 15,022 | 15,111 | 15,200 | 15,290 | 15,380 | 15,628 | 16,039 | 16,454 | 16,824 |

A number of hypothetical user groups were selected to determine the impacts of the proposed rate in this option. For tenants with no meter, they would pay \$222 in 2011, and this would rise to \$238 in 2020. For a metered residential customer such as a single person or a frugal senior using a 100 cubic metres per year, the 2011 bill will be \$355, rising to \$389 in 2020. For a family using 360 cubic metres per year, the 2010 water bill would be \$703 per year, rising to \$781 in 2020. For a large user using 3600 cubic metres, such as a school, the water bill would rise from \$14,933 in 2010 to 16,824 in 2020.

Option 2 – Conservation Water Rate

In this option, the fixed portion of the rate is reduced and the variable component increased over the next ten years. The water bills are set out below:

Table 12 West Elgin Water Bills - Option 2 Conservation Rate Annual Bills (inflated) for Water Only

| User Category | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Charge - Renters | 210 | 194 | 179 | 164 | 149 | 134 | 121 | 108 | 95 | 82 |
| Metered Using 100 M3 per | 349 | 342 | 335 | 328 | 322 | 316 | 314 | 315 | 316 | 317 |
| Metered Using 360 M3/Yr | 711 | 725 | 740 | 756 | 772 | 790 | 817 | 853 | 891 | 928 |
| Metered Using 1200M/Yr | 1,880 | 1,963 | 2,049 | 2,137 | 2,228 | 2,321 | 2,441 | 2,591 | 2,748 | 2,903 |
| Metered Using 2400M3/Yr | 3,550 | 3,732 | 3,920 | 4,111 | 4,307 | 4,507 | 4,761 | 5,074 | 5,400 | 5,724 |
| Metered Using 3600M3/Yr | 15,518 | 16,411 | 17,323 | 18,255 | 19,207 | 20,179 | 21,388 | 22,867 | 24,410 | 25,944 |

Tenants with no meter would pay \$210 in 2011, and this would decrease to \$82 in 2020. For a metered residential customer such as a single person or a frugal senior using a 100 cubic metres per year, the 2011 bill will be \$349, decreasing to \$317 in 2020. This is less than option 1. For a family using 360 cubic metres per year, the 2010 water bill would be \$711 per year, rising to \$928 in 2020. Those using this amount of water under this option would pay more than in option 1. For large users, such as a school, the water bill would rise from \$15,518 in 2010 to \$25,944 in 2020. This is higher than what would be paid for under option 1.

Appendix 1 West Elgin Water System - Projected Major Maintenance and Capital Renewal 2011-2025 in 2010\$ Unless Stated Otherwise

| Project/Activity Description | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| RODNEY ELEVATED TANK | | | | | | | | | | | | | | | | |
| 1 Paint interior and exterior | | | | | | \$4,000 | | | | | \$4,000 | | | | | \$4,000 |
| 2 Tank inspection | | | | | | \$1,000 | | | | | \$1,000 | | | | | \$1,000 |
| 3 Update Operations manual | | | | | | \$5,000 | | | | | \$5,000 | | | | | \$5,000 |
| 4 Subtotal Rodney Capital Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$10,000 |
| DISTRIBUTION SYSTEM | | | | | | | | | | | | | | | | |
| 5 Allowance for Future Extensions | \$521,500 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| 6 Watermain Replacement (Includes valves) Allowance | \$645,662 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$10,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| 7 Update Modeling Study | \$10,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| 8 Backflow Preventers/Testing | \$2,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 9 Household Meters Replacement Program | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10 Radio-communication, PLC | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11 Water Work Shop | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 12 Trucks and backhoe | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 Rechlorination System | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 Hydrant replacement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 Plant Contribution | \$200,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| 16 Subtotal Distribution System Capital Costs | \$1,367,284 | \$362,000 | \$362,000 | \$372,000 | \$352,000 | \$382,000 | \$282,000 | \$162,000 | \$162,000 | \$162,000 | \$127,000 | \$112,000 | \$102,000 | \$102,000 | \$102,000 | \$132,000 |
| OTHER COSTS - STUDIES, NEW REGULATION | | | | | | | | | | | | | | | | |
| 17 New regulations/Engineers Reports | \$47,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| 18 Licensing Requirements (DWCMIS and financial plan) | \$39,500 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| 19 Operations manual | \$39,500 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| 20 Other Major Maintenance | \$66,500 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| 21 Subtotal Other costs - 2010S | \$1,453,784 | \$372,000 | \$372,000 | \$382,000 | \$362,000 | \$414,000 | \$292,000 | \$182,000 | \$182,000 | \$182,000 | \$154,000 | \$122,000 | \$132,000 | \$112,000 | \$112,000 | \$164,000 |
| 22 Grand Total - All Costs 2010 \$ | \$332,193 | \$272,000 | \$282,000 | \$282,000 | \$282,000 | \$314,000 | \$192,000 | \$82,000 | \$82,000 | \$82,000 | \$104,000 | \$72,000 | \$82,000 | \$62,000 | \$62,000 | \$114,000 |
| 23 Grand Total All Costs less Line Extensions - 2010S | \$1,453,784 | \$383,160 | \$405,264 | \$417,422 | \$407,434 | \$479,939 | \$348,663 | \$223,837 | \$205,217 | \$237,469 | \$205,963 | \$168,877 | \$188,200 | \$164,476 | \$169,410 | \$255,507 |
| 24 Grand Total - All Costs Less Line | \$932,193 | \$280,160 | \$299,174 | \$308,149 | \$294,883 | \$364,012 | \$229,258 | \$100,850 | \$78,540 | \$106,991 | \$139,767 | \$99,665 | \$116,912 | \$91,049 | \$93,781 | \$177,608 |
| CAPITAL/MAJ. MAINT. FINANCING - Initiated \$ | | | | | | | | | | | | | | | | |
| 26 User Line Connection Charges | \$391,183 | \$77,250 | \$79,568 | \$81,965 | \$84,413 | \$86,946 | \$89,554 | \$92,241 | \$95,008 | \$97,858 | \$100,793 | \$103,717 | \$106,729 | \$109,831 | \$113,024 | \$116,317 |
| 27 Tax Revenues in Support of Capital | \$130,398 | \$25,750 | \$26,523 | \$27,318 | \$28,136 | \$28,962 | \$29,801 | \$30,747 | \$31,689 | \$32,619 | \$33,539 | \$34,448 | \$35,346 | \$36,234 | \$37,111 | \$38,000 |
| 28 Government Grants | \$315,693 | \$280,160 | \$299,174 | \$308,149 | \$294,883 | \$364,012 | \$229,258 | \$100,850 | \$78,540 | \$106,991 | \$139,767 | \$99,665 | \$116,912 | \$91,049 | \$93,781 | \$177,608 |
| 29 Total Financing | \$1,453,784 | \$383,160 | \$405,264 | \$417,422 | \$407,434 | \$479,939 | \$348,663 | \$223,837 | \$205,217 | \$237,469 | \$205,963 | \$168,877 | \$188,200 | \$164,476 | \$169,410 | \$255,507 |
| 30 Financing less Expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 31 Note: Numbers in shaded cells are deemed capital items as per PSAB | | | | | | | | | | | | | | | | |

Appendix 1 (Cont.) West Elgin Water System - Projected Major Maintenance and Capital Renewal 2026-2039 in 2010\$ Unless Stated Otherwise (Page 2 of 2)

| Project/Activity/Description | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | Total |
|--|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| RODNEY ELEVATED TANK | | | | | | | | | | | | | | | |
| Faint interior and exterior | \$0 | \$0 | \$0 | \$300,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$600,000 |
| Tank inspection | \$0 | \$0 | \$0 | \$0 | \$4,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20,000 |
| Update Operations manual | \$0 | \$0 | \$0 | \$0 | \$1,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,000 |
| Subtotal Rodney Capital Costs | \$0 | \$0 | \$0 | \$300,000 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$625,000 |
| DISTRIBUTION SYSTEM | | | | | | | | | | | | | | | |
| Allowance for Future Extensions | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$2,421,561 |
| Watermain Replacement (includes valves) Allowance | \$0 | \$0 | \$0 | \$0 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$2,365,699 |
| Update Modeling Study | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$10,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$60,000 |
| Backflow Preventers/Testing | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$58,000 |
| Household Meters Replacement Program | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$35,000 | \$1,065,000 |
| Radio-communication, PLC | \$0 | \$0 | \$0 | \$150,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$150,000 |
| Water Work Shop | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Trucks and backhoe | \$0 | \$0 | \$0 | \$40,000 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$165,000 |
| Rechlorination System | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Hydrant replacement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Distribution System Capital Costs | \$112,000 | \$102,000 | \$102,000 | \$292,000 | \$177,000 | \$147,000 | \$137,000 | \$137,000 | \$137,000 | \$137,000 | \$137,000 | \$137,000 | \$137,000 | \$137,000 | \$6,690,264 |
| OTHER COSTS - STUDIES, NEW REGULATION | | | | | | | | | | | | | | | |
| New regulations/Engineers Reports | \$0 | \$20,000 | \$0 | \$0 | \$0 | \$0 | \$20,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$120,000 |
| Licensing Requirements (DWQIMS and financial plan) | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$22,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$22,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$397,000 |
| Operations manual | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$15,000 |
| Total Other costs - | \$10,000 | \$50,000 | \$10,000 | \$10,000 | \$22,000 | \$10,000 | \$30,000 | \$10,000 | \$10,000 | \$27,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$571,500 |
| All Costs- Total in 2010 \$ | \$122,000 | \$132,000 | \$112,000 | \$602,000 | \$204,000 | \$157,000 | \$167,000 | \$147,000 | \$147,000 | \$199,000 | \$157,000 | \$167,000 | \$147,000 | \$147,000 | \$7,866,784 |
| All Costs less Line Extensions | \$72,000 | \$82,000 | \$62,000 | \$552,000 | \$154,000 | \$107,000 | \$117,000 | \$97,000 | \$97,000 | \$148,000 | \$107,000 | \$117,000 | \$97,000 | \$97,000 | \$5,465,193 |
| All Costs inflated \$ | \$196,774 | \$218,176 | \$190,673 | \$1,055,611 | \$368,447 | \$292,066 | \$319,989 | \$290,117 | \$298,821 | \$416,662 | \$338,595 | \$370,955 | \$336,329 | \$336,329 | \$11,461,207 |
| All Costs Less Line Inflateds | \$115,539 | \$135,534 | \$105,551 | \$967,935 | \$278,141 | \$199,052 | \$224,184 | \$191,438 | \$197,181 | \$311,973 | \$230,755 | \$259,891 | \$221,929 | \$221,929 | \$935,557 |
| CAPITAL/MAINT. FINANCING | | | | | | | | | | | | | | | |
| User Line Connection Charges | \$60,176 | \$61,952 | \$63,841 | \$65,756 | \$67,729 | \$69,761 | \$71,854 | \$74,006 | \$76,230 | \$78,517 | \$80,872 | \$83,298 | \$85,797 | \$88,371 | \$2,530,167 |
| Tax Revenues in Support of Connections | \$20,059 | \$20,561 | \$21,280 | \$21,919 | \$22,576 | \$23,254 | \$23,951 | \$24,670 | \$25,410 | \$26,172 | \$26,957 | \$27,766 | \$28,599 | \$29,457 | \$843,389 |
| User Fees/Reserve | \$115,539 | \$135,534 | \$105,551 | \$967,935 | \$278,141 | \$199,052 | \$224,184 | \$191,438 | \$197,181 | \$311,973 | \$230,755 | \$259,891 | \$221,929 | \$221,929 | \$935,557 |
| Total Financing | \$196,774 | \$218,176 | \$190,673 | \$1,055,611 | \$368,447 | \$292,066 | \$319,989 | \$290,117 | \$298,821 | \$416,662 | \$338,595 | \$370,955 | \$336,329 | \$336,329 | \$11,461,207 |
| Financing less Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |



Appendix 2 - Revenue Projections with Option 1 and Option 2 - Inflated \$

| West Elgin Annual Revenues Option 1 - Current Rate Structure | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Fixed Revenues | 422,175 | 425,100 | 428,025 | 430,950 | 433,875 | 436,800 | 444,235 | 456,270 | 468,425 | 479,320 |
| Variable Charge | 552,825 | 549,900 | 546,975 | 544,050 | 541,125 | 538,200 | 540,765 | 548,730 | 556,575 | 562,680 |
| Total Revenues | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 985,000 | 1,005,000 | 1,025,000 | 1,042,000 |
| West Elgin Annual Revenues Option 2 - Conservation | | | | | | | | | | |
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Fixed Revenues | 399,750 | 372,450 | 345,150 | 317,850 | 290,550 | 263,250 | 238,370 | 215,070 | 190,650 | 164,636 |
| Variable Charge | 575,250 | 602,550 | 629,850 | 657,150 | 684,450 | 711,750 | 746,630 | 789,930 | 834,350 | 877,364 |
| Total Revenues | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 975,000 | 985,000 | 1,005,000 | 1,025,000 | 1,042,000 |
| User Fee Requirements | \$ 975,000 | \$ 975,000 | \$ 975,000 | \$ 975,000 | \$ 975,000 | \$ 975,000 | \$ 985,000 | \$ 1,005,000 | \$ 1,025,000 | \$ 1,042,000 |



Appendix 3 West Elgin Water System Reserve 2010 - 2039 - Inflated \$

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Major Total Capital- Inflated\$ | 1,453,784 | 363,160 | 405,264 | 417,422 | 407,434 | 479,939 | 348,663 | 223,837 | 205,217 | 237,469 |
| Ratepayer and Tax Based Revenues | 589,084 | 103,000 | 106,090 | 109,273 | 112,551 | 115,927 | 119,405 | 122,987 | 126,677 | 130,477 |
| Capital Funded from Reserve | 864,700 | 280,160 | 299,174 | 308,149 | 294,883 | 364,012 | 229,258 | 100,850 | 78,540 | 106,991 |
| Opening Reserves | 1,304,114 | 1,029,475 | 1,019,857 | 981,420 | 922,478 | 863,911 | 722,889 | 699,119 | 801,055 | 937,763 |
| Reserves from Operations | - | 224,216 | 214,843 | 205,044 | 194,805 | 184,114 | 172,958 | 171,325 | 179,200 | 186,570 |
| Capital Fund from Reserves | 338,300 | 280,160 | 299,174 | 308,149 | 294,883 | 364,012 | 229,258 | 100,850 | 78,540 | 106,991 |
| Interest | 63,661 | 46,326 | 45,894 | 44,164 | 41,512 | 38,876 | 32,530 | 31,460 | 36,047 | 42,199 |
| Reserve Value at Year End | 1,029,475 | 1,019,857 | 981,420 | 922,478 | 863,911 | 722,889 | 699,119 | 801,055 | 937,763 | 1,059,541 |

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Major Total Capital- Inflated\$ | 206,963 | 168,877 | 188,200 | 164,476 | 169,410 | 255,507 | 195,774 | 218,176 | 190,673 | 1,055,611 |
| Ratepayer and Tax Based Revenues | 67,196 | 69,212 | 71,288 | 73,427 | 75,629 | 77,898 | 80,235 | 82,642 | 85,122 | 87,675 |
| Capital Funded from Reserve | 139,767 | 99,665 | 116,912 | 91,049 | 93,781 | 177,608 | 115,539 | 135,534 | 105,551 | 967,935 |
| Opening Reserves | 1,059,541 | 1,157,873 | 1,269,499 | 1,373,677 | 1,513,325 | 1,661,591 | 1,737,921 | 1,885,130 | 2,024,505 | 2,205,836 |
| Reserves from Operations | 190,420 | 159,187 | 163,963 | 168,881 | 173,948 | 179,166 | 184,541 | 190,077 | 195,780 | 201,653 |
| Capital Fund from Reserves | 139,767 | 99,665 | 116,912 | 91,049 | 93,781 | 177,608 | 115,539 | 135,534 | 105,551 | 967,935 |
| Interest | 47,679 | 52,104 | 57,127 | 61,815 | 68,100 | 74,772 | 78,206 | 84,831 | 91,103 | 99,263 |
| Reserve Value at Year End | 1,157,873 | 1,269,499 | 1,373,677 | 1,513,325 | 1,661,591 | 1,737,921 | 1,885,130 | 2,024,505 | 2,205,836 | 1,538,817 |

| | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Major Total Capital- Inflated\$ | 368,447 | 292,066 | 319,989 | 290,117 | 298,821 | 416,662 | 338,585 | 370,955 | 336,325 | 1,053,385 |
| Ratepayer and Tax Based Revenues | 90,306 | 93,015 | 95,805 | 98,679 | 101,640 | 104,689 | 107,830 | 111,064 | 114,396 | 117,828 |
| Capital Funded from Reserve | 278,141 | 199,052 | 224,184 | 191,438 | 197,181 | 311,973 | 230,755 | 259,891 | 221,929 | 935,557 |
| Opening Reserves | 1,538,817 | 1,537,625 | 1,621,701 | 1,690,845 | 1,802,458 | 1,920,159 | 1,935,377 | 2,039,722 | 2,127,067 | 2,263,968 |
| Reserves from Operations | 207,703 | 213,934 | 220,352 | 226,962 | 233,771 | 240,784 | 248,008 | 255,448 | 263,112 | 271,005 |
| Capital Fund from Reserves | 278,141 | 199,052 | 224,184 | 191,438 | 197,181 | 311,973 | 230,755 | 259,891 | 221,929 | 935,557 |
| Interest | 69,247 | 69,193 | 72,977 | 76,088 | 81,111 | 86,407 | 87,092 | 91,787 | 95,718 | 101,879 |
| Reserve Value at Year End | 1,537,625 | 1,621,701 | 1,690,845 | 1,802,458 | 1,920,159 | 1,935,377 | 2,039,722 | 2,127,067 | 2,263,968 | 1,701,295 |