

Kinkora Sewage Collection and Treatment
Corporation

Application for a Sewer Rate Increase

Docket UW13305

Backgrounder

July, 2013

Kinkora Sewer Utility

Background

The central treatment of wastewater was first established in the community of Kinkora in 1962. Since that time, the Utility has made various improvements to its plant, including the construction of an additional waste stabilization pond and the installation of an ultraviolet disinfection system in 2002.

Over the last several years, the Utility has also replaced problematic service mains in the areas of Anderson and Farmer Roads and has expanded services into two new subdivisions.

The Utility's rates have evolved over the years to offset the various plant improvements, as well as increased operating costs. Presently, the Kinkora sewer treatment plant services approximately 125 customers at a rate of \$300.00 per unit, per year, in effect since January 1, 2007.

Application

In May 2013, the Utility filed an application seeking approval to increase the annual rate from \$300.00 to \$360.00 per unit, for effect July 1, 2013. The request for rate relief is primarily related to plant improvements done in 2009.

Public Notice

The Commission published a notice in the *Guardian* and the *Journal-Pioneer* newspapers outlining the Utility's application and inviting public response. The notice and a complete copy of the Utility's application were made available on the Commission's website as well. In addition, residents were given advance notice of the need to make application for an increase in rates. No responses to the Utility's proposal were received.

Analysis

The Utility currently bills approximately 193.4 proportionate units per year and generates annual revenues of roughly \$60,000. The overall costs to operate the plant continue to increase and the Utility anticipates higher expenses related to the ongoing flushing and inspecting of its central mains. Interest costs related to servicing the Utility's debt also add to the need for additional revenue. In order to meet its financial obligations, the Utility borrowed funds from the Community to offset shortages. The projected analysis includes the repayment of a \$72,000 loan from the Community to the Utility commencing in 2013. As the Utility does not anticipate any additional improvements to its treatment plant in the next few years, no expenses were included related to capital projects.

The Commission's independent analysis of the Utility's finances supports that the proposed increase in rates will allow the Utility to meet its anticipated expenditures, as well as address a portion of its debt servicing requirements.

Summary

Following a review of the application, as well as an analysis of the Utility's revenues and expenditures, the Commission determined that an increase in rates is warranted at this time and approved Order and Tariff UW13-05 on July 10, 2013, for effect July 1, 2013.