



Town of Kensington

Incorporated 1914

P O Box 418

Kensington, P.E.I.

C0B 1M0

RECEIVED

FEB 2 2006

**The Island Regulatory
and Appeals Commission**

Mayor, Ivan Gallant
Town Manager, Don Smeltzer
Administrator, Frances Salsman

Web: www.townofkensington.com
Email: mail@townofkensington.com
Tel: (902) 836-3781 Fax: (902) 836-3741

February 17, 2006

Donald G. Sutherland, Director
Technical and Regulatory Services Division
Island Regulatory and Appeals Commission
National Bank Tower, 134 Kent Street
Charlottetown, PEI C1A 8R8

Dear Mr. Sutherland:

A meeting of the Board of Directors for the Town of Kensington Water and Pollution Control Corporation was held on February 13, 2006. By way of formal motion, I have been instructed to advise the Island Regulatory and Appeals Commission (IRAC) that the Corporation is withdrawing its December 21, 2005 request for an across the board increase of 20% in water and sewer rates. In its place, as a temporary measure for 2006, the Water and Pollution Control Corporation Board of Directors, on motion of Wade Toombs, seconded by Mack MacLean, agreed:

- (1) ***"that IRAC be requested to increase Town of Kensington water rates by \$40.24 (for the first unit) and sewer rates by \$40.00 (for the first unit) and that proportional increases be applied for all additional units in accordance with the Unit Value Schedule established for the Town by IRAC".***

Concerning the installation of water flow meters for commercial establishments, it was agreed:

- (2) ***"that IRAC be asked to provide the Corporation with permission to install water use meters in all commercial establishments being supplied with Town of Kensington water and sewer services, subject however to an application being made for Infrastructure funding to cover 2/3 of the costs of metering commercial properties and that metering does not proceed until funding has been secured or until such time as metering is ordered by IRAC."***


A Proportionate Water and Sewer Charge Schedule has been prepared by the Corporation and is sent with this letter.

Donald G. Sutherland

Page 2

In addition to approval of (1) and (2), the Kensington Water and Pollution Control Corporation Board of Directors is requesting IRAC to consider, during 2006, the determination of a new rate structure, effective 2007, under which the Town of Kensington's Water and Pollution Control Corporation will operate for a further number of years. The intention of such determination is to provide a rate structure that will allow for the Corporation to efficiently provide services without incurring annual operational deficits.

Sincerely,

A handwritten signature in blue ink, appearing to read "Don Smeltzer", with a long horizontal flourish extending to the right.

Don Smeltzer - Town Manager
Water and Pollution Control Corporation CAO

c. Board of Directors - Kensington Water and Pollution Control Corporation

**Town of Kensington
Proportionate Water Charges**

RECEIVED

FEB 24 2006

The Island Regulatory
and Appeals Commission
~~Current Annual~~
Water Charge

<u>Type of Customer</u>	<u>Unit Value</u>	<u>Proposed Annual Water Charge for 2006</u>	<u>Current Annual Water Charge</u>
Single-Family Dwelling	1.0	\$130.00	\$89.76
Individual Apartment, Mobile Home or Senior Citizens Home, per unit	0.8	104.00	71.81
Rooming House, Boarding House, Convent, Institutional Dormitory			
For up to five persons	1.0	130.00	89.76
For each additional person	0.2	26.00	17.95
Motels and Tourist Cottages			
With housekeeping facilities, each unit	0.5	65.00	44.88
With bathroom facilities only, each unit	0.3	39.00	26.93
Tourist Home			
For first bathroom	1.0	130.00	89.76
For each additional bathroom or washroom	0.3	39.00	26.93
Hospital			
Without laundry facilities, per bed	0.5	65.00	44.88
With laundry facilities, per bed	0.75	97.50	67.32
Schools, per classroom	1.0	130.00	89.76
Stores, banks, clubs, churches, halls, recreational facilities and places of business			
For first washroom facility	1.0	130.00	89.76
For each additional toilet or urinal	0.5	65.00	44.88
Doctors & Dentists Offices and Beauty & Barber Shops			
With separate service	1.0	130.00	89.76
Combined with other service	0.5	65.00	44.88
Laundromat with machines using over 30 gallons per wash			
For first machine	3.0	390.00	269.28
For second machine	2.0	260.00	179.52
For each additional machine	1.0	130.00	89.76

**Town of Kensington
Proportionate Water Charges**

<u>Type of Customer</u>	<u>Unit Value</u>	<u>Proposed Annual Water Charge for 2006</u>	<u>Current Annual Water Charge</u>
Laundromat with machines using 30 or under gallons per wash			
For first machine	2.0	\$260.00	\$179.52
For second machine	1.5	195.00	134.64
For each additional machine	0.75	97.50	67.32
Service Station			
Without carwash	1.0	130.00	89.76
With carwash	2.0	260.00	179.52
Restaurants and Snack Bars	1.0	130.00	89.76
For each ten seats an additional amount of	0.25	32.50	22.44
Premises licensed by the PEI Liquor Control Commission			
Restaurant, Lounge, Dining Room or Club	1.0	130.00	89.76
Seat Charge: Calculate 75% of Fire Marshall's Rating or actual seat count, then charge			
For each five seats an additional amount of	0.25	32.50	22.44
Drive-In Restaurant or Theatre with canteen	1.0	130.00	89.76
For first washroom and toilet facility	1.0	130.00	89.76
For each additional washroom and toilet facility	0.5	65.00	44.88

FEB 2 2006

 The Island Regulatory
and Appeals Commission

Town of Kensington Proportionate Sewerage Charges

<u>Type of Customer</u>	<u>Unit Value</u>	<u>Proposed Annual Sewerage Charge for 2006</u>	<u>Current Annual Sewerage Charge</u>
Single Family Dwelling	1.00	\$115.00	\$75.00
Individual Apartment	0.80	92.00	60.00
Mobile Home	0.70	80.50	52.50
Senior Citizens Home, per unit	0.60	69.00	45.00
Rooming House, Boarding House, Convent, Institutional Dormitory For up to five persons	1.00	115.00	75.00
For each additional person	0.20	23.00	15.00
Motel and Tourist Cottages With housekeeping facilities, each unit	0.50	67.50	37.50
With bathroom facilities only, each unit	0.30	34.50	22.50
Tourist Home For first bathroom	1.00	115.00	75.00
For each additional bathroom or washroom	0.30	34.50	22.50
Hospital Without laundry facilities, per bed	0.50	67.50	37.50
With laundry facilities, per bed	0.75	86.25	56.25
Schools, per classroom	1.00	115.00	75.00
Stores, banks, clubs, churches, halls, recreational facilities and places of business For first washroom facility	1.00	115.00	75.00
For each additional toilet or urinal	0.50	67.50	37.50
Doctors & Dentists Offices and Beauty & Barber Shops With separate service	1.00	115.00	75.00
Combined with other service	0.50	67.50	37.50

**Town of Kensington
Proportionate Sewerage Charges**

<u>Type of Customer</u>	<u>Unit Value</u>	<u>Proposed Annual Sewerage Charge for 2006</u>	<u>Current Annual Sewerage Charge</u>
Laundromat with machines using over 30 gallons per wash			
For first machine	3.00	\$345.00	\$225.00
For second machine	2.00	230.00	150.00
For each additional machine	1.00	115.00	75.00
Laundromat with machines using 30 or under gallons per wash			
For first machine	2.00	230.00	150.00
For second machine	1.50	172.50	112.50
For each additional machine	0.75	86.25	56.25
Service Station			
Without carwash	1.00	115.00	75.00
With carwash	2.00	230.00	150.00
Restaurants and Snack Bars	1.00	115.00	75.00
For each ten seats an additional amount of	0.25	28.75	18.75
Premises licensed by the PEI Liquor Control Commission			
Restaurant, Lounge, Dining Room or Club	1.00	115.00	75.00
Seat Charge: Calculate 75% of Fire Marshal's Rating or actual seat count, then charge			
For each five seats an additional amount of	0.25	28.75	18.75
Drive-In Restaurant or Theatre with canteen	1.00	115.00	75.00
For first washroom and toilet facility	1.00	115.00	75.00
For each additional washroom and toilet facility	0.50	57.50	37.50



Town of Kensington

Incorporated 1916

P.O. Box 418

Kensington, P.E.I.

C0B 1M0

RECEIVED

For
DEC 22 2005

The Island Regulatory
and Appeals Commission

Mayor, Ivan Gallant
Town Manager, Don Smeltzer
Administrator, Frances Salsman

Web: www.townofkensington.com
Email: mail@townofkensington.com
Tel: (902) 836-3781 Fax: (902) 836-3741

Donald G. Sutherland, Director
Technical and Regulatory Services Division
Island Regulatory and Appeals Commission
National Bank Tower, 134 Kent Street
Charlottetown, PEI C1A 8R8

December 21, 2005

Dear Mr. Sutherland:

A meeting of the newly constituted Board of Directors for the Town of Kensington Water and Pollution Control Corporation was held on Tuesday, December 20, 2005. By way of formal motion, I have been instructed to ask the Island Regulatory and Appeals Commission (IRAC) for the following:

- (1) permission to implement an "across the board" increase of 20% in water and sewer utility rates for all users of Kensington's water and sewer services, effective January 1, 2006; and
- (2) permission to commence in January 2006, or as soon as possible thereafter, the installation of water use meters in all commercial establishments being supplied with Town of Kensington water and sewer services.

A copy of the Water and Sewer Rate Study prepared for the Town of Kensington Water and Pollution Control Corporation by Delcom Engineering Limited has already been provided to you. Assuming that requests (1) and (2) above are granted, IRAC is also asked to consider during 2006 the determination of a new rate structure under which the Town of Kensington's Water and Pollution Control Corporation may operate, effective January 2007.

The Board of Directors, consisting of Mayor Ivan Gallant as Chair and Councillors Marvin Mill, Mack MacLean and Wade Toombs would like to have the opportunity to meet with you early in the New Year to review questions related to the water and sewer utilities operations. You had indicated when Mayor Gallant and I met with your recently that this would be possible.

I will look forward to hearing from you. Best wishes to you and your colleagues at the Commission for a safe and enjoyable holiday season and for 2006.

Sincerely,


Don Smeltzer - Town Manager
Water and Pollution Control Corporation CAO

c. Board of Directors - Kensington Water and Pollution Control Corporation

Town of Kensington Water & Pollution Control Corporation

Water and Sewer Rate Study

Prepared by:



November, 2005

TABLE OF CONTENTS

Executive Summary 1

Introduction 2

Utility Worksheets 4

Appendix “A” - Proposed Capital Projects - Five Year Plan

Appendix “B” - Utility Units Audit

Appendix “C” - Depreciation and Interest Schedule, as prepared by Town of Kensington Auditor

EXECUTIVE SUMMARY

The Town of Kensington Water and Pollution Control Corporation has commissioned Delcom Engineering Ltd. to undertake a rate review for both its water and sewer utilities in Kensington, P.E.I.

The existing rates are \$75.00 per year per single family dwelling for sanitary sewerage service (established in 1988) and \$89.76 per year per single family dwelling for water service (established in 1983).

The current rate study proposes a new single family dwelling rate for sanitary sewerage of \$187.29 per year and for water service of \$210.08. In conjunction with the established water rate, it is recommended that 22.5% of the annual operating cost of the Water Utility be charged as a fire protection rate to Kensington's general revenue account on an annual basis.

This rate study does not include a metered rate for water or sewerage consumption because the majority of the Town is not metered. The five (5) year capital plan prepared as a part of this rate review, recommends that all commercial and multi-unit residential customers be metered in 2006. The recommended program is then to read these flows for 2006 thru 2008 in anticipation of a new rate review in 2009 which would include metered flow rates for both utilities.

A table showing rate impact to commercial and residential customers is attached to the rate study as part of Appendix "B".

INTRODUCTION

Delcom Engineering Ltd. has been retained by the Town of Kensington Water and Pollution Control Corporation to prepare a Water and Sewer Utility Rate Review for presentation to the P.E.I. Island Regulatory and Appeals Commission (IRAC).

The work to be completed is described as follows:

- Part I:** Prepare a five (5) year projection of capital requirements for both the water and the sewer utilities for the Corporation.
- Part II:** Perform an audit of the customer/user base for both Utilities.
- Part III:** Prepare a Utility Rate Study for the Corporation for both the water and sewer utilities. This study will be presented to IRAC for review and approval.

Part I of the project was completed in conjunction with the staff and directors of the Utility Corporation and the resulting five (5) year capital plan with estimates is attached to this report as Appendix "A".

The capital plan summary is included in the Appendix and states:

"The Town of Kensington Water and Pollution Control Corporation anticipates capital projects over the next five (5) years to be \$747,000.00, or an average of \$149,400.00 per year for the Sewer Utility and \$1,128,000.00, or an average of \$225,600.00 per year for the Water Utility.

It is expected that all capital projects will require capital funding in a ratio of approximately 1/3 Utility and 2/3 available Federal/Provincial programs in order to proceed."

Part II of the project was to complete an audit of both residential and commercial customers serviced by the Corporation. The results of the audit are attached for review as Appendix "B" to this report.

The audit provided the number of customers and units for both utilities as follows:

July 2005 Audit	Sewer (Units)	Water (Units)
Residential	443.5	374.6
Commercial	<u>396.6</u>	<u>329.3</u>
	840.1	703.9

Part III is presented for your review within the balance of this report. The current utility rates in the Town of Kensington are \$75.00 per equivalent sewer unit, established January 1st, 1988, and \$89.76 per equivalent water unit, established January 1st, 1983.

UTILITY WORKSHEETS

The balance of the study will be presented as an accumulation of worksheets progressing to a rate calculation for each utility.

Proposed New Utility Rate Study - Water

Worksheets Series "W" (Water)

The following worksheets determine the baseline data used to calculate the proposed new water rates.

Worksheet W-1

This is a copy of the latest audited Non-Consolidated Statement of Operations of the Water Utility for year ended December 31, 2004.

Worksheet W-2

This is a summary of the financial position of the Water Utility over the five (5) year period from 2000 to 2004 inclusive and includes the 2005 Water Utility Budget.

Worksheet W-3

This is the Projected Revenue and Expenditures of the Water Utility for the next five (5) years assuming no growth in revenues over that period. Worksheet W-3 does include the Utility's portion of the projected capital projects from the Five (5) Year Capital Plan (depreciation and interest on long-term debt (see Note #2), and an allowance for recovery of the net surplus at the end of 2005.

Worksheet W-4

This worksheet will calculate the allocation of the Annual Fire Protection Rate. This amount will be due annually to the Utility Corporation from the General Revenue of the Town of Kensington.

Annual Fire Protection Rate

The distribution of costs between fire protection and general service is generally made on the basis of relative flow capabilities. Even though the majority of the Corporation's watermains have been sized to provide fire protection supply, the fire capability of the existing system is quite limited. The system is limited because it does not have sufficiently sized water storage capacity, adequate for fire storage and, therefore, sufficient pressure and flow.

The existing storage and adequately sized distribution system does, however, provide somewhat to the Town's fire fighting capability. Therefore, an amount equal to approximately 20-25% of the costs attributed to fire protection will be allocated to general revenue for the supply of water for fire protection purposes. The 20-25% allocation will be determined using the following cost breakdown.

Expense (%)	% Allocated to Fire Protection (%)
Salaries and Wages - Operational	30.0%
Repairs and Maintenance	30.0%
Power	10.0%
General Expense	10.0%
Depreciation	30.0%
Interest on Long-Term Debt	30.0%

Worksheet W-5

This worksheet outlines the number of customers and equivalent units based upon the audit of the Town and the IRAC Proportionate Water Charges for the Corporation. Please see note #3 for an explanation of the Town's growth projection. There will be no metered rate established as a part of this rate review.

Worksheet W-6

This worksheet distributes the required revenue amounts to be recovered in the rate structure between customer costs, base costs and commodity costs.

Worksheet W-7

This worksheet calculates the proposed rate structure for the Water Utility.

Worksheet W-8

This worksheet proves the rates calculated in Worksheet W-7 meet the requirements for revenue for the Utility.

Worksheet W-1
Town of Kensington Water and Pollution Control Corporation
Sewerage and Water Account - Revenue Fund
Non-Consolidated Statement of Financial Activities - Water

The Town of Kensington
Water and Pollution Control Corporation
Sewerage and Water Account – Revenue Fund
Non-Consolidated Statement of Financial Activities –
Water

Year Ended December 31	Budget	2004	2003
Revenue			
Unmetered sales	\$ 58,797	\$ 60,299	\$ 58,186
Public fire protection service	4,700	4,700	4,700
Other water revenues	-	501	636
	<u>63,497</u>	<u>65,500</u>	<u>63,522</u>
Expenditures			
Operating			
Salaries and wages - operational	15,000	15,468	13,274
Repairs and maintenance	10,350	15,602	9,320
Power	12,000	11,116	11,787
	<u>37,350</u>	<u>42,186</u>	<u>34,381</u>
General			
Salaries and wages - administrative	21,900	25,610	10,625
Office			
Supplies and other office expenses	500	1,056	394
Share of general government	3,540	3,918	3,613
Interest and bank service charges	750	470	345
Professional services	1,700	3,893	1,620
Transportation expenses	750	689	673
Insurance	1,055	1,055	939
Regulatory commission expenses	760	753	755
Miscellaneous	260	280	256
Rental of facilities	7,000	7,000	-
	<u>38,215</u>	<u>44,724</u>	<u>19,220</u>
Other			
Depreciation, net	8,504	8,548	8,504
Interest on long-term debt	12,451	13,813	10,155
	<u>20,955</u>	<u>22,361</u>	<u>18,659</u>
	<u>96,520</u>	<u>109,271</u>	<u>72,260</u>
Excess expenditures	\$ (33,023)	\$ (43,771)	\$ (8,738)

See accompanying notes to the non-consolidated financial statements.

Worksheet W-2
Town of Kensington Water and Pollution Control Corporation
Summary of Financial Statements 2000-2004

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
REVENUE						
Unmetered Sales	\$53,677.00	\$55,879.00	\$57,912.00	\$58,186.00	\$60,299.00	
Public Fire Protection	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	
Other Water Revenues	<u>\$516.00</u>	<u>\$565.00</u>	<u>\$557.00</u>	<u>\$636.00</u>	<u>\$501.00</u>	
TOTAL	\$58,893.00	\$61,144.00	\$63,169.00	\$63,522.00	\$65,500.00	\$66,725.00
EXPENDITURES						
Salaries and Wages - Operational	\$8,239.00	\$10,174.00	\$10,204.00	\$13,274.00	\$15,468.00	\$18,695.00
Repair and Maintenance	\$6,165.00	\$2,153.00	\$7,169.00	\$9,320.00	\$15,602.00	\$37,000.00
Power	\$7,128.00	\$9,406.00	\$9,356.00	\$11,787.00	\$11,116.00	\$13,000.00
Salaries and Wages - Admin	\$4,309.00	\$4,439.00	\$4,667.00	\$10,625.00	\$25,610.00	\$30,000.00
Office Supplies	\$493.00	\$446.00	\$2,661.00	\$4,007.00	\$4,974.00	
Interest and Bank Charges	\$118.00	\$106.00	\$83.00	\$345.00	\$470.00	
Professional Services	\$1,407.00	\$1,381.00	\$1,449.00	\$1,620.00	\$3,893.00	
Transportation Expenses	\$620.00	\$612.00	\$440.00	\$673.00	\$689.00	
Insurance	\$300.00	\$320.00	\$786.00	\$939.00	\$1,055.00	\$20,125.00
IRAC Expense	\$710.00	\$707.00	\$729.00	\$755.00	\$753.00	
Miscellaneous	\$192.00	\$211.00	\$233.00	\$256.00	\$280.00	
Rental of Facilities	\$0.00	\$0.00	\$0.00	\$0.00	\$7,000.00	
Bad Debts	\$0.00	\$0.00	\$36.00	\$0.00	\$0.00	
Depreciation	\$8,300.00	\$7,496.00	\$7,573.00	\$8,504.00	\$8,548.00	\$11,712.00
Interest on Long Term Debt	<u>\$21,822.00</u>	<u>\$19,250.00</u>	<u>\$15,886.00</u>	<u>\$10,155.00</u>	<u>\$13,813.00</u>	<u>\$24,980.19</u>
TOTAL	\$59,803.00	\$56,701.00	\$61,272.00	\$72,260.00	\$109,271.00	\$155,512.19
EXCESS REVENUE (EXPENDITURES)	-\$910.00	\$4,443.00	\$1,897.00	-\$8,738.00	-\$43,771.00	-\$88,787.19
SURPLUS	\$157,670.00	\$156,760.00	\$161,203.00	\$163,100.00	\$110,591.00	\$21,803.81

Worksheet W-3
Town of Kensington Water and Pollution Control Corporation
Expenditure Estimates for Water Utility

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUE	\$ 66,725.00	\$ 66,725.00	\$ 66,725.00	\$ 66,725.00	\$ 66,725.00
EXPENDITURES					
Operating					
Salaries and Wages - operational	\$ 19,591.00	\$ 20,571.00	\$ 21,600.00	\$ 22,680.00	\$ 23,814.00
Repairs and Maintenance	\$ 38,850.00	\$ 40,792.50	\$ 42,832.13	\$ 44,973.73	\$ 47,222.42
Power	\$ 15,840.00	\$ 16,948.00	\$ 18,134.00	\$ 19,403.00	\$ 20,761.00
	\$ 74,281.00	\$ 78,311.50	\$ 82,566.13	\$ 87,056.73	\$ 91,797.42
General					
Salaries and Wages - administrative	\$ 31,500.00	\$ 33,075.00	\$ 34,728.75	\$ 36,465.19	\$ 38,288.45
Miscellaneous	\$ 22,137.00	\$ 24,351.00	\$ 26,786.00	\$ 29,465.00	\$ 32,411.00
	\$ 53,637.00	\$ 57,426.00	\$ 61,514.75	\$ 65,930.19	\$ 70,699.45
Other					
Depreciation	\$ 17,581.00	\$ 20,236.00	\$ 20,812.00	\$ 21,348.00	\$ 21,844.00
Interest on long-term debt	\$ 36,347.35	\$ 41,395.61	\$ 43,375.21	\$ 43,843.20	\$ 43,964.49
	\$ 53,928.35	\$ 61,631.61	\$ 64,187.21	\$ 65,191.20	\$ 65,808.49
TOTAL EXPENDITURES*	\$ 181,846.35	\$ 197,369.11	\$ 208,268.09	\$ 218,178.12	\$ 228,305.35
EXCESS REVENUE (EXPENDITURES)	-\$ 115,121.35	-\$ 130,644.11	-\$ 141,543.09	-\$ 151,453.12	-\$ 161,580.35
RECOVERY OF SURPLUS (See Note #2)	<u>\$ 4,360.00</u>	<u>\$ 4,360.00</u>	<u>\$ 4,360.00</u>	<u>\$ 4,360.00</u>	<u>\$ 4,360.00</u>
PROJECTED SURPLUS/SHORTFALL	-\$ 110,761.35	-\$ 126,284.11	-\$ 137,183.09	-\$ 147,093.12	-\$ 157,220.35

* Depreciation and Interest were obtained from the Town's auditors. (See Note #1)
The numbers shown include allowances for the new five (5) year capital plan for the Utility

Worksheet W-4
Town of Kensington Water and Pollution Control Corporation
Allocation of Water Costs To Fire Protection

2006					
Expense	Projected Expense	Allocation to	Fire Protection	Water Customer	
	\$	Fire Protection	Charge	Charge	
		%	\$	\$	
Salaries and Wages - Operational	\$19,591.00	30.0%	\$5,877.30	\$13,713.70	
Repairs and Maintenance	\$38,850.00	30.0%	\$11,655.00	\$27,195.00	
Power	\$15,840.00	10.0%	\$1,584.00	\$14,256.00	
General Expenses	\$53,637.00	10.0%	\$5,363.70	\$48,273.30	
Depreciation	\$17,581.00	30.0%	\$5,274.30	\$12,306.70	
Interest on Long Term Debt	<u>\$36,347.35</u>	<u>30.0%</u>	<u>\$10,904.21</u>	<u>\$25,443.15</u>	
	\$181,846.35	22.4%	\$40,658.51	\$141,187.85	

2007					
Expense	Projected Expense	Allocation to	Fire Protection	Water Customer	
	\$	Fire Protection	Charge	Charge	
		%	\$	\$	
Salaries and Wages - Operational	\$20,571.00	30.0%	\$6,171.30	\$14,399.70	
Repairs and Maintenance	\$40,792.50	30.0%	\$12,237.75	\$28,554.75	
Power	\$16,948.00	10.0%	\$1,694.80	\$15,253.20	
General Expenses	\$57,426.00	10.0%	\$5,742.60	\$51,683.40	
Depreciation	\$20,236.00	30.0%	\$6,070.80	\$14,165.20	
Interest on Long Term Debt	<u>\$41,395.61</u>	<u>30.0%</u>	<u>\$12,418.68</u>	<u>\$28,976.93</u>	
	\$197,369.11	22.6%	\$44,335.93	\$153,033.18	

Worksheet W-4 (cont)
Town of Kensington Water and Pollution Control Corporation
Allocation of Water Costs To Fire Protection

2008					
Expense	Projected Expense	Allocation to	Fire Protection	Water Customer	
	\$	Fire Protection	Charge	Charge	
		%	\$	\$	
Salaries and Wages - Operational	\$21,600.00	30.0%	\$6,480.00	\$15,120.00	
Repairs and Maintenance	\$42,832.13	30.0%	\$12,849.64	\$29,982.49	
Power	\$18,134.00	10.0%	\$1,813.40	\$16,320.60	
General Expenses	\$61,514.75	10.0%	\$6,151.48	\$55,363.28	
Depreciation	\$20,812.00	30.0%	\$6,243.60	\$14,568.40	
Interest on Long Term Debt	<u>\$43,375.21</u>	<u>30.0%</u>	<u>\$13,012.56</u>	<u>\$30,362.65</u>	
	\$208,268.09	22.4%	\$46,550.68	\$161,717.41	
2009					
Expense	Projected Expense	Allocation to	Fire Protection	Water Customer	
	\$	Fire Protection	Charge	Charge	
		%	\$	\$	
Salaries and Wages - Operational	\$22,680.00	30.0%	\$6,804.00	\$15,876.00	
Repairs and Maintenance	\$44,973.73	30.0%	\$13,492.12	\$31,481.61	
Power	\$19,403.00	10.0%	\$1,940.30	\$17,462.70	
General Expenses	\$65,930.19	10.0%	\$6,593.02	\$59,337.17	
Depreciation	\$21,348.00	30.0%	\$6,404.40	\$14,943.60	
Interest on Long Term Debt	<u>\$43,843.20</u>	<u>30.0%</u>	<u>\$13,152.96</u>	<u>\$30,690.24</u>	
	\$218,178.12	22.2%	\$48,386.80	\$169,791.32	

Worksheet W-4 (cont)
Town of Kensington Water and Pollution Control Corporation
Allocation of Water Costs To Fire Protection

2010 Expense	Projected Expense \$	Allocation to Fire Protection %	Fire Protection Charge \$	Water Customer Charge \$
Salaries and Wages - Operational	\$23,814.00	30.0%	\$7,144.20	\$16,669.80
Repairs and Maintenance	\$47,222.42	30.0%	\$14,166.73	\$33,055.69
Power	\$20,761.00	10.0%	\$2,076.10	\$18,684.90
General Expenses	\$70,699.45	10.0%	\$7,069.95	\$63,629.51
Depreciation	\$21,844.00	30.0%	\$6,553.20	\$15,290.80
Interest on Long Term Debt	<u>\$43,964.49</u>	<u>30.0%</u>	<u>\$13,189.35</u>	<u>\$30,775.14</u>
	\$228,305.36	22.0%	\$50,199.52	\$178,105.84

Worksheet W-5
Town of Kensington Water and Pollution Control Corporation
Projected Water Customers/Units

	<u>Residential</u>		<u>Commercial</u>		<u>Total</u>	
	<u>Customers</u>	<u>Units</u>	<u>Customers</u>	<u>Units</u>	<u>Customers</u>	<u>Units</u>
2005	361	374.6	93	329.3	454	703.9
2006	379	392.6	94	330.3	473	722.9
2007	397	410.6	95	331.3	492	741.9
2008	416	429.6	96	332.3	512	761.9
2009	435	448.6	97	333.3	532	781.9
2010	454	467.6	98	334.3	552	801.9

See Appendix "B" for audit of Customers and Units

Worksheet W-6
Town of Kensington Water and Pollution Control Corporation
Allocation of Water Costs

<u>2006</u>	Amount* (\$)	Customer Charge		Base Charge		Commodity Charge				Base plus Commodity Charge (\$)
		(%)	(\$)	(%)	(\$)	(%)	Delivery (\$)	Production (\$)	(\$)	
Salaries and Wages - Oper.	\$13,713.70	0%	\$0.00	50%	\$6,856.85	0%	\$0.00	50%	\$6,856.85	
Repair and Maintenance	\$27,195.00	0%	\$0.00	50%	\$13,597.50	0%	\$0.00	50%	\$13,597.50	
Power	\$14,256.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	100%	\$14,256.00	
General Expenses	\$48,273.30	10%	\$4,827.33	90%	\$43,445.97	0%	\$0.00	0%	\$0.00	
Depreciation	\$12,306.70	0%	\$0.00	100%	\$12,306.70	0%	\$0.00	0%	\$0.00	
Interest Long Term Debt	\$25,443.15	0%	\$0.00	50%	\$12,721.58	50%	\$12,721.58	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$4,360.00</u>	0%	\$0.00	60%	-\$2,616.00	40%	-\$1,744.00	0%	\$0.00	
	\$136,827.85		\$4,827.33		\$86,312.60		\$10,977.58		\$34,710.35	\$132,000.52

<u>2007</u>	Amount* (\$)	Customer Charge		Base Charge		Commodity Charge				Base plus Commodity Charge (\$)
		(%)	(\$)	(%)	(\$)	(%)	Delivery (\$)	Production (\$)	(\$)	
Salaries and Wages - Oper.	\$14,399.70	0%	\$0.00	50%	\$7,199.85	0%	\$0.00	50%	\$7,199.85	
Repair and Maintenance	\$28,554.75	0%	\$0.00	50%	\$14,277.38	0%	\$0.00	50%	\$14,277.38	
Power	\$15,253.20	0%	\$0.00	0%	\$0.00	0%	\$0.00	100%	\$15,253.20	
General Expenses	\$51,683.40	10%	\$5,168.34	90%	\$46,515.06	0%	\$0.00	0%	\$0.00	
Depreciation	\$14,165.20	0%	\$0.00	100%	\$14,165.20	0%	\$0.00	0%	\$0.00	
Interest Long Term Debt	\$28,976.93	0%	\$0.00	50%	\$14,488.47	50%	\$14,488.47	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$4,360.00</u>	0%	\$0.00	60%	-\$2,616.00	40%	-\$1,744.00	0%	\$0.00	
	\$148,673.18		\$5,168.34		\$94,029.95		\$12,744.47		\$36,730.43	\$143,504.84

Allocation of Water Costs

2008	Amount* (\$)	Customer Charge (%)	(\$)	Base Charge		Commodity Charge				Base plus Commodity Charge (\$)
				(%)	(\$)	Delivery (%)	(\$)	Production (%)	(\$)	
Salaries and Wages - Oper.	\$15,120.00	0%	\$0.00	50%	\$7,560.00	0%	\$0.00	50%	\$7,560.00	
Repair and Maintenance	\$29,982.49	0%	\$0.00	50%	\$14,991.25	0%	\$0.00	50%	\$14,991.25	
Power	\$16,320.60	0%	\$0.00	0%	\$0.00	0%	\$0.00	100%	\$16,320.60	
General Expenses	\$55,363.28	10%	\$5,536.33	90%	\$49,826.95	0%	\$0.00	0%	\$0.00	
Depreciation	\$14,568.40	0%	\$0.00	100%	\$14,568.40	0%	\$0.00	0%	\$0.00	
Interest Long Term Debt	\$30,362.65	0%	\$0.00	50%	\$15,181.33	50%	\$15,181.33	0%	\$0.00	
Surplus Recovery (Note #2)	-\$4,380.00	0%	\$0.00	60%	-\$2,616.00	40%	-\$1,744.00	0%	\$0.00	
	\$157,357.42		\$5,536.33		\$99,511.92		\$13,437.33		\$38,871.85	\$151,821.09

2009	Amount*	Customer Charge	Commodity Charge						Base plus Commodity Charge		
			Amount*	Customer Charge	Base Charge		Delivery			Production	
					(%)	(%)	(%)	(%)		(%)	(%)
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	
Salaries and Wages - Oper.	\$15,876.00	0%	\$0.00	50%	\$7,938.00	0%	\$0.00	50%	\$7,938.00		
Repair and Maintenance	\$31,481.61	0%	\$0.00	50%	\$15,740.81	0%	\$0.00	50%	\$15,740.81		
Power	\$17,462.70	0%	\$0.00	0%	\$0.00	0%	\$0.00	100%	\$17,462.70		
General Expenses	\$59,337.17	10%	\$5,933.72	90%	\$53,403.45	0%	\$0.00	0%	\$0.00		
Depreciation	\$14,943.60	0%	\$0.00	100%	\$14,943.60	0%	\$0.00	0%	\$0.00		
Interest Long Term Debt	\$30,690.24	0%	\$0.00	50%	\$15,345.12	50%	\$15,345.12	0%	\$0.00		
Surplus Recovery (Note #2)	-\$4,360.00	0%	\$0.00	60%	-\$2,616.00	40%	-\$1,744.00	0%	\$0.00		
	\$185,431.32		\$5,933.72		\$104,754.98		\$13,601.12		\$41,141.51	\$159,497.60	

Allocation of Water Costs

2010	Amount*	Customer Charge	Commodity Charge						Base plus Commodity Charge	
			(\$)	Customer Charge (%)	Base Charge (%)	(\$)	Delivery (%)	Production		
								(\$)		(%)
Salaries and Wages - Oper.	\$16,669.80	0%	\$0.00	50%	\$8,334.90	0%	\$0.00	50%	\$8,334.90	
Repair and Maintenance	\$33,055.69	0%	\$0.00	50%	\$16,527.85	0%	\$0.00	50%	\$16,527.85	
Power	\$18,684.90	0%	\$0.00	0%	\$0.00	0%	\$0.00	100%	\$18,684.90	
General Expenses	\$63,629.51	10%	\$6,362.95	90%	\$57,266.56	0%	\$0.00	0%	\$0.00	
Depreciation	\$15,290.80	0%	\$0.00	100%	\$15,290.80	0%	\$0.00	0%	\$0.00	
Interest Long Term Debt	\$30,775.14	0%	\$0.00	50%	\$15,387.57	50%	\$15,387.57	0%	\$0.00	
Surplus Recovery (Note #2)	-\$4,360.00	0%	\$0.00	60%	-\$2,616.00	40%	-\$1,744.00	0%	\$0.00	
	\$173,745.84		\$6,362.95		\$110,191.67		\$13,643.57		\$43,547.65	\$167,382.89

Worksheet W-7
Town of Kensington Water and Pollution Control Corporation
Calculation of Water Base Charges

2006

$$\begin{aligned} \text{Unit Customer Charge} &= \frac{\text{Customer Charge (Worksheet W-6)}}{\text{Number of Customers (Worksheet W-5)}} = \frac{\$4,827.33}{473} = \$10.21 \\ \text{Unit Base Charge} &= \frac{\text{Base Charge + Commodity Charge (Worksheet W-6)}}{\text{Number of Equivalent Units (Worksheet W-5)}} = \frac{\$132,000.52}{722.9} = \$182.60 \end{aligned}$$

2007

$$\begin{aligned} \text{Unit Customer Charge} &= \frac{\text{Customer Charge (Worksheet W-6)}}{\text{Number of Customers (Worksheet W-5)}} = \frac{\$5,168.34}{492} = \$10.50 \\ \text{Unit Base Charge} &= \frac{\text{Base Charge + Commodity Charge (Worksheet W-6)}}{\text{Number of Equivalent Units (Worksheet W-5)}} = \frac{\$143,504.84}{741.9} = \$193.43 \end{aligned}$$

2008

$$\begin{aligned} \text{Unit Customer Charge} &= \frac{\text{Customer Charge (Worksheet W-6)}}{\text{Number of Customers (Worksheet W-5)}} = \frac{\$5,536.33}{612} = \$10.81 \\ \text{Unit Base Charge} &= \frac{\text{Base Charge + Commodity Charge (Worksheet W-6)}}{\text{Number of Equivalent Units (Worksheet W-5)}} = \frac{\$151,821.09}{761.9} = \$199.27 \end{aligned}$$

Worksheet W-7 (cont)
Town of Kensington Water and Pollution Control Corporation
Calculation of Water Base Charges

2009

$$\text{Unit Customer Charge} = \frac{\text{Customer Charge (Worksheet W-6)}}{\text{Number of Customers (Worksheet W-5)}} = \frac{\$5,933.72}{532} = \$11.15$$

$$\text{Unit Base Charge} = \frac{\text{Base Charge + Commodity Charge (Worksheet W-6)}}{\text{Number of Equivalent Units (Worksheet W-5)}} = \frac{\$159,497.60}{781.9} = \$203.99$$

2010

$$\text{Unit Customer Charge} = \frac{\text{Customer Charge (Worksheet W-6)}}{\text{Number of Customers (Worksheet W-5)}} = \frac{\$6,362.95}{552} = \$11.53$$

$$\text{Unit Base Charge} = \frac{\text{Base Charge + Commodity Charge (Worksheet W-6)}}{\text{Number of Equivalent Units (Worksheet W-5)}} = \frac{\$167,382.89}{801.9} = \$208.73$$

Worksheet W-8
Town of Kensington Water and Pollution Control Corporation
Proof of Revenue to Meet Projected Expenses - Water

2006

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	473 x \$10.21	=	\$4,829.33
Unit Revenue	=	Number of Units x Unit Base Charge	=	722.9 x \$182.60	=	<u>\$132,001.54</u>
Required Revenue (Worksheet W-6)					=	\$136,830.87

2007

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	492 x \$10.50	=	\$5,168.00
Unit Revenue	=	Number of Units x Unit Base Charge	=	741.9 x \$193.43	=	<u>\$143,505.72</u>
Required Revenue (Worksheet W-6)					=	\$148,673.18
						<u>\$148,671.72</u>

2008

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	512 x \$10.81	=	\$5,534.72
Unit Revenue	=	Number of Units x Unit Base Charge	=	781.9 x \$199.27	=	<u>\$151,823.81</u>
Required Revenue (Worksheet W-6)					=	\$157,358.53

Worksheet W-8 (cont)
Town of Kensington Water and Pollution Control Corporation
Proof of Revenue to Meet Projected Expenses - Water

2009

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	532 x \$11.15	=	\$5,931.80
Unit Revenue	=	Number of Units x Unit Base Charge	=	781.9 x \$203.99	=	<u>\$159,499.78</u>
Required Revenue (Worksheet W-6)					=	\$165,431.58

2010

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	552 x \$11.53	=	\$6,364.56
Unit Revenue	=	Number of Units x Unit Base Charge	=	801.9 x \$208.73	=	<u>\$167,380.59</u>
Required Revenue (Worksheet W-6) =					\$173,745.84	\$173,745.15

Notes: (Water)

1. Auditor's calculation of projected depreciation and interest requirements for both utilities is attached as Appendix "C" to this report.
2. The water utility has an accumulated surplus to 2005 of \$21,803.81. This is proposed to be recovered during the 2006-2010 period in five equal increments of \$4,360.00.
3. The Town expects residential development of five (5) houses per year and commercial development of one (1) customer/unit per year. In addition, the infilling projects will add approximately 14 homes/units per year to the system.
4. The revenue and expenditure figures for 2004 are from audited internal statements for the year ended December 31, 2004.
5. Appendix "C" shows calculations of depreciation and interest for the Corporation's utilities prepared by the Corporation's auditor. The projections include the capital requirements for the five (5) Year Capital Plan (Appendix "A") and assumes an interest rate of 6.0%.

Proposed New Utility Rate Study - Sewer

Worksheets Series "S" (Sewer)

The following worksheets determine the baseline data used to calculate the proposed new sewer rates.

Worksheet S-1

This is a copy of the latest non-consolidated Statement of Operations of the Sewer Utility for year ended December 31, 2004.

Worksheet S-2

This is a summary of the financial position of the Sewer Utility over the five (5) year period from 2000 to 2004 inclusive and includes a projected budget for 2005.

Worksheet S-3

This worksheet is the Projected Revenue and Expenditures of the sewer operations assuming no increase in sewer rates for five years (2006-2010). Worksheet S-3 does include the Utility's portion of the projected capital projects from the Five (5) Year Capital Plan depreciation and interest on long-term debt. (See Note #2) and an allowance for recovery of the net surplus at the end of 2005.

Worksheet S-4

This worksheet takes the Projected Expenditures from Worksheet S-3 and allocates them to customers, base and operational related costs.

Worksheet S-5

This worksheet outlines the number of customers and equivalent sewer units based upon the audit of the Town and the Proportionate Sewerage Charges for the Corporation. Please see Note #3 for an explanation of Town growth projections.

Worksheet S-6

This worksheet uses the information presented in Worksheets S-4 and S-5 to calculate the annual component charge for each sewer customer and equivalent sewer unit.

Worksheet S-7

This worksheet summarizes the two proposed sewer charges (customer and per unit) and compares them to the project expenses to prove the calculated rates.

Worksheet S-1
Town of Kensington Water and Pollution Control Corporation
Sewerage and Water Account - Revenue Fund
Non-Consolidated Statement of Financial Activities - Sewerage

The Town of Kensington
Water and Pollution Control Corporation
Sewerage and Water Account – Revenue Fund
Non-Consolidated Statement of Financial Activities-
Sewerage

Year Ended December 31	Budget	2004	2003
Revenue			
Unmetered sales	\$ 58,901	\$ 59,465	\$ 58,450
Other sewer revenues		1,207	85,948
	<u>58,901</u>	<u>60,672</u>	<u>144,398</u>
Expenditures			
Operating			
Salaries and wages - operational	15,000	15,468	13,274
Repairs and maintenance	13,600	12,023	17,678
Power	22,000	22,699	20,307
	<u>50,600</u>	<u>50,190</u>	<u>51,259</u>
General			
Salaries and wages – administrative	21,900	25,610	10,625
Office			
Supplies and other expenses	500	337	394
Share of general government	3,540	3,917	3,613
Interest and bank service charges	150	170	95
Professional services	1,700	2,106	1,620
Transportation	1,600	1,609	1,566
Regulatory commission	760	753	755
Miscellaneous	650	417	625
Travel and courses	700	196	79
Rental of facilities	7,000	7,000	-
	<u>38,500</u>	<u>42,115</u>	<u>19,372</u>
Other			
Depreciation, net	16,840	17,154	16,840
Interest on long-term debt	24,239	23,748	24,732
	<u>41,079</u>	<u>40,902</u>	<u>41,572</u>
	<u>130,179</u>	<u>133,207</u>	<u>112,203</u>
Excess (expenditures) revenue	\$ <u>(71,278)</u>	\$ <u>(72,535)</u>	\$ <u>32,195</u>

See accompanying notes to the non-consolidated financial statements.

Worksheet S-2
Town of Kensington Water and Pollution Control Corporation
Summary of Financial Statements 2000-2005 - Sewer

	2000	2001	2002	2003	2004	2005
REVENUE						
Unmetered Sales	\$55,127.00	\$56,438.00	\$58,516.00	\$58,450.00	\$59,485.00	
Other Sewer Revenues	<u>\$499.00</u>	<u>\$524.00</u>	<u>\$572.00</u>	<u>\$85,948.00</u>	<u>\$1,207.00</u>	
TOTAL	\$55,626.00	\$56,962.00	\$59,088.00	\$144,398.00	\$60,672.00	\$61,640.00
EXPENDITURES						
Salaries and Wages - Operational	\$8,239.00	\$10,174.00	\$10,204.00	\$13,274.00	\$15,468.00	\$18,695.00
Repair and Maintenance	\$13,689.00	\$5,870.00	\$9,501.00	\$17,678.00	\$12,023.00	\$13,000.00
Power	\$1,607.00	\$1,486.00	\$10,915.00	\$26,307.00	\$22,699.00	\$26,000.00
Salaries and Wages - Admin	\$4,309.00	\$4,439.00	\$4,667.00	\$10,625.00	\$25,810.00	\$30,000.00
Office Supplies	\$493.00	\$446.00	\$2,661.00	\$4,007.00	\$4,254.00	
Interest and Bank Charges	\$109.00	\$101.00	\$82.00	\$95.00	\$170.00	
Professional Services	\$1,407.00	\$1,382.00	\$1,450.00	\$1,620.00	\$2,106.00	
Transportation Expenses	\$1,180.00	\$1,156.00	\$1,025.00	\$1,566.00	\$1,609.00	\$19,761.00
IRAC Expense	\$710.00	\$707.00	\$729.00	\$755.00	\$753.00	
Miscellaneous	\$578.00	\$578.00	\$578.00	\$625.00	\$417.00	
Travel and Courses	\$0.00	\$1,333.00	-\$54.00	\$79.00	\$196.00	
Rental of Facilities	\$0.00	\$0.00	\$0.00	\$0.00	\$7,000.00	
Bad Debts	\$0.00	\$0.00	\$36.00	\$0.00	\$0.00	
Depreciation	\$4,013.00	\$4,974.00	\$16,762.00	\$16,840.00	\$17,154.00	\$18,119.00
Interest on Long Term Debt	<u>\$1,047.00</u>	<u>\$1,326.00</u>	<u>\$1,170.00</u>	<u>\$24,732.00</u>	<u>\$23,748.00</u>	<u>\$23,431.00</u>
TOTAL	\$37,381.00	\$33,972.00	\$59,726.00	\$112,203.00	\$133,207.00	\$149,006.00
EXCESS REVENUE (EXPENDITURES)	\$18,245.00	\$22,990.00	-\$638.00	\$32,195.00	-\$72,535.00	-\$87,366.00
SURPLUS	\$266,511.00	\$284,756.00	\$307,746.00	\$307,108.00	\$266,768.00	\$179,402.00

Worksheet S-3
Town of Kensington Water and Pollution Control Corporation
Projected Revenue and Expenditure Estimates for Sewage Utility 2006-2010

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUE					
Unmetered Sales and other Sewer Revenues	\$ 61,640.00	\$ 61,640.00	\$ 61,640.00	\$ 61,640.00	\$ 61,640.00
EXPENDITURES					
Operating					
Salaries and Wages - operational	\$ 19,591.00	\$ 20,571.00	\$ 21,600.00	\$ 22,680.00	\$ 23,814.00
Repairs and Maintenance	\$ 13,500.00	\$ 13,800.00	\$ 14,200.00	\$ 14,600.00	\$ 15,000.00
Power	\$ 31,320.00	\$ 33,512.00	\$ 35,875.00	\$ 38,387.00	\$ 38,524.00
	\$ 64,411.00	\$ 67,883.00	\$ 71,675.00	\$ 75,667.00	\$ 77,338.00
General					
Salaries and Wages - administrative	\$ 31,500.00	\$ 33,075.00	\$ 34,728.75	\$ 36,465.19	\$ 38,288.45
Office supplies, rental of facility, bank charges, professional services, and related items.	\$ 21,737.00	\$ 23,910.00	\$ 26,301.00	\$ 28,932.00	\$ 31,825.00
	\$ 53,237.00	\$ 56,985.00	\$ 61,029.75	\$ 65,397.19	\$ 70,113.45
Other					
Depreciation	\$ 17,378.00	\$ 20,860.00	\$ 26,227.00	\$ 26,427.00	\$ 26,627.00
Interest on long-term debt	\$ 28,610.00	\$ 30,242.00	\$ 34,168.00	\$ 36,580.00	\$ 35,996.00
	\$ 45,988.00	\$ 51,102.00	\$ 60,395.00	\$ 63,007.00	\$ 62,623.00
TOTAL EXPENDITURES*	\$ 163,636.00	\$ 175,970.00	\$ 193,099.75	\$ 204,071.19	\$ 210,074.45
EXCESS REVENUE (EXPENDITURES)	-\$ 101,996.00	-\$ 114,330.00	-\$ 131,459.75	-\$ 142,431.19	-\$ 148,434.45
RECOVERY OF SURPLUS (See Note #2)	\$ 35,880.00	\$ 35,880.00	\$ 35,880.00	\$ 35,880.00	\$ 35,880.00
PROJECTED SURPLUS/SHORTFALL	-\$ 66,116.00	-\$ 78,450.00	-\$ 95,579.75	-\$ 106,551.19	-\$ 112,554.45

* Depreciation and Interest were obtained from the Town's auditors. (See Note #1)
The numbers shown include allowances for the new five (5) year capital plan for the Utility

Worksheet S-4
Town of Kensington Water and Pollution Control Corporation
Allocation of Sewer Costs

<u>2006</u>	Amount* (\$)	Customer Charge (%)	(\$)	Base Charge (%)	(\$)	Operations Charge (%)	(\$)	Operation plus Base Charges (\$)
Operating Expenses	\$64,411.00	0%	\$0.00	0%	\$0.00	100%	\$64,411.00	
General Expenses	\$53,237.00	10%	\$5,323.70	90%	\$47,913.30	0%	\$0.00	
Other Expenses	\$45,988.00	0%	\$0.00	100%	\$45,988.00	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$35,880.00</u>	0%	<u>\$0.00</u>	60%	<u>-\$21,528.00</u>	40%	<u>-\$14,352.00</u>	
	\$127,756.00		\$5,323.70		\$72,373.30		\$50,059.00	\$122,432.30
<u>2007</u>	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	
Operating Expenses	\$67,883.00	0%	\$0.00	0%	\$0.00	100%	\$67,883.00	
General Expenses	\$56,985.00	10%	\$5,698.50	90%	\$51,286.50	0%	\$0.00	
Other Expenses	\$51,102.00	0%	\$0.00	100%	\$51,102.00	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$35,880.00</u>	0%	<u>\$0.00</u>	60%	<u>-\$21,528.00</u>	40%	<u>-\$14,352.00</u>	
	\$140,090.00		\$5,698.50		\$80,860.50		\$53,531.00	\$134,391.50
<u>2008</u>	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	
Operating Expenses	\$71,675.00	0%	\$0.00	0%	\$0.00	100%	\$71,675.00	
General Expenses	\$61,029.75	10%	\$6,102.98	90%	\$54,926.78	0%	\$0.00	
Other Expenses	\$60,395.00	0%	\$0.00	100%	\$60,395.00	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$35,880.00</u>	0%	<u>\$0.00</u>	60%	<u>-\$21,528.00</u>	40%	<u>-\$14,352.00</u>	
	\$157,219.75		\$6,102.98		\$93,793.78		\$57,323.00	\$151,116.78
<u>2009</u>	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	
Operating Expenses	\$75,667.00	0%	\$0.00	0%	\$0.00	100%	\$75,667.00	
General Expenses	\$65,397.19	10%	\$6,539.72	90%	\$58,857.47	0%	\$0.00	
Other Expenses	\$63,007.00	0%	\$0.00	100%	\$63,007.00	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$35,880.00</u>	0%	<u>\$0.00</u>	60%	<u>-\$21,528.00</u>	40%	<u>-\$14,352.00</u>	
	\$168,191.19		\$6,539.72		\$100,336.47		\$61,315.00	\$161,651.47

Worksheet S-4 (Cont)
Town of Kensington Water and Pollution Control Corporation
Allocation of Sewer Costs

	Amount*	Customer Charge		Base Charge		Operations Charge		
Operating Expenses	\$77,338.00	0%	\$0.00	0%	\$0.00	100%	\$77,338.00	
General Expenses	\$70,113.45	10%	\$7,011.35	90%	\$63,102.11	0%	\$0.00	
Other Expenses	\$62,623.00	0%	\$0.00	100%	\$62,623.00	0%	\$0.00	
Surplus Recovery (Note #2)	<u>-\$35,880.00</u>	0%	<u>\$0.00</u>	60%	<u>-\$21,528.00</u>	40%	<u>-\$14,352.00</u>	
	\$174,194.45		\$7,011.35		\$104,197.11		\$62,986.00	\$167,183.11

* See Worksheet S-3 for calculations of expense amounts for each year

Worksheet S-5
Town of Kensington Water and Pollution Control Corporation
Projected Sewer Customers/Units

	<u>Residential</u>		<u>Commercial</u>		<u>Total</u>	
	<u>Customers</u>	<u>Units</u>	<u>Customers</u>	<u>Units</u>	<u>Customers</u>	<u>Units</u>
2005	430	443.5	98	396.6	528	840.1
2006	435	448.5	99	397.6	534	846.1
2007	440	453.5	100	398.6	540	852.1
2008	445	458.5	101	399.6	546	858.1
2009	450	463.5	102	400.6	552	864.1
2010	455	468.5	103	401.6	558	870.1

See Appendix B* for audit of Customers and Units

Worksheet S-6
Town of Kensington Water and Pollution Control Corporation
Calculation of Sewer Base Charges

2006

Unit Customer Charge	=	$\frac{\text{Customer Charge (Worksheet S-4)}}{\text{Number of Customers (Worksheet S5)}}$	=	$\frac{\$5,323.70}{534}$	=	\$9.97
Unit Base Charge	=	$\frac{\text{Base Charge + Operations Charge (Worksheet S4)}}{\text{Number of Equivalent Units (Worksheet S5)}}$	=	$\frac{\$122,432.30}{846.1}$	=	\$144.70

2007

Unit Customer Charge	=	$\frac{\text{Customer Charge (Worksheet S-4)}}{\text{Number of Customers (Worksheet S5)}}$	=	$\frac{\$5,698.50}{540}$	=	\$10.55
Unit Base Charge	=	$\frac{\text{Base Charge + Operations Charge (Worksheet S4)}}{\text{Number of Equivalent Units (Worksheet S5)}}$	=	$\frac{\$134,391.50}{852.1}$	=	\$157.72

2008

Unit Customer Charge	=	$\frac{\text{Customer Charge (Worksheet S-4)}}{\text{Number of Customers (Worksheet S5)}}$	=	$\frac{\$6,102.98}{546}$	=	\$11.18
Unit Base Charge	=	$\frac{\text{Base Charge + Operations Charge (Worksheet S4)}}{\text{Number of Equivalent Units (Worksheet S5)}}$	=	$\frac{\$151,116.78}{858.1}$	=	\$176.11

Worksheet S-6 (cont)
Town of Kensington Water and Pollution Control Corporation
Calculation of Sewer Base Charges

2009

$$\text{Unit Customer Charge} = \frac{\text{Customer Charge (Worksheet S-4)}}{\text{Number of Customers (Worksheet S5)}} = \frac{\$6,539.72}{552} = \$11.85$$

$$\text{Unit Base Charge} = \frac{\text{Base Charge + Operations Charge (Worksheet S4)}}{\text{Number of Equivalent Units (Worksheet S5)}} = \frac{\$161,651.47}{864.1} = \$187.07$$

2010

$$\text{Unit Customer Charge} = \frac{\text{Customer Charge (Worksheet S-4)}}{\text{Number of Customers (Worksheet S5)}} = \frac{\$7,011.35}{558} = \$12.57$$

$$\text{Unit Base Charge} = \frac{\text{Base Charge + Operations Charge (Worksheet S4)}}{\text{Number of Equivalent Units (Worksheet S5)}} = \frac{\$167,183.11}{870.1} = \$192.14$$

Worksheet S-7

Town of Kensington **Water** and Pollution Control Corporation

Proof of Revenue to Meet Projected Expenses - Sewer

2006

$$\text{Customer Revenue} = \text{Number of Customers} \times \text{Unit Customer Charge} = 534 \times \$9.97 = \$5,323.98$$
$$\text{Unit Revenue} = \text{Number of Units} \times \text{Unit Base Charge} = 846.1 \times \$144.70 = \$122,430.67$$
Required Revenue (Worksheet S-4) = \$127,756.00 \$127,754.65

2007

$$\text{Customer Revenue} = \text{Number of Customers} \times \text{Unit Customer Charge} = 540 \times \$10.55 = \$5,697.00$$
$$\text{Unit Revenue} = \text{Number of Units} \times \text{Unit Base Charge} = 852.1 \times \$157.72 = \$134,393.21$$
Required Revenue (Worksheet S-4) = \$140,090.00 \$140,090.21

2008

$$\text{Customer Revenue} = \text{Number of Customers} \times \text{Unit Customer Charge} = 548 \times \$11.18 = \$6,104.28$$
$$\text{Unit Revenue} = \text{Number of Units} \times \text{Unit Base Charge} = 858.1 \times \$176.11 = \$151,119.99$$
Required Revenue (Worksheet S-4) = \$157,219.75 \$157,224.27

Worksheet S-7 (cont)
Town of Kensington Water and Pollution Control Corporation
Proof of Revenue to Meet Projected Expenses - Sewer

2009

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	552	x	\$11.85	=	\$6,541.20
Unit Revenue	=	Number of Units x Unit Base Charge	=	864.1	x	\$187.07	=	<u>\$161,647.19</u>
Required Revenue (Worksheet S-4) =							\$168,191.19	\$168,188.39

2010

Customer Revenue	=	Number of Customers x Unit Customer Charge	=	558	x	\$12.57	=	\$7,014.06
Unit Revenue	=	Number of Units x Unit Base Charge	=	870.1	x	\$192.14	=	<u>\$167,181.01</u>
Required Revenue (Worksheet S-4)							=	\$174,195.07

Notes: (Sewer)

1. Auditor's calculation of projected depreciation and interest requirements for both utilities is attached as Appendix "C" to this report.
2. The sewer utility has projected accumulated surplus to 2005 of \$179,402.00. This is proposed to be recovered during the 2006-2010 period in five equal increments of \$35,880.00.
3. The Town expects residential development of five (5) houses per year and commercial development of one (1) customer/unit per year.
4. The revenue and expenditure figures for 2004 are from audited internal statements for the year ended December 31, 2004.
5. Appendix "C" shows calculations of depreciation and interest for the Corporation's utilities prepared by the Corporation's auditor. The projections include the capital requirements for the five (5) Year Capital Plan (Appendix "A") and assumes an interest rate of 6.0%.

Appendix “A”

**Town of Kensington
Water and Sewer Systems**

**Proposed Capital Projects
Five Year Plan**

Town of Kensington Water & Sewer Systems

Proposed Capital Projects Five Year Plan



July, 2005

Revised August 30, 2005

- TABLE OF CONTENTS -

Page No.

INTRODUCTION 1

CAPITAL PROGRAM - SEWER 2

CAPITAL PROGRAM - WATER 4

SUMMARY 6

Appendix "A" - Five Year Capital Projects - Sewer

Appendix "B" - Five Year Capital Projects - Water

Appendix "C" - Proposed Five Year Capital Projects - Drawing

INTRODUCTION

Delcom Engineering Ltd. has been retained by the Town of Kensington Water and Pollution Control Corporation to prepare a projection of capital requirements for both the water and sewer utilities of the Town. To undertake this work, Delcom met with the Town Manager, Mayor and Town Utility Operator to develop a list of areas within the Utilities that are expected to require infilling, upgrading or repair/replacement within the next five (5) years.

Both Utilities were evaluated and a complete list of expected capital projects has been created along with scoping cost estimates.

CAPITAL PROGRAM - SEWER

The projected capital projects for the sewer utility within a five (5) year window has been prepared. The project estimates are attached to this report as Appendix "A" - Five Year Capital Projects - Sewer. Appendix "A" also includes a cost summary of all projects. Appendix "C" illustrates the sewer capital projects graphically on a sketch of the Town.

The following Table #1 lists the proposed projects, the estimated cost for each and the expected year (1-5) for the construction of the work. Construction Year 1 has been assumed as 2006.

Table #1
Capital Projects - Sewer

	<u>Project</u>	<u>Description</u>	<u>Estimated Cost</u>	<u>Construction Year</u>
1.	Lowther Street	150 m of Sewer Replacement	\$62,000.00	1 (2006)
2.	Pleasant Street Sewer Lift Station	Upgrade to Aging Pumping Station	\$100,000.00	2 (2007)
3.	Lagoon Upgrades	Repair of Lagoon Liner/Bottom	\$310,000.00	3 (2008)
4.	Sewer Replacement/Extension Program	Program of systematic replacement of aging sewer mains (120 m per year)	\$250,000.00 (\$50,000.00/yr)	(1 - 5)
5.	GIS Information System	Computerized inventory system for infrastructure and customers	\$25,000.00	2 (2007)

The total expected capital expenditures for the Town's Sewer Utility during the next five (5) years is \$747,000.00

This amount is further broken out into capital requirement(s) per year in Table #2.

Table #2
Capital Requirements Per Year - Sewer

<u>Project</u>	<u>Year 1 (2006)</u>	<u>Year 2 (2007)</u>	<u>Year 3 (2008)</u>	<u>Year 4 (2009)</u>	<u>Year 5 (2010)</u>
1. Lowther Street	\$ 62,000.00	---	---	---	---
2. Pleasant St. Lift Station	---	\$100,000.00	---	---	---
3. Lagoon Upgrades	---	---	\$310,000.00	---	---
4. Sewer Replacement Program	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$50,000.00	\$50,000.00
5. GIS Information System	---	\$ 25,000.00	---	---	---
Estimated Capital Requirements =	\$112,000.00	\$175,000.00	\$360,000.00	\$50,000.00	\$50,000.00

The average capital requirement over the five years is approximately \$149,400.00 per year.

CAPITAL PROGRAM - WATER

The projected capital projects for the water utility within a five (5) year window has been prepared. The project estimates are attached to this report as Appendix "B" - Five Year Capital Projects - Water. Appendix "B" also includes a cost summary of all projects. Appendix "C" illustrates the water capital projects graphically on a sketch of the Town.

The following Table #3 lists the proposed projects, the estimated cost for each and the expected year (1-5) for the construction of the work. Construction Year 1 has been assumed as 2006.

Table #3
Capital Projects - Water

	<u>Project</u>	<u>Description</u>	<u>Estimated Cost</u>	<u>Construction Year</u>
1.	Wellfield and Chlorination	2-3 new production wells and a permanent chlorination system	\$275,000.00	1 (2006)
2.	Water Metering Program (Commercial)	New water meters for all commercial customers and multiple residential units in Kensington	\$ 45,000.00	1 (2006)
3.	Sunset Drive and Area Water Extension	Infilling water system in residential areas	\$620,000.00	(1 - 5)
4.	Garden Drive Water Extension	Infilling water system in residential areas	\$103,000.00	2 (2007)
5.	Wellfield Protection Initiative	Land purchase for wellfield protection	\$ 60,000.00	(2 - 4)
6.	GIS Information System	Computerized inventory system for infrastructure and customers	\$ 25,000.00	2 (2007)

The total expected capital expenditures for the Town's Water Utility during the next five (5) years is \$1,128,000.00.

This amount is further broken out into capital requirement(s) per year in Table #4.

Table #4
Capital Requirements Per Year - Water

<u>Project</u>	<u>Year 1 (2006)</u>	<u>Year 2 (2007)</u>	<u>Year 3 (2008)</u>	<u>Year 4 (2009)</u>	<u>Year 5 (2010)</u>
1. Wellfield and Chlorination	\$275,000.00	---	---	---	---
2. Water Metering Program	\$ 45,000.00	---	---	---	---
3. Sunset Drive and Area Water Extension	\$124,000.00	\$124,000.00	\$124,000.00	\$124,000.00	\$124,000.00
4. Garden Drive Water Extension	---	\$103,000.00	---	---	---
5. Wellfield Protection Initiatives	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 10,000.00	---
6. GIS Information System	---	\$ 25,000.00	---	---	---
Estimated Capital Requirements =	\$454,000.00	\$272,000.00	\$144,000.00	\$134,000.00	\$124,000.00

The average capital requirement over the five years is approximately \$225,600.00 per year.

SUMMARY

The Town of Kensington Water and Pollution Control Corporation anticipates capital projects over the next five years to be \$747,000.00 or an average of \$149,400.00 per year for the Sewer Utility and \$1,128,000.00 or an average of \$225,600.00 per year for the Water Utility.

It is expected that all capital projects will require capital funding in a ratio of approximately 1/3 Utility and 2/3 available Federal/Provincial programs in order to proceed.

Those capital projections are intended to be used in an Island Regulatory and Appeals Commission application for a utility rate adjustment currently underway.

Appendix “A”
Five Year Capital Projects
- Sewer -

**TOWN OF KENSINGTON
SUMMARY OF 5 YEAR CAPITAL PROJECTS
SEWER SYSTEM**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Amount
1.	Lowther Street Sewer Replacement	\$62,000.00
2.	Pleasant Street Sewer Lift Station Upgrades	\$100,000.00
3.	Lagoon Upgrades	\$310,000.00
4.	Miscellaneous Sewer Replacements \$50,000 per Year x 5 Years	\$250,000.00
5.	GIS Information System	\$25,000.00
	Total =	\$747,000.00

**TOWN OF KENSINGTON
LOWTHER STREET SEWER REPLACEMENT
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Quantity	Unit Price	Amount
1.	Sewer Main			
	► 200 mm dia.	150 m	\$148.50	\$22,275.00
2.	Sewer Services	110 m	\$132.00	\$14,520.00
3.	Manholes	3 units	\$2,750.00	\$8,250.00
4.	Miscellaneous Asphalt	75 m ²	\$88.00	\$6,600.00
5.	Sandstone	100 m ³	\$11.00	\$1,100.00
			Subtotal =	\$52,745.00
6.	GST(7%)		=	<u>\$3,692.15</u>
			Subtotal =	\$56,437.15
7.	Engineering (10%)		=	<u>\$5,643.72</u>
			TOTAL =	\$62,080.87

Rounded to \$62,000.00

**TOWN OF KENSINGTON
PLEASANT ST. SEWAGE LIFT STATION UPGRADES
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item #	Description	Quantity	Unit Price	Amount
1.	Pumps and Controls	1 unit	\$27,500.00	\$27,500.00
2.	Pumping Chamber	1 LS	\$22,000.00	\$22,000.00
3.	Valve Chamber	1 LS	\$8,800.00	\$8,800.00
4.	Internal Piping	1 LS	\$16,500.00	\$16,500.00
5.	Flow Meter	1 LS	\$5,500.00	\$5,500.00
6.	Bypass Pumping	1 LS	\$5,500.00	\$5,500.00
			Subtotal =	\$85,800.00
7.	GST (7%)		=	<u>\$6,006.00</u>
			Subtotal =	\$91,806.00
8.	Engineering (10%)		=	<u>\$9,180.60</u>
			Total =	<u>\$100,986.60</u>
Rounded to \$100,000.00				

**TOWN OF KENSINGTON
LAGOON UPGRADES
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item #	Description	Quantity	Unit Price	Amount
1.	Clay Liner	7,900 m ³	\$18.70	\$147,730.00
2.	Excavation	3,000 m ³	\$4.40	\$13,200.00
3.	Remove & Replace Aeration Equipment.	1 LS	\$22,000.00	\$22,000.00
4.	Remove & Replace Inlet and Outlet Wiring.	1 LS	\$8,800.00	\$8,800.00
5.	Gravel for under inlet and outlet pipe.	50 m ³	\$49.50	\$2,475.00
6.	Sandstone.	2,500 m ³	\$11.00	\$27,500.00
7.	Bentonite Seals	2 units	\$1,650.00	\$3,300.00
8.	Lagoon Lowering	1 LS	\$11,000.00	\$11,000.00
9.	Access Ramp	1 LS	\$11,000.00	\$11,000.00
10.	New Valve & Piping	1 LS	\$11,000.00	\$11,000.00
11.	New Access Gate	1 LS	\$5,500.00	\$5,500.00
			Subtotal =	\$263,505.00
12.	GST (7%)		=	<u>\$18,445.35</u>
			Subtotal =	\$281,950.35
13.	Engineering (10%)		=	<u>\$28,195.04</u>
			Total =	<u><u>\$310,145.39</u></u>

Rounded to \$310,000.00

**TOWN OF KENSINGTON
MISCELLANEOUS SEWER REPLACEMENTS
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Quantity	Unit Price	Amount
1.	Sewer Main			
	▸ 200 mm dia.	120 m	\$148.50	\$17,820.00
2.	Sewer Services	80 m	\$132.00	\$10,560.00
3.	Manholes	2 units	\$2,750.00	\$5,500.00
4.	Miscellaneous Asphalt	75 m ²	\$88.00	\$6,600.00
5.	Sandstone	100 m ³	\$11.00	\$1,100.00
			Subtotal =	\$41,580.00
6.	GST(7%)		=	<u>\$2,910.60</u>
			Subtotal =	\$44,490.60
7.	Engineering (10%)		=	<u>\$4,449.06</u>
			TOTAL =	\$48,939.66

**Rounded to \$50,000.00 per year
Total for 5 Year Projection = \$250,000.00**

Appendix “B”
Five Year Capital Projects
- Water -

**TOWN OF KENSINGTON
SUMMARY OF 5 YEAR CAPITAL PROJECTS
WATER SYSTEM**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Amount
1.	Wellfield and Chlorination	\$275,000.00
2.	Water Metering Program	\$ 45,000.00
3.	Sunset Drive and Area Water Extension	\$620,000.00
4.	Garden Drive Water Extension	\$103,000.00
5.	Wellfield Protection Initiative	\$ 60,000.00
6.	GIS Information System	\$ 25,000.00
	Total =	\$1,128,000.00

**TOWN OF KENSINGTON
WELLFIELD AND CHLORINATION
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item #	Description	Quantity	Unit Price	Amount
1.	Water Drilling	2 ea	\$13,200.00	\$26,400.00
2.	Hydrogeologist	1 LS	\$16,500.00	\$16,500.00
3.	Well heads, including: - Pumps - Risers - Pitless Adaptor - Chainlink Fence	2 ea	\$14,300.00	\$28,600.00
4.	Electrical / Control Wiring	1 LS	\$36,300.00	\$36,300.00
5.	Control Panels and Computerized Operating System	1 LS	\$22,000.00	\$22,000.00
6.	Exterior Piping (to new wells)			
	- 100 mm dia.	240 m	\$88.00	\$21,120.00
	- Valves & Fittings	1 LS	\$5,500.00	\$5,500.00
7.	Connection of Well #1			
	- 150 mm dia.	55 m	\$99.00	\$5,445.00
	- Valves & Fittings	1 LS	\$3,300.00	\$3,300.00
8.	Connection of Well #2			
	- 150 mm dia.	220 m	\$99.00	\$21,780.00
	- Valves & Fittings	1 LS	\$3,300.00	\$3,300.00

Item #	Description	Quantity	Unit Price	Amount
9.	Flow Meters			
	- Magnetic Meter	1 LS	\$5,500.00	\$5,500.00
	- Turbines for new Wells	2 ea	\$1,100.00	\$2,200.00
10.	Pump Control Building			
	- Internal Piping			
	- Valves			
	- Flushing Ports	1 LS	\$11,000.00	\$11,000.00
11.	Relocation of Chlorination Unit	1 LS	\$2,200.00	<u>\$2,200.00</u>
			Subtotal =	\$211,145.00
12.	GST (7%)		=	<u>\$14,780.15</u>
			Subtotal =	\$225,925.15
13.	Engineering (10%)		=	<u>\$22,592.52</u>
			Subtotal =	\$248,517.67
14.	Temporary Chlorination for Well #1 and Well #2	2 units	\$14,000.00	<u>\$28,000.00</u>
			Total =	<u>\$276,517.67</u>
<u>Rounded to \$275,000.00</u>				

Note: Estimate does not include land cost.

**TOWN OF KENSINGTON
WATER METERING PROGRAM
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Quantity	Unit Price	Amount
1.	Water Main			
	▸ 1 inch	50 units	\$550.00	\$27,500.00
	▸ 2 inch	10 units	\$1,100.00	\$11,000.00
			Subtotal =	\$38,500.00
2.	GST(7%)		=	<u>\$2,695.00</u>
			Subtotal =	\$41,195.00
3.	Engineering (10%)		=	<u>\$4,119.50</u>
			TOTAL =	\$45,314.50

Rounded to \$45,000.00

**TOWN OF KENSINGTON
SUNSET DRIVE AND AREA WATER EXTENSION
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Quantity	Unit Price	Amount
1.	Water Main			
	▸ 250 mm dia.	450 m	\$143.00	\$64,350.00
	▸ 200 mm dia.	1,100 m	\$115.50	\$127,050.00
	▸ 150 mm dia.	700 m	\$99.00	\$69,300.00
2.	Water Services	800 m	\$93.50	\$74,800.00
3.	Fittings			
	▸ 250 mm Valve	5 units	\$1,650.00	\$8,250.00
	▸ 200 mm Valve	15 units	\$1,320.00	\$19,800.00
	▸ 150 mm Valve	15 units	\$935.00	\$14,025.00
	▸ Miscellaneous Fittings	1 LS	\$22,000.00	\$22,000.00
	▸ Hydrant	10 units	\$3,850.00	\$38,500.00
4.	Augering	350 m	\$165.00	\$57,750.00
5.	Miscellaneous Asphalt	300 m ²	\$88.00	\$26,400.00
6.	Sandstone	500 m ³	\$11.00	\$5,500.00
			Subtotal =	\$527,725.00
7.	GST(7%)		=	<u>\$36,940.75</u>
			Subtotal =	\$564,665.75
8.	Engineering (10%)		=	<u>\$56,466.58</u>
			TOTAL =	\$621,132.33
Rounded to \$620,000.00				

**TOWN OF KENSINGTON
GARDEN DRIVE WATER EXTENSION
SCOPING COST ESTIMATE**

Delcom Engineering Ltd.

August 30, 2005

Item	Description	Quantity	Unit Price	Amount
1.	Water Main			
	▸ 200 mm dia.	350 m	\$115.50	\$40,425.00
	▸ 150 mm dia.	25 m	\$99.00	\$2,475.00
2.	Water Services	130 m	\$93.50	\$12,155.00
3.	Fittings			
	▸ 200 mm Valve	3 units	\$1,320.00	\$3,960.00
	▸ 150 mm Valve	2 units	\$935.00	\$1,870.00
	▸ Miscellaneous Fittings	1 LS	\$5,500.00	\$5,500.00
	▸ Hydrant	2 units	\$3,850.00	\$7,700.00
4.	Augering	50 m	\$165.00	\$8,250.00
5.	Miscellaneous Asphalt	50 m ²	\$88.00	\$4,400.00
6.	Sandstone	100 m ³	\$11.00	\$1,100.00
			Subtotal =	\$87,835.00
7.	GST(7%)		=	<u>\$6,148.45</u>
			Subtotal =	\$93,983.45
8.	Engineering (10%)		=	<u>\$9,398.35</u>
			TOTAL =	\$103,381.80

Rounded to \$103,000.00

Appendix “C”
Proposed Five Year Capital Projects
- Drawing -

WATER AND SEWER SYSTEMS PROPOSED 5 YEAR CAPITAL PROJECTS

N

SUNSET DRIVE
AND AREA
WATER EXTENSION

PLEASANT ST. SEWER
LIFT STATION UPGRADES

TOWN LIMITS

TOWN LIMITS

TOWN LIMITS

OLIVER STREET
SEWER RE-ALIGN

TOWN LIMITS

GARDEN DRIVE
SEWER EXTENSION

SEWER
CAPITAL

LAGOON
UPGRADES

TOWN LIMITS

LEGEND

NEW WATER MAIN
NEW SEWER MAIN



Delcom
Engineering Ltd.

181 Main Street
Summerside, P.E.I.
C1A 1A6
Phone: (902) 435-1807
Fax: (902) 435-3001
eng@delcompe.ca

TOWN OF KENSINGTON
PRINCE EDWARD ISLAND
JUNE 2005

Appendix “C”

**Depreciation of Interest Schedule,
as prepared by Town of Kensington Auditor**

Town of Kensington
Estimated interest expense
Years Ending

SEWER	2005	2006	2007	2008	2009	2010
BNS 301,338	18,972.54	18,381.88	17,754.02	17,086.64	16,377.23	15,623.16
BNS 54,937	3,458.89	3,115.37	2,750.22	2,362.08	1,959.50	1,510.94
BNS 2005 refinance 100,000	1,000.00	6,000.00	5,836.89	5,664.00	5,480.73	5,286.47
Sewer additions 2006 37,333		1,112.75	2,162.56	2,099.87	2,033.42	1,962.97
Sewer additions 2007 58,333			1,738.67	3,379.02	3,281.07	3,177.22
Sewer additions 2008 119,999				3,576.69	6,951.11	6,749.60
Sewer additions 2009 16,667					496.78	965.46
Sewer additions 2010 16,667						720.02
	<u>23,431.43</u>	<u>28,610.00</u>	<u>30,242.36</u>	<u>34,168.30</u>	<u>36,579.84</u>	<u>35,995.84</u>

WATER

BNS 6,667	411.21	205.60				
BNS 84,600	5,217.94	4,638.17	4,058.40	3,478.63	2,898.86	2,319.09
BNS 69,023	5,185.15	5,110.53	5,053.12	4,991.31	4,924.79	4,853.18
BNS 47,600	2,935.86	2,516.45	2,097.05	1,677.64	1,258.23	838.82
BNS 88,494	4,902.77	4,650.46	4,399.14	4,133.92	3,854.06	3,558.74
BNS 2005 116,634	5,327.26	7,103.01	6,911.78	6,708.90	6,493.67	6,265.33
BNS 2005 refinance 125,000	1,000.00	7,612.50	7,407.55	7,190.12	6,959.45	6,714.73
Water additions 2006 151,333		4,510.63	8,766.18	8,512.04	8,242.66	7,957.12
Water additions 2007 90,666			2,702.39	5,251.96	5,099.70	4,938.31
Water additions 2008 48,000				1,430.69	2,780.47	2,699.86
Water additions 2009 44,666					1,331.31	2,587.34
Water additions 2010 41,333						1,231.97
	<u>24,980.19</u>	<u>36,347.35</u>	<u>41,395.61</u>	<u>43,375.21</u>	<u>43,843.20</u>	<u>43,964.49</u>

DEPRECIATION EXPENSE

Sewer	<u>18,119.00</u>	<u>17,378.00</u>	<u>20,860.00</u>	<u>26,227.00</u>	<u>26,427.00</u>	<u>26,627.00</u>
--------------	------------------	------------------	------------------	------------------	------------------	------------------

Water	<u>11,712.00</u>	<u>17,581.00</u>	<u>20,236.00</u>	<u>20,812.00</u>	<u>21,348.00</u>	<u>21,844.00</u>
--------------	------------------	------------------	------------------	------------------	------------------	------------------