



Water/Sewer Utility Rate Application

Filing Guidelines

Updated: November 2010

In accordance with Sections 9 and 15 of the *Water and Sewerage Act*, utilities are required to submit written proposals to the Commission for any rate changes. Following is a list of suggested items to include when preparing a rate submission:

1. General background information on the Utility (i.e. year established, description of system, current number of customers), and the overall reason(s) for the request for a rate change;
2. A description of any proposed capital projects or significant expenditures anticipated in the next few years (i.e. main extensions/extensions or equipment purchases);
3. Information on projected depreciation expenses for any future capital costs (i.e. Utility's NET amount, depreciation rate and depreciation amount). Any projected depreciation amounts to be included in the statement of revenues and expenditures prepared under #5 below;
4. Information on any projected long-term debt (i.e. loan amounts, terms, interest rates and interest amounts). Any projected interest amounts to be included in the statement of revenues and expenditures prepared under #5 below;
5. Two statements of revenue and expenditures providing the two most current years of actual data and at least two years of forecasted data. One statement should be prepared showing the impact with no increased revenues; and the other one showing increased revenues based on the proposed rate changes. Expenditures should reflect any additional anticipated costs*;
6. Comments on any revenue and expenditure accounts that have increased or decreased substantially, including a brief explanation of why they've changed;
7. A breakdown of the Utility's customers, including the type and number of customers and the proportionate units billed (customer names not to be included);
8. The forecast number of new customers expected to be billed over the next 2-3 years (both the number of customers and the number of proportionate units to be shown);
9. The proposed amortization period to recover any accumulated deficit;
10. The Utility's current rate, the proposed rate and the proposed effective date;
11. Information on any prior communication by the Utility to its ratepayers on the proposed rate changes;

12. Any other information relevant to the rate filing;

In addition, the following documents **must** be provided:

13. Minutes from the Utility Board of Directors giving authorization to prepare the rate application;
14. A copy of the Utility's Bylaw, created pursuant to Section 38.1 of the *Municipalities Act*; and
15. A copy of the Utility's most recent audited financial statements.

Filings can be submitted by mail or electronically and will be published on the Commission's website.

Questions should be directed to Heather Walker or Mark Lanigan at 892-3501 (toll free: 1-800-501-6268) or info@irac.pe.ca.

*Note: The principal portion of long-term debt is not to be included in forecast expenditures as it is not an allowable expense for rate purposes—capital recovery is offset through depreciation charges only.