

# PETERBOROUGH UTILITIES COMMISSION

October 15, 2021

COMMISSION AGENDA

2021:11:04

## NOTICE & AGENDA

A MEETING OF THE PETERBOROUGH UTILITIES COMMISSION WILL BE HELD ON **THURSDAY, NOVEMBER 4, 2021 AT 4:00 P.M.** THE MEETING WILL BE HELD VIRTUALLY USING MS TEAMS PLATFORM.

### 0.01 **CALL TO ORDER**

### 0.02 **DECLARATION OF PECUNIARY INTEREST**

### 1. **CONSENT AGENDA**

#### 1.01 MINUTES – OCTOBER 21, 2021

### 2. **REPORTS**

#### 2.01 INTERIM UNAUDITED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

#### 2.02 2022 OPERATING AND CAPITAL BUDGET

#### 2.03 2022 WATER UTILITY RATE SCHEDULE

### 3. **COMMUNICATIONS**

### 4. **NEW BUSINESS**

### 5. **DATE OF NEXT MEETINGS**

DECEMBER 2, 2021

### 6. **ADJOURNMENT**

John Stephenson  
President & CEO

MINUTES OF THE MEETING OF THE PETERBOROUGH UTILITIES COMMISSION HELD ON **THURSDAY, OCTOBER 21, 2021 AT 4:00 P.M.** THIS WAS OUR ANNUAL MEETING WITH THE RIVERVIEW PARK & ZOO ADVISORY COMMITTEE. THE MEETING WAS HELD USING MS TEAMS PLATFORM.

0.01 **CALL TO ORDER**

0.02 **DECLARATION OF PECUNIARY INTEREST**

1. **CONSENT AGENDA**

1.01 MINUTES - JUNE 24, 2021

1.02 OPERATING REPORTS     - JUNE 2021  
                                     - JULY 2021  
                                     - AUGUST 2021  
                                     - SEPTEMBER 2021

1.03 UNAUDITED SECOND QUARTER FINANCIAL RESULT FOR THE PERIOD  
      ENDING JUNE 30, 2021

2. **REPORTS**

2.01 FINANCIAL UPDATE FOR THE EIGHT-MONTH PERIOD ENDING AUGUST 31,  
      2021

2.02 RIVERVIEW PARK AND ZOO ADVISORY COMMITTEE UPDATE - VERBAL  
      REPORT, CHAIR OF ADVISORY COMMITTEE, P. HARTUNG

2.03 2022 CAPITAL BUDGET OVERVIEW RIVERVIEW PARK AND ZOO

2.04 2021 DEVELOPMENT PROGRAM UPDATE, RIVERVIEW PARK AND ZOO

2.05 2021 EDUCATION PROGRAM REVIEW, RIVERVIEW PARK AND ZOO

3. **COMMUNICATIONS**

4. **NEW BUSINESS**

5. **DATE OF NEXT MEETING**

NOVEMBER 4, 2021

6. **ADJOURNMENT**

Chair

Read and approved this

day of

2021

MINUTES OF THE MEETING OF THE PETERBOROUGH UTILITIES COMMISSION HELD ON **THURSDAY, OCTOBER 21, 2021 AT 4:00 P.M.** THIS WAS OUR ANNUAL MEETING WITH THE RIVERVIEW PARK & ZOO ADVISORY COMMITTEE. THE MEETING WAS HELD USING MS TEAMS PLATFORM.

Present: Mayor Diane Therrien, Chair  
Councillor Don Vassiliadis, Vice-Chair  
Councillor Gary Baldwin  
Councillor Dean Pappas  
Councillor Steven Wright

Staff members present: Mr. John Stephenson, President & CEO  
Mr. Kyle Davis, CFO  
Mr. Pat Devlin, Vice-President, Water Utility Services  
Ms. Patricia Skopelianos, Quality Assurance Manager  
Mr. Jim Moloney, Manager, Riverview Park and Zoo  
Ms. Cathy Mitchell, Program Supervisor  
Ms. Suzette Lake, Corporate Communications, Records  
Compliance Coordinator

Guests: Mr. Paul Hartung, Chair of RP&Z Advisory Committee  
Ms. Shauna Moodie, Member RP&Z Advisory Committee  
Ms. Janet Lafortune, Member RP&Z Advisory  
Committee

Regrets: Ms. Susan Ramey, Member RP&Z Advisory Committee

## **0.01 CALL TO ORDER**

The Chair called the meeting to order at 4:02 p.m.

## **0.02 DECLARATION OF PECUNIARY INTEREST**

None

## **1. CONSENT AGENDA**

### **1.01 MINUTES - JUNE 24, 2021**

Chair

Read and approved this

day of

2021

**1.02 OPERATING REPORTS**

- JUNE 2021
- JULY 2021
- AUGUST 2021
- SEPTEMBER 2021

**1.03 UNAUDITED SECOND QUARTER FINANCIAL RESULT FOR THE PERIOD ENDING JUNE 30, 2021**

It was moved by Councillor D. Pappas, seconded by Councillor S. Wright, and carried:

“THAT the consent agenda be approved.”

**2. REPORTS****2.01 FINANCIAL UPDATE FOR THE EIGHT MONTH PERIOD ENDING AUGUST 31, 2021**

It was moved by Councillor D. Pappas, seconded by Councillor D. Vassiliadis, and carried:

“THAT the report be received for information.”

**2.02 RIVERVIEW PARK AND ZOO ADVISORY COMMITTEE UPDATE - VERBAL REPORT, CHAIR OF ADVISORY COMMITTEE, P. HARTUNG**

The following update was provided by Mr. P. Hartung, Chair of the Riverview Park & Zoo Advisory Committee:

Your Worship, Councillors, Members of the Commission. It is a pleasure, as Chair of the Citizens Advisory Committee, to bring you up-to-date on our activities during the past year.

The Zoo has been closed for the last 18 months so one might think that this report would be relatively quick. That is not the case. While it is fair to say that we have not had many unruly guests in the last 18 months, the pandemic has presented its own unique challenges.

Your Citizens Advisory Committee has witnessed a staff that has adapted to the circumstances presented to them.

Chair

Read and approved this

day of

2021

Of prime importance was the safety and well-being of not only our staff but those who they were responsible for, the animals. As you are aware, Covid brought many regulations and restrictions and requirements that were imposed upon the Zoo and the staff of the Zoo.

The Advisory Committee advisory was constantly kept abreast of staff's compliance with those regulations.

Our committee was told of the measures that were taken to ensure the welfare of the animals in the care of the Zoo. Regular enhancement activities, a sound diet, and attention to the health of our residents left the committee with no doubt that the Zoo residents are in good care.

Take a quick drive around the Zoo grounds and you will see that maintenance of the facility is superior. The Zoo and Park are indeed an asset to our community thanks to the ongoing efforts of the staff.

The pandemic also raised challenges for another area of the Zoo, our educational programs. I am the first to admit that I am not very savvy when it comes to technology. Can you imagine how impressed I was when the staff turned our in - person educational programs to virtual educational programs, much to the appreciation of the educational community

. Working within the covid guidelines, staff was able to offer guided tours of the Zoo. While not ideal, it did provide the opportunity for number of members of our community to visit with the animals.

I hope you don't think that everything at the Zoo is rosy. The pandemic has put incredible pressure on our ability to raise additional income for our operations. Revenue from the train, concessions, donation boxes and our gift shop have all been impacted.

I have been on the Advisory Committee for the last four years, and one of the reoccurring challenges is how to keep our Zoo free to everyone, while at the same time, make additional revenue to ensure its viability.

The committee has studied the challenges and have come up with a couple of recommendations to be considered. Those recommendations revolve around a membership program as well as paid parking. I know that staff is currently working on both of those opportunities for the Zoo.

Like many other organizations, we have lost the opportunity to fundraise in

Chair

Read and approved this

day of

2021

person. While we have done a virtual “Fun Run”, there is nothing like community to encourage increased participation. Over the past 12 months,

the Committee has been looking at other ways of fundraising during a pandemic.

One of our challenges over the next couple years is to raise enough funds to replace our current 47 year old train. Staff have been working on a fundraising plan that will help raise the necessary money for a replacement. One of the questions that we faced was how can we get the community involved in this project. Luckily for us, the Rotary club of Goderich might have provided us with a partial solution. Faced with the same dilemma, the Rotary club decided to manufacture and sell jigsaw puzzles of a famous Goderich attraction. In three days the local Rotary club sold over 300 of the puzzles of the famous Goderich lighthouse. They are now on their 4th puzzle.

I've always believed that plagiarism is a great form of flattery. Tomorrow we are going to flatter the Rotary club of Goderich by launching our own Puzzle. Featuring Peterborough's miniature train, the puzzle will be available in many stores throughout the area as well as through the Zoo. We are hoping that the City Council will start us off by purchasing 500 of the puzzles. Actually, our profit margin per puzzle is about \$12 on the \$20.00 puzzle. We are hoping that the community will really get behind this project, as the train has been a generational Peterborough gem.

I could go on and on but Jim told me that I should keep my report to less than three minutes. With that in mind if there are any questions I would be happy to refer them to Jim. Thank you for your attention and support. Puzzles will be available through the Zoo or you can contact me directly.

The Commission thanked the Riverview Park and Zoo Advisory Committee for all their great work and request an email with more information be sent to them on how to purchase puzzles to support the Riverview Park & Zoo.

It was moved by Councillor D. Vassiliadis, seconded by Councillor D. Pappas and carried:

“THAT the report be received for information.”

Chair

Read and approved this

day of

2021

**2.03 2022 CAPITAL BUDGET OVERVIEW RIVERVIEW PARK AND ZOO**

The Manager of the Riverview Park and Zoo, Mr. J. Moloney provided an overview of the 2022 capital budget.

It was moved by Councillor S. Wright, seconded by Councillor D. Pappas and carried:

“THAT the report be received for information.”

**2.04 2021 DEVELOPMENT PROGRAM UPDATE, RIVERVIEW PARK AND ZOO**

The Program Supervisor of the Riverview Park and Zoo, Ms. C. Mitchell provided an update of the 2021 Development Program.

The Commission asked about the development status of the Membership Program. Management provided an update on the program and stated that once the Park and Zoo is ready to reopen to the public, the program will be refined and progress. Timing needs to be considered for deployment, and community readiness measured for these changes.

It was moved by Councillor D. Vassiliadis, seconded by Councillor G. Baldwin, and carried:

“THAT the report be received for information.”

**2.05 2021 EDUCATION PROGRAM REVIEW, RIVERVIEW PARK AND ZOO**

The Commission thanked Ms. C. Mitchell for her enthusiasm that she brings to the role and for all the work that is done by her and her team.

It was moved by Councillor D. Pappas, seconded by Councillor G. Baldwin, and carried:

“THAT the report be received for information.”

**3. COMMUNICATIONS**

None

**4. NEW BUSINESS**

Chair

Read and approved this

day of

2021

Councillor S. Wright wanted to discuss a question that he has been receiving from residents about not being able to walk their dogs in the area where frisbee golf is played at the Riverview Park and Zoo and if there has been city wide communication on this. Mr. J. Moloney explained that there has been past communication, this rule was introduced prior to 2003 and is communicated through signage, a webpage, handouts, maps, and flyers. It may have become more of an issue recently due to COVID19 restrictions with staff not being present in the area as much, they have been keeping their distance from the public during these times. As well, more dog ownership seems to be happening in the area. This rule is important to manage the health of the animals and the risk of contamination.

Councillor D. Vassiliadis wanted to discuss a concern he received from a resident regarding our collection process on water arrears. When a tenant does not pay their water bill, the property owner is responsible for the arrears. Mr. P. Devin explained that this process of collections was approved by the Commission several years ago and cautioned the Commission about changing the billing methodology as this also impacts sewer collections. It was noted that this will be a longer discussion and will be revisited at our next meeting on November 4, 2021.

5. **DATE OF NEXT MEETINGS**

November 4, 2021

6. **ADJOURNMENT**

The Chair accepted a motion of adjournment by Councillor G. Baldwin seconded by Councillor S. Wright at 5:00 p.m.

Chair

Read and approved this

day of

2021



# PETERBOROUGH UTILITIES COMMISSION REPORT

2.01

November 4, 2021

COMMISSION AGENDA  
2021:11:04

## **INTERIM UNAUDITED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021**

### **INFORMATION ITEM**

The Peterborough Utilities Commission financial statements for the nine-month period ending September 30, 2021 are presented for the Commission's information.

Prepared by: Kyle Davis, CFO

Submitted by: Kyle Davis, CFO

Approved for Submission by: \_\_\_\_\_  
President & CEO

## BUSINESS OF THE PETERBOROUGH UTILITIES COMMISSION

The Peterborough Utilities Commission ("PUC") is responsible for supplying Peterborough residents and businesses with safe, clean water. Peterborough has a plentiful supply of source water from the Otonabee River. This water is treated in a government-inspected facility before being distributed throughout the City. Each year the external and PUC labs test thousands of water samples to ensure that Peterborough's drinking water is safe and aesthetically pleasing. About twenty thousand tests are conducted each year to ensure the drinking water surpasses health-related standards.

The PUC Commission also provides the Riverview Park and Zoo ("RP&Z") for the enjoyment and education of the public. The RP&Z strives to provide the citizens of Peterborough with an outstanding recreational and educational facility located in a park setting and endeavors to create an environment suitable for conservation and preservation of wildlife and parkland.

## SUMMARY

Selected interim comparative financial data is presented in the following tables:

Financial Activities						
	Nine months ended Sept 30,				2021	% of
(unaudited, \$ thousands)	2021	2020	\$ Change	% Change	Budget	Budget
Revenues	16,107	15,135	972	6%	22,181	73%
Expenditures						
Operating	8,940	8,634	306	4%	12,697	70%
Amortization	4,725	4,853	(128)	-3%	6,300	75%
Interest	304	285	19	7%	417	73%
	13,969	13,772	197	1%	19,414	72%
Surplus	2,138	1,363	775	57%	2,767	77%

Total revenue has increased by \$972 thousand compared to the prior primarily due to the development charges that were received in September. Overall expenditures have increased over the prior year as many expenditures were delayed or deferred in 2020 in response to the Pandemic, however they have remained consistent with, or below, budget expectations. These will all be discussed in detail below.

<b>Financial Position</b>		
(unaudited, \$ thousands)	As at	
	<b>Sept 30, 2021</b>	<b>December 31, 2020</b>
Cash	25,170	23,494
Other financial assets	5,974	5,611
Liabilities	(20,147)	(20,816)
<b>Net financial assets</b>	<b>10,997</b>	<b>8,289</b>
Capital assets	118,580	119,409
Other non-financial assets	787	528
<b>Net non-financial assets</b>	<b>119,367</b>	<b>119,937</b>
<b>Accumulated surplus</b>	<b>130,364</b>	<b>128,226</b>

## FUND ACCOUNTING

The following summary represents the consolidated results of the Restricted Reserve, Contributed Capital and Current funds.

<b>Surplus Summary</b>			
(unaudited, \$ thousands)	Nine months ended Sept 30,		<b>2021 Budget</b>
	<b>2021</b>	<b>2020</b>	
Restricted Reserve	1,485	709	2,313
Contributed Capital	96	28	350
Operating	1,835	1,817	1,634
Riverview Park and Zoo	(1,278)	(1,191)	(1,530)
<b>Surplus</b>	<b>2,138</b>	<b>1,363</b>	<b>2,767</b>

The surplus is \$2.14 million on September 30 and is budgeted to be \$2.77 million by year end. The components of the surplus are discussed in the following paragraphs.

### (a) Restricted Reserve Funds Annual Surplus

Restricted reserve funds surplus for the nine-month period ended September 30, 2021 is \$1.49 million, compared to \$709 thousand during 2020 and a total year budget amount of \$2.31 million.

The Restricted funds balance consists of three specific reserve funds. Revenues received for these funds are mainly derived from water revenues, developer activity or donations.

The following table provides the source of the restricted funds, the fund balances, and the percentage of actual to budget.

(unaudited, \$ thousands)	Composition of Restricted Funds Annual Surplus				Funding Source
	Nine months ended Sept 30,		2021	%	
	2021	2020	Budget	Budget	
Water Treatment Plant	600	640	843	71%	4.167% of water revenues, plus interest
Development Charges Act	828	58	1,437	58%	Developer charges
Riverview Park and Zoo	57	11	33	173%	Donations, SOGR contributions
	1,485	709	2,313	64%	

Funds restricted under the Water Treatment Plant fund are \$40 thousand less than the prior year, and 71% of the total year budget. The decrease compared to the prior year is the result of a decrease in interest rates lowering the amounts earned on the fund balance.

Through September, the Company has received \$828 thousand in development charges. PUC does not expect to receive any additional development funds during the year.

Donations and related interest revenue received during the first nine months of 2021 of \$57 thousand which already exceeds the annual budget.

(b) Contributed Capital Fund

The PUC has received \$96 thousand in capital contributions during the nine-month period ended September 30, 2021, compared to \$28 thousand in 2020. The total year budget is \$350 thousand.

The Contributed Capital fund includes frontage charges, distribution system assumed from developers and cost recovery from system installations. The value of the systems installed by developers is recorded as revenue in the year in which the PUC assumes ownership. The majority of this account is typically recorded at year-end.

(c) Operating Fund

The Operating fund surplus for the nine-month period ended September 30, 2021, is \$1.84 million compared to \$1.82 million in 2020.

(d) Operating Fund – Riverview Park & Zoo

Net operating activities in the Riverview Park and Zoo accounted for \$1.28 million in 2021 compared to \$1.19 million in 2020.

## Revenues:

Revenue from all sources for the nine months ended September 30, 2021, of \$16.11 million, compared to \$15.14 million in 2020.

Revenue					
	Nine months ended Sept 30,			2021	% of
(unaudited, \$ thousands)	2021	2020	\$ Change	Budget	Budget
Sale of Water	13,781	13,670	111	18,321	75%
Capital installation charges	96	28	68	350	27%
Development charges	827	57	770	1,437	58%
Fire Protection	488	488	0	650	75%
Sewer surcharge billings	304	316	(12)	430	71%
Riverview Park & Zoo	23	17	6	59	39%
Riverview Park & Zoo - donations	50	4	46	25	200%
Interest	119	132	(13)	184	65%
Electricity	197	224	(27)	425	46%
Other	222	199	23	300	74%
	16,107	15,135	972	22,181	73%

Revenue from the sale of water of \$13.781 million is \$111 thousand higher than the prior year. Water revenues are directed to the operating fund, 95.833%, and to the WTP Reserve fund, 4.167%.

While water revenue is at 75% of budget and ahead of the prior year through September, we have seen significant fluctuations during the year due to both weather and pandemic related restrictions.

- January to March – Lockdown measures closing non-essential business for a significant period decreased the commercial and industrial consumption over the quarter. Total revenue from the sale of water was \$156 thousand below the prior year as a result.
- April-June – A dry spring season and the easing of COVID restrictions pushed up demand and made up for the lost revenue during the first quarter, rising to \$104 thousand above the prior year.
- July – Above normal levels of precipitation during the month drove down consumption, with demand dropping 15% below typical levels for the month
- August – September – Consumption returned to more typical seasonal levels, with both months exceeding consumption levels over the prior two years by ~3.5%.

Development charges relate to the next phase of development at the Lily Lake subdivision as the next phase is now entering construction. The number of units included in this phase was scaled down from the budget amount and the forecast has been reduced accordingly.

## Expenses:

Expenses of \$13.97 million year-to-date are \$197 thousand above the prior year and 72% of the total budget.

Expenditures						
	Nine months ended Sept 30,				2021	% of
(unaudited, \$ thousands)	2021	2020	\$ Change	% Change	Budget	Budget
Water treatment and storage	3,058	2,816	242	9%	4,766	64%
Distribution systems	1,656	1,821	(165)	-9%	2,324	71%
Administrative	1,033	1,025	8	1%	1,403	74%
Support Services	1,892	1,764	128	7%	2,615	72%
Riverview Park and Zoo	1,301	1,208	93	8%	1,589	82%
Interest	304	285	19	7%	417	73%
Amortization	4,725	4,853	(128)	-3%	6,300	75%
	13,969	13,772	197	1%	19,414	72%

### (a) Water Treatment and Storage

The total cost of water treatment and storage is \$3.06 million compared to \$2.82 million for the first nine months of 2020 and is 64% of the annual budget. These results are in line with typical expenditures at the water treatment plant, when larger maintenance projects are scheduled for later in the year.

The main source of budgetary savings thus far has been the vacant Apprentice Operator position that management is hopeful will be filled prior to year-end. Management is currently planning to carry on with normal maintenance activities at the treatment plant, pumping stations and reservoirs. While we have experienced increases in the cost of chemicals and freight, we do still expect to meet budget and the forecast has been reduced in accordance with these expectations.

### (b) Distribution Systems

Distribution expenses of \$1.66 million are 71% of budget, and \$165 thousand lower than 2020. Similar to the chemical's discussion above, we also continue to experience upward pressure on materials costs relating to our distribution repair and rehabilitation jobs. In 2020 we experienced double digit increases in many of our materials costs which has continued into 2021, with pipe materials increasing by upwards of 20%.

While distribution systems remain under budget and the prior year through September, the largest budget risk occurs in the end of the year as the sharp changes in temperature and quick freezes can lead to frozen pipes and result in increased repairs and maintenance costs.

## (c) Administrative

Administrative expenses made up of primarily building rent, insurance and equipment rental/software fees are \$8 thousand above the prior year and 74% of the annual budget with no unexpected budget variances.

## (d) Support Services

Support services costs are \$128 thousand above the prior year and 72% of budget with most departments trending near budgeted expectations.

## (e) Riverview Park and Zoo

The expenses to operate the Riverview Park & Zoo are \$1.30 million compared to \$1.21 million in 2020 and are 82% of the annual budget.

The Park and Zoo's 2021 operating budget planned for the Zoo's ongoing closure, with the possibility of a partial or limited opening during the summer months. As anticipated, the zoo area has remained closed for the during year, except for pre-booked privately guided tours which staff has been able to operate.

## (f) Interest expense

Interest expense of \$304 thousand is 73% of budget based on the scheduled repayment of the debentures.

## (g) Amortization

Amortization for the six-month period ended September 30, 2021, of \$4.73 million is based on the capital expenditures budget of \$11.60 million for the year. Amortization decreased compared to the prior year due to the cancellation of many capital programs in 2020 decreasing the budgeted opening value of the capital assets.

### Liquidity and Cash Balance:

Cash at the end of the period is \$25.17 million, an increase of \$1.68 million from the January 1 opening cash balance of \$23.49 million.

Changes in Cash Position			
(unaudited, \$ thousands)	Nine months ended Sept 30,		2021 Budget
	2021	2020	
Cash, beginning of period	23,494	15,108	23,035
Cash provided by operating activities	6,219	4,172	8,847
Cash (used) in investing activities	(3,800)	(1,755)	(11,249)
Cash provided by (used in) financing activities	(743)	(1,238)	(1,302)
Cash, end of period	25,170	16,287	19,331

The fund cash balances as of September 30, 2021, are as follows:

Fund Balance			
	Nine months ended Sept 30,		2021
(unaudited, \$ thousands)	2021	2020	Budget
Current	13,376	6,120	8,282
Restricted:			
Water treatment plant	9,715	8,916	10,006
Development charges act	828	58	-
Riverview Park and Zoo	1,251	1,193	1,043
Total Restricted	11,794	10,167	11,049
Total Cash	25,170	16,287	19,331

## Operating Activities

Cash generated by operations for the first nine months was \$6.22 million compared to \$4.17 million in the prior year. The increase is due to both the increased surplus earned thus far in 2021, and the impact of the changes in working capital.

## Investing Activities

Cash used for capital expenditures was \$3.90 million in 2021 compared to \$1.78 million for the same period in 2020.

The following table summarizes the capital expenditures for the period.

(unaudited, \$ thousands)	Capital Expenditures				
	Nine months ended Sept 30,		2021 Budget	2021 Forecast	% of Budget
	2021	2020			
Water treatment plant	82	162	643	430	13%
Pumphouse and dam	20	29	20	65	100%
Booster pumping stations	81	-	115	105	70%
Reservoirs and storage tanks	2,212	648	5,219	4,600	42%
Trunkmains	5	147	75	75	7%
Distribution mains	261	157	340	340	77%
New water services	21	17	290	180	7%
Rehabilitation of distribution system	806	396	3,745	3,142	22%
Hydrants	0	2	62	40	-
Meters	208	120	637	517	33%
Riverview Park & Zoo	200	105	453	406	44%
	3,896	1,783	11,599	9,900	34%



The largest capital project for 2021 is the High Street water tower. This project is now nearing completion, with final restoration and landscaping work to be completed in 2022. While the overall project was delayed by several weeks due to COVID protocols, the project remains within budget.

Most of the distribution work, including the structural lining project for 2021, has now been completed pending final restoration. A joint project with the City for trunk watermain replacement commenced during the year and will continue on into 2022 as it is currently 60% complete.

## Financing Activities

During the first nine months of 2021, the PUC reduced its long-term debt facilities by \$743 thousand. No advances were taken, and none are budgeted for the year.

## Forecast

A reconciliation of PUC's budgeted to forecast surplus is as follows.

Net Income Forecast		
(unaudited, \$ thousands)		
Surplus, budget		2,767
Forecast adjustments		
Increase/(decrease) in revenues		
Water revenues	0	
Capital installation and development charges	(810)	
Riverview Park & Zoo	4	
Generation and other revenues	(149)	(955)
Decrease (increase) in expenditures		
Water treatment plant	578	
Distribution system	32	
Administration	(14)	
Support services	(40)	
Riverview Park & Zoo	(32)	
Interest	0	
Amortization	0	524
		(431)
Surplus, forecast		2,336

There are two main changes year over year that are impacting the forecast surplus.

### 1. Capital installation and development charges

The budget anticipated a quicker return to normal development expectations following the pandemic related decreases in 2020. While the next phase of development at Lily Lake did begin in 2021 resulting in most of the development charges received, this project was smaller in scale than originally anticipated.

## 2. Water treatment plant expenses

Overall costs are forecast to come in \$578 under budget because of both operational savings in the process waste function, as well as the department operating with a vacant operator position for the majority of the year.

Excluding these items, the remainder of the segments are consistent with the budget expectations for the year.

### Attachments:

- Quarterly Certification
- PUC unaudited financial statements for the six months ended June 30, 2021

## QUARTERLY CERTIFICATION

With respect to Peterborough Utilities Commission,

We hereby certify that:

1. Statutory Obligations

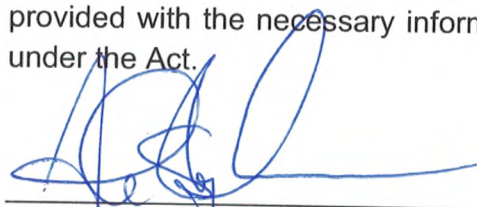
As of September 30, 2021, that all statutory obligations required to be paid or actions required to be performed, have been paid, performed or submitted to the relevant statutory bodies or agencies. To the best of our knowledge there are no material regulatory or legal actions with respect to these matters.

2. Health and Safety, Litigation

As of September 30, 2021, and to the best of our knowledge there are no material violations of Health and Safety regulation or law, or material matters of litigation that have not been disclosed.

3. Safe Drinking Water Act

As of September 30, 2021, and to the best of our knowledge there are no violations of the Safe Drinking Water Act, and the Commission has been provided with the necessary information required to fulfill their Standard of Care under the Act.

  
\_\_\_\_\_  
John Stephenson  
President and CEO  
\_\_\_\_\_  
Kyle Davis  
CFO  
\_\_\_\_\_  
Pat Devlin  
VP Water Utility

Dated: October 28, 2021

# **PETERBOROUGH UTILITIES COMMISSION**

## **FINANCIAL STATEMENTS**

**Unaudited for the nine months ended September 30, 2021**

### TABLE OF CONTENTS

STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN ACCUMULATED SURPLUS	3
STATEMENT OF CHANGES IN FINANCIAL POSITION	4
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS	5
STATEMENT OF RESERVE FUNDS	6
SCHEDULE A - COST OF WATER TREATMENT AND STORAGE	7
SCHEDULE B - DISTRIBUTION SYSTEM	7
SCHEDULE C - ADMINISTRATIVE	8
SCHEDULE D - SUPPORT SERVICES	8
SCHEDULE E - STATEMENT OF OPERATIONS FOR RIVERVIEW PARK & ZOO	9
SCHEDULE F - STATEMENT OF CAPITAL EXPENDITURES	10-11

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**

**Unaudited as at,**  
(\$'s in thousands)

	30-Sep 2021	31-Dec 2020
<b>ASSETS</b>		
<b>FINANCIAL ASSETS</b>		
Cash	25,170	23,494
Accounts receivable		
Customer accounts	1,356	897
Sewer surcharge	1,508	1,257
Sundry	537	282
Unbilled revenue on customer accounts	1,324	1,579
Unbilled sewer surcharge	1,249	1,596
	31,144	29,105
<b>LIABILITIES</b>		
Accounts payable and accrued charges	1,899	2,253
Sewer surcharge payable	4,326	3,544
Debenture debt	13,473	14,216
Customer deposits	449	803
	20,147	20,816
<b>NET FINANCIAL ASSETS</b>	<b>10,997</b>	<b>8,289</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventories	623	528
Tangible capital assets	118,580	119,409
Prepaid expenses	164	-
	119,367	119,937
<b>ACCUMULATED SURPLUS</b>	<b>130,364</b>	<b>128,226</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN ACCUMULATED SURPLUS**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	2021 Forecast	Forecast Actual % of vs Budget Forecast	% of Forecast
<b>REVENUES</b>						
Revenue from sale of water	13,781	13,670	18,321	18,321	-	75%
Capital installation charges	96	28	350	150	(200)	64%
Development charges	827	57	1,437	827	(610)	100%
Contributions to RP&Z Reserve Funds	50	4	25	60	35	83%
Fire protection	488	488	650	650	-	75%
Sewer surcharge billings	304	316	430	430	-	71%
Riverview Park and Zoo - (Schedule E)	23	17	59	28	(31)	82%
Interest income	119	132	184	160	(24)	74%
Other	222	199	300	300	-	74%
Electricity	197	224	425	300	(125)	66%
	16,107	15,135	22,181	21,226	(955)	76%
<b>EXPENDITURES</b>						
Water treatment and storage (Schedule A)	3,058	2,816	4,766	4,188	(578)	73%
Distribution systems (Schedule B)	1,656	1,821	2,324	2,292	(32)	72%
Administrative (Schedule C)	1,033	1,025	1,403	1,417	14	73%
Support Services (Schedule D)	1,892	1,764	2,615	2,655	40	71%
Riverview Park and Zoo (Schedule E)	1,301	1,208	1,589	1,621	32	80%
Interest	304	285	417	417	-	73%
Amortization	4,725	4,853	6,300	6,300	-	75%
	13,969	13,772	19,414	18,890	(524)	74%
<b>SURPLUS</b>	2,138	1,363	2,767	2,336	(431)	92%
<b>OPENING ACCUMULATED SURPLUS</b>	128,226	126,543	127,761	128,226	465	100%
<b>CLOSING ACCUMULATED SURPLUS</b>	130,364	127,906	130,528	130,562	34	100%
<b>SUMMARY OF SURPLUS BY ACTIVITY</b>						
Operating Activities	1,835	1,817	1,634	112%		
Operating Activities - RP&Z	(1,278)	(1,191)	(1,530)	84%		
Restricted Reserve Fund Activities	1,485	709	2,313	64%		
Contributed Capital Activities	96	28	350	27%		
<b>SURPLUS FOR THE PERIOD</b>	2,138	1,363	2,767	77%		

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**

**Unaudited for the nine months ended September 30,**  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	2021 Forecast
<b>OPERATIONS</b>				
Surplus	2,138	1,363	2,767	2,336
Add: items not requiring cash				
Amortization	4,725	4,853	6,300	6,300
Capital installation charges	(96)	(28)	(350)	(150)
Increase/(decrease) in customer deposits	(354)	61	-	(28)
	6,413	6,249	8,717	8,458
Change in non-cash working capital items	(194)	(2,077)	130	192
	6,219	4,172	8,847	8,650
<b>INVESTING ACTIVITIES</b>				
Additions to tangible capital assets	(3,896)	(1,783)	(11,599)	(9,900)
Net of contributed capital	96	28	350	150
	(3,800)	(1,755)	(11,249)	(9,750)
<b>FINANCING ACTIVITIES</b>				
Debentures issued	-	-	-	-
Decrease in debenture debt	(743)	(1,238)	(1,302)	(1,043)
	(743)	(1,238)	(1,302)	(1,043)
<b>NET CHANGE IN CASH DURING THE PERIOD</b>	1,676	1,179	(3,704)	(2,143)
<b>CASH POSITION - BEGINNING OF YEAR</b>	23,494	15,108	23,035	23,494
<b>CASH POSITION - END OF PERIOD</b>	<b>25,170</b>	<b>16,287</b>	<b>19,331</b>	<b>21,351</b>
<b>Ending cash balance comprised of the following:</b>				
Unrestricted cash	13,376	6,120	8,282	10,142
<u>Restricted cash:</u>				
Water Treatment Plant, Restricted Reserve Fund	9,715	8,916	10,006	9,944
Development Charges Act, Restricted Reserve Fund	828	58	-	-
Park and Zoo Major Projects, Restricted Reserve Fund	657	603	660	669
Park and Zoo Animal Care, Restricted Reserve Fund	493	489	276	494
Park and Zoo, State of Good Repair Reserve Fund	102	101	107	102
	11,795	10,167	11,049	11,209
	25,171	16,287	19,331	21,351
<b>Change in non-cash working capital items comprised of the following:</b>				
Accounts receivable	(965)	(559)	(50)	(114)
Unbilled revenue	602	144	(20)	275
Inventories	(95)	(71)	-	28
Prepaid expenses	(164)	184	-	-
Accounts payable and accrued charges	428	(1,775)	200	3
	(194)	(2,077)	130	192

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

**Unaudited for the nine months ended September 30,**  
 (\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	2021 Forecast
Surplus	2,138	1,363	2,767	2,336
Acquisition of Tangible Capital Assets	(3,896)	(1,783)	(11,599)	(9,900)
Amortization of Tangible Capital Assets	4,725	4,853	6,300	6,300
Decrease (Increase) in Inventories	(95)	(71)	-	28
Decrease (Increase) in Prepaid Expenses	(164)	184	-	-
	2,708	4,546	(2,532)	(1,236)
Net Financial Assets, beginning of year	8,289	3,703	7,448	8,289
<b>Net Financial Assets, end of year</b>	<b>10,997</b>	<b>8,249</b>	<b>4,916</b>	<b>7,053</b>



**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF RESERVE FUNDS**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	2021 Forecast
<b>WATER TREATMENT PLANT RESERVE FUND</b>				
Opening balance	9,115	8,276	9,163	9,115
Revenue from sale of water	553	574	764	764
Interest	47	66	79	65
Transfers to General Fund	-	-	-	-
Closing Balance	9,715	8,916	10,006	9,944
<b>DEVELOPMENT CHARGES RESERVE FUND</b>				
Opening balance	-	-	-	-
Contributions	827	57	1,437	827
Interest	1	1	-	-
Transfers to General Fund	-	-	(1,437)	(827)
Closing Balance	828	58	-	-
<b>RIVERVIEW PARK &amp; ZOO MAJOR PROJECTS RESERVE FUND</b>				
Opening balance	604	595	630	604
Contributions	50	4	25	60
Interest	3	4	5	5
Transfers to General Fund	-	-	-	-
Closing Balance	657	603	660	669
<b>RIVERVIEW PARK &amp; ZOO ANIMAL CARE RESERVE FUND</b>				
Opening balance	490	486	274	490
Contributions	-	-	-	-
Interest	3	3	2	4
Transfers to General Fund	-	-	-	-
Closing Balance	493	489	276	494
<b>RIVERVIEW PARK &amp; ZOO STATE OF GOOD REPAIR RESERVE FUND</b>				
Opening balance	101	101	106	101
Contributions	-	-	-	-
Interest	1	-	1	1
Transfers to General Fund	-	-	-	-
Closing Balance	102	101	107	102
<b>TOTAL RESERVE FUND BALANCE</b>	<b>11,795</b>	<b>10,167</b>	<b>11,049</b>	<b>11,209</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**SCHEDULE A - COST OF WATER TREATMENT AND STORAGE**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
Process Waste Treatment	141	71	262	54%	200	(62)
Water Treatment Plant	2,323	2,266	3,716	63%	3,200	(516)
Pumphouse/Dam	301	264	382	79%	382	-
Pumping station	164	113	222	74%	222	-
Reservoirs	129	102	184	70%	184	-
	<b>3,058</b>	<b>2,816</b>	<b>4,766</b>	<b>64%</b>	<b>4,188</b>	<b>(578)</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**SCHEDULE B - DISTRIBUTION SYSTEM**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
Trunk mains	1	-	15	7%	15	-
Distribution mains	332	155	490	68%	490	-
Locate and records	178	274	222	80%	222	-
Flushing	43	63	67	64%	67	-
Valves and boxes	241	176	250	96%	250	-
General maintenance	156	163	174	90%	174	-
Hydrants	121	301	255	47%	255	-
Service pipes	498	512	676	74%	676	-
Meters	50	76	122	41%	90	(32)
Water Distribution Engineering	36	101	53	68%	53	-
	<b>1,656</b>	<b>1,821</b>	<b>2,324</b>	<b>71%</b>	<b>2,292</b>	<b>(32)</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**SCHEDULE C - ADMINISTRATIVE**

**Unaudited for the nine months ended September 30,**  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
Advertising and public relations	7	10	17	41%	17	-
Water conservation	31	28	39	79%	39	-
Donations	-	1	25	-	20	(5)
Commission Expenses	2	1	4	50%	4	-
Building Rent	318	325	423	75%	423	-
Insurance	352	304	444	79%	465	21
Equipment rental	126	127	166	76%	166	-
Professional fees	12	36	61	20%	50	(11)
Memberships and subscriptions	15	18	15	100%	15	-
Property taxes	151	139	198	76%	198	-
Bad Debts	-	-	-	-	-	-
Gain/loss on sale of assets	-	-	-	-	-	-
Miscellaneous	19	36	11	173%	20	9
	<b>1,033</b>	<b>1,025</b>	<b>1,403</b>	<b>74%</b>	<b>1,417</b>	<b>14</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**SCHEDULE D - SUPPORT SERVICES**

**Unaudited for the nine months ended September 30,**  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
Finance	76	57	87	87%	90	3
Administration	396	434	608	65%	608	-
Peterborough Technology Services	441	441	630	70%	650	20
Customer Service	657	518	780	84%	800	20
Billing intergration and infrastructure	116	125	161	72%	161	-
Human Resources	123	112	248	50%	245	(3)
Purchasing	83	77	101	82%	101	-
	<b>1,892</b>	<b>1,764</b>	<b>2,615</b>	<b>72%</b>	<b>2,655</b>	<b>40</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**SCHEDULE E - STATEMENT OF OPERATIONS FOR RIVERVIEW PARK AND ZOO**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	Sept 30 2021	Sept 30 2020	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
<b>REVENUE</b>						
Train	-	-	-	-	-	-
Miscellaneous	23	17	59	39%	28	(31)
				-		-
	23	17	59	39%	28	(31)
<b>EXPENSES</b>						
Maintenance Park	349	268	592	59%	524	(68)
Maintenance Train	2	-	3	67%	3	-
Animal Care and Zoo Maintenance	950	940	994	96%	1,094	100
				-		-
	1,301	1,208	1,589	82%	1,621	32
Contribution to state of good repair fund	-	-	-	-	-	-
<b>NET EXPENSES FOR PERIOD</b>	<b>1,278</b>	<b>1,191</b>	<b>1,530</b>	<b>84%</b>	<b>1,593</b>	<b>63</b>

**PETERBOROUGH UTILITIES COMMISSION**  
**SCHEDULE F - STATEMENT OF CAPITAL EXPENDITURES**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	2021 Actual	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
<b>WATER TREATMENT PLANT</b>					
Ozone preliminary design	5	450	1%	250	(200)
Turbidity meter replacement	32	31	103%	32	1
Liner replacement on storage tanks	39	40	98%	40	-
Diesel engine upgrades		100 -		100	-
Ozone monitor		12 -		-	(12)
Miscellaneous	6	10	60%	8	(2)
	82	643	13%	430	(213)
<b>PUMPHOUSE AND DAM</b>					
General Improvements - pumphouse		10	-	10	-
Dam\Trash Rack Rehabilitation - Consulting Fees		-		45	
General Improvements - pumphouse dam	20	10	-	10	-
	20	20	100%	65	-
<b>BOOSTER PUMPING STATIONS</b>					
Diesel engine upgrades	81	105	77%	105	-
General improvements		10 -		-	(10)
	81	115	70%	105	(10)
<b>RESERVOIRS AND ELEVATED WATER STORAGE TANKS</b>					
High street elevated tank	2,212	5,219		4,600	(619)
	2,212	5,219	42%	4,600	(619)
<b>TRUNKMAINS</b>					
Bethune Trunkmain		50 -		50	-
General improvements	5	25		25	-
	5	75	7%	75	-
<b>DISTRIBUTION SYSTEM</b>					
New Watermains in New Subdivisions	153	315	49%	230	(85)
	153	315	49%	230	(85)
New Watermains on Existing Streets					
General Improvements	108	25	432%	110	85
	108	25	432%	110	85

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF CAPITAL EXPENDITURES - continued**

Unaudited for the nine months ended September 30,  
(\$'s in thousands)

	2021 Actual	2021 Budget	Actual % of Budget	2021 Forecast	Forecast vs Budget
<b>NEW WATER SERVICES</b>					
New water services in residential subdivisions by private developers	20	200	-	100	(100)
SFR		20 -		10	(10)
Non-SFR	1	20		20	-
Valves & boxes		50 -		50	-
	21	290	7%	180	(110)
<b>REHABILITATION OF EXISTING WATER DISTRIBUTION SYSTEM</b>					
Service replacement > 20mm	191	10	-	200	190
Main valve/box replacement - new	26	8	-	30	22
Main replacement	297	1,015	29%	900	(115)
Cleaning/lining	263	2,700	10%	2,000	(700)
Records upgrade	29	12	242%	12	-
	806	3,745	22%	3,142	(603)
<b>HYDRANTS</b>					
New		20	-	20	-
Replacement		42	-	20	(22)
	-	62	-	40	(22)
<b>METERS</b>					
New residential	145	195	74%	160	(35)
New meters - existing residential		65 -		50	(15)
Replacement residential	27	15	-	15	
New ICI	29	10	-	40	
Existing ICI		2	-	2	
Replacement ICI	7	350	-	250	
	208	637	33%	517	(50)
<b>RIVERVIEW PARK AND ZOO</b>					
<b>New facilities - Park</b>		-			-
Parking lot and pathways		80 -		80	-
Signage		10 -		5	(5)
Sanitizing equipment	3	5	60%	5	-
<b>Replacement facilities - Park</b>		-			-
Repairs to Dobbin Building	8	65	12%	35	(30)
Accessibility Upgrades		75 -		65	(10)
Bank maintenance		10 -		5	(5)
Invasive species control	4	5	80%	-	(5)
Playground safety		5 -		5	-
Stumps		5 -		5	-
Train station rehab	11	5	220%	9	4
<b>New facilities - Zoo</b>		-			-
Perimeter fence/gate	69	75	92%	75	-
COVID response	17	20	85%	24	4
Takin upgrade	5	15	33%	15	-
Paddocks exhibits	20	5	400%	17	12
<b>Replacement facilities - Zoo</b>		-			-
Camel exhibit	17	15	113%	15	-
Otter exhibit	14	15	93%	14	(1)
Bowls	16	15	107%	8	(7)
Primate building	11	8	138%	9	1
Misc exhibits	5	20	25%	15	(5)
	200	453	44%	406	(47)
<b>TOTAL CAPITAL EXPENDITURES</b>	3,896	11,599	34%	9,900	(1,674)

# PETERBOROUGH UTILITIES COMMISSION REPORT

2.02

October 26, 2021

COMMISSION AGENDA  
2021.11.04

## 2022 OPERATING AND CAPITAL BUDGET

### RECOMMENDATION

**THAT** the 2022 operating and capital budget reflecting a water rate increase of 2.29%, an operating surplus of \$2.05 million, and capital expenditures of \$9.60 million be approved BY THE COMMISSION.

Prepared by: Kyle Davis, CFO and Patrick Devlin, Vice-President Water Utility Services

Submitted by: Kyle Davis, CFO

Approved for Submission by: \_\_\_\_\_  
President & CEO

## **Background**

The 2022 operating and capital budget is provided for the Commissions first reading. Upon recommendation by the Commission the 2022 budget and proposed rate schedule will be made available to the public. A public meeting is scheduled for Thursday December 2, 2021, to provide opportunity for comments from the community. At this time the Commission can approve the budget or defer approval pending changes requested.

## **Summary**

As in previous years, management has taken a multi-year view approach to setting the budget to ensure that future surpluses and cash flows remain sustainable. Management's main tool in this review is its 10-year operating and capital plan, and it uses this along with historical trends in consumption data to update the current projections. In applying this long-range approach, management has been able to maintain the rate increase at 2.29% in 2022, lower than the 2.48% increase in 2021.

The proposed budget for 2022 provides for water revenue of \$18.78 million; \$459 thousand more than the 2021 budget of \$18.32 million.

Operating expenditures budgeted for 2022 of \$13.20 million are up 3.9% from the prior budget. The main change year over year is the increase in operating expenditures at the Riverview Park and Zoo ("RPZ") relating to the planned reopening for 2022. The RPZ increase is a return to normalized pre-pandemic activities and cost levels, adjusted only for cost escalation. Excluding the RPZ, the total operating expense increase is 2.1% for 2022, in line with the water rate increase. This, along with other significant items will be discussed in greater detail later in the report.

A summary of the statement of Financial Activities for the 2022 budget is as follows:

<b>Statement of Financial Activities</b>						
<b>(\$ thousands)</b>	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projected</b>	<b>2022 Budget</b>	<b>Budget Change \$</b>	<b>Budget Change %</b>
Revenue						
Water	18,351	18,321	18,321	18,780	459	2.5%
Other	2,002	3,860	2,905	3,217	(643)	-16.7%
	20,353	22,181	21,226	21,997	(184)	-0.8%
Expenses						
Operating Expenses	12,191	12,697	12,173	13,196	499	3.9%
Interest	277	417	417	370	(47)	-11.3%
Amortization	6,197	6,300	6,300	6,380	80	1.3%
	18,665	19,414	18,890	19,946	532	2.7%
Surplus	1,688	2,767	2,336	2,051	(716)	-25.9%



## **Key Assumptions**

The 2022 budget is based on the following key assumptions:

1. Water rates increase by 2.29%, (2021 increase 2.48%).
2. Labour rates will increase by 2.10%, (2021 budget 2.10%). While the current collective agreement expires March 31, 2022, the budget anticipates a similar rate increase to that of the prior year.
3. Benefit costs have remained consistent with the 2021 budget plus inflation.
4. Purchases have been prepared in detailed departmental budgets and are based on Managements best estimates for future cost escalations. While known or anticipated increases have been included, continued levels of above average inflation would put pressure on these costs.
5. Interest rate on cash balances, 0.70% (2021 – 0.70%)
6. Growth in residential customers, 0.50% (2021 – 0.50%)

## **Water Rates**

For 2022, the proposed rate schedule provides for a 2.29% increase to all metered water fixed rates and volumetric charges. The current basic monthly meter charge of \$22.33 per month for most residential customers (5/8" and 3/4" meters) would increase to \$22.84. A copy of the complete 2022 water rate schedule is provided in a separate report.

The following table details the monthly water costs for an average residential customer (note residential customers are billed every two months).

Residential Rate Impact					
	2020 Actual	2021 Budget	2022 Budget	Budget Change \$	Budget Change %
<u>Monthly Bill calculation (5/8 meter)</u>					
Meter Charge (A)	21.79	22.33	22.84	0.51	2.28%
Average Residential Consumption (m <sup>3</sup> )	14.0	14.0	14.0	-	0.00%
Consumption rate (\$/m <sup>3</sup> )	1.4221	1.4574	1.4908	0.03	2.29%
Consumption charge (B)	19.91	20.40	20.87	0.47	2.30%
Total monthly water bill (A+B)	41.70	42.73	43.71	0.98	2.29%

From the table we see the average monthly residential customer bill (water portion only) will increase by \$0.98 per month in 2022 compared to the 2021 budget.

## Sources and Uses of Cash

The total capital and operating cash requirement for 2022 is \$24.40 million as summarized in the table below:

Total Operating and Capital Expenditures Cash Requirement						
(\$ thousands)	2020 Actual	2021 Budget	2021 Projected	2022 Actual	Budget Change \$	Budget Change %
Operating	12,191	12,697	12,173	13,196	499	3.9%
Financial	277	417	417	370	(47)	-11.3%
Capital	3,481	11,599	9,900	9,603	(1,996)	-17.2%
Debt retirement	1,390	1,302	1,043	1,057	(245)	-18.8%
Cash required by (from) working capital	628	(130)	(264)	175	305	-234.6%
Total	17,967	25,885	23,269	24,401	(1,484)	-5.7%

These expenditures are consistent with the prior year, with the main change being a decrease in the capital expenditures compared to the 2021 budget.

The cash resources as provided in the following table for 2022 are budgeted at \$22.00 million, which will result in a \$2.40 million decrease in cash balances during the year.

Cash Resources and Projected Change in Cash						
(\$ thousands)	2020 Actual	2021 Budget	2021 Projected	2022 Budget	Budget Change \$	Budget Change %
Sale of Water	18,351	18,321	18,321	18,780	459	2.5%
Capital installation charges	44	350	150	300	(50)	-14.3%
Development charges	59	1,437	827	667	(770)	-53.6%
Contributions to RP&Z Reserves	5	25	60	25	-	0.0%
Fire protection	650	650	650	650	-	0.0%
Sewer surcharge billings	420	430	430	439	9	2.1%
Riverview Park and Zoo	57	59	28	301	242	410.2%
Interest	167	184	160	160	(24)	-13.0%
Other	263	300	300	325	25	8.3%
Electricity	337	425	300	350	(75)	-17.6%
	20,353	22,181	21,226	21,997	(184)	-0.8%
Debt issuance	6,000	-	-	-	-	
Total Sources of Cash	26,353	22,181	21,226	21,997	(184)	-0.8%
Cash Requirements	17,967	25,885	23,269	24,401	(1,484)	-5.7%
Increase (Decrease) in Cash	8,386	(3,704)	(2,043)	(2,404)	1,300	-35.1%

Revenue from the sale of water is budgeted to be \$18.78 million in 2022, an increase of \$459 thousand or 2.5% above the 2021 budgeted revenues of \$18.32 million. This represents both the 2.29% increase in rates, as well as a minor increase in the number of customers.

Capital installation charges represent the value of capital projects completed by builders during the year, assumed by the Commission. Historically this number has been difficult to estimate accurately as it depends on the progression of development by third parties in the community. As non-cash revenue, impacting capital addition levels booked only, this reduction does not represent a financial risk to the utility.

Development charges are budgeted at \$667 million for 2022, a decrease of \$770 thousand from the 2021 budget. In 2018, construction began on the Lily Lake subdivision, with additional development on this project having been delayed over the last two years due to the COVID-19 pandemic. The original budget for 2021 included \$1.44 million in development charges related to the next phase of the development. However, only part of the expected phase has moved forward thus far in 2021, with the remainder budgeted for 2022.

Electricity revenue represents generation of electricity under a Hydroelectric Contract Initiative (HCI) from the Water Street pump house. The amount budgeted for next year of \$350 thousand is consistent with the actual results we have experienced over the prior years.

Sewer surcharge billing fees charged to the City of Peterborough for administration and collection of the sewer surcharge are budgeted at \$439 thousand in 2022 which is a 2% increase over the 2021 budget of \$430 thousand.

The budgeted amount for fire protection remains unchanged in 2022 at \$650 thousand. This fee charged to the City and included in the Fire budget, represents the ongoing cost of maintaining the larger distribution necessary for fire hydrants than would otherwise be required for drinking water needs.

Other income, as presented in the table above includes interest income and miscellaneous items such as change of occupancy fees, customer late payment interest, water vendor revenues, and rental from communication towers installed on PUC property.

### **Cash and Cash Reserves**

Cash is expected to be \$21.45 million by the end of 2021 and \$19.05 million on December 31, 2022. Reserve fund cash included in these totals is expected to decrease to \$8.09 million from \$11.21 million projected at the end of 2021.

<b>Cash Summary</b>				
(\$ thousands)	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projected</b>	<b>2022 Budget</b>
Operating Cash	13,181	8,282	10,244	10,955
Reserves				
- Water treatment plant	9,115	10,006	9,943	6,794
- Development Charges Act	-	-	-	-
- Park and Zoo - Major Capital	605	660	669	700
- Park and Zoo - Animal Care	490	276	491	493
- Park and Zoo - State of Good Repair	103	107	104	105
Total Cash Reserves	10,313	11,049	11,207	8,092
Total Cash	23,494	19,331	21,451	19,047

The year over year change in cash is primarily driven by the annual capital expenditure requirements and the long term debenture financing. PUC last took on new debenture financing in 2020 to fund planned capital expenditures. In planning for additional debenture financing, Management utilizes its 10-year capital forecast to determine when additional funds will be required.

As the COVID pandemic has decreased the amount of capital work able to be completed in both 2020 and 2021, management has reviewed the 10-year forecast and determined that no additional debentures are to be required in 2022. Capital expenditures are forecast to increase in 2022 and 2023 to \$9.6 million and \$10.4 million respectively as expectations are that we will return to a normal schedule next year.

The budget also includes a transfer of \$4 million from the Water Treatment Plant reserve fund to fund the work done at the High Street Water Tower. This was a significant refurbishment that is forecast to cost \$4.6 million in 2021, with final restoration and landscaping work to be completed in early 2022.

### **Operating Expenses**

Total expenses in the 2022 budget are \$19.95 million which is \$532 thousand or 2.7% higher than the 2021 budget of \$19.41 million. The main change for 2022 is the expectation that the Riverview Park and Zoo will reopen to normal operations in 2022. Excluding the RPZ, total operating expenditures are budgeted to be 2.1% above the 2021 budget, slightly below the rate increase of 2.29%.

The changes in expenses for individual operating activities are detailed and discussed more fully below.

Operations and Administration Expense						
(\$ thousands)	2020 Actual	2021 Budget	2021 Projected	2022 Budget	Change	
					\$	%
Water treatment and storage	4,189	4,766	4,188	4,782	16	0.3%
Distribution systems	2,555	2,324	2,292	2,394	70	3.0%
Administrative	1,239	1,403	1,417	1,478	75	5.3%
Support services	2,530	2,615	2,655	2,691	76	2.9%
Riverview Park and Zoo	1,678	1,589	1,621	1,851	262	16.5%
Total operating expenses	12,191	12,697	12,173	13,196	499	3.9%
Financial	277	417	417	370	-47	-11.3%
Amortization	6,197	6,300	6,300	6,380	80	1.3%
Total Expenses	18,665	19,414	18,890	19,946	532	2.7%

### **Water treatment and storage (Schedule A)**

The 2022 budget for the cost of water treatment and storage has increased \$16 thousand or 0.3% from the 2021 budget. Changes in the waste treatment process have led to a savings of \$88 thousand compared to the 2021 budget.

The largest single item within this budget is the cost of treatment chemicals. In 2021 we have seen increases in the cost of chemicals, as well as the associated transport costs to bring them to site. The budget includes an additional increase of 2.5% in 2022 for the cost of chemicals, however management will continue to work with the purchasing department to ensure adequate supply and cost controls given the importance to the operations of the plant.

### **Distribution Systems (Schedule B)**

The operating budget has increased by \$70 thousand or 3.0% to \$2.39 million in 2022 from \$2.92 million in 2021. The water distribution operating costs are sensitive to weather conditions, such as extreme cold events, as well as the freezing and thawing cycles. Our experience over the past five years has shown that the number of such events is trending upwards, therefore increasing operating costs in the department. This budget accounts for both the increase in the frequency of such events, as well as the increase we have seen the cost of materials.

### **General Administrative (Schedule C)**

Total General Administrative expenses are budgeted at \$1.48 million, an increase of \$75 thousand or 5.3% from the 2021 budget. This increase is the result of two main factors: increasing insurance costs and the return to more normal operations.

Over the past two years, we have seen continued upward pressure on insurance costs, relating to all aspects of the business (Water operations, Park and Zoo, and corporate). While we do not yet have final costing for 2022, our policy holders have informed us that the trend will likely continue for at least another year. Regarding operations, the COVID-19 Pandemic led to the cancellation of conferences and training sessions, along with the annual in person Children's Water Festival event during the previous year. For 2022, current expectations are that these items will begin to return throughout the year.

### **Support Services (Schedule D)**

PUG Services Corp. provides administrative services for both the PUC and Peterborough Utilities Inc. (generation companies). These costs are shared by the operating groups to eliminate duplication and allocated to each operating company based on their usage of the service.

The support cost attributable to the PUC for 2022 is budgeted to increase by \$76 thousand or 2.9% from the 2021 budget of \$2.62 million. The largest increases relate to Peterborough Technology Services, as IT costs are budgeted to increase due to increased security and storage costs, and administration due to the increase in corporate insurance costs.

### **Riverview Park & Zoo Operations (Schedule E)**

Riverview Park and Zoo ("RPZ") budgeted expenses of \$1.85 million are based on the expectations that the Zoo will return to normal operations during 2022. The following chart details the net expenditures of the RPZ since 2018.

<b>Operations and Administration Expense</b>					
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
(\$ thousands)	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Budget</b>
Riverview Park and Zoo					
Revenues	233	241	57	28	301
Operating expenditure	1,683	1,939	1,678	1,621	1,851
Net expenditures	1,450	1,698	1,621	1,593	1,550

Total expenditures for 2022 are budgeted at \$1.85 million, which is a return to a normal level of expenditures following several unusual years. The past two years saw the RPZ impacted by closures relating to the Pandemic, while in 2019 expenses were above normal due to the costs associated with the CAZA accreditation process that was successfully achieved during the year.

As noted, the budget for 2022 assumes a return to normal operations at the RPZ, including a full opening of the Zoo the miniature train. It is anticipated however, that COVID restrictions will continue to impact the RPZ in 2022, as items such as increased cleaning and social distancing will continue to effect operating costs as the Zoo reopens.

To minimize the net impact to the PUC finances, while still being able to maintain the growing costs associated with of animal health and wellness, it was imperative that this budget decreased discretionary expenditures where available. The budget includes no changes to staffing levels, except for the resumption of normal summer student activities which has been decreased over the past two years due to the closures. In looking at operations pre-COVID, total expenditures are consistent with 2018 levels, escalated at 2.5% over that four-year period, while the total revenues are expected to increase with the reopening and desire of people to return to the Zoo.

### **Financial Expense**

Financial expense relates primarily to interest on long-term debenture debt, as well as interest paid on customer security deposits and construction security deposits. The 2022 budget is \$370 thousand as compared to the 2021 budget of \$417 thousand.

### **2022 Capital Budget**

The long-term work plan considered in the 2022 capital budget is based on the following:

- Facility condition assessments, including analysis and risk consideration;
- The 2015 Water Utility Asset Management Plan: and,
- The Long Term Water Utility Master Plan completed in 2019.

The 2015 Linear Infrastructure Asset Management Plan examined the 421,900 metres of existing water main and develops a long-term program of sustainable pipe replacement and rehabilitation. The long-term capital maintenance plans for the other areas, including the Water Treatment Plant (WTP), Water Street Pumphouse & Dam, reservoirs and tanks, booster pumping stations and the RP&Z are developed with regular facility condition assessment studies, trends and equipment evaluation/life expectancies as well as considering recommendations in the Long Term Water Utility Master Plan. Regulatory risks and emerging issues are examined and evaluated to determine the long-term need for new capital works.

The schedule of proposed capital projects for 2022 has been grouped according to functional areas. The timing of some projects, for which the Commission budgets monies, depends on decisions and timing of City projects and private sector development.

A summary of budgeted expenditures by function area and related commentary, is provided below:

Capital Expenditures				
	2020	2021	2021	2022
(\$ thousands)	Actual	Budget	Projected	Budget
Water Treatment Plant	1,178	643	5,200	2,256
Pumphouse and Dam	0	20	0	0
Booster Pumping Stations, Reservoirs and Storage	0	5,334	0	0
Trunkmains	463	75	75	4,475
New Mains - Subdivisions and Streets	253	340	340	260
New Services	34	290	180	192
Distribution Rehabilitation	871	3,745	3,142	1,685
Hydrants	7.00	62	40	67
Meters	450	637	517	324
Riverview Park and Zoo	225	453	406	344
Total Expenses	3,481	11,599	9,900	9,603

### **Water Treatment Plant**

The total capital budget of \$466 thousand consists of the preliminary and final design report for the installation of a Raw Water Ozone feed system. Through Pilot Plant research the Water Treatment Plant has determined the addition of Ozone in the Raw Water will improve water quality by reducing Trihalomethanes, Haloacetic Acids, Taste and Odour (our number one customer complaint). In addition to the Ozone preliminary and final design, capital costs also include replacement of filter turbidity meters.

### **Pumphouse and Dam**

The Water Street Pumphouse represents a critical structure on the Commission's list of assets. A comprehensive rehabilitation project is planned in 2022 to complete repairs to the trash rack structures. These in-water screens help prevent debris from entering the water driven pumps and generator turbines.

### **Booster Pumping Stations, Reservoirs and Elevated Water Storage Tanks**

The 1957 High Street Elevated Tank is the oldest elevated tank in the Peterborough Drinking Water System. High Street Elevated Tank requires exterior painting and interior relining in addition to inlet pipe and safety upgrades. This work began in 2021 and will be completed in the spring of 2022.

Capital upgrades will also be made to a diesel engine driven pump to comply with TSSA standards at the Clonsilla reservoir.

### **Trunk Water Mains**

Trunk water mains deliver large amounts of water throughout the city and they are the delivery infrastructure to supply local distribution mains. A larger trunk water main extension is planned to connect pressure zone 3W and 3N through the Lily Lake Development area, largely being completed by the associated developers. Completion of the Lily Lake trunk extension is anticipated in 2022.



A large section of trunk watermain is being replaced in a joint project with the City of Peterborough under the Bethune Street Reconstruction project that is currently underway. Completion of all work under this project is expected in 2022.

An additional section of trunk watermain on Parkhill Road West is also planned for replacement in 2022, in a joint project with the City of Peterborough. Completion is anticipated in 2022.

### **Distribution Rehabilitation**

The 469,000 metres of underground piping infrastructure represents a larger asset replacement cost than the entire WTP. Our piping system is consistent with an older community with the oldest in-service pipe being 1883 vintage.

Distribution Rehabilitation is generally consistent with the Linear Asset Management Plan, which was recently updated in 2015. This plan addresses the replacement of a backlog of pipe theoretically beyond its useful life. The Plan establishes full cement-mortar lining rehabilitation by the end of 2024. After this time, the cement-mortar lining program will cease and replacement or structural lining would be the prevalent programs to ensure distribution system sustainability. Due to several trunk watermain projects initiated with the City of Peterborough, the cement mortar lining work originally planned for 2022 has been deferred to 2023. Synergy between City of Peterborough projects and PUC projects is a priority to increase overall efficiencies with project costs as well as reduce disruption to the public/transportation.

The 2022 program proposes replacement of 375 metres of watermain on Goodfellow Road from the north end of the Parkway easement to Clonsilla Ave. This project is considered a priority both due to a high amount of watermain breaks in recent years in this area as well as planned paving work for Goodfellow Road by the City following the 2022 watermain project.

### **Riverview Park & Zoo**

The planned 2022 capital program for the Park and Zoo continues our focus on the maintenance/repair of existing facilities. Projects include additional rehabilitation to the Dobbin Building roof and work on various animal exhibits including enhancements for visitor viewing at the Camel, Meerkat and Sulawesi Forest Turtle exhibits.

Other significant projects include the addition of an accessible pathway/ramp from the main parking lot to the playground and adding eavestroughs to the Rotary Education Centre facility.

### **Details and Costs**

Details and cost estimates for major projects not already approved will be submitted to the Commission for approval prior to the work.

## **RISK EVALUATION**

### **1. 2021 Capital Program**

#### **(i) Water Treatment Plant and Water Street Pumphouse and Dam**

Monies have been allocated for routine and general improvements at the Water Street Dam and Pumphouse to prevent additional degradation and will extend the lifespan of the structure.

#### **(ii) Water Distribution System (Storage and Pumping)**

The completion of the High Street Water Tower rehabilitation project will reduce the risk of MECP non-compliance and increase the longevity of critical infrastructure.

#### **(iii) Water Distribution System (Linear Infrastructure)**

The rehabilitation (cement-mortar lining) program will be completed over the next three years. The project will resume in 2023 and is based on the revised Linear Asset Management Plan coupled with the Water Utility Asset Management Plan. This significant investment will provide safe and reliable drinking water to our customers for many years into the future.

### **2. Revenue Uncertainty**

The financial assumptions that carry the most risk are the customer consumption level and the development charges.

Given the factors impacting consumption, including but not limited to weather and annual changes in precipitation and conservation activities, setting a base consumption level is key to anticipating future results. There is a risk that consumption levels will decrease as customers further embrace conservation programs and higher efficiency products. The effect of changes in consumption is partially mitigated by the fact that approximately 50% of the water revenue is derived from the base charge and is not consumption based. This budget continues to utilize average consumption levels experienced over the past three years.

The development charges are based on management's best estimate for the timing and size of future developments. The amounts budgeted for 2022 include the further development of the Lily Lake subdivision, with future developments projected in the ten-year plan. If development was to change in either the size of the project, or the timeline for completion, these could have material impacts on the development charges included in the budget, as well as minor impacts on the growth of the customer base.

### **3. Cost Uncertainty**

The uncertainty around costs has increased for the 2022 budget for both internal labour costs and external costs.

PUG's current collective agreement expires on March 31, 2022. While it is expected that the next agreement will contain future increases will not differ materially from current expectations, this is an added level of uncertainty compared to the budget over the previous four years that were under the current contract.

As noted in the report above, PUC does continue to experience inflationary pressures on several key material inputs, including water treatment chemicals, and distribution piping materials. This budget has included increases for these items in 2022, however if prices were to continue to increase at the current pace, these increases would exceed budgeted amounts.

### **4. Long Term Rate Sustainability**

In recent years several utilities across the Province and Country have been forced to implement substantial rate increases to pay for increased infrastructure cost. To mitigate this risk, the PUC utilizes its long term planning process.

Long-term planning is an integral part of the PUC's financial forecast. The long-term planning process relies on data from the asset management plan and forecasts consumption, revenue, capital and operating costs over a ten year horizon to ensure long-term financial viability. The two main planning documents maintained by the PUC are the 10 year capital plan and a long term financial forecast.

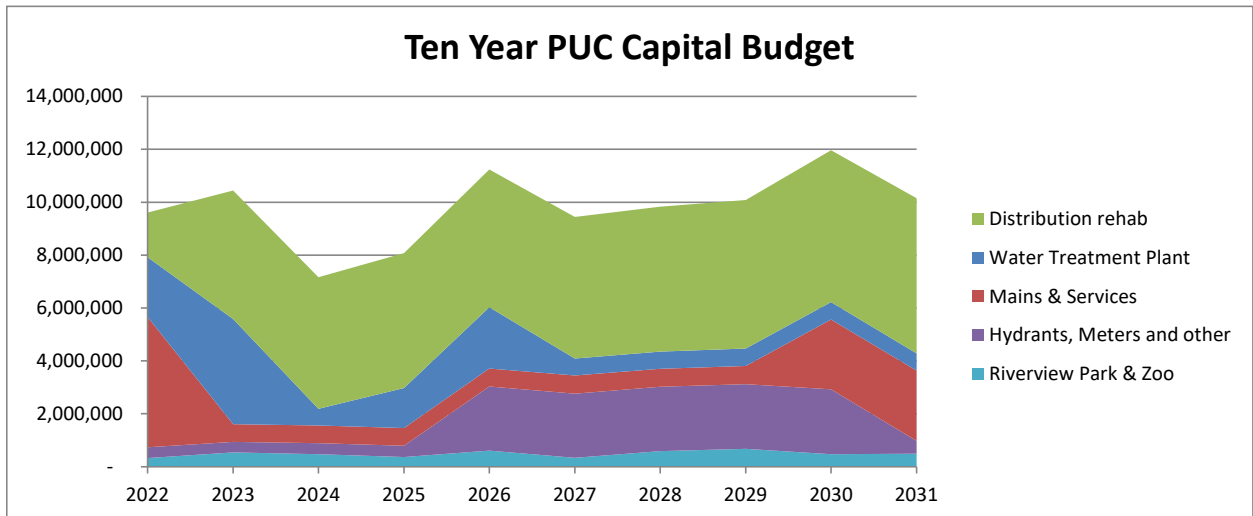
The PUC considers all sources of funding in support of the operating and capital programs with the goal of maintaining stable and reasonable rates and appropriate working capital. The PUC works towards achieving these goals by considering the following factors:

- The transfer of available reserve funds for qualifying capital programs;
- Contributed capital;
- Rate increases; and,
- Long-term borrowing.

When recommending rate increases and long-term borrowing the PUC strives to ensure:

- Equitable allocation of capital costs to current and future rate payers;
- Rate stability and planning; and,
- Minimum working capital requirements

The 10 year capital plan is critical to the long term financial plan. Updated annually as part of the PUC budget process, a summary is provided in the chart below:



As mentioned in the 2022 Capital Budget section, the 10-year capital plan is developed using input from various documents such as facility condition assessments as well as other studies and employing analysis and consideration of risk. As such, the timing of capital expenditures is not necessarily linear as evidenced by the spike of capital spending in 2026 and again in 2030.

Attachments: Appendix A – PUC 2022 Operating Budget

**PETERBOROUGH UTILITIES COMMISSION  
STATEMENT OF FINANCIAL POSITION**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>
<b>FINANCIAL ASSETS</b>				
Cash and short-term deposits	13,181,000	8,282,000	10,244,000	10,955,000
Cash held in reserve funds	10,313,000	11,049,000	11,207,000	8,092,000
Accounts receivable -				
Customer accounts	897,000	1,100,000	1,000,000	1,100,000
Sewer surcharge	1,257,000	1,100,000	1,250,000	1,250,000
Sundry	282,000	450,000	300,000	350,000
Unbilled revenue on customer accounts	1,579,000	1,400,000	1,450,000	1,500,000
Unbilled sewer surcharge	1,596,000	1,400,000	1,450,000	1,500,000
	<u>29,105,000</u>	<u>24,781,000</u>	<u>26,901,000</u>	<u>24,747,000</u>
<b>LIABILITIES</b>				
Accounts payable and accrued charges	2,253,000	2,700,000	2,300,000	2,400,000
Sewer surcharge payable	3,544,000	3,500,000	3,600,000	3,600,000
Debenture debt - due to the Corporation of the City of Peterborough	14,216,000	12,915,000	13,173,000	12,116,000
Customer deposits	803,000	750,000	775,000	750,000
	<u>20,816,000</u>	<u>19,865,000</u>	<u>19,848,000</u>	<u>18,866,000</u>
<b>NET FINANCIAL ASSETS</b>	<u>8,289,000</u>	<u>4,916,000</u>	<u>7,053,000</u>	<u>5,881,000</u>
<b>NON-FINANCIAL ASSETS</b>				
<b>TANGIBLE CAPITAL ASSETS:</b>				
Water treatment plant and reservoirs	51,310,000	58,350,000	56,509,000	58,765,000
Water distribution system	183,134,000	189,947,000	187,429,000	194,452,000
Riverview Park and Zoo	11,486,000	12,043,000	11,892,000	12,216,000
Other	17,000	17,000	17,000	17,000
	<u>245,947,000</u>	<u>260,357,000</u>	<u>255,847,000</u>	<u>265,450,000</u>
Less: Accumulated amortization	<u>129,366,000</u>	<u>135,688,000</u>	<u>135,666,000</u>	<u>142,046,000</u>
	<u>116,581,000</u>	<u>124,669,000</u>	<u>120,181,000</u>	<u>123,404,000</u>
Construction in progress	2,827,000	443,000	2,827,000	2,827,000
	<u>119,408,000</u>	<u>125,112,000</u>	<u>123,008,000</u>	<u>126,231,000</u>
Inventories	528,000	500,000	500,000	500,000
Prepaid expenses	-	-	-	-
	<u>119,936,000</u>	<u>125,612,000</u>	<u>123,508,000</u>	<u>126,731,000</u>
<b>ACCUMULATED SURPLUS</b>	<u>128,225,000</u>	<u>130,528,000</u>	<u>130,561,000</u>	<u>132,612,000</u>

**PETERBOROUGH UTILITIES COMMISSION**  
**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN ACCUMULATED SURPLUS**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
<b>REVENUE</b>						
Revenue from sale of water	18,351,000	18,321,000	18,321,000	18,780,000	459,000	2.5%
Capital installation charges	44,000	350,000	150,000	300,000	(50,000)	-14.3%
Development charges	59,000	1,437,000	827,000	667,000	(770,000)	-53.6%
Contributions to RP&Z Reserve Funds	5,000	25,000	60,000	25,000	-	0.0%
Fire protection	650,000	650,000	650,000	650,000	-	0.0%
Sewer surcharge billings	420,000	430,000	430,000	439,000	9,000	2.1%
Riverview Park and Zoo - Schedule E	57,000	59,000	28,000	301,000	242,000	410.2%
Interest income	167,000	184,000	160,000	160,000	(24,000)	-13.0%
Other	263,000	300,000	300,000	325,000	25,000	8.3%
Electricity	337,000	425,000	300,000	350,000	(75,000)	-17.6%
	20,353,000	22,181,000	21,226,000	21,997,000	(184,000)	-0.8%
<b>OPERATING EXPENSES</b>						
Water treatment and storage (Schedule A)	4,189,000	4,766,000	4,188,000	4,782,000	16,000	0.3%
Distribution Systems (Schedule B)	2,555,000	2,324,000	2,292,000	2,394,000	70,000	3.0%
Administrative (Schedule C)	1,239,000	1,403,000	1,417,000	1,478,000	75,000	5.3%
Support Services (Schedule D)	2,530,000	2,615,000	2,655,000	2,691,000	76,000	2.9%
Riverview Park and Zoo (Schedule E)	1,678,000	1,589,000	1,621,000	1,851,000	262,000	16.5%
<b>TOTAL OPERATING EXPENSES</b>	12,191,000	12,697,000	12,173,000	13,196,000	499,000	3.9%
<b>OTHER EXPENSES</b>						
Interest	277,000	417,000	417,000	370,000	(47,000)	-11.3%
Amortization	6,197,000	6,300,000	6,300,000	6,380,000	80,000	1.3%
<b>TOTAL EXPENSES</b>	18,665,000	19,414,000	18,890,000	19,946,000	532,000	2.7%
<b>SURPLUS</b>	1,688,000	2,767,000	2,336,000	2,051,000	(716,000)	-25.9%
<b>OPENING ACCUMULATED SURPLUS</b>	126,537,000	127,761,000	128,225,000	130,561,000	2,800,000	2.2%
<b>CLOSING ACCUMULATED SURPLUS</b>	128,225,000	130,528,000	130,561,000	132,612,000	2,084,000	1.6%
<b>SUMMARY OF SURPLUS BY ACTIVITY</b>						
Operating Activities	2,350,000	1,634,000	2,535,000	1,749,000	115,000	7.0%
Operating Activities - RP&Z	(1,621,000)	(1,530,000)	(1,593,000)	(1,550,000)	(20,000)	1.3%
Reserve Fund Activities	915,000	2,313,000	1,244,000	1,552,000	(761,000)	-32.9%
Contributed Capital Activities	44,000	350,000	150,000	300,000	(50,000)	-14.3%
	1,688,000	2,767,000	2,336,000	2,051,000	(716,000)	-25.9%

**PETERBOROUGH UTILITIES COMMISSION  
STATEMENT OF CHANGES IN FINANCIAL POSITION**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
<b>OPERATIONS</b>						
Surplus	1,688,000	2,767,000	2,336,000	2,051,000	(716,000)	-25.9%
Add/(less): items not requiring cash						
Amortization	6,197,000	6,300,000	6,300,000	6,380,000	80,000	1.3%
Capital installation charges	(44,000)	(350,000)	(150,000)	(300,000)	50,000	-14.3%
	7,841,000	8,717,000	8,486,000	8,131,000	(586,000)	-6.7%
Change in non-cash working capital items	(628,000)	130,000	264,000	(175,000)	(305,000)	-234.6%
	7,213,000	8,847,000	8,750,000	7,956,000	(891,000)	-10.1%
<b>INVESTING ACTIVITIES</b>						
Additions to tangible capital assets	(3,481,000)	(11,599,000)	(9,900,000)	(9,603,000)	1,996,000	-17.2%
Net of contributed capital	44,000	350,000	150,000	300,000	(50,000)	-14.3%
	(3,437,000)	(11,249,000)	(9,750,000)	(9,303,000)	1,946,000	-17.3%
<b>FINANCING ACTIVITIES</b>						
Debentures issued	6,000,000	-	-	-	-	#DIV/0!
Decrease in debenture debt	(1,390,000)	(1,302,000)	(1,043,000)	(1,057,000)	245,000	-18.8%
	4,610,000	(1,302,000)	(1,043,000)	(1,057,000)	245,000	-18.8%
<b>NET CHANGE DURING THE PERIOD</b>	8,386,000	(3,704,000)	(2,043,000)	(2,404,000)	1,300,000	-35.1%
<b>CASH POSITION - BEGINNING OF YEAR</b>	15,108,000	23,035,000	23,494,000	21,451,000	(1,584,000)	-6.9%
<b>CASH POSITION - END OF PERIOD</b>	23,494,000	19,331,000	21,451,000	19,047,000	(284,000)	-1.5%
<b>Ending cash balance comprised of the following:</b>						
Unrestricted cash	13,181,000	8,282,000	10,244,000	10,955,000		
Restricted cash						
Water Treatment Plant, Restricted Reserve F	9,115,000	10,006,000	9,943,000	6,794,000		
Development Charges Act, Restricted Reserve	-	-	-	-		
Park and Zoo Major Projects, Restricted Reserve	605,000	660,000	669,000	700,000		
Park and Zoo Animal Care, Restricted Reserve	490,000	276,000	491,000	493,000		
Park and Zoo State of Good Repair Reserve F	103,000	107,000	104,000	105,000		
	23,494,000	19,331,000	21,451,000	19,047,000		
<b>Change in non-cash working capital items comprised of the following:</b>						
Accounts receivable	(293,000)	(50,000)	(114,000)	(150,000)		
Unbilled revenue and sewer surcharges	(513,000)	(20,000)	275,000	(100,000)		
Inventories	(105,000)	-	28,000	-		
Prepaid expenses	291,000	-	-	-		
Accounts payable	(97,000)	200,000	103,000	100,000		
Deposits	89,000	-	(28,000)	(25,000)		
	(628,000)	130,000	264,000	(175,000)		

**PETERBOROUGH UTILITIES COMMISSION  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>
Surplus	1,688,000	2,767,000	2,336,000	2,051,000
Acquisition of Tangible Capital Assets	(3,481,000)	(11,599,000)	(9,900,000)	(9,603,000)
Amortization of Tangible Capital Assets	6,197,000	6,300,000	6,300,000	6,380,000
Decrease (increase) in inventories	(105,000)	-	28,000	-
Decrease (increase) in Prepaid Expenses	291,000	-	-	-
	<hr/> 4,590,000	<hr/> (2,532,000)	<hr/> (1,236,000)	<hr/> (1,172,000)
Net Financial Assets, beginning of year	<hr/> 3,699,000	<hr/> 7,448,000	<hr/> 8,289,000	<hr/> 7,053,000
<b>Net Financial Assets, end of period</b>	<hr/> <b>8,289,000</b>	<hr/> <b>4,916,000</b>	<hr/> <b>7,053,000</b>	<hr/> <b>5,881,000</b>



**PETERBOROUGH UTILITIES COMMISSION  
SCHEDULE A  
COST OF WATER TREATMENT AND STORAGE**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
Process Waste Treatment	\$ 198,000	\$ 262,000	\$ 200,000	\$ 174,000	(88,000)	-33.6%
Water Treatment Plant	3,242,000	3,716,000	3,200,000	3,784,000	68,000	1.8%
Pump house/Dam	350,000	382,000	382,000	406,000	24,000	6.3%
Pumping station	185,000	222,000	222,000	223,000	1,000	0.5%
Reservoirs	214,000	184,000	184,000	195,000	11,000	6.0%
	<b>\$ 4,189,000</b>	<b>\$ 4,766,000</b>	<b>\$ 4,188,000</b>	<b>\$ 4,782,000</b>	<b>16,000</b>	<b>0.3%</b>

**PETERBOROUGH UTILITIES COMMISSION  
SCHEDULE B  
DISTRIBUTION SYSTEM**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
Trunk mains	\$ -	\$ 15,000	\$ 15,000	\$ 13,000	(2,000)	-13.3%
Distribution mains	362,000	490,000	490,000	551,000	61,000	12.4%
Locate & records	320,000	222,000	222,000	215,000	(7,000)	-3.2%
Flushing	89,000	67,000	67,000	64,000	(3,000)	-4.5%
Valves and boxes	243,000	250,000	250,000	244,000	(6,000)	-2.4%
General maintenance	221,000	174,000	174,000	224,000	50,000	28.7%
Hydrants	367,000	255,000	255,000	255,000	-	0.0%
Service pipes	779,000	676,000	676,000	694,000	18,000	2.7%
Meters	92,000	122,000	90,000	100,000	(22,000)	-18.0%
Water Distribution Engineering	82,000	53,000	53,000	34,000	(19,000)	-35.8%
	<b>\$ 2,555,000</b>	<b>\$ 2,324,000</b>	<b>\$ 2,292,000</b>	<b>\$ 2,394,000</b>	<b>70,000</b>	<b>3.0%</b>

**PETERBOROUGH UTILITIES COMMISSION  
SCHEDULE C  
GENERAL ADMINISTRATIVE**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
Advertising and public relations	\$ 15,000	\$ 17,000	\$ 17,000	\$ 17,000	-	0.0%
Water conservation	54,000	64,000	59,000	46,000	(18,000)	-28.1%
Commission expenses	1,000	4,000	4,000	4,000	-	0.0%
Building Rent	381,000	423,000	423,000	414,000	(9,000)	-2.1%
Insurance	405,000	444,000	465,000	505,000	61,000	13.7%
Software & equipment rental	109,000	166,000	166,000	206,000	40,000	24.1%
Professional fees	38,000	61,000	50,000	55,000	(6,000)	-9.8%
Memberships	20,000	15,000	15,000	19,000	4,000	26.7%
Property taxes	175,000	198,000	198,000	202,000	4,000	2.0%
Miscellaneous	41,000	11,000	20,000	10,000	(1,000)	-9.1%
	<b>\$ 1,239,000</b>	<b>\$ 1,403,000</b>	<b>\$ 1,417,000</b>	<b>\$ 1,478,000</b>	<b>75,000</b>	<b>5.3%</b>

**PETERBOROUGH UTILITIES COMMISSION  
SCHEDULE D  
SUPPORT SERVICES**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
Finance	\$ 80,000	\$ 87,000	\$ 90,000	\$ 112,000	25,000	28.7%
Administration	733,000	608,000	608,000	721,000	113,000	18.6%
Peterborough Technology Services	533,000	630,000	650,000	693,000	63,000	10.0%
Customer Service	896,000	941,000	961,000	828,000	(113,000)	-12.0%
Human Resources	183,000	248,000	245,000	217,000	(31,000)	-12.5%
Purchasing	105,000	101,000	101,000	120,000	19,000	18.8%
	<b>\$ 2,530,000</b>	<b>\$ 2,615,000</b>	<b>\$ 2,655,000</b>	<b>\$ 2,691,000</b>	<b>76,000</b>	<b>2.9%</b>

**PETERBOROUGH UTILITIES COMMISSION  
SCHEDULE E  
STATEMENT OF OPERATIONS FOR RIVERVIEW PARK and ZOO**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>	<b>Change vs Budget</b>	<b>Change vs Budget</b>
<b>REVENUE</b>						
Train	\$ -	\$ -	\$ -	\$ 130,000	130,000	#DIV/0!
Miscellaneous	57,000	59,000	28,000	171,000	112,000	189.8%
<b>Total revenue</b>	<b>57,000</b>	<b>59,000</b>	<b>28,000</b>	<b>301,000</b>	<b>242,000</b>	<b>410.2%</b>
<b>EXPENSES</b>						
Maintenance Park	408,000	592,000	524,000	697,000	105,000	17.7%
Maintenance Train	-	3,000	3,000	101,000	98,000	3266.7%
Animal Care and Zoo Maintenance	1,270,000	994,000	1,094,000	1,053,000	59,000	5.9%
<b>Total operating expenses</b>	<b>1,678,000</b>	<b>1,589,000</b>	<b>1,621,000</b>	<b>1,851,000</b>	<b>262,000</b>	<b>16.5%</b>
Contribution to State of Good Repair Fund	-	-	-	-	-	0.0%
	<b>1,678,000</b>	<b>1,589,000</b>	<b>1,621,000</b>	<b>1,851,000</b>	<b>262,000</b>	<b>16.5%</b>
<b>NET EXPENSES FOR PERIOD</b>	<b>\$ 1,621,000</b>	<b>\$ 1,530,000</b>	<b>\$ 1,593,000</b>	<b>\$ 1,550,000</b>	<b>20,000</b>	<b>1.3%</b>

**PETERBOROUGH UTILITIES COMMISSION  
SCHEDULE F  
CONTINUITY SCHEDULE OF RESERVE FUNDS**

	<b>2020 Actual</b>	<b>2021 Budget</b>	<b>2021 Projection</b>	<b>2022 Budget</b>
<b>WATER TREATMENT PLANT RESERVE FUND</b>				
Opening balance	8,276,000	9,163,000	9,115,000	9,943,000
Contributions	758,000	764,000	764,000	783,000
Interest	81,000	79,000	64,000	68,000
Transfers to General Fund	-	-	-	(4,000,000)
Closing Balance	9,115,000	10,006,000	9,943,000	6,794,000
<b>DEVELOPMENT CHARGES RESERVE FUND</b>				
Opening balance	-	-	-	-
Contributions	59,000	1,437,000	827,000	667,000
Interest	2,000	-	-	-
Transfers to General Fund	(61,000)	(1,437,000)	(827,000)	(667,000)
Closing Balance	-	-	-	-
<b>RIVERVIEW PARK &amp; ZOO MAJOR PROJECTS RESERVE FUND</b>				
Opening balance	595,000	630,000	605,000	669,000
Contributions	5,000	25,000	59,000	25,000
Interest	5,000	5,000	5,000	6,000
Transfers to General Fund	-	-	-	-
Closing Balance	605,000	660,000	669,000	700,000
<b>RIVERVIEW PARK &amp; ZOO ANIMAL CARE RESERVE FUND</b>				
Opening balance	486,000	274,000	490,000	491,000
Contributions	-	-	-	-
Interest	4,000	2,000	1,000	2,000
Transfers to General Fund	-	-	-	-
Closing Balance	490,000	276,000	491,000	493,000
<b>RIVERVIEW PARK &amp; ZOO STATE OF GOOD REPAIR FUND</b>				
Opening balance	102,000	106,000	103,000	104,000
Contributions	-	-	-	-
Interest	1,000	1,000	1,000	1,000
Transfers to General Fund	-	-	-	-
Closing Balance	103,000	107,000	104,000	105,000
<b>TOTAL RESERVE FUND BALANCE</b>	<b>10,313,000</b>	<b>11,049,000</b>	<b>11,207,000</b>	<b>8,092,000</b>

# PETERBOROUGH UTILITIES COMMISSION REPORT

October 27, 2021

2.03

COMMISSION AGENDA  
2021.11.04

## 2022 WATER UTILITY RATE SCHEDULE

### RECOMMENDATION

**THAT** the 2022 Water Utility Rate Schedule reflecting a water rate increase of 2.29% be approved BY THE COMMISSION.

Prepared by: Kyle Davis, CFO

Submitted by: Kyle Davis, CFO

Approved for Submission by: \_\_\_\_\_  
President & CEO

## **Background**

The 2022 Operating and Capital Budget has been presented to the Commission under a separate report. As detailed in the report, the 2022 budget proposes a 2.29% rate increase on both fixed and variable consumption charges across all rate classes. A copy of the complete Water Utility Rate Schedule for the Peterborough Utilities Commission, effective January 1, 2022, is included as Appendix A.

## **Summary**

As noted above, the 2022 Budget includes a 2.29% rate increase for the basic meter charge as well as the consumption charge for all consumption levels. In addition to this increase, the following items are noted:

- Administrative and late charges, such as set up fees, letters of reference and statement of accounts have been held with a 0% increase in 2021 and have seen no increase since 2016.
- Non-Payment of account fees, such as late fees and disconnection fees have also been held with a 0% increase in 2021 and have seen no increase since 2016.
- Development charges will be increased in January according to the prescribed inflationary index. The current draft includes an estimated increase of 3%.

Attachments: Appendix A – PUC Water Utility Rate Schedule



# Water Utility Rate Schedule

Peterborough  
Effective January 1, 2022

## Metered Services

Monthly charges are based on the Basic Charge plus Consumption Charges at rates listed below.

### Basic Charge based on size of meter

15 mm (5/8")	\$22.84 /mo
20 mm (3/4")	\$22.84 /mo
25 mm (1")	\$42.08 /mo
40 mm (1-1/2")	\$72.13 /mo
50 mm (2")	\$102.19 /mo
75 mm (3")	\$182.74 /mo
100 mm (4")	\$369.50 /mo
150 mm (6")	\$641.22 /mo
200 mm (8")	\$912.90 /mo
250 mm (10")	\$1,275.02 /mo
300 mm (12")	\$1,810.52 /mo

### Consumption Charges (Monthly Consumption)

0 – 20 m <sup>3</sup>	\$1.4908 / m <sup>3</sup>
>20 – 100 m <sup>3</sup>	\$1.4908 / m <sup>3</sup>
>100 – 5,000 m <sup>3</sup>	\$0.8153 / m <sup>3</sup>
> 5,000 m <sup>3</sup>	\$0.5622 / m <sup>3</sup>

## Sewer Surcharge

A sewer surcharge, proportional to water charges, is billed and collected on behalf of the City of Peterborough. For clarification regarding this charge, please call Peterborough City Hall at 705-742-7771.

### Turn-on/Turn-off service

There is no charge for this service during normal business hours, unless it is required on a repeat basis; for instance, annually. Please give us 24 hours advance notice for this free service.

Occasional, during normal working hours,  
turn on or off no charge

Repeat, during normal working hours,  
turn on or off \$65.00

Repeat or Annual Service, after hours  
(except emergencies), turn on or off,  
Actual cost, \$158.00 min. charge

### Temporary Service Disconnection

A \$65.00 fee will apply for customers who wish to have their service disconnected during the winter months; a \$65.00 fee will also apply for reconnection of the service. During the months when the water service is off, the applicable Basic Charge will still apply. Once the service is re-connected, Basic and Consumption Charges will resume.

### Seasonal Water Meters

Seasonal water meters that service parks, cemeteries and sports fields that are removed in the Fall and re-installed in the spring will incur the \$158 fee for both the installation and removal of the meter. During the months when the meter has been removed, no Basic or Consumption Charges will apply. Once the meter has been re-installed, Basic and Consumption Charges will resume.

### Fire Flow Tests

During non-freezing periods \$335 / test

During freezing periods  
Time and material, \$335 minimum

### Cross-Connection Fees

Certified Backflow Prevention Device Tester

Registration Fee \$100 / year

Transient Certified Backflow Prevention Device  
Tester

Registration Fee \$50 / 30 days

Test Tag Fee \$25

Test tags expire 5 years after first being affixed to a backflow prevention device. Authorized test tags are only available from PUC. Only Registered Testers may purchase test tags.

**Late Filing Fee** \$100 / report

Applies to any report that is not submitted within the specified time-period or for any person not renewing their Certified Backflow Prevention Device Tester Registration within 30 days of expiry.

### Sewer Surcharge

A sewer surcharge, proportional to water charges, is billed and collected on behalf of the City of Peterborough. For clarification regarding this charge, please call Peterborough City Hall at 705-742-7771.

## **Specific Service Charges**

### **Customer Administration**

Account set up	\$	30.00
Credit Reference check	\$	19.50
Letter of Reference	\$	15.00
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling Post Dated Cheques	\$	15.00
Duplicate Invoices (bill reprint)	\$	15.00
Easement Letter	\$	15.00
Over Due Notice Charge	\$	15.00
Returned Cheque Fee	\$	35.00
Tax Roll Water	\$	25.00
Tax Roll City	\$	25.00

### **Non-Payment of Account**

Late Payment Charge Monthly	%	1.50
Late Payment Charge Annually	%	19.56
Collection Visit (No disconnect)	\$	30.00
Disconnection for Non Payment Fee	\$	65.00
Reconnection Fee After Disconnect	\$	65.00
After Hours Reconnection Fee (minimum)	\$	158.00

### **Other**

Special Meter Reads	\$	30.00
Manipulating water bypass	\$	2,000.00



## WATER CAPITAL CHARGES

Effective January 1, 2022

### Frontage Charges

Residential, Commercial and Institutional	\$477 / metre
Industrial	\$477 / metre
Re-development	same as above

### Non-Abutting Frontage Charges

Residential - Single Family	\$3,510 each
Multi-residential, Commercial, Industrial, Institutional (by formula)	Min. frontage* (m) x \$3,510 (\$) ÷ 15.24 (m)
* Minimum frontage as required by City of Peterborough Zoning By-Law	

### Service Connections

Residential – up to 25 mm,	
Restoration costs extra	\$3,195 each
All other services - 25 mm and larger	
Actual Costs,	Minimum charge \$3,195

Subdivision Inspection Charges	\$129 per lot
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## WATER UTILITY DEVELOPMENT CHARGES

### DRAFT

Effective January 1, 2022

### Residential

	Res. A	Res. B	Res.C
Planning Area	Singles & Semis	Other Multiples	Apart- ments
1. Auburn North	\$2,449	\$2,113	\$1,437
2. Jackson	\$2,870	\$2,473	\$1,682
3. Carnegie West (Zone 3N)	\$2,379	\$2,051	\$1,394
4. Chemong	\$1,891	\$1,630	\$1,107
5. Lily Lake	\$2,800	\$2,413	\$1,641
6. Liftlock	\$1,917	\$1,652	\$1,124
7. Coldsprings	\$2,411	\$2,078	\$1,413
8. Outside Planning Areas	\$1,548	\$1,334	\$908
9. Carnegie East (Zone 2)	\$734	\$633	\$431
10. Chemong East	\$1,117	\$963	\$655

**Non-Residential**, all planning areas . . . . \$6.33 /m<sup>2</sup>

Rates are subject to change.