

**MINUTES OF THE PUBLIC UTILITIES COMMISSION**

**Date and Time:** Thursday November 29, 2007 4:30 p.m.

**Location:** PUC Building Commission room, 765 Queen Street East

**Members Present:** Chair Mark Howson  
Pat Mick  
Maureen Sullivan

**Guests:** KPMG - M. Marinovich

**Staff:** Brian Curran, President & CEO  
Brenda Nesom, Executive Secretary  
Terry Greco, Vice President Financial Services  
Dominic Parrella, Vice President Operations & Engineering  
Allan Frederick, Vice President Customer Service & Business Development

**1.0 Call to Order**

The meeting was called to order by Chair M. Howson at 4:30 p.m...

**2.0 Conflict of Interest**

No one declared a conflict of interest.

**3.0 Minutes**

It was moved by M. Sullivan and seconded by P. Mick:

**“That the minutes of the Commission meeting dated April 26, 2007 be accepted as presented.”**

Carried

**4.0 Business Arising from the Minutes**

There was no business arising from the minutes.

**5.0 Approval Items**

5.1 2008 Budget and Rates

The presentation of the 2008 water budget and proposed water rates determined the need for an increase of 5% effective January 1, 2008. This increase would reflect an approximate cost to the consumer of \$1.22 per month for 21 cubic meters of water usage.

Other budget increase would include an 8% increase in operating expenses, capital expenditures of \$3.4 million due to increased city projects and approximately \$2.2 million for unusual one-time capital items.

The budget included the borrowing of \$1.6 million with a transfer of \$1.0 million from the capital fund to support the cost of capital projects.

It was moved by P. Mick and seconded by M. Sullivan:

**“That the Commission approve the 2008 Budget and By-law No. 403 increasing water rates for 2008. A review of working capital and the need to move forward with the budgeted borrowing of \$1.6 million will be reviewed in 2008 and a recommendation brought back to the Commission if the borrowing is required.”**

Carried

### 5.2 Establishment of a Capital Fund

It was recommended that the establishment of a capital fund in the initial amount of \$1.0 million to provide funding for future capital expenditures needs and / or the retirement of debt incurred to fund capital projects. The long term funding mechanism is required to maintain the reliability and safety of the city’s water treatment and distribution system.

It was noted that this mechanism was used in the past and an earlier study done by KPMG had suggested a rate stabilization fund be set up for future needs.

It was moved by M. Sullivan and seconded by P. Mick:

**“That the Commission approve the establishment of a capital fund in the initial amount of \$1.0 million. The amount will be adjusted upon completion of the 2007 audited financial statements and will be based on maintaining a minimum of 60 days in unrestricted working capital. The intent of the capital fund is to provide funding for future capital expenditure needs and/or the retirement of debt incurred to fund capital projects.”**

Carried

### 5.3 Proposed By-law 502 Miscellaneous Water Charges

By-law No. 502 was prepared to recommend charges for miscellaneous water charges for 2008. The by-law is supported by By-law 500 and 501 passed previously to increase costs and reach the levels required to match actual construction costs. It also incorporates additional charges required to more accurately recover the costs of service line connections.

These charges would match Commission policy with City policy in respect to extension of municipal services with the joint work performed for water and sewer installations. A three year window was established to close the gap to implement charges and a continual review on a yearly basis.

It was moved by P. Mick and seconded by M. Sullivan:

**“That the Commission approve By-law No. 502 being a by-law to amend By-law No. 501 and 500, which provides for the assessment of miscellaneous water charges related to the recoveries of installing watermains and water service lines and the provision of other water utility related services.”**

Carried

#### 5.4 2008 Corporate Performance Targets

The corporate performance targets for Commission operations reflect the 2008 budget and the need to meet financial and regulatory objectives for the years 2009 and 2010.

It was suggested that safety practices be added as a performance target for the Public Utilities Commission as a precautionary measure even though it is included in the PUC Services Inc. targets.

It was moved by M. Sullivan and P. Mick:

**“That the attached performance targets be established for Commission operations for 2008 as revised to include something on safety”**

Carried

### 6.0 Information Items

#### 6.1 Introduction of CICA PS 3150

M. Marinovich from the firm KPMG reported on the new financial reporting requirements of tangible capital assets, as outlined in the Canadian Institute of Chartered Accountants - Public Sector Accounting Standards Section 3150 (CICCA PS 3150). As a Commission of the City of S. S. Marie the Public Utilities Commission must follow the PSAB recommendations

The new standard will require all Canadian local governments to account for tangible capital assets on their statement of financial position starting with the December 31, 2009 reporting and continue annually. The new standard will require retroactive application.

It was recommended that a project team be formed with representatives within the water utility for reporting purposes.

#### 6.2 Extension of Water & Sanitary Services

A report was presented to the Commission as information regarding the extension of water and sanitary services in the city. The Commission and the City coordinate installations of these services whenever possible. A provincial policy regulates the extension of water and sanitary services within the province and discourages partial extensions. In order to harmonize Commission policy with City policy, the next amendment to Bylaw 500, Miscellaneous Water Charges, will incorporate the following requirements:

**“Extension of watermains alone without sanitary sewers will be prohibited, except as permitted under the provisions of the Provincial Policy Statement. In such circumstances the Commission will require a report from a consulting engineer confirming there is no way to correct the on-site water supply problem other than by provision of municipal service.”**

#### 6.3 Status of Lead Monitoring Program

A report to the Commission noted the high concentration levels of lead found in drinking water samples taken from older homes in the city of London, Ontario. These findings prompted the Ministry of the Environment to test areas of the province including Sault Ste. Marie for lead levels.

Regulation 170/03 was amended which requires water supply authorities to institute testing programs to include:

1. sample for and monitor lead in drinking water from residential and non residential facilities twice per year;
2. notify users of the facilities from which the samples were taken of the analytical results; and
3. where samples have lead concentrations in excess of the 10 parts per billion (ppb), to put a plan in place to address the problem.

Staff have put a program in place in conjunction with the Algoma Public Health Unit. Home owners where lead pipes are suspected to be located will be sent letters for the testing program and further follow-up. Brochures will be mailed out with the bills for public awareness. Inquiries will be handled by the Algoma Health Unit.

The Commission is also working with the City's Social Services Division in regards to a funding program instituted by the Ministry of Community and Social Services to provide point of use lead filters for high risk low income households. Under this program Social Services will cover the costs for us to perform lead sampling and analysis for dwellings that meet their risk criteria. If the testing indicates elevated lead content, the program provides for a lead filter to be installed on the kitchen faucet at no cost to the resident.

Management will update the Board on future developments.

#### 6.4 Drinking Water Quality Management System Plan

The Commission accepted as information a report regarding the upcoming municipal drinking water quality management licence program and the requirements set out for implementation by early 2010.

Development of the Operational Plan and QMS will require extensive resources and effort. It is anticipated the process will take approximately 12 months of concerted effort to achieve completion. A dedicated Project Leader will be required in addition to ongoing involvement of staff from several departments throughout the process. In order to be in a position to ensure accreditation by early 2010, it has been decided to target the end of 2008 to complete full documentation of the Operational Plan and QMS. This should allow for adequate time to perform internal audits and to test and refine the documented processes and procedures through 2009.

The Commission will be kept informed on the status of this project.

#### 6.5 October 2007 Financial Statements

The financial statements for October were accepted as information.

### 7.0 New Business

There was no new business to report

### 8.0 Adjournment

It was moved by M. Sullivan and seconded by P. Mick:

**"That the meeting be adjourned."** Carried

The regular meeting adjourned at 5:45 p.m. and the next meeting will be at the call of the chair.

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Chair

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Secretary