

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
5TH COUNCIL, 32ND SESSION**

**REFERENCE FOR ADVICE
NO. 1-32**

TABLED ON JANUARY 25, 1966



December 10, 1965.
Confidential - Not
for release before
tabling during the
32nd Session of
Council,

NORTHWEST TERRITORIES

REFERENCE FOR ADVICE NO. 1
(First Session, 1966)

FORT SIMPSON WATER AND
SEWER SYSTEM - USER RATES

DISPOSITION

Accepted as Read.....
Amended.....See Text
Rejected.....See Text
Deferred.....See Text
Not considered.

FORT SIMPSON WATER AND
SEWER SYSTEM - USER RATES

As a result of a report submitted by Associated Engineering Services in April, 1958, a water and sewer system was installed at Fort Simpson at a cost of about \$650,000.

The system was completed in 1960, but until the spring of 1965, no charges were levied for services. Early in 1965, however, after discussion with Northern Canada Power Commission, which operates the system, a rate structure was established and users were notified of the schedule and informed that charges would be made for use after April 1st, 1965.

In reviewing the rate structure, Council will remember that under the terms of the Federal-Territorial Financial Agreement, it was agreed that the cost would be shared on the basis of 50% capital and 50% operational by the senior governments and the remaining 50% of each by the consumer.

In practice, however, it was found more feasible for the federal government to pay the full costs of installation and for consumers to pay the full costs of operation on the basis that 50% of capital costs, amortized over 15 years, plus 50% operational costs were reasonably equated to full annual operating costs. This latter formula is being considered for the next 5-year Financial Agreement.

In the case of Fort Simpson, the N.C.P.C. provided the following data:

Operating costs fiscal year 1964-65	\$64,000.	
Estimated costs at plant capacity	79,000.	
Water production 1964-65		22,000,000 gals.
Water production plant capacity		32,000,000 gals.

As of April, 1965, the revenue estimated for the fiscal year 1965-66 is \$34,296, which is about 55% of the cost of operation (\$64,000). The balance of \$30,000 is the annual subsidy which must be paid by the Government of the Northwest Territories.

In brief, the existing rates of \$14 per month for water and \$3.60 per month for sewerage removal (total \$17.60) represents 55% of the annual operating cost but does not conform to the proposed policy recommending that users pay 100% of operating costs.

The problem at Fort Simpson is that even the rate of \$17.60 per month (\$211 per year) is considered too high for the average private user. Council should note that any reduction from this rate will require further subsidy by Council unless a more drastic change in policy can be brought about.

Using the same figures as quoted above, for example, if Council decides \$10 a month instead of \$17.60 a month is a more reasonable rate, the total payments by users would be about \$19,080 per year or under 20% of actual costs and would increase the annual subsidy from \$30,000 to about \$44,000.

In considering the problem, it is thought that the whole matter of water and sewer rates should be reviewed because a decision to adopt a certain rate at Fort Simpson will undoubtedly serve as a criterion for all other settlements and Council will be faced with finding funds to subsidize the discrepancies.

At the moment it is not possible to advise Council of the estimated subsidy figure which would be required on an overall basis should a rate less than actual operating costs be established, but the Administration is preparing a paper which may be completed in time for the Summer, 1966 Session. Council might be well advised to defer a decision on the proposal to reduce the present rate of \$17.60 per unit until that time.

SUMMARY OF WATER AND SEWER ACCOUNTS

AS OF APRIL 1965

UNIT PRICE OF \$17.60

Dept. of Agriculture	2 residences & 1 office	\$ 52.80
D.P. Works	1 6 unit apt. 2 4 unit apt. 22 residences	105.60 140.80 387.20
N.C.P.C.	1 power plant 8 residences	17.60 140.80
R.C.M.P.	1 barracks	35.20
D.C. & I.	1 office	17.60
N.H. & W.	1 residence 1 residence and clinic	17.60 17.60
N.W.T. Government	1 residence	17.60
Private Residences	6 (water & sewer)	105.60
Store	1	17.60
Community Club	1	17.60
Hospital	1	52.80
Bunkhouses	2	35.20
Hotel	1	35.20
Theatre	1	17.60
Residences	3 (no sewer service)	42.00
N.A.N.R.	90 no charge (Total \$1,584.00)	<u>1,584.00</u>
	Monthly revenue	2,858.00
	Annual revenue	34,296.00

LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES

5TH COUNCIL, 32ND SESSION

SESSIONAL PAPERS

- 1-32 Commissioner's Opening Address
- 2-32 Great Slave Lake Commercial Fishery - Cold Storage Plant
- 3-32 N.W.T. Corrections Program
- 4-32 A Progress Report on the Library
- 5-32 Unequal Applications of the Education Tax
- 6-32 Contracts - Greater Use of Local Materials
- 7-32 Orders and Regulations to be Tabled at the January 1966 Session of the Council of the Northwest Territories
- 8-32 Subsidization of Electric Power in the N.W.T. and Yukon
- 9-32 A Round ^{up} of All Items for Action Arising Out of Sessions of the Council of the Northwest Territories Since and Including June, 1964
- 10-32 Annual Report of Territorial Hospital Insurance Services Board 1964
- 11-32 Proposed Medicare Plan - Northwest Territories
- 12-32 Proposed Amendments to the Motor Vehicles Ordinance
- 13-32 Financial Forecast [1966]
- 14-32 The Canada Assistance Plan
- 15-32 Proposal to Inform Eastern Arctic Residents About the Nature of Government
- 16-32 Proposed Amendments to the Territorial Mortgage Program
- 17-32 Report on Construction and Maintenance Allotments in the Appropriation Ordinance 1965-1966
- 18-32 Representations to the Advisory Commission on the Development of

Government in the Northwest Territories

19-32 Report of the Administrator of the Arctic