

# SILVERHAWK UTILITIES INC.

## ANNUAL NEWSLETTER



Volume 3, Summer 2010

### PROPERTY CAPACITY ASSESSMENT

Silverhawk Utilities recently met with the Silver Star Property Owners Association (SSPOA) to further cultivate the relationship between the Utility and the SSPOA. One of the main issues that Silverhawk Utilities will be focusing on in the upcoming months will be assessing the demand placed on the sewer system by *each individual property*. We believe that the amount each property pays for their demand portion should be in direct relation to their capacity (pillow count). Our goal is to implement this capacity assessment into our Rate Setting in order to distribute the costs more equitably across the appropriate customer class.

Silverhawk will be contacting all property owners within the next few months to complete a "Property Capacity Assessment".

### OVERDUE ACCOUNTS

Beginning with your billing for the 2009 Service Year, Silverhawk Utilities will be changing how we charge for overdue and delinquent accounts. In the past we have charged a series of fixed penalty amounts based on how long the invoice has gone unpaid. This will be replaced with a simple "Late Payment Charge" of 1.5% per month on the outstanding balance. Please refer to the "Terms & Conditions" on the reverse of your invoice for more details.

### RATES

As with most municipal sewer services, Silver Star is served by a single utility. Such utilities operate on the basis of taking in sufficient revenue through service billings to cover operating costs with a nominal contribution to overhead. The purpose is to neither make a profit, out of line with the industry, nor sustain a loss.

Since assuming responsibility for the sewer utility, Silverhawk has endeavored to set rates following the same principles used by regulated utilities throughout North America such as the American Public Works Association, the American Society of Civil Engineers, and the Water Pollution Control Federation.

Those principles provide for inclusion of return on investment and depreciation allowances in the operating costs, upon which rates are based, similar to other types of businesses. Silverhawk has always deferred these allowances, in order to reduce the rates charged for sewer service.

### HELP PREVENT CLOGGED PIPES

Please protect the Sewer System and help keep rates down by following our Wastewater Discharge Standards. Customers can help by not disposing of items such as:

- Sanitary napkins, tampons, tampon applicators, condoms
- Plastics, diapers, disinfectant wipes, paper towels, etc.
- Cooking Oils, meat fats from cooking, grease
- Ammonia and ammonia based cleaners
- Powder laundry detergent & non-biodegradable cleaners



Starting two years ago, Silverhawk has now implemented a long-term schedule to slowly recoup some of these fees.

Our rates for Sewer Service are made up of two separate fees:

**ANNUAL FIXED FEE** - Includes costs for administration, meter reading, billing and for the Demand associated with the property. The Demand portion pertains to the provision of infrastructure necessary to service the level of demand which the customer could make on the system, regardless of whether they use the system or not.

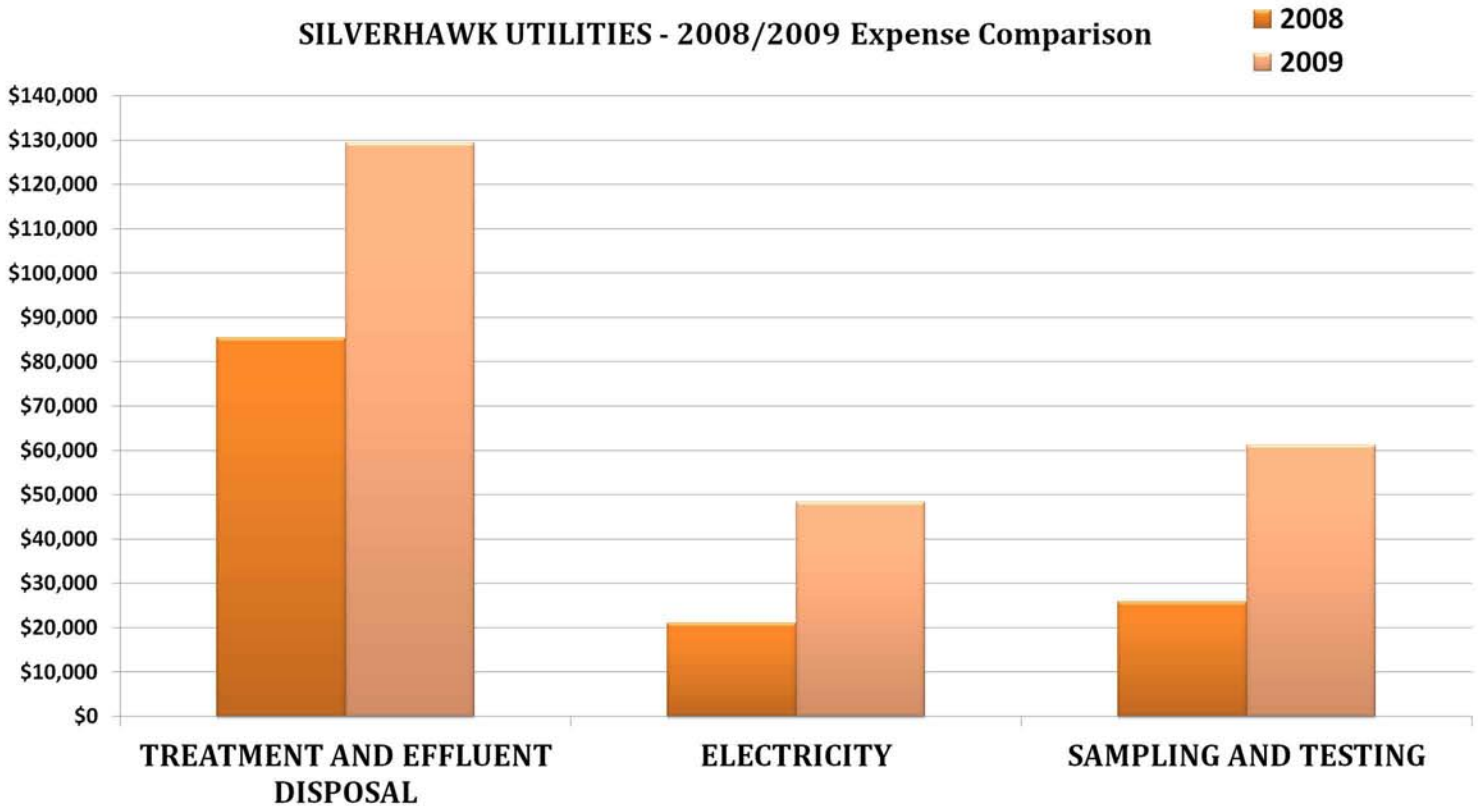
**USAGE FEE** - Pertaining to variable costs of providing sewer service, including the collection and treatment of wastewater.

2010 RESIDENTIAL FEE	\$466.20/YEAR
2010 VACANT LOT FEE	\$466.20/YEAR
2010 USAGE FEE	\$4.69/m <sup>3</sup>
CLIENT SETUP FEE	\$50.00

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### SILVERHAWK UTILITIES - 2008/2009 Expense Comparison



## COSTS OF OPERATION

It has always been, and continues to be the commitment of Silverhawk Utilities to operate the Sewer System in compliance with all Environmental Regulations as overseen by The Ministry of Environment.

The entire Silver Star area has recently come under increased Environmental scrutiny due to media attention brought on by citizen groups and coalitions. Silverhawk Utilities is now required to perform significantly more sampling and testing than in previous years. This inevitably brings further cost to the utility which is reflected in the rates.

Our costs associated with "Treatment & Effluent Disposal" and "Sampling & Testing" have increased for the 2009 Service Year and we are projecting a further increase of approximately 300% in the 2010 Service Year. Also projected for the upcoming year are further Environmental Studies that will increase our reporting costs by approximately 400%.

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## PILLOW CALCULATION

Silverhawk Utilities has adopted a new Pillow Count Formula for all properties at Silver Star Mountain. In the case of Lost Capacity, New Development or to initiate additional Capacity within the system, all properties will be required to pay the current Hook-up Fee per pillow. Please refer to the "Terms & Conditions" on the reverse of your invoice or contact Silverhawk Utilities for the current Residential and Commercial Hook-up Fee amount. For pillow count purposes a separate room such as a den, office, media room, storage room (any room with potential sleeping room) will be considered a sleeping room and additional pillows will apply. All undeveloped space that has future potential to accommodate a sleeping room will be allocated at the maximum pillow count for that area. A pillow is defined as a one person or one person equivalent sleeping area.

The following formula will apply:

### NEW PILLOW CALCULATION

Studio	= 4 pillows
1 bedroom	= 6 pillows
2 bedroom	= 8 pillows
3 bedroom	= 10 pillow
4 bedroom	= 14 pillows
5 bedroom	= 16 pillows