

POLICY

Title of Policy:	Interceptor Cost Recovery Reserve Policy
Policy Number:	
Author (position):	Director of Business Services
Approved By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team
Adoption Date:	September 14, 2009
Last Review/Revision Date:	February 26, 2020
Last Review/Revision Approval By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team

1.0 PURPOSE:

- 1.1 The purpose of this policy is to assist NEW Water and its Commission in designating, monitoring, and managing the Interceptor Cost Recovery (ICR) Reserve maintained by NEW Water for the renewal and replacement of interceptors as well as new interceptor projects of NEW Water.

2.0 SCOPE:

- 2.1 This policy applies to NEW Water's ICR Reserve.

3.0 PROGRAM AUTHORITY: (Not Used)

4.0 POLICY:

- 4.1 The ICR Reserve will target a minimum amount in principal and interest of not less than \$5 million.
- 4.2 NEW Water will establish the annual budgetary use of the ICR Reserve, in conjunction with its long-term capital improvement plan, for the utilization of designated amounts of interest and principal proceeds of the ICR Reserve related to renewal and replacement of interceptors as well as new interceptor projects of NEW Water.
- 4.3 NEW Water will apply investment principal interest proceeds proportionately to the ICR Reserve as established by the NEW Water Investment Interest Use Policy. NEW Water shall establish the principal amount for the ICR Reserve during the budget approval process for the following year.
- 4.4 NEW Water will replenish the ICR Reserve through customer interceptor capacity allocation payments, interest accumulation on the principal, and through the annual budget.

4.5 NEW Water will have discretion to use such interest and/or principal proceeds for the capital needs associated with the ICR Reserve, subject to alternative use of the ICR Reserve, as designated by the Commission of NEW Water.

5.0 **DEFINITIONS:** (Not Used)

6.0 **PROCEDURE:** (Not Used)

7.0 **POLICY VIOLATION:** (Not Used)