

POLICY

Title of Policy:	Plant Capital Replacement Reserve
Policy Number:	
Author (position):	Director of Business Services
Approved By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team
Adoption Date:	February 26, 2020
Last Review/Revision Date:	
Last Review/Revision Approval By:	<input 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 Plant Capital Replacement Reserve (PCRR) maintained by NEW Water for new and/or replacement plant capital projects.

2.0 SCOPE:

- 2.1 The policy applies to NEW Water's PCRR.

3.0 PROGRAM AUTHORITY: (Not Used)

4.0 POLICY:

- 4.1 The PCRR will target a minimum balance of \$5 million.
- 4.2 NEW Water will establish the annual budgetary use of the PCRR, in conjunction with its long-term capital improvement plan, for the utilization of the PCRR for identified new and/or replacement plant capital projects.
- 4.3 NEW Water, at the discretion of the Commission, shall utilize the PCRR to stabilize and smooth out user rates increases from budget to budget.
- 4.4 The PCRR will be replenished through the annual budget process and annual transfers of excess funds from the Debt Service, Equipment Replacement and the General Reserves.
- 4.5 Interest proceeds will be allocated based on the Investment Interest Use Policy.

5.0 DEFINITIONS: (Not Used)

6.0 PROCEDURE: (Not used)

7.0 POLICY VIOLATION: (Not used)