

MANITOBA) Order No. 21/06
THE PUBLIC UTILITIES BOARD ACT) February 9, 2006

BEFORE: Graham F. J. Lane, C.A., Chairman
Monica Girouard, C.G.A., Member
Susan Proven, P.H.Ec., Member

**THE RURAL MUNICIPALITY OF MACDONALD -
APPLICATION FOR REVISION IN WATER AND SEWER
RATES - BY-LAW NOS. 28/05 (BRUNKILD); 29/05 (OAK
BLUFF); 30/05 (STARBUCK); 31/05 (SANFORD); 32/05 (LA
SALLE); 33/05 (DOMAIN) AND 34/05 (RURAL
MUNICIPALITY OF MACDONALD)**

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1.0 EXECUTIVE SUMMARY

By this Order, the Public Utilities Board (Board) accepts the application of the Rural Municipality of Macdonald (R.M.) and approves revised water and sewer rates for the communities served by the R.M.'s water and sewer Utility (Utility). Revised rates are effective with the first billing in 2006.

With respect to water, wherein service is provided to rural customers as well as to the residents of six communities, a family residence consuming 35 cubic metres of water each quarter should expect an \$8.75 increase with each quarterly bill in 2006, and a further \$8.75 increase in 2007.

Sewer bills vary by community; the average residential family's quarterly bill will change as follows – quarterly bills include a charge for an annual pump out of septic tanks by the Utility:

Community	Quarterly – Current	Approved
Brunkild	\$28.30	\$34.95
Oak Bluff	\$31.10	\$28.00
Starbuck	\$32.85	\$42.10
Sanford	\$29.15	\$24.77
La Salle	\$24.50	\$23.10
Domain	\$32.00	\$36.05

Rates vary by community reflecting differences in capital plant and annual operating expenses related to each community. Minimum quarterly sewer bills will decrease for all served communities, but the volumetric commodity charge, which is based on metered water consumption, will produce higher bills than indicated in the table for customers using more than 14,000 cubic metres of water in a quarter.. Sewer rates will change effective January 1, 2006, unlike water rates, no further rate increase for sewer service will occur for in 2007.

Rural customers are water-only customers, while the R.M.'s Utility customers in the six served communities are both water and sewer customers. Taking into account revised rates for water (2006 and 2007) and sewer (2006) services, customers with both water and sewer service, depending on the particular community and the water consumption level, will experience overall Utility bill increases ranging between 15% to 30% over two years.

As well, by this Order the Board will accept the Utility's 2005 operating deficit being met by existing surplus.

The Board accepts the R.M.'s rate proposal for the following reasons:

- a) inflation since rates were last revised for water (2001); and sewer (1999 or 2000);
- b) operating costs have increased with increased water and sewer quality standards;
- c) to raise revenues for small to medium size capital projects planned for the future; and
- d) to provide for contingencies and contribute to the development of reasonable reserves.

The R.M. advised the Board that, subject to unforeseen events and given that existing Utility debentures mature in 2009, the rate revisions now established may be sufficient to defer the need for further rate changes until 2010.

2.0 APPLICATION

The R.M. filed with the Board by-laws, rate studies and other information in support of its application, for:

- a) increases in water rates for all customers and served communities; and
- b) an amended rate structure, minimum quarterly bills and a volumetric charge for the six separate communities (Brunkild, Oak Bluff, Starbuck, Sanford, La Salle and Domain) receiving sewer service.

The RM proposed increases take effect in 2006 and 2007 for water, and 2006 for sewer.

By-laws filed:

<u>By-law No.</u>	<u>Community</u>
28/05	Brunkild (sewer)
29/05	Oak Bluff (sewer)
30/05	Starbuck(sewer)
31/05	Sanford(sewer)
32/05	La Salle(sewer)
33/05	Domain(sewer)
34/05	R.M. of Macdonald (water)

All by-laws received first reading by the respective municipal government.

Public Notice of the R.M.'s Application, was mailed to all Utility customers and posted in several locations within the R.M. The notice set out the date of the public hearing, which was subsequently held on January 31, 2006 in Sanford, in the Council Chambers of the R.M. The notice advised of proposed water and sewer rate and schedule changes. The notice indicated that rather than sewer billings being based on usage estimates, reliance would be placed on metered water consumption, to represent the surrogate for sewer volumes.

The R.M. reported to the Board that while it had received inquiries about the application, no customer offered written opposition. Nor did any customer appear at the hearing.

The following summarizes the R.M.'s rate proposal:

Water Service

	<u>Existing</u>	<u>Proposed</u>	
		<u>2006</u>	<u>2007</u>
Commodity rates/cubic meter	\$ 1.30	\$ 1.55	\$ 1.80
5/8" meter Minimum Quarterly Bill			
Urban	\$23.60	\$27.10	\$30.60
Rural	\$25.90	\$29.40	\$32.90
Typical Customer/Quarter (using 35 cubic meters)			
Urban	\$50.90	\$59.65	\$68.40
Rural	\$53.20	\$61.95	\$70.70
Administration Charge			
Urban	\$ 5.40	\$ 5.40	
Rural	\$ 7.70	\$ 7.70	

The rate proposal represented an approximate 38% increase in rates and bills over two years – approximately 19% as of January 1, 2006 and a further 16% as of January 1, 2007.

Customers located outside of the R.M. are charged a hook-up fee of \$8,100 for a connection at the property line provided an existing distribution line is adjacent. If there is no line, then the charge is \$6,500 plus the cost of extending the line to the property. The R.M. only provides water service if there would be no system capacity issue. Following connection, customers outside the R.M. are charged the same rates as other customers. Disconnect and reconnect fees are the same for each community as are the late payment terms.

Sewer Service

<u>Community (Year of Last Rate Approval)</u>	<u>Meter Size</u>	<u>Current Minimum Quarterly (cm)</u>	<u>Total</u>	<u>Commodity Charge (cm)</u>	<u>Proposed</u>		<u>Sewer</u>	<u>Total</u>
					<u>Service Charge</u>	<u>Pump Out</u>		
Oak Bluff (2000)	5/8"	14	\$31.30	\$0.30	\$2.30	\$15.20	\$4.20	\$21.70
Starbuck (1999)	5/8"	14	\$32.85	\$0.70	\$2.30	\$15.30	\$9.80	\$27.40
Sanford (2000)	5/8"	14	\$29.15	\$0.32	\$2.30	\$11.27	\$4.48	\$18.05
LaSalle (2000)	5/8"	14	\$24.50	\$0.30	\$2.30	\$10.30	\$4.20	\$16.80
Domain (1999)	5/8"	14	\$32.00	\$0.55	\$2.30	\$14.50	\$7.70	\$24.50
Brunkild (1999)	5/8"	14	\$28.30	\$0.50	\$2.30	\$15.15	\$7.00	\$24.45

The R.M. proposed discontinuing reliance on Residential Equivalent Units, a flat rate method establishing bills based on estimates of volumetric use without reliance on meter readings, for a system based on metered water consumption

The R.M. opined that basing sewer charges on a volumetric basis utilizing metered water consumption as the sewer volume surrogate would be more accurate and fair to customers. Basing sewer bills on actual water consumption will result in higher volume users paying a greater proportion of the Utility's required revenues.

Pursuant to the R.M.'s application, sewer and water service would be billed quarterly. For unmetered sewer-only customers, the R.M. would continue to estimate use based on the nature of the property, and prepare bills based on the estimates, while assessing the same service and pump out charges levied against metered customers.

The sewer rate schedule includes provisions to recover the R.M.'s annual cost of pumping out customer septic tanks and conveying the effluent to the lagoon. The pump out rate would be based on the capacity of each customer meter -- the larger the meter, the larger the pump out charge.

Proposed rates for sewer only customer charges are set out below:

<u>Community</u>	<u>Sewer Only Customers Quarterly Charge</u>
Oak Bluff	\$37.00
Starbuck	\$49.10
Sanford	\$32.77
La Salle	\$30.60
Domain	\$47.05
Brunkild	\$42.45

The service charge component of the proposed quarterly bills is based on projected 2008 annual administrative expenses of \$47,100. The projected aggregate administrative expense for the Utility was reported to represent 10% of projected regulatory, administrative salary, office and audit expenses for the R.M.

Service charges are levied equally on all customers, representing that all customers share in cost responsibility for the R.M.'s administrative expenses. No increase in the service charge was proposed.

The R.M. advised that its proposed commodity rates (volumetrically based) were calculated to recover operating costs, contingency costs, debt financing costs (water) and provision to meet minor through medium size capital repairs. To derive proposed water and sewer rates, the R.M. employed projections of 2008 operating expenditures, and an allowance for contingencies ranging from 0.33% to 5.36% of the original capital cost of the system (depending on the age and operating condition of each community sewer system). The provision for maintenance expense was based on an Infrastructure Upgrade Study, prepared for the R.M. by Cochrane Engineering.

Since 2002, the R.M. has been recovering through annual billings \$107,290 to meet debenture servicing for the original water treatment plant. The R.M. noted that the debenture matures in 2009, and in the absence of a new major capital requirement, future rates would benefit. Presently, the annual debenture charge represents approximately 20¢ of the average overall

water rate, a rate component that would disappear in 2010 unless a new debenture was required.

If approved, amended Utility rates and schedules were projected to provide sufficient revenue to produce an annual operating surplus in each of the operating years 2006-2010, allowing for appropriate increases in the Utility reserves, held to meet major capital expenditures. While the application does not specifically provide for increasing the Utility reserves, the R.M. advised that if no major unforeseen repair or system enhancement expenditures are incurred, annual surpluses could build the Utility reserves.

With respect to the risk of “unforeseen major capital expenditures”, the R.M. provided projections as to the range of probable capital costs for the next ten years for the water and sewer Utility, as a whole. From high to low, the estimate ranged from \$803,790 to \$4,400,500. The R.M. noted its rate proposal provided for approximately \$640,000 over a ten-year period to be employed to meet such expenditures. If the actual requirements exceeded the provision, then draws from the Utility reserves, debentures, provincial grants and/or another rate revision application would be considered.

As at December 31, 2005, the reserve fund balance related to water service was \$1,337,193, and the accumulated operating surplus was \$21,700. The operating surplus is after absorbing a \$9,907 operating deficit incurred for 2005 – applying the operating surplus to offset the deficit is approved by the Board by this Order.

Operating surplus and reserves accounts are maintained by the R.M. for each community serviced:

	<u>As at December 31, 2005</u>	
	<u>Operating Surplus</u>	<u>Reserve Fund</u>
Oak Bluff	\$10,833	\$ 42,987
Starbuck	\$19,699	\$ 63,823
Sanford	\$ 9,233	\$ 94,300
LaSalle	\$ 5,767	\$174,489
Domain	\$ 1,501	\$ 9,395
Brunkild	\$ 3,726	\$ 15,632

Revenues and costs are maintained for each community, with allocations of costs based on hourly rates and shared services.

The R.M. advised that its water and sewer services meet provincial environment standards both with respect to drinking water quality and lagoon effluent releases. The R.M. reported “looping” the water distribution system wherever possible, but having also increased water testing on some of the dead end lines to ensure water quality. The R.M. reported that its Utility operators were appropriately accredited and that R.M. encourages continuing education and training opportunities.

The R.M. advised of its support of water conservation efforts, noting its 2004 water use restriction by-law and recent promotion of water efficient devices. For new construction and renovations, the R.M. reported requiring efficient toilets and low-flow shower heads.

In recent years, provincial attention has been placed on the algae problems plaguing Lake Winnipeg, and there has been considerable interest in reducing and eliminating nutrient flow into the Lake. The R.M. reported awareness of developments with respect to nutrient removal, but noted that no directives had been issued by the Province to the R.M. to this point. Nutrient removal would involve major capital and operating expenditures, not reflected in current and proposed rates.

The Board requires water and sewer utilities to record the volume of treated water not accounted for in billings to customers. Unaccounted for water for the Utility was reported to approximate 9.7% of treated water, a reduction from 10.03% in the prior year. Unaccounted for water is likely accounted for by water used for line-flushing, meter inaccuracies and fire fighting; the current level of unaccounted for water is not considered indicative of major system leaks.

A discussion occurred at the hearing regarding the effective date of the rate increases. The Board generally approves rate changes as of a future date. However, given that the Utility’s customers were aware of the proposal early in January 2006 and no one appeared at the hearing to object to a January 1, 2006 effective date, the R.M. opined that the effective date should be January 1, 2006 to reduce administrative complexity and ensure adequate revenue was raised.

3.0 BACKGROUND

The R.M. operates one Utility providing water and sewer services. Water service is provided to residents largely within its municipal boundaries, while sewer services are provided to the communities of Sanford, LaSalle, Domain, Starbuck, Oak Bluff and Brunkild. The water utility also serves a limited number of customers located in the R.M. of Cartier, Dufferin, Grey, Ritchot and Morris.

The R.M.'s source of water supply is the LaSalle River, supplemented by flows when required from the Assiniboine River. Releases from the lagoon are discharged into the LaSalle River, which flows into the Assiniboine/Red/Lake Winnipeg system.

The water treatment plant began operations in 1989, and was expanded from a 20 litre/second facility to a 40 litre/second facility in 1996. As of December 31, 2005, a total of 298 kilometers of rural water pipelines comprise the R.M.'s Water Distribution System, which serves approximately 1800 customers. The sewage treatment and collection system was installed over a period of time, and includes a combination of low pressure and gravity flow sewer systems. Operating costs are tracked separately for each system, allowing for different rates for each community.

The total capital cost of the water and sewer system, prior to taking into account government grants and developer contributions, was approximately \$16,905,000. In accordance with municipal accounting policies, no annual depreciation is recorded. The net capital cost of the sewer system is financed independently by each community (local improvement districts), with charges applied on the basis of frontage and mill rate levies.

Initial water rates were set in 1989, amended in 2001. The R.M.'s application represents the third rate revision since the water system was installed seventeen years ago.

The R.M. utilizes radio frequency remote-read water meters; currently over 99% of meters are read each quarter.

The RM states that the Utility's current reach is stable, and that future expansion will be limited to new developments that may occur within each community.

4.0 BOARD FINDINGS

The Board will approve the R.M.'s application for revised water and sewer service rates, to take effective January 1, 2006 and 2007.

The Board is pleased with the co-operation displayed by the R.M. in proceeding with seven separate rate change applications within one overall application. This approach provides for cost effective regulation, and regulatory costs are, in the end, borne by the Utility's customers.

Municipal water and sewer utilities are required to operate safely and consistently with environmental guidelines, on a breakeven basis providing for reasonable financial provisions for contingencies and reserves. As well with providing for all direct Utility expenses, the Utility is expected to contribute to the general administrative costs of the R.M.; the contribution is to represent a fair allocation of costs to the Utility by the General Revenue Fund.

Utility reserves are important, because to this point municipalities have not been required to depreciate the capital cost of their Utilities. With systems lasting up to and even exceeding, at least in part, 50 years, when it comes time to substantially upgrade, expand or replace a system, reserves developed for that purpose may well prove inadequate – with rate shock implications for the then-customers.

The Board guidelines suggest that the capital costs of water and sewer systems, after taking into account grants and developer contributions, be met through the property tax system. However, some municipalities, including the R.M., have chosen to meet the annual servicing payments related to debentures, taken out to finance capital projects, through utility rates. While provincial law requires Utilities to operate on a break-even basis, the costs included in rates may or may not include debenture-servicing costs.

The Board's approach for large regulated utilities such as Manitoba Hydro, Centra Gas and Manitoba Public Insurance involves professional engineers, accountants, lawyers and actuaries

that assist with the review of applications. For water and sewer utilities, the Board generally relies on staff, the Utility and the Board members themselves. Utilities often employ consultants to conduct Rate Studies, and the Board also relies on these studies.

Upon receiving an application, Board staff bring together background information on the utility and the municipal owner, and query the municipal administration with questions seeking to assist the Board in developing a good understanding of the situation. The Board then meets and decides whether to proceed by way of what is called “returnable date notice” or by a public hearing. A returnable date notice is a process by which an application is advertised in a manner satisfactory to the Board, and the Board reaches its determinations without a public hearing unless comments are received from ratepayers suggestive of a need to hold a hearing.

In cases where the nature of the application, whether it includes a proposal for a large rate increase, or involves a reserve deficiency or some other major matter, the Board usually concludes a public hearing is required. In such cases, such as the R.M.’s application, the Board informs the municipality and begins the process that leads to a hearing.

The process followed by the Board generally results in considerable regulatory savings for the water and sewer utilities and their customers, as compared to the approach taken for larger regulated utilities.

There has been an increasing number of utilities seeking large water and sewer rate increases. The R.M.’s proposed water rate increases are by far not the highest rate increases recently proposed. With respect to the sewer rate applications, the Board notes that while the minimum quarterly charges are proposed to fall, billings for higher water consuming customers will rise. Billing will occur based on actual metered water use consumption. The outcome for individual customers will depend on the volume of water they consume.

The rate increases sought are considerable, and in the Board’s general regulatory practice represent rate shock. Rate shock is defined as a sudden increase in rates giving rise to expected problems for consumers to manage.

That being said, the Board has over the past year or so received numerous applications from Manitoba water and sewer utilities seeking rate increases that could be considered rate shock. In some cases, the Board has approved the application, notwithstanding the sharpness of the rise, in others it has phased in the new rates over two or more years.

Generally, one or more of the following factors contribute to accepting rate shock:

- a) long periods of deteriorating Utility financial position, without a rate increase (the last rate increase was in 2001, five years ago);
- b) aging infrastructure, with an inadequate Utility reserve account (an aging infrastructure is one of the reasons cited in the application for the changes proposed);
- c) increased Provincial water and sewer standards, requiring major upgrades to a municipal utility's plant and equipment;
- d) rapid municipal expansion, either with respect to a growing population or the attraction of a new and major industry (in this case, the R.M. projects growth, but has not indicated an expectation of using up existing capacity);
- e) a decision on the part of the municipal operator to upgrade service to accomplish a major objective, such as metering, to allow for improved equity between customers (this is one of the factors in this case, with the proposed change to charging for sewer system on the basis of water consumption); and/or
- f) a major identified problem, arising out of an unexpected event (nothing of this nature was brought to the Board's attention in this case, and the level of unaccounted for water does not suggest a system leak).

In reviewing rates, the Board applies a number of criteria against which it assesses applications, and seeks:

- rates reflecting equity between customers,
- rates assuring the financial stability of the Utility,
- rates adequate to develop reasonable reserve levels for the age, complexity and magnitude of the municipal system,
- affordable rates and charges,
- customer acceptance,
- fair allocation of shared services costs between the General Revenue Fund and the Utility,

- meeting conservation and environmental objectives,
- administrative simplicity, and
- overall reasonableness of approach.

In considering whether the proposal reflects an overall reasonableness of approach, the Board considers the tension that exists between preparing adequately for known future needs and the generally desirable goal of avoiding rate shock.

This Board has taken each of these often-conflicting objectives and principles into account in assessing the R.M.'s proposal. As well, the Board, being subject to the Sustainable Development Act of Manitoba and its regulations, which advance environmental and conservation objectives, has also considered environmental and conservation matters related to the R.M.'s application.

The Board's interest encompasses the interests of consumers, both residential and commercial, as well as the financial health of the utility and the provision of safe water and effective sewer systems to the customers of the Utility.

The Board is empowered to accept, deny or vary any or all of the applications.

The rate increases proposed by the R.M. were based on the R.M.'s recognition of:

- a) the need for long range planning,
- b) the maintenance costs including contingency provision,
- c) general ongoing inflation the last rate increases having been implemented five years ago, and
- d) the need to provide for medium size capital projects in rates.

The Board notes that the R.M. proposed the increases be phased in over two years, to address in part rate shock.

The Board notes that the sewer service to the communities were not constructed at the same time, nor do they have the identical design; hence, sewer rates for each community is different.

But, the proposed rates in terms of administration fees are identical, as are billing times consistent with water billings as sewer and water are billed together on one statement.

The proposed reductions in minimum quarterly bills do not mean that customer bills will decline. A major change has been proposed, that being that sewer charges would be based on metered water consumption, rather than the present system which relies on the allocation of Residential Equivalent Units, with one unit being the base and applied to all residential units.

Disconnect and reconnection fees would be the same for each community as would the late payment terms.

The Board noted that the revenue projections indicate the applied for rates will contribute to modest overall revenue gain, as described below:

<u>Community</u>	<u>2005 Revenue</u>	<u>2008 Revenue</u>	<u>% increase</u>	<u>Projected Surplus</u>
Oak Bluff	\$29,700	\$35,100	17%	\$12,200
Brunkild	\$ 6,200	\$ 8,300	36%	\$ 2,800
Starbuck	\$22,000	\$25,700	17%	\$ 6,500
Sanford	\$36,600	\$42,600	16%	\$14,600
LaSalle	\$56,300	\$69,500	30%	\$23,600
Domain	\$ 3,900	\$ 5,400	38%	\$ 1,200

These forecasts do not include transfers from reserves or projected connection fees. La Salle connection fees are projected to provide \$197,000 of revenue, and the new customers account for the growth rate in overall revenues for that community's service.

In considering rate proposals, the Board pays particular attention to the viability of the Utility, and obtaining assurance that:

- a) sufficient financial resources are available to ensure break-even operations; and
- b) proper attention is provided as to the provision of safe and adequate water and the safe discharge of effluent.

The R.M.'s application meets the Board's criteria, and the Board will approve the proposed rates effective January 1, 2006 and 2007. The R.M.'s application was driven by its desire to have

adequate revenue through Utility rates to meet known future obligations and operating costs, with a reasonable provision for contingencies.

While the application concentrated on Utility rates and financial sustainability of the R.M.'s Utility, there are other important aspects of Utility operation, namely the quality and quantity of water and the safety and environmental status of effluent.

Other than the City of Winnipeg and some northern communities, where water has to be heated in winter to transport it through the distribution pipeline to consumers, it can arguably be advanced that Manitobans are fortunate to enjoy relatively low cost water and sewer systems.

And, for the vast majority of Manitobans, municipal water supply and effluent treatment and removal systems provide plentiful and high quality drinking water and safe and reasonably effective effluent removal systems.

The R.M. falls within this number, possessing both quality water and safe effluent removal systems. That said, perception, requirements and standards change. Increasingly, the negative effects of the effluent of one community on the waterways and lakes enjoyed by all are becoming known. With respect to the R.M.'s sewer treatment and discharge system, attention needs to be given to the impact that effluent discharges are having on Lake Winnipeg.

In the Manitoba Clean Environment Commission's August 2003 report entitled *Better Treatment: Taking Action to Improve Water Quality*, the Commission observed:

- "Environment Canada ... concludes that nitrogen and phosphorous loading from human activity have accelerated eutrophication of certain lakes and rivers resulting in loss of habitat, changes in biodiversity loss of recreational potential"
- "... municipal sewage is the largest point source of nitrogen and phosphorous in Canada ... discharges of nitrogen and phosphorous on Lake Winnipeg is of particular concern;" and
- "Fisheries and Oceans (Canada) ... speak about the linkage between Lake Winnipeg water quality (or lack thereof) and phosphorous loading and predicted that if the phosphorous input to Lake Winnipeg is not reduced, the condition of the lake would continue to deteriorate."

- The Commission concluded, in part:
- “... treated municipal wastewaters ... are adversely impacting the aquatic environments of ... Lake Winnipeg. ... (and the City of) Winnipeg is not the only contributor of pollutants”; and
- “(Utilities, in this case, Winnipeg) should be directed to plan for the removal of nitrogen and phosphorous from its municipal wastewaters, and to take immediate steps in support of ... nutrient reduction ... for Lake Winnipeg.”

More recently, a federal-provincial study called for urgent action with respect to Lake Winnipeg, citing giant algae blooms rife with toxins contaminating Lake Winnipeg in the summer, risking the health of communities and affecting the fishing and recreation industries.

As cited in the Government of Manitoba’s recent response to the Auditor General’s audit report on water quality, the level of government attention to water issues has been very high in recent years, as evidenced by:

- the establishment of the Department of Water Stewardship,
- the establishment of the Water Protection Act,
- the establishment of the Office of Drinking Water,
- new regulations, certification and training programs for all water and wastewater treatment operators,
- strengthening of on-site sewage and waste-disposal regulations,
- the establishment of the Lake Winnipeg Stewardship Board,
- implementation of the Lake Winnipeg Action Plan,
- the investment of \$80 million in water and sewer, infrastructure, and
- initiation of water quality management zones.

These are matters that the R.M. should discuss with the Province and the Manitoba Water Services Board.

5.0 IT IS THEREFORE ORDERED THAT:

1. By-law Nos. 28/05 through to and inclusive of 34/05 BE AND ARE HEREBY APPROVED;
2. the water and sewer rates attached in Schedules "A" to "G" of this Order, as set out in Schedule "A" to each By-law, shall apply to all customers of the utilities effective as of January 1, 2006 and 2007;
3. the 2005 operating deficit shall be applied against the Utility surplus;
4. the R.M. shall provide the Utility's audited financial statements as of March 31, 2007 to the Board together with revised forecasts for rate and revenue adequacy through to March 31, 2010; and
5. the R.M. shall advise the Board if or upon receiving provincial direction with respect to nutrient removal.

Fees payable upon this Order - \$1750.00

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, C.A."
Chairman

"G. GAUDREAU, CMA"
Secretary

Certified a true copy of Order No. 21/06
issued by The Public Utilities Board

Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
LOCAL IMPROVEMENT DISTRICT NO. 4 (BRUNKILD)
SEWER RATES
BY-LAW NO. 28/05

1. Quarterly Rates for Sewer Service

	Service Charge	Sewer Commodity Rate	Cubic Meter Charge
	\$2.30	\$15.15	\$0.50

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Sewer Commodity Rate	Minimum Quarterly Charge
5/8"	1	14	\$2.30	\$15.15	\$24.45
3/4"	2	28	\$2.30	\$30.30	\$46.60
1"	4	56	\$2.30	\$60.60	\$90.90

2. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

3. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

4. Fees

Fees shall be set as follows: Disconnection: \$50.00; and Reconnection: \$50.00

5. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, "A charge referred to in Clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this act."

SCHEDULE "B"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
LOCAL IMPROVEMENT DISTRICT NO. 5 (OAK BLUFF)
SEWER RATES
BY-LAW NO. 29/05

1. Quarterly Rates for Sewer Service

	Service Charge \$2.30	Sewer Commodity Rate \$15.20	Cubic Meter Charge \$0.30		
Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Sewer Commodity Rate	Minimum Quarterly Charge
5/8"	1	14	\$2.30	\$ 15.20	\$ 21.70
3/4"	2	28	\$2.30	\$ 30.40	\$ 41.10
1"	4	56	\$2.30	\$ 60.80	\$ 79.90
1.5"	10	140	\$2.30	\$152.00	\$196.30
2"	25	350	\$2.30	\$380.00	\$487.30

2. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

3. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

4. Fees

Fees shall be set as follows: Disconnection: \$50.00; and Reconnection: \$50.00

5. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, "A charge referred to in Clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this act."

SCHEDULE "C"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
LOCAL IMPROVEMENT DISTRICT NO. 1 (STARBUCK)
SEWER RATES
BY-LAW NO. 30/05

1. Quarterly Rates for Sewer Service

	Service Charge	Sewer Commodity Rate	Cubic Meter Charge
	\$2.30	\$15.30	\$0.70

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Sewer Commodity Rate	Minimum Quarterly Charge
5/8"	1	14	\$2.30	\$15.30	\$ 27.40
3/4"	2	28	\$2.30	\$30.60	\$ 52.50
1"	4	56	\$2.30	\$61.20	\$102.70

2. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

3. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

4. Fees

Fees shall be set as follows: Disconnection: \$50.00; and Reconnection: \$50.00

5. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, "A charge referred to in Clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this act."

SCHEDULE "D"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
LOCAL IMPROVEMENT DISTRICT NO. 2 (SANFORD)
SEWER RATES
BY-LAW NO. 31/05

1. Quarterly Rates for Sewer Service

	Service Charge		Sewer Commodity Rate		Cubic Meter Charge
	\$2.30		\$11.27		\$0.32

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Sewer Commodity Rate	Minimum Quarterly Charge
5/8"	1	14	\$2.30	\$ 11.27	\$ 18.05
3/4"	2	28	\$2.30	\$ 22.54	\$ 33.80
1"	4	56	\$2.30	\$ 45.08	\$ 65.30
1.5"	10	140	\$2.30	\$112.70	\$159.80
2"	25	350	\$2.30	\$281.70	\$396.05
=/>3"	45	630	\$2.30	\$507.15	\$711.05

2. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

3. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

4. Fees

Fees shall be set as follows: Disconnection: \$50.00; and Reconnection: \$50.00

5. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, "A charge referred to in Clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this act."

SCHEDULE "E"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
LOCAL IMPROVEMENT DISTRICT NO. 3 (LA SALLE)
SEWER RATES
BY-LAW NO. 32/05

1. Quarterly Rates for Sewer Service

	Service Charge	Sewer Commodity Rate	Cubic Meter Charge
	\$2.30	\$10.30	\$0.30

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Sewer Commodity Rate	Minimum Quarterly Charge
5/8"	1	14	\$2.30	\$ 10.30	\$ 16.80
3/4"	2	28	\$2.30	\$ 20.60	\$ 31.30
1"	4	56	\$2.30	\$ 41.20	\$ 60.30
1.5"	10	140	\$2.30	\$103.00	\$147.30
2"	25	350	\$2.30	\$257.50	\$364.80

2. Billings and Penalties
 Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

3. Disconnection
 Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

4. Fees
 Fees shall be set as follows: Disconnection: \$50.00; and Reconnection: \$50.00

5. Outstanding Bills
 Pursuant to Section 252(2) of the Municipal Act, "A charge referred to in Clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this act."

SCHEDULE "F"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
LOCAL IMPROVEMENT DISTRICT NO. 7 (DOMAIN)
SEWER RATES
BY-LAW NO. 33/05

1. Quarterly Rates for Sewer Service

	Service Charge	Sewer Commodity Rate	Cubic Meter Charge
	\$2.30	\$14.50	\$0.55

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Sewer Commodity Rate	Minimum Quarterly Charge
5/8"	1	14	\$2.30	\$14.50	\$24.50
3/4"	2	28	\$2.30	\$29.00	\$46.70
1"	4	56	\$2.30	\$58.00	\$91.10

2. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

3. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

4. Fees

Fees shall be set as follows: Disconnection: \$50.00; and Reconnection: \$50.00

5. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, "A charge referred to in Clause (1)(a) may be collected by the municipality in the same manner as a tax may be collected or enforced under this act."

SCHEDULE "G"
TO BOARD ORDER NO. 21/06
RURAL MUNICIPALITY OF MACDONALD
WATER RATES
BY-LAW NO. 34/05

1. Quarterly Rates for Water Service Beginning January 1, 2006

Commodity Rates

	All Customers
Water per cubic meter	1.55

Minimum Quarterly Charges

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Rate	Minimum Quarterly Charge
a) Urban Customers (including all customers connected to sewer systems)					
5/8"	1	14	\$5.40	\$ 21.70	\$ 27.10
¾"	2	28	\$5.40	\$ 43.40	\$ 48.80
1"	4	56	\$5.40	\$ 86.80	\$ 92.20
1.5"	10	140	\$5.40	\$217.00	\$222.40
2"	25	350	\$5.40	\$542.50	\$547.90
=/>3"	45	615	\$5.40	\$953.25	\$958.65
b) Rural					
5/8"	1	14	\$7.70	\$ 21.70	\$ 29.40
¾"	2	28	\$7.70	\$ 43.40	\$ 51.10
1"	4	56	\$7.70	\$ 86.80	\$ 94.50
1.5"	10	140	\$7.70	\$217.00	\$224.70
2"	25	350	\$7.70	\$542.50	\$550.20
=/>3"	45	615	\$7.70	\$953.25	\$960.95

2. Bulk Sales

Bulk water rates shall be charged at the rate of \$1.55 per cubic meter.

3. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

4. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, "a charge referred to in clause (1)(a) may be collected by the Municipality in the same manner as a tax may be collected or enforced under this Act".

5. Other Fees

- a) Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after the due date.
- b) Fees shall be set as follows: Disconnection \$50.00, and Reconnection \$50.00
- c) Charge to remove meter at request of customer shall be \$100.00 plus any charges incurred for the testing of said meter. Should the meter test to be faulty, this charge will be waived.
- d) Where there is evidence of meter tampering, a minimum charge of \$500.00 will be applied to any account plus value of estimated unmetered water consumed.

6. Service to Customers Outside Municipality, Town or L.I.D. Limits

The Council of the Rural Municipality of Macdonald may sign agreements with customers for the provision of water services to properties located outside the legal boundaries of the Rural Municipality of Macdonald. Such agreements shall provide for payment of the appropriate rates set out in the schedule, as well as a surcharge set by resolution of Council, which shall be equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the utility's mains and installing and maintaining service connections will be paid by the customer.

7. Water Allowance Due to Line Freezing

That in any case where, at the request of the Council, a customer allows water to run continuously for any period of time to prevent the water lines in the water system from freezing, the charge to that customer for the current quarter shall be the average of the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed.

8. Hydrant Rental

The Rural Municipality of Macdonald shall pay the utility an annual rental of \$90.00 for each hydrant connected to the system.