

M A N I T O B A)
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THE PUBLIC UTILITIES BOARD ACT) Order No. 35/09
) April 2, 2009

BEFORE: Susan Proven, P.H.Ec., Acting Chair
 Alain Molgat, CMA, Member

TOWN OF MORDEN
REVISED WATER AND SEWER RATES
EFFECTIVE JUNE 1, 2009

Executive Summary

By this Order, the Public Utilities Board (Board) approves revised water and sewer rates for the Town of Morden (Town). The new rates take effect for water consumed from June 1, 2009; the previous rate change took place in 2006.

Existing and revised rates are:

Commodity \$/1000 gallons	Existing			Revised			
	Water	Sewer	Combined		Water	Sewer	Combined
First 20,000	\$ 5.35	\$2.05	\$ 7.40	First 100,000	\$ 7.25	\$3.15	\$10.40
Next 80,000	\$ 4.65	\$2.05	\$ 6.70	-	-	-	-
Next 400,000	\$ 3.90	\$0.75	\$ 4.65	Over 100,000	\$ 3.45	\$0.95	\$ 4.40
Over 500,000	\$ 2.25	\$0.75	\$ 3.00	-	-	-	-
Bulk	\$ 6.40	-	-	-	\$ 8.20	-	-
Service Charges	-	-	\$17.70	-	-	-	\$17.60
Minimum Quarterly⁽¹⁾	-	-	\$39.90	-	-	-	\$48.80

Notes: ⁽¹⁾ Includes quarterly consumption to 3,000 gallons.

Background

The Town has 2,609 utility customers - 19 are 'water only' customers, 98% are residential or small commercial, and the remaining 2% large volume users. The Town reports per capita domestic consumption of approximately 50 gallons/capita/day, or 227 litres/capita/day; this is slightly above the provincial average of 223 litres/capita/day.

Morden is in the Pembina Valley, south central Manitoba. As of 2006, Statistics Canada reported the Town's population of Morden to be 6,571; the Town estimates its current population is 7,400, and anticipates continued growth.

The Town's water system consists of a raw water intake system, a

water treatment plant (treating water from Lake Minnewasta), and a water distribution system. The system also includes approximately 260 fire hydrants, and the overall cost of the system was \$8,000,000.

The water treatment plant (WTP) was constructed in 1999 with the capacity to produce 9 litres per second (l/s), or 1.71 million imperial gallons per day. The plant has two treatment trains (45 l/s per train) that utilize lime soda-ash softening, filtration, chlorination and fluoridation.

Treated water is pumped from the Town's WTP to two on-site above ground storage tank reservoirs, one an elevated tower constructed in the early 1960's, the other a standpipe constructed in the 1980's. Combined, these tanks have a capacity of 3.41 million litres and distribute water to meet peak hour water demands and limited fire protection. The Town reports that the tanks will likely require replacement within ten years.

The WTP provides approximately 90% of the Town's requirements, with the remaining 10% of demand supplied by Pembina Valley Water Co-op (PVWC).

The water distribution pipeline of approximately 68 kilometres primarily consists of asbestos cement pipe, new pipe (since the 1980's) is PVC. The Town reports a concern over a high number of pipe failures, which have largely occurred at appurtenances like valves, where bolt corrosion separates the pipe.

The Town's sewage is collected and transported by way of gravity collection mains and four lift stations, which carry the effluent to a stabilization pond (lagoon), located on the east boundary of the community. The system was installed in the 1950's and while still reliant on clay tile the newer upgrades and replacements are PVC pipe.

The system is prone to leaks, and the Town has a sewer main re-lining program wherein priority sections are identified and rehabilitated using cured-in-place pipe technology. The estimated cost of the sewerage system is \$7,000,000.

The Town's recent rate study, filed in support of its rate application, reviewed water consumption from 2003 to 2007, and noted that the rate of unaccounted for water has ranged from a low of 6.8%, in 2003, to a high of 18.3%, in 2006. Unaccounted for water is the difference between the volume of water treated and the volume billed. (The industry standard for unaccounted for water is 10%, that being considered an average and an acceptable amount of annual water loss.)

Application

On January 29, 2009, the Town applied to the Board for revised rates, filing rate By-law No. 2-2009, read for the first time on January 26, 2009 and a rate study. The rate study was prepared by the Town's consultant, Genivar, and was developed on the premise that rates would reflect costs (i.e. user pay approach).

The study concluded that current utility rates are insufficient to fund the Town's current forecasts of the future cost of

operating and maintaining the system.

In the rate study, the Town identified approximately \$2.0 million of required capital expenditures, including both maintenance and upgrades. The Town indicated that its existing utility reserve funds and current contributions through rates were insufficient to meet future upgrading costs.

As well, the Town advised that an additional full time utility employee is now required, and that it intends to also increase the full time personnel of the WTP. Provincial regulations require certified utility operators and increased water quality testing, both contributing to increased operating costs.

With respect to the expected additional maintenance costs, the Town advised that it is formalizing a sewer-cleaning program, continuing its sewer re-lining program, and plans for a water meter replacement program.

With respect to the rate schedule, the Town proposed to collapse the current four-steps to a simpler two-step structure. The Town indicated that its intent is to not only simplify the structure but to also increase the incentive to conserve water by raising the cost of water for high volume users. The Town proposed to place the break point between the Domestic Rate and the Wholesale Rate at 100,000 gallons per quarter.

Existing rates, as revised in 2006, and proposed rates, as requested by the Town, proposed to be effective for the second quarter of 2009, were:

Commodity \$/1000 gallons	Existing			Proposed for March 1, 2009				% Inc
	Water	Sewer	Combined		Water	Sewer	Combined	
First 20,000	\$ 5.35	\$2.05	\$ 7.40	First 100,000	\$ 7.25	\$3.15	\$10.40	40.5
Next 80,000	\$ 4.65	\$2.05	\$ 6.70	-	-	-	-	55.0
Next 400,000				Over 100,000	\$ 3.45	\$0.95	\$ 4.40	-5.0
Over 500,000	\$ 2.25	\$0.75	\$ 3.00	-	-	-	-	46.7
Bulk	\$ 6.40	-	-	-	\$ 8.20	-	-	28.1
Service	-	-		-				
Charges			\$17.70		-	-	\$17.60	-0.6
Minimum								
Quarterly ¹⁾	-	-	\$39.90	-	-	-	\$48.80	22.3
Hydrant								
Rental (~260)	\$100/yr	-	-	\$120/yr	-	-	-	20.0
Notes:	⁽¹⁾ Includes up to 3,000 gallons of quarterly consumption.							

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The rate study forecast that the average home using approximately 9,000 gallons per quarter would incur an increase of 32%, or \$9 per month. The Town proposed special consideration be provided to the Morden Research Station. The relevant by-law clause states:

"Notwithstanding Commodity Rates and Minimum Charges set forth in Section 2 hereof, Morden Research Station shall be charged the following rates:

Commodity Rates - at the water and sewer rate set forth in the Commodity Rates for the first 1,000,000 gallons per quarter and at the applicable water rate only for all consumption in excess thereof."

Accordingly, on average the Station would be expected to pay for two-thirds of their consumption at the Wholesale water rate. The Town advised that 60 - 65% of the water used by the Research Station is not returned to the sewer system.

The Town advised that its proposed rates also reflect an intention to maintain annual contributions to both the Utility

Reserve Fund and the contingency allowances, with a slight increase to contingencies to account for the plan to address aging infrastructure, increased water main breaks and pipe failures.

The rate study forecast future annual expenditures and other revenues. While 2008 costs are estimates based on an average of the three previous years, the 2009 and 2013 estimates were based on the 2008 estimates increasing by 2% annually for inflation and growth.

<u>Item</u>	<u>2008 Est.</u>	<u>2009</u>	<u>2013</u>
Administration & Engineering	\$ 177,991	\$ 196,551	\$ 212,753
Water Production Costs	395,378	461,285	499,310
Water Purchases	116,918	119,257	129,087
Water Distribution Cost	108,654	129,327	139,987
Sewer	99,564	132,555	143,482
<i>Subtotal</i>	\$ 898,505	\$ 1,038,975	\$ 1,124,619
<u>Contingency/Reserve Fund</u>			
Water Production Contingency	\$ 45,000	\$50,000	\$ 50,000
Water Distribution Contingency	20,000	50,000	50,000
Sewer Contingency	50,000	50,000	50,000
Reserve Fund	250,000	250,000	250,000
<u>Capital Improvements</u>			
Sewer Main Re-lining Program	\$ 200,000	\$ 250,000	\$ 250,000
Water Meter Replacement	0	50,000	50,000
Capital Upgrades	0	30,000	30,000
<i>Subtotal</i>	\$1,463,505	\$1,768,975	\$1,854,619
<u>Other Revenue</u>			
Hydrant Rental	(\$ 31,200)	(\$ 31,200)	(\$ 31,200)
Other	(20,000)	(20,000)	(20,000)
Penalties	(5,000)	(5,000)	(5,000)
Connection Revenues	(5,000)	(5,000)	(5,000)
Total	\$ 1,402,305	\$ 1,707,775	\$ 1,793,419

The rate study projected annual revenue and expenditures for the period from 2009 to 2013, as follows:

	2009	2010	2011	2012	2013
Total Revenues	\$1,746,714	\$1,783,589	\$1,820,635	\$1,857,856	\$1,895,045
Total Expenditures	-1,768,974	-1,789,754	-1,810,949	-1,832,568	-1,854,619
Surplus /(Deficit)	(\$22,260)	(\$6,164)	\$9,686	\$25,289	\$40,426

The Town indicated that, assuming no significant changes, the proposed rates, if approved, should be adequate to cover utility operation and maintenance costs (including the costs expected for the rehabilitation and improvement of the utility) for the next five years.

With respect to costs shared by the utility and the general operations of the Town, the following should be noted as annual allocations:

- The Chief Administrative Officer and the Director of Finance and Administration - 25% of salary is allocated to the utility;
- Council - \$15,000 or approximately 14% of indemnities are allocated to the utility;
- Audit and liability costs - \$7,500 is allocated to the utility;
- Office space - \$4,500 is allocated to the utility;
- Equipment - \$25,000 is allocated to the utility (\$16,700 to water and \$8,300 to sewer).

As at December 31, 2008, the Town reported an accumulated

utility surplus of \$694,265 and a utility reserve account of \$531,967.

From 2009, all municipalities are required to file financial information compliant with revised standards established by the Public Sector Accounting Board (PSAB). Towards preparing for issuing the first set of PSAB compliant financial statements, required for 2009, the Town was required to itemize and value all tangible capital assets (TCA), assign a term of depreciation based on the useful life of the asset, and establish annual depreciation to be expensed.

The Town provided the Board with both its TCA list for the utility and the estimated depreciation expense for 2009 and 2010, depreciation estimated at \$410,000 per year.

The Town confirmed that the servicing of the utility's debenture debt requires an annual payment in the amount of \$210,848. This amount is collected by taxes. For 2009, \$96,393 is for principal and \$114,455 interest. The Town advised the debenture will mature in 2022.

The Town advised that the level of unaccounted for water had been significantly reduced in 2008, to 13.21%, and that it expects a further reduction to 11% in 2009. The reductions relate to the discovery and repair of a 'hidden' leak that the Town suggested had been present for years, as the water from the leak flowed down a pipe directly to the sewer.

Following the publication of a notice, as required by the Board, a public hearing was held on March 17, 2009 in the Town's Council chambers. The notice advised as to the Town's proposal and the by-law, made available for public inspection.

Town representatives speaking to the application were the Chief Administrative Officer (CAO), the Director of Finance and Administration and the Director of Public Works. Also attending were ratepayers, members of council, the Reeve of the RM of Stanley, and the media. Two ratepayers addressed the Board.

Public Hearing

The Board agrees with the Town that one of the most important services for a municipality is the provision of potable water. The Board also agrees that utilities provide an essential service and the provision of safe water in sufficient supply to meet the needs of its customers is the responsibility of the utility owner.

After the Town supported and summarized its application, a resident commented on the double digit increases being sought, and expressed concern for low-income households, noting that they may not be able to afford the increases.

The Town responded that the proposed rate increases reflect increases in the cost of chemicals and regulation beyond the control of the Town.

The resident suggested the Town consider monthly billing, to assist those with cash flow problems. The Town responded that additional costs are associated with monthly bills, beyond the level of costs now expended for quarterly billing.

However, the Town also noted that it had the ability to accept payments on a monthly basis, should a customer request this service. The Town committed to an effort to make residents more aware of the availability of this service.

A second member of the public asked questions related to the rate study, including whether options other than the rate increases being sought had been considered, particularly as to the proposal to collapse the stepped rate schedule from four steps to two. The Town advised that it had not considered other options.

The Town was also asked if it had considered proposing smaller increases to be implemented over a three-year period, as opposed to the large increase proposed for 2009; the Town responded that it had not.

The Town was also asked about the magnitude of the utility's accumulated surplus, that being in the order of \$700,000, suggesting that the surplus could be drawn down to reduce the requested rate increase; the Town responded that the Board mandates the retention of minimum accumulated surpluses and contributions to reserve accounts, and the sums that have been accumulated related to that requirement.

A suggestion was made that the Town should make more of an effort to read meters before rate increases are proposed, so that residents will pay for water consumed in a specific period at a lesser rate, i.e. at the current rather than the proposed rate. The Town replied that efforts to read meters at the assigned times are made, however when residents are not home or extreme weather restricts door to door visits, the Town relies on consumers to submit readings.

Another question posed concerned the Town's high water losses,

and sought information on the cause and on ways to improve the situation. The Town advised that it is in the process of replacing manual read meters with remote read meters, to help ensure accurate and timely reporting, and that the Town will be providing public education to assist individuals in noting and reporting leaks.

At the Public Hearing, the Town supplied the Board copies of:

- a newsletter circulated in the community dated January 26, 2009 outlining the Town's proposal and rationale for the increase,
- a March 2009 edition of the Town's quarterly newsletter with a section entitled "Water & Sewer - Why an Increase?", and
- the Executive Summary of an assessment of the Town's water system completed by Genivar, the Town's consultant.

Board Findings

The Board acknowledges the detailed support provided by the Town with its application, and compliments the Town for planning for the next five years. The Town is wise to consider the future, particularly with respect to maintaining and operating a utility in conditions of aging infrastructure and a growing population.

The Board applauds the Town's initiative to meet more of its direct costs associated with the utility through utility rates, and remains supportive of the "user pay" approach as it allows consumers the ability to be more aware of the cost of safe water.

There is a cost for providing safe potable water, one that is rising now and will continue to increase in the future, and the Board believes the Town has demonstrated that the costs it seeks to reflect in rates are fair and reasonable, and that some are beyond the control of the utility.

The Board was pleased to see the Town's proposal to reduce the four step rate schedule to two. In Order 175/05, the Board expressed the view that a more intense examination was required with respect to the rate structure, and that an approach addressing customer class equity together with a goal of enhancing conservation was desirable. The Board accepts that the Town's proposal meets both objectives.

While the Board will approve the rates applied for by the Town, and acknowledges the Town's confidence that the new rates will be adequate to address projected costs to 2013, the Board is unsure as to whether a further rate increase may be required ahead of 2013.

The Board notes an additional clause in Schedule "A" of the Town's rates By-law No. 2-2009, a clause that establishes penalties related to a separate by-law concerning sewer discharges. When asked as to the rationale for establishing a penalty related to the sewer system in the by-law concerning the water system, the Town cited consistency with the previous rate by-law though subsequently requested that this clause be removed. The Board agrees and will direct the Town to amend Schedule "A" to By-law No. 2-2009 to agree with Schedule "A" to this Order.

As the Board is not supportive of retroactive rate increases, the Board will approve the new rates effective for consumption from June 1, 2009. The Board suggests the Town should place future applications before the Board at least a full quarterly billing period before rates are desired to go into effect.

Given the Town's proposed five-year capital plan, and taking into account the results of the recently prepared report of the assessment of the Town's water system, and as previously indicated, the Board expects to see another rate application ahead of 2013.

The Board appreciates depreciation expense is a new requirement for municipalities and that the recording of depreciation is not the basis for the current rate application.

However, the detail provided in the Town's TCA report for its utility is excellent, and provides the Town's estimated 2009 and 2010 annual depreciation expense of \$410,000. The Board notes that the combination of planned annual contributions to the

reserve fund of \$250,000, the expected principal payment on the debenture debt of almost \$96,400 and planned capital improvements of \$330,000 more than offsets the estimated annual depreciation expense.

The Board has some concerns with respect to the Town's plan to address this expense, but, for now, accepts the Town's position that they can address any accounting related concerns that are realized as the new accounting guideline comes into effect.

The Board notes that even with the implementation of the revised rates, the rate study projects deficits in 2009 and 2010. The Board also notes the increased provision for contingencies in rates, and observes that in a previous year the Town reduced its planned contribution to the Reserve Fund to ensure a deficit did not occur.

While understandable, the Board encourages the Town to consider maintaining its full annual contribution to the Utility Reserve Fund, and, if an actual deficit results, make an application to the Board for recovery from the accumulated surplus and consider seeking further revisions to rates.

The Board notes the Town's stated methodology with regards to shared services contained in the application and noted above. The Board reminds the Town that should the Town wish to alter this methodology an application will be required for Board approval.

The Board was pleased to see residents in attendance at the hearing and appreciates the comments and questions received and the concerns expressed.

The Board is cognizant of the magnitude of the increases sought and can appreciate the effect the increases will have on some households with limited incomes. However, the Board is also aware of the benefits to residents and the community as a whole that comes in the form of the proper provision of an essential service, such as the provision of safe potable water and sewer services.

The Board notes the ability and intent of the Town to assist with payment plans for its customers, such as accepting monthly payments. The Board encourages the Town to make people aware of the availability of this service, and supports it assisting lower-income customers in developing payment schedules amenable to both the Town and the customer.

Again, the Board supports the Town's proposal to collapse the four-step rate structure to two steps, and, also, appreciates the need for an immediate increase in rates as opposed to smaller increases over a period of time. The Board sees the increases as necessary.

With the upgrading plans proposed by the Town for the utility over the next five years, including sewer relining, meter replacement, flushing program and the likelihood of additional water storage, the Board is encouraged by the Town's motivation to maintain and upgrade the utility system to meet the needs of its residents now and into the future.

The Board notes that the meters being installed in the meter replacement program are remote-read meters as opposed to manual read meters. The Town advised that when access is not available to staff to read the meters or when inclement weather restricts staff from going door to door, there is an expectation that the customer will provide the water meter reading for billing purposes. The Town advised that this does not always happen and, when no reading is provided, generally the utility bill is issued for the minimum amount only. If more water is consumed in that billing period and carried forth to the next billing period, it is possible the customer may pay a higher rate.

The Board expects this will be alleviated, and so address the concerns of the ratepayer in attendance at the public hearing, with the installation of remote-read meters when all readings will be collected electronically by a member of the utility's staff, simply by driving by the property.

The Board was pleased to hear the Town's plans for increased public education with respect to the utility's water loss issues, and hearing of the existing circulars and newsletters being provided to residents. The Board hopes and expects the Town will continue to promote water conservation, which will also allow for bill savings.

As the new rates reflect in part PVWC water costs, the Board notes that it intends to review PVWC rates and that if revised rates result, rates now set for the Town may be subject to further review.

Board decisions may be appealed in accordance with the

provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

1. Town of Morden By-law No. 2-2009 BE AND IS HEREBY APPROVED, subject to amendment to agree with Schedule "A" to this Order with rates being effective June 1, 2009.
2. The Town of Morden files a certified copy of By-law No. 2-2009, including all schedules with the Public Utilities Board after it has received third and final reading.
3. The Public Utilities Board approves the methodology for the Town of Morden's shared services financial allocation between the Utility and General operations as follows:
 - The Chief Administrative Officer and the Director of Finance and Administration - 25% of salary is allocated to the utility;
 - Council - \$15,000 or approximately 14% of indemnities are allocated to the utility;
 - Audit and liability costs - \$7,500 is allocated to the utility;
 - Office space - \$4,500 is allocated to the utility;

April 2, 2009

Order No. 35/09

Page 19 of 22

- Equipment - \$25,000 is allocated to the utility (\$16,700 to water and \$8,300 to sewer).

Fees payable upon this Order - \$500.00

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN"

Acting Chair

"KRISTINE SCHWANKE"

Acting Secretary

Certified a true copy of Order
No. 35/09 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 35/09

TOWN OF MORDEN
WATER AND SEWER RATES
BY-LAW NO. 2-2009

1. COMMODITY RATES - Effective June 1, 2009

Two-Step Rate Structure		Rates per thousand gallons		
		Water	Sewer	Water & Sewer
First	100,000 gallons per quarter	\$7.25	\$3.15	\$10.40
Over	100,000 gallons per quarter	\$3.45	\$0.95	\$4.40

2. MINIMUM CHARGES PER QUARTER - Effective June 1, 2009

2.1. Water and Sewer Customer

Notwithstanding the commodity rates set forth in Section 1 hereof, all customers with water and sewer service shall pay the applicable minimum charge set out below, which will include water allowance indicated:

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Rates Water	Commodity Rates Sewer	Minimum Quarterly Charges
5/8"	1	3,000	\$17.60	\$21.75	\$9.45	\$48.80
3/4"	2	6,000	\$17.60	\$43.50	\$18.90	\$80.00
1"	4	12,000	\$17.60	\$87.00	\$37.80	\$142.40
1 1/4"	7	21,000	\$17.60	\$152.25	\$66.15	\$236.00
1 1/2"	10	30,000	\$17.60	\$217.50	\$94.50	\$329.60
2"	25	75,000	\$17.60	\$543.75	\$236.25	\$797.60
3"	90	270,000	\$17.60	\$1,311.50	\$476.50	\$1,805.60
4"	170	510,000	\$17.60	\$2,139.50	\$704.50	\$2,861.60

2.2. Water Only Customers

For customers with water service only, quarterly minimums shown in Section 2.1 hereof are reduced by the Sewer Commodity Charge shown for the customer's meter size.

2.3. COMMODITY RATES AND MINIMUM CHARGE FOR CUSTOMERS WITH SIGNIFICANT VOLUME OF WATER NOT RETURNED TO SEWERS

Notwithstanding Commodity Rates and Minimum Charges set forth in Section 2 hereof, Morden Research Station shall be charged the following rates:

Commodity Rates - at the water and sewer rate set forth in the Commodity Rates for the first 1,000,000 gallons per quarter and at the applicable water rate only for all consumption in excess thereof.

3. BULK SALES

Water sold in bulk by the utility shall be charged for at the rate of Eight Dollars and Twenty cents (\$8.20) per 1,000 gallons with a minimum charge of \$0.25 for 30 Gallons.

4. SERVICE TO CUSTOMERS OUTSIDE TOWN LIMITS

The Council of the Town may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town. Such agreements shall provide for payment of the appropriate rates set out in Commodity Rates of this 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.

5. PENALTY FOR LATE PAYMENT

A late payment charge of 1 ¼% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills

6. DISCONNECTION

All utilities subject to *The Public Utilities Board Act* shall comply with the Conditions Precedent for water and/or sewer service disconnection, as attached hereto and marked as Schedule "B".

7. RECONNECTION FEE

Where any service is disconnected under the provisions of this By-law, it shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

8. OUTSTANDING ACCOUNTS

Pursuant to **Section 252(2)** of *The Municipal Act*, the amount of all outstanding charges for water and sewer services, including fines and penalties, are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. HYDRANT RENTALS

The Town of Morden shall pay to the utility an annual rental of \$120.00 for each hydrant connected to the system.

10. METER ACCURACY TESTING

That any customer may request that his/her water meter be tested for accuracy and before having the same tested by the Town, he/she shall deposit with the Director of Finance & Administration the sum of One Hundred (\$100.00) Dollars, which shall be retained and if the meter shall be found to be accurate, the said sum of One Hundred (\$100.00) Dollars shall be retained by the Town and if the meter is found to be inaccurate, the said sum of One Hundred (\$100.00) Dollars will be returned to the customer.