

M A N I T O B A)
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THE PUBLIC UTILITIES BOARD ACT) Order No. 96/09
) June 10, 2009

BEFORE: Susan Proven, P.H.Ec., Acting Chair
 Monica Girouard, CGA, Member

CITY OF STEINBACH
REVISED WATER AND SEWER RATES

1.0 Executive Summary

Arising out of a public hearing held in Steinbach on May 26, 2009, and by this Order, the Public Utilities Board (Board) approves revised water and sewer rates for the City of Steinbach (City).

The revised rates are as proposed by the City in its By-law No. 1860, and will take effect July 1, 2009, 2010 and 2011.

Existing (from 2005) and revised rates are:

Commodity Rates(/m³)	Current	2009	% Increase	2010	% Increase	2011	% Increase
Water	\$ 0.527	\$ 0.86	63.2	\$ 0.89	3.5	\$ 0.92	3.3
Sewer	\$ 0.411	\$ 0.56	36.3	\$ 0.58	3.6	\$ 0.61	5.2
Total	\$ 0.938	\$ 1.42	51.4	\$ 1.47	3.5	\$ 1.53	4.1
Bulk water	\$ 0.715	\$ 1.00	39.8	\$ 1.20	20.0	\$ 1.20	Ø
Minimum Quarterly Bill (5/8" meter)⁽¹⁾	\$25.28	\$36.55	44.6	\$37.50	2.6	\$38.20	1.9
Quarterly Service Charge	\$12.50	\$15.25	22.0	\$15.25	Ø	\$15.25	Ø
Sewer only customers (flat)	\$38.50	\$46.00	19.5	\$47.00	2.2	\$48.00	2.1

⁽¹⁾ Includes 15 cubic metres. Larger meter sizes include larger minimum volumes. Quarterly service charge is included.

The July 2009 rate increases are very large, though required to allow for the funding of required reconstruction projects, and that the proposed rates should address the deficiency. The subsequent increases of 2010 and 2011 are closer to the expected annual rate of general inflation, excepting for the bulk water increased established for 2010.

The City considered but rejected proposing a smoothing of the three-year proposal, and rejected that alternative because of the implications for the City's long-term plans for the Utility, which would have included expected operating deficits in 2009 and 2010.

Because of the soundness of the City's plans for its Utility, and as no customer appeared at the hearing or expressed concerns by correspondence with the Board ahead of the hearing, the Board accepts the City's application and attendant rate increases, although it recommends that more moderate increases be sought in the future through, if required, more frequent rate applications.

2.0 Background

2.1 Customer Information

The City operates a water and sewer utility that involves the treatment and distribution of water and the collection and treatment of sewage.

The Utility current serves 3,869 customers, and the number of customers is expected to increase by over 10% to 4,305 customers by 2011. The City advised the Board that its rate of population growth for each of the past 5 years has been 2 - 3 times the long term historical average, and that the high level of growth requires extensive and immediate changes to Utility systems and services.

The Utility's service area is relatively compact, and this allows for the efficient provision of water and sewage services.

The City advised the Board that the Utility may serve properties located outside of the City's boundaries, and suggested that such an expansion of the service area will add to the complexity of its Utility network, and will require additional operating processes and costs.

2.2 Infrastructure

The City reported that elements of the water treatment and distribution system are over 50 years old. With respect to the general condition of the Utility's infrastructure, the City advised that:

- 2.2.1 Utility assets, while generally at the mid-point of their expected useful life, have been performing well. The water treatment plant and reservoir was recently upgraded, and the City's lagoon facility is to be upgraded in 2009 and 2010 at a cost of \$10.5 million - to be financed by debt and government grants of \$3.5 million and \$7.0 million, respectively. The planned \$10.5 million upgrade represents the largest expenditure of the City's current 5-year Utility capital expenditure plan which, in total, stands at \$17.31 million.
- 2.2.2 Water Pipe Network - the oldest portion of the system was built in 1956. Pipe sections consist of cast iron, asbestos cement, and PVC. The system was reported as generally being in good condition, with renewals of the oldest sections being made as necessary.
- 2.2.3 Sewer Pipe Network - the oldest portion of the network was built in 1956 as well. Pipe sections consist of concrete, vitrified clay, asbestos cement, and PVC. This system was also reported to generally be in good condition, though renewals are required on the older sections of pipe, as indicated in the City's long-term capital plan. Additional pipe will be replaced as the City's regular inspection program proceeds.
- 2.2.4 Water Treatment Plant & Storage - treatment plant renewal and reservoir construction projects were completed in the past 6 years. The system condition and capacity were reported as being adequate, and it was reported that a major expansion and/or upgrade would not be required until approximately 2020.
- 2.2.5 Water Supply Facilities - A pump station and water well

renewal project is in progress, and the pump station facility capacity was reported to be adequate to approximately 2015, though additional water wells and pump stations were reported to be required by 2015.

- 2.2.6 Sewage Lagoon - the capacity of the existing lagoon was expected to be reached by 2012, and plans are in process for an expansion, to begin in 9 to 18 months.

The City's current provincial operating licence does not have nutrient loading limits of nitrogen and phosphorous defined and no licence has yet been issued for the anticipated sewage lagoon expansion. The City expects such loading limits will be defined once the new licence is issued.

Currently accepted industry standards are 15 mg/L for nitrogen and 1 mg/L for phosphorous, but these are not official Manitoba standards that the City is aware of. According to the City's latest measurements, the City's effluent nutrient levels generally fall within these standards. Should these loading levels be adopted by licence, the City expects to be able to manage the nutrient loading by adding effluent storage capacity. This would result in the City not having to build a mechanical nutrient reduction system along with the lagoon expansion.

The final design of the lagoon project and the determination of effluent treatment requirements will be delayed until an operating licence is issued.

- 2.2.7 Aging Network Infrastructure - the City advised that some of the older sections of the water and sewer network have reached the end of their service life, and that

reconstruction projects are required to maintain existing service levels. The City noted that current Utility rates are inadequate to allow for the funding of these required reconstruction projects, and that the proposed rates should address the deficiency.

- 2.2.8 Source of Water Supply - the City draws water from an underground aquifer, and the quality of the water was reported to be excellent.

2.3 *Regulatory and Quality Environment*

- 2.3.1 Provincial Regulations - regulations applicable to water and sewage services are becoming more stringent; one of the most dramatic examples is the pending change with respect to sewage treatment requirements, with nutrient reduction/removal under consideration by the Province. If mandated, nutrient reduction/removal requirements will require significant new investments and higher operating costs for the City's Utility.
- 2.3.2 The City advised that it has implemented extensive monitoring and control measures to meet the City's own drinking water quality standard (which was reported as meeting or exceeding provincial standards). The City advised that improvements continue to be sought and made in response to public demands for excellent water quality, taste and appearance, and it was noted that such measures add to the cost of providing public water services.
- 2.3.3 The Province has recently implemented a requirement that utilities have certified water and wastewater technicians (to best ensure that safe water supply and wastewater treatment procedures are followed). The City now employs

7 trained staff in order to comply with provincial requirements.

2.4 Capital Planning and Financing

2.4.1 Debentures

The annual debenture servicing cost for the City's Utility, projected for 2009 at \$300,459, an increase of less than 1% from 2008's \$298,924. However, the City expects that its capital expenditure requirements will require additional debentures, and therefore debenture servicing costs will rise to \$1.01 million in 2011, bringing annual servicing costs up to in excess of 300% of current levels. Debt servicing costs (consisting of principal and interest payments on debentures issued by the City for its Utility) are met through a combination of a mill rate levy on property for the City's water and wastewater districts, and a frontage levy for properties deriving a direct benefit from improvements.

2.4.2 Planning

The City's five-year Utility capital program was projected to require \$17.31 million, and to be funded as follows:

	<u>Millions</u>
Operations (rates)	\$ 0.25
Reserves	\$ 1.45
Debentures	\$ 7.11
Government Grants	<u>\$ 8.50</u>
Total	<u>\$17.31</u>

Before committing to a capital investment strategy, the City advised that it:

1. Investigates infrastructure renewal programs that incorporate frontage levies for property owners, so as to reduce the reliance on utility rates to fund service and infrastructure requirements.
2. Accesses senior government cost-sharing programs (toward reducing the net capital costs of planned infrastructure projects, and thus lowering the overall cost to the Utility and its customers).
3. Promotes orderly and compact development within the community, so as to provide for the efficient use of existing infrastructure and lessen the cost implications of providing new infrastructure.
4. Implements water conservation methods and programs to minimize the frequency and scope of infrastructure expansion requirements, including:

- investigating low/dual flush toilets as a means to reduce water consumption and waste water volumes.
 - delivering public education to promote the conservation of water now used for lawn irrigation.
 - offering a general public information service involving regular newsletters, noting the importance of such steps as maintaining plumbing fixtures to eliminate leaks and/or reduce water consumption.
5. Acts to maintain system infrastructure in a state of good repair (to increase the efficiency of existing infrastructure and keep operating and infrastructure costs as low as possible).
6. Continues to protect the water aquifer drawn on by the Utility. The current aquifer produces water of high quality, which reduces the costs of water treatment.
7. Implements projects to limit storm water infiltration into the sanitary sewer system, such as:
- a Sump Pump By-Law was passed in 2003 requiring the discharge of accumulated groundwater to surface for all new construction;
 - street level manhole cover access holes are plugged to reduce infiltration from storm water runoff; and
 - additional surface drainage works are completed to provide for improved storm water management.

For the City, the most important factor affecting its capital investment in the Utility is the requirement to allow for growth when demand is present. The City holds that its ability to provide "on demand" infrastructure contributes to the robust

economic activity occurring within the community.

2.5 Tangible Capital Assets

The City has prepared a Tangible Capital Asset (TCA) schedule and the notes to the Summarized Financial Statements for 2008 indicate that utility assets have expected service lives of:

Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	30 to 100 years
Machinery and equipment	10 to 50 years
Dams and other surface water structures	40 to 60 years

2.5.1 Historical costs and amortization

The City filed with the Board its support for the amortization periods noted above.

The City advised that assets are recorded at cost or, if historical cost information is not available, at current fair market values discounted by a relevant inflation factor. As contrasted to the much higher estimated replacement value of Utility assets, the historical costs of utility assets amount to \$43.8 million and, after accumulated amortization of \$15.0 million, have an overall net book value of \$28.8 million.

The City advised that if depreciation accounting had been in place in 2008, its Utility amortization expense would have been recorded as \$1.23 million. Amortization expense is expected to begin being recorded in the City's financial statements when Public Sector Accounting Board Standards (PSAB) takes effect.

The City, at the hearing, was requested to estimate the impact (on 2008 annual utility costs) of recording the annual

amortization expense, and subsequently indicated a 2008 utility operating deficit of \$687,380 would have been incurred, reducing the accumulated operating surplus balance from \$455,901 to a deficit of \$231,479.

2.5.2 Replacement Costs

The City has estimated the replacement costs of its Utility system. As at the City's last evaluation (as at December 31, 2007), the City estimated the replacement value of its water assets at \$53.0 million, and its sewer assets at \$59.2 million, an overall total of \$112.2 million.

By 2011, the City expects the overall replacement cost of its Utility assets will increase to \$132.1 million, an increase of almost 20% from 2007.

The City indicated, therefore, that its Utility has a significant infrastructure deficit if it is calculated on the basis of estimated replacement costs of existing assets.

Further, while reserves and contingency provisions reflected in proposed 2009 rates total approximately \$850,000 (\$250,000 for water, the remainder for sewer), these amounts (while large) still "fall short" of the annual amount required based on replacing assets at current replacement costs. The City estimates that the annual investment in replacing existing assets should be in the order of \$3.05 million, and advised that it will continue to rely on borrowing and grants to reduce the overall impact (on its customers/ratepayers) of needed infrastructure upgrades.

The City advised that it plans to address the "shortfall" in its annual budgets (amounts set aside through reserve building and contingency provisions), rather than calculating the annual "need" based on immediate replacement cost, and that it is of the

view that the "full impact" of the required future annual amortization of aging capital assets should be reflected in going-forward utility rates.

2.6 Water Losses

The City's water losses since 1983 were reported to have ranged from a low of 4.1% to a high of 14.4% (the latter in 1984), with an average loss of 4.1% experienced over the last 5 years (2003 - 2007).

The City noted that the *2007 Municipal Water Use Report* issued by Environment Canada indicates that the 2004 national average for municipal water losses was 13%.

The City noted that its average water loss is well below the national average, and indicated that it intends to continue with reasonable efforts to reduce water losses, so as to contribute to the ongoing low-cost provision of water.

2.7 Surplus and Reserves and Shared Costs

As of December 31, 2008, the utility recorded an accumulated surplus balance of \$455,901 and Utility reserves of \$855,891.

Since 2000, the utility reserve fund has ranged from a high of \$1.9 million in 2000 to a low of \$794,214 in 2004. By December 31, 2011, the City projects its Utility reserve balance will have increased to \$1.075 million.

In both 2007 and 2008, the City transferred \$250,000 from Utility operating results to its Utility reserve fund, reducing the contributions to accumulated surplus to \$13,221 in 2008 and \$6,837 in 2007.

Shared services and occupancy costs are allocated between the general operation of the City and the Utility, with the utility covering 15% of municipal wages and benefits and one-third of occupancy costs. No equipment is shared.

3.0 Application

3.1 Rate Proposal

As previously indicated, the City applied to the Board for approval of revised water and sewer rates as set out in By-law No. 1860, which was read the first time on February 17, 2009.

Existing (from 2005) and proposed rates were:

Commodity Rates (/m³)	Current	2009	% Increase	2010	% Increase	2011	% Increase
Water	\$ 0.527	\$ 0.86	63.2	\$ 0.89	3.5	\$ 0.92	3.3
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Total	\$ 0.938	\$ 1.42	51.4	\$ 1.47	3.5	\$ 1.53	4.1
Bulk water	\$ 0.715	\$ 1.00	39.8	\$ 1.20	20.0	\$ 1.20	Ø
Minimum Quarterly Bill (5/8" meter)⁽¹⁾	\$25.28	\$36.55	44.6	\$37.50	2.6	\$38.20	1.9
Quarterly Service Charge	\$12.50	\$15.25	22.0	\$15.25	Ø	\$15.25	Ø
Sewer only customers (flat)	\$38.50	\$46.00	19.5	\$47.00	2.2	\$48.00	2.1

⁽¹⁾Includes 15 cubic metres. Larger meter sizes include larger minimum volumes. Quarterly service charges included.

The City expects that, as at the end of 2011, its combined commodity rate of \$1.53 per cubic meter will continue to be lower than that of the cities of Portage la Prairie and Brandon (whose current rates are \$2.19 and \$2.26, respectively).

The City accepts the user-pay principle and believes that its rate structure should require each generation of water and wastewater customers to pay for the facilities they need and use.

The City advised that this has been its longstanding view, and that its rate application continues to reflect that.

The City noted that approval of its three-year rate application

will provide predictability for customers out to 2012.

The City's rate schedule involves a single tier rate structure for all utility customers, an approach the City considers preferable to other models.

3.2 Supporting Material

The City provided the Board with its rate study (dated February 11, 2009) and it responded to Board inquiries both in writing and orally at the public hearing.

3.3 Economic Information

3.3.1 Growth

The City has experienced dramatic growth in its population over the last five years, and this has added pressure to its water and wastewater services.

The complexity of operating expanding systems (to meet increasingly stringent provincial requirements and the demands of customers) requires highly advanced processes and information systems, and well-trained operators to oversee the safe operations of the systems.

Each and all of these factors contribute to increased operating costs. The City's increase in operating expense, has, for the most part, been related to system growth, addressing aging infrastructure and general inflation. As to the latter, the City noted that construction and fuel costs have increased dramatically in recent years (by as much as 20 - 30%).

The City advised that its rate application provides for rates that would meet rising costs, increased growth and planning for the Utility's long-term sustainability,. The City noted the growth in its population, and the increasing costs to repair and upgrade the water and sewer systems.

3.3.2 Projected Revenue and expense

The City filed its 2009 Utility Budget (which reflects an increase in utility revenues) in anticipation of Board approval of the proposed rate increases.

Revenues were forecast to increase from \$1.60 million to \$1.96 million (22.5%), while operating expenses (not including debenture servicing costs) were projected to increase from \$1.79 to \$2.08 million (16.4%). Other Utility revenues (projected at \$120,000) will allow the City to budget a breakeven position in 2009.

The following projected costs were reflected in the City's rate proposals:

(\$'000)	2009	2010	2011
Administration	\$ 245	\$ 252	\$ 262
Water	\$1,042	\$1,094	\$1,157
Sewer	<u>\$ 502</u>	<u>\$ 538</u>	<u>\$ 578</u>
	<u>\$1,789</u>	<u>\$1,884</u>	<u>\$1,997</u>

The City includes contingency provisions in the above projections (\$595,700, \$630,300 and \$660,700, for 2009, 2010 and 2011, respectively). The provisions represent approximately 0.5% of estimated total System Capital Replacement Cost.

3.3.3 Reserves

The City proposed to set aside a reserve building provision of \$250,000 in 2009 (approximately 11% of total annual consumer revenue) and to increase the annual provision for reserve building to \$350,000 by 2011.

The reserve fund provides for the replacement of equipment, repairs to distribution and collection components requiring immediate attention, and the renovation projects such as water treatment facilities. The reserve fund is intended to assist the

City in maintaining a relatively stable rate schedule.

3.3.4 Capital Replacement Costs

As noted earlier, replacing the aging utility infrastructure over time will require ongoing funding. The City proposed contingency allowances and replacement reserve fund transfers, to be reflected in rates, that it expects will fall short (by approximately \$2.2 million) of the annual amount required to replace existing infrastructure as it reaches the end of its expected useful life.

Notwithstanding this shortfall, the City believes that its proposed contingency allowance and replacement reserve fund transfers will be adequate because of its ability to meet additional funding requirements by borrowings and grants.

Through transfers from reserves and grants, the City plans to fund part of the replacement and upgrading projects over the next five years, including a sewage lagoon expansion, an underground water and wastewater pipes replacement program, and an upgrade to the water supply network.

3.3.5 Operating and Maintenance

The following operating and maintenance costs are expected to be funded through rates:

1. On-going and recurring expenses, including salaries, chemicals, materials and supplies.
2. Support services, such as planning, accounting, data processing, and general administration costs (borne by the utility on a pro-rated basis of the City's overall costs.)
3. "Pay as you go" capital items such as vehicles, motors, pumps, water meters and other high use items with life expectancy of less than ten years (the level of expenditures would vary significantly from year to year).

3.4 Alternate Rate Proposal (Rate Smoothing), Rejected by the City

The City noted its proposal is for a large rate increase in 2009, with more moderate increases for 2010 and 2011.

The City advised that it had considered proposing relatively equal percentage increases for all three years, but it had determined that such a rate proposal would be detrimental to the financial health of its Utility.

Using annual expenditures forecast in its actual rate proposal, the City determined that the Utility would incur operating deficits of \$318,000 and \$98,000 in 2009 and 2010, and would realize a small surplus of \$106,000 in 2011, if it "smoothed" rates over those three years.

In the City's opinion, the smoothing would not provide sufficient operating capital but would deplete the surplus account to an undesirable level, potentially jeopardizing the Utility's capacity to meet anticipated needs or meet any unusual and unexpected event, such as larger capital expenditures than now planned.

3.5 Public Hearing

The Public Hearing was held in the City Council Chambers on May 26, 2009. The City Manager, Treasurer and one Council member attended.

No members of the public attended, though the Notice of Hearing provided an invitation to the public to attend, and provided the City's rate proposal.

4.0 Board Findings

The Board will approve the revised water and sewer rates (as proposed by the City) effective July 1, 2009.

One of the primary reasons for the City's rate proposal is to set in place a long-range plan to have rates recover the full impact of amortization expense (once amortization expenses are required to be reported), and to allow the Utility to set aside monies to meet the eventual replacement costs of Utility assets as they need to be replaced.

In approving the rate proposal, the Board notes that the City has yet to factor in to its projections the significant cost implications related to depreciation accounting. The City has, however, noted that the implementation of PSAB accounting standards will affect all municipalities, and the Association of Manitoba Municipalities, the Province and the Board are all working toward achieving a full understanding of the implications of PSAB requirements.

Adoption of PSAB standards will affect the presentation of the City's annual financial results, and may lead to further rate implications.

With respect to the PSAB standards, the Board holds that grants should be "capitalized" (i.e. not taken into income in the year of receipt) and be amortized at the same rate as the underlying asset, so as to reduce the impact of amortization expense on future rate proposals.

Further, the Board does not accept that utility rates, by themselves, should be sufficient to meet anticipated future asset replacement costs. Grants are generally available, and borrowing allows for the spreading out of the revenue requirement burden on customers.

The Board accepts that the amortization of utility assets and the reflection of that amortization in annual utility financial statements and budgets may better represent and reflect current customer use of utility assets. However, to recover the cost of annual amortization and the future costs of replacement from existing customers is not reasonable as it would cause rate shock and, further, would have current customers paying for the costs of future assets used by future customers.

In response to the PSAB requirements, the Board has reviewed its obligation to approve amortization rates (as set out in the *Public Utilities Board Act*) and its concerns with respect to utilities being fully allocated the cost of shared services and equipment (to avoid unreasonable cross subsidies from general operations).

In both of these cases, the Board has reviewed the City's response and finds them reasonable. If any change is to be made to the City's' approach to these matters, the City is to obtain the Board's prior approval. (This is a requirement applicable to all municipalities who operate utilities.)

The Board accepts the City's view that a rate-smoothing scenario would be detrimental to the City's plans to strengthen the Utility's financial position.

The Board also notes that the City's proposal to have a high rate increase in the first year appears to reflect past practice (as was the case in 2001 and 2005, when a similar pattern of implementing increases was sought and approved). However, large rate increases in one year, followed by more modest ones in subsequent years, is disadvantageous for low-income families and families on fixed incomes, and for many businesses (which are often unable to immediately pass on cost increases to customers).

Accordingly, on a going forward basis, the Board recommends that the City seek a more even pattern to its rate increase proposals, and not rely on large rate increases in the first year of multi-year rate proposals.

In accepting the City's proposal, and despite its concern with respect to significant rate increase for 2009, the Board notes that no customers came forward expressing concerns about the rate proposals.

This may reflect a broad understanding by consumers of the operating pressures faced by the Utility, and may also reflect general satisfaction with the level of service being provided.

The Board also notes that the average bills to consumers are unlikely to have a major cost effect for most families and businesses.

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.

5.0 IT IS THEREFORE ORDERED THAT:

1. By-law No. 1860 BE AND IS HEREBY APPROVED AS PER
Schedule "A" attached hereto, with new rates to take
effect July 1, 2009, 2010 and 2011, respectively.

2. Shared services and occupancy costs are to be allocated to the utility at 15% of total costs for shared services, and on a one-third basis with respect to occupancy costs. If there is a change to the allocation method, prior Board approval shall be sought.

3. The amortization rates are to be as set out in the Utility Tangible Capital Asset schedule for 2008, and any changes to those rates must obtain the Board's prior approval.

Fees payable upon this Order - \$1,500.00

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN"

Acting Chair

"GERRY BARRON, FCGA"

Acting Secretary

Certified a true copy of Order
No. 96/09 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 96/09

CITY OF STEINBACH
WATER AND SEWER RATES
BY-LAW NO. 1860

1. SCHEDULE OF RATES – 2009

	<u>Water</u>	<u>Wastewater</u>	<u>Water & Wastewater</u>
a) Quarterly Commodity Rates per cubic meter	\$0.86	\$0.56	\$ 1.42
b) Quarterly Service Charge (per meter)			\$15.25
c) Minimum Quarterly Charge			

Meter Size (Inches)	Group Capacity Ratio	Cubic Meters	Customer Service Charge (\$)	Commodity Charge – Water (\$)	Commodity Charge – Wastewater (\$)	Total Quarterly Minimum (\$)
5/8	1	15	15.25	12.90	8.40	36.55
3/4	2	30	15.25	25.80	16.80	57.85
1	4	120	15.25	51.60	33.60	100.45
1 ½	10	150	15.25	129.00	84.00	228.25
2	25	375	15.25	322.50	210.00	547.75
3	45	675	15.25	580.50	378.00	973.75
4	90	1,350	15.25	1,161.00	756.00	1,932.25
6	170	2,550	15.25	2,193.00	1,428.00	3,636.25
8	300	4,500	15.25	3,870.00	2,520.00	6,405.25

2. SCHEDULE OF RATES - 2010

	<u>Water</u>	<u>Wastewater</u>	<u>Water & Wastewater</u>
a) Quarterly Commodity Rates per cubic meter	\$0.89	\$0.58	\$ 1.47
b) Quarterly Service Charge (per meter)			\$15.25

c) Minimum Quarterly Charge

Meter Size (Inches)	Group Capacity Ratio	Cubic Meters	Customer Service Charge (\$)	Commodity Charge – Water (\$)	Commodity Charge – Wastewater (\$)	Total Quarterly Minimum (\$)
5/8	1	15	15.25	13.35	8.70	37.30
¾	2	30	15.25	26.70	17.40	59.35
1	4	120	15.25	53.40	34.80	103.45
1 ½	10	150	15.25	133.50	87.00	235.75
2	25	375	15.25	333.75	217.50	566.50
3	45	675	15.25	600.75	391.50	1,007.50
4	90	1,350	15.25	1,201.50	783.00	1,999.75
6	170	2,550	15.25	2,269.50	1,479.00	3,763.75
8	300	4,500	15.25	4,005.00	2,610.00	6,630.25

3. SCHEDULE OF RATES – 2011

	<u>Water</u>	<u>Wastewater</u>	<u>Water & Wastewater</u>
a) Quarterly Commodity Rates per cubic meter	\$0.92	\$0.61	\$ 1.53
b) Quarterly Service Charge (per meter)			\$15.25
c) Minimum Quarterly Charge			

Meter Size (Inches)	Group Capacity Ratio	Cubic Meters	Customer Service Charge (\$)	Commodity Charge – Water (\$)	Commodity Charge – Wastewater (\$)	Total Quarterly Minimum (\$)
5/8	1	15	15.25	13.80	9.15	38.20
¾	2	30	15.25	27.60	18.30	61.15
1	4	120	15.25	55.20	36.60	107.05
1 ½	10	150	15.25	138.00	91.50	244.75
2	25	375	15.25	345.00	228.75	589.00
3	45	675	15.25	621.00	411.75	1,048.00
4	90	1,350	15.25	1,242.00	823.50	2,080.75
6	170	2,550	15.25	2,346.00	1,555.50	3,916.75
8	300	4,500	15.25	4,140.00	2,745.00	6,900.25

4. Minimum Quarterly Charges

Notwithstanding the commodity rates set forth in paragraphs 1, 2, and 3 hereof, all customers will pay the applicable quarterly minimum charges as set out above, which include water allowances indicated.

a) Water Only Customers

Minimum charge will be the same for each meter size as shown above, but the wastewater commodity charge will be excluded.

b) Wastewater Only Customers

With meters – Minimum charge will be the same for each meter size as shown above, but the water commodity charge will be excluded. The water from the customer's private service shall be metered at the customer's cost and the wastewater charges will be based on the quantity of water used by the customer.

Without meters – these customers are deemed single-family residences, and as such, will be charged a flat rate based on the estimated annual average consumption and use of water and wastewater by all residential customers. The flat rate charge for these customers will be based on this average estimated quarterly consumption amount in each year multiplied by the water and wastewater commodity rate in effect from time to time, plus the customer service charge according to the following schedule.

	2009	2010	2011
Flat rate per quarter	\$ 46.00	\$ 47.00	\$ 48.00

5. Meter Resealing Fee

When damages, or meter tampering, or both are reported, all costs to restore or replace the meter, as determined by the City Engineer, shall be charged to the customer. The amount charged shall also include a commodity charge for the estimated quantity of un-metered water used, the related wastewater discharged, plus a fee of \$75.00 to reseal the meter unless prior written authorization for breaking the seal has been issued by the City Engineer.

6. Additional Meters

Where deemed expedient, the City may elect to install auxiliary meters to separately record the amount of wastewater or water for billing purposes or upon application to the City Engineer, by an owner or operator of a premises where a wastewater service is installed, the City shall install an auxiliary meter at the expense of the applicant, for such purpose.

7. Bulk Sales Rate

All water sold in bulk by the City of Steinbach ("City") shall be charged for at a rate per cubic meter on a pro-rated basis according to the following table. The minimum charge for each sale of bulk water shall be \$15.00.

	2009	2010	2011
Bulk Water Rate per cubic meter	\$ 1.00	\$ 1.20	\$ 1.20

8. Service to Customers Outside City of Steinbach Limits

The Council of the City of Steinbach may sign agreements with customers for the provision of water and wastewater services to properties located outside the legal boundaries of the City. Such agreements shall provide for payment of the appropriate rate set out in the schedule, as well as a surcharge, set by resolution of Council. In addition, all costs of connection to the utility mains and the installation and maintenance of service connections shall be paid by the customer, as set by resolution of Council.

9. Billings and Outstanding Bills

Accounts shall be billed quarterly, and will be due and payable not less than 21 days after the date of billing. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

In the event that an account remains outstanding, the account may be transferred to the realty tax account of the property in respect of which the water account is unpaid, by the Treasurer of the City, to be collected as ordinary realty taxes.

10. Re-connection & Disconnection of a Service

The City shall charge a fee in the amount of \$50.00 for a re-connection or a disconnection of a service, if requested by a customer.

The Public Utilities Board has approved the Conditions Precedent to be followed by the City of Steinbach with respect to the disconnection of service for non-payment including, such matters, as notice and the right to appeal such action to the Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the City of Steinbach office.

11. Hydrant Rentals

The City or any other hydrant owner shall pay to the utility an annual fee of \$125.00 for each hydrant connected to the system, which shall include the cost of water used for system maintenance and fire fighting.

12. Water Allowance Due to Line Freezing

In any case where, at the request of 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 the same premises if the occupant has changed.

13. Wastewater Surcharge

There may be levied, in addition to rates set forth above, a special surcharge on sewage having a biochemical oxygen demand (BOD) in excess of 300 parts per million (ppm), or on sewage containing other nutrients requiring special treatment or removal as identified by the City of Steinbach or by the Province of Manitoba from time to time, based on the actual costs of treatment required for the particular wastewater or industrial waste water.

14. Water Meters

All new services and meters for water and wastewater shall be installed and metered at the customer's cost.

Residential meters shall be owned, inspected, and maintained by the utility system of the City. Costs of maintenance and meter replacement shall be the responsibility of the City.

Non-residential meters shall be inspected and maintained by the utility system of the City. All costs of ownership, maintenance and meter replacement shall be the responsibility of the non-residential customer. Fees for time and materials for the maintenance of these meters shall be billed to the customer.

15. Meter Testing Charges

Any customer desiring and requesting that their water meter be tested for accuracy shall deposit with the City of Steinbach the sum of \$150.00. An amount equal to the cost of testing the meter will be retained by the City with the balance of the deposit returned to the customer if the meter, when tested, shall be found to register within the allowable limits of variation from accuracy. If the meter shall be found to register in excess of the allowable limits, the deposit shall be refunded for the full amount and the customer's account adjusted. The allowable limit of variation shall be 4% of average flow.