

M A N I T O B A) Order No. 42/11
)
THE PUBLIC UTILITIES BOARD ACT) March 30, 2011

BEFORE: Graham Lane, CA, Chairman
 Monica Girouard, CGA Member
 Susan Proven, P.H.Ec., Member

RURAL MUNICIPALITY OF GIMLI
WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) confirms as final interim rates set by Order 63/10 for the Rural Municipality of Gimli (Gimli or RM), except in the case of the bulk sewer rate for customers residing within the RM (for whom revised and final rates are now to be established).

A summary of the approved rates follows (full details are provided in attached Schedule A):

Sewer Customers:

Commodity Charge	\$ 1.28/ m ³
Quarterly Service Charge	\$ 11.86
Quarterly Residential Equivalent Unit	\$ 69.59
Bulk Sewer Rate (from outside the RM)	\$ 4.70/m ³
Bulk Sewer Rate (from within the RM)	\$ 1.28/ m ³

Water Customers:

	Local Urban District	Pelican Beach	Gimli Business Park
Commodity Charge per m ³	\$ 1.09	\$ 0.71	\$ 1.41
Quarterly Service Charge	\$ 9.37	\$ 10.02	\$ 11.37
Bulk Water Rate	\$ 1.26	\$ 3.04	\$ 1.54
Quarterly Residential Equivalent Unit	-	\$ 47.49	\$ 66.48

These rates have been effective since July 2010; Gimli is required to recalculate and submit a revised rate schedule for 2012 and 2013 to the Board by May 31, 2011.

By this Order, the Board also approves the RM's proposal to

merge its five existing sewer utilities into one sewer utility.

Background

Due to a series of events that resulted in the postponement of scheduled public hearings of Gimli's application, the Board addressed the financial needs of the RM's utilities through an interim rate decision.

Order 63/10 approved the RM's request to implement a revised rate structure and rates for the RM's water and sewer utilities on an interim *ex parte* basis. The new rates took effect in July 2010.

The Board also declared the RM's sewer systems (Loni Beach and South Beach) to be public utilities, pursuant to Subsection 2(6) of *The Public Utilities Board Act*.

Application

The RM's application was filed December 2009, and the submission of By-law No. 09/0022, a rate study (dated November 2009 and revised May 15, 2010), and other filings as required by the Board.

The application included a proposal for revised water and sewer rates and, as well, as a request to merge five sewer utilities into one amalgamated sewer utility.

The initial application which sought rates that the Board found to be higher than needed was subsequently revised.

The RM's previous rates did not provide enough revenue to cover the annual operating costs of the utilities; some of which

having incurred deficits over the last five to six years. The previous rates hadn't been reviewed or amended, since 1999.

The five sewer utilities to be combined were the Local Urban District of Gimli (LUD), Pelican Beach, Gimli Business Park (GBP and formerly known as the Gimli Industrial Park), Loni Beach and South Beach.

The RM proposed to maintain three separate water utilities: Pelican Beach, Gimli Business Park (GBP and formerly known as the Gimli Industrial Park) and the Local Urban District of Gimli (LUD). The three water utilities have a combined total of 1,120 customers (144 are non-metered).

Wastewater Collection and Treatment

The historical capital cost of the wastewater collection and treatment system is \$23,556,061; this amount includes the new Regional Wastewater Treatment Plant (WWTP), the Loni Beach and South Beach sewer systems, and a share of the capital cost of the LUD (50%), GBP/Hangerline (50%) and the Pelican Beach system (75%). The annual amortization expense for these assets is \$452,993.

The existing wastewater collection and treatment systems consist of 28.1 km of gravity sewer lines (ranging in size from 200 mm to 375 mm), eight lift stations and 19 km of forcemains. The majority of the system is over 50 years old, and is considered to be in poor condition. Sewer lines in the GBP and the LUD are in need of replacement.

The RM's WWTP was completed in 2008 and was designed to meet a 20 year population growth in the WWTP service area. Once

effluent is treated, discharges from the WWTP are made to Lake Winnipeg.

Replacement of decaying portions of the collection system is critical for the WWTP to meet future demands. An Inflow and Infiltration Study undertaken in 2008 was the first step in prioritizing which sections of the collection system are most in need of replacement.

The WWTP operates under two Environmental Act Licences; the plant is currently meeting licensing requirements. The RM is developing a long-range bio-solids disposal plan, lagoon decommissioning plan, and a phased-in sewer repair plan, as required under the terms of the licences.

The WWTP is classified as a Class 4 facility, for which the RM employs one Class 3 operator and notes a shortage of qualified personnel. The RM is reviewing its long term strategy towards ensuring necessary training to its current staff, and notes that an additional operator is needed.

The RM has received external outside funding towards the total capital costs of the sewer system; other funding includes reserve fund contributions and prepayments from customers.

For rate setting purposes, the Board allows external funding to be amortized at the same rate as the capital asset for which the funds were received. Included in revenue for rate setting purposes for each of the three years for which a rate application was submitted is \$226,259.

The total amount borrowed by the RM to fund its portion of the sewer system collectively was \$10,387,602. Annual debenture debt

payments are \$837,520. All property owners in the RM, whether connected to the WWTP or not, contribute through property taxes towards the capital costs of the WWTP.

As of December 31, 2009, the sewer systems had a total of 1,265 customers, of which 294 customers are not metered and eleven of those have been assessed multiple Residential Equivalency Units (REU). One REU is the volume of water estimated to be used by the average single family residence; REU's allocated to other customers are based on the estimated water they will use as compared to a residence.

The RM provided the following three year estimated expenses for the amalgamated sewer utility:

	2011	2012	2013
General			
Administration Expenses	\$ 60,947	63,544	64,969
Revenues	-2,235	-2,302	-2,371
General Revenue Requirements	\$ 58,712	61,242	62,598
Sewer			
Expenses	\$ 409,637	\$ 421,926	\$ 434,584
Amortization	452,993	452,993	452,993
Interest on Long Term Debt	553,034	535,057	515,924
Reserves	237,633	237,633	237,633
Contingency	237,633	237,633	237,633
Revenues	-1,147,780	-1,150,300	-1,152,895
Sewer Revenue Requirements	\$ 743,150	\$ 734,942	\$ 725,871

Water Distribution and Treatment Systems

The RM currently operates three municipal water treatment plants (WTP), each with three separate distribution systems: Pelican Beach, Gimli Business Park (GBP and formerly known as the Gimli Industrial Park) and the Local Urban District of Gimli (LUD),

the former Town of Gimli. The collective system includes 25 km of water mains, with wells and reservoirs.

In 2008, an assessment of the three existing plants identified several areas of non-compliance with respect to the Drinking Water Safety Act.

A 2008 Water Treatment Master Plan was commissioned, to develop a long term strategy for bringing the systems into compliance. The plan recommended constructing a new central water treatment plant and replacing the existing plants to provide the needed capacity for continued growth in the RM (at an estimated cost of \$12 million).

The RM advised that, in the future, water meters will be installed for all services to promote conservation.

Pelican Beach

The Pelican Beach system was constructed in 1996 and consists of 3,100 metres of PVC lines; the RM assumes these lines to be in good condition. The system is predominantly non-metered making it is difficult to track water usage and losses in the system.

The Pelican Beach water utility provides services to about 60 customers, with total water sales of approximately 14,100 m³. The system was constructed to service the 152 lot subdivision.

The RM has valued the water system at \$530,474 (25% of the capital assets \$2,041,897) plus \$19,700 for the building. The RM advises of annual amortization expense of \$10,997, with offsetting amortization of capital funding of \$3,854. The share of borrowing related to the water side of the utility was \$317,786 with an annual debenture payment of \$31,767.

The rates proposed are projected to recover the following expenses over the next three years:

	2011	2012	2013
General			
Administration Expenses	\$ 2,575	\$ 2,658	\$ 2,718
Revenues	- 52	- 53	- 55
General Revenue Requirements	\$ 2,523	2,605	2,663
Water			
Expenses	\$ 9,203	\$ 9,479	\$ 9,764
Amortization	10,997	10,997	10,997
Interest on Long Term Debt	15,541	14,283	12,928
Reserves	5,302	5,302	5,302
Contingency	5,302	5,302	5,302
Revenues	- 35,621	- 35,621	- 35,621
Water Revenue Requirements	\$ 10,724	\$ 9,742	\$ 8,672

Gimli Business Park (GBP)

The GBP system includes Aspen Park residential development, and consists of 4,900 metres of clay, concrete and asbestos cement pipe. The system was constructed in the 1940's and is considered to be in poor condition. As the system is predominantly non-metered, it is difficult to track water usage and losses in the system.

Water services are provided to 110 customers, 19 customers are metered and 91 are un-metered and charged REUs. Of those assessed REUs, 80 are categorized as residential and the remaining charged multiple REUs.

The capital cost for the GBP water utility is \$142,536, 50% of the Hangerline assets (\$75,536) and 50% of the hydrants (\$67,000). Annual amortization expense is \$8,211, with offsetting amortized revenues of \$252. The RM borrowed \$62,947

towards the costs of these assets; the debt is serviced by annual payments of \$5,600.

The proposed rates are anticipated to cover the following estimated expenses:

GBP	Year 1	Year 2	Year 3
General			
Administration Expenses	\$ 6,064	\$ 6,287	\$ 6,470
Revenues	- 432	- 445	- 459
General Revenue Requirements	\$ 5,632	\$ 5,842	\$ 6,011
Water			
Expenses	\$ 87,447	\$ 90,070	\$ 92,773
Amortization	8,211	8,211	8,211
Interest on Long Term Debt	3,719	3,602	3,477
Reserves	3,950	4,069	4,191
Contingency	1,425	1,425	1,425
Revenues	- 13,977	- 13,977	- 13,977
Water Revenue Requirements	\$ 88,251	\$ 90,757	\$ 93,335

Local Urban District of Gimli

The total length of the watermain in the LUD is 17,400 metres. The system was constructed at different times; east of Seventh Avenue in 1950's and 60's (predominantly 150 mm cast iron pipe) and Solvin Road area in 1980's. The 1950's pipe is prone to frequent breaks and is in need of replacement.

The assets for the LUD water system have been recorded at \$452,215 (50% of LUD utility assets (\$377,279), plus hydrants (\$76,937)). The annual amortization expense for these assets is \$13,312. There are no offsetting revenues to be amortized and no outstanding debentures.

The LUD is a wholly metered system, and approximately 1/3 of the water produced is unaccounted for mainly due to main breaks.

Other causes of this unaccounted for water is deemed normal as used for line flushing, sewer cleaning, testing and firefighting purposes.. Industry standards estimate normal losses at about 10%.

Projected expenses for the LUD water utility are:

LUD	Year 1	Year 2	Year 3
General			
Administration Expenses	\$ 36,408	\$ 36,911	\$ 38,009
Revenues	- 1,530	- 1,576	- 1,623
General Revenue Requirements	\$ 34,878	\$ 35,335	\$ 36,386
Water			
Expenses	\$ 136,918	\$ 141,025	\$ 145,256
Deficit Recovery	7,152	7,152	-
Amortization	13,312	13,312	13,312
Reserves	4,522	4,522	4,522
Contingency	4,522	4,522	4,522
Revenues	- 8,375	- 8,375	- 8,375
Water Revenue Requirements	\$ 158,052	\$ 162,159	\$ 159,238

Rate Proposals

The RM proposed the following sewer rates:

Sewer Customers - Metered

All customers with metered water and sewer service shall pay the applicable minimum sewer rate charge set out below based on the consumption of the metered water service, which will include the allowance indicated:

Meter Size	Group Capacity Ratio	Minimum* Quarterly Consumption	Service Charge	Commodity Charge Per m ³	Minimum Quarterly Charges
5/8"	1	13.5 m ³	\$11.86	\$1.28	\$ 29.14
3/4"	2	27 m ³	\$11.86	\$1.28	\$ 46.42
1"	4	54 m ³	\$11.86	\$1.28	\$ 80.98
1 1/2"	10	135 m ³	\$11.86	\$1.28	\$ 184.66
2"	25	337.5 m ³	\$11.86	\$1.28	\$ 443.86
3"	45	607.5 m ³	\$11.86	\$1.28	\$ 789.46
4"	90	1215 m ³	\$11.86	\$1.28	\$1,567.06
6"	170	2295 m ³	\$11.86	\$1.28	\$2,949.46

Sewer Customers - Flat Rates

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or small Business	1	\$11.86	\$69.59	\$81.45
Buildings with more than 1 residence or businesses may be allocated multiple REU's.				
2 residences of businesses	2	\$11.86	\$139.18	\$151.04
3 residences of businesses	3	\$11.86	\$208.77	\$220.63
Trophy Cup	1	\$11.86	\$69.59	\$81.45
Design Canada	1	\$11.86	\$69.59	\$81.45
Gimli Small Engines	1	\$11.86	\$69.59	\$81.45
Lake Agassiz Marine Office	1	\$11.86	\$69.59	\$81.45
Lake Agassiz Marine Hangar # 2	2	\$11.86	\$139.18	\$151.04
Lake Agassiz Marine Hangar # 4	2	\$11.86	\$139.18	\$151.04
Misty Lake Lodge	5	\$11.86	\$347.95	\$359.81
Lake Winnipeg Boat Works	3	\$11.86	\$208.77	\$220.63
Lake Agassiz Marine Hangar #1	5	\$11.86	\$347.95	\$359.81
GIDG Dunlop Building	5	\$11.86	\$347.95	\$359.81
Natural Resources Water Bombers	5	\$11.86	\$347.95	\$359.81
Skyline Hangar #3	5	\$11.86	\$347.95	\$359.81
Faroex - Plant	15	\$11.86	\$1,043.85	\$1,055.71
Faroex - Warehouse	1	\$11.86	\$69.59	\$81.45
Faroex - Research Building	1	\$11.86	\$69.59	\$81.45

Sewer Customers Bulk Rates & Septic Haulers - Volumetric Charge - \$4.70/m³
(\$21.34/1000 gallons)

As a comparison of the proposed to existing rates, the RM provided the following summary:

Utility with sewer services only	Prior Rate	Proposed Rate	Increase
GBP - Centre Ave. W - Quarterly Flat Rate	\$48.30	\$81.45	69%
Loni Beach - Quarterly Flat Rate	\$73.75	\$81.45	10%
North Forcemain - Quarterly Flat Rate	\$48.30	\$81.45	69%
South Beach - Annual Flat Rate	\$90.00	\$352.80	262%

For the separate water systems, the RM proposed the following rates:

Pelican Beach Area Water System - Metered

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum* Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charges
5/8"	1	13.5 m ³	\$10.02	\$0.71	\$ 19.61
3/4"	2	27 m ³	\$10.02	\$0.71	\$ 29.19
1"	4	54 m ³	\$10.02	\$0.71	\$ 48.36
1 1/2"	10	135 m ³	\$10.02	\$0.71	\$ 105.87
2"	25	337.5 m ³	\$10.02	\$0.71	\$ 249.65
3"	45	607.5 m ³	\$10.02	\$0.71	\$ 441.35
4"	90	1215 m ³	\$10.02	\$0.71	\$ 872.67
6"	170	2295 m ³	\$10.02	\$0.71	\$1,639.47

Pelican Beach Area Water System - Flat Rate

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or small Business	1	\$10.02	\$47.49	\$57.51
Building with more than 1 residence or business				
2 residences or businesses	2	\$10.02	\$94.98	\$105.00
3 residences or businesses	3	\$10.02	\$142.47	\$152.49

Pelican Beach Bulk Water Rate - Volumetric Charge - \$3.04/m³
(\$13.81/1000 gallons)

As a comparison, the RM provided the following summary:

With both water and sewer services	Prior Rate	Proposed Rate	Increase
Full time occupied dwelling - Quarterly Flat rate	\$93.50	\$138.96	49%
Part time occupied dwelling - Quarterly Flat rate	\$72.80	\$138.96	91%

Gimli Business Park Area Water System - Metered

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum* Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charges
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5/8"	1	13.5 m ³	\$11.37	\$1.41	\$ 30.41
3/4"	2	27 m ³	\$11.37	\$1.41	\$ 49.44
1"	4	54 m ³	\$11.37	\$1.41	\$ 87.51
1 1/2"	10	135 m ³	\$11.37	\$1.41	\$ 201.72
2"	25	337.5 m ³	\$11.37	\$1.41	\$ 487.25
3"	45	607.5 m ³	\$11.37	\$1.41	\$ 867.95
4"	90	1215 m ³	\$11.37	\$1.41	\$1,724.52
6"	170	2295 m ³	\$11.37	\$1.41	\$3,247.32

Gimli Business Park Area Water System-Flat Rate

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or small Business	1	\$11.37	\$66.48	\$77.85
Buildings with more than 1 residence or businesses may be allocated multiple REU's.				
2 residences of businesses	2	\$11.37	\$132.96	\$144.33
3 residences of businesses	3	\$11.37	\$199.44	\$210.81
Trophy Cup	1	\$11.37	\$66.48	\$77.85
Design Canada	1	\$11.37	\$66.48	\$77.85
Gimli Small Engines	1	\$11.37	\$66.48	\$77.85
Lake Agassiz Marine Office	1	\$11.37	\$66.48	\$77.85
Lake Agassiz Marine Hangar # 2	2	\$11.37	\$132.96	\$144.33
Lake Agassiz Marine Hangar # 4	2	\$11.37	\$132.96	\$144.33
Misty Lake Lodge	5	\$11.37	\$332.40	\$343.77
Lake Winnipeg Boat Works	3	\$11.37	\$199.44	\$210.81
Lake Agassiz Marine Hangar #1	5	\$11.37	\$332.40	\$343.77
GIDG Dunlop Building	5	\$11.37	\$332.40	\$343.77
Natural Resources Water Bombers	5	\$11.37	\$332.40	\$343.77
Skyline Hangar #3	5	\$11.37	\$332.40	\$343.77
Faroex - Plant	15	\$11.37	\$997.20	\$1,008.57
Faroex - Warehouse	1	\$11.37	\$66.48	\$77.85
Faroex - Research Building	1	\$11.37	\$66.48	\$77.85

Gimli Industrial Park Bulk Water Rate - Volumetric Charge (m³) - \$1.54
(\$6.99 per 1,000 gallons)

A comparison of proposed rates to previously approved rates,

follows:

Rates \$/m ³	Prior Rate	Proposed Rate	Increase
Water Rate	\$0.84	\$1.41	68%
Sewer Rate	\$0.72	\$1.28	78%
Quarterly Flat Rate - Water and Sewer	\$135.70	\$159.30	17%

Urban Area (LUD) Water System - Metered

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum* Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charges
5/8"	1	13.5 m ³	\$9.37	\$1.09	\$ 24.09
3/4"	2	27 m ³	\$9.37	\$1.09	\$ 38.80
1"	4	54 m ³	\$9.37	\$1.09	\$ 68.23
1 1/2"	10	135 m ³	\$9.37	\$1.09	\$ 156.52
2"	25	337.5 m ³	\$9.37	\$1.09	\$ 377.25
3"	45	607.5 m ³	\$9.37	\$1.09	\$ 671.55
4"	90	1215 m ³	\$9.37	\$1.09	\$1,333.72
6"	170	2295 m ³	\$9.37	\$1.09	\$2,510.92

Urban Area (LUD) Bulk Water Rate - Volumetric Charge - \$1.26/ m³ (\$5.72/1000 gallons)

A comparison of proposed rates to existing rates, follows:

Rate \$/ m ³	Prior Rate	Proposed Rate	Increase
First 20,000 gallons (\$2.53/1,000 gallons)	\$0.56	\$1.09	97%
Next 80,000 gallons (\$2.00/1,000 gallons)	\$0.44	\$1.09	148%
Over 100,000 gallons (\$1.48/1,000 gallons)	\$0.36	\$1.09	203%
Seasonal Rates	\$114.21	\$242.92	113%

Seasonal Rate

A significant change to the RM's previously approved rate structure includes a proposal to remove the seasonal rate. Customers affected would, if approved as final by the Board, be charged for services all year, whether they used these services or not. If the removal of the seasonal rate is not approved by the Board, the RM requested a rate sufficient to meet the basic

costs to ensure the seasonal customers are not subsidized by permanent residents of the utility.

A seasonal rate had been developed for customers connected to the LUD and Pelican Beach water and sewer systems as well as the Loni Beach and South Beach sewer systems.

The RM has now determined that the seasonal rate is no longer appropriate as residents do not only use the services during previously approved timeframes (i.e. June 1 to September 30). Customers request services be turned on or off at times outside the timeframe. Further, residents were also arranging for this service without consulting the RM and contravening the RM's bylaws.

There are costs of operating the utility on a year round basis and the former seasonal rate did not address these costs. Within the seasonal developments, some properties were used on a full time basis and these customers should not be subsidizing the seasonal customers.

And finally, the RM has no ability to turn sewer services off. Therefore seasonal properties serviced by private wells might be used all year round; the municipality has no way of confirming this.

Past Deficits

GBP Utility - In 2004 and 2005, the GBP utility incurred deficits in the amounts of \$26,560 and \$68,419, respectively. Order 67/07 approved recovery of these deficits through taxes in 2008, 2009 and 2010.

Deficits were again incurred in 2006 (\$33,141), 2007 (\$51,306) and 2008 (\$130,726). Order 105/09 approved recovery of these deficits by property taxes to all properties connected to the GBP utility, the Pelican Beach utility and to properties in the RM with septic holding tanks or fields. The recovery was approved over three years and would affect taxes in 2010, 2011 and 2012.

In 2009 a further large deficit was budgeted for in the amount of \$200,069. The RM had applied to recover this deficit from future rates; this amount has not yet been finalized by the municipal auditor.

The RM indicated that the GBP sewer utility encompasses the new Regional Sewer Treatment Plant, and the large deficit is the result of the total costs of the treatment for the five separate sewer systems. The existing rate structures did not allow for recovery of these costs from the other four sewer systems, and the RM proposes to include recovery of this deficit in rates.

Reserve Funds and Capital Projects

All five existing sewer utilities, except Loni Beach, have Reserve Funds. The LUD contributes \$20,000 annually to the LUD Replacement Reserve, and South Beach, \$2,500. As of December 31, 2009, the separate utilities held the following amounts (approximate) in their respective reserve funds:

Utility	Name of Reserve	Amount
LUD water and sewer	Replacement	\$264,312
	General	\$ 7,313
South Beach	General	\$ 91,821
Pelican Beach	General	\$ 8,052

Loni Beach	-	-
GBP	Centre Ave	\$ 17,587

The RM requested that any reserves and/or surpluses of the existing sewer utilities, be used to benefit the users that contributed to those funds. The LUD, Pelican Beach and GBP surplus funds, including reserves, will have to be reviewed to determine proportionate amounts for the water and sewer systems.

If the merger of the sewer utilities is approved by the Board, the RM suggests that a new reserve fund be created for the benefit of all users of the amalgamated system.

For all utilities the proposed rates provide for contributions to continue to augment reserve funds. The provision is based on an annual contribution of 1% of a reserve fund target of 10% of the value of the capital assets of each utility.

The RM is currently constructing a \$2.7 million forcemain extension and gravity sewer system to service 240 properties in the Loni Beach area. Costs will be paid for by the benefitting properties, and the Gas Tax Reserve. All connections are expected to be made by the summer of 2011. These customers will then be subject to approved sewer rates.

The RM has a proposal to service an additional 127 properties in the South Beach area at an estimated cost of \$1.69 million. The application is before the Municipal Board, no timeline for consideration and finalization has been set.

Other future capital projects (which may include some previously

mentioned) include:

- Regional Forcemain Project at an estimated cost of \$17,000,000 - the project is to be partially funded through a \$9,000,000 grant from the Canada Manitoba Infrastructure Program, with the balance to be cost shared with Manitoba Water Services Board. The RM's portion is to be borrowed. The project is to go to design in 2011, with construction expected to begin in 2012.
- Lagoon in 2010, at a cost of \$2,000,000 - the RM anticipates borrowing funds to cover the cost of this project.
- Regional Sewer Lines in 2010, 2011 and 2012, at a cost of \$2,000,000 in each of those years - the costs of which to be borrowed.
- Sewer Extensions in 2010 to 2014 with expected costs in year one of \$2,400,000, and each of the following years \$400,000 - the full \$4,000,000 for these extensions is to be borrowed.
- Sewer Renewal (Town utility) at \$30,000 in each year from 2010 to 2014 - these costs are to be funded by the utility reserve fund.

The RM charges new customers (where no levies are currently or have been collected, or were prepaid) \$2,500 to connect to sewer system and \$2,500 to connect to water system. These funds are revenue to the utility operations. The property owner is responsible for connection costs.

If the new customer is within an existing Local Improvement District (LID), they are required to pay the set prepaid frontage or parcel levy charge as of when the debt was issued, adjusted upward to reflect present day value. Also, if there is a portion of the debt that is collected through assessment the customer is then required to join the existing LID and contribute to the balance of the outstanding debenture.

Shared Cost Allocation Methodology

The RM completed a study to determine actual costs incurred with the administration of the utilities. The results of the study indicated that utilities had not been paying their fair share of these costs, meaning that the general taxpayers were subsidizing the utilities.

As a result of that study, the RM assigned percentages to each administrative position and costs, with the percentage based on the portion of time that position/cost relates to the utility. Similarly on the public works side, percentages were also assigned.

Position/expense	Utility share
Legislative, CAO, Legal, Public Works (PW) (wages and benefits)	5%
Office, Audit	7.5%
Manager Assets	8%
Manager of Finance, Tax Clerk	10%
PW Manager, PW Clerk, PW Operations, Vehicles and Equipment	15%
Accounts Payable/Payroll Clerk, Reception	20%
Utility Clerk	90%

The RM estimates that of these shared costs, 53% should be attributed to the sewer utility and 47% to the water utilities.

For the water utilities, these costs have then been portioned to each utility based on the number of customers.

Public Sector Account Board

Effective January 1, 2009, PSAB accounting standards became applicable for municipalities, including utility operations. The implications include removing capital expenditures and principal debt payments from operating expenses; removing reserve transfers and transfers from the general operations of the municipality (except for amounts raised by taxes for utility debt servicing) - transfers would not affect the net income or loss of the Utility; and, recording annual amortization expense (increasing annual costs and rates).

The PSAB changes also have implications for the development of rate proposals. The Board has determined that, contrary to PSAB, capital grants related to the utility are to be amortized at the same rate that the respective capital asset is amortized. In the RM's case, there are past grants, which have been applied to offset, to some extent, the rate impact of recording amortization.

Intervener

The Board's first notice of public hearing was published in March 2010. Two applications were filed seeking Intervener status; the application by Mr. Brian McClintock was approved by Order 29/10 and that of Mr. T. Mathers was denied by Order 35/10. Both orders can be viewed on the Board's website.

Order 29/10 set out a schedule to facilitate an orderly exchange

of information between Mr. McClintock and the RM. In his first round of interrogatories Mr. McClintock asked numerous questions, which prompted the RM to revise its rate study.

A significant impact on rates resulted from capital assets recorded at replacement costs instead of historical costs as required by PSAB. These costs then affected several other proposed expenses including, annual amortization expense and contingencies and reserve provisions (the latter two are based on a percentage of the capital asset).

Letters of Concern

Following the RM's submission and prior to the public hearing, the Board received several letters of concern from customers of the utilities with respect to the rates initially proposed by the RM. In its initial filing, there were errors in the numbers presented by the RM which suggested possible rate increases of up to 989%.

Public Hearing

Over 100 people signed in at the public hearing held in Gimli on September 21, 2010. Representation included people from the LUD, Aspen Park, South Beach, Sandy Hook, Pelican Beach, Loni Beach and King's Park.

Also in attendance at the hearing and presenting on behalf of the RM, were Chief Administrative Officer, Joann King and Manager of Finance, Susie Erickson. Following the Board's opening comments, Ms. King summarized the RM's application.

Following the RM's presentation, Mr. McClintock summarized his comments on the RM's initial filings also suggesting the

assessment of a charge to vacant properties for a proportionate share of contingency and reserve fund provisions. He submitted that these properties even though not connected to the system do benefit from the system and should contribute to some of the costs.

Mr. Alex Dratawony spoke to the issue of the bulk sewer rate. The RM confirmed that all property owners of the RM pay a proportionate share of the capital costs of the WWTP on their property tax bill.

Mr. Dratawony opined that the WWTP is operating at full capacity from high infiltration likely due to high rain fall amounts and sump pump/weeping tile infiltration. The RM noted that it is investigating the issue.

Ms. Ellen Paxton who attended the hearing and had provided correspondence, explained that as a resident in King's Park individual septic systems only release liquids into the sewer system. These residents must have a septic tank installed and need to make arrangements, generally on an annual basis and at a cost of about \$80, to have solids removed from the tank. Ms. Paxton opined that customers with systems similar to hers should not pay the same rate as a customer with full sewer services. (The RM agreed that this needed to be addressed).

Mr. Jim Cook, a resident in the Aspen Park residential area is connected to the GBP water utility and paying rates of the industrial park. Mr. Cook believes that residential customers on the GBP system should be assessed residential rates similar to those of the town site. Mr. Cook also expressed concerns that

the meters (there are two) tracking water consumption into the residential area were not working properly.

The RM advised that one of the meters was not working correctly and had been repaired. The water system was directed to flow through the one working meter and usage was tracked correctly.

Several residents connected to the South Beach sewer utility expressed concerns with the removal of the seasonal rate. Many of the properties are seasonal and used for three or four months during the warmer months and maybe only two to three weeks in the winter. Residents noted that while they were pleased that no increase had taken place for 12 years, the increase now being proposed was not fair. Comments from Loni Beach sewer customers were similar in this regard, and added that the development was initially constructed as a seasonal development.

Revised Filings

Following the hearing and based on the information and concerns expressed, the Board asked the RM to file additional information including:

- Tangible Capital Asset continuity schedule for the utility. (*Submitted*)
- Confirmation of the contingency and reserve fund provisions. (*Noted within this order*)
- Confirmation of capital grants received including to which utility they should be reflected. (*Noted within this order*)
- Confirmation that the capital costs of the sewage treatment plant are collected from all properties in the

RM, whether connected to the collection system or not.

(Confirmed)

- The number of lots in separate developments, the number of customers in each development and the type of services provided. *(Submitted)*
- The numbers of customers connected to the sewage collection system who only release liquids into the system and who are responsible for having solid removed from their septic tanks. *(The RM advised that there would be approximately 20 properties affected; the RM is amenable to reimbursing these customers up to one septic pump out per year upon proof of payment)*

The RM was also asked to comment on:

- Phasing-in reserve and contingency provisions. *(The RM is not in favour noting that significant upgrades are required)*
- Assessing costs of contingency and reserves to vacant properties. *(The RM indicated this might be an option if costs to generate the additional billings, grants and amortization were included)*
- Establishing separate tipping fees for customers within the RM who contribute to the capital costs of the sewage treatment plant through property taxes. *(The RM indicated everyone who pays tipping fees within the RM does contribute to the capital costs except for specific properties serviced through an agreement with the RM of Armstrong)*

In December 2010 the RM submitted a completely revised expense schedule for the sewer utility, and advising in March 2011 that the original application did not include direct costs related to Public Works staff.

As at the time of issue, the RM had yet to submit its 2009 audited financial statements.

Board Findings

The Board thanks the approved Intervener and those that submitted letters of concern or support, attended the RM's office or attended the Board's Public Hearing in September 2010.

Significant information was presented ahead of the hearing as well as, at the hearing; all assisted the Board in its decision. All input from all parties providing same has been reviewed and considered by the Board.

The Board thanks the RM for their efforts throughout this process towards providing the Board with a clear understanding of its utilities and the needs of the community.

The Board finds itself in a difficult position, noting the length of time since the application was first submitted (the public hearing process having been completed in September 2010, followed by the RM continuing to file updated and revised information after that).

The Board's decisions are based on the information included in the revised submission (received prior to and circulated at the Public Hearing), updated capital information (including amortization and grants) and subsequent responses from the RM, those generated as a result of the public hearing.

Approved Rates

The Board will approve as final the interim rates set by Order 63/10 for 2011, except as noted below.

The interim approved rates, which customers have been paying since July of 2010, reflect a significant increase. Over time the RM noted additional errors and omissions from its earlier submission, which will have to be addressed.

Although higher rates will have a negative effect on consumers, especially low income households, utility customers should be responsible to pay for the services they use or are available to them. Water is an essential service, and just and reasonable rates are necessary to ensure that the RM's utilities have the revenue needed to best ensure an adequate supply of safe drinking water.

Numerous water saving options are available to the public and the RM has shown that they are willing to help customers on an individual basis. When the increases were implemented in July 2010, the RM reported attending to many households to assist customers in helping to come up with solutions to reduce high water usage.

The Board encourages the RM to continue in its efforts to educate the public on water conservation. One method of conservation supported by the Board is the installation of water meters for all water services, and the removal of the REU or flat rate. Consumer's awareness of the amount of water used through meters for actual consumption, generally leads to

noticeable efforts made to conserve water.

The Board notes that this is in the RM's plans, as it moves towards possibly constructing a new regional water treatment plant.

The approved rates should allow the RM to operate in 2011 without incurring a deficit, as additional customers are likely to be added to the sewer service in 2011 and billed accordingly. The Board recognizes that the RM may not be able to make a contribution to its reserve fund, as planned, in 2011.

The Board confirms the removal of the seasonal sewer rate, noting that the ability to 'disconnect' sewer services is not within the RM's control. Further, monitoring sewer only usage is not something the RM can track; sewer service is available year round and appropriate billing should reflect same.

The Board also confirms the removal of the seasonal water rate, for similar reasons (the system is a year round system). The RM has expressed concerns that customers are contravening its bylaws and turning on the services outside the approved times, and without the RM's approval.

If customers wish to have individual water services discontinued for a specific period of time, then they should contact the RM to discuss their options. The Board approves the disconnection fee of \$100 for when services are disconnected due to non-payment of account or at the request of the property owner; a \$100 reconnection fee is also approved herein.

The Board notes the concerns of Aspen Park customers that they feel they should be assessed the same rate as customers of the LUD. With Aspen Park customers receiving water services from GBP water system, the costs associated with that system should be borne by customers connected. Aspen Park customers are connected to the GBP system and as such need to pay for the costs of that system.

Bulk Sewer Rate

The Board will approve assessing the approved bulk sewer rate to customers located outside the RM boundaries, but rejects assessing this rate to customers within the RM.

Using the present formula, customers within the RM boundaries would effectively be charged twice for capital costs associated with the new WWTP. For customers within the RM's boundaries, and until such time as the RM submits a revised rate for these customers, the RM is to administer two rates as noted:

- Bulk sewer rate for customers outside the RM's boundaries \$4.70/m³
- Bulk sewer rate for customers within the RM's boundaries \$1.28/m³

The Board encourages the RM to work with septic haulers to determine an appropriate reporting method, to ensure customers are paying an adequate fee.

The RM should consider requiring haulers to set out this bulk sewer fee separately on the customers invoice. The RM may then

wish to implement a random audit program to ensure haulers are assessing the proper fee. A random audit could include contacting a customer within the RM and asking the customer to submit a copy of the invoice from the hauler. A similar procedure could be done for customers outside the RM.

The Board also encourages the RM to continue working with Board staff to determine a fair rate to assess bulk sewer customers from within the municipality. The Board notes other capital costs that might be included in determining a fair rate.

Other Fees

The Board commends the RM in providing a solution to address the differences in the sewer services provided to customers, such as those in King's Park.

The Board finds the RM's proposal to reimburse these customers one septic tank pump out per year, upon proof of payment, and if the customer is connected to the RM's sewage collection system to be reasonable. The RM will need to reflect this policy in its utility rates by-law.

Revised Submission

The Board is cognizant that the RM now advises that costs related to public works staff have not been included in earlier filings and the rates now approved may not be able to address the costs adequately.

The Board requires the RM to submit a new schedule of estimates

on Appendix "B" for each utility that shows the revised and additional expenses, and offsetting revenues, for 2012 and 2013. As well, the RM is to file a revised rates schedule for each utility, for the Board's approval.

Following the submission, the proposed rates will be circulated to members of the public for comment prior to a decision of the Board. The Board does not expect that an oral public hearing will be needed for this submission.

When all expenses have been included in the RM's revised submission, the Board expects additional increases will be required in each of the years 2012 and 2013 to continue meeting the operational expenses of the utilities. Again, municipal utilities are required by law to operate on a breakeven basis.

Deficits

With respect to budgeted 2009 deficits of the utilities, the Board will require the RM to submit its 2009 audited financial statements when received, and file an application to address any actual utility deficit incurred.

Sewer Merger and Distribution of Reserve Funds/Cash Surplus

The Board approves the merger and amalgamation of the five separate sewer utilities into one utility. All sewer utilities are using the services of the new WWTP and therefore it makes sense to set one rate for all who have similar services.

The Board agrees with the RM's plan to create a new sewer

reserve fund that will be augmented by approved rates and annual transfers. These funds will then in turn be used towards sewer projects to benefit sewer customers as a whole.

The existing reserve fund balances and any existing cash surplus in the five separate sewer accounts are to be used to benefit only the customers that paid into these accounts. The RM will need to maintain a clear accounting record to ensure accuracy.

Reserves

The Board will require the RM to ensure separate reserve fund bylaws are update as required to reflect the minimum annual contribution to be made from the approved rates. If the approved rates no longer support the transfers approved, the RM will have to revisit this issue and approach the Board with a proposed solution.

The reserve accounts that had been maintained (such as for the Pelican Beach water and sewer utility) will need to be distributed proportionately. The Board will require the RM to distribute the funds similarly to how the capital assets have been divided, i.e. for Pelican Beach 25% was for water and 75% for sewer.

Shared Cost Allocation Methodology

The Board approves the RM's share cost allocation methodology noting that the allocations for the utility are based on a percentage of an employment position held in the RM. Direct costs are tracked and allocated appropriately to either the

general operations of the municipality or the utility.

The Board reminds the RM that if any changes to this now approved allocation are proposed, prior Board approval is required.

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.

IT IS THEREFORE ORDERED THAT:

1. Interim rates effective July 1, 2010, as varied by this Order and attached hereto as Schedule "A" BE AND ARE HEREBY APPROVED as final.
2. The Rural Municipality of Gimli be and is hereby required to amend its By-law No. 09-0022 (to be consistent with the provisions set out in this Order and the attached Schedule "A").
3. The Rural Municipality of Gimli is to file a copy of its Bylaw No. 09-0022, as amended, following third and final reading, by May 31, 2011.
4. The merger of the five sewer utilities into one amalgamated utility BE AND IS HEREBY APPROVED.
5. The Rural Municipality of Gimli is required to submit a revised schedule of estimated utility expenses for 2012 and 2013, and proposed rates by May 31, 2011.
6. The Shared Costs Allocation methodology as submitted by the Rural Municipality of Gimli BE AND IS HEREBY APPROVED.
7. The Rural Municipality of Gimli files with the Public Utilities a copy of its 2009 audited financial statements and an application to address any deficit, as required, as soon as said statements are available.

Fees payable upon this Order - \$2,500.00

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"
Chairman

"KRISTINE SHIELDS"
Acting Secretary

March 30, 2011
Order No. 42/11
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Certified a true copy of
Order No. 42/11 issued by
The Public Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 42/11

THE RURAL MUNICIPALITY OF GIMLI

WATER AND SEWER RATES

1.0 Minimum Sewer Charges Per Quarter.

Commodity Charge - \$1.28 per cubic meter (m³)

1.1 Sewer Customers - Metered

All customers with metered water and sewer service shall pay the applicable minimum sewer rate charge set out below based on the consumption of the metered water service, which will include the allowance indicated.

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$11.86	\$ 1.28	\$ 29.14
3/4"	2	27 m ³	\$11.86	\$ 1.28	\$ 46.42
1"	4	54 m ³	\$11.86	\$ 1.28	\$ 80.98
1 1/2"	10	135 m ³	\$11.86	\$ 1.28	\$ 184.66
2"	25	337.5 m ³	\$11.86	\$ 1.28	\$ 443.86
3"	45	607.5 m ³	\$11.86	\$ 1.28	\$ 789.46
4"	90	1215 m ³	\$11.86	\$ 1.28	\$1,567.06
6"	170	2295 m ³	\$11.86	\$ 1.28	\$2,949.46

1.2 Sewer Customers - Flat Rate

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or Small Business	1	\$11.86	\$ 69.59	\$ 81.45
Building with more than one residence or business				
Two residences or businesses	2	\$11.86	\$ 139.18	\$ 151.04
Three residences or businesses	3	\$11.86	\$ 208.77	\$ 220.63
Trophy Cup	1	\$11.86	\$ 69.59	\$ 81.45

Design Canada	1	\$11.86	\$ 69.59	\$ 81.45
Gimli Small Engines	1	\$11.86	\$ 69.59	\$ 81.45
Lake Agassiz Marine Office	1	\$11.86	\$ 69.59	\$ 81.45
Lake Agassiz Marine Hangar #2	2	\$11.86	\$ 139.18	\$ 151.04
Lake Agassiz Marine Hangar #4	2	\$11.86	\$ 139.18	\$ 151.04
Misty Lake Lodge	5	\$11.86	\$ 347.95	\$ 359.81
Lake Winnipeg Boat Works	3	\$11.86	\$ 208.77	\$ 220.63
Lake Agassiz Marine Hangar #1	5	\$11.86	\$ 347.95	\$ 359.81
GIDG Dunlop Building	5	\$11.86	\$ 347.95	\$ 359.81
Natural Resource Water Bombers	5	\$11.86	\$ 347.95	\$ 359.81
Lake Winnipeg Boat Works	5	\$11.86	\$ 347.95	\$ 359.81
Skyline Hangar #3	5	\$11.86	\$ 347.95	\$ 359.81
Faroex - Plant	15	\$11.86	\$1,043.85	\$1,055.71
Faroex - Warehouse	1	\$11.86	\$ 69.59	\$ 81.45
Faroex - Research Building	1	\$11.86	\$ 69.59	\$ 81.45

1.3 Sewer Customers - Bulk Rates and Septic Haulers within the RM limits

Volumetric Charge (m³) - \$1.28 (\$5.81 per 1,000 gallons)

1.4 Sewer Customers - Bulk Rates and Septic Haulers outside the RM limits

Volumetric Charge (m³) - \$4.70 (\$21.34 per 1,000 gallons)

2.0 Minimum Water Charges Per Quarter

2.1 Water Customers

Notwithstanding the commodity rates set forth in Section 1 hereof, all customers with water and sewer service shall pay the applicable flat rate set out below or minimum charge set out below based on the consumption of metered water service, which will include the allowance indicated.

2.2 Urban Area Water System - Metered

Commodity Charge - \$1.09 per cubic meter (m³)

Minimum Quarterly Charges - Water Connections Only

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$ 9.37	\$ 1.09	\$ 24.09
3/4"	2	27 m ³	\$ 9.37	\$ 1.09	\$ 38.80
1"	4	54 m ³	\$ 9.37	\$ 1.09	\$ 68.23
1 1/2"	10	135 m ³	\$ 9.37	\$ 1.09	\$ 156.52
2"	25	337.5 m ³	\$ 9.37	\$ 1.09	\$ 377.25
3"	45	607.5 m ³	\$ 9.37	\$ 1.09	\$ 671.55
4"	90	1215 m ³	\$ 9.37	\$ 1.09	\$1,333.72
6"	170	2295 m ³	\$ 9.37	\$ 1.09	\$2,510.92

2.3 Urban Area Bulk Water Rates

Volumetric Charge (m³) - \$1.26 (\$5.72 per 1,000 gallons)

2.4 Pelican Beach Area Water System - Metered

Commodity Charge - \$0.71 per cubic meter (m³)

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$10.02	\$ 0.71	\$ 19.61
3/4"	2	27 m ³	\$10.02	\$ 0.71	\$ 29.19
1"	4	54 m ³	\$10.02	\$ 0.71	\$ 48.36
1 1/2"	10	135 m ³	\$10.02	\$ 0.71	\$ 105.87
2"	25	337.5 m ³	\$10.02	\$ 0.71	\$ 249.65
3"	45	607.5 m ³	\$10.02	\$ 0.71	\$ 441.35
4"	90	1215 m ³	\$10.02	\$ 0.71	\$ 872.67
6"	170	2295 m ³	\$10.02	\$ 0.71	\$1,639.47

2.5 Pelican Beach Area Water System - Flat Rate

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
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Single Family or Small Business	1	\$10.02	\$ 47.49	\$ 57.51
Building with more than one residence or business				
Two residences or businesses	2	\$10.02	\$ 94.98	\$ 105.00
Three residences or businesses	3	\$10.02	\$ 142.47	\$ 152.49

2.6 Pelican Beach Bulk Water Rate

Volumetric Charge (m³) - \$3.04 (\$13.81 per 1,000 gallons)

2.7 Gimli Business Park Area Water System - Metered

Commodity Charge - \$1.41 per cubic meter (m³)

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$11.37	\$ 1.41	\$ 30.41
3/4"	2	27 m ³	\$11.37	\$ 1.41	\$ 49.44
1"	4	54 m ³	\$11.37	\$ 1.41	\$ 87.51
1 1/2"	10	135 m ³	\$11.37	\$ 1.41	\$ 201.72
2"	25	337.5 m ³	\$11.37	\$ 1.41	\$ 487.25
3"	45	607.5 m ³	\$11.37	\$ 1.41	\$ 867.95
4"	90	1215 m ³	\$11.37	\$ 1.41	\$1,724.52
6"	170	2295 m ³	\$11.37	\$ 1.41	\$3,247.32

2.8 Gimli Business Park Area Water System - Flat Rates

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or Small Business	1	\$11.37	\$ 66.48	\$ 77.85
Building with more than one residence or business				
Two residences or businesses	2	\$11.37	\$ 132.96	\$ 144.33
Three residences or businesses	3	\$11.37	\$ 199.44	\$ 210.81
Trophy Cup	1	\$11.37	\$ 66.48	\$ 77.85
Design Canada	1	\$11.37	\$ 66.48	\$ 77.85

Gimli Small Engines	1	\$11.37	\$ 66.48	\$ 77.85
Lake Agassiz Marine Office	1	\$11.37	\$ 66.48	\$ 77.85
Lake Agassiz Marine Hangar #2	2	\$11.37	\$ 132.96	\$ 144.33
Lake Agassiz Marine Hangar #4	2	\$11.37	\$ 132.96	\$ 144.33
Misty Lake Lodge	5	\$11.37	\$ 332.40	\$ 343.77
Lake Winnipeg Boat Works	3	\$11.37	\$ 199.44	\$ 210.81
Lake Agassiz Marine Hangar #1	5	\$11.37	\$ 332.40	\$ 343.77
GIDG Dunlop Building	5	\$11.37	\$ 332.40	\$ 343.77
Natural Resource Water Bombers	5	\$11.37	\$ 332.40	\$ 343.77
Lake Winnipeg Boat Works	5	\$11.37	\$ 332.40	\$ 343.77
Skyline Hangar #3	5	\$11.37	\$ 332.40	\$ 343.77
Faroex - Plant	15	\$11.37	\$ 997.20	\$1,008.57
Faroex - Warehouse	1	\$11.37	\$ 66.48	\$ 77.85
Faroex - Research Building	1	\$11.37	\$ 66.48	\$ 77.85

2.9 Gimli Business Park Bulk Water Rate

Volumetric Charge (m³) - \$1.54 (\$6.99 per 1,000 gallons)

3.0 Service to Customers Outside Municipal Limits

The Council of the Municipality may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Municipality. Such agreements shall provide for payment of the appropriate rates set out in the 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 connection to the utility's mains, and installing and maintaining service connections will be paid by the customer.

4.0 Penalty for Late Payment

A late payment charge of 1 ¼% per month compounded 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.

5.0 Disconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the municipality 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 Municipality's office and as attached to this by-law and marked as Schedule "B".

Where any service is disconnected pursuant to a request of the customer or property owner, a fee of \$100.00 shall be charged.

6.0 Reconnection Fee

Where any service is disconnected under the provisions of this by-law or at the request of the customer, service shall not be reconnected until all arrears, penalties and a reconnection fee of \$100.00 have been paid.

7.0 Outstanding Accounts

Pursuant to Subsection 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.

8.0 Hydrant Rentals

The Rural Municipality of Gimli shall pay to the utility an annual rental of \$125.00 for each hydrant connected to the system.

9.0 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 Municipality, he/she shall deposit with the Director of Finance and Administration the sum of One Hundred Dollars (\$100.00), which shall be retained and if the meter is found to be accurate, the said sum of One Hundred Dollars (\$100.00) shall be retained by the Municipality, and if the meter is found to be inaccurate, the said sum of One Hundred Dollars (\$100.00) will be returned to the customer.

10.0 Sewage Surcharges

That there may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by resolution of Council.

That a special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular surcharge or industrial waste.