

MANITOBA) Order No. 46/13
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THE PUBLIC UTILITIES BOARD ACT) May 1, 2013
REVISÉ MAY 9, 2013
REVISÉ MAY 30, 2013

BEFORE: Susan Proven, P.H.Ec., Acting Chair
Régis Gosselin, BA, MBA, CGA, Chair

THE TOWN OF LAC DU BONNET
INTERIM WATER AND SEWER RATES
EFFECTIVE APRIL 1, 2013

Executive Summary

By this Order, the Public Utilities Board (Board) hereby approves revised interim water and sewer rates for the Town of Lac du Bonnet (Town) Water and Sewer System (Utility) and confirms as final the rates approved on an interim *ex parte* basis in Order No. 16/11, issued on January 24, 2011.

Rates and minimum quarterly bills as of April 1, 2013 will be as follows:

	2009 rates (11/07)	Current rates (16/11)	Increase/ Decrease	April 2013 rates	Increase/ Decrease
Quarterly Service Charge	\$ 13.18	\$ 14.60	10.77%	\$ 35.92	146.02%
Water \$/per cubic meter	\$ 1.46	\$ 1.75	19.86%	\$ 1.58	-9.82%
Sewer \$/per cubic meter	\$ 0.31	\$ 0.48	54.84%	\$ 0.59	22.92%
Minimum Quarterly*	\$ 37.96	\$ 45.82	20.71%	\$ 66.30	44.70%
Sewer Only-flat rate**	\$ 29.61	\$ 40.04	35.22%	\$ 67.19	67.81%
Truck Fill \$/per cubic meter	\$ 2.20	\$ 2.65	20.45%	\$ 2.17	-18.29%
Pail Fill \$/pail	\$ 2.50	\$ 3.00	20.00%	\$ 3.19	6.33%
Hydrant Rental (Annual)	\$ 85.00	\$ 100.00	17.65%	\$ 106.00	6.00%

* Based on 14 cubic meters per quarter

** Based on 53 cubic meters per quarter

Details of other rates may be found in the attached Schedule "A".

Introduction:

The Town of Lac du Bonnet (Town) operates a water treatment and sewage system consisting of:

- A plant drawing water from the local lake;
- Distribution mains;
- Sewage collection mains (with two lift stations); and
- A lagoon.

Overall water quality (taste and colour) is reported to be good. All water plant treatment discharges go to the lagoon which then discharges to a creek leading to the Winnipeg River.

The Town provides water and sewer services to customers located in the adjoining Rural Municipality of Lac du Bonnet (RM).

The December 2011 rate study estimated that the Town services the following (some uncertainty exists due to seasonal connections and disconnections):

- Customers:
 - o Water and sewer - 510
 - o Water only 8 (outside of Town, billed quarterly with Town residents)
 - o Sewer only 1 (additional 18 in Tanco subdivision)

- 32 hydrants

At the time the rate study was prepared, the Town prepared 519 invoices quarterly, plus an additional three (3) invoices to the RM of Lac du Bonnet on an annual basis. The Board has used 522 as the final number of customers in calculating the approved rates.

An agreement exists between the Town and the RM, allowing the Town to bill the RM for half ($\frac{1}{2}$) of the annual taxes it levies on the Glen Howard Inn and an annual debenture amount for the other seven (7) water customers.

The 18 sewer only customers located in the RM's Tanco subdivision are billed quarterly by the Town for 56 m³ sewer usage, plus a customer service charge and a debenture amount.

The billed debenture amount contributes towards the Utility's major capital upgrades, whereas Town residents support capital investments through their taxes.

Since the last rate study, the Town has implemented a program to replace the cast iron water mains. Major portions of the water mains in the worst condition were replaced in phases during 2009 and 2010. A future phase will be required to replace the final portion of the cast iron water mains, estimated at 1,200 linear metres in length. No timeline for this final phase has been established.

The water main replacement program completed to date has been funded by a combination of government grants and debentures. No monies directly related to Utility water rates were used to finance the two phases.

The sewer mains and manholes are in good condition and the main lift station has been recently replaced. Two other lift stations are aging and will require upgrades, which are expected to be paid for by future Gas Tax Grants.

Unaccounted for water, which is the difference between the amount of water produced and that sold, is estimated to be as high as 22% per year. The Town's reported potential causes of the unaccounted for water include:

- watering of Town planters and hanging baskets
- water main breaks
- hydrant flushing
- Fire Department usage
- temporary water services due to water main replacement

- old cast iron water mains that may be severely corroded

Application:

The Town initially submitted an application for revised water and sewer rates on November 22, 2010 to amend rates that had been in place since 2007. By-law 115/10 was read the first time on October 14, 2010.

A rate study was prepared by the Town's consultants. The rate study was accompanied by a proposed cost allocation policy for the Utility's portion of the Town's operating expenditures; the application proposed that 10% of its expenditures, before transfers and connections, be used as the Utility's costs.

A revised application was received from the Town in December 2011. A Notice of Application was issued and then rescinded by the Town.

The Board approved rates on an interim *ex parte* basis in Order No. 16/11, issued on January 24, 2011.

The Town then submitted Resolution 218/11, which amended the existing rate application to include a proposed \$5,000 charge for connection to the water system from outside of Town limits.

The final Notice of Application was issued in March 2012. Customers were given an opportunity to comment to both the Board and the Utility about the proposed increases.

The proposed rates were subsequently revised again by the applicant, with the final rates being submitted verbally during the Public Hearing held October 22, 2012 and then submitted in writing November 16, 2012.

Mr. Ted Mathers and Mr. Gordon Peters, two ratepayers and Utility customers from the Town, applied to the Board for intervener status. Mr. Mathers had made presentations at the 2005 hearing and was an intervener at the 2007 hearing. Mr. Mathers and Mr. Peters were granted joint intervener status by Board Order No. 121/12 for the October 22, 2012 Public Hearing for the Town's rate application. No costs were sought by the interveners.

Subsequent to the hearing, and after multiple requests from the Board, the Town submitted a revised "Section 5.0 Rate Calculations" to their rate study on November 16, 2012. This is a critical element of a rate application.

Prior to the Hearing, the Board conducted a preliminary review of the Town's application. The Board and the interveners submitted information requests to the Town. All responses received from the Town formed part of the written evidence considered by the Board.

Finally, the Board received the audited statements for the years 2010 and 2011 on January 22, 2013.

Public Response

Stakeholders present at the Hearing expressed concern about the \$5,000 water system connection fee for residents of the RM. The Board has on file three submissions expressing the view that the

\$5,000 charge being assessed for non-residents of the Town is excessive. This sentiment was also expressed by stakeholders in attendance at the Hearing.

The Board heard from the Town's representatives regarding the assignment of the \$5,000 charge to non-residents. They indicated that the charge is intended to create a balance between non-residents and Town residents, who are required to make capital contributions through their taxes. The Town also noted there is currently no agreement in place between the RM and the Town making provision for the Town to receive a portion of the RM's taxation revenues, in lieu of a capital contribution, from these customers.

The Town asserted that the charge was based on a "reasonable amount", rather than a quantifiable calculation. Prior to establishing the charge, the Town surveyed other Utilities to determine their connection charges. The survey results did not support the requested connection charge. Only three (3) of the fourteen (14) surveyed Municipalities charge more than the Town's current connection fee of \$1,100 (water and sewer), and half of the Municipalities surveyed did not charge a connection fee. The survey results provided to the Board did not include any information on resident vs. non-resident connection charges.

On the matter of who is bearing the cost of the water loss, the Town's representatives responded that some water loss is normal; the cost is minimal since it only involves chemicals used to treat the lost water. Issues leading to abnormal losses are being addressed.

With respect to the developer of a 23 unit condominium who was allowed to connect the units of the system without paying a connection fee until the unit is sold. The representatives briefly explained the variables that are involved in negotiating development deals.

The Board was asked to assist in negotiations with the RM over the sewer system and other items which are ongoing between the RM and Town. The Board does not have a role in those negotiations.

Intervener Positions

Mr. Peters expressed concern about the recovery of capital expenditures through property tax assessments. He submitted that the use of property assessments to allocate those costs results in residents who own property with a higher value having to bear a higher portion of the capital costs of the Utility. He expressed the view that the Town should move towards a "full cost recovery model" and that the debenture should be repaid through utility rates, not by taxes.

Mr. Mathers objected to the cost of service methodology currently in use, and stated the Utility would be better served using "life cycle costing", which he indicated is in use in other provinces in Canada.

Mr. Mathers supported the use of a fair "System Development Charge" to be paid by all end users to achieve full cost recovery. He was also concerned about the long term financial integrity of the Utility, and supported rates that were calculated using Public Sector Accounting Board (PSAB) methodology for calculating amortization. Finally, he was concerned about the accuracy of reported truck and pail sales.

Board Findings

With this Order, the Board will vary the rate proposal and set new interim rates, effective April 1, 2013, as shown in the attached Schedule "A".

Generally, rate applications undergo a fairly straightforward, albeit time consuming, process by which the submission is analyzed, questions are asked and answered, and the Board considers all of the evidence and issues an Order in due course.

In this case, the resources expended have been excessive and extraordinary. The repeatedly modified rate application veered from the norm in several ways. The submission from the Town was incomplete, with material errors and omissions. The multiple revisions and changes to the original application made it extraordinarily difficult to follow a clear path from budgeted expenditures through to indicated rates.

Should future applications follow a similar pattern, the Board will return the rate application in its entirety to the Town and ask that it be reviewed and submitted once it is complete and correct.

The period of time from initial application to final Board Order has been exceptionally long. The Board and the Town both engaged external consultants. Consultants, other than those preparing rate studies, are rarely involved in water and sewer applications. Their participation significantly increases the cost of having rates approved.

Individual stakeholders are rarely approved as interveners for a public hearing involving a municipal water and sewer utility rate application.

Manitobans can express concerns and positions about applications considered by the Board. They may participate either as presenters or interveners.

- An intervener is someone who can provide information or evidence to assist the Board in reviewing the application. To be registered as an intervener, an individual must satisfy the requirements set out in the Board's Rules of Practice and Procedure.
- A presenter is an individual who wants to make a statement to the Board about the application being considered in a public hearing.

Effective intervention requires submissions that are timely, brief and to the point. In this instance, the Board has concluded that the two interventions did not satisfy expected standards. Much of the vast amount of material submitted addressed issues that are not for consideration in a single utility's rate application. For example, an individual town's rate application is not the appropriate venue for considering

the merits, or otherwise, of the cost recovery methodology used by the Board throughout its rate decisions involving Manitoba's water and sewer utilities. The resources required to review these interveners' submissions and their queries unduly complicated the efforts of the Town and Board in processing and finalizing this rate application.

The Board supports charging a connection or "System Development Charge" for non-residents who are connecting to a distribution system. However, it is important that a quantitative basis be used for setting the appropriate charge in order to ensure its fairness. Therefore, the Board denies the application to impose a \$5,000 water system connection charge. The Board encourages the Town to reapply for a non-resident connection charge that can be supported quantitatively at their earliest opportunity.

The Town applied a formula to allocate a portion of its costs to support the operation of the Utility. However, the Board is concerned that, since the allocation is based on Utility expenditures rather than actual administrative costs, the formula generated value is not an accurate reflection of the cost of administering the Utility.

The Town reported to the Board that "...the 10% figure for shared services was incorporated in the 2010 rate study by an employee who is no longer employed by the Town. Furthermore, upon searching the Town's records, no supporting documentation was found pertaining to the 10% figure. The Town is, therefore, not in a position to provide the rationale sought by the Board."

The Board is concerned that the costs assigned to the Utility are, in fact, far too low and, as such, the Board has included a significantly higher administration cost in calculating the rates approved in this Order. This cost was deemed reasonable, based on the Board's experience with utilities of a similar size. This is not common practice; however, the Board decided to make an exception so as to more adequately reimburse the Town for the operation of the Utility.

Therefore, the Board directs the Town to review its cost allocation methodology and submit this methodology, with supporting rationale and an appropriate Council resolution, for Board approval no later than September 30, 2013. The Town should review Board Order No. 93/09 for guidance in determining an appropriate cost allocation methodology.

The Board understands the opinions expressed by the interveners regarding the implementation of a full cost recovery model, specifically on capital projects; however, the Board will not impose this methodology on the Town since such a decision would potentially impact the rates charged by many other municipalities. The Board recognizes that arguments can be made both for and against a community charging capital projects through the tax base.

This use of the tax base is an accepted practice in Manitoba, and the Board agrees that all community members benefit from the existence of the infrastructure, whether they are connected to the system or not.

Delays were also caused by the Town revising and resubmitting the rate application on several occasions, submitting resolutions to amend the rate application, changes made by the Town's staff and by the limited resources of the Board and the Town.

The handling of interrogatories by the Town and their representatives was also problematic. The challenge of properly assessing a rate application when responses are incomplete and not received in a timely fashion puts additional strain on all parties involved. The Board understands that the Town, as is the case for all levels of government, faces resource limitations. However, it is still crucial that questions be answered in a forthcoming, transparent and timely manner. This has not been the experience of the Board in considering this rate application.

The 2010 and 2011 audited financial statements were received by the Board on January 22, 2013. The values reported in the statements vary significantly from those used in the rate application. Some of these variances can be attributed to reallocation of expenses and revenues. However, the use of different categories for these amounts made the review and analysis of the statements compared to the application very difficult and time consuming.

The Board has reviewed the expense and non-rate revenue projections from the rate application, as well as the actual

values from the audited financial statements for the years 2009, 2010 and 2011:

	Appendix B - water rate study Dec 2011			Actuals - audited statements			Variance		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Water expenses	394,688	481,932	511,125	377,256	358,730	342,658	-17,432	-123,202	-168,467
Water non-rate revenue	159,406	217,016	259,758	163,092	223,966	265,210	3,686	6,950	5,452
Net rate revenue required - Water	235,281	264,916	251,367	214,164	134,764	77,448	-21,117	-130,152	-173,919
Net rate revenue required - Sewer	66,078	62,266	64,266	56,329	19,248	79,807	-9,749	-43,018	15,541

The Board concludes that there is a material difference in the estimates provided with the rate application and the expenses reported by the audited financial statements.

On February 15, 2013 the Town of Lac du Bonnet provided the following actual water consumption figures to the Board:

	<u>Rate Study (Nov 2011)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total water produced - m³	126,000	166,225	173,428	163,031
Pail fill - m³	100	145	128	93
Truck fill - m³	-	26,097	28,723	29,899

These types of discrepancies have contributed to the delays in processing the rate application and have given the Board cause for concern regarding the accuracy of the information provided.

The audited financial statements show substantial surpluses for 2010 and 2011. Analysis of the data yielded the following:

	2009	2010	2011
Net operating surplus/deficit (-)	- 138,395	130,396	- 7,581
Transfer from Operating Fund to cover debenture payment	97,243	148,796	194,124
Transfer from Gas Tax Reserve	61,447	61,447	55,070
Transfer to Utility Reserve	- 78,286	- 72,457	- 5,064
Amortization of Capital Grants	55,347	58,384	59,184
Adjusted surplus/deficit (-)	- 2,644	326,566	295,733

The results vary considerably from those used by the Town as the basis for its rate application. The Board understands that the surpluses are in part due to the large transfer from the Operating Fund to cover debenture debt payment. Debenture debt repayment is being collected through taxes and recognized as revenue by the Utility, with only the interest portion of the debt repayment recorded as an expense, as required under Public Sector Accounting Board standards. The balance of the debt repayment goes toward reducing liabilities.

There is an issue created because debt repayment terms do not match the amortization period of the related assets. This causes revenues to be inflated while the Utility is receiving taxation revenues. Once the debentures have been paid, assets are still being amortized, thus requiring higher water and sewer rates. In Board Order 93/09, section 3.2 Debenture Debt Repayment stated that circumstances surrounding this issue should be reviewed on a case-by-case basis. A reasonable amount could be allocated to the accumulated surplus or reserve account, to help offset the amortization expense in later years.

Administrative costs for the Utility are likely understated because of the formula being used. The Board urges the Utility to consider transferring a portion of the calculated surpluses back to the General Fund in repayment of some of those administrative costs incurred on the Utility's behalf by the Town.

A detailed analysis of the variances between the rate application and the audited results has been extremely challenging, given the disparity in categorizing the expenses and revenues between the two sets of documents. It appears that the rate application did not take Gas Tax Reserve contributions into account, and also significantly underestimated the bulk water sales. There are also material variances in operating costs, which, despite inquiries from the Board, remain unexplained.

The Board asks that, in preparing future applications, the Town ensure the categories submitted in the Schedule of Utility Rate Requirements (Appendix "B") align with those found on Schedule 9 of the Town's audited financial statements, to facilitate comparison.

Because the rate application was ultimately substandard, the Board relied significantly on its own review and analysis of the available information in arriving at a rate decision. Furthermore, it has decided that rates should not be finalized, but set on an interim basis.

The Board has set rates based using the following data:

Expenditures :

	2013
<i>General</i>	
Administration	73,500
Billing and collection	2,500
Less: Penalties	1,000
<i>Net revenue general</i>	75,000
<i>Water Expenses</i>	
Purification and treatment	100,000
Transmission and Distribution	82,777
Amortization/ depreciation	129,068
Interest on long term debt	128,332
Contingency	33,500
<i>Sub-total- water expenses</i>	473,677
<i>Water Revenue</i>	
Connection Revenue	2,200
Hydrant Rentals	3,200
Amortization of capital grants	59,184
Investment income	5,000
Taxation revenues	194,131
<i>Total non-rate revenue - water</i>	263,715
<i>Net rate revenue - water</i>	209,962
<i>Sewer Expenses</i>	
Sewage Collection System	50,000
Sewage Lift station	10,682
Amortization/ Depreciation	7,266
Contingency	10,000
<i>Total sewer expenses</i>	77,948
<i>Total non-rate revenue- sewer</i>	0
<i>Net rate revenue - Sewer</i>	77,948

<u>Quarterly service charge calculation</u>	
Net revenue requirement - General	75,000
Customers	522
Quarterly Service Charge	35.92
<u>Bulk water calculation</u>	
Net rate revenue requirement - Water	209,962
Total water sales in m3	163,031
Gross water commodity rates, used for calculating bulk rates (C)	1.29
Net revenue requirement General + Water (A)	284,962
Debenture debt charges for water treatment plant (B)	194,124
Bulk water rate = (A+B/A)*C	2.17
<u>Water commodity charge calculation</u>	
Net rate revenue requirement - Water	209,962
Bulk water revenue	
Net rate revenue requirement water, minus bulk water sales	209,962
Total water sales in m3 (2012 actuals, minus bulk sales volume)	133,039
Water commodity rates	1.58
<u>Sewer commodity charge calculation</u>	
Net rate revenue requirement - Sewer	77,948
Total water sales in m3 (2012 actuals, minus bulk sales volume)	133,039
Sewer commodity rates	0.59

Rates for pail fill and hydrant rental have been approved as applied for. By Board Order 111/07, the Town was granted discretionary authority over the pail fill charge, up to a maximum of \$5.00/20L pail fill. The charges applied for include an inflationary provision of 3% for the last two years, which the Board finds reasonable.

By this Order, the Board is setting interim rates for the Town of Lac du Bonnet for 2013, to come into effect April 1, 2013 as set out in Schedule "A" to this Order.

The Board directs the Town to submit a new rate application on or before December 31, 2013.

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. The interim water and sewer rates for the Town of Lac du Bonnet Water and Sewer System, as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED with revised rates to be effective April 1, 2013.
2. The water and sewer rates for 2011, as approved on an interim *ex parte* basis in Order 16/11, BE AND ARE HEREBY CONFIRMED AS FINAL.
3. The Town of Lac du Bonnet submit a new rate application no later than December 31, 2013.
4. The Town of Lac du Bonnet amend the water and sewer by-law to reflect the approvals contained herein and submit same to the Board once it has received third and final reading.

5. The application to raise the water connection fee for non-residents from \$750 to \$5,000 BE AND IS HEREBY DENIED.
6. The cost allocation methodology as submitted by the Town of Lac du Bonnet BE AND IS HEREBY DENIED.
7. The Town of Lac du Bonnet will resubmit their cost allocation methodology for administrative costs supporting rationale on or before September 30, 2013.
8. The Town file copies of the year end external, audited financial statements for 2012 once they are finalized.

Fees payable upon this Order - \$3,000.00

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN, P.H.Ec.,"
Acting Chair

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of Order No.
46/13 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 46/13
TOWN OF LAC DU BONNET
WATER AND SEWER RATES
BY-LAW NO. 115/10

Year 2013

1.0--SCHEDULE OF QUARTERLY RATES

A schedule of rates per cubic metre (m³) per quarter

Commodity Rates	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
Domestic per m ³	\$1.58	\$0.59	\$2.17
Truck fill per m ³	\$2.17		
Pail fill per 20 L pail	\$3.19		

2.0 --MINIMUM QUARTERLY CHARGES

Notwithstanding the Commodity Rates set forth in paragraph 1.0 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

a) Water & Sewer Customers

Meter Size (Inches)	Group Capacity Ratio	Water Included (m³)	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8"	1	14	\$35.92	\$22.12	\$8.26	\$66.30
3/4"	2	28	\$35.92	\$44.24	\$16.52	\$96.68
1"	4	56	\$35.92	\$88.48	\$33.04	\$157.44
1 1/2"	10	140	\$35.92	\$221.20	\$82.60	\$339.72
2"	25	350	\$35.92	\$553.00	\$206.50	\$795.42

b) Water Only Customers:

Total Quarterly Minimum charges will be the same as shown above for each meter size; however, the sewer commodity charge will be excluded.

c) Sewer Only Customers (unmetered):

The quarterly commodity charge, based on the average residential water consumption of 53m³, plus the service charge, shall be \$67.19.

3.0--WATER AND SEWER CONNECTIONS

- i) Each customer or developer, as the case may be, applying for a new water connection to the mainline shall be assessed a water connection inspection fee in the amount of \$750.00. The assessed amount shall be paid as a lump sum fee.
- ii) Each customer or developer, as the case may be, applying for a new sewer connection to the mainline shall be assessed a sewer connection inspection fee in the amount of \$350.00. The assessed amount shall be paid as a lump sum fee.
- iii) Each customer or developer, as the case may be, installing a new water service connection to the water mainline shall be responsible for installing and connecting the water service line to the water main and to pay all charges. Conditions on Town property to be returned to original state as before water line installations.
- iv) Each customer or developer, as the case may be, installing a new sewer service connection to the sewer mainline shall be responsible for installing and connecting the sewer service line to the sewer main and to pay all charges. Conditions on Town property to be returned to original state as before sewer line installations.
- v) Each consumer applying for water turn on or turn off of service during any quarter, shall pay the proportionate part of the current minimum quarterly charge provided that in computing same a broken half month shall be considered as a full month. In all cases any excess water used will be charged at the rates set forth under Commodity Rates.
- vi) All costs for new connections and maintenance thereafter shall be paid by the customer or developer, as the case may be, and such connections are to be approved by the Council of the Town of Lac du Bonnet.
- vii) A service charge of Twenty Five (\$25.00) Dollars shall be paid before any water is turned on, shall be the responsibility of the owner.

4.0--HYDRANT RENTALS

The annual charge for hydrant rentals shall be one hundred (\$106.00) Dollars to the Town of Lac du Bonnet.

5.0--RATES TO CUSTOMERS LOCATED OUTSIDE THE LIMITS OF THE TOWN OF LAC DU BONNET

- a) Customers located outside the Town of Lac du Bonnet shall be required to sign agreements with the Town which sets out the rights and obligations of each party. Such agreements shall provide that the consumer shall pay;
 - i) The appropriate rate as set out in paragraph 1.0 and 2.0 hereof, based on the units allotted to the services;
 - ii) All costs of constructing and maintaining all connection pipes and other items required to allow service to be used;
- b) The Rural Municipality of Lac du Bonnet shall pay, to cover service provided to residences on the properties in the Tanco subdivision
 - i) The Utility rates set forth in paragraph 1.0 and 2.0 hereof;
 - ii) Any additional surcharge sufficient to cover all taxes for the sewage lagoon which it would be required to pay if such residences were located in the Town.
- c) That the above levies are due and payable July 1st of the year in which they are levied.

6.0--BILLING AND PAYMENTS

- i) All accounts shall be billed after the end of each quarter. Bills will be due and payable as per due date as stated on the bills presented. A late payment penalty will apply as per due date as stated on the bills presented. A penalty of one and one quarter percent per month of the bills shall be charged if not paid by the due date. The late payment charge will compound quarterly, and will appear on the customer's next quarterly bill if unpaid

Unpaid Accounts May be Added to Taxes on Land

- ii) Pursuant to section 252 of the Municipal Act. L.R.M.1996, c. 58, the amount of all outstanding charges, including penalties, for water and sewer service are a lien and charge upon that land, and shall be collected in the same manner in which ordinary taxes on the land are collectable, and with like remedies.
- iii) If any account is not paid within three (3) months after the due date, the service may be disconnected without further notice. Any service so disconnected shall not be reconnected until all arrears, penalties and a reconnection fee of fifty (\$50.00) Dollars has been paid.

7.0--COMPLAINTS AND ADJUSTMENTS

If a consumer believes that his/her meter reading is in error, he/she may present his/her claim in writing to the Corporation's Office before the bill becomes delinquent, 30 days from the billing date.

Such claim, if made after the bill has come delinquent, shall not be effective in preventing discontinuance of service. The consumer may pay such bill under protest and said payment shall not prejudice his/her claim.

8.0--METERS

- i) That all water connections be metered. The meter is to be supplied by and is to remain the property of the Utility. The cost of the meter shall be paid by the customer.

Meter Repairs

- ii) Where a Town of Lac du Bonnet water meter is damaged as a result of negligence of a user, such user shall pay the cost of repairing the damaged meter and the said amount will immediately become a debt due and owing to the Town of Lac du Bonnet within ten (10) days of the demand of same, the water service of the said user may be disconnected. A fee of fifty (\$50.00) Dollars shall be charged for a re-connection of the service disconnected under this paragraph.

Meter Testing

- iii) Any consumer who desires and requests that his/her water meter be tested for accuracy, shall deposit a sum of Fifty (\$50.00) Dollars with the Town of Lac du Bonnet and if the meter when tested shall be found to register in excess of the allowable limits, the deposit shall be refunded and the consumer's account adjusted for the preceding four month's use.

Meter Fees

- iv) Fees for the disconnection, removal or reconnection of water meters shall be Twenty-five (\$25.00) Dollars.

Meter Tampering

- v) Any consumer who tampers with the meter seal is to pay a meter reinstatement fee of Twenty-five (\$25.00) Dollars to have the meter resealed. The quarterly billings for the year prior to resealing of the meter will have the volumes readjusted according to the two quarters after the resealing of the meter if the volumes are greater than 10% lower than the two quarters after resealing of the meter then the difference in volume for each of the previous four quarters will be adjusted to reflect the increase and will be invoiced to the consumer. Any consumer who tampers with the meter subsequent to the first tampering will pay a fine of One Hundred and Fifty (\$150.00) Dollars for each occurrence.

Meter Circumventing

- vi) Any consumer who circumvents the water meter by installing a bypass line around the meter or by a dual line from the water main so as to illegally draw water that has not been metered shall pay a fine of \$1,000.00 plus a charge for un-metered water consumed for each occurrence. The consumer will upon discovery by the Town immediately cease the use of the bypass line and remove the bypass line within 24 hours of discovery. The Town has the right to terminate all water services to the consumer in the event of failure to eliminate the bypass and pay the fine and water charges.

9.0--BULK SALES

That a said rate of Two Dollars and Seventeen Cents (\$2.17) per m³ be charged for treated water delivered to the truck fill system and \$3.19/20 L pail (or portion thereof) be charged for treated water delivered to the pail fill system.

10.0--BILLINGS

All accounts for minimum quarterly charges for metered services as set forth in this Schedule of Quarterly rates shall be billed at the end of each quarter together with any excess charges for metered water and sewer services supplied to them at the rates and terms set out in this Schedule.

11.0--METER READINGS

Quarterly Meter Readings

- i) Except for remote meter reading, the Town will read the consumer meter quarterly for quarterly billing purposes. In the event that the consumer is not home or does not grant access, a meter reading card will be provided to the consumer for consumer self read meter reading and recording. The consumer is responsible for reading and recording the current meter reading for each quarter on the provided meter reading card and returning the card to the Town administration office. Failure to provide the current meter reading for billing purposes will result in estimated quarterly charges based on consumer average consumption for metered service being billed.

Annual Meter Reading

- ii) On an annual basis or on a schedule determined by the Town, the consumer will provide access to the Town meter reader to record the water meter reading and to inspect the meter. In the event that the consumer is not home or does not grant access, the consumer will be notified that they must arrange a time and date for an appointment with the water utility to have the meter reading recorded and inspected within 30 days of the water utility notice. Failure to arrange and provide access to the water utility within 30 days of the notice will

result in a \$50.00 fine. After a period of 60 days from the water utility notice and a failure to arrange and provide access to the water utility, the water service may be shut off. Fees for disconnection and reconnection according to section 8.0 will apply.

12.0--On Site Private Wastewater Holding and Disposal Facilities and Private Well Water Systems

- i) On site private wastewater holding and disposal facilities are not allowed in the Town.
- ii) On site private well water systems are not allowed in the Town.