

MANITOBA) Order No. 64/14
)
THE PUBLIC UTILITIES BOARD ACT) June 9, 2014

BEFORE: Susan Proven, P.H.Ec, Acting Chair
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

RURAL MUNICIPALITY OF FISHER
OPERATING DEFICITS 2011, 2012 AND 2013
REVISED WATER AND SEWER RATES

Summary

The Public Utilities Board (Board) hereby varies the application for approval of the 2011, 2012 and 2013 operating deficits and revised water and sewer rates for the Rural Municipality of Fisher (RM) water and sewer utility (Utility).

The revised rates are effective July 1, 2014.

The current rates, as established under Order No.60/11, and revised rates are noted below:

	Current	2014	2015	2016	2017
Quarterly Service Charge	\$16.35	\$16.00	\$16.50	\$17.00	\$17.00
Water \$/1,000 gallons	\$5.50	\$9.60	\$9.80	\$13.30	\$13.30
Sewer \$/1,000 gallons	\$4.75	\$7.22	\$7.32	\$10.66	\$10.66
Deficit recovery \$/1,000 gallons (2011 to 2013)	\$0.00	\$2.75	\$2.75	\$2.75	\$2.75
Rate Rider Deficit Recovery (2007 to 2010)	\$21.50	\$21.50	\$21.50	\$0.00	\$0.00
Minimum Quarterly-Water and Sewer*	\$68.60	\$96.21	\$97.60	\$97.14	\$97.14
Minimum Quarterly- Sewer Only**	\$121.45	\$213.00	\$215.16	\$253.07	\$253.07
Minimum Quarterly-Sewer Only-Car Wash***	\$205.05	\$388.49	\$392.32	\$489.14	\$489.14
Bulk Water \$/1,000 gallons****	\$7.75	\$20.20	\$28.40	\$26.70	\$23.15
Reconnection Fee	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
Hydrant Rental (Annual)	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00

*Based on 3,000 gals. and deficit recovery rate rider and surcharge for 2007-2013 deficits

**Based on 17,600 gals. and deficit recovery rate rider and surcharge for 2007-2013 deficits

***Based on 35,200 gals. and deficit recovery rate rider and surcharge for 2007-2013 deficits

****Includes deficit recovery rate rider and surcharge for 2007-2013 deficits

Details of the revised rates are attached to this Order as Schedule "A".

Background

The RM operates a water and sewer utility serving 209 customers. There are 197 water and sewer customers and 12 sewer only.

The water system was constructed in 1997 and in 2013 the RM budgeted to spend \$20,000 to investigate the capacity of the system to meet expansion. The Utility's water comes from ground water and the reservoir requires at least \$7,000 in upgrades. The Utility meets drinking water standards.

The sewer system was constructed in 1985 and is a gravity flow system with 3 lift stations. The RM is in compliance with its Environmental License. The lagoon is discharged into Fisher River.

Unaccounted for water was 19%. The RM suspects a leak and has budgeted to send a camera down the water lines to investigate.

Application

The RM filed its application for revised water and sewer rates on January 3, 2014. The application was accompanied by a copy of By-law No. 1157/13, read for the first time on October 9, 2013, and a rate study prepared by the RM's consultant. Rates were last set on Board Order No. 60/11, which also provided for the merging of the two utilities found in the RM of Fisher.

A Public Notice of Application was issued on January 10, 2014, affording customers the opportunity to comment to both the Board and the Utility with respect to the proposed increases. There were multiple responses.

The Board has at its disposal two alternative processes to deal with rate applications; it may determine a public hearing is warranted or that a paper review process is sufficient.

The Board was advised that prior to submitting the rate application in January, the RM held a "Town Hall" public meeting to attempt to address concerns regarding the proposed increases. Despite this proactive measure, there was a significant response to the Notice of Application, and the Board concluded that in the case of the RM of Fisher Utility, a public hearing was in the best interest of all concerned.

Deficits

2007	\$ 1,120	Approved on Order 60/11 recovered by rate rider Q1 2013 to Q4 2015
2008	\$ 2,260	Approved on Order 60/11 recovered by rate rider Q1 2013 to Q4 2015
2009	\$20,533	Approved on Order 16/13 recovered by rate rider Q1 2013 to Q4 2015
2010	\$89,933	Approved on Order 16/13 recovered by rate rider Q1 2013 to Q4 2015
2011	\$18,344	To be recovered by commodity surcharge Q3 2014 to Q2 2017
2012	\$13,453	To be recovered by commodity surcharge Q3 2014 to Q2 2018
2013	\$47,784	To be recovered by commodity surcharge Q3 2014 to Q2 2019

Working capital calculation

In Board Order No. 93/09, the Board established that utilities should maintain a minimum Working Capital Surplus, in an amount equal to 20% of annual expenses. The Working Capital Surplus is defined as the Utility Fund balance, excluding any capital related items plus Utility Reserves.

As of December 31, 2012, the most recent audited financial statements available, the Utility is not in compliance with Board requirements:

	2012	2011
Fund Surplus/Deficit	\$1,162,047.00	\$1,208,419.00
Deduct TCA	\$1,261,289.00	\$1,344,126.00
Add Long-Term Debt	\$ 75,959.00	\$ 93,587.00
Add Utility Reserves	\$ 15,456.00	\$ 12,755.00
Equals Working Capital Surplus	\$ (7,827.00)	\$ (29,365.00)
Annual operating costs	\$ 187,337.00	\$ 191,209.00
20% of annual operating costs	\$ 37,467.40	\$ 38,241.80

Budgeted expenditures

The rates proposed were based on the following revenue requirements:

	3%	2012	2013	2014	2015	2016
Administration		13,405	13,500	13,905	14,322	14,752
Total general expenses		13,405	13,500	13,905	14,322	14,752
Penalties		634	550	550	550	550
Total general revenue		634	550	550	550	550
Net rate revenue - general		12,771	12,950	13,355	13,772	14,202
Purification and treatment		4,704	4,500	4,635	4,774	4,917
Service of Supply		55,221	55,000	57,165	58,880	60,646
Transmission and Distribution		9,940	10,000	10,300	10,609	10,927
Water Supply Costs		1,597	2,000	2,060	2,122	2,185
Connection-net loss		0	4,460	0	0	0
Amortization		41,419	41,419	41,419	41,419	41,419
Interest on long term debt		2,808	2,279	1,734	1,173	595
Reserves		1,250	1,250	0	0	0
Minor capital upgrades		6,747	676	0	0	0
Reservoir work		0	7,000	0	0	0
Capacity assessment		0	20,000	0	0	0
Regulatory		0	4,900	0	0	0
Camera water lines		0	0	5,000	5,000	5,000
Contingency		0	0	10,000	10,000	10,000
Total water expenses		123,686	153,484	132,313	133,977	135,690
Connection Fees		270	90	90	90	90
Hydrant Rentals		3,600	3,600	3,600	3,600	3,600
Amortization of capital grants		26,230	26,230	22,718	22,157	21,579
Taxation revenue		20,435	20,435	20,435	20,435	20,435
Other revenue		149	90	90	90	90
Total non-rate revenue water		50,684	50,445	46,933	46,372	45,794
Net rate revenue - water		73,002	103,039	85,380	87,605	89,896

	3%	2012	2013	2014	2015	2016
Sewage Collection System		4,320	15,000	15,450	15,914	16,391
Lift Station Costs		5,186	10,000	10,300	10,609	10,927
Sewage Treatment and Disposal		810	1,000	1,030	1,061	1,093
Other costs		79	4,200	4,325	4,455	4,588
Connection-Net loss		0	3,000	0	0	0
Amortization		41,418	41,418	41,418	41,418	41,418
Reserves		1,250	1,250	0	0	0
Regulatory		0	4,900	0	0	0
Contingency-lagoon clean out		0	0	15,000	15,000	15,000
Total sewer expenses		53,063	80,768	87,523	88,456	89,417
Amortization of capital grants-sewer		16,507	16,507	16,507	16,507	16,507
Total non-rate revenue sewer		16,507	16,507	16,507	16,507	16,507
Net rate revenue - sewer		36,556	64,261	71,016	71,949	72,910

Cost allocation methodology

The Board requires all municipalities to review the costs shared between the General Operations of the Municipality and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without receiving approval from the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

The RM's methodology was approved in Board Order No. 60/11 but upon review did not indicate the inclusion of a provision for tracking the operator's time and charging this to the Utility. The RM included the following revision in their rate application:

- CAO-1%
- Accounting Clerk-4%
- Office Clerk-33%
- Operator spends 4 hours per day and the Utility is charged accordingly

Public Response and Hearing

The Board received 35 letters and/or emails in response to the Notice of Application. Many respondents felt the rate increases were excessive and expressed concern for the future of the Utility.

A Notice of Public Hearing was issued March 12, 2014 and the Hearing was held in Fisher Branch on April 8, 2014. There were approximately 18 stakeholders in attendance.

The RM's consultant made a presentation on behalf of the RM. The RM attempted to mitigate rate increases by not including any provision for reserves and minimal contingencies in this rate application. The RM has a debenture which is maturing in 2016, which will increase operating costs by approximately \$19,000. The consultant also outlined the deficits the Utility has experienced since 2007, both those previously approved and the three deficits included in the rate application under review. These deficits are a result of Public Sector Accounting Board changes, as well as challenges the RM faced becoming compliant with new drinking water standards and engineering costs.

The RM also advised that the Utility has already experienced some unexpected lagoon maintenance expenses, as well as water main breaks in 2014.

There were several comments and questions from the ratepayers in attendance, and the RM addressed these concerns.

Board Findings

The Board will vary water and sewer rates and the deficit recovery for the years 2011, 2012 and 2013 as applied for by the RM.

The Board will approve the submitted revision to the Cost Allocation Methodology, and reminds the RM that this methodology must be used consistently in the future, and requires Board approval should any changes be considered.

The Rural Municipality of Fisher is required to submit a copy of its 2013 audited financial statements to the Board as soon as they are available.

The Board is sensitive to customer reaction to the magnitude of the rate increases, however, must consider the sustainability of the Utility when approving rates.

By law, Manitoba utilities are not allowed to incur deficits. In the event a deficit does occur, the Utility is required to obtain Board approval for a recovery methodology. The Board is therefore duty bound to approve reasonable rates based on reasonable expense projections. The Board has reviewed the Town's budgeted expenditures, and finds them to be reasonable.

The Board considered the current financial situation of the Utility, the deficits experienced since 2007 and the attempts to mitigate the rate shock by eliminating reserves and minimizing the contingency amount included in the revenue requirements. The rates originally applied for included a

small decrease in 2016 and 2017, once the rate rider for 2007 to 2010 deficit recovery had expired. The Board has varied the water and sewer commodity charges for 2016 and 2017, allowing the Utility to rebuild its Working Capital Surplus, while keeping rates steady for ratepayers.

The sewer commodity charge found in the original application and Notice was also varied. The original submission used the volume of water sold to calculate the sewer rate, without including any provision for effluent volumes from sewer-only customers. The recalculation lowered the sewer charge approximately 9%; the 2014 rate was reduced from \$7.95 to \$7.22 per 1,000 gallons.

Consumers are generally more tolerant of regular, smaller increases. The RM needs to continue to be diligent in conducting regular reviews of its revenue requirements.

The Board commends the RM for holding a Public Hearing in advance of submitting its rate application. This displays a willingness to be responsive to the concerns of ratepayers and shows transparency on the part of the RM.

The RM applied to recover the 2011, 2012 and 2013 deficits through a rate rider collected on a flat rate per customer basis. The Board varies this and directs the RM to recover the 2011, 2012 and 2013 deficits through a deficit recovery surcharge of \$2.75 per 1,000 gallons of consumption, for a period of three (3) years, beginning July 1, 2014. The amount recovered should be tracked by the RM, and if the period of

three years needs to be reduced or extended in order to recover the full amount of the deficits, the RM may apply to the Board to Review and Vary this Order as appropriate.

At the Public Hearing, it came to the Board's attention there are a number of large volume users within the RM. Allocating the deficits based on consumption will result in a more equitable distribution of the costs of recovery. Information requested by the Board and provided by the RM after the Public Hearing indicated commercial customers account for 4% of the customer base, but approximately 26% of consumption.

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. Revised water and sewer rates for the Rural Municipality of Fisher BE AND ARE HEREBY APPROVED in accordance with the attached Schedule "A", effective July 1, 2014.
2. The actual 2011, 2012 and 2013 operating deficits of \$18,344, \$13,453 and \$47,784, incurred in the Rural Municipality of Fisher, BE AND ARE HEREBY APPROVED to be recovered by means of a deficit recovery surcharge of \$2.75 per 1,000 gallons (M.G.) over a three (3) year period effective July 1, 2014 to June 30, 2017;

3. The Rural Municipality of Fisher shall submit a certified copy of its water and sewer By-law once it has been revised to reflect the changes in this Order and received third and final reading.
4. The Cost Allocation Methodology proposed by the Rural Municipality of Fisher BE AND IS HEREBY APPROVED.
5. The Rural Municipality of Fisher submit a copy of its 2013 audited financial statements to the Board as soon as they are available.
6. The Rural Municipality of Fisher review its water and sewer rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than June 30, 2017.

Fees payable upon this Order - \$1,500.00

THE PUBLIC UTILITIES BOARD

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

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of Order No.
64/14 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
THE RURAL MUNICIPALITY OF FISHER
WATER AND SEWER RATES
BY-LAW NO. 1157/13

SCHEDULE OF QUARTERLY RATES:

1. Commodity rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption			
July 1, 2014	\$ 9.60	\$ 7.22	\$17.55
January 1, 2015	\$ 9.80	\$ 7.32	\$17.85
January 1, 2016	\$13.30	\$10.66	\$24.70
January 1, 2017	\$13.30	\$10.66	\$24.70

2. Minimum Charges, Quarterly

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

(a) Water and Sewer Customers

July 1, 2014

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Commodity Charges</u>		Quarterly Minimum	Rate Rider 2007-2010	Rate Rider 2010-2013
				<u>Water</u>	<u>Sewer</u>		Deficit Recovery	Deficit Recovery
5/8"	1	3,000	\$16.00	\$28.80	\$21.66	\$96.21	\$21.50	\$8.25
3/4"	2	6,000	\$16.00	\$57.60	\$43.32	\$154.92	\$21.50	\$16.50
1"	4	12,000	\$16.00	\$115.20	\$86.64	\$272.34	\$21.50	\$33.00
1 1/2"	10	30,000	\$16.00	\$288.00	\$216.60	\$624.60	\$21.50	\$82.50
2"	25	75,000	\$16.00	\$720.00	\$541.50	\$1,505.25	\$21.50	\$206.25

January 1, 2015

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Commodity Charges</u>		Quarterly Minimum	Rate Rider 2007-2010	Rate Rider 2010-2013
				<u>Water</u>	<u>Sewer</u>		Deficit Recovery	Deficit Recovery
5/8"	1	3,000	\$16.50	\$29.40	\$21.96	\$97.61	\$21.50	\$8.25
3/4"	2	6,000	\$16.50	\$58.80	\$43.92	\$157.22	\$21.50	\$16.50
1"	4	12,000	\$16.50	\$117.60	\$87.84	\$276.44	\$21.50	\$33.00
1 1/2"	10	30,000	\$16.50	\$294.00	\$219.60	\$634.10	\$21.50	\$82.50
2"	25	75,000	\$16.50	\$735.00	\$549.00	\$1,528.25	\$21.50	\$206.25

January 1, 2016

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Quarterly Minimum	Rate Rider	Rate Rider
				Water	Sewer		2007-2010 Deficit Recovery	2010-2013 Deficit Recovery
5/8"	1	3,000	\$17.00	\$39.90	\$31.98	\$97.13	\$0.00	\$8.25
3/4"	2	6,000	\$17.00	\$79.80	\$63.96	\$177.26	\$0.00	\$16.50
1"	4	12,000	\$17.00	\$159.60	\$127.92	\$337.52	\$0.00	\$33.00
1 1/2"	10	30,000	\$17.00	\$399.00	\$319.80	\$818.30	\$0.00	\$82.50
2"	25	75,000	\$17.00	\$997.50	\$799.50	\$2,020.25	\$0.00	\$206.25

January 1, 2017

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Quarterly Minimum	Rate Rider	Rate Rider
				Water	Sewer		2007-2010 Deficit Recovery	2010-2013 Deficit Recovery
5/8"	1	3,000	\$17.00	\$39.90	\$31.98	\$97.13	\$0.00	\$8.25
3/4"	2	6,000	\$17.00	\$79.80	\$63.96	\$177.26	\$0.00	\$16.50
1"	4	12,000	\$17.00	\$159.60	\$127.92	\$337.52	\$0.00	\$33.00
1 1/2"	10	30,000	\$17.00	\$399.00	\$319.80	\$818.30	\$0.00	\$82.50
2"	25	75,000	\$17.00	\$997.50	\$799.50	\$2,020.25	\$0.00	\$206.25

(b) Water Only Customers

Minimum charge will be the same for each meter size as shown above, but the Sewer Commodity Charge will be excluded.

(c) Sewer Only for Residential Customers

The Rural Municipality of Fisher do charge the owners or occupants of land serviced with sewer but no water an amount determined by using the same sewer rate charged to connected customers multiplied by the quarterly estimated sewer usage (17,600 gallons) plus the quarterly service charge, plus the rate rider for deficit recovery, as follows:

- 2014** \$16.00 + (\$7.22 x 17.6 1,000 gal.) + (\$2.75 x 17.6 1,000 gal.) + \$21.50 (rate rider) = \$212.97
- 2015** \$16.50 + (\$7.32 x 17.6 1,000 gal.) + (\$2.75 x 17.6 1,000 gal.) + \$21.50 (rate rider) = \$215.23
- 2016** \$17.00 + (\$10.66 x 17.6 1,000 gal.) + (\$2.75 x 17.6 1,000 gal.) = \$253.02
- 2017** \$17.00 + (\$10.66 x 17.6 1,000 gal.) + (\$2.75 x 17.6 1,000 gal.) = \$253.02

(d) Sewer Only for Car Wash

The Rural Municipality of Fisher do charge the owners of the Car Wash that is serviced with the sewer but not water an amount based on a quarterly estimated usage of 35,200 gallons, which is an amount equivalent to two times that of a residential property as noted above in

(c) (17,600 x 2 = 35,200 gallons), plus the rate rider for deficit recovery, as follows:

2014 $\$16.00 + (\$7.22 \times 35.2 \text{ 1,000 gallons}) + (\$2.75 \times 35.2 \text{ 1,000 gallons}) + \$21.50 = \$409.94$

2015 $\$16.50 + (\$7.32 \times 35.2 \text{ 1,000 gallons}) + (\$2.75 \times 35.2 \text{ 1,000 gallons}) + \$21.50 = \$413.96$

2016 $\$17.00 + (\$10.66 \times 35.2 \text{ 1,000 gallons}) + (\$2.75 \times 35.2 \text{ 1,000 gallons}) = \489.03

2017 $\$17.00 + (\$10.66 \times 35.2 \text{ 1,000 gallons}) + (\$2.75 \times 35.2 \text{ 1,000 gallons}) = \489.03

3. Bulk Sales Rate

All water sold in bulk by the Rural Municipality of Fisher shall be charged the same rate for water as connected customers plus a contribution to the debenture debt costs of the Utility, as follows:

2014 $\$ 9.60 \times (\$85,380 + \$20,435)/\$85,380 = \$11.90$

2015 $\$ 9.80 \times 1.239 = \12.15

2016 $\$13.30 \times 1.239 = \16.47

2017 $\$13.30 \times 1.239 = \16.47

Customers can buy in small quantities for amounts of 500 gallons or less.

In addition to the bulk water rate, the Rural Municipality of Fisher does charge bulk water customers a rate rider per 1,000 gallons for recovery of 2007 to 2010 revenue deficits, as follows:

2014 $(\$17,978 + \$18,344 + \$13,453)/8,966 = \$ 5.55$

2015 $(\$17,978 + \$18,344 + \$13,453 + \$71,244)/8,966 = \$ 13.50$

2016 $(\$18,344 + \$13,453 + \$71,244)/8,966 = \11.50

2017 $\$71,244/8,966 = \7.95

In addition to the bulk water rate, the Rural Municipality of Fisher does charge bulk water customers a rate rider per 1,000 gallons for recovery of 2011 to 2013 revenue deficits, as follows:

2014 Deficit Recovery \$/1,000 gallons (2011 to 2013) = \$2.75
 $\$2.75 + \$11.90 + \$ 5.55 = \mathbf{\$20.20}$

2015 Deficit Recovery \$/1,000 gallons (2011 to 2013) = \$2.75
 $\$2.75 + \$12.15 + \$ 13.50 = \mathbf{\$28.40}$

2016 Deficit Recovery \$/1,000 gallons (2011 to 2013) = \$2.75
 $\$2.75 + \$16.47 + \$ 11.50 = \mathbf{\$26.70}$

2017 Deficit Recovery \$/1,000 gallons (2011 to 2013) = \$2.75
 $\$2.75 + \$16.47 + \$ 7.95 = \mathbf{\$23.15}$

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

The Council of Rural Municipality of Fisher may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of Local Improvement Districts Nos. 1 and 2 in Fisher Branch. Such agreements shall provide for payment of the appropriate rates set out in the schedule, as well as a surcharge, set by resolution of Council, which shall be equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the utility's mains and installing and maintaining service connections will be paid by the customer.

5. Billings and Penalties

A late payment charge of 1¼% shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

6. 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 Rural Municipality of Fisher Office.

7. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$30.00 have been paid.

8. Outstanding Bills

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

9. Hydrant Rentals

The Rural Municipality of Fisher will pay to the utility an annual rental of \$ 150.00 for each hydrant connected to the system.

10. Water Allowance Due to Line Freezing

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

11. Sewage Surcharges

- (a) 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.
- (b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial wastes.