

**Order No. 94/16**

**TOWN OF CARMAN  
WATER AND WASTEWATER RATES  
2016, 2018 and 2019  
APPROVAL IN PRINCIPLE  
TO RECOVER DEBENTURE SERVICING COSTS  
FOR UTILITY CAPITAL PROJECTS**

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**July 26, 2016**

**REVISED AUGUST 25, 2016**

**BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair  
Carol Hainsworth, C.B.A., Member  
Regis Gosselin, B ès Arts, MBA, CGA, Chair**

## Summary

By this Order, the Public Utilities Board (Board) hereby varies the revised water and wastewater rates effective July 1, 2016, January 1, 2018 and 2019 for the Town of Carman (Town) water and wastewater utility (Utility) as follows:

	Current By-law 06/1885	By-law (15-2005) 2016	Increase	By-law (15-2005) 2018	Increase	By-law (15-2005) 2019	Increase
Water \$/1,000 gallons First 100,000 gallons/quarter	\$6.80	\$11.49	69%	\$11.77	2%	\$13.02	11%
Water \$/1,000 gallons Over 100,000 gallons/quarter	\$5.70	\$11.49	102%	\$11.77	2%	\$13.02	11%
Sewer \$/1,000 gallons	\$1.75	\$2.57	47%	\$3.03	18%	\$3.09	2%
Quarterly Service Charge	\$12.50	\$21.50	72%	\$21.50	0%	\$21.50	0%
Minimum Quarterly- Water and Sewer*	\$38.15	\$63.68	67%	\$65.90	3%	\$69.83	6%
Minimum Quarterly- Water Only*	\$32.90	\$55.97	70%	\$56.81	2%	\$60.56	7%
Minimum Quarterly- Sewer Only*	\$17.75	\$29.21	65%	\$30.59	5%	\$30.77	1%
Bulk Sales Rate**	\$10.00	\$15.00	50%	\$15.00	0%	\$17.00	13%
Lagoon tipping fee	n/a	\$5.00	new	\$6.00	0%	\$6.00	0%
Reconnection Fee	\$55.00	\$75.00	36%	\$75.00	0%	\$75.00	0%
Hydrant Rental (Annual)***	\$45.00	\$45.00	0%	\$120.00	167%	\$120.00	0%

\*Based on 3,000 gallons

\*\*Per 1,000 gallons at a coin meter

\*\*\*Based on actual charge note By-law No. 06-1885 states \$100.00 and By-law No. 15-2005 states a budgeted yearly amount of \$5000.00

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

Rationale for the Board's decisions may be found under "Board Findings".

## Background

The Town owns and operates a water and wastewater utility serving 1,254 water and wastewater customers and 22 water only customers for a total of 1,276 customers.

The Carman Water Treatment Plant was originally constructed on the banks of the Boyne River in 1960 and was later expanded in 1982. The Town's primary water supply is the Boyne River. The original plant (21 l/sec) is currently not being used. The newer plant (19 l/sec) is being used and currently supplies approximately 75% of the water supply for the community. The Council of the Town of Carman has entered into an agreement with the Pembina Valley Water Cooperative to purchase 25% of its water from their plant that is located by the Stephenfield Reservoir. The Town of Carman and the Rural Municipality of Dufferin jointly shared the cost of the water main from Stephenfield to the Town thus providing treated water to residents in the rural municipality and an additional water source for the Town of Carman.

In 2013 unaccounted for water was 12.12%, which is above the industry standard of 10%. The Town has made upgrades to some processes to improve this percentage. The Utility is in compliance with its Environmental License and the Utility employees have the appropriate certifications.

The Town of Carman's sewage collection system is gravity fed. The Town of Carman has four lift stations. Two of these lift stations discharge directly to the lagoon; one discharges to the main pump station, and the last one discharges into the force main connection; the main pump station to the lagoon. Town of Carman has issues with the sewer system and has no plans to expand to the sewage collection system.

The Carman Lagoon is located east of the Town and is a four cell facultative lagoon – two primary and two secondary cells with an approximate depth of 2.32m. The lagoon cells were upgraded in 1999.

The Town of Carman needs to address new provincial regulations concerning phosphorous levels. The lagoon is not currently equipped with a method to address phosphorous levels.

To meet the new guidelines and accommodate the growth in the community, Council is planning four major projects in the 2016 Financial Plan. The five year capital expenditure program (page 14 of the Financial Plan) indicates there are \$7M in utility infrastructure upgrades planned between 2016 and 2021:

Name of project	Year	Cost
Water projects:		
Membrane	2020	2,500,000
Storage	2016	1,950,000
Wastewater projects:		
Phosphate	2019	1,000,000
Finish 4th cell	2017	1,500,000

The Town anticipates these projects will be entirely funded by debentures and has requested the Board's approval to pay the debenture costs with utility rates, rather than with taxation revenue. The Town plans that all four debentures will have 15 year durations.

The Town's original application included reserve amounts of \$547,000 to cover the anticipated debenture payments for these four projects.

## Application

The Town applied in June 2015 for revised water and wastewater rates. The application requested that the proposed rates and the new customer services charges be effective January 1, 2015 as set out in By-law No. 15/2005 (read the first time on June 11, 2015). The application was supported by a 2015 rate study prepared by the Town. Rates were last set in 2006 by Board Order No. 76/06.

A Public Notice of Application was issued on August 26, 2015 affording customers the opportunity to comment to both the Board and Town with respect to the proposed increases. No responses were received.

When considering an application, the Board has at its disposal two approaches, either a paper or a public hearing review. After the publication of the Notice of Application, the Board considers the application and stakeholder responses, and determines which review method is the most appropriate. A public hearing process allows the Utility to present its application and stakeholders to directly express their concerns to the Board. The Board may simply conduct a paper review, which avoids the cost of a public hearing. Because affected consumers voiced no concerns about the proposed rate changes, the Board decided to conduct a paper-based review.

*Proposed rates*

The application proposed the following rates, which the Board has varied:

	Current By-law 06/1885	Proposed 2015	Proposed 2016	Proposed 2017	Proposed 2018	Proposed 2019
Water \$/1,000 gallons - First 100,000 gallons/quarter	\$6.80	\$15.69	\$15.94	\$16.72	\$16.99	\$18.24
Water \$/1,000 gallons - Over 100,000 gallons/quarter	\$5.70	\$15.03	\$15.26	\$16.72	\$16.99	\$18.24
Sewer \$/1,000 gallons - Over 100,000 gallons/quarter	\$1.75	\$5.41	\$5.72	\$6.54	\$6.99	\$7.06
Quarterly Service Charge	\$12.50	\$30.97	\$32.18	\$33.59	\$35.90	\$36.49
Minimum Quarterly - Water and Sewer*	\$38.15	\$94.27	\$97.16	\$103.37	\$107.84	\$112.39
Minimum Quarterly - Water Only*	\$32.90	\$78.04	\$80.00	\$83.75	\$86.87	\$91.21
Minimum Quarterly - Sewer Only*	\$17.75	\$47.20	\$49.34	\$53.21	\$56.87	\$57.67
Bulk Sales Rate per 1,000 gallons	\$10.00	\$24.00	\$25.00	\$26.00	\$27.00	\$28.00
Tipping fees per 1,000 gallons	-	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

The Town advised that the tipping fees are collected on wastewater hauled in by local haulers to the lagoon. This effluent originates with Town residents, as opposed to out of boundary customers. The bulk sales rate applies to bulk water sold to a single out of boundary customer located in the RM of Dufferin.

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.

### Deficits

*The Municipal Act* of Manitoba prohibits municipal utilities from incurring deficits. If a deficit does occur, the Utility is required to obtain Board approval; the Board requires the utility to specify a deficit recovery plan.

The Town submitted their 2015 audited financial statements to the Board on June 29, 2016. The statements disclosed a utility deficit. The Board directs the Town to apply for an approval of the deficit.

### Working Capital Surplus

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus 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.

The working capital surplus as at December 31, 2015 was:

	2015	2014
Fund Surplus/Deficit	\$2,693,053	\$2,688,768
Deduct Tangible Capital Assets	\$3,364,193	\$3,425,781
Add Long-Term Debt	\$ 823,921	\$ 886,862
Add Utility Reserves	\$ 11,705	\$ 63,478
<b>Equals Working Capital Surplus</b>	<b>\$ 164,486</b>	<b>\$ 213,327</b>
Operating costs	\$ 885,240	
<b>20% of operating costs</b>	<b>\$ 177,048</b>	

The current working capital surplus is \$12,562 below the Board recommended target. The rates proposed by the Town include a provision to rebuild the working capital surplus, which will bring the Town into compliance with Board recommendations.

### Lagoon Tipping Fee

The Town proposed that the tipping fees for haulers transporting wastewater from Town residences be set at \$10.00 per 1,000 gallons, calculated as follows:

Annual Gallons	
56,510,384	Town of Carman Utility Customers
261,275	Local Haulers
56,771,659	
\$386,528.00	2016 Projected Sewer Expenses
\$224,000.00	2016 Sewer Reserve Project Pymt
0.46%	Local Haulers divided by Total gallons
\$2,822.77	
0.01080382	Per Gallon charge for Local Haulers
\$10.00	1,000 Gallons



## Cost allocation methodology

The Board's cost allocation methodology is set out in Board Order No. 93/09. 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. The utility's cost allocation must be submitted to the Board for approval that, once approved, may not be changed without receiving Board approval. The following revised cost allocation methodology has been submitted for approval with the new rate application:

<b>Shared Overhead</b>		
<b>Sub-Category</b>	<b>Activity/Expenses (Object)</b>	<b>% Expenses allocated to Utility (Estimated)</b>
<b>Direct Overhead Costs</b>	Salaries & Wages- Meter Reading Entry	10%
	Bill Preparation	10%
	Receipting	10%
	Reporting	10%
<b>Indirect Overhead Costs General Administrative Costs and Shared</b>	CAO	20%
	Council	10%
	Audit and Legal	10%
	Office Supplies	10%
	Photocopying/Lease	30%
<b>Shared Direct Operating Costs</b>		
<b>Sub-Category</b>	<b>Activity/Expense (Object)</b>	<b>% Expense allocated to Utility (Estimated)</b>
<b>Direct Equipment Costs</b>	Public works building-Maintenance	10%
	Vehicles-Fuel / Insurance	10%
	Machinery & Equipment	10%
	Road Construction & maintenance eq. Interest/Lease costs/Amortization	10%
	<b>Direct Labor</b>	Labour Costs directly attributed to the maintenance and repair of Utility TCA.
<b>Shared Capital Costs</b>		
<b>Direct Overhead Costs</b>	Administrative	10%
<b>Direct Equipment Costs</b>	Operating Costs for: Vehicles; Machinery & Eq; Road Construction and Maintenance Eq	10%
<b>Direct Labor</b>	Labor costs directly attributed to the development and construction of a Utility TCA	10%

**Budgeted Expenditures**

The Town calculated their proposed rates based on the following projections:

2% & 8%	2016	2017	2018	2019
Administration	160,457	174,294	188,022	207,064
Working capital surcharge	8,348	8,598	8,856	9,122
<b>Expenses- general</b>	<b>160,457</b>	<b>174,294</b>	<b>188,022</b>	<b>207,064</b>
Penalties	690	710	730	750
<b>Revenue- general</b>	<b>690</b>	<b>710</b>	<b>730</b>	<b>750</b>
<b>Net costs- general</b>	<b>159,767</b>	<b>173,584</b>	<b>187,292</b>	<b>206,314</b>
Purification and treatment	216,784	234,127	241,151	260,443
Transmission and distribution	80,855	87,323	89,943	97,139
Water purchases	164,800	177,984	183,324	197,989
Staffing	117,420	126,814	130,618	141,067
Reserves	323,000	323,000	323,000	323,000
Contingency	57,986	62,624	64,503	69,664
Amortization	58,422	58,472	57,607	80,389
Interest on long term debt	47,274	45,783	44,209	42,549
<b>Expenses- water</b>	<b>1,066,541</b>	<b>1,116,127</b>	<b>1,134,354</b>	<b>1,212,240</b>
Connection fees	36,050	38,934	40,102	43,310
Taxation revenue	54,392	54,391	54,391	54,391
Hydrant rentals	13,320	13,320	13,320	13,320
<b>Revenue- water</b>	<b>103,762</b>	<b>106,645</b>	<b>107,813</b>	<b>111,021</b>
<b>Net rate revenue-water</b>	<b>962,780</b>	<b>1,009,482</b>	<b>1,026,541</b>	<b>1,101,218</b>
Sewage collection system	21,630	23,360	24,061	25,986
Lift station costs	48,719	52,617	54,195	58,531
Reserve	224,000	224,000	224,000	224,000
Contingency	7,035	7,598	7,826	8,452
Amortization	66,282	108,489	134,029	133,484
Interest on long term debt	18,862	16,597	14,203	11,671
<b>Total sewer expenses</b>	<b>386,528</b>	<b>432,661</b>	<b>458,314</b>	<b>462,123</b>
Taxation revenue	58,240	58,240	58,240	58,240
Lagoon tipping fees	5,000	5,000	5,000	5,000
<b>Total sewer revenue</b>	<b>63,240</b>	<b>63,240</b>	<b>63,240</b>	<b>63,240</b>
<b>Net rate revenue-Sewer</b>	<b>323,288</b>	<b>369,421</b>	<b>395,074</b>	<b>398,883</b>

## Board Findings

The Board has reviewed the application and the projections presented by the Town in their rate study and the information provided in response to Board queries.

The Board generally does not support retroactive rate increases, as they do not give consumers the opportunity to adjust usage. The revised rates will only be effective beginning July 1, 2016, not January 1, 2015 as requested. In the interest of mitigating a deficit for 2016, the Board will approve rates based on the 2017 projections effective July 1, 2016. The subsequent increases will be effective as January 1, 2018 and 2019. The rates based on the 2016 projections are included below for demonstration purposes only.

The Town currently has a declining block rate system and has decided to eliminate it. The proposed rates collapsed the declining block rate system over a two year period; this was attributed to the Town's concerns over the large increase in rates for the first rate year. The Board has considered this, and in varying the rates and significantly easing the rate shock, has decided to collapse the block rate system in the first rate year.

### *Debenture recovery through rates*

The Board will approve, in principle, the adding of a surcharge to the utility bill to recover the debenture servicing costs for the four major utility infrastructure projects planned for the 2016-2021 period.

The Town included the debenture recovery in the rate revenue requirements under Reserves. The Board will not approve a specific amount or surcharge for recovery of the debentures at this time, pending the finalization of the debenture servicing costs for each debenture. As each individual project is completed, the Town must provide the Board with specific information about the final cost of the project, the debenture servicing cost and the calculations for a final surcharge for its approval.

Based on the information provided in the rate study, the debenture surcharges would be:

	Annual cost of borrowing (estimated)	Est. Water sale volume/water returned to sewer (1,000 gallons)	Surcharge per 1,000 gallons
Membrane	\$ 230,390	59,771	\$ 3.85
WTP Storage	\$ 179,704	59,771	\$ 3.01
Phosphate	\$ 92,156	56,510	\$ 1.63
4th cell completion	\$ 138,234	56,510	\$ 2.45
Total projected surcharge for debenture recovery, per 1,000 gallons:			\$ 10.94

These figures are not final, and do not take into consideration any grants that the Town may receive to help offset the capital projects. These calculations are also made using current volumes of water. The volumes may increase due to anticipated population growth, but also may decrease if customers reduce their water consumption to reduce their utility costs. The Board will direct the Town to communicate information regarding the potential increases to their customers.

The Town's borrowings must be approved by the Municipal Board after a mandatory public hearing. The Town can determine whether debenture costs should be recovered using utility rates, the approach recommended by the Board.

*Rate calculations*

The rates approved by this Order have been varied by the Board.

*Quarterly Service Charge*

The rate study indicated that in 2015 “Administration” costs were projected to be \$151,900 which would increase by 5 - 10% between 2016 and 2019. The cost allocation methodology included in the rate study indicated the costs should be \$104,315 and no explanation was provided for the disparity between that figure and \$151,900. The Town advised that it had applied a higher rate of inflation to these costs to reflect the projected increase in customers. The Board is of the opinion that most of the costs associated with this charge (audit, office expenses, CAO salary etc.) will not be impacted by an increase in customers, and therefore the effect on the total administration expense will be nominal. The Board has concluded that the lower costs appearing in the rate study should be used to set the quarterly charge.

	2016	2017	2018	2019
Administration	108,150	111,395	114,736	118,178
Add: Working capital surcharge	8,348	8,598	8,856	9,122
Less: Penalties	-690	-710	-730	-750
<b>Net rate revenue requirement - General</b>	<b>115,808</b>	<b>119,283</b>	<b>122,862</b>	<b>126,550</b>
Projected customers	1,356	1,366	1,476	1,526
Indicated quarterly service charge*:	21.35	21.83	20.81	20.73
<b>Approved quarterly service charge:</b>	<b>21.50</b>	<b>21.50</b>	<b>21.50</b>	<b>21.50</b>

*Water and wastewater commodity charges*

The rate study included the debenture recovery in the proposed rates, labeled reserves in the amount of \$323,000 for water and \$224,000 for wastewater, per year starting with the first rate year. The rates approved by this Order have been calculated based on the projections provided, less these reserve amounts because the debentures have not yet been approved, the final costs of the projects are unknown, the rate increases without the reserve provisions are already significant and block rates are being collapsed in one year instead of two.

	2016	2017	2018	2019
Net rate revenue requirement per rate study - water	962,780	1,009,483	1,026,542	1,101,219
Less provision for reserves/debenture recovery	-323,000	-323,000	-323,000	-323,000
<b>Net rate revenue requirement - water</b>	<b>639,780</b>	<b>686,483</b>	<b>703,542</b>	<b>778,219</b>
Net rate revenue requirement per rate study - wastewater	323,288	369,421	395,074	398,883
Less provision for reserves/debenture recovery	-224,000	-224,000	-224,000	-224,000
<b>Net rate revenue requirement - wastewater</b>	<b>99,288</b>	<b>145,421</b>	<b>171,074</b>	<b>174,883</b>
Projected meter water sales (in 1,000 gallons)	59,771	59,771	59,771	59,771
Projected water returned to sewer (in 1,000 gallons)	56,510	56,510	56,510	56,510
<b>Indicated/approved water commodity charge*:</b>	<b>10.70</b>	<b>11.49</b>	<b>11.77</b>	<b>13.02</b>
<b>Indicated/approved wastewater commodity charge**:</b>	<b>1.76</b>	<b>2.57</b>	<b>3.03</b>	<b>3.09</b>
*Net rate revenue water requirement divided by projected meter water sales				
**Net rate revenue wastewater requirement divided by projected water returned to sewer				

*Bulk water and Lagoon Tipping fees*

The Board noted in its review that the proposed bulk water rates were calculated using a spreadsheet provided by the Public Utilities Board that contained an error. Bulk water rates were calculated incorrectly. The Board apologizes for any confusion or inconvenience caused by this error. The rate has been adjusted to reflect the correct methodology, as well as the adjustment to the reserve/debenture amount as indicated above.

The Town's calculations of lagoon tipping fees included the reserve provisions twice. Generally, these fees should be calculated using the same methodology as the bulk water fees. The distinction between out of boundary and Town customers is important in the calculations, as the taxation revenues should be added for out of boundary customers but not for the taxpayers of the Town.

<b>Bulk water:</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net rate revenue - General	\$ 115,808	\$ 119,283	\$ 122,862	\$ 126,550
Net rate revenue - Water	\$ 639,780	\$ 686,483	\$ 703,542	\$ 778,219
Taxation revenue re: water debt	\$ 54,392	\$ 54,392	\$ 54,391	\$ 54,391
Additional cost of servicing bulk water customers	-	-	-	-
<b>Subtotal</b>	<b>\$ 809,979</b>	<b>\$ 860,157</b>	<b>\$ 880,795</b>	<b>\$ 959,160</b>
Bulk ratio (subtotal divided by net rate rev - water)	1.27	1.25	1.25	1.23
Water rate	\$ 10.70	\$ 11.49	\$ 11.77	\$ 13.02
Indicated bulk water rate (water rate x bulk ratio)	\$ 13.55	\$ 14.39	\$ 14.74	\$ 16.05
<b>Approved bulk water rate (rounded up to nearest dollar)</b>	<b>\$ 14.00</b>	<b>\$ 15.00</b>	<b>\$ 15.00</b>	<b>\$ 16.00</b>
<b>Lagoon Tipping fee:</b>				
Net rate revenue - General	\$ 115,808	\$ 119,283	\$ 122,862	\$ 126,550
Net rate revenue - Sewer	\$ 99,288	\$ 145,421	\$ 171,074	\$ 174,883
Addn cost of servicing haulers	-	-	-	-
<b>Subtotal</b>	<b>\$ 215,096</b>	<b>\$ 264,703</b>	<b>\$ 293,936</b>	<b>\$ 301,434</b>
Bulk ratio (subtotal divided by net rate rev - wastewater)	2.17	1.82	1.72	1.72
Wastewater rate	\$ 1.76	\$ 2.57	\$ 3.03	\$ 3.09
Indicated tipping fee (wastewater rate x bulk ratio)	\$ 3.81	\$ 4.68	\$ 5.20	\$ 5.33
<b>Approved tipping fee (rounded up to nearest dollar)</b>	<b>\$ 4.00</b>	<b>\$ 5.00</b>	<b>\$ 6.00</b>	<b>\$ 6.00</b>

Both the bulk water rate and lagoon tipping fees may be impacted by future debentures, whether collected through utility rates or taxation. The Town should file a request to change the rates with the Board, if necessary.

The Board will require the Town to submit a copy of a revised by-law reflecting the decisions in this Order, once it has received third and final reading.

The Board will require the Town review the Utility's 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, 2019.

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](http://www.pub.gov.mb.ca).



**IT IS THEREFORE ORDERED THAT:**

1. Revised water and wastewater rates for the Town of Carman Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule "A", effective July 1, 2016, January 1, 2018 and 2019.
2. The Town of Carman amend its Utility water and wastewater rate by-law to reflect the decisions set in this Order and submit a copy to the Public Utilities Board once it has received third and final reading.
3. The Town of Carman will file an application with the Public Utilities Board for approval of the 2015 utility deficit on or before August 31, 2016.
4. The Town of Carman's proposal to assess a surcharge on utility bills to service four (4) debentures in relation to four utility capital projects is HEREBY APPROVED in principle, with the Town to return to the Public Utilities Board with final debenture servicing costs and surcharge proposal upon completion of each individual project, should the Town decide to recover the debenture servicing costs through utility rates.
5. The Town of Carman is to notify ratepayers of the projected impact of recovering debenture payments through utility rates, with a copy to the Public Utilities Board, in the next quarterly billing.
6. The Town of Carman's proposed cost allocation methodology is HEREBY APPROVED.

7. The Town of Carman review its water and wastewater 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, 2019.

Fees payable upon this Order - \$500.00

THE PUBLIC UTILITIES BOARD

"THE HON. ANITA NEVILLE, P.C., B.A. (Hons.)"  
Acting Chair

"JENNIFER DUBOIS, CPA, CMA"  
Acting Secretary

Certified a true copy of Order No. 94/16  
issued by The Public Utilities Board

\_\_\_\_\_  
Acting Secretary

SCHEDULE "A"

TOWN OF CARMAN

**1.0 WATER AND SEWER RATES**

SCHEDULE OF QUARTERLY WATER RATES: - Effective January 1 in each year (except where indicated otherwise)

1. Commodity rates per M.G.

<b>Year One – July 1, 2016</b>	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
Gallon for Gallon	\$11.49	\$2.57	\$14.06
<b>Year Two –2018</b>	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
Gallon for Gallon	\$11.77	\$3.03	\$14.80
<b>Year Three –2019</b>	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
Gallon for Gallon	\$13.02	\$3.09	\$16.11

## SCHEDULE "A" CONTINUED

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**Year One – July 1, 2016**

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$21.50	\$ 34.46	\$ 7.72	\$ 63.68
¾"	2	6,000	\$21.50	\$ 68.91	\$ 15.44	\$ 105.85
1"	4	12,000	\$21.50	\$ 137.82	\$ 30.88	\$ 190.20
1 ½"	10	30,000	\$21.50	\$ 344.56	\$ 77.20	\$ 443.26
2"	25	75,000	\$21.50	\$ 861.39	\$193.00	\$1075.89
3"	45	135,000	\$21.50	\$1550.50	\$347.40	\$1919.40

**Year Two - 2018**

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$21.50	\$ 35.31	\$ 9.08	\$ 65.89
¾"	2	6,000	\$21.50	\$ 70.62	\$ 18.16	\$ 110.29
1"	4	12,000	\$21.50	\$ 141.25	\$ 36.33	\$ 199.08
1 ½"	10	30,000	\$21.50	\$ 353.12	\$ 90.82	\$ 465.44
2"	25	75,000	\$21.50	\$ 882.80	\$227.05	\$1131.34
3"	45	135,000	\$21.50	\$1589.03	\$408.69	\$2019.22

SCHEDULE "A" CONTINUED

Year Three - 2019

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$21.50	\$ 39.06	\$ 9.28	\$ 69.84
3/4"	2	6,000	\$21.50	\$ 78.12	\$ 18.57	\$ 118.19
1"	4	12,000	\$21.50	\$ 156.24	\$ 37.14	\$ 214.88
1 1/2"	10	30,000	\$21.50	\$ 390.60	\$ 92.84	\$ 504.94
2"	25	75,000	\$21.50	\$ 976.50	\$232.10	\$1230.10
3"	45	135,000	\$21.50	\$1757.70	\$417.79	\$2196.99

SCHEDULE "A" CONTINUED

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**

Users of town sewage who discharge water and wastes into the town sewage system, and who obtain their water supply from other than the Town of Carman, are required to meter their water supply at their own expense and shall be billed for sewage on the water meter reading at rates set forth in paragraphs 1 plus quarterly service charge as per paragraph 2. The minimum billing shall be based on 1,000 imperial gallons per quarter plus service charge.

(d) **Lagoon tipping fees**

Lagoon tipping fees collected by the Town of Carman shall be charged for at the rate of \$5.00 (2016); \$6.00 (2018); \$6.00 (2019) per 1,000 gallons.

3. **Bulk Sales Rate**

All water sold in bulk by the Town of Carman shall be charged for at the rate of \$15.00 (2016); \$15.00 (2018); \$17.00 (2019) per 1,000 gallons.

4. **Service to Customers outside Town of Carman boundaries**

The Council of the Town of Carman may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of Carman. Such agreements shall provide for the 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 any frontage levy, general and/or special levies 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.

SCHEDULE "A" CONTINUED

5. **Billings and Penalties**

A late payment charge of 1¼% shall be charged on the dollar amount owing after the billing due date. Accounts shall be billed quarterly and 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 Town 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 attached as Schedule "A" to Public Utilities Order No. 39/09 and is attached to the Town of Carman By-law No. 08/1921.

7. **Reconnection**

Any service disconnected due to non-payment of account shall not be recommended until all arrears, penalties and a reconnection fee of \$75.00 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 Town of Carman will pay to the utility an annual rental of \$45.00 (2016); \$120.00 (2018); and \$120.00 (2019) 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.