

Order No. 28/20

**RURAL MUNICIPALITY OF GREY
GREY WATER AND WASTEWATER UTILITY
REVISED RATES FOR APRIL 1, 2020, JANUARY 1, 2021, AND JANUARY 1, 2022
ACTUAL OPERATING DEFICITS FOR 2015 AND 2018
BUDGETED DEFICITS FOR 2019, 2020, AND 2021**

February 19, 2020

**BEFORE: Shawn McCutcheon, Panel Chair
Irene Hamilton, Q.C., Panel Member**

Table of Contents

1.0	Executive Summary.....	3
2.0	Background	4
	Water Supply/Distribution	4
	Wastewater Collection/Treatment.....	4
	Unaccounted for Water	4
3.0	Application.....	5
	Contingency Allowance and Utility Reserves.....	8
	Working Capital Surplus/Deficit	8
	Cost Allocation Methodology	9
	Deficits.....	11
4.0	Board Findings	11
5.0	IT IS HEREBY ORDERED THAT:.....	14
	SCHEDULE A.....	17

1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the revised water and wastewater rates for the Rural Municipality of Grey (RM), Grey Water and Wastewater (Utility) and varies the effective dates to April 1, 2020, January 1, 2021, and January 1, 2022.

The approved rates are as follows:

	April 1, 2020	January 1, 2021	January 1, 2022
Quarterly Service Charge	\$28.72	\$29.29	\$29.87
Water Rate (per 1,000 gallons)	\$13.74	\$15.52	\$17.30
Wastewater Rate (per 1,000 gallons)	\$4.31	\$5.37	\$6.43
Minimum Quarterly Charge*	\$82.87	\$91.96	\$101.06
Minimum Quarterly Charge - Water Only Customers*	\$69.94	\$75.85	\$81.77
Minimum Quarterly Charge - Wastewater Only Customers**	\$67.51	\$77.62	\$87.74
Bulk Water (per 1,000 gallons)	\$15.00	\$17.00	\$19.00
Reconnection Fee	\$50.00	\$50.00	\$50.00
Hydrant Rental (annual)	\$125.00	\$125.00	\$125.00
Lagoon Tipping Fee (per load)	\$20.00	\$20.00	\$20.00

*Based on 3,000 gallons

**Based on 9,000 gallons

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

The Board approves the RM's request for approval to pass through water rate increases from the Cartier Water Coop.

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

2.0 Background

The RM operates the Utility, which purchases water from the Pembina Valley Water Coop (PVWC), Cartier Water Coop, and St. Claude Utility; and provides water services to 622 customers. The Utility also produces treated water at a water treatment plant in Elm Creek. Rates were last finalized for the Utility in 2015, effective July 1, 2015 and January 1, 2016.

Water service is provided to rural and urban customers and wastewater service is provided to the communities of Haywood, Fannystelle, and Elm Creek.

Water Supply/Distribution

The majority of the water mains were installed in 2002 and 2007. The most recent waterline project was completed in 2017.

The Elm Creek water system was installed in 1980 and was upgraded with reverse osmosis water treatment plant equipment in 1985, a reservoir expansion in 1993, and water treatment plant upgrades in 2004. Water meters were replaced in 2005 and 2010.

Wastewater Collection/Treatment

The Haywood water and wastewater system was installed in 2002. The Fannystelle low pressure wastewater system was installed in 2002, and the Elm Creek wastewater gravity system was installed in 1980 with a stabilization pond expansion in 1999.

Unaccounted for Water

The acceptable percentage of unaccounted for water is 10%, based on industry standards. If the percentage is above this amount, the applicant is to explain why and provide a plan to remedy.

The RM's rate study notes unaccounted for water in 2018 of -3.4% and 1.4% in 2016. A detailed review of water purchased and water sold was undertaken and the volumes were balanced. The RM was unable to ascertain what caused the negative unaccounted for volume, other than timing differences between customer water meter reading dates and reading dates for the large bulk meters used to record water volume purchased.

3.0 Application

On July 10, 2019, the RM applied for revised water and wastewater rates, to be effective January 1, 2021, January 1, 2022, and January 1, 2023 as set out in By-Law No. 07-2019 having had first reading June 19, 2019. The application was supported by a rate study prepared by the RM's consultant.

The RM's application seeks to consolidate the former, separate wastewater rates for Haywood, Elm Creek, and Fannystelle into one rate for all customers.

The application is also requesting the Board grant authorization to pass through any increases in the water rates for the Cartier Water Coop., without applying for further approval from the Board, known as "pass through" rate increases.

A Public Notice of Application was issued on July 18, 2019 allowing for any questions or comments with respect to the proposed rate increases to the Board and/or the RM on or before August 18, 2019. No comments were received from ratepayers.

When reviewing an application the Board can either: hold a public hearing at which the applicant can present its case and customers can present their concerns; or where it is deemed to be in the best interests of a utility and its customers, the Board can review the application using a paper review process without holding a public hearing. The paper review process considers all written materials submitted by the Utility and the public, as well as any information requests and responses between the Board and the Utility. This process may reduce regulatory costs to the Utility.

A public hearing process allows the Utility and the public the opportunity to review the application and address any concerns with the Board present.

Whenever reasonable, the board will review the application using a paper review process, which saves the cost of a public hearing process.

The Board has chosen a paper review process for the RM's application.

The rates were calculated based on the following projections using an annual inflation rate of 2% in all calculations:

Schedule of Utility Rate Requirements – Grey Water and Wastewater Utility 2021 to 2023 Budget Forecasts (\$)			
	2021	2022	2023
	Forecast		
General Expenses			
Administration	78,454	80,024	81,624
Total General Expenses	78,454	80,024	81,624
Revenue			
Penalties	1,820	1,820	1,820
Other Income	5,500	5,500	5,500
Total General Revenues	7,320	7,320	7,320
Net Costs General	71,134	72,704	74,304
Water Expenses			
Purification and Treatment	116,525	118,855	121,232
Water Purchases	477,976	489,925	502,174
Transmission and Distribution	121,727	124,161	126,645
Amortization	241,423	241,423	241,423
Total Water Expenses	957,651	974,364	991,474
Revenue			
Bulk Water Fees	4,318	4,318	4,318
Connection Fees	11,000	11,000	11,000
Hydrant Rentals	4,500	4,500	4,500
Total Water Revenues	19,818	19,818	19,818
Net Costs Water	937,833	954,546	971,656
Wastewater Expenses			
Collection System	30,692	31,306	31,932
Lift Station	4,266	4,351	4,438
Amortization	61,412	61,412	61,412
Interest on Long-Term Debt	15,497	13,543	12,185
Total Wastewater Expenses	111,867	110,612	109,967
Revenue			
Lagoon Tipping Fees	2,000	2,000	2,000
Net Costs Wastewater	109,867	108,612	107,967
Net Operating Costs	1,118,834	1,135,862	1,153,927

Inadequate Utility rates have resulted in past and projected operating deficits. The proposed Utility rate increases are necessary to provide adequate income to recover all of the costs required to operate the Utility.

Contingency Allowance and Utility Reserves

As per the Board's Water and Wastewater Rate Application Guidelines, a yearly allowance equal to 10% of the variable operating costs is recommended for a contingency allowance.

The RM has included a contingency allowance of \$73,023 for water and \$3,437 for wastewater or a total contingency allowance of \$76,460.

The RM advises there are no capital projects identified in the Utility's five-year capital plan therefore no transfer to the Utility reserve is included in the RM's application.

Working Capital Surplus/Deficit

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus/deficit is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2018 Audited Financial Statements, the most recent information available, the working capital surplus for the Utility at December 31, 2018 was:

	2018	2017
Utility Fund Surplus/Deficit	\$9,576,388	\$9,769,542
Deduct: Tangible Capital Assets	9,713,732	9,991,464
Add: Long-Term Debt	409,294	464,768
Add: Utility Reserves	96,278	102,443
Equals Working Capital Surplus (Deficit)	\$368,228	\$345,289
Operating Expenses	1,068,499	1,020,851
20% of Operating Expenses (Target)	\$213,700	\$204,170

The Utility currently exceeds the Board minimum working capital surplus of 20%.

Cost Allocation Methodology

The Board requires all municipal governments to review the costs shared between its general operations and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This allocation 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 administration cost allocation is proposed to be based on 10% of Financial Plan General "At Large" Government Services less assessment and grants expenses as follows:

Rural Municipality of Grey – Grey Water and Wastewater Utility Allocation Plan for Non-Direct Shared Services (see Note 1) as at May, 2019			
Category	Sub-category	Options	
1.0 Administrative Staff			10.0% of general legislative expenses excluding assessment and grant expenses.
	1.1 Billing services – meter reading to receipting and collection.		Meter Reading – N/A; Receipting and collection part of admin staff allocation.
	1.2 Accounting/ auditing/ including bylaw making and enforcement.		10.0% of audit costs
	1.3 Common office space		8.0% of office costs, utilities
	1.4 Office overheads (telephone, photocopier, computer, etc.)		10.0% of printing, postage, and stationary.
2.0 Operating, construction and maintenance costs			
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs		The loan costs for a truck are split with the St. Claude Water and Wastewater Utility.
	2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2)		Utility operator time is tracked and charted to the Utility.
	2.3 Public works building and property.		There is no charge to the Utility for the Public Works Building use.
	2.4 Road repairs and alike (see Note 3)	Based on actual costs	-
3.0 Major projects			
	Interest/ financing		N/A
	Labor	Based on actual costs	-
	External costs	Direct charge (dedicated consulting)	-

Note 1 – Allocation must be updated periodically to reflect impacts of inflation.

Note 2 – Including salaries and benefits.

Note 3 – If a project involves work benefitting both the Utility and general operations the costs may be shared (i.e. If reconstructing a road and replacing services at the same time, a portion of the roadwork costs may be allocated to the Utility.)

Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology as soon as it is known.

On July 10, 2019 the RM submitted a Deficit Application requesting approval of Actual Operating Deficits of \$23,212 for 2015 and \$45,605 for 2018 (or a total two-year actual operating deficit of \$68,817) and forecasted operating deficits of \$141,244 for 2019, \$159,694 for 2020, and \$74,824 for 2021 (or a total three-year forecasted operating deficit of \$375,762). The RM is requesting the total \$334,376 five-year operating deficit be recovered from the Utility's Working Capital Surplus.

4.0 Board Findings

The Board has reviewed the application and the projections presented by the RM in its rate application and notes the calculations used to formulate the Utility's rates are not consistent with Public Utilities Board Guidelines, but instead have been designed to phase-in rates to mitigate rate-shock and high year-over-year rate increases. The Board also notes, this methodology for calculating the rates requested are forecast to result in forecasted deficits of \$141,244 for 2019, \$159,694 for 2020, and \$74,824 for 2021 or a total three-year operating deficit of \$375,762.

The Board notes the Utility has sufficient working capital surplus to provide for the forecasted 2019 through 2021 deficits and therefore finds this methodology acceptable and approves the water rates as applied for by the RM, but varies the effective dates to April 1, 2020, January 1, 2021, and January 1, 2022 to mitigate the deficit amounts. The Board notes, however use of this rate setting methodology requires diligent year-over-year monitoring of the Utility's budget.

The Board notes the requested rates include a 2.5% per year increase in water rates by the PVWC and the Cartier Water Coop and therefore have advised pass through rate increases will not be required for the duration of the rates approved in this Order, subject to actual rate increases within this range.

The Board approves the RM's Deficit Application for the two-year actual operating deficits of \$23,212 for 2015 and \$45,605 for 2018 and the three-year forecasted operating deficits of \$141,244 for 2019, \$159,694 for 2020, and \$74,824 for 2021 or a total five-year operating deficit of \$444,597 to be recovered from the Utility's accumulated surplus.

The Board notes the Utility has experienced operating deficits in 2015 and 2018, and has depleted its working capital surplus to absorb these deficits. The Board is concerned by these deficits and the RM's lack of urgency in correcting the financial course of the Utility. The continued use of the working capital surplus to absorb further, future year deficits does not provide relief to ratepayers, it simply defers the financial consequences of inadequate rate setting and diminishes the effectiveness of the user pay principle.

The Board approves the revised cost allocation methodology and reminds the RM this methodology must be used consistently; any changes to the new, revised cost allocation methodology require Board approval.

The Board requires the RM to review its water and wastewater rates for the Utility for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if required) on or before December 31, 2022.

It has been five years since the RM has submitted a rate application to the Board, which has resulted in multi-year deficits. In the Board's view the period between rate reviews is too long. Regular rate reviews submitted every three years, as per the Board's Guidelines, protect the financial position of the Utility and may reduce the need for substantial rate increases in one year. In some cases, the additional cost of a rate rider becomes necessary to recover utility deficits.

It is the Utility's responsibility to review the rates and ensure rates are adequate to recover the cost of service being provided to ratepayers. Ratepayers are generally more tolerant of regular, smaller increases. The RM needs to be much more diligent in conducting regular rate reviews of its revenue requirements.

The Board finds the RM's audited financial statements to be incomplete and strongly encourages the RM to work closely with its auditor(s) to ensure all items reported in future annual audited financial statements are complete and correct. If any information is omitted, incomplete, and/or incorrect, it inhibits the Board's ability to assess the Utility's financial position and the RM's ability to set appropriate rates and/or or correctly recover deficits to sustain the Utility and its operations.

Pass Through Rate Approval Request

The Board grants approval of the RM's request to allow for pass through rate increases resulting from any increases in the wholesale rate set by the Manitoba Water Services Board for the Cartier Water Coop. Pass through rate increases are typically used when a Board regulated utility purchases water from another Board regulated utility.

The Board typically does not allow for pass through rate increases from unregulated utilities because it would not provide ratepayers with the protections afforded by Board oversight and notice requirements. In the case of Cartier Water Coop water rates, which are set by MWSB, under section 8(2) of *The Manitoba Water Services Board Act*, the purchasing utility (in this case the Grey Water and Wastewater Utility), has the opportunity to appeal to the Board any rate it believes to be excessive and MWSB uses methodology that aligns with that of the Board. In addition, the Board will require the Utility to follow the requirements for pass through rate increases as established in Section 3.10 of Board Order No. 124/09, with the addition of a 90 day notice period for ratepayers.

The process to be flowed is as follows:

Step 1. The RM of Grey shall consider the implication of any increase in wholesale water rates approved by the MWSB for the Cartier Water Coop, and determine whether or not the increase needs to be passed on to its ratepayers to maintain the adequacy of rates.

Step 2. If the cost increase is to be reflected in the rates of the Grey Water and Wastewater Utility, and with the one exception that changes in the rate of water losses in the system may also be included, the RM need only inform its ratepayers/customers and the Board of the pass through rate change, with a minimum of 90 days notice. This Notice must include information for ratepayers on their ability to respond to the Board regarding the increase.

Step 3. If rates are to change for any other reason or in any amount other than the exact rate increase, the RM must make application to the Board, which may decide to proceed to hear the application by way of a paper-based process or by way of an oral public hearing.

Step 4. For such pass through rate changes, the RM shall file an amended rate By-Law with Board, along with a copy of the Notice provided to ratepayers.

5.0 IT IS HEREBY ORDERED THAT:

1. The revised water and wastewater rates for the Rural Municipality of Grey, Grey Water and Wastewater Utility, BE AND ARE HEREBY VARIED in accordance with the attached Schedule A., effective April 1, 2020, January 1, 2021, and January 1, 2022.
2. The cost allocation methodology for shared services as submitted by the Rural Municipality of Grey BE AND IS HEREBY APPROVED.
3. The Rural Municipality of Grey is to provide a notice of the decisions found in this Order to its customers as soon as possible, with a copy provided to the Public Utilities Board.

4. The Rural Municipality of Grey amend its water and wastewater rate By-Law to reflect the decisions in this Order and submit a copy to the Board once it has received third and final reading.
5. The Rural Municipality of Grey review its water and wastewater rates for the Grey Water and Wastewater Utility 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 December 31, 2022.
6. The Rural Municipality of Grey's request for authority to implement pass through increases for water rate increases from the Cartier Water Coop, BE AND IS HEREBY APPROVED.
7. The Deficit Application by the Rural Municipality of Grey BE AND IS HEREBY APPROVED.
8. The 2015 actual operating deficit of \$23,212, 2018 actual operating deficit of \$45,605, 2019 forecasted operating deficit of \$141,244, 2020 forecasted operating deficit of \$159,694, and 2021 forecasted operating deficit of \$74,824 when calculated for regulatory purposes, incurred in the Rural Municipality of Grey, Grey Water and Wastewater Utility, is HEREBY APPROVED to be recovered from the Utility's Accumulated Surplus Account, effective the date of this Order.

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.pubmanitoba.ca.

Fees payable upon this Order - \$650.00

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"
Panel Chair

"Frederick Mykytyshyn"
Assistant Associate Secretary

Certified a true copy of Order No. 28/20
issued by The Public Utilities Board


Frederick Mykytyshyn
Assistant Associate Secretary

SCHEDULE A

RURAL MUNICIPALITY OF GREY GREY WATER AND WASTEWATER UTILITY WATER AND WASTEWATER UTILITY RATES BY-LAW NO. 07/2019 SCHEDULE OF QUARTERLY RATES

1. Schedule of Commodity Rates & Quarterly Service Charge

April 1, 2020

Rates per 1,000 Gallons

1,000 Gallons per quarter

Water	Wastewater	Water & Wastewater
\$13.74	\$4.31	\$18.05

Quarterly Service Charge \$28.72

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

a) Water & Wastewater Customers

Meter Size	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum	Water Only Total Quarterly Minimum
5/8 inch	3,000	\$28.72	\$41.22	\$12.93	\$82.87	\$69.94
¾ inch	6,000	\$28.72	\$82.44	\$25.86	\$137.02	\$111.16
1 inch	12,000	\$28.72	\$164.88	\$51.72	\$245.32	\$193.60
1 ½ inch	30,000	\$28.72	\$412.20	\$129.30	\$570.22	\$440.92
2 inch	75,000	\$28.72	\$1,030.50	\$323.25	\$1,382.47	\$1,059.22
4 inch	270,000	\$28.72	\$3,709.80	\$1,163.70	\$4,902.22	\$3,738.52

b) Wastewater Only Customers

The Wastewater only charge is based on average quarterly consumption of 9,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(9 \times \$4.31) + \$28.72 = \$67.51$

c) Bulk Water Sales

All water sold in bulk by the Grey Water and Wastewater Utility shall be charged for at the rate of \$15.00 per 1,000 gallons.

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2021

Rates per 1,000 Gallons

1,000 Gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$15.52	\$5.37	\$20.89
Quarterly Service Charge	\$29.29		

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

a) **Water & Wastewater Customers**

<u>Meter Size</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Water & Wastewater Total Quarterly Minimum</u>	<u>Water Only Total Quarterly Minimum</u>
5/8 inch	3,000	\$29.29	\$46.56	\$16.11	\$91.96	\$75.85
¾ inch	6,000	\$29.29	\$93.12	\$32.22	\$154.63	\$122.41
1 inch	12,000	\$29.29	\$186.24	\$64.44	\$279.97	\$215.53
1 ½ inch	30,000	\$29.29	\$465.60	\$161.10	\$655.99	\$494.89
2 inch	75,000	\$29.29	\$1,164.00	\$402.75	\$1,596.04	\$1,193.29
4 inch	270,000	\$29.29	\$4,190.40	\$1,449.90	\$5,669.59	\$4,219.69

b) **Wastewater Only Customers**

The Wastewater only charge is based on average quarterly consumption of 9,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(9 \times \$5.37) + \$29.29 = \$77.62$

c) **Bulk Water Sales**

All water sold in bulk by the Grey Water and Wastewater Utility shall be charged for at the rate of \$17.00 per 1,000 gallons.

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2022

Rates per 1,000 Gallons

1,000 Gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$17.30	\$6.43	\$23.73
Quarterly Service Charge	\$29.87		

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

a) **Water & Wastewater Customers**

<u>Meter Size</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Water & Wastewater Total Quarterly Minimum</u>	<u>Water Only Total Quarterly Minimum</u>
5/8 inch	3,000	\$29.87	\$51.90	\$19.29	\$101.06	\$81.77
¾ inch	6,000	\$29.87	\$103.80	\$38.58	\$172.25	\$133.67
1 inch	12,000	\$29.87	\$207.60	\$77.16	\$314.63	\$237.47
1 ½ inch	30,000	\$29.87	\$519.00	\$192.90	\$741.77	\$548.87
2 inch	75,000	\$29.87	\$1,297.50	\$482.25	\$1,809.62	\$1,327.37
4 inch	270,000	\$29.87	\$4,671.00	\$1,736.10	\$6,436.97	\$4,700.87

b) **Wastewater Only Customers**

The Wastewater only charge is based on average quarterly consumption of 9,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(9 \times \$6.43) + \$29.87 = \$87.74$

c) **Bulk Water Sales**

All water sold in bulk by the Grey Water and Wastewater Utility shall be charged for at the rate of \$19.00 per 1,000 gallons.

The following clauses take effect April 1, 2020:**3. Service to Customers Outside Utility's Limits**

The Council of the Rural Municipality of Grey may sign Agreements with customers for the provision of water services to properties located outside the boundaries of the RM of Grey. Such Agreements shall provide for payment of the appropriate rates set out in 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 Grey Water and Wastewater Utility boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

4. Billings And Penalties

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1.25% compounded monthly 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. Water and Wastewater Turn On/Turn Off

Each customer applying for water turn on or turn off of service during any quarter shall pay the proportionate part of the current minimum quarterly charge. In all cases any excess water used will be charged at the rates set forth under Commodity Rates.

Any customer is allowed one turn on and one turn off per calendar year at no cost. Any turn on or turn off after the first one in a calendar year will be charged a turn on or turn off fee of \$25.00 each time thereafter.

6. Disconnection and Reconnection

The Public Utilities Board has approve the Conditions Precedent to be flowed by the Rural Municipality with respect to 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's office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

7. Liability for Charges

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

8. Hydrant Charges

The Rural Municipality of Grey fire Department, or any other hydrant owner, will pay to the Utility a fee of \$125.00 per hydrant for the purpose of maintaining and repairing all fire hydrants connected to the system which shall include the cost of water used for firefighting.

9. Water Allowance Due to Line Freezing

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

10. Wastewater Surcharges

- a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having 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 waste.

11. Water Meters

The Utility shall provide water meters to customers. Ownership, inspection and maintenance of the meters will remain the responsibility of the utility system.

Customers are responsible for ensuring that water meters are located in a safe, dry, heated space. Failure to do so, that causes damage to the water meter, will result in the customer being responsible for the cost of replacing or repairing the water meter.

12. Water Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Rural Municipality with a deposit of \$100.00. The Rural Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be recording water flows more than 3% in excess of actual flows, all costs associated with the testing process will be born by the Rural Municipality and the deposit will be refunded to the customer and the customer's account will be adjusted for the preceding six (6) months. If the meter is found to be in proper working order the deposit will be retained by the Rural Municipality.

13. Lagoon Tipping Fees

Fees may be charged for dumping sewage in the Elm Creek Lagoon, Fannystelle Lagoon and Haywood Lagoon at the rate of \$20.00 per load.

14. Change in Meter Size

A customer may, upon application to the Rural Municipality, be granted a change in water meter size so as to move accurately reflect the required consumption of water throughout the year. However, if for some reason that same customer applies for a reversal involving a water meter change back to the original size, that customer then must pay for all costs pertaining to the reversal plus a fee of \$25.00.

15. Meter Reading

- a) Grey Water and Wastewater Utility is responsible for reading the water meters every quarter for customers in the communities of Fannystelle, Elm Creek and Haywood. Grey Utility will read water meters once per year for customers of the Utility outside those communities. Grey Utility customers residing outside the communities of Fannystelle, Elm Creek and Haywood will be responsible for reading their own water meter up to three (3) times each year upon notice at the end of the applicable billing quarter, and will be responsible to provide the meter reading to the Municipal office.
- b) In the event that a customer outside the communities of Fannystelle, Elm Creek and Haywood fails to deliver the water meter reading during the appropriate time period, the Rural Municipality will read the meter and will assess a fee of \$25.00 for this service. If the Rural Municipality is unable to access and read the meter within an appropriate time period, an estimate of the water consumption will be made and the customer still will remain liable for the service fee.

16. New Utility Service Connections

- a) The applicant for new service connections is liable for a fee set from time to time by Resolution of Council to be applied to the cost of inspecting and recording the new services.
- b) Only contractors licensed or otherwise approved by the Rural Municipality are permitted to work within the limits of the Rural Municipality's road allowances.

17. Cross Connections

No customer or person shall connect, cause to be connected or allow to remain connected any piping, fixture, fitting, container or appliance in a manner which under any circumstances may allow water, wastewater or any harmful liquid or substance to enter the Rural Municipality's water system.

If a condition is found to exist which, in the opinion of the Rural Municipality, is contrary to the aforesaid, the Rural Municipality may either:

Shut off the service or services; or

Give notice to the customer to correct the fault at his or her own expenses within a specified time period.

18. Conditions of Disrepair

In the event that there are conditions of disrepair in the sewer and water works on a property that detrimentally affects the system as a whole and, upon the failure of the owner of the property to correct the condition within a reasonable time, the Rural Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

19. Authorization for Officer to Enter Upon Premises

The Utility Personnel, or other employee authorized by the Rural Municipality in the absence of the Utility Personnel, shall be authorized to enter upon any premise for the purpose of:

Affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or taking readings from, repairing, inspecting or removing any meter or apparatus belonging to the Rural Municipality.