

Order No. 149/16

**TOWN OF SWAN RIVER
WATER AND WASTEWATER RATES
2017 and 2018**

November 24, 2016

BEFORE: Robert Gabor, Q.C., Chair
Carol Hainsworth, C.B.A., Member
Shawn McCutcheon, Member

Summary

By this Order, the Public Utilities Board (Board) approves the revised water and wastewater rates effective January 1, 2017 and 2018 for the Town of Swan River water and wastewater utility (Town) as follows:

| | Current By-law 12/2001 | Jan 1, 2017 | Increase | Jan 1, 2018 | Increase |
|--|------------------------------|----------------|----------|----------------|----------|
| Water \$/1,000 gallons | \$5.50 | \$6.50 | 18.18% | \$7.16 | 10.15% |
| Sewer \$/1,000 gallons | \$2.75 | \$5.31 | 93.09% | \$7.41 | 39.55% |
| Quarterly Service Charge | \$10.00 | \$14.74 | 47.40% | \$18.00 | 22.12% |
| Minimum quarterly charges - water and sewer* | \$34.75 | \$50.17 | 44.37% | \$61.71 | 23.00% |
| Minimum quarterly charges - water only * | \$26.50 | \$34.24 | 29.21% | \$39.48 | 15.30% |
| Hydrant Rental (Annual) | \$65.00 | \$65.00 | 0.00% | \$65.00 | 0.00% |
| Non-resident sewage dumping charges (holding tank) | n/a | \$15.00 | - | \$15.00 | 0.00% |
| Non-resident sewage dumping charges (septic tank) | n/a | \$80.00 | - | \$80.00 | 0.00% |
| Connection Fee | \$10.00 | \$10.00 | 0.00% | \$10.00 | 0.00% |
| Reconnection Fee** | \$20.00 | \$20.00 | 0.00% | \$20.00 | 0.00% |
| *Based on 3,000 gallons | | | | | |
| **Due to water disconnection | | | | | |

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

The rationale for the Board's decisions is found under "Board Findings".

Background

The Town owns and operates a water and wastewater utility serving 1,589 customers. 1,578 are water and sewer customers and 11 are water only customers.

Water- Supply/Distribution

The Town owns and operates a Class 2 water treatment plant and distribution facility. There are two operators with Class 2 water distribution and treatment certification. The facility is in compliance with the terms of its operating license.

Wastewater- Collection/Treatment

The sewer system currently provides wastewater collection services to the Town. Various upgrades have been made to the system over the years. A new lagoon is scheduled for 2017 as well as an upgrade to the lift station scheduled for 2016. There are three operators with Class 2 sewer collection and treatment. The Town is in compliance with its Environmental License.

Application

On June 29, 2015 the Town applied for revised water and wastewater rates as set out in By-law No. 9/2015. The application was supported by a rate study prepared by the Town's consultant.

A Public Notice of Application was issued on January 7, 2016 affording customers the opportunity to comment to both the Board and Town with respect to the proposed increases. The Board received no comments.

When reviewing 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 will consider the application and stakeholder responses, and determine which method of review is most appropriate.

A public hearing process allows the Utility and stakeholders the opportunity to present their application and any concerns to the Board in person.

A paper review process saves the cost of a public hearing process. Having received no expressions of concern from consumers, the Board decided to process this application with a paper-based review.

The Town's application included two specific requests for the Board to address; that the Board approve rates on an interim *ex parte* basis, and also that the rates be "phased in" over a three year timeline, which would result in projected operating deficits for the Utility for 2016 and 2017.

Where a municipality can show there is an urgent need for a rate increase and the Board determines it to be in the best interest of all parties, the Board may establish interim *ex parte* rates. These are rates typically approved as applied for without review and then subject to a Public Notice of Application and the Board's regular review process before being confirmed as final by Board Order.

Since this process allows a municipality to temporarily bypass the Board's review process, it is reserved for those instances where a municipality can show there is a compelling argument to allow it. In the majority of cases where the Board has approved interim rates, this involves the utility experiencing operating deficits that will continue if revised rates aren't approved in an expedited manner.

The rate application was accompanied by Council Resolution #2, dated June 22, 2015 stating that the Utility incurred deficits in 2013 and 2014, and requested that the Board approve interim *ex parte* rates to be effective September 1, 2015. In July 2015, the Board requested the necessary applications for approval of the 2013 and 2014 deficits from the Town. These were necessary for the Board to consider the request for interim rates.

On July 22, 2015 the Board received a 2013 Schedule of Utility Operations adjusted for regulatory purposes (PUB Schedule 9) and 2013 audited financial statements. This submission did not include a properly completed deficit application form or council resolution, as required by the PUB to process a deficit application. The PUB Schedule 9 indicated a 2013 deficit before grant adjustment of \$124,232, which then became a surplus of \$563 after grant adjustment. For the purposes of the Board and rate setting, this is not a utility deficit, and therefore would not support the Town's assertion of an urgent need for revised rates.

The Board contacted the Town three times between September 23, 2015 and November 20, 2015 to advise that because the 2013 utility deficit was eliminated by the amortization of capital grants, further rationale to support the Town's claim of an urgent need for revised rates was required. The Town did not respond until December 3, 2015.

The Town sent an email, including the Council Resolution originally submitted in June 2015 and provided three points as rationale for the interim rate increase: the Town had experienced a Utility deficit of \$25,133 in 2014; the 2015 financial plan reflected a rate increase and would result in a deficit if it were not approved; and finally that the Town had several extremely large capital investment projects on the horizon. This submission did not include a 2014 PUB Schedule 9 or deficit application to support the Town's contention of a 2014 deficit.

The Town's consultant contacted the Board on December 8, 2015 at the request of Town, asking if the Board could provide a timeline on the Town's application. Board staff advised the consultant that due to the Town's request for interim rates and subsequent requests to the Town for rationale in support of that request, the application had been put on hold, pending responses from the Town.

In the case of the Town of Swan River, the application for a new permanent rate was put on hold because of the request of interim *ex parte* rates. This request was delayed further as the Town did not provide the necessary responses to the Board's questions. The consultant then advised Board staff that the Town's request for interim rates could be omitted from the application.

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.

The Board requested information from the Town regarding the treatment of deficits which would result from the Town's request to "phase in" rate increases. The Town advised that the Utility has a significant working capital surplus that is capable of absorbing the projected deficits. Based on the information in the rate study, the Board projected that the rates requested by the Town would result in deficits of over \$350,000 during 2016 and 2017; however, this amount included a reserve provision of \$100,000 per year.

| | 2016 | 2017 | 2018 |
|--|-------------------|-------------------|-------------------|
| General rate revenue requirement | \$ 109,737 | \$ 112,021 | \$114,352 |
| Water rate revenue requirement | \$ 598,064 | \$ 634,915 | \$651,177 |
| Sewer rate revenue requirement | \$ 496,707 | \$ 545,257 | \$670,712 |
| | | | |
| Number of customers | 1,589 | 1,589 | 1,589 |
| Water produced | 104,872 | 104,872 | 104,872 |
| Metered water sales | 91,044 | 91,044 | 91,044 |
| Water returned to sewer | 90,558 | 90,558 | 90,558 |
| | | | |
| Indicated rates: | | | |
| Quarterly service charge (gen rate rev req/# of customers) | \$ 17.27 | \$ 17.62 | \$ 17.99 |
| Water commodity (water rate rev req/metered water sales) | \$ 6.57 | \$ 6.97 | \$ 7.15 |
| Sewer commodity (sewer rate rev req/water returned to sewer) | \$ 5.48 | \$ 6.02 | \$ 7.41 |
| | | | |
| Proposed rates (By-law 9/2015): | | | |
| Quarterly service charge | \$ 12.07 | \$ 14.74 | \$ 18.00 |
| Water commodity | \$ 5.98 | \$ 6.50 | \$ 7.16 |
| Sewer commodity | \$ 3.82 | \$ 5.31 | \$ 7.41 |
| | | | |
| Operating shortfalls (projected): | | | |
| Quarterly service charge | 33,020.08 | 18,333.56 | - 56.00 |
| Water commodity | 53,620.88 | 43,129.00 | - 698.04 |
| Sewer commodity | 150,775.44 | 64,394.02 | - 322.78 |
| | | | |
| Total projected shortfall for utility: | 237,416.40 | 125,856.58 | - 1,076.82 |

In the course of reviewing the rate application, the Board noted that the Town had indicated in December 2015 that there was a 2014 deficit in the amount of \$25,133. The Board requested that the Town provide a 2014 PUB Schedule 9 and a deficit application, if required.

The Town submitted the PUB Schedule 9 on March 21, 2016 indicating a deficit of \$175,228, but failed to provide an application for approval of the deficit and method of recovery. The Board followed up on May 12, 2016 requesting that the Town submit a deficit application and supporting Council resolution. To date, no response has been received from the Town.

Tipping fees

The projections in the application included revenue from tipping fees; however, the application and by-law did not include any provision for a tipping fee to be approved by the Board. In its February 17, 2016 information request letter, the Board advised the Town that tipping fees need Board approval and should be included as part of the rate study. The Town was asked to provide information regarding the proposed rates and supporting calculations.

The Town's response, received March 21, 2016, advised that sewage tipping fees for non-residents are \$50 for holding tanks and \$200 for septic tanks. The Town advised that it had received \$5,960 in tipping fee revenue in 2014 and stated that it *"considers the existing fees to be reasonable for the time being and proposes that they be incorporated into Schedule A of the Utility rate by-law. Because of the nominal amount of these revenues, the alternative to undertake an engineering review of Biochemical Oxygen Demand and Suspended Solids loadings generated by septic trucks is prohibitively costly."* The Town did not provide the Board with any information in how it determined the current fees.

The Town referred to the amount of revenue involved as “nominal” without disclosing that the charges presented had been significantly increased without Board approval in January 2016. The fees increased 233% (holding tanks) and 150% (septic tanks).

The Board became aware of this discrepancy in October 2016, when a ratepayer made an inquiry to the Board regarding the January rate increase.

In response to this customer inquiry, the Board requested additional information from the Town. In an email dated October 21, 2016, the Board requested a copy of the current and previous “Schedule of fees, rates and prices” used to set “Non-resident sewage dumping charges” (tipping fees), a proposal for Board approval of the tipping fees, including all calculations and background information, and a Town response to the ratepayer’s inquiry.

The Town provided a response by email on the same day. The proposal for approval of tipping fees included total revenues earned since 2005. The Town submitted that its tipping fee revenue had fallen considerably in the past ten years, and advised that it believes that due to lack of enforcement and technological services at the lagoon, the number of loads being hauled to the lagoon is not an accurate representation of the tipping fees being collected. Expenditures related to these revenues have averaged \$21,875 over the past five years, and the Town has budgeted \$135,000 for 2016, explaining that the increase is due to the limited phosphorus regulation and routine maintenance of lagoon operations. The Town advised it was an oversight on the part of the Town that previous tipping fees were not presented to the Board for approval prior to implementation.

The Town’s proposal did not include any information about the number of loads or volume of waste being hauled into the lagoon, nor did it provide any supporting information in response to Board requests regarding the Town’s determination of the tipping fees of \$50 per holding tank and \$200 per septic tank.

Working Capital Surplus

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 is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2014 audited financial statements, the most recent information provided, the working capital surplus at December 31 was:

| <u>Working Capital Surplus/Deficit</u> | <u>2014 Audited</u> |
|---|----------------------------|
| Fund Surplus | \$11,249,755 |
| Less Tangible Capital Assets | 11,510,575 |
| Add Long term debt | 930,855 |
| Add Utility Reserves | 410,612 |
| | |
| Working Capital Surplus | \$1,080,647 |
| | |
| Minimum working capital surplus = 20% of expenses | \$214,503 |

The rates were calculated based on the following projected 2018 expenses:

| | 2018 |
|--|----------------|
| Administration | 92,093 |
| Training costs | 7,045 |
| Billing and collection | 10,731 |
| Insurance and Audit | 11,143 |
| Total expenses - general | 121,012 |
| Penalties | 2,285 |
| Investment income | 2,144 |
| Other income | 2,231 |
| Total revenue - general | 6,660 |
| Net revenue required - general | 114,352 |
| Purification and treatment | 130,351 |
| Trans and Dist. | 183,807 |
| Other water supply costs | 20,274 |
| Connection costs | 166,623 |
| Engineering staff | 41,312 |
| Amortization | 224,227 |
| Amortization of Meters | 15,500 |
| Service of Supply | 10,310 |
| Interest on long term debt | 23,412 |
| Total expenses - water | 815,816 |
| Installation Service | 1,500 |
| Connection fees | 50,767 |
| Amortization of capital grants - water | 98,787 |
| Hydrant rentals | 13,585 |
| Total revenue - water | 164,639 |
| Net revenue required - water | 651,177 |
| Collection system costs | 61,902 |
| Tmnt and disp. Costs | 20,045 |
| Lift station costs | 107,112 |
| Reserves | 100,000 |
| Other sewage costs | 43,808 |
| Amortization | 254,072 |
| Interest on long term debt | 124,490 |
| Total expenses - sewer | 711,429 |
| Lagoon tipping fees | 5,960 |
| Amortization of capital grants - sewer | 34,757 |
| Total revenue - sewer | 40,717 |
| Net revenue required - sewer | 670,712 |

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.

Administrative costs allocated are proposed at 48% of the CAO's salary, telephone and hydro costs. This was based on percentage of time spent by the Administration staff; Public works staff time is based on actual hours spent on utility and is recorded on time cards.

Board Findings

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

The Board will approve the cost allocation methodology as applied for, and reminds the Town that any changes to this policy must be approved by the Board prior to implementation.

The Board finds that the revenue estimates provided, though high, are acceptable and will approve the rates as requested for 2017 and 2018. The provisions for reserves are significant; however the Town has shown that it has a number of large capital projects planned, most notably the new lagoon being planned for 2017. The reserve funds requested are for known purposes and will be spent in the next several years. The lack of stakeholder response to the Notice indicates to the Board that the community understands the need for the rate increases and is supportive of the Town's application.

The Board is sensitive to the magnitude of the rate increases; however it must consider the sustainability of the Utility when approving rates.

The increases required can be considered to be rate shock, something that is common where rate requirements are not addressed for significant periods of time. In the case of the Town of Swan River, it has been 15 years since revised rates were last approved. Consumers are generally more tolerant of regular, smaller increases. The Town needs to be more diligent in conducting regular reviews of its revenue requirements.

The Board would like to address the issue of the Town requesting interim rates, and then failing to respond to requests for supporting information. This has resulted in unnecessary delays in the processing of the rate application; when information is requested from an applicant, the Board puts the entire application on hold until that information is received. Board staff will follow up, as time allows, with the applicant to remind it of the outstanding information needed.

Interim rates are a tool used by the Board to manage the volume of applications that require processing, not a tool to be used by municipalities to circumvent the Board's due diligence and processes. Interim rates should only be requested when there exists a true urgent need for revised rates, and the applicant should be able to provide evidence establishing that need, without delay.

In the interest of providing relief to those utilities experiencing a true need, requests for interim rates are given top priority by the Board. Requests without merit or rationale put additional strain on the Board's very limited resources. In the case of the Town of Swan River, this was compounded by the Town failing to respond to several requests for further information.

The Town is responsible for the content of its rate application and must be able to provide supporting rationale and quantification to the Board, as needed. The Town is also responsible for understanding the reporting requirements, what constitutes a utility deficit for regulatory purposes, and the procedures used for rate setting purposes. The Board recommends that the Town review *The Public Utilities Board Act* and the PUB website (www.pub.gov.mb.ca) and become familiar with these requirements.

On multiple occasions, the Board requested deficit applications from the Town, and provided links to the appropriate form on the Board's website. Despite the Town repeatedly advising the Board that it was experiencing deficits, no application was ever received. *The Municipal Act* requires municipalities to file for approval of deficits and the method of recovery with the PUB. The Town needs to file the correct information with the Board, and if there is uncertainty with regards to the Town's responsibility, it should consult with Board staff to ensure compliance.

The Board asked the Town to provide the calculation of tipping fees, and also advised the Town that these charges require Board approval prior to implementation. The Town's response was at best incomplete and at worst intentionally misleading. On no less than two separate occasions, the Board asked the Town to provide detailed supporting calculations for the proposed tipping fees.

The Town submitted that an engineering review of the loadings generated by septic trucks would be prohibitively costly, but provided no further information about how it determined the proposed charges.

The Board is a proponent of the user-pay principle and fully supports utility charging tipping fees to septic haulers, particularly when hauling waste from out of boundary customers who don't contribute to the municipality through taxes. However, the Board can't approve rates without any sort of supporting quantification, and the Town has failed to provide this despite repeated requests for this information.

For this reason, and as the Town significantly increased tipping fees without Board approval, the Board will deny the rate increase from the 2016 Schedule of fees, rates and prices, effective January 1, 2016. The Board will order the Town to revise the tipping fee schedule to reflect the charges that were in force prior to that change; \$15 for a holding tank and \$80 for a septic tank. This change is effective December 1, 2016 and will not be retroactive. The Board understands that this charge is collected by the septic haulers and subsequently remitted to the Town, so a retroactive adjustment would not be practical and the cost of administering this adjustment would be prohibitively high. The Board encourages the Town to file an application for revised tipping fees, at its earliest convenience, with all of the necessary information and evidence to support an increase in tipping fees.

The Board is also concerned about the processes in place with the operations of the lagoon; it is the understanding of the Board that the lagoon is an unsecure location, and that the septic haulers collect and remit the Town's tipping fees on the honour system. The Board recommends that the Town consider making changes to increase security and governance in these processes.

The Town's actions throughout this application process show a pattern of either not understanding Board processes, not following them, or both. Pursuant to *The Public Utilities Board Act*, the Board has available enforcement methods and can apply penalties. The Board will consider utilizing the means at its disposal if the Town fails to comply with this Order and other requirements.

The Board urges the Town and Council to review its internal processes to review how these matters have been handled, and how to improve communications between the Town and the Board in future applications.

The Town has indicated its intention to recover utility debenture payments through utility rates for future projects. The Board has long been a proponent of the user-pay principle and supports this methodology; however, the challenges faced by the Board in getting information from the Town in support of this rate application, as well as the length of time between rate applications, are a cause for concern.

To recover debenture payments through utility rates requires additional approvals from the Public Utilities Board, as well as additional work in reconciling the amounts collected to ensure that adequate revenue is being recovered. The Board will caution the Town, failing to review the utility performance and rate requirements on a regular basis can have an even more detrimental effect under these circumstances.

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 HEREBY ORDERED THAT:

1. Revised water and wastewater rates for the Town of Swan River BE AND ARE HEREBY APPROVED in accordance with the attached Schedule “A”, effective January 1, 2017 and 2018.
2. Septic tipping fees for the Town of Swan River BE AND ARE HEREBY APPROVED in accordance with the attached Schedule “A”.
3. The Town of Swan River provide Notice to its ratepayers of the decisions in this Order in the next billing cycle, with a copy to the Public Utilities Board.
4. The Town of Swan River 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 Town of Swan River submit a deficit application for recovery of the 2014 operating deficit, by no later than November 30, 2016.
6. The Town of Swan River submit its 2015 audited financial statements, with a deficit application if required, as soon as the statements are available.

7. The cost allocation methodology for shared services and equipment as submitted by the Town of Swan River BE AND IS HEREBY APPROVED.
8. The Town of Swan River 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 - \$650.00

THE PUBLIC UTILITIES BOARD

"Robert Gabor, Q.C."
Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 149/16
issued by The Public Utilities Board

Acting Secretary

SCHEDULE "A"

TOWN OF SWAN RIVER

SCHEDULE OF QUARTERLY RATES
Rates per thousand gallons

January 1, 2017
per quarter

| | | | |
|------------------------|--------|--------|---------------|
| | Water | Sewer | Water & Sewer |
| Service Charge \$14.74 | \$6.50 | \$5.31 | \$11.81 |

| Meter Size | Group Capacity Ratio | Minimum Quarterly Consumption | Customer Service Charge | Water | Sewer | Quarterly Minimum Charge (Water & Sewer) | Quarterly Minimum Charge (Water Only) |
|------------|----------------------|-------------------------------|-------------------------|------------|------------|--|---------------------------------------|
| 5/8" | 1 | 3,000 | \$14.74 | \$19.50 | \$15.93 | \$50.17 | \$34.24 |
| 3/4" | 2 | 6,000 | \$14.74 | \$39.00 | \$31.86 | \$85.60 | \$53.74 |
| 1" | 4 | 12,000 | \$14.74 | \$78.00 | \$63.72 | \$156.46 | \$92.74 |
| 1 1/2" | 10 | 30,000 | \$14.74 | \$195.00 | \$159.30 | \$369.04 | \$209.74 |
| 2" | 25 | 75,000 | \$14.74 | \$487.50 | \$398.25 | \$900.49 | \$502.24 |
| 2 1/2" | 35 | 105,000 | \$14.74 | \$682.50 | \$557.55 | \$1,254.79 | \$697.24 |
| 3" | 45 | 135,000 | \$14.74 | \$877.50 | \$716.85 | \$1,609.09 | \$892.24 |
| 4" | 90 | 270,000 | \$14.74 | \$1,755.00 | \$1,433.70 | \$3,203.44 | \$1,769.74 |

SCHEDULE OF QUARTERLY RATES
Rates per thousand gallons

January 1, 2018
per quarter

| | | | |
|------------------------|--------|--------|---------------|
| | Water | Sewer | Water & Sewer |
| Service Charge \$18.00 | \$7.16 | \$7.41 | \$14.57 |

| Meter Size | Group Capacity Ratio | Minimum Quarterly Consumption | Customer Service Charge | Water | Sewer | Quarterly Minimum Charge (Water & Sewer) | Quarterly Minimum Charge (Water Only) |
|------------|----------------------|-------------------------------|-------------------------|------------|------------|--|---------------------------------------|
| 5/8" | 1 | 3,000 | \$18.00 | \$21.48 | \$22.23 | \$61.71 | \$39.48 |
| 3/4" | 2 | 6,000 | \$18.00 | \$42.96 | \$44.46 | \$105.42 | \$60.96 |
| 1" | 4 | 12,000 | \$18.00 | \$85.92 | \$88.92 | \$192.84 | \$103.92 |
| 1 1/2" | 10 | 30,000 | \$18.00 | \$214.80 | \$222.30 | \$455.10 | \$232.80 |
| 2" | 25 | 75,000 | \$18.00 | \$537.00 | \$555.75 | \$1,110.75 | \$555.00 |
| 2 1/2" | 35 | 105,000 | \$18.00 | \$751.80 | \$778.05 | \$1,547.85 | \$769.80 |
| 3" | 45 | 135,000 | \$18.00 | \$966.60 | \$1,000.35 | \$1,984.95 | \$984.60 |
| 4" | 90 | 270,000 | \$18.00 | \$1,933.20 | \$2,000.70 | \$3,951.90 | \$1,951.20 |

2. Water Only Customers

Minimum charge will be the same for each meter size as shown above but the sewer commodity charge will be excluded.

3. Private Water Supply

Any person, firm or corporation connected to The Town's water and sewer system and is using its own water supply instead of or in addition thereto shall be charged a quarterly minimum charge plus a commodity charge for the meter connected to the Town's water supply plus a second meter shall be installed to their own water supply, for which they shall make a meter deposit and be charged a quarterly customer service charge and a sewer commodity charge.

4. Billing

Bills covering charges above shall be issued on or about the beginning of the month following the quarter for which the account covers and shall include payment of the minimum quarterly charges in advance together with any charges for excess consumption in the previous quarter. These rates shall apply to all billings including charges for excess consumption in the previous quarter.

5. Penalties

Accounts as set forth herein shall be due and payable on or before the 30th day of the month following the quarter for which the account covers. A late payment charge of 1 1/4% per month shall be charged on the dollar amount owing after the billing due date.

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 are available for inspection at the Town Office.

7. Hydrant Rentals

The Town shall pay to the Utility an annual rental of \$65.00 for each fire hydrant connected to the system.

8. Meter Deposit

That all customers making application for a water turn-on shall make a refundable meter deposit equal to approximately 50% of the cost of the meter.

9. Other Charges

That a fee of \$10.00 shall be charged for an application for a water turn-on. If the water is turned off for non-payment of an account a fee of \$20.00 shall be charged for an application for a water turn-on.

10. Charges are a Lien

That all charges and penalties payable in the By-law are a lien on property in which the commodity or service is consumed or used and if unpaid they be added to the taxes on that property and collected in the same manner as other taxes.

11. Service to Customers Outside the Town of Swan River Limits

The Council of the Town of Swan Rivet may sign agreements with customers for the provision of water & sewer services located outside the legal boundaries of the Town of Swan River. Such agreements shall provide for payment of the appropriate rates set out in the schedules well as a surcharge, 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.

12. Non-resident sewage dumping charges

- (a) \$15/Holding tank (non-separated sewage)
- (b) \$80/Septic tank (separated sewage)