

**Order No. 67/18**

**THE MUNICIPALITY OF TWO BORDERS  
LOCAL IMPROVEMENT DISTRICT No. 1 - PIERSON  
PIERSON WATER AND WASTEWATER UTILITY RATES  
Effective July 1, 2018, January 1, 2019, 2020 and 2021  
2014, 2015 & 2016 ACTUAL OPERATING DEFICIT RECOVERY  
2017 ANTICIPATED DEFICIT RECOVERY**

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**May 25, 2018**

**BEFORE: Shawn McCutcheon, Panel Chair  
Michael Watson, Member**

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## 1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the revised water and wastewater rates for the Municipality of Two Borders (Municipality), Pierson Utility (Utility), effective July 1, 2018, January 1, 2019, January 1, 2020 and January 1, 2021.

The approved rates are as follows:

	Current By-law 11/2006	Year 1 July 1, 2018	Year 2 January 1, 2019	Year 3 January 1, 2020	Year 4 January 1, 2021
Quarterly service charge	\$ 5.63	\$ 17.67	\$ 14.68	\$ 11.69	\$ 8.69
Water per 1,000 gallons	\$ 3.23	\$ 6.36	\$ 9.49	\$ 12.62	\$ 15.74
Wastewater per 1,000 gallons	\$ 2.55	\$ 2.81	\$ 3.07	\$ 3.33	\$ 3.59
Minimum quarterly charge*	\$ 22.97	\$ 45.18	\$ 52.36	\$ 59.54	\$ 66.68
Utility reserve fund (residential)**	\$ 15.03	n/a	n/a	n/a	n/a
Utility reserve fund (school)**	\$ 57.02	n/a	n/a	n/a	n/a
Utility reserve fund (lodge)**	\$ 55.40	n/a	n/a	n/a	n/a
Reconnection fee	\$ -	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Hydrant rental	\$ 75.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
NSF charge	\$ -	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Deficit Recovery - per 1, 000 gallons**		\$4.00	\$4.00	\$4.00	\$4.00

\*based on 3,000 gallons

\*\*charged on a quarterly basis

The Board approves the 2014 actual operating deficit of \$43,390 and the 2015 actual operating deficit of \$17,527, to be recovered through the Utility's accumulated surplus.

The Board also approves the 2016 actual operating deficit of \$35,939 and the 2017 anticipated operating deficit of \$34,145, to be recovered by a rate rider of \$4.00 per 1,000 gallons per customer per quarter for five years or until the total deficit amount of \$70,084 has been recovered, whichever comes first.

Details of other rates may be found in the attached Schedule "A" to this Board Order.

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

## 2.0 Background

The Town owns and operates a water and wastewater utility serving 127 customers, all of which are metered water and wastewater customers. The Utility has been in operation since 1977, with many of the components having been replaced or upgraded since then.

The Utility services two customers outside the Local Improvement District of Pierson boundaries. A hauling company, which is zoned industrial, and an unmetered campground on this property. For these customers, there are no Utility debenture debt payments on property taxes and no other surcharges.

### Water Supply/Distribution System

The raw water source is groundwater from an aquifer, from two wells that are five and six inches in diameter that are 20 and 30 feet deep. Treatment consists of chlorination at the well house with contact time provided in the reservoir in Pierson, for disinfection.

Based on the “Pierson Public Water System Re-Assessment” report (March 2015), the main distribution pump was in good running condition. However, the backup pump was out of service, which is a concern if the main pump were to fail. There was also no backup equipment on-site for the big-ticket items, such as the pumps and chlorine dispensers.

As at 2015, the Municipality had one operator who required further training to maintain his license and another operator who was in the process of getting his operator in training certification. The former utility supervisor continued to assist the municipality, approximately 90% of the time. The RM indicated that its operators would be properly certified by March 2016.

The drinking water audits indicate the Utility met the terms and conditions of its Operating Licence. There are no taste or odour issues with respect to the drinking water. There is at times a colour issue.

## Wastewater Collection/Treatment System

The wastewater treatment system is composed of a three-cell lagoon. The Pierson lagoon is discharged into Brain Lee NW 35-2-29. The lagoon is compliant with the Environmental License.

## Unaccounted for Water

The acceptable percentage of unaccounted for water is 10%. If the percentage is above this, the applicant is to explain why and the plan to remedy.

Unaccounted for water loss is high at 34%. In the rate application, the Municipality provided no clarification on possible causes or potential solutions to this issue.

On May 3, 2018, The Board requested further details of unaccounted for water and the Municipality's plan to remedy. On May 17, 2018, The Municipality provided the following information on unaccounted for water:

<b>Water Produced/Sold – 1,000 Gallons</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Treated water produced	5,301	5,236	5,421
Metered water sales	3,14	2,903	3,061
Bulk water sales	0	0	0
Total Sales	3,514	2,903	3,061
Total Water Accounted for	3,514	2,903	3,061
Unaccounted for water/ (Surplus of Water Sales)	1,787	2,333	2,359
<b>% of Total</b>	<b>34%</b>	<b>45%</b>	<b>44%</b>

The Municipality advised that high unaccounted for water is due to a number of meters that must be replaced, large seasonal users are not metered, and the Utility undertakes a significant amount of waterline flushing because of high manganese levels in the water, which must be flushed.

The Municipality also advised that there are a number of initiatives underway to reduce the amount of unaccounted for water, including:

- Meter replacement – after review, the Municipality determined that 26 meters required replacement, 19 were replaced in 2016 and four in 2017 leaving three to be replaced.
- Review of Meters – The Municipality is continuing to check meters and discovered nine more that must be replaced in the near future; this includes two large users; the fire hall and the school.
- Metering seasonal users – The ballpark, campground and playground, open seasonally, are not currently metered. The Municipality intends to install water meters for these users and monitor summer water usage.
- The Municipality will check the calibration on the outflow meter at the water reservoir for accuracy.

### 3.0 Application

On January 19, 2017, the Municipality applied for revised water and wastewater rates for the Utility, to be effective July 1, 2017 as set out in By-law No. 20-2016 having had first reading on December 09, 2016. The application was supported by a rate study prepared by the Municipality's consultant. Rates were last reviewed in 2006 in Board Order No. 161/06 for the former Rural Municipality of Edward (before amalgamation in 2015).

The Utility has also applied for three actual operating deficits incurred in 2014, 2015 and 2016, and an anticipated operating deficit for 2017. The rate increase is required primarily to bring the Utility into a surplus position on an operating basis.

A Public Notice of Application was issued on September 05, 2017 affording customers the opportunity to comment to both the Board and Town with respect to the proposed rate increases. However, no responses were received.

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 considers the application and stakeholder responses, and determines 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. While a paper review process, saves the cost of a public hearing process. After considering the application and responses, the Board decided to process this application with a paper-based review.

The rates were calculated based on the following revenue projections and an inflation rate of 2% was used in all calculations.

	Actual 2014	Actual 2015	Budgeted 2016	Forecast 2017	Forecast 2018	Forecast 2019	Forecast 2020
<b>General</b>							
<b>Expenses:</b>							
Administration	4,331	\$2,533	\$1,355	\$1,900	\$1,938	\$1,977	\$2,016
Insurance	-	-	2,600	2,635	2,688	2,741	2,796
Training costs	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Billing and collection	-	-	-	-	-	-	-
<b>Total general expenses</b>	<b>4,331</b>	<b>2,533</b>	<b>3,955</b>	<b>4,535</b>	<b>4,626</b>	<b>4,718</b>	<b>4,813</b>
<b>Revenue</b>							
Penalties	467	203	397	397	397	397	397
Investment income	-	-	-	-	-	-	-
Other income	100	-	-	-	-	-	-
<b>Total general revenues</b>	<b>567</b>	<b>203</b>	<b>397</b>	<b>397</b>	<b>397</b>	<b>397</b>	<b>397</b>
<b>Net Costs General</b>	<b>3,764</b>	<b>2,330</b>	<b>3,558</b>	<b>4,138</b>	<b>4,229</b>	<b>4,321</b>	<b>4,416</b>
<b>Water</b>							
<b>Expenses</b>							
Purification and treatment	70,709	34,381	40,000	40,800	41,616	42,448	43,297
Transmission and distribution	-	-	-	-	-	-	-
Service of Supply	-	-	-	-	-	-	-
Other Water Supply Costs	-	-	-	-	-	-	-
Amortization	7,949	7,593	6,006	6,353	5,785	5,785	5,785
Interest on long term debt	-	-	-	-	-	-	-
<b>Total water expenses</b>	<b>78,658</b>	<b>41,974</b>	<b>46,006</b>	<b>47,153</b>	<b>47,401</b>	<b>48,233</b>	<b>49,082</b>
<b>Revenue</b>							
Bulk Water fees	-	-	-	-	-	-	-
Hydrant rentals	75	-	150	150	150	150	150
Installation service	-	-	-	-	-	-	-
Connection charges	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>75</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Net Rate Costs - Water</b>	<b>78,583</b>	<b>41,974</b>	<b>45,856</b>	<b>47,003</b>	<b>47,251</b>	<b>48,083</b>	<b>48,932</b>
<b>Sewer</b>							
<b>Expenses</b>							
Collection system costs	-	-	-	-	-	-	-
Treatment and disposal costs	1,980	2,358	2,551	2,602	2,654	2,707	2,762
Lift Station	710	1,418	984	1,004	1,024	1,044	1,065
Connection costs	-	-	-	-	-	-	-
Incentive Programs	-	-	-	-	-	-	-
Amortization	1,917	1,917	864	150	9,750	9,750	9,750
Interest on long term debt	-	-	-	-	-	-	-
<b>Total sewer expenses</b>	<b>4,607</b>	<b>5,693</b>	<b>4,399</b>	<b>3,756</b>	<b>13,428</b>	<b>13,502</b>	<b>13,577</b>
<b>Revenue</b>							
Lagoon tipping fees	9,590	-	-	-	-	-	-
<b>Total revenue</b>	<b>9,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Rate Costs - Sewer</b>	<b>(4,983)</b>	<b>5,693</b>	<b>4,399</b>	<b>3,756</b>	<b>13,428</b>	<b>13,502</b>	<b>13,577</b>



	2014	2015	2016	2017	2018	2019	2020
<b>Water and Sewer Billing Revenues</b>							
Water and sewer billings	33,974	32,470	34,277	36,003	51,593	61,987	72,340
Deficit Rate Rider	-	-	-	-	-	-	-
	33,974	32,470	34,277	36,003	51,593	61,987	72,340
<b>Net Revenue/(Expense)</b>	<b>(43,390)</b>	<b>(17,527)</b>	<b>(19,537)</b>	<b>(18,894)</b>	<b>(13,315)</b>	<b>(3,919)</b>	<b>5,415</b>
<b>Capital Grants - PUB Adjustments</b>							
Deduct Capital Grants Amortization - Water	-	-	-	-	-	-	-
Deduct Capital Grants Amortization - Sewer	-	-	-	-	4,800	4,800	4,800
Add Amortization of Capital Grants	-	-	-	-	-	-	-
Add Amortization of Contributed TCA	-	-	-	-	-	-	-
<b>Net Operating Surplus (Deficit) with PUB Adjustments</b>	<b>(43,390)</b>	<b>(17,527)</b>	<b>(19,537)</b>	<b>(18,894)</b>	<b>(8,515)</b>	<b>881</b>	<b>10,215</b>
<b>Transfers</b>							
Transfers from (to) General Operating	71,500	5,000	5,000	5,000	5,000	5,000	5,000
Transfers from Government for Capital	-	-	-	120,000	-	-	-
Transfers (to) reserve	-	-	-	(5,500)	(5,500)	(5,500)	(5,500)
Transfer from reserve	(71,500)	-	10,000	100,000	-	-	-
<b>Change in Utility Fund Balance after Transfers</b>	<b>(43,390)</b>	<b>(12,527)</b>	<b>(4,537)</b>	<b>200,606</b>	<b>(9,015)</b>	<b>381</b>	<b>9,715</b>
<b>Reverse PUB Adjustments to Adjust Surplus to PSAB</b>							
<b>Capital Grants - Reverse PUB Adjustments</b>							
Add back Amortization of Water Capital Grant		-	-	-	-	-	-
Add back Amortization of Sewer Capital Grant		-	-	-	(4,800)	(4,800)	(4,800)
<b>FUND SURPLUS, BEGINNING OF YEAR</b>	<b>190,789</b>	<b>147,399</b>	<b>134,872</b>	<b>130,335</b>	<b>330,941</b>	<b>317,126</b>	<b>312,707</b>
<b>FUND SURPLUS, END OF YEAR</b>	<b>\$ 147,399</b>	<b>\$ 134,872</b>	<b>\$ 130,335</b>	<b>\$ 330,941</b>	<b>\$ 317,126</b>	<b>\$ 312,707</b>	<b>\$ 317,622</b>

The customer service charge for administration costs decreases by \$2.99 in each forecast year in 2017, 2018 and 2019 and by \$3.00 in 2020. This decrease is a result of the annual utility reserve contribution being funded through water and wastewater rates, instead of through the customer service charge.

The Municipality intends to proceed with a new lift station, estimated to cost \$240,000 with funding of \$120,000 from the Utility reserve (2017) and a grant of \$120,000 from the Manitoba Water Services Board (MWSB).

The Municipality has advised that this project was completed in 2017. The total cost of the project was \$227,642 funded by a grant from MWSB of \$113,821 with the remaining \$113,821 funded by the Utility. The Utility's portion was paid through the Utility reserve in the amount of \$109,930 with the remainder from the Utility Operating Fund.

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

As per the 2016 audited financial statements, the most recent information available, the working capital surplus at December 31, 2016 was:

	2015	2016
Accumulated Fund Surplus	\$134,872	\$103,933
Deduct Tangible Capital Assets	(\$133,590)	(\$130,868)
Add Long-Term Debt	-	-
Add Utility Reserves	\$108,261	\$109,930
<b>Equals Working Capital Surplus</b>	<b>\$109,543</b>	<b>\$82,995</b>
Operating expenses	\$50,200	\$66,773
20% of operating expenses (Target)	\$10,040	\$13,355

The Municipality estimates that the working capital for the Pierson Utility will incur a deficit in 2017, with the proposed withdrawal from the Utility Reserve for the lift station. However, with the annual reserve transfer, amortization and contingency, the working capital is expected to return to a surplus position, in compliance with the Board's minimum working capital requirements in 2020.

## Actual & Anticipated Operating 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 is therefore duty bound to approve reasonable rates based on reasonable expense projections.

The Pierson Utility incurred audited deficits in 2014, 2015, 2016 and is anticipating a deficit for 2017. The utility recorded a surplus of \$15,584 in 2013; however, this was attributable to lagoon tipping fees of \$31,312 from oil camps. However, in 2015, that revenue source was

eliminated. In addition, the operating costs of the Utility have increased and rates have not been adjusted since 2006.

On May 8, 2018, the Municipality applied for approval to recover the 2014 actual operating deficit in the amount of \$43,390 and the 2015 actual operating deficit in the amount \$17,527. The Municipality has proposed these deficits, which total \$60,917 to be recovered through the accumulated surplus account, as per Council Resolution No. 2017 330.

The Municipality also applied for approval for the recovery of the 2016 actual operating deficit, in the amount of \$35,939 and the 2017 anticipated operating deficit, in the amount of \$34,145. The Municipality has proposed these deficits be recovered through a rate rider as per Council Resolution No. 2018 45. The Municipality has requested the Board consider the totalled deficit amount of \$70,084 be recovered through a rate rider of \$4.00 per 1,000 gallons of water from ratepayers per quarter, over a period of 5 years.

### **Cost Allocation Methodology**

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

The Municipality states in the rate application that in 2015, the Administration expense was directed towards the Utility's insurance costs only. There were no other General Operating cost allocations to the Utility.

Due to the significant increase in utility rates, the Municipality would like to minimize the cost allocation from General Operating as part of its rate study and proposes that the 2017 cost allocation be set at \$1,900 and increase annually by the inflation rate (2%). The Municipality is proposing that the next utility rate study further review cost allocation.

## Contingency Allowance and Utility Reserves

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

There is a Capital Cost Contingency Allowance of \$4,712, approximately 12% of the water and wastewater budgeted operating costs, built into the rates.

There is a wastewater lift station capital funding of \$120,000 being taken from the Utility's Reserve fund in 2017. There is an annual transfer to reserves of \$5,500 proposed in this rate study to replenish the Utility Reserve.

### 4.0 Board Findings

The Board has reviewed the application and financial projections presented by the Municipality and finds it to be acceptable. The Board approves the water and wastewater rates as applied for years 1 to 4, effective July 1, 2018 (Year 1), January 1, 2019 (Year 2), January 1, 2020 (Year 3) and January 1, 2021 (Year 4).

The Board is generally not supportive of retroactive rate increases, and approves them only in circumstances where it is in the best interest of all parties.

The Board approves the 2014 actual operating deficit of 43,390 and the 2015 actual operating deficit of \$17,527 to be recovered through the Utility's accumulated surplus.

The Board also approves the 2016 actual operating deficit of \$35,939 and the 2017 anticipated operating deficit of \$34,145, to be recovered by a rate rider. Effective July 1, 2018 the deficit recovery method will be a surcharge of \$4.00 per 1,000 gallons, per customer per quarter for a five-year period, or until the total amount of \$70,084 is recovered, whichever comes first.

The Board notes that the Municipality has not followed the Board's guidelines for Shared Cost Allocation Methodology because it would like to minimize the impact of the rate increases to its customers. The Board approves the minimized Cost Allocation Methodology as applied

for, and will order the Municipality to present a new shared cost allocation method using the Board's guidelines and Cost Allocation Methodology template in its next rate application. The Municipality is reminded that this methodology must be used consistently, and requires Board approval should any changes be considered.

The Board will encourage the Municipality to further address its' unaccounted for water and implement solutions to bring it closer to the acceptable standard of 10%. While the Board notes the Municipality has initiatives underway to mitigate the unaccounted for water, the estimated loss of 34% to 45% is significantly high and has a financial impact on the Utility's bottom-line. The Board recommends that greater efforts must be taken to reduce the significant water losses.

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

It has been 12 years since the Municipality's Pierson Utility has submitted a rate application to the Board. In The Board's view, this is too long a time-period between rate reviews. Regular rate reviews submitted on a timelier three-year period, as per the Board's Guidelines, protect the financial position of the Utility and mitigates the need for substantial rate increases. In the case of the Pierson Utility, 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 the service provided to its customers. Customers are generally more tolerant of regular, smaller increases. The Municipality needs to be much more diligent in conducting regular reviews of its revenue requirements.

The Board will require the Municipality of Two Borders to review its water and wastewater rates for the Pierson 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 June 30, 2022.

## 5.0 IT IS HEREBY ORDERED THAT:

1. The revised water and wastewater rates for the Municipality of Two Borders, Pierson Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule “A”, effective July 1, 2018, January 1, 2019, January 1, 2020 and January 1, 2021.
2. The actual operating deficits, when calculated for regulatory purposes, for 2014 of \$43,390 and for 2015 of \$17,527 incurred in the Municipality of Two Borders – Pierson Utility is HEREBY APPROVED to be recovered from the Utility’s accumulated surplus effective the date of this Order.
3. The actual operating deficit and anticipated operating deficit, when calculated for regulatory purposes, for 2016 of \$35,939 and 2017 of \$34,145 incurred in the Municipality of Two Borders – Pierson Utility is HEREBY APPROVED to be recovered through a rate rider of \$4.00 per 1,000 gallons per customer per quarter for a period of five years, or until the total deficit is paid in full, whichever comes first. This rate rider is effective July 1, 2018 and notice is to be provided to customers.
4. The Cost Allocation Methodology in relation to General Operating Cost as submitted by the Municipality of Two Borders BE AND IS HEREBY APPROVED.
5. The Municipality of Two Borders 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.
6. The Municipality of Two Borders is to provide a notice to its customers, including the decisions found in this Order, in the next quarterly billing with a copy provided to the Public Utilities Board.

7. The Municipality of Two Borders must 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, 2022.

Fees payable upon this Order - \$500.00

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](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

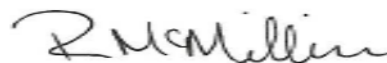
"Shawn McCutcheon"

Panel Chair

"Rachel McMillin, B.Sc."

Acting Secretary

Certified a true copy of Order No. 67/18 issued by  
The Public Utilities Board



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Acting Secretary



## SCHEDULE "A"

### MUNICIPALITY OF TWO BORDERS LOCAL IMPROVEMENT DISTRICT OF PIERSON WATER & WASTEWATER UTILITY RATES BY-LAW NO. 20-2016

1. Schedule of Commodity Rates & Quarterly Service Charge

July 1, 2018

Rates per 1,000 Gallons

1,000 Gallons per quarter

Water	Wastewater	Water & Wastewater
\$6.36	\$2.81	\$9.17

Quarterly Service Charge

\$17.67

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	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$17.67	\$19.08	\$8.43	\$45.18
¾ inch	2	6,000	\$17.67	\$38.16	\$16.86	\$72.69
1 inch	4	12,000	\$17.67	\$76.32	\$33.72	\$127.71
2 inch	25	75,000	\$17.67	\$477.00	\$210.75	\$705.42

**b. Water Only Customers**

The minimum charge will be the same for each meter size as shown above but the Wastewater Commodity Charge is excluded.

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2019

Rates per 1,000 Gallons

1,000 Gallons per quarter

Water	Wastewater	Water & Wastewater
\$9.49	\$3.07	\$12.56

Quarterly Service Charge

\$14.68

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	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$14.68	\$28.47	\$9.21	\$52.36
¾ inch	2	6,000	\$14.68	\$56.94	\$18.42	\$90.04
1 inch	4	12,000	\$14.68	\$113.88	\$36.84	\$165.40
2 inch	25	75,000	\$14.68	\$711.75	\$230.25	\$956.68

**b. Water Only Customers**

The minimum charge will be the same for each meter size as shown above but the Wastewater Commodity Charge is excluded.

1. Schedule of Commodity Rates & Quarterly Service Charge

**January 1, 2020**

Rates per 1,000 Gallons

1,000 Gallons per quarter

Water	Wastewater	Water & Wastewater
\$12.62	\$3.33	\$15.95

Quarterly Service Charge

\$11.69

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	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$11.69	\$37.86	\$9.99	\$59.54
¾ inch	2	6,000	\$11.69	\$75.72	\$19.98	\$107.39
1 inch	4	12,000	\$11.69	\$151.44	\$39.96	\$203.09
2 inch	25	75,000	\$11.69	\$946.50	\$249.75	\$1,207.94

**b. Water Only Customers**

The minimum charge will be the same for each meter size as shown above but the Wastewater Commodity Charge is excluded.

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
\$15.74	\$3.59	\$19.33

Quarterly Service Charge

\$8.69

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	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$8.69	\$47.22	\$10.77	\$66.68
¾ inch	2	6,000	\$8.69	\$94.44	\$21.54	\$124.67
1 inch	4	12,000	\$8.69	\$188.88	\$43.08	\$240.65
2 inch	25	75,000	\$8.69	\$1,180.50	\$269.25	\$1,458.44

**b. Water Only Customers**

The minimum charge will be the same for each meter size as shown above but the Wastewater Commodity Charge is excluded.

**The following clauses take effect July 1, 2018:**

3. Service To Customers Outside the Local Improvement District of Pierson Limits

The Council of Municipality of Two Borders may sign Agreements with customers for the provision of water and wastewater services to properties located outside the boundaries of the Local Improvement District of Pierson. Such Agreements shall provide for payment of the appropriate rates set out in the Schedule A, as well as a surcharge, set by Resolution of Council, which shall be equivalent to the frontage levy, general taxes, and special taxes for the 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 Local Improvement District of Pierson boundaries. In addition, the customer will pay all costs of connecting to the Utility's mains, and installing, and for maintaining service connections.

#### 4. Billings And Penalties

Accounts shall be billed quarterly and the due date shall be at least 30 days after the mailing of the bills.

A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

#### 5. NSF Charge

A charge of \$25.00 shall be added to the account when payment made by cheque or pre-authorized payment is returned due to insufficient funds or inability to trace the chequing account.

#### 6. Disconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the 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 Municipality's office.

#### 7. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$100.00 have been paid.

#### 8. Outstanding Bills

Pursuant to Section 252(2) of The *Municipal Act*, the amount of all outstanding charges for water and wastewater services 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 Charges

At present, the fire hydrants provided by the Utility are used for water line flushing purposes and are not suitable for use for fire protection purposes due to low water pressure.

Any customer with a hydrant connected to the system shall pay \$150 for each hydrant connected to the system.

#### 10. Water Allowance Due To Line Freezing

Where, at the request of CAO, a customer is allowed to run water 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 billings for the last two quarters for the same customer, or the same premises if the occupant has changed.

#### 11. Wastewater Surcharges

- a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by Resolution of Council.
- b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial waste.

#### 12. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Municipality with a deposit of \$200. The Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be faulty, all costs associated with the testing process will be borne by the Municipality and the deposit will be refunded to the customer. If the meter is found to be in proper working order, all costs associated with the testing process will be borne by the customer and the customer will be billed or refunded any balance owing.

#### 13. 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 Municipality's water system.

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

Shut off the service or services; or

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

#### 14. Conditions of Disrepair

In the event that there are conditions of disrepair in the wastewater 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 Municipality, or its agents, may enter the property, effect repairs, and charge the cost thereof against the subject property as ordinary taxes.

#### 15. Authorization For Officer To Enter Upon Premises

The Public Works Manager, or other employee authorized by the Municipality in the absence of the Public Works Manager, 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 Municipality.