

**Order No. 66/21**

**MUNICIPALITY OF GRASSLAND  
MINTO WATER AND WASTEWATER UTILITY  
REVISED RATES AND ACTUAL OPERATING DEFICITS**

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**JUNE 18, 2021**

BEFORE: Shawn McCutcheon, Panel Chair  
Marilyn Kapitany, B.Sc. (Hon), M.Sc., Panel Member

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## 1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves revised water and wastewater rates for the Municipality of Grassland (Municipality), Minto Water and Wastewater Utility (Utility). The Board varies the effective dates to July 1, 2021, and January 1, 2022.

The approved rates are as follows:

|   | <b>Current<br/>Rates</b> | <b>July 1,<br/>2021</b> | <b>January 1,<br/>2022</b> |
|---|--------------------------|-------------------------|----------------------------|
| Quarterly Service Charge                              | \$ 26.98                 | \$ 13.32                | \$ 13.59                   |
| Water (per cubic meter)                               | \$ 2.53                  | \$ 7.64                 | \$ 7.79                    |
| Wastewater (per cubic meter)                          | \$ 0.75                  | \$ 3.45                 | \$ 3.52                    |
| Minimum Quarterly Charge*                             | \$ 69.62                 | \$ 157.49               | \$ 160.62                  |
| Treated Bulk Water (per cubic meter)                  | \$ 4.05                  | \$ 8.00                 | \$ 8.25                    |
| Treated Bulk Water - Minimum Charge (per cubic meter) | \$ 8.10                  | \$ 16.00                | \$ 16.50                   |
| Rate Rider (per cubic meter)**                        | -                        | \$ 3.25                 | \$ 3.25                    |

\*Based on 13 cubic meters

\*\*Rate Rider to recover 2013, 2014, 2016, 2017, 2018, and 2019 deficits over seven years and six months.

The Board varies the Municipality's request to recover actual operating deficits of \$10,078 for 2013, \$17,563 for 2014, \$11,427 for 2016, \$27,204 for 2017, \$29,309 for 2018, and \$59,985 for 2019 to be recovered by a rate rider of \$3.25 per cubic meter per customer, beginning July 1, 2021 for seven years and six months or until the six-year deficit of \$155,566 is fully recovered.

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

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

## 2.0 Background

The Municipality owns and operates the Utility serving 58 water and wastewater customers. Rates were last approved for the Utility in 2014 in Board Order No. 104/14.

The Municipality last had a deficit approved in 2013 of \$12,471 for 2010 and \$7,346 for 2011 (or a two-year deficit of \$19,817), to be recovered by a rate rider over three years, in Board Order No. 9/13.

### Water Supply/Distribution

The water system consists of two raw water wells (constructed in 2006), a reverse osmosis treatment system, reservoir, and distribution system. The water system was installed in the early 1980's and the water treatment plant was upgraded in 2006.

### Wastewater Collection/Treatment

The wastewater system is a gravity collection system which discharges into a lagoon and was installed in the early 1980's. Residents are responsible for having their solids pumped from their holding tanks, which are then disposed of into a lagoon.

### 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 unaccounted for water noted in the Municipality's rate study is 36%. The Municipality advises the high levels of unaccounted for water are primarily due to leaks in the distribution system resulting from aging infrastructure requiring repairs, challenges associated with identifying leaks, and difficulties accessing customer's meters resulting in estimated meter readings.

To address the deficiencies in the water system, the Municipality has purchased leak detection equipment and completed several valve installations to isolate leak locations. The equipment is being monitored on a continual basis. The Utility also replaced the water meters in 2018 to allow for remote meter reading which will eliminate estimated meter readings.

### **3.0 Application**

On May 12, 2020, the Municipality applied for revised water and wastewater rates, to be effective for July 1, 2020, January 1, 2021, and January 1, 2022 as outlined in By-Law No. 47-2020 having had first reading February 26, 2020. The application was supported by a rate study prepared by the Municipality's consultant.

A Public Notice of Application was issued on May 14, 2020 allowing for any questions or comments with respect to the proposed rate increases to the Board and/or the Municipality on or before June 13, 2020. Three responses to the Notice were received with respect to the magnitude of the proposed rate increases, deficits incurred by the Utility, and management of the Utility.

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 Municipality's application.

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

| <b>Schedule of Utility Rate Requirements</b>                          |                 |               |               |
|---|-----------------|---------------|---------------|
| <b>Municipality of Grassland – Minto Water and Wastewater Utility</b> |                 |               |               |
| <b>2020 to 2022 Budget Forecasts (\$)</b>                             |                 |               |               |
|   | <b>2020</b>     | <b>2021</b>   | <b>2022</b>   |
|   | <b>Forecast</b> |               |               |
| <b>General Expenses</b>   |                 |               |               |
| Administration  | 2,731           | 2,785         | 2,841         |
| Total General Expenses  | 2,731           | 2,785         | 2,841         |
| <b>Revenue</b>  |                 |               |               |
| Penalties   | 357             | 364           | 371           |
| Total General Revenues  | 357             | 364           | 371           |
| <b>Net Costs General</b>  | <b>2,374</b>    | <b>2,421</b>  | <b>2,470</b>  |
| <b>Water Expenses</b>   |                 |               |               |
| Purification and Treatment  | 35,863          | 36,581        | 37,312        |
| Service of Supply   | 2,120           | 2,162         | 2,206         |
| Transmission and Distribution   | 3,710           | 3,784         | 3,860         |
| Other Water Supply Costs  | 3,710           | 3,784         | 3,860         |
| Amortization  | 8,272           | 8,272         | 8,272         |
| Contingency   | 3,540           | 3,540         | 3,540         |
| Total Water Expenses  | 57,215          | 58,123        | 59,050        |
| <b>Revenue</b>  |                 |               |               |
| Bulk Water Fees   | 10,000          | 10,000        | 10,000        |
| Total Water Revenue   | 10,000          | 10,000        | 10,000        |
| <b>Net Water Costs</b>  | <b>47,215</b>   | <b>48,123</b> | <b>49,050</b> |
| <b>Wastewater Expenses</b>  |                 |               |               |
| Collection System   | 15,547          | 15,858        | 16,175        |
| Amortization  | 3,960           | 4,960         | 4,960         |
| Contingency   | 1,555           | 1,555         | 1,555         |
| Total Wastewater Expenses   | 21,062          | 22,373        | 22,690        |
| <b>Net Wastewater Costs</b>   | <b>21,062</b>   | <b>22,373</b> | <b>22,690</b> |
| <b>Net Operating Costs</b>  | <b>70,651</b>   | <b>72,917</b> | <b>74,210</b> |

The proposed Utility rate increases are requested to increase rates to a current level that will financially sustain the Utility, given rates have not increased/been approved by the Board since 2010, incorporate a 10% contingency, and to account for a maturing debenture that eliminates an annual transfer from property tax revenue.

### 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 Municipality has included a contingency allowance of \$3,540 for water and \$1,555 for wastewater (or a total contingency allowance of \$5,095) in its Application.

The Municipality advised it has not included a reserve allowance in its Application due to no major capital projects being budgeted for in the immediate future.

### 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 2019 Audited Financial Statements, the most recent information available, the working capital deficit for the Utility at December 31, 2019 was:

|   | 2019               |
|---|--------------------|
| Utility Fund Surplus/Deficit                    | \$(99,461)         |
| Deduct: Tangible Capital Assets                 | 79,190             |
| Add: Long-Term Debt                             | -                  |
| Add: Utility Reserves                           | 11,604             |
| <b>Equals Working Capital Surplus (Deficit)</b> | <b>\$(167,047)</b> |
| Operating Expenses                              | 105,294            |
| <b>20% of Operating Expenses (Target)</b>       | <b>\$21,059</b>    |

The Utility does not meet 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 Municipality's allocation plan for shared costs is as follows:

| Municipality of Grassland – Minto Water and Wastewater Utility<br>Allocation Plan for Non-Direct Shared Services (see Note 1)<br>as at December 2019 |   |   |
|--|---|---|
| Category   | Sub-category  | Options   |
| 1.0 Administrative Staff   |   | 0.5% of General Legislative expenses, excluding assessment, taxation, and grant expenses  |
|  | 1.1 Billing services –meter reading to receipting and collection. | Meter reading – N/A<br>Receipting and collection part of administrative staff allocation  |
|  | 1.2 Accounting/ auditing/ including bylaw making and enforcement. | 0.5% of audit costs   |
|  | 1.3 Common office space   | 0.5% of office costs  |
|  | 1.4 Office overheads (telephone, photocopier, computer, etc.)     | 0.5% of printing, postage, and stationary   |
| 2.0 Operating, construction and maintenance costs  |   |   |
|  | 2.1 Vehicle – fuel, maintenance, lease costs, capital costs       | One van is allocated 1/3 each to Elgin, Minto, and Hartney Utilities and repairs, maintenance, and fuel are allocated on that basis |



|                    |   |   |  |
|--------------------|---|---|--|
|                    | 2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2) | .   | 1/3 of one utility operator's time is charged to each of the Elgin, Minto, and Hartney Utilities |
|                    | 2.3 Public works building and property.                                     | Costs that could be charged to the Utility are minimal and at present nothing is allocated to the Utility | The 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.

The Municipality's Application noted the following deficits:

|                                     |                  |
|-------------------------------------|------------------|
| 2013 Actual Operating Deficit -     | \$10,078         |
| 2014 Actual Operating Deficit -     | \$17,563         |
| 2016 Actual Operating Deficit -     | \$11,427         |
| 2017 Actual Operating Deficit -     | \$24,606         |
| 2018 Actual Operating Deficit -     | \$30,105         |
| 2019 Forecasted Operating Deficit - | \$16,432         |
| 2020 Forecasted Operating Deficit - | \$15,822         |
| Total                               | <u>\$126,033</u> |

On May 5, 2020, the Municipality submitted a Deficit Application requesting approval of actual operating deficits of \$10,078 for 2013, \$17,563 for 2014, \$11,427 for 2016, and \$27,204 for 2017 or a total four-year actual operating deficit of \$66,272 to be recovered by a five-year rate rider of \$2.08 per cubic meter. The Municipality advises these deficits are primarily due to repair costs for aging infrastructure, undetected water leaks, and reduced water sales.

Subsequent to the Municipality's Application, the 2018 and 2019 Audited Financial Statements were completed. Upon review, Board staff noted additional, outstanding actual operating deficits of \$29,309 for 2018 and \$59,985 for 2019.

On May 13, 2021, the Municipality submitted another Deficit Application requesting approval of actual operating deficits of \$29,309 for 2018 and \$59,985 for 2019 to be recovered by a ten-year rate rider of \$1.40 per cubic meter. The Municipality advises these deficits are primarily due to repair costs for aging infrastructure undetected water leaks, and reduced water sales. The 2019 deficit, more specifically, was also due to water meter installations that were not capitalized.

## **4.0 Board Findings**

### **Rates**

The Board has reviewed the application and the projections for rates presented by the Municipality in its rate study and finds them to be acceptable. The Board approves the revised rates as applied for by the Municipality, but varies the effective dates to July 1, 2021 and January 1, 2022.

The Board approves the Municipality's revised Cost Allocation Methodology and reminds the Municipality the methodology must be used consistently; any changes to the Cost Allocation Methodology require Board approval.

The Board requires the Municipality 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 September 30, 2022.

The Board is concerned by the length of time between rate applications for the Utility. It has been six years since the Municipality has submitted a Rate Application to the Board, which has resulted in multiple deficits. In the Board's view, the period between rate reviews is unacceptable. Regular rate reviews submitted every three years, or more often if required to avoid deficits, protect the financial position of the Utility and may reduce the need for substantial rate increases in one year.

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 Municipality needs to be much more diligent in conducting regular rate reviews of its revenue requirements.

### **Deficits**

The Board has reviewed the Municipality's Deficit Applications and the Utility's corresponding Audited Financial Statements. The Board is concerned regarding the Utility's financial position. The Board notes the Utility is in a working capital deficit and has a utility fund deficit.

As per the Municipality's 2019 Audited Financial Statements, the Utility has a working capital deficit of \$167,047 for 2019 and a utility fund deficit of \$99,461 for 2019. The Board notes had the Municipality been more diligent in conducting rate reviews for the Utility and monitoring the Audited Financial Statements annually, it may have avoided the six deficits incurred between 2013 and 2019 (and possibly beyond).

The Board is also concerned in regards to the ten-year duration of the rate rider requested to recover the 2018 and 2019 deficits. In general, the Board recommends deficits be recovered as soon as feasible (usually in three years or less). The Board recognizes, however, that recovering the deficits incurred by the Utility over a period longer than three years will mitigate the impact of the rate rider.

The Board notes that utility deficits should ideally be paid by the customer base that existed when the deficits were incurred, however, the Municipality has neglected the Utility for many years, which has led to multiple deficits. The Board therefore finds it must attempt to balance rate fairness and the mitigation of customer rate shock.

The Board notes that, given the rate increases required due to the length of time between rate requests by the Municipality, rate shock cannot be avoided. The Board finds, however, by extending the rate rider to seven years and six months (which is significantly longer than the Board generally recommends), to correspond with the end of the fiscal year, rate shock may be partially mitigated. The Board also notes, having two rate riders running concurrently may be administratively challenging and that having one rate rider would be simpler.

The Board therefore varies/combines the Municipality's Deficit Applications, varies the duration of the requested deficit recovery period to seven years and six months, and varies the calculation of the rate rider to recover the Municipality's actual operating deficits between 2013 and 2019 as per the below.

Based on the consultant's projections for water consumption included in the Municipality's Deficit Applications of 6,373 cubic meters per year, the Board calculates the required rate rider to recover the six-year \$ deficit as follows:

|  |                       |
|--|-----------------------|
| Total Deficit                            | \$155,566             |
| (Divided by: Annual Volume of Water Sold | 6,373 cm <sup>3</sup> |
| Multiplied by: Deficit Recovery Period   | 7.5 years)            |

i.e. 
$$\frac{\$155,566}{(6,373 \times 7.5)}$$

Required Rate Rider \$3.25 per customer per cm<sup>3</sup>

The Board approves a rate rider of \$3.25 per customer per cubic meter to recover the six deficits incurred between 2013 and 2019 deficits totalling \$155,566 for a period of seven years and six months, or until the deficit is fully recovered, beginning July 1, 2021.

The Board reminds the Municipality, 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.

#### Unaccounted for Water

The Board is concerned regarding the high levels of unaccounted for water for the Utility of 36%. In the Board's view, the substantial levels of water loss are a significant factor contributing to the current high water rates requested for the Utility. The Board directs the Municipality to submit reports to the Board on unaccounted for water and progress on water loss mitigation by January 1, 2022 and July 1, 2022.

The Board commends the Municipality on the installation of remote meter reading equipment and its plan to reduce water loss. The Board also notes the Municipality advises it is currently seeking alternative funding sources on an ongoing basis, such as grants, to provide for the costs of repairing the water system's aging infrastructure and therefore mitigate its effect on future rates.

## 5.0 IT IS HEREBY ORDERED THAT:

1. The revised water and wastewater rates for the Municipality of Grassland, Minto Water and Wastewater Utility, BE AND ARE HEREBY VARIED in accordance with the attached Schedule A, effective July 1, 2021 and January 1, 2022.
2. The Shared Cost Allocation Methodology for the Municipality of Grassland BE AND IS HEREBY APPROVED.
3. The Municipality of Grassland 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 Municipality of Grassland 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 Municipality of Grassland review its water and wastewater rates for the Minto 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 September 30, 2022.
6. The actual operating deficits of \$10,078 for 2013, \$17,563 for 2014, \$11,427 for 2016, \$27,204 for 2017, \$29,309 for 2018, and \$59,985 for 2019 when calculated for regulatory purposes, incurred in the Municipality of Grassland, Minto Water and Wastewater Utility, are HEREBY VARIED and are to be recovered by a rate rider of \$3.25 per cubic meter per customer, beginning July 1, 2021 for a period of seven years and six months or until the total deficit of \$155,566 is fully recovered, whichever comes first.
7. The Municipality of Grassland submit Deficit Applications to the Board, including a recovery methodology, for the Minto Water and Wastewater Utility for any future year's deficits as soon as they are known.
8. The Municipality of Grassland submit reports to the Board on unaccounted for water and progress on water loss mitigation by January 1, 2022 and July 1, 2022.

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).

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. 66/21  
issued by The Public Utilities Board



\_\_\_\_\_  
Assistant Associate Secretary

## SCHEDULE A

### MUNICIPALITY OF GRASSLAND MINTO WATER AND WASTEWATER UTILITY WATER AND WASTEWATER UTILITY RATES BY-LAW NO. 47-2020 SCHEDULE OF QUARTERLY RATES

1. Schedule of Commodity Rates & Quarterly Service Charge

July 1, 2021

Rates per cubic meter

per Cubic Meter

| Water  | Wastewater | Water & Wastewater |
|--------|------------|--------------------|
| \$7.64 | \$3.45     | \$11.09            |

Quarterly Service Charge \$13.32

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 (Cubic Meters) | Customer Service Charge | Water Commodity Charge | Wastewater Commodity Charge | Water & Wastewater Total Quarterly Minimum |
|------------|----------------------|-------------------------------|-------------------------|------------------------|-----------------------------|--|
| 5/8 inch   | 1                    | 13                            | \$13.32                 | \$99.32                | \$44.85                     | \$157.49                                   |

b) **Water Only Customers**

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

c) **Bulk Water Sales Rate**

- i. Treated Bulk Water Sales – All treated water sold in bulk by the Minto Utility shall be charged at the rate of \$8.00 per cubic meter with a minimum charge of \$16.00.
- ii. Untreated Bulk Water Sales – All untreated water sold in bulk by the Minto Utility shall be charged at the rate of \$4.05 per cubic meter with a minimum charge of \$8.10.



1. Schedule of Commodity Rates & Quarterly Service Charge

**January 1, 2022**

Rates per cubic meter

per Cubic Meter

|  |        |            |                    |
|--|--------|------------|--------------------|
|  | Water  | Wastewater | Water & Wastewater |
|  | \$7.79 | \$3.52     | \$11.31            |

Quarterly Service Charge                      \$13.59

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**

|                   | Group<br>Capacity | Water<br>Included<br>(Cubic Meters) | Customer<br>Service<br>Charge | Water<br>Commodity<br>Charge | Wastewater<br>Commodity<br>Charge | Water & Wastewater<br>Total Quarterly<br>Minimum |
|-------------------|-------------------|-------------------------------------|-------------------------------|------------------------------|-----------------------------------|--|
| <u>Meter Size</u> | <u>Ratio</u>      |                                     |                               |                              |                                   |  |
| 5/8 inch          | 1                 | 13                                  | \$13.59                       | \$101.27                     | \$45.76                           | \$160.62   |

**b) Water Only Customers**

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

**c) Bulk Water Sales Rate**

- i. Treated Bulk Water Sales – All treated water sold in bulk by the Minto Utility shall be charged at the rate of \$8.25 per cubic meter with a minimum charge of \$16.50.
- ii. Untreated Bulk Water Sales – All untreated water sold in bulk by the Minto Utility shall be charged at the rate of \$4.05 per cubic meter with a minimum charge of \$8.10.

**The following clauses take effect July 1, 2021:****3. Service to Customers Outside Utility's Limits**

The Council of The Municipality of Grassland may sign Agreements with customers for the provision of water and wastewater services to properties located outside the boundaries of Minto Local Improvement District. 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 Minto Local Improvement District 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 thirty (30) days after the mailing of the bills. This applies to water, wastewater and bulk water accounts.

**5. Disconnection and Reconnection**

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.

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.

**6. Liability for Charges**

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

**7. 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.

8. Water Meters

Water meters are owned by the Municipality but are the responsibility of the utility customer to maintain. If the water meter is broken, frozen, etc., the utility customer will be billed for a new meter at the current cost of replacement.

9. 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 \$100. 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 and the customer's account will be adjusted for the preceding four (4) months. 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.

10. 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 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.

11. 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 Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

12. Authorization for Officer to Enter Upon Premises

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