



**TOWN OF CARMAN
BY-LAW NO. 06/1885**

**BEING a By-law of the Town of Carman
to establish sewer and water rates
within the said Town.**

WHEREAS the Town of Carman owns and operates a sewer and water facility within the limits of the said Town of Carman;

AND WHEREAS *The Municipal Act*, S.M. 1996, c.58, states in part:

- "232(1) *A council may pass by-laws for municipal purposes respecting the following matters:*
(1) public utilities;
- 232(2) *Without limiting the generality of subsection (1), a council may in a by-law passed under this Division*
(d) establish fees or other charges for services, activities or things provided or done by the municipality or for the use of property under the ownership, direction, management or control of the municipality;"

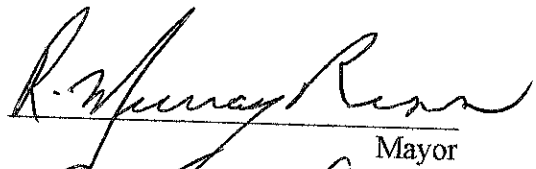
NOW THEREFORE be it and it is hereby passed and enacted as a by-law of the Town of Carman, in Council duly assembled, as follows:

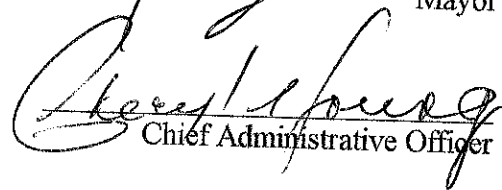
1. THAT By-Law No. 91/1665 enacted by the Town of Carman on the 26th day of September 1991, is hereby repealed.
2. THAT all accounts for minimum quarterly charges for metered services as set forth in the Schedule of Quarterly Rates shall be billed quarterly in advance together with any excess charges for metered water and sewer services for the preceding quarter. Consumers shall pay for water and sewer service supplied to them by the Town of Carman at the rates and terms set out in Schedule "A" attached hereto and forming part of this by-law.
3. THAT this By-law shall come into force and become effective on, from and after both approval by The Public Utilities Board and receipt of third and final reading thereof.



TOWN OF CARMAN
BY-LAW NO. 06/1885
Page 2 of 2

PASSED AND ENACTED by the Town of Carman, in Council duly assembled, this
25th day of May 2006.


Mayor


Chief Administrative Officer

Read a first time this 9th day of February 2006.
Read a second time 25th day of May 2006.
Read a third time 25th day of May 2006.



SCHEDULE "A"
TO BOARD ORDER NO. 76/06
TOWN OF CARMAN
WATER AND SEWER RATES
BY-LAW NO. 06/1885
PAGE 1

SCHEDULE OF QUARTERLY WATER RATES: - Effective July 1 in each year

1. <u>Commodity rates per M.G.</u>			
Year One – 2006			
	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First 100,000 gallons per quarter	\$5.30	\$1.00	\$6.30
Over 100,000 gallons per quarter	\$4.20	\$1.00	\$5.20
Year Two – 2007			
	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First 100,000 gallons per quarter	\$6.05	\$1.50	\$7.55
Over 100,000 gallons per quarter	\$4.95	\$1.50	\$6.45
Year Three – 2008			
	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First 100,000 gallons per quarter	\$6.80	\$1.75	\$8.55
Over 100,000 gallons per quarter	\$5.70	\$1.75	\$7.45

2. Minimum Charges, Quarterly
 Notwithstanding the commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

(a) Water and Sewer Customers

Year One – 2006						
<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Commodity Charges</u>		<u>Total Quarterly Minimum</u>
				<u>Water</u>	<u>Sewer</u>	
5/8"	1	3,000	\$12.50	\$ 15.90	\$ 3.00	\$ 31.40
3/4"	2	6,000	\$12.50	\$ 31.80	\$ 6.00	\$ 50.30
1"	4	12,000	\$12.50	\$ 63.60	\$12.00	\$ 88.10
1 1/2"	10	30,000	\$12.50	\$159.00	\$30.00	\$201.50
2"	25	75,000	\$12.50	\$397.50	\$75.00	\$485.00
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Year Two - 2007

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$12.50	\$ 18.15	\$ 4.50	\$ 35.15
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Year Three - 2008

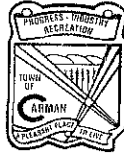
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2"	25	75,000	\$12.50	\$510.00	\$131.25	\$653.75
3"	45	135,000	\$12.50	\$879.50	\$236.25	\$1128.25

(b) Water Only Customers

Minimum charge will be the same for each meter size as shown, above but the Sewer Commodity Charge will be excluded.

(c) Sewer Only

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



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3. Bulk Sales Rate

All water sold in bulk by the Town of Carman shall be charged for at the rate of \$8.00 (2006), \$9.00 (2007), AND \$10.00 (2008), per 1,000 gallons at the Carman Water Treatment Plant through a coin meter.

4. Service to Customers outside Town of Carman boundaries

The Council of the Town of Carman may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of Carman. Such agreements shall provide for payment of the appropriate rates set out in the schedule, as well as a surcharge, set by resolution of Council, which shall be equivalent to the frontage levy, general taxes and special taxes for utility purposed in effect at the time, or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the utility's mains and installing and maintaining service connections will be paid by the customer.

5. Billings and Penalties

A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date. Accounts shall be billed quarterly and the due date will be at least fourteen days after the mailing of the bills.

6. Disconnection – (Public Utilities Board Order 127/08 – See By-law 08/1921)

The Public Utilities Board has approved the conditions Precedent to be followed by the municipality with respect to the disconnection of service for non-payment including, such matters as notice and the right to appeal such action to the Public Utilities Board. A copy of the conditions Precedent is available for inspection at the Municipality's office.

7. Reconnection

Any service disconnected due to non-payment of account shall not be recommended until all arrears, penalties and a reconnection fee of \$55.00 have been paid.

8. Outstanding Bills

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



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5. Billings and Penalties

A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date. Accounts shall be billed quarterly and the due date will be at least fourteen days after the mailing of the bills.

6. Disconnection

~~Service may be disconnected and disconnected immediately and without further notice in the event of non-payment of the account within 30 days after due date.~~

7. Reconnection

Any service disconnected due to non-payment of account shall not be recommended until all arrears, penalties and a reconnection fee of \$55.00 have been paid.

8. Outstanding Bills

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



SCHEDULE "A"
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9. Hydrant Rentals

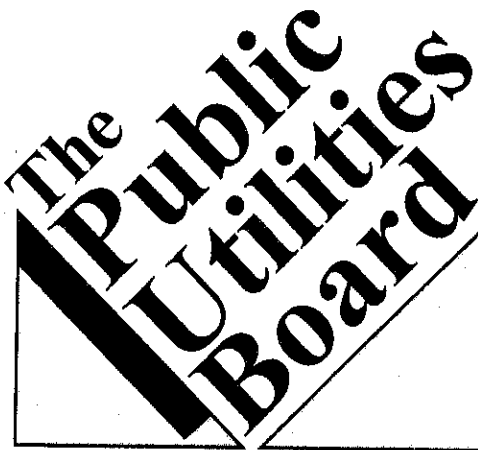
The Town of Carman will pay to the utility an annual rental of \$75.00 (2006), \$90.00 (2007) AND \$100.00 (2008), for each hydrant connected to the system.

10. Water Allowance Due to Line Freezing

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

11. Water Used During Construction

Contractors using water in connection with the construction of buildings shall be charged a flat fee of \$35.00 for dwellings and \$55.00 for commercial buildings charged every three month period until completion.



400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

MANITOBA) Order No. 76/06
)
THE PUBLIC UTILITIES BOARD ACT) May 16, 2006

BEFORE: Graham F. J. Lane, C.A., Chairman
 Monica Girouard, C.G.A., Member
 Susan Proven, P.H.Ec., Member

THE TOWN OF CARMAN
REVISED WATER AND SEWER RATES
EFFECTIVE JULY 1, 2006

1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves revised water and sewer rates for the Town of Carman (Town) as of July 1, 2006, 2007 and 2008:

	<u>Existing/1,000 gallons</u>		<u>Revised/1,000 gallons</u>					
	Water	Sewer	2006		2007		2008	
First 100,000 gallons	\$4.30	\$0.50	\$5.30	\$1.00	\$6.05	\$1.50	\$6.80	\$1.75
Over 100,000 gallons	\$3.20	\$0.50	\$4.20	\$1.00	\$4.95	\$1.50	\$5.70	\$1.75

On an overall basis, combined water and sewer commodity rates are established at:

Water and Sewer	<u>Existing/1,000 gallons</u>		<u>Revised/1,000 gallons</u>					
			2006		2007		2008	
Gallons								
First 100,000	\$4.80		\$6.30	+31%	\$7.55	+20%	\$8.55	+13%
Over 100,000	\$3.70		\$5.20	+41%	\$6.45	+24%	\$7.45	+15%

The Board varied the Town's application for revised bulk water rates, and established higher than proposed bulk rates as of July 1, 2006, 2007 and 2008, as follows:

	Bulk	Rate increase/1,000 gallons
Current	\$ 6.30	-
2006	\$ 8.00	+27%
2007	\$ 9.00	+13%
2008	\$10.00	+11%

Prior to these changes, rates were last amended by Board Order in 1991. The rate increases established herein address:

- a) ongoing cost inflation since 1991 (in aggregate, over 30%);
- b) increased provincial water standards;
- c) recent utility operating deficits - municipality utilities are required to break-even on operations; and
- d) the Town's need for increased utility revenues to contribute to the future capital plans of the utility.

The Board determined that sharply increased rates were required to provide the Town's utility with the necessary financial capacity to continue to operate prudently, providing quality water in sufficient supply and safe effluent, and prepare for major future capital expenditures, net of grants. The Town intends to fund these expenditures from rates, rather than by property tax levies.

2.0 Application

On February 10, 2006, the Town applied to the Board for revised water and sewer rates, as set out in Town By-law No. 06/1885 and filed with the Board.

The Board examined the Town's application and the rate study and financial statements that accompanied it, and provided the Town with a number of questions testing the application.

In accordance with the Board's direction, the Town advised the Town's water and sewer customers of the particulars of the

application and invited ratepayers to a public hearing held by the Board in the Town on April 26, 2006. Notification was provided by way of a Public Notice, which was published in the local paper and posted in several prominent locations within the Town. Notwithstanding adequate notice, only Town representatives attended the Board hearing.

The Town proposed rate increases over a three year period, so as to transition the impact on Town residents of what was proposed to be a major upward adjustment of rates. Existing and proposed commodity rates were:

	<u>Existing/1,000 gallons</u>		<u>Proposed/1,000 gallons</u>					
	Water	Sewer	2006		2007		2008	
Gallons	Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
First 100,000	\$4.30	\$0.50	\$5.30	\$1.00	\$6.05	\$1.50	\$6.80	\$1.75
Over 100,000	\$3.20	\$0.50	\$4.20	\$1.00	\$4.95	\$1.50	\$5.70	\$1.75

Residential minimum quarterly bills were proposed to increase as follows:

Existing	2006	2007	2008
\$24.20	\$31.40	\$35.15	\$38.15
	Increase - 30%	Increase - 12%	Increase - 9%

The cumulative increase proposed to be in place as of July 1, 2008 was 51%, though the actual quarterly bill increase for residential customers over the period was \$13.95, or \$56 a year.

The Town proposed bulk water rates increase from \$6.30 per 1,000 gallons to \$6.40. At the hearing, the Town acknowledged that the proposed bulk rates were not representative of the scale proposed for commodity and minimum quarterly bill increases.

The Town incurred a \$62,618.24 operating deficit in 2005, and concurrent with its rate application applied to the Board to recover this deficit from its accumulated cash surplus account. The Town reported that a major line collapse occurred in 2006 that required a major unplanned expenditure. As well, the Town reported that excessive rainfall in the area placed considerable pressure on the sewer system, lift stations and lagoon.

The surplus account had a balance of \$190,952.01 as at December 31, 2005. As well, as at December 31, 2005, the utility had a Utility Reserve Fund balance of \$265,473.44. Surplus and Utility Reserve Balances are held to provide for unforeseen expenditures and may assist in funding the Town's share of future capital expenditures.

The Town's three-year capital plan includes a projected \$75,000 withdrawal from its Reserve Fund, this following a projected \$233,000 withdrawal from reserves in 2006 to meet the Town's capital project commitments (see below).

As well, revised rates incorporate an annual contingency provision of \$12,350.00 and \$35,000 to rebuild Utility reserves. Unforeseen repairs are common with municipal water and sewer systems and contingency provisions allow utilities to meet such expenses.

The Town advised that approval of the application would facilitate the avoidance of future utility operating deficits and the rebuilding of surplus and utility reserve fund to meet planned future capital needs. The Town plans to meet its anticipated financial costs associated with:

- a) a sludge removal project;
- b) upgrades to the water treatment plant;
- c) sewer and water line replacement; and
- d) other future capital needs.

The Town reports having received funding approval through the Canada Manitoba Infrastructure Program for its 2006 plan to upgrade the water treatment plant through the acquisition of a filter press for sludge removal. The Town notes that the automated controls installed at the plant have been affected by power surges that have caused electrical shorting and led to increased repair costs.

The Town's share in the costs of the Water Treatment Plant expansion will be one-third, and, as previously indicated, would be provided through rates. While the Town funded its initial capital investment in the water and sewer utility through property tax levies, it currently plans to meet upcoming capital needs as much as possible through rates, recognizing a recent trend in the municipal utility field to a "user pay" approach.

Unaccounted for water represents treated water production that is not billed to customers, and is common to water utility systems in Manitoba and elsewhere. The unaccounted for water percentage for the Town's utility was 13% in 2005/06, a level in the range of the average Manitoba water utility. Taking into

account use of water by hydrants and for back-washing (system flushing), the Town estimates other lost water to be minimal, suggesting no major main breaks.

In determining its rate proposal, the Town projected a total annual water and sewer revenue requirement of \$435,000 for 2006, a level 30% higher than 2005 revenue derived from rates of \$339,280.

Other matters -

The Town recovered \$25,000 of its utility costs from the Rural Municipality of Dufferin, as a capital contribution to the water treatment plant.

The Town proposed reducing the hydrant rental fee charged by its utility against the General Operating Fund of the Town, from \$65 per hydrant to \$50.00. During the hearing the reasonableness of this approach was questioned and discussed.

While direct utility costs are billed to the utility, the Town has not allocated to the utility a share of shared service costs from the Operating Fund, this will be considered for the next rate application.

During the hearing, the Town advised that the next rate study will be conducted in 2008.



3.0 Background

The Town has 1,270 customers, and the last rate change occurred in 1991. The Town's primary water supply is the Boyne River and the water treatment plant is located on the banks of the Boyne. The Town has also purchased up to 25% of its water requirements from PVWC, through its plant at Stephenfield Reservoir. The Town jointly shared the cost of the water main from Stephenfield to the Town with the R.M. of Dufferin.

While the Town does not presently require the level of water provided for by its arrangements with PVWC, which was agreed to partially to assist the PVWC in its start-up, the contract provides assurance to the Town of an adequate water supply.

The Town's water treatment plant is currently operating at about two-thirds of its capacity, providing additional capacity to meet possible future Town growth.

The Town's utility operating account is separate and distinct from the General Operating Fund; when resources are shared an appropriate allocation is made to each.

While the historical capital costs of the utility is in the range of \$935,000, this is after considering grants received from senior government and the expensing through rates of capital improvements. The replacement value of the system is considerably higher, and this is a major factor in the need to develop and maintain adequate reserves and surplus.

The debenture debt cost of the utility, for capital projects financed through debentures and resultant tax levies, is recovered by taxes on property assessments, and amounts to \$49,100 annually.

The Town is meeting water treatment guidelines as well as licence requirements with respect to the release of wastewater.

The Town's operating personnel are fully trained and the Town does offer continuing professional education for its employees. The Town advises its customers regarding the need to conserve water use, and to be alert to ensure water leaks are detected and repaired.

4.0 Board Findings

The Board will approve the rate application filed by the Town except for bulk water rates. The Board concludes bulk water rates should rise to match approximately the percentage increases for commodity and minimum quarterly bills.

Bulk rates are to increase as follows, as of July 1:

	Increase	Bulk water rate/1,000 gallons
2006	23	\$ 8.00
2007	14	\$ 9.00
2008	12	\$10.00

The Board will not approve the proposed reduction to the Town's hydrant rental rate, but will establish hydrant rental rates that increase as follows, as of July 1:

2006 - \$ 75.00;

2007 - \$ 90.00; and

2008 - \$100.00.

Hydro rentals are paid by the Town to its utility, and represent fairness in the dealings between utility and General Operating activities. The to-be-established rates are more in conformity with general Manitoba practice, and consistent with increases for utility customers.

The Board takes comfort from the information filed, including the responses provided by the Town to the Board's questions. The Board notes the lack of evident public response to the Public Notice, and infers that the Town's customers are satisfied with the operation of the utility.

That said, the Board was reluctant to approve the series of sharp rate increases proposed by the Town, and has done so only after considering:

- a) the evident need;
- b) the rationale supporting the increases;
- c) the relatively low absolute dollar impact on residential customers (in particular); and
- d) the lack of opposition by Town customers.

The Board remains concerned about the impact of the increases on commercial, industrial and institutional water and sewer



customers. The Board encourages the Town to communicate the factors that supported the rate increases, and that the Town's approach results in expected new utility capital expenditures being met through rates and not tax levies.

The Board is pleased to note that water drinking standards as well as discharge licence requirements are being met. The Board is also pleased to note that the Town is preparing its finances for its future known capital needs. Through education in conservation, capital works can be deferred to some extent.

The Board anticipates that in future:

- a) rate applications will ensure that shared service costs now met by the Operating Fund will be allocated between the utility and the Operating Fund;
- b) consideration will be given to amending the current declining block rate schedule - conservation objectives suggest that declining block rate schedules encourage consumption and that a flat rate or inverted approach (rates rise with consumption levels) would be consistent with environmental objectives; and
- c) the Town will evaluate the financial status and future projections of its utility annually, and bring forward revised rate applications in a more timely manner, so as to avoid sudden rate shock. The delay in applying for many years has contributed to the high rate adjustments required over the 2006-2008 period.

The Board found Town staff informed and forward-looking.



5.0 IT IS THEREFORE ORDERED THAT:

1. By-law No. 06/1885 of the Town of Carman BE AND THE SAME IS HEREBY APPROVED subject to the following amendments:

i) Bulk water rates be increased as follows:

2006	\$ 8.00
2007	\$ 9.00
2008	\$10.00

ii) Hydrant rental charges be increased as follows:

2006	\$ 75.00
2007	\$ 90.00
2008	\$100.00

2. The Town of Carmen shall for future rate applications ensure that the utility is allocated a full share of the general administrative costs of the Town.

3. Different rate schedule approaches are to be considered for future rate applications; the current declining block approach is not conducive to conservation goals.

4. The 2005 operating deficit is HEREBY APPROVED, subject to recovery from the accumulated cash surplus account of the utility.



SCHEDULE "A"

TO BOARD ORDER NO. 76/06

THE TOWN OF CARMAN

WATER AND SEWER RATES

BY-LAW NO. 06/1885

SCHEDULE OF QUARTERLY WATER RATES: - EFFECTIVE JULY 1

1.	<u>Commodity rates per M.G.</u>			
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	First 100,000 gallons per quarter	\$6.80	\$1.75	\$8.55
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2. Minimum Charges, Quarterly
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(a) Water and Sewer Customers

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	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Water</u>	<u>Sewer</u>	
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(b) Water Only Customers

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(c) Sewer Only

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3. Bulk Sales Rate

All water sold in bulk by the Town of Carman shall be charged for at the rate of \$8.00 (2006), \$9.00 (2007), and \$10.00 (2008), per 1,000 gallons at the Carman Water Treatment Plant through a coin meter.

4. Service to Customers outside Town of Carman boundaries

The Council of the Town of Carman may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of Carman. Such agreements shall provide for payment of the appropriate rates set out in the schedule, as well as a surcharge, set by resolution of Council, which shall be equivalent to 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. In addition, all costs of connecting to the utility's mains and installing and maintaining service connections will be paid by the customer.

5. Billings and Penalties

A late payment charge of 1¼% shall be charged on the dollar amount owing after the billing due date. Accounts shall be billed quarterly and the due date will be at least fourteen days after the mailing of the bills.

6. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

7. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$55.00 have been paid.

8. Outstanding Bills

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

9. Hydrant Rentals

The Town of Carman will pay to the utility an annual rental of \$75.00 (2006), \$90.00 (2007) and \$100.00 (2008), for each hydrant connected to the system.

10. Water Allowance Due to Line Freezing

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

11. Water Used During Construction

Contractors using water in connection with the construction of buildings shall be charged a flat fee of \$35.00 for dwellings and \$55.00 for commercial buildings charged every three month period until completion.

**TOWN OF CARMAN
BY-LAW NO. 06/1885**

Addendum to Schedule "A" of By-law No. 06/1885 to "pass through" the water rate increase approved by Board Order 124/09 to the Pembina Valley Water Cooperative in the amount of \$1.00 per thousand gallons. The Town of Carman purchases 25% of its total water consumption from the Cooperative, thus increasing its water charge by 25 cents per thousand gallons.

Meter Size	Water, effective October 1, 2009	Sewer	Service Charge	Quarterly Minimum, effective October 1, 2009
5/8"	\$21.15	\$5.25	\$12.50	\$38.90
3/4"	\$42.30	\$10.50	\$12.50	\$65.30
1"	\$84.60	\$21.00	\$12.50	\$118.10
1 1/2"	\$211.50	\$52.50	\$12.50	\$276.50
2"	\$528.75	\$131.25	\$12.50	\$672.50
3"	\$913.25	\$236.25	\$12.50	\$1,162.00

Commodity Rates per M.G.*	Water	Sewer	Water & Sewer
First 100,000 gallons per quarter	\$7.05*	\$1.75	\$8.80*
Over 100,000 gallons per quarter	\$5.95*	\$1.75	\$7.70*

*Effective October 1, 2009