
CITY OF MORDEN

2025 to 2027 Water and Wastewater Utility

Rate Application Study

PREPARED BY:



DFA Infrastructure International Inc.

July 29, 2024



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July 29, 2024

Manitoba Public Utilities Board
Room 400, 330 Portage Ave.
Winnipeg, MB R3C 0C4

Attention: Mr. Fred Mykytyshyn

,

**Re: City of Morden Water and Wastewater Utility
Water and Wastewater Utility Rate Application Study (2025 to 2027)**

DFA Infrastructure International Inc. (DFA) was retained by City of Morden to prepare and submit the Water and Wastewater Utility Rate Application for the years 2025, 2026, and 2027. We are pleased to submit the enclosed application on behalf of the City of Morden.

Please do not hesitate to contact us if you have any questions or require clarification on any aspect of the application.

Respectfully Submitted by,

DFA Infrastructure International Inc.

Derek Ali, MBA, P.Eng.
President

Executive Summary

ES-1 Purpose

The main purpose of this report is to present the information and by-law in support of the City's 2024 water and wastewater utility rate application in accordance with the Manitoba Public Utilities Board (PUB) Guidelines issued February 15, 2023 to obtain PUB acceptance and approval of proposed water and wastewater rates and charges for the period 2025 to 2027 inclusive.

ES-2 Cost of Services

The costs of water and wastewater service delivery to be recovered from the rates are identified in Table ES1. These costs include:

- Overhead and administration allocated by the City to the Utility;
- Direct operating expenditures;
- Interest repayment on existing and future debt;
- Annual capital reserve contributions;
- Amortization expenses; and
- Contingencies

Table ES-1: Costs to be Recovered from Water and Wastewater Rates

Description	2024	2025	2026	2027	2028	2029
Administration Costs						
Administration	263,141	269,720	275,114	280,616	286,229	291,953
Billing & Collection	8,971	9,195	9,379	9,567	9,758	9,953
<i>Gross Administration Expenses</i>	<i>272,112</i>	<i>278,915</i>	<i>284,493</i>	<i>290,183</i>	<i>295,986</i>	<i>301,906</i>
Non- Rate Revenues	15,375	15,759	16,075	16,396	16,724	17,058
<i>Net Annual Administration Costs</i>	<i>256,737</i>	<i>263,155</i>	<i>268,418</i>	<i>273,787</i>	<i>279,263</i>	<i>284,848</i>
Water System						
Operating Costs	1,661,326	2,049,366	2,211,598	2,287,194	2,359,408	2,426,584
Amortization/ depreciation	458,811	488,611	587,186	597,035	607,127	629,204
Interest on long term debt	46,633	38,058	142,422	155,489	141,474	170,347
Reserve Contributions	86,291	209,800	362,300	373,200	409,900	477,200
Contingency	166,133	204,937	221,160	228,719	235,941	242,658
<i>Gross Annual Expenses</i>	<i>2,419,194</i>	<i>2,990,772</i>	<i>3,524,666</i>	<i>3,641,637</i>	<i>3,753,849</i>	<i>3,945,993</i>
Non- Rate Revenues	74,360	305,206	347,564	351,901	356,850	364,372
<i>Net Annual Water Costs</i>	<i>2,344,833</i>	<i>2,685,566</i>	<i>3,177,102</i>	<i>3,289,736</i>	<i>3,396,999</i>	<i>3,581,621</i>
Wastewater System						
Operating Costs	283,112	290,190	296,999	1,102,939	1,124,998	1,147,498
Amortization/ depreciation	301,638	519,352	530,490	2,252,463	2,246,889	2,242,255
Interest on long term debt	-	-	525,745	929,376	900,440	870,014
Reserve Contributions	270,637	250,000	250,000	250,000	250,000	-
Contingency	28,311	15,893	16,246	96,570	98,502	100,472
<i>Gross Annual Expenses</i>	<i>883,698</i>	<i>1,075,435</i>	<i>1,619,479</i>	<i>4,631,349</i>	<i>4,620,829</i>	<i>4,360,239</i>
Non- Rate Revenues	614	154,364	160,533	1,001,359	1,005,109	1,005,109
<i>Net Annual Wastewater Costs</i>	<i>883,084</i>	<i>921,071</i>	<i>1,458,946</i>	<i>3,629,989</i>	<i>3,615,719</i>	<i>3,355,130</i>
Total Net Annual Costs	3,484,654	3,869,792	4,904,467	7,193,512	7,291,981	7,221,599

The debt interest and reserve amounts shown are based on the net capital costs to be funded through the rates after grants and contributions from the capital levy are deducted. The capital costs for water and wastewater are estimated to be approximately \$16.1 million and \$79.6 million respectively between 2024 and 2029. Table ES-2 and Table ES-3 show the respective water and wastewater capital needs and funding sources.

ES-2: 6-Year Water Capital Needs & Funding Sources (2024-2029)

Water Capital Projects	Current Year	Rate Study Forecast Period				2028	2029	Total
	2024	2025	2026	2027				
Capital Budget Total	1,864,235	4,370,277	1,170,277	220,277	2,770,277	5,720,277	16,115,619	
Provincial/Federal Grants	857,093	1,750,000	-	-	250,000	2,250,000	5,107,093	
Capital Levy / Development Charges	-	-	-	-	1,455,000	1,525,000	2,980,000	
Taxes	-	-	-	-	-	-	-	
Reserve	1,007,143	420,277	670,277	220,277	220,277	220,277	2,758,527	
Debt	-	2,200,000	500,000	-	845,000	1,725,000	5,270,000	
Total Capital Financing	1,864,235	4,370,277	1,170,277	220,277	2,770,277	5,720,277	16,115,619	

ES-3: 6-Year Wastewater Capital Needs & Funding Sources (2024-2029)

Wastewater Capital Projects	Current Year	Rate Study Forecast Period				2028	2029	Total
	2024	2025	2026	2027				
Capital Budget Total	7,607,973	37,600,000	31,350,000	2,000,000	1,000,000	-	79,557,973	
Provincial/Federal Grants	6,753,987	17,782,736	15,067,264	-	-	-	39,603,987	
Capital Levy / Development Charges	-	9,608,632	8,141,368	2,000,000	1,000,000	-	20,750,000	
Taxes	-	-	-	-	-	-	-	
Reserve	853,987	-	-	-	-	-	853,987	
Debt	-	10,208,632	8,141,368	-	-	-	18,350,000	
Total Capital Financing	7,607,973	37,600,000	31,350,000	2,000,000	1,000,000	-	79,557,973	

ES-3 Proposed Water and Wastewater Rates

The proposed water and wastewater rates for the application period 2025 to 2027 are based on the 1-Step Rate Structure. This is a change from the current 2-Step Rate Structure that allows high water users to pay a lower rate compared to residential and low consumption non-residential customers. The change in rate structure is intended to improve fairness and equity. Table ES-4 shows the proposed rates for 2025 to 2027 and the estimated impact on users. The increases are significant due to the high cost of upcoming capital projects e.g. wastewater treatment plant expansion.

Table ES-4: Rates Charges & Customer Impacts for 2025 to 2027

Description	Previous	2025		2026		2027	
	(\$/1,000 IG)	(\$/1,000 IG)	%	(\$/1,000 IG)	%	(\$/1,000 IG)	%
Quarterly Service Charge	\$15.50	\$16.40	6%	\$16.18	-1%	\$15.97	-1%
Water	\$13.65	\$17.65	29%	\$20.52	16%	\$20.88	2%
Sewer	\$4.20	\$6.09	45%	\$9.49	56%	\$23.20	145%
Minimum Quarterly*	\$69.05	\$87.62	27%	\$106.19	21%	\$148.22	40%
Average annual cost per household**	\$955	\$1,253	31%	\$1,565	25%	\$2,268	45%
Reconnection fee	\$50.00	\$50.00	0%	\$50.00	0%	\$50.00	0%
Hydrant Rental Charge (Annual)	\$150.00	\$150.00	0%	\$150.00	0%	\$150.00	0%

*Includes 3,000

Gallons per quarter

**Water & sewer customer- based on 12,500 gallons per household per quarter

Disclaimer:

The information and statements contained in this report are based on the best available information at the time of preparation and intended solely for use by the City of Morden to support its 2024 Water and Wastewater Rate Utility Application to the Manitoba Public Utilities Board (PUB). The statements shall not have any meaning other than those intended by the author. The author is not in any way liable for use and/or interpretation of the information contained in the document.

Table of Contents

1	Background	7
1.1	Rate Study Drivers	7
1.2	Purpose of this Report	7
2	Methodology	8
2.1	Data Sources	8
2.2	Guiding Principles	9
2.3	Assumptions	9
3	Summary of Application	11
3.1	Reasons for Application	11
3.2	By-Law	11
3.3	Municipal Service Boundaries	11
3.4	Financial Statements	11
3.5	Need for Reserves	11
3.6	Management Statement of Responsibility	12
3.7	Cost Allocation Methodology	12
3.8	Council Consultation	12
4	Water & Wastewater Systems	12
4.1	Water System Description	12
4.2	Water System Compliance	13
4.3	Water System Condition	14
4.4	Wastewater System	14
4.5	Wastewater System Compliance	15
4.6	Wastewater System Condition	15
4.7	Operator Certification	15
5	Customer and Volume Projections	15
5.1	Customer Projections	16
5.2	Volume Projections	16
6	Full Cost of Service	17
6.1	Overhead & Administration	17
6.2	Water System Costs	17
6.2.1	Water System Operating Costs	18
6.2.2	Water Capital Costs and Funding	18
6.2.3	Water System Debt Financing	19
6.2.4	Water System Reserves	20
6.3	Wastewater System Costs	22
6.3.1	Wastewater System Operating Costs	22
6.3.2	Wastewater Capital Costs and Funding	22
6.3.3	Wastewater System Debt Financing	23
6.3.4	Wastewater System Reserves	23
6.4	Cost of Water & Wastewater Services	25
7	Calculation of Rates	26

Appendices

Appendix A:	Cost Allocation Methodology
Appendix B:	Rate By-Law (Certified First Reading)
Appendix C:	Current Rate By-laws
Appendix D:	Audited Financial Statements (2022)
Appendix E:	Management Statement of Responsibility
Appendix F:	Water Purchase from PVWC
Appendix G:	Water Capital Projects and Funding Sources (2024-2029)
Appendix H:	Capital Levy By-Law
Appendix I:	Water Debt Financing - Principal and Interest Amounts
Appendix J:	Wastewater Capital Projects and Funding Sources (2024-2029)
Appendix K:	Wastewater Debt Financing - Principal and Interest Amounts
Appendix L:	1-Step Rate Model Print-Out

Tables

Table 2-1:	Data Sources
Table 4-1:	Water System Description
Table 4-2:	Wastewater System Description
Table 5-1:	Projected Customers by Meter Size (Inches)
Table 5-2:	Water & Wastewater Volumes (2023-2028)
Table 6-1:	Water & Wastewater Net Administration Costs (2024-2029)
Table 6-2:	Water System Net Operating Costs (2024-2029)
Table 6-3:	6-Year Water Capital Needs & Funding Sources (2024-2029)
Table 6-4:	Water System Storage - Existing Debt Schedule
Table 6-5:	Water System - New Debt Requirements (2024-2030)
Table 6-6:	Water System - Reserve Funding Requirements (2024-2029)
Table 6-7:	Water Capital Reserve Schedule (2024-2029)
Table 6-8:	Wastewater System Net Operating Costs (2024-2029)
Table 6-9:	6-Year Wastewater Capital Needs & Funding Sources (2024-2029)
Table 6-10:	Wastewater System - New Debt Requirements (2024-2030)
Table 6-11:	Wastewater System - Reserve Funding Requirements(2024-2029)
Table 6-12:	Wastewater Capital Reserve Schedule (2024-2029)
Table 6-13:	Cost of Water and Wastewater Services (2024 - 2029)
Table 7-1:	Minimum Quarterly Volumes (m3)
Table 7-2:	Rates Charges & Customer Impacts for 2025 to 2027

1 Background

1.1 Rate Study Drivers

The City of Morden (City) is a fast-growing community with a population of 9,929 (Statistics Canada 2021 Census) which is a 14.5% increase from 2016. It provides water and wastewater services to its residents and businesses through its utility operations (Utility). The extent to which these services are delivered and the costs depend not only on the needs of existing residents and businesses but also on the anticipated growth. The infrastructure to support these services requires capacity expansions or improvements to accommodate the anticipated growth in the next 10 to 20 years. There are also several projects and operational improvements required to maintain service levels to existing customers.

The capital costs for new infrastructure are expected to be partially or fully covered through the Capital Levies that are currently collected under By-Law No. 07-2023. The intent of this By-Law is to recover the growth related capital costs based on the principle that "growth should pay for growth". The non-growth costs must be recovered through the water and wastewater rates which are the subject of this study.

The Utility's current water and wastewater rates require updating to more accurately reflect the capital costs expected to be incurred to facilitate the relatively high future growth and the operational improvements over the next 10 to 20 years. Capital costs between 2024 and 2029 are estimated at \$16.1 million for water and \$79.6 million for wastewater less grants and capital levy funding. The capital requirements are discussed later.

The City also signed a new water supply agreement with the Pembina Valley Water Cooperative Inc. (PVWC) to supplement its own water production volumes to meet growing demand. The cost of water supplied by the PVWC is based on new increased rates that became effective on January 1, 2023 pursuant to PUB Order No. 138/22.

1.2 Purpose of this Report

The main purpose of this report is to present the information and by-law in support of the City's 2024 water and wastewater utility rate application in accordance with the Manitoba Public Utilities Board (PUB) Guidelines issued February 15, 2023 to obtain PUB acceptance and approval of proposed water and wastewater rates and charges for the period 2025 to 2027 inclusive. This report presents the following:

- the **full costs** of managing the City's water and wastewater system based on the most recent information for the period 2025 - 2027;
- the City's proposed **water rates** to its customers, based on the PUB Guideline's 1-Step Rate Structure to recover the full costs of water supply treatment and distribution for the period 2025 - 2027;
- the City's proposed **wastewater rates** to its customers, based on the PUB Guideline's 1-Step Rate Structure to recover the full costs of collecting and treating wastewater for the period 2025 - 2027; and
- all other information required for the application as noted in the PUB Guidelines

2 Methodology

This methodology consists of two (2) main parts:

- *Cost of Service*. This identifies the full costs (net of non-rate revenues) associated with managing the water and wastewater systems for the period 2025 - 2027; and
- *Cost Recovery*. This identifies the proposed new rates to customers based on the 1-Step Rate Structure to recover the revenue required to offset the cost of service

Cost of Service Methodology

Calculation of the City’s full costs of managing the water and wastewater systems is based on estimating and projecting the annual costs related to the primary activities required to treat and distribute drinking water to, and collect and treat wastewater from customers. These costs include:

- The annual operations and maintenance (O&M) cost of water treatment and distribution;
- The annual costs related to collection and treatment of wastewater;
- Annual contributions to a capital reserve fund for future capital project funding; and
- Repayment of existing and proposed future debt

The assumptions made with respect to these cost items are presented in Section 2.3

Cost Recovery Methodology

The Utility’s existing rate structure (i.e. the 2-Step metered structure) will be discontinued. The PUB 1-Step metered structure is the basis for calculating the rates and charges required to generate sufficient revenues to recover the projected costs identified in Section 6.4. The new rate structure is deemed to be more fair and equitable and would better support water conservation compared to the existing 2-step structure that offers high consumption users a lower rate relative to low consumption users.

2.1 Data Sources

The primary sources of data used to prepare this Background Study are listed in Table 2-1. In addition, information was also developed from discussions with and input from City staff, as required.

Table 2-1: Data Sources

Item	Data Source
Customer Projections	<ul style="list-style-type: none"> • Growth Information provided by the City of Morden • Statistics Canada 2021 Census • Input from staff
Volume Projections	<ul style="list-style-type: none"> • City of Morden consumption records • Staff Input • AE Technical Memorandum #1 November 5, 2021
Capital Costs	<ul style="list-style-type: none"> • City of Morden Capital Budget and Forecast • Staff Input
Operating Costs	<ul style="list-style-type: none"> • City of Morden 2023 Operating Budget • City of Morden 2022 financial statements • Statistics Canada 2016 Census

Item	Data Source
Cost Allocation Methodology	<ul style="list-style-type: none"> City of Morden allocation information
Debt financing	<ul style="list-style-type: none"> Existing debt repayment schedules Interest rate and terms provided by City of Morden Input from staff of projects to be debt financed
Reserves Balances	<ul style="list-style-type: none"> 2022 balances provided by City of Morden

2.2 Guiding Principles

The key principles below were also taken into consideration in updating the rates:

1. *Recovery of Annual Costs* - Revenue shall be sufficient to cover annual expenditures
2. *User Pay* - Customer costs shall be based on use or potential for use
3. *Fairness & Equity* - Rates shall be as fair and equitable as possible (hence change to the 1-Step rate structure)
4. *Affordable Capital Investments* - Capital investments to focus on critical infrastructure (e.g. Watermains and WWTP Expansion) and be affordable to customers
5. *Rate & Revenue Stability* - The rates shall minimize the occurrence of annual deficits to the extent possible and shall be stable to the extent possible.
6. *Meet PUB Guidelines*- The structure and rate calculation shall be consistent with PUB Guidelines. In this case the 1-Step Rate Structure.

2.3 Assumptions

The assumptions made in developing the costs and rate requirements for this rate application are as follows:

- The water and wastewater rate calculations are based on the existing 1-Step Rate Structure which is comprised of:
 - A Minimum Quarterly Charge which is comprised of a Customer Service Charge plus the Minimum Commodity Charge based on a Single Commodity Rate
 - The single commodity water rate and wastewater rate will be applied to its customers and customer classes. The rates do not include block rates for high volume water users, or incentives for low water users. The City of Morden considers this rate structure to be fair and equitable to all customers and sufficient to promote water conservation.
- The costs related to new developments (growth) will be paid by the development through the capital levies. This includes the growth related portion of debt repayment required to finance capital projects.
- Rate Study Period - A 3-Year Study Period (2025 to 2027) is covered. Capital budgets to 2029 are considered.

- Inflationary Increases- Operating costs would increase at 2.5% inflation in 2024 and 2025 and 2% thereafter. Capital costs included in the projections already consider inflation.
- Debt would be used for large projects to finance the amounts required after grants and funding from the capital levies are deducted i.e. debt would be only for the portion required to be funded by the rates. Existing debt repayment would be recovered from the rates.
- Water Conservation-Volume of Non-Revenue Water would be reduced over the long-term as old watermains are replaced. However, for the purposes of this rate application the volume of water delivered into the City's water distribution system is assumed to remain constant over the period 2025 - 2027.
- Additional treated water volumes would be purchased under the new Pembina Valley Water Corporation (PVWC) water supply agreement at the supply rates approved under PUB Order 138/22 December 22, 2022. It is estimated that the City would purchase 41.4 million imperial gallons in 2024, 48.6 million in 2025 and 55.5 million annually from 2026 to 2029. The following additional PVWC costs would also be incurred:
 - ✓ The City's share of PVWC's debt reduction - \$12,339 over 10 years.
 - ✓ The City's share of PVWC's capital - assumed to be in equal amounts of \$220,277 over 5 years to be funded from the capital reserve
- The utility currently has a single capital reserve. However, separate reserves are recommended for water and wastewater.
- Reserve funding would be required for some of the capital projects identified in the 2024 to 2029 capital projections. Annual contributions at a targeted maximum of 1% of the estimated asset values would be made to separate water and wastewater reserves to fund these projects
- The target reserve balances by 2029 would be approximately \$1 million for each reserve which is similar to current reserve levels. The balances also shall not exceed 10% of the historical costs of the assets which is half of the PUB maximum guideline of 20%.
- Debt financing would be utilized for the projects noted in the capital program at an interest rate of 5.15% over a 20 year term.
- The annual asset renewal needs identified in the water distribution and wastewater system asset management plans (2017) would be covered by the level of capital expenditures estimated for renewal in the respective capital budget projections. In addition, the needs related to water and wastewater treatment asset renewal would be covered by the extensive projects to be undertaken at the WTP and WWTP.
- The cost allocation methodology as outlined in Appendix A is assumed for allocating cost to derive the customer service charges

The rates are based on the concept that revenue from sales must recover the utility costs i.e. full cost recovery.

3 Summary of Application

3.1 Reasons for Application

This application pertains to the proposed new rates and charges for upcoming 3-year period from 2025 to 2027 inclusive. PUB approval is required to update By-law 2-2022 to reflect the new rates. The reasons for the rate application include:

- the Public Utility Board's recommendation for utilities to review their rate requirements at least every three (3) years;
- the significant water and wastewater capital costs and increase in wastewater operating costs expected to be incurred over the next few years as outlined later in this report; and
- a rate structure change from the 2-step structure that currently charges a lower rate for consumption over 100,000 imperial gallons to the 1-step structure to improve fairness and equity to customers

The application reflects the requirements of the PUB Guidelines dated February 15, 2023.

3.2 By-Law

A utility rate by-law was prepared and presented to Morden's City Council for first reading on July 22, 2024. A certified copy of By-law No. 09-2024 (First Reading) is attached as Appendix B (WORD version that received first reading by Council is included with submission package). This by-law replaces the current By-law 7-2017 and its amending By-law 2-2022. The current by-laws are included in Appendix C. The amending By-law 2-2022 shows existing rates.

3.3 Municipal Service Boundaries

The water service currently extends beyond the municipal boundary to five (5) customers in the Town of Stanley at the same rates as Morden customers. These are water only customers that consume approximately 180,000 imperial gallons per year. The utility intends to continue to supply water to these customers at the going rates.

3.4 Financial Statements

The latest audited financial statements for 2022 are provided in Appendix D. Note that the capital and operating cost increases and the resulting revenue requirements anticipated over the rate application period are significant. These would not be consistent with the costs and revenues contained in the historical financial statements.

3.5 Need for Reserves

The Utility has a single capital reserve for both water and wastewater. The funds in this reserve would be re-allocated separate capital reserves for the water system and wastewater system. Although most of the large capital costs would be funded through debt financing, there is a need to build the reserves to fund the less expensive projects including infrastructure renewal and provide emergency capital funding for any major event (e.g. watermain breaks, etc.) The reserve assumptions made are discussed in Section 2.3. The water and wastewater reserve contributions, balances and transfers to capital are discussed in Section 6.2.4 and Section 6.3.4 respectively.

3.6 Management Statement of Responsibility

A Management Statement of Responsibility is included in Appendix E. This indicates and confirms that the cost allocation methodology as approved by City Council was used in preparation of the utilities financial statements as well as in its expense projections; and that the financial statements fairly represent the financial position of the utility.

3.7 Cost Allocation Methodology

This refers to the costs such as senior management and overhead that are incurred by the City but shared with the Utility. The PUB guidelines require that the portion of costs specific to the water and wastewater services must be identified in accordance with a cost allocation methodology that is approved by the City. The Cost Allocation Methodology is included in Appendix A.

3.8 Council Consultation

Preliminary rates were presented to Council at its meeting October 30, 2023 for review and input. These rates included a possible surcharge for repayment of the principal portion of debt. Based on comments received the surcharge was removed with the debt principal to be funded through the annual amortization expenses already included in the rate calculations. The resulting rates and by-law contained in this report were submitted to Council for first reading.

4 Water & Wastewater Systems

4.1 Water System Description

The water system is owned and operated by the Utility. It is comprised of the raw water supply system, treatment plant (WTP) and the Utility’s water distribution system which consists of storage, watermains of different age, material and size, hydrants, valves and water meters as described in Table 4-1.

Table 4-1: Water System Description

System Component	Description
Raw Water Supply	<ul style="list-style-type: none"> • Source is Lake Minnewasta • Reservoir (1.4 km x 0.5 km at widest point) created by dam across Dead Horse Creek • Upstream watershed is approximately 130 km²
Water Treatment Plant (WTP) built in 1998 with 90L/s (7.8ML/day) capacity	<ul style="list-style-type: none"> • The treatment system includes: <ul style="list-style-type: none"> ✓ raw water hardness removal using soda ash ✓ filtration, ✓ UV disinfection to destroy organisms ✓ taste and odour control using powdered activated carbon ✓ fluoride addition according to Manitoba Health Guidelines ✓ chlorination to provide sufficient chlorine residual in distribution system

System Component	Description																
Storage	<ul style="list-style-type: none"> Storage of 1.78 million imperial gallons sufficient to meet the City's current and future storage needs. It includes: <ul style="list-style-type: none"> ✓ 500,000 IG underground reservoir at WTP (1998) ✓ 880,000 IG underground reservoir at WTP (2014) ✓ 400,000 IG standpipe which is now in need of replacement 																
Distribution System.	<ul style="list-style-type: none"> The distribution system includes: <ul style="list-style-type: none"> ✓ 368 hydrants; and the following water mains: <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>Asbestos cement</td> <td style="text-align: center;">36,273</td> <td style="text-align: center;">m</td> <td style="text-align: center;">53%</td> </tr> <tr> <td>Ductile iron</td> <td style="text-align: center;">1,760</td> <td style="text-align: center;">m</td> <td style="text-align: center;">3%</td> </tr> <tr> <td>Plastic</td> <td style="text-align: center;">30,101</td> <td style="text-align: center;">m</td> <td style="text-align: center;">44%</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">68,134</td> <td style="text-align: center;">m</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> 	Asbestos cement	36,273	m	53%	Ductile iron	1,760	m	3%	Plastic	30,101	m	44%	Total	68,134	m	100%
Asbestos cement	36,273	m	53%														
Ductile iron	1,760	m	3%														
Plastic	30,101	m	44%														
Total	68,134	m	100%														

Raw water from the reservoir is treated at the WTP then discharged into the water distribution system for consumption. The WTP is classified as a Level 3 Facility and operates under License Number PWS-08-113-03 in accordance with the Drinking Water Safety Act, Chapter D101, C.C.S.M. The operating licence was renewed effective December 1, 2022 and expires on November 30, 2027, with Morden named as the "Licensee."

The distribution system is classified as Level 2 and operates under the same licence as the WTP. It includes typical appurtenances, such as valves and fire hydrants with conventional spacing and locations, and curb-stop valves for every water service line connection.

The licences require the Utility to operate, maintain, inspect and test the water system in accordance with standard industry practices, and to the terms and conditions defined in the licences. Daily readings sampling and testing occur at the WTP and weekly in the distribution system. Results are compiled by the Utility and submitted to the Office of Drinking Water (ODW) as per licence requirements. Copies of test results are kept at the WTP and made available to the public by contacting the Supervisor at the Water plant at (204) 822-5707.

4.2 Water System Compliance

The 2022 annual report indicates that the water quality is 100% compliant with all standards except for Turbidity and Trihalomethanes (THM):

- Turbidity - exceeded the 1.0 nephelometric units (NTU) standard on 2 occasions.
Action: Boiled water advisories were issued for brief periods and the polymer used for clarification was changed from anionic to cationic which corrected the issue.
- THM - exceeded the standard of 0.10 mg/L running average of quarterly samples due to the use of soda ash for softening the raw water.
Action: The City, with the assistance of the Water Services Board, is investigating alternative treatment options to address the THM issue.

4.3 Water System Condition

The 2017 Asset management plan for the distribution system indicates that all of the asbestos cement (AC) pipe and ductile iron (DI) pipe are at or close to their respective life expectancies. This represents approximately 50% of the pipe network. However, further condition analysis is required as some of these pipes are still functioning as desired to maintain the level of service to customers. The City's 2024 to 2029 capital budget includes approximately \$4.2 million over the period for AC and DI pipe replacement/ renewal. The AMP does not include the needs of the WTP. However the Utility's capital budget includes approximately \$5 million in 2028 and 2029 to upgrade the WTP.

4.4 Wastewater System

The wastewater system is owned and operated by the Utility. It is comprised of the collection system which includes gravity sewers, service laterals, manholes, sewage pumping stations and the City's Wastewater Treatment Plant (WWTP) as described in Table 4-2.

Table 4-2: Wastewater System Description

System Component	Description
Wastewater Treatment Lagoon Facility (WTTP) built in 1997 with 90L/s (7.8ML/day) capacity	<ul style="list-style-type: none"> • The treatment system includes: <ul style="list-style-type: none"> ✓ 1 primary cell and 5 secondary cells (all lined) to remove suspended solids, ammonia and 5-day BOD ✓ effluent testing and discharge to Deadhorse Creek ✓ monitoring the quality of the wastewater in the cells in accordance with the requirements of the licence
Wastewater Collection & Transmission	<ul style="list-style-type: none"> • The collection system includes: <ul style="list-style-type: none"> ✓ 37,000 m of service laterals (different sizes) ✓ 80,000 m of gravity and forcemain pipes (various sizes and materials) ✓ 750 manholes and cleanouts ✓ 7 lift (pumping) stations

Wastewater is discharged by properties into the collection system is transmitted by gravity and the use of lift stations to the WWTP for treatment. The wastewater system (collection and treatment) is classified as Level I and operates under Licence Number 2284 RRRR in accordance with the Environment Act. The operating licence was last revised on June 8, 2007. Efforts are underway to expand the plant capacity and introduce new treatment processes to meet future demand and environmental standards for effluent discharge. The licence requires the Utility to operate, maintain, inspect and test the wastewater system in accordance with standard industry practices, and to the terms and conditions defined in the Licence. Sampling and testing occurs at the lagoons and Deadhorse Creek for ammonia, pH, temperature and total suspended solids prior to release of effluent. Results are compiled by the City and submitted to the Environment Compliance and Enforcement Branch. Copies of test results are kept

at Public Works and can be made available to the public by contacting the Director of Public Works at (204) 362-2780

4.5 Wastewater System Compliance

The 2023 sampling and testing indicates that the wastewater quality is 100% compliant with the effluent discharge requirements as per the licence. However, the system is exceeding its design capacity and nutrient removal is now required as the City's population has exceeded 10,000.

4.6 Wastewater System Condition

The 2017 Asset management plan for the wastewater collection system indicates that almost 50% of the pipes are at or close to their respective life expectancies. Condition is also gauged using CCTV inspections and visual observations by staff to a lesser extent. The City's 2024 to 2029 capital budget includes approximately \$3 million for truck sewer replacement. It is expected that further sewer renewal work of approximately \$1.6 million over 6 years would begin in 2030 or shortly thereafter. Depending on the specific site conditions, pipe lining may be the preferred method for rehabilitation. \$241,000 is budgeted to upgrade the Decor Lift Station forcemain and gravity sewer pipe in 2024. The 2017 AMP does not include the WWTP. However it is scheduled to be expanded and upgraded between 2024 and 2026 at an estimated cost of \$74.5 million to provide additional capacity and treatment capability.

4.7 Operator Certification

The WTP and distribution system and the wastewater system are operated by staff certified under the Water and Wastewater Facility Operators Regulation 77/2003.

Water Treatment Plant Operators (3):

- one (1) Level III WT / Level II Distribution operator
- one (1) Level II WT / Level I Distribution Operator
- one (1) Operator in Training (to be registered)

Water Distribution & Wastewater System Operators (3):

- two (2) Level II Distribution / Level II Wastewater Collection / Level I Wastewater Treatment operators
- one (1) Level III WT / Level II Distribution / Level II Wastewater Collection / Level I Wastewater Treatment operator
- one (1) Level I Distribution / Level I Wastewater Collection / Level I Wastewater Treatment operator

5 Customer and Volume Projections

The City has been experiencing high growth as evidenced by the 2021 Statistics Canada Population Census compared to the 2016 population. Estimates indicate that the number of new water and wastewater customers and related demand is expected to grow by 3% per year to 2041. Plant and system capacity expansions are required to service the projected customer growth at current service levels.

5.1 Customer Projections

The City currently services 3754 customers (2023) which are projected to increase to 4,577 by 2029. Most customers have both water and sanitary services. There are 29 water only customers. Demand has increased in the past few years prompting the City to sign a new multi-year water supply agreement with PVWC to supplement its own WTP supply.

Table5-1: Projected Customers by Meter Size (Inches)

Meter size	Rate Study Forecast Period						
	2023	2024	2025	2026	2027	2028	2029
5/8"	3,595	3,722	3,853	3,988	4,127	4,270	4,418
3/4"	28	28	28	28	28	28	28
1"	66	66	66	66	66	66	66
1½"	33	33	33	33	33	33	33
2"	29	29	29	29	29	29	29
3"	1	1	1	1	1	1	1
4"	2	2	2	2	2	2	2
	3,754	3,881	4,012	4,147	4,286	4,429	4,577
		3%	3%	3%	3%	3%	3%

5.2 Volume Projections

Table 5-1 shows the estimated treated water volumes, annual consumption, non-revenue water and wastewater volume returned to the sewer. The total treated water volume supplied into the distribution system includes the volume to be purchased from PVWC. Appendix G shows the volumes projected to be purchased from the PVWC and costs over the terms of the supply agreement. The annual consumption is the volume of water that is expected to be recorded by the water meters for billing purposes and used to set the rates contained in this application. The 2024 unaccounted for water is estimated at approximately 25% due to water loss from the aged infrastructure. Water loss is expected to decline slightly to approximately 22% by 2029 but mainly due to higher consumption and stabilized production. The City plans to undertake eight (8) watermain replacements between 2024 and 2029, water-exchange program, water meter testing and a satellite leak detection program in 2024. These are intended to reduce water loss and non-revenue water volumes over time.

Table 5-2: Water & Wastewater Volumes (2023-2028)

Description	Rate Study Forecast Period						
	2023	2024	2025	2026	2027	2028	2029
Water produced (1,000 gallons)	175,270	168,649	168,649	168,649	168,649	168,649	168,649
Water purchased (1,000 gallons)	20,811	41,622	48,559	55,496	55,496	55,496	55,496
<i>Total Water Supplied</i>	196,081	210,271	217,208	224,145	224,145	224,145	224,145
Unaccounted for water- estimated %	20.55%	24.51%	25.55%	26.53%	25.20%	23.86%	22.67%
Unaccounted for water	40,299	51,529	55,499	59,460	56,475	53,480	50,814
Metered water sales	146,863	149,528	152,194	154,859	157,525	160,190	162,856
Bulk water sales	281	281	281	281	281	281	281
<i>Sub-total</i>	187,443	201,338	207,974	214,600	214,281	213,951	213,951
Water consumed for firefighting, line flushing, etc.	8,638	8,933	9,234	9,544	9,864	10,193	10,193
<i>Total water accounted for</i>	196,081	210,271	217,208	224,145	224,145	224,145	224,145
Total water sales	147,144	149,809	152,475	155,140	157,806	160,472	163,137
Sewer volume metered customers	145,803	148,469	151,134	153,800	156,465	159,131	161,796

6 Full Cost of Service

The water and wastewater cost projections for this rate application include all of the Utility's expenditures and have been developed with input from City staff. The full cost of service includes the following for both water and wastewater:

- Overhead and administration allocated by the City to the Utility;
- Direct operating expenditures;
- Interest repayment on existing and future debt;
- Annual capital reserve contributions; and
- Annual amortization expenses

The cash required for annual capital project expenditures is from either available reserve balances and/or the proceeds from debt financing, after grants and funding from the City's capital levy are deducted. The capital expenditures do not directly impact the rates. However, the annual reserve contributions and interest on debt are recovered through the annual operating budgets and are considered in the cost of service. Annual amortization is also included as a non-cash expense. This amount is estimated to be sufficient to cover the annual principal repayment on proposed debt and eliminate the need for a separate surcharge rate for principal repayment.

6.1 Overhead & Administration

This refers to the costs such as senior management and overhead that are incurred by the City but shared with the Utility. The PUB guidelines require that the portion of costs specific to the water and wastewater services must be identified in accordance with a cost allocation methodology that is approved by the City. A copy is included in Appendix A. The Management Statement of Responsibility from the senior financial officer is provided in Appendix E. This indicates and confirms that the cost allocation methodology as approved by City Council was used in preparation of the utilities financial statements as well as in its expense projections. The costs allocated to water and to wastewater are shown in Table 6-1. The net costs over the rate application period (2025-2027) are projected to be approximately 263,000 in 2025 increasing to \$274,000 in 2027.

Table 6-1: Water & Wastewater Net Administration Costs (2024-2029)

Description	2024	2025	2026	2027	2028	2029
Administration	263,141	269,720	275,114	280,616	286,229	291,953
Billing & Collection	8,971	9,195	9,379	9,567	9,758	9,953
<i>Total Admin Cost</i>	272,112	278,915	284,493	290,183	295,986	301,906
Revenue	15,375	15,759	16,075	16,396	16,724	17,058
Net Admin Cost	256,737	263,155	268,418	273,787	279,263	284,848

6.2 Water System Costs

The cost of the water system includes the annual operating and maintenance and capital related costs for water treatment, supply and distribution. It includes the water supply costs for volumes to be purchased from the PVWC under the supply agreement.

6.2.1 Water System Operating Costs

This is the day-to-day cost of operating and maintaining the water system (e.g. staffing, materials, hydro, testing, maintenance etc.) as well as the costs of water purchases, interest on debt repayment and reserve contributions. Annual costs for the purposes of the rate calculation also include amortization which is a non-cash expense and a 10% contingency amount. These are summarized in Table 6-2.

The water purchase costs also include an annual amount of \$12,339 for 10 years for the City's share of PVWC's debt reduction and approximately \$220,000 per year for 5 years for the City's share of PVWC capital. The latter amount would be funded from the reserve through a transfer to the operating budget. Therefore the reserve contributions also include approximately \$220,000 per year for 5 years to ensure that there is a sufficient reserve balance available to fund these payments to the PVWC. The annual operating costs are offset by annual revenues from hydrant rentals, bulk water sales and investments and the transfer from the capital reserve and the amortization of any capital grants for specific projects. The 2025 to 2029 costs are based on the 2024 operating budget adjusted for inflation and the additional costs related to debt interest reserve requirements. The amortization expenses reflect the addition of new asset over the period and the revenues are based on the grants for the respective projects. Annual net operating costs (rate requirements) over the rate application period are estimated at approximately \$2.7 million in 2025 increasing to approximately \$3.3 million in 2027.

Table 6-2: Water System Net Operating Costs (2024-2029)

Description	2024	2025	2026	2027	2028	2029
Staffing	401,222	411,252	419,477	427,867	436,424	445,153
Purification and treatment	686,699	703,866	717,944	732,302	746,948	761,887
Water purchases	461,168	819,204	956,833	1,007,334	1,053,950	1,095,016
Transmission and Distribution	112,238	115,043	117,344	119,691	122,085	124,527
Amortization/ depreciation	458,811	488,611	587,186	597,035	607,127	629,204
Interest on long term debt	46,633	38,058	142,422	155,489	141,474	170,347
Reserve Contributions	86,291	209,800	362,300	373,200	409,900	477,200
Contingency	166,133	204,937	221,160	228,719	235,941	242,658
<i>Subtotal Expenses</i>	<i>2,419,194</i>	<i>2,990,772</i>	<i>3,524,666</i>	<i>3,641,637</i>	<i>3,753,849</i>	<i>3,945,993</i>
Hydrant rentals	57,080	59,006	60,990	63,033	65,137	67,305
Investment Income	14,280	11,123	6,504	8,797	11,642	15,496
Amortization of capital grants	-	11,800	56,794	56,794	56,794	58,294
Bulk Water Fees	3,000	3,000	3,000	3,000	3,000	3,000
Transfer from Capital Reserve for PVWC Capital Payments	-	220,277	220,277	220,277	220,277	220,277
<i>Subtotal Revenues</i>	<i>74,360</i>	<i>305,206</i>	<i>347,564</i>	<i>351,901</i>	<i>356,850</i>	<i>364,372</i>
Net Operating Costs	2,344,833	2,685,566	3,177,102	3,289,736	3,396,999	3,581,621

6.2.2 Water Capital Costs and Funding

Table 6-3 summarizes the annual water capital needs for the 6-year period 2024 to 2029 inclusive and the sources of funding required to facilitate the projected customer growth demand, asset renewal and operational improvements. These are based on the City's capital budget forecasts. Appendix H details the planned water capital projects to 2029 and the sources of funding.

The annual costs shown are the total costs of all projects. The funding sources are federal and provincial grants, capital levy revenues for the growth portion of projects, the water capital reserve and debt financing. There are no tax funded projects.

Approximately \$16.1 million in capital investment is required between 2024 and 2029. Grant funding of approximately \$5.1 million is expected along with approximately \$2.9 million from the capital levy/development charges. The net cost after grants and capital levy funding are deducted is approximately \$8 million. Approximately \$2.7 million would be funded from the capital water reserve and \$5.3 million in debt financing.

The amount of funding from the Capital Levy is based on the benefit to the new population versus the existing population for each growth-related project. This amount would be generated either through the revenues from the Capital Levy by-law 2-2023 or growth related debt and therefore reduce the rate requirements. A copy of the Capital Levy By-law is included for reference in Appendix I.

Table 6-3: 6-Year Water Capital Needs & Funding Sources (2024-2029)

Water Capital Projects	Current Year	Rate Study Forecast Period				2028	2029	Total
	2024	2025	2026	2027				
Capital Budget Total	1,864,235	4,370,277	1,170,277	220,277	2,770,277	5,720,277	16,115,619	
Provincial/Federal Grants	857,093	1,750,000	-	-	250,000	2,250,000	5,107,093	
Capital Levy / Development Charges	-	-	-	-	1,455,000	1,525,000	2,980,000	
Taxes	-	-	-	-	-	-	-	
Reserve	1,007,143	420,277	670,277	220,277	220,277	220,277	2,758,527	
Debt	-	2,200,000	500,000	-	845,000	1,725,000	5,270,000	
Total Capital Financing	1,864,235	4,370,277	1,170,277	220,277	2,770,277	5,720,277	16,115,619	

6.2.3 Water System Debt Financing

There is an existing debt of \$ 2.75 million for the water storage project completed in 2014. The payments over the period 2014 to 2028 are \$250,809 as shown in Table 6-4. The interest amounts are included in the operating costs shown in Table 6-2 for the rate application period 2025 to 2027.

Table 6-4: Water System Storage - Existing Debt Schedule

Year	Opening Balance	Interest	Principal	Ending Balance
2014	\$ 2,750,000.00	\$ 115,500.00	\$ 135,309.44	\$ 2,614,690.56
2015	\$ 2,614,690.56	\$ 109,817.00	\$ 140,992.43	\$ 2,473,698.13
2016	\$ 2,473,698.13	\$ 103,895.32	\$ 146,914.12	\$ 2,326,784.01
2017	\$ 2,326,784.01	\$ 97,724.93	\$ 153,084.51	\$ 2,173,699.50
2018	\$ 2,173,699.50	\$ 91,295.38	\$ 159,514.06	\$ 2,014,185.44
2019	\$ 2,014,185.44	\$ 84,595.79	\$ 166,213.65	\$ 1,847,971.79
2020	\$ 1,847,971.79	\$ 77,614.82	\$ 173,194.62	\$ 1,674,777.17
2021	\$ 1,674,777.17	\$ 70,340.64	\$ 180,468.80	\$ 1,494,308.37
2022	\$ 1,494,308.37	\$ 62,760.95	\$ 188,048.49	\$ 1,306,259.88
2023	\$ 1,306,259.88	\$ 54,862.92	\$ 195,946.52	\$ 1,110,313.36
2024	\$ 1,110,313.36	\$ 46,633.16	\$ 204,176.28	\$ 906,137.08
2025	\$ 906,137.08	\$ 38,057.76	\$ 212,751.68	\$ 693,385.40
2026	\$ 693,385.40	\$ 29,122.19	\$ 221,687.25	\$ 471,698.15
2027	\$ 471,698.15	\$ 19,811.32	\$ 230,998.12	\$ 240,700.03
2028	\$ 240,700.03	\$ 10,109.41	\$ 240,700.03	\$ -

New debt is required to finance projects in the utility's capital program between 2024 and 2029. Table 6-5 shows the water system debt requirements by project after funding from grants, the capital levy and reserves are deducted. Approximately \$2.7 million in debt financing is required during the rate study period from 2025 to 2027. The interest costs noted in Table 6-2 include the interest payments on new debt beginning the year after debt issuance. The estimated annual principal and interest amounts for new debt are presented in Appendix J.

Table 6-5: Water System - New Debt Requirements (2024-2030)

Water Projects	2024	2025	2026	2027	2028	2029
Standpipe reconstruction	-	1,750,000	-	-	-	-
9th st and 10th st 400bl DI watermain replacement , Replacement of watermain. (550m)	-	450,000	-	-	-	-
1st Street Watermain Renewal from Wardrop Street to Rampton Street	-	-	500,000	-	-	-
Water Treatment Plant upgrade (Construction)	-	-	-	-	125,000	1,125,000
Upgrade 6" AC watermain to 10"PVC from WTP to Mountain Street	-	-	-	-	720,000	-
Mountain Street watermain from Alvey Street to Parkhill, 1500m of 250mm watermain to augment supply and provide fire protection along Mountain Street	-	-	-	-	-	600,000
Annual Debt Requirements	-	2,200,000	500,000	-	845,000	1,725,000

6.2.4 Water System Reserves

Reserve funding is required to finance projects in the utility's capital program between 2024 and 2029. Table 6-6 shows the water system reserve requirements after funding from grants, the capital levy, taxes and debt are deducted. Approximately \$1.7 million is required between 2024 and 2029 from the reserve to fund the projects noted.

Table 6-7 shows the reserve schedule for the period 2024 to 2029 inclusive. The opening 2024 balance is approximately \$1.9 million (allocated to water from the existing combined reserve). The closing balance by the end of 2029 is projected to be approximately \$1 million after funding the capital projects noted in Table 6-6. There is also an annual payment (shown as transfer to operating) to the PVWC of \$220,277 over 5 years starting in 2025 for the City's share of PVWC's capital.

This reserve balance is below the PUB guideline (i.e. 20% of historical cost) and would position the utility to fund projects beyond 2029 and provide emergency funding as the need arises. The project to build the second reservoir upstream of Lake Minnewasta may be constructed in 2030 or shortly thereafter. Approximately \$2 million would be required from the reserve for this project if it proceeds. The annual contributions can be reviewed at that time.

Annual reserve contributions of approximately \$209,000 in 2025 increasing to approximately \$477,000 in 2029 are projected. These are in line with the target contributions of approximately 1% of the estimated asset value. Interest earned on the annual balances is transferred to operations as revenue to offset operating costs.

Table 6-6: Water System - Reserve Funding Requirements (2024-2029)

Water Projects	2024	2025	2026	2027	2028	2029
Carbon Steel tank (mixing soda ash) replacement	30,000	-	-	-	-	-
Satelite leak detection (for water loss)	31,050	-	-	-	-	-
Water Treatment Plant Standpipe Design (Agreement\$100k)	49,768	-	-	-	-	-
Water Treatment Plan Upgrade (including Algae control)	340,000	-	-	-	-	-
Pembina River Diversion (Design)	60,000	-	-	-	-	-
6th Street 400 Block Watermain renewal (370m)	198,000	-	-	-	-	-
7th st to 8th st 400bl DI pipe replacement , Replacement of Watermain on 7th Street and 8th Street 400 block and includes the bay portion.Total length 520m	-	-	450,000	-	-	-
Gilmour @5th to Wardrop @2nd St watermain replacement/extension and looping (500m)	-	200,000	-	-	-	-
Morden 2nd Reservoir on DHC preliminary design	200,000	-	-	-	-	-
Raw Water Supply Pre-Design and EAP (orig'l \$220k)	9,325	-	-	-	-	-
Replacement of heater in lower area	7,500	-	-	-	-	-
Replacement of heater in carbon room	7,500	-	-	-	-	-
HVAC at holding room (treated water)	74,000	-	-	-	-	-
Annual Funding from Reserve	1,007,143	200,000	450,000	-	-	-

Table 6-7: Water Capital Reserve Schedule (2024-2029)

Description	2024	2025	2026	2027	2028	2029
Opening Balance	1,872,877	952,025	741,549	433,572	586,495	776,118
Transfer from Operating	86,291	209,800	362,300	373,200	409,900	477,200
Transfer to Capital	1,007,143	200,000	450,000	-	-	-
Transfer to Operating	-	220,277	220,277	220,277	220,277	220,277
Closing Balance	952,025	741,549	433,572	586,495	776,118	1,033,041
Interest	14,280	11,123	6,504	8,797	11,642	15,496
Estimated Asset Value	29,226,634	34,253,433	36,231,036	37,317,967	40,987,506	47,717,131
Annual Contributions as a % of Asset Value	0.3%	0.6%	1.0%	1.0%	1.0%	1.0%
Estimated Historical Cost	19,005,822	19,205,822	19,655,822	19,655,822	19,655,822	19,655,822
Reserve Balance as a % of Historical Cost	5.0%	3.9%	2.2%	3.0%	3.9%	5.3%

6.3 Wastewater System Costs

The cost of the wastewater system includes the annual operating, maintenance and capital related costs for wastewater collection, transmission and treatment.

6.3.1 Wastewater System Operating Costs

This is the day-to-day cost of operating and maintaining the wastewater system (e.g. staffing, materials, hydro, testing, maintenance etc.), interest on debt repayment and reserve contributions. Annual costs also include amortization which is a non-cash expense and a 10% contingency amount for the purposes of the rate study. These costs are offset by annual revenues from investments and the amortization of any capital grants for specific projects. These are summarized in Table 6-8.

The 2024 to 2029 costs are based on the 2023 operating budget adjusted for inflation and the additional costs related to debt interest reserve requirements. The higher amortization expenses reflect the addition of new assets over the period and the revenues are based on the grants for the respective projects. The net annual operating costs are estimated at approximately \$0.88 million for 2024 increasing to approximately \$3.6 million in 2027. This is due mainly to increased plant operating costs of approximately \$0.8 million for additional treatment processes starting in 2027 and interest on new debt of approximately \$0.53 million in 2026 increasing to \$0.93 million in 2027. The debt is required to finance the Wastewater Treatment Plant expansion.

Table 6-8: Wastewater System Net Operating Costs (2024-2029)

Description	2024	2025	2026	2027	2028	2029
Staffing	128,060	131,262	134,543	137,234	139,979	142,779
Sewage Collection System	29,674	30,416	31,176	31,800	32,435	33,084
Sewage Lift Station	29,930	30,678	31,445	32,074	32,716	33,370
Sewage Treatment and Disposal	86,941	89,114	90,896	892,714	910,569	928,780
Other Sewage Collection & Disposal Costs	8,508	8,720	8,938	9,117	9,299	9,485
Amortization/ depreciation	301,638	519,352	530,490	2,252,463	2,246,889	2,242,255
Interest on long term debt	-	-	525,745	929,376	900,440	870,014
Reserves	270,637	250,000	250,000	250,000	250,000	-
Contingency	28,311	15,893	16,246	96,570	98,502	100,472
<i>Subtotal Expenses</i>	<i>883,698</i>	<i>1,075,435</i>	<i>1,619,479</i>	<i>4,631,349</i>	<i>4,620,829</i>	<i>4,360,239</i>
Investment Income	614	4,364	8,114	11,864	15,614	15,614
Amortization of capital grants	-	150,000	152,419	989,495	989,495	989,495
<i>Subtotal Revenues</i>	<i>614</i>	<i>154,364</i>	<i>160,533</i>	<i>1,001,359</i>	<i>1,005,109</i>	<i>1,005,109</i>
Net Operating Costs	883,084	921,071	1,458,946	3,629,989	3,615,719	3,355,130

6.3.2 Wastewater Capital Costs and Funding

Table 6-9 summarizes the annual wastewater capital needs for the period 2024 to 2029 inclusive and the sources of funding required to facilitate the projected customer growth demand, asset renewal and operational improvements. These are based on the City's capital budget forecasts. Appendix K details the projected wastewater capital projects to 2029 and the annual sources of funding.

The annual costs shown are the total costs of all projects. The funding sources are federal and provincial grants, capital levy revenues for the growth portion of projects, the wastewater capital reserve and debt financing. There is no funding allocated from taxes.

Approximately \$79.6 million in capital investment is required between 2024 and 2029. Most of this is for the WWTP expansion estimated at approximately \$75.5 million.

Grant funding of approximately \$39.6 million is expected along with approximately \$20.7 million from the capital levy/ development charges. The net cost after grants and capital levy funding are deducted is approximately \$19.2 million. Approximately \$0.9 million would be funded from the capital water reserve and \$18.3 million in debt financing. The capital levy funding of \$20.7 million will be debt financed separately and the repayment will be from capital levies collected annually. Therefore there will be no impact to the wastewater costs and rates.

The amount of funding from the Capital Levy is based on the benefit to the new population versus the existing population for each growth -related project. This amount would be generated either through the revenues from the Capital Levy by-law 2-2023 or growth related debt and therefore reduce the rate requirements.

Table 6-9: 6-Year Wastewater Capital Needs & Funding Sources (2024-2029)

Wastewater Capital Projects	Current Year	Rate Study Forecast Period				2028	2029	Total
	2024	2025	2026	2027				
Capital Budget Total	7,607,973	37,600,000	31,350,000	2,000,000	1,000,000	-	79,557,973	
Provincial/Federal Grants	6,753,987	17,782,736	15,067,264	-	-	-	39,603,987	
Capital Levy / Development Charges	-	9,608,632	8,141,368	2,000,000	1,000,000	-	20,750,000	
Taxes	-	-	-	-	-	-	-	
Reserve	853,987	-	-	-	-	-	853,987	
Debt	-	10,208,632	8,141,368	-	-	-	18,350,000	
Total Capital Financing	7,607,973	37,600,000	31,350,000	2,000,000	1,000,000	-	79,557,973	

6.3.3 Wastewater System Debt Financing

There is no existing wastewater debt. New debt is required to finance projects in the utility's capital program between 2024 and 2029. Table 6-10 shows the debt requirements by project for the utility after funding from grants, the capital levy and reserves are deducted. Approximately \$18.3 million in debt financing is required in 2025 and 2026. The interest costs noted in Table 6-7 include the interest payments on new debt beginning the year after debt issuance. The estimated annual principal and interest amounts for new debt are presented in Appendix L.

Table 6-10: Wastewater System - New Debt Requirements (2024-2030)

Wastewater Projects	2024	2025	2026	2027	2028	2029
Wastewater Treatment System (2025 & 2026 Costs)	-	9,608,632	8,141,368	-	-	-
Flusher Truck (Utilities, to replace 2015 Kenworth)	-	600,000	-	-	-	-
Annual Debt Requirements	-	10,208,632	8,141,368	-	-	-

6.3.4 Wastewater System Reserves

Reserve funding is required to finance projects in the utility's capital program between 2024 and 2029. Table 6-11 shows the reserve requirements for the utility after funding from grants, the capital levy, and debt are deducted. Approximately \$0.85million is required in 2024 from the reserve to fund the projects

noted. No reserve funding is required between 2025 and 2029 as debt financing will be the main source of project financing during this period.

Table 6-12 shows the reserve schedule for the period 2024 to 2029 inclusive. The opening 2024 balance is approximately \$0.62 million (allocated to wastewater from the existing combined reserve). The closing balance by the end of 2029 is projected to be approximately \$1.6 million after funding the capital projects noted in Table 6-10. This reserve balance is below the PUB guideline (i.e. 20% of historical cost) and would position the utility to fund projects beyond 2029 and provide emergency funding as the need arises. Approximately \$1.6 million in reserve funding would be required over a 6-year period starting in 2030 for sewer main renewals.

Annual reserve contributions of approximately \$250,000 between 2025 and 2028 are intended to build the reserve to the target balance approximately \$1 million by 2029. This will provide funds for emergency projects and future sewer main rehabilitation that may be undertaken in 2030 or shortly thereafter. The annual contributions are below the target contributions of approximately 1% of the estimated asset value. Interest earned on the annual balances is transferred to operations as revenue to offset operating costs.

Table 6-11: Wastewater System - Reserve Funding Requirements (2024-2029)

Wastewater Projects	2024	2025	2026	2027	2028	2029
Wastewater Treatment System (Design)	633,054	-	-	-	-	-
Ultrasound and radar wastewater flow meters	10,000	-	-	-	-	-
Rd 14 N Trunk Sewer, From Wardrop Dr to 1st Street along Rd 14 DESIGN	50,000	-	-	-	-	-
Décor lift station	120,933	-	-	-	-	-
Sewer System Model	40,000	-	-	-	-	-
Annual Funding from Reserve	853,987	-	-	-	-	-

Table 6-12: Wastewater Capital Reserve Schedule (2024-2029)

Description	2024	2025	2026	2027	2028	2029
Opening Balance	624,292	40,943	290,943	540,943	790,943	1,040,943
Transfer from Operating	270,637	250,000	250,000	250,000	250,000	-
Transfer to Capital	853,987	-	-	-	-	-
Transfer to Operating	-	-	-	-	-	-
Closing Balance	40,943	290,943	540,943	790,943	1,040,943	1,040,943
Interest	614	4,364	8,114	11,864	15,614	15,614
Estimated Asset Value	35,792,111	74,465,874	108,049,850	113,291,346	117,690,086	121,220,789
Annual Contributions as a % of Asset Value	0.8%	0.3%	0.2%	0.2%	0.2%	0.0%
Estimated Historical Cost	22,916,797	60,516,797	91,866,797	93,866,797	94,866,797	94,866,797
Reserve Balance as a % of Historical Cost	0.2%	0.5%	0.6%	0.8%	1.1%	1.1%

6.4 Cost of Water & Wastewater Services

The cost of the water and wastewater services include all costs presented in Sections 6.1, 6.2 and 6.3 and is summarized in Table 6-13. These are the costs to be recovered from the respective water and wastewater rates. The net administration costs to be recovered through the quarterly service charges are estimated at approximately \$263,000; \$270,000; and \$275,000 in 2025, 2025 and 2027 respectively.

The water costs to be recovered through the rates are approximately \$2.7 million, \$3.2 million and 3.3 million in 2025, 2026 and 2027 respectively. The wastewater rate requirements are approximately \$0.92 million, \$1.5 million and \$3.6 million over the rate application period.

Table 6-13: Cost of Water and Wastewater Services (2024 - 2029)

Description	2024	2025	2026	2027	2028	2029
Administration Costs						
Administration	263,141	269,720	275,114	280,616	286,229	291,953
Billing & Collection	8,971	9,195	9,379	9,567	9,758	9,953
<i>Gross Administration Expenses</i>	<i>272,112</i>	<i>278,915</i>	<i>284,493</i>	<i>290,183</i>	<i>295,986</i>	<i>301,906</i>
Non- Rate Revenues	15,375	15,759	16,075	16,396	16,724	17,058
<i>Net Annual Administration Costs</i>	<i>256,737</i>	<i>263,155</i>	<i>268,418</i>	<i>273,787</i>	<i>279,263</i>	<i>284,848</i>
Water System						
Operating Costs	1,661,326	2,049,366	2,211,598	2,287,194	2,359,408	2,426,584
Amortization/ depreciation	458,811	488,611	587,186	597,035	607,127	629,204
Interest on long term debt	46,633	38,058	142,422	155,489	141,474	170,347
Reserve Contributions	86,291	209,800	362,300	373,200	409,900	477,200
Contingency	166,133	204,937	221,160	228,719	235,941	242,658
<i>Gross Annual Expenses</i>	<i>2,419,194</i>	<i>2,990,772</i>	<i>3,524,666</i>	<i>3,641,637</i>	<i>3,753,849</i>	<i>3,945,993</i>
Non- Rate Revenues	74,360	305,206	347,564	351,901	356,850	364,372
<i>Net Annual Water Costs</i>	<i>2,344,833</i>	<i>2,685,566</i>	<i>3,177,102</i>	<i>3,289,736</i>	<i>3,396,999</i>	<i>3,581,621</i>
Wastewater System						
Operating Costs	283,112	290,190	296,999	1,102,939	1,124,998	1,147,498
Amortization/ depreciation	301,638	519,352	530,490	2,252,463	2,246,889	2,242,255
Interest on long term debt	-	-	525,745	929,376	900,440	870,014
Reserve Contributions	270,637	250,000	250,000	250,000	250,000	-
Contingency	28,311	15,893	16,246	96,570	98,502	100,472
<i>Gross Annual Expenses</i>	<i>883,698</i>	<i>1,075,435</i>	<i>1,619,479</i>	<i>4,631,349</i>	<i>4,620,829</i>	<i>4,360,239</i>
Non- Rate Revenues	614	154,364	160,533	1,001,359	1,005,109	1,005,109
<i>Net Annual Wastewater Costs</i>	<i>883,084</i>	<i>921,071</i>	<i>1,458,946</i>	<i>3,629,989</i>	<i>3,615,719</i>	<i>3,355,130</i>
Total Net Annual Costs	3,484,654	3,869,792	4,904,467	7,193,512	7,291,981	7,221,599

7 Calculation of Rates

The calculation of the rates is based on the 1-Step Rate Structure as outlined in the PUB Guideline. This is a change from the current 2-Step Rate Structure for the utility which has a preferential rate for large consumption customers, for improved fairness and equity in the rates. The 1-Step Rate Structure has the following components:

- A Minimum Quarterly Charge which includes:
 - A Quarterly Service Charge that applies to all customers; and
 - A Minimum Volume Charge based on the size of the customer’s meter for each water and wastewater
- A Quarterly Water Consumption Charge equal to the metered consumption in excess of the minimum amount multiplied by the water rate; and
- A Quarterly Wastewater Volumetric Charge equal to the metered water consumption in excess of the minimum amount multiplied by the wastewater rate.

The Customer Service Charge is calculated by dividing the administration cost (allocated according to the City’ Approved Cost Allocation Policy) by the number of customers. This charge is shown in Table 7-2.

The minimum volume varies by meter size based on the group capacity ratios identified in the rate calculation guideline published by the PUB for the 1-Step Rate Structure. Any water used in excess of the minimum allowance is billed at the commodity rates for water and wastewater. The minimum volume for each meter size is shown in Table 7-1 below.

Table 7-1: Minimum Quarterly Volumes (Imperial Gallons - IG)

Meter size	Group Capacity Ratio	Minimum Quarterly Volume Included (IG)
5/8"	1	3,000
3/4"	2	6,000
1"	4	12,000
1½"	10	30,000
2"	25	75,000
3"	90	135,000
4"	170	270,000

The volumetric (commodity) rates are determined by dividing the net cost of service for each water and wastewater by the volume of wastewater projected to be consumed annually. The quarterly service charge, water rates, wastewater rates and impacts to customers are summarized in Table 7-2. As noted the projected rate increases are significant and driven by the large capital projects e.g. the WWTP expansion.

Table 7-2: Rates Charges & Customer Impacts (5/8" Meter) for 2025 to 2027

Description	Previous	2025		2026		2027	
	(\$/1,000 IG)	(\$/1,000 IG)	%	(\$/1,000 IG)	%	(\$/1,000 IG)	%
Quarterly Service Charge	\$15.50	\$16.40	6%	\$16.18	-1%	\$15.97	-1%
Water	\$13.65	\$17.65	29%	\$20.52	16%	\$20.88	2%
Sewer	\$4.20	\$6.09	45%	\$9.49	56%	\$23.20	145%
Minimum Quarterly*	\$69.05	\$87.62	27%	\$106.19	21%	\$148.22	40%
Average annual cost per household**	\$955	\$1,253	31%	\$1,565	25%	\$2,268	45%
Reconnection fee	\$50.00	\$50.00	0%	\$50.00	0%	\$50.00	0%
Hydrant Rental Charge (Annual)	\$150.00	\$150.00	0%	\$150.00	0%	\$150.00	0%

*Includes 3,000

Gallons per quarter

**Water & sewer customer- based on 12,500 gallons per household per quarter

The completed Step-1 Rate Model in MS Excel is included separately with the rate application submission. This shows the calculations to arrive at the proposed rates. A print out of the completed model is included in Appendix M.

Appendix A

Cost Allocation Methodology

Appendix A
City of Morden Utility Cost Allocation Methodology

Allocation Plan for Shared Costs

Shared Overhead: Includes all direct and indirect costs related to the administration of the Utility.

Sub-Category	Activity/Expenses (Object)	Expenses allocated to Utility (Estimated)		Tracked Increments (Actual)/hr
		Percentage (%)	Dollar Value (\$)	
Direct Overhead Cost	Meter reading - Salaries & Wages			
	Billing - Receipting and Collection			
Indirect Overhead Costs- General Administrative Costs and Shared Office Costs	City Manager salaries and benefits	15%	\$ 25,700	
	Deputy City Manager salaries and benefits	25%	\$ 41,187	
	Operations Manager salaries and benefits	25%	\$ 30,336	
	Director of Finance salaries and benefits	10%	\$ 12,837	
	Utility Clerk	100%	\$ 55,454	
	GIS staff	25%	\$ 20,209	
	Engineering Assistant	25%	\$ 20,209	
	Council costs		\$ 15,000	
	Audit and legal		\$ 5,000	
	Public Liability Insurance		\$ 5,000.00	
	Building Rental		\$ 4,500.00	
	Travel and Expense		\$ 3,000.00	
	Accommodatoin		\$ 4,500.00	
	Meals		\$ 3,000.00	
	Workers Compensation		\$ 300.00	
	Training & Education		\$ 8,000.00	
	Memberships & Dues		\$ 1,500.00	
	Newspaper Advertising		\$ 500.00	
	Software		\$ 21,000.00	
	Computer Software		\$ 3,000.00	
	Telephone		\$ 500.00	
	Postage		\$ 9,500.00	
	Printing & Stationery		\$ 4,500.00	
Office Supplies		\$ 1,500.00		
Other Miscellaneous		\$ 1,500.00		

Shared Direct Operating Costs: Includes all costs directly attributable to the maintenance and repair of the utility. Public work employees repair and maintain both transportation and utility infrastructure. A portion of the cost for the public works department should be allocated to the Utility.

Sub-Category	Activity/Expenses (Object)	Expenses allocated to Utility (Estimated)		Tracked Increments (Actual)/hr
		Percentage (%)	Dollar Value (\$)	
Direct Equipment Costs	Public works buildings- Maintenance			
	Vehicles-Fuel / Insurance			
	Machinery and equipment			
	Road construction and maintenance equipment- Interest / Lease costs / Amortization			
Direct Labour	Labour costs directly attributable to the maintenance and repair of utility TCA.			

Appendix A
City of Morden Utility Cost Allocation Methodology

Shared Capital Costs: These shared costs should not be directly charged to utility operations. Capital costs should be capitalized as a tangible capital asset and amortized to utility operations over its useful life. * Includes all costs directly attributable to the development and construction of a tangible capital asset for a utility. Public works projects often construct transportation and utility assets at the same time. In these cases a portion of the road work should be allocated to utility TCA based on the relative fair market value of the assets. *The cost of a tangible capital asset can include interest costs on debt directly attributable to the development and construction of a tangible capital asset. Only interest owed to external parties such as banks or debenture holders. Capitalization of interest cost must end when there is no construction or when the asset is put into use.

Sub-Category	Activity/Expenses (Object)	Expenses allocated to Utility (Estimated)		Tracked Increments (Actual)/hr
		Percentage (%)	Dollar Value (\$)	
Direct Overhead Costs	Administrative			
	Legal fees / Survey Costs			
	Design / Engineering Fees			
	Interest on Debt			
Direct Equipment Costs	Operating Costs			
	Vehicles / Fuel / Insurance			
	Equipment / Amortization / Interest			
Direct Labour	Labour costs directly attributable to the maintenance and repair of Utility TCA.			

Appendix B

Rate By-Law
(Certified First Reading)

CITY OF MORDEN

By-Law No. 09-2024

BEING a By-law of the City of Morden to establish sewer and water rates within the said City of Morden;

WHEREAS the City of Morden owns and operates a sewer and water facility within the limits of the said City of Morden;

AND WHEREAS Section 232 (1) and (2) of "The Municipal Act", S.M. 1996, c. 58, provide in part as follows:

“232(1) The council may pass by-laws for municipal purposes respecting the following matters:

- (l) public utilities;
- (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 City of Morden, in council duly assembled as follows:

1. THAT all accounts for minimum quarterly charges for metered services 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 services supplied to them by the City of Morden at the rates and terms set out in Schedule "A" attached hereto and forming part of this By-law.

2. THAT By-law No. 02-2022 be repealed as of and upon the final reading 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.

PASSED AND ENACTED by the City of Morden, in Council duly assembled this _____ day of _____, 2024.

CITY OF MORDEN

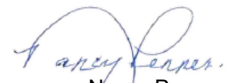
Mayor

City Manager

Read a first time this	22nd	day of	July	2024
Read a second time		day of		2024
Read a third time this		day of		2024

CERTIFIED A TRUE AND CORRECT COPY OF BY-LAW NO. 09-2024 GIVEN 1ST READING BY COUNCIL OF THE CITY OF MORDEN AT THE REGULAR MEETING OF COUNCIL HELD THIS 22ND DAY OF JULY A.D. 2024.


Nicole Reidle
City Manager


Nancy Penner
Mayor

CITY OF MORDEN
By-law No.09-2024
Schedule "A"
Water and Sewer Rates

WATER AND SEWER RATES - BY-LAW NO. 09-2024

1. COMMODITY RATES - January 1, 2025 to December 31, 2027

1-Step Rate Structure

	Rates per thousand gallons		
	Water	Sewer	Water & Sewer
2025	\$17.65	\$6.09	\$23.74
2026	\$20.52	\$9.49	\$30.01
2027	\$20.88	\$23.20	\$44.08

2. MINIMUM CHARGES PER QUARTER - January 1, 2025 - December 31, 2027

2.1. Water and Sewer Customer

Notwithstanding the commodity rates set forth in Section 1 hereof, all customers with water and sewer service shall pay the applicable minimum charge set out below:

Year 1	2025					
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$16.40	\$52.94	\$18.28	\$87.62
3/4	2	6,000	\$16.40	\$105.87	\$36.57	\$158.84
1	4	12,000	\$16.40	\$211.75	\$73.13	\$301.28
1 1/2	10	30,000	\$16.40	\$529.37	\$182.83	\$728.60
2	25	75,000	\$16.40	\$1,323.43	\$457.08	\$1,796.90
3	90	135,000	\$16.40	\$2,382.17	\$822.74	\$3,221.31
4	170	270,000	\$16.40	\$4,764.34	\$1,645.49	\$6,426.22

*"Quarterly Consumption Included" means the "Minimum Quarterly Charge" includes the provision of up to the volume of water specified in the table. Unused amounts are not applied as a credit towards future water use

Year 2	2026					
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$16.18	\$61.55	\$28.46	\$106.19
3/4	2	6,000	\$16.18	\$123.10	\$56.92	\$196.19
1	4	12,000	\$16.18	\$246.19	\$113.83	\$376.20
1 1/2	10	30,000	\$16.18	\$615.48	\$284.58	\$916.24
2	25	75,000	\$16.18	\$1,538.70	\$711.45	\$2,266.33
3	90	135,000	\$16.18	\$2,769.67	\$1,280.61	\$4,066.46
4	170	270,000	\$16.18	\$5,539.33	\$2,561.22	\$8,116.73

* "Quarterly Consumption Included" means the "Minimum Quarterly Charge" includes the provision of up to the volume of water specified in the table. Unused amounts are not applied as a credit towards future water use.

Year 3	2027					
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$15.97	\$62.65	\$69.60	\$148.22
3/4	2	6,000	\$15.97	\$125.30	\$139.20	\$280.47
1	4	12,000	\$15.97	\$250.61	\$278.40	\$544.98
1 1/2	10	30,000	\$15.97	\$626.52	\$696.00	\$1,338.49
2	25	75,000	\$15.97	\$1,566.29	\$1,740.00	\$3,322.26
3	90	135,000	\$15.97	\$2,819.33	\$3,132.00	\$5,967.29
4	170	270,000	\$15.97	\$5,638.65	\$6,263.99	\$11,918.61

* "Quarterly Consumption Included" means the "Minimum Quarterly Charge" includes the provision of up to the volume of water specified in the table. Unused amounts are not applied as a credit towards future water use.

2.2. Water Only Customers

For customers with water service only, quarterly minimums shown in Section 2.1 hereof are reduced by the Sewer Commodity Charge shown for the customer's meter size.

2.3. COMMODITY RATES AND MINIMUM CHARGE FOR CUSTOMERS WITH SIGNIFICANT VOLUME OF WATER NOT RETURNED TO SEWERS

Notwithstanding Commodity Rates and Minimum Charges set forth in Section 2 hereof, Morden Research Station shall be charged the following rates:

Commodity Rates - at the water and sewer rate set forth in the Commodity Rates for the first 1,000,000 gallons per quarter and at the applicable water rate only for all consumption in excess thereof.

3. BULK SALES

Water sold in bulk by the utility shall be charged for at the rate of Nineteen Dollars and Fifty cents (\$19.50) per 1,000 gallons with a minimum charge of \$0.30 for 17 Gallons.

4. SERVICE TO CUSTOMERS OUTSIDE CITY LIMITS

The Council of the City may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the City. Such agreement shall provide for payment of the appropriate rates set out in Commodity Rates of 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 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. PENALTY FOR LATE PAYMENT

A late payment charge of 1 ¼% monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills

SCHEDULE A

6. DISCONNECTION

All utilities subject to *The Public Utilities Board Act* shall comply with the Conditions Precedent for water and/or sewer service disconnection, as attached hereto and marked as Schedule "B".

7. RECONNECTION FEE

Where any service is disconnected under the provisions of this By-law, it shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

8. OUTSTANDING ACCOUNTS

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 shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. HYDRANT RENTALS

The City of Morden shall pay to the utility an annual rental of \$150.00 for each hydrant connected to the system.

Schedule A

By-law No. 09-2024

10. METER ACCURACY TESTING

That any customer may request that his/her water meter be tested for accuracy and before having the same tested by the City, he/she shall deposit with the Director of Finance & Administration the sum of One Hundred (\$100.00) Dollars, which shall be retained and if the meter shall be found to be accurate, the said sum of One Hundred (\$100.00) Dollars shall be retained by the City and if the meter is found to be inaccurate, the said sum of One Hundred (\$100.00) Dollars will be returned to the customer.

11. SEWER SURCHARGES

- (a) Every person who contravenes any provision of By-law 10-00 is guilty of an offence and on conviction is liable to a fine of not more than Five Hundred (\$500.00) Dollars for every day or part thereof upon which such offence occurs or continues.
- (b) Every person who contravenes any provision of By-law 10-00 and as a result of which contravention damage or injury is or may be caused to the Sewage System or any part thereof is liable to the City for the full costs of such damage or injury including any fine or penalty imposed on the City in relation to said contravention.

CITY OF MORDEN

By-law No. 09-2024
Schedule "B"**Conditions Precedent Allowing for Collection and Disconnection of Water and/or Sewer Services for Non-Payment of Accounts****POLICY AND PROCEDURES****1.0 PURPOSE:**

The purpose of this document is to outline and define the disconnection and reconnection policies and procedures for customers with water and/or sewer services.

Disconnection, in accordance with the steps outlined in the following policy and procedures may occur if a customer is in arrears and full payment or payment arrangements suitable to the utility have not been made and if so, such disconnections must occur in conformance with these conditions precedent.

Reconnection, in accordance with the following policy and procedures will occur as soon as it is reasonably possible after the account returns to good standing. This Policy and Procedure does not apply to disconnection practices for routine maintenance of the utility including emergencies.

2.0 SCOPE:

The policy and procedures apply to customers receiving water and/or sewer services. The procedures are detailed to reflect the variety of situations that may occur for each of the following customers.

2.1 All property owners and/or tenants responsible for water and/or sewer services.

2.2 All landlords responsible for providing tenant water and/or sewer services covered under The Residential Tenancies Act (C.C.S.M. c R119).

2.3 Where water and/or sewer services are added to taxes.

2.4 Where water is sold in bulk.

2.5 Where sewage is dumped into a treatment facility.

2.6 Where water and/or sewer service is provided beyond the boundaries of a municipality, if applicable.

3.0 DEFINITIONS:

Account Holder/Customer – shall refer to the person or persons who have applied for water and/or sewer service at a particular residence, whether it be the property owner or renter.

Property Owner – shall refer to the person or persons who are listed on the title of a specific property.

Renter – is not the property owner of the subject property and shall refer to the utility account holder/customer of the subject property.

Security Deposit – shall be based on the risk to the utility and should not exceed an estimated bill for three months.

4.0 POLICY:

4.1 The Utility will normally confine collection activity to the person(s) identified on the account who requested the service(s) with an implied agreement to pay or the person or agency who has agreed to pay for the service(s), with the following exception: where a reasonable person would expect that a customer not named on the bill is implicitly responsible for the service(s), i.e. husband or wife (legal or common-law), that person will also be presumed to have liability for the outstanding balance.

4.2 In order to satisfy provisions of *The Freedom of Information and Protection of Privacy Act*, Utilities are encouraged to develop an agreement between the utility and the account holder/customer, with provisions that establish at minimum conditions for service, recourse for unpaid bills, deposits required, and for renter's acknowledgement that information relating to their account status and other information may be released to the property owner to assist with collections.

4.3 The Public Utilities Board (Board) may, on its own initiative, or at the request of a customer, review a Utility's action and make recommendations and/or orders with respect to same as the Board may determine

SCHEDULE B

4.4 Every effort is to be made by the Utility to resolve outstanding accounts, disconnection and reconnection issues directly with its customer(s). If a solution cannot be reached the customer may apply to the Board for dispute resolution.

4.5 The Utility must make special application to the Board prior to disconnecting service to a community or multiple residences/properties. Such an application must be shared with the affected community (ies) and/or multiple residences/properties. The Board will consider the circumstances and particulars of the application and provide the Utility with direction, following such process as the Board may deem appropriate.

4.6 If a landlord is responsible for the provision of water and/or sewer services to tenant occupied premises, arrears will be based on the outstanding account balance and will be

subject to Residential Tenancy Branch (RTB) procedures at the tenant occupied premises. Landlords failing to bring their outstanding account balance to good standing will be subject to disconnection of services of the same utility at their personal residence and any vacant premises under the same name.

4.7 This policy does not affect the Utility’s right to disconnect in times of emergency and/or for reasons of safety or for failure to comply with water rationing requirements.

4.8 The Utility will keep current data of all disconnected customers in accordance with the following procedures.

4.9 The Utility may seek Board exemption from full disconnection procedures when faced with customers who consistently and deliberately show patterns of payment avoidance and who clearly understand the consequences of their actions.

5.0 PROCEDURES

5.1 DISCONNECTION PROCEDURE

Steps 1, 2 and 3 must be followed on water and/or sewer services in arrears.

Step 1

Customers shall receive a billing statement each billing cycle for services. In some cases the bill is for past consumption and/or minimum quarterly bill for the prior quarter and in other cases, for past consumption over the minimum quarterly bill in the prior quarter plus the next minimum quarterly bill in advance. The due date which appears on the bill shall be no less than 14 days after the billing date. Bulk water customers or customers dumping sewage may have special billing arrangements. However, failure to pay an outstanding bill may result in the removal of the right to use the service.

Step 2

If payment is not received within 31 days from the last billing date, a message similar to the following shall appear on a reminder statement:

“Our records indicate your account is past due. Please give this your prompt attention. If payment or payment arrangements have been made, kindly disregard this notice.”

[The following is applicable to residential premises.]

“Information on service disconnection, payment arrangements and financial assistance is enclosed.”

Sample Insert:

<p>If your account is past due and you have not made payment arrangements, your water and/or sewer service could be disconnected. The Public Utilities Board adopted Order No. --/08 governing the disconnection of water and/or sewer service for nonpayment of account.</p>	<p>To make payment arrangements, please contact the utility at: <i>[Insert contact information here]</i> If you have already made payment arrangements, please disregard this notice.</p>	<p>Financial assistance may be available through Employment and Income Assistance: • 1-800-626-4862 Additional financial counseling and support may be available through Community Financial Counseling Services: • 1-888-573</p>
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Step 3

If payment is not received within 45 days of the last billing date, a message similar to the following shall appear on the second and final reminder notice. Reconnection fees will be charged as approved by the Board from time to time:

IMPORTANT PAST DUE NOTICE

Your **account** is past due. If suitable payment arrangements or full payment of the arrears are not made on or before (*enter Date {14 calendar days from date of issue}*) your account will be subject to disconnection. If payment of the arrears has already been made, please notify us immediately. If payment arrangements have already been made kindly disregard this notice.

If your service(s) is disconnected, full payment of the arrears balance plus a reconnection fee will be required before service is fully restored. A security deposit may also be required.

Customers may appeal the Utility's action by contacting the Public Utilities Board.

The Utility is not responsible for any damages or losses that may occur as a result of services which are disconnected for non-payment. Please ensure you protect people, animals and property that may be impacted by disconnection of service.

Reconnect Fees are \$50.00.

Your service will be disconnected on _____ in the a.m. or p.m.

5.2 Where the Utility bills the minimum quarterly bill in advance, and where service is not reconnected, the bill should be adjusted and prorated accordingly, for the period from the date of disconnection to the end of the next quarter.

5.3 The following are exceptions to the above notice requirements before disconnection:

(a) Where the customer's account was past due and where a payment arrangement was made and subsequently broken, the Utility may disconnect the customer's service with 7 calendar days notice.

(b) Where the customer's account was past due for services billed at a previous premise, the Utility may, with 10 days notice, disconnect the customer's service at the new premise if the customer fails to make a payment arrangement.

The Utility shall take all reasonable steps to collect the arrears from its account holder/customer before adding any arrears to taxes.

5.4 A message similar to the following shall appear on any future billing statements where services have been disconnected:

"Your account remains outstanding despite previous requests for payment. Failure to pay the outstanding account balance may make your account subject to legal action. Please call the phone number on the front of your billing statement or pay in person. If payment of the arrears has already been made please notify the Utility immediately. If payment arrangements have already been made kindly disregard this notice."

6.0 RECONNECTION OR RESTORATION OF SERVICE PROCEDURE:

6.1 No reconnection of service(s) shall occur unless full payment of the arrears or payment arrangements is made suitable to the Utility including a reconnection fee. Reconnection terms may also include the payment of a security deposit.

6.2 All reasonable efforts shall be made to reconnect or restore the service as soon as possible.

7.0 GENERAL GUIDELINES FOR RENTAL PROPERTIES:

7.1 The Utility is not responsible for administering rental properties; as such, the Utility will administer every property based on the property's ownership, not the property's tenancy as in cases where the occupant is not the owner, and all terms and conditions in this by-law will apply to the property as if the owner is the occupant.

7.2 The property owner is solely responsible for all utility related matters regarding any property under their ownership including, but not limited to the following:

- Providing access for meter readings and meter maintenance/replacement as required by, and at the discretion of the Utility;
- All fees and charges related to the Utility providing the services described in this by-law;
- Administering vacancies and changes in tenants with regards to meter readings and charges to tenants for utility related services upon vacating a property, though the Utility may provide assistance at the Utility's discretion.

8.0 REPORTING REQUIREMENTS:

8.1 The Utility shall record the following information which the Board may request at any time:

- (a) the name of the account holder disconnected;
- (b) efforts made by the Utility to contact the customer (bill messages, letters, telephone calls, personal visits) and the results of such efforts;
- (c) any evidence of the customer either contacting, or being encouraged to contact an appropriate social agency;
- (d) if known, details of any follow-up action being undertaken by a social agency; and
- (e) information indicating the presence of children, the elderly and the disabled. Where there are children 12 and under, the matter will be referred in writing to Child and Family

Services as soon as the facts are known.

Appendix C

Current Rate By-laws

CITY OF MORDEN

By-Law No. 2-2022

BEING a By-law of the City of Morden to amend its By-law 7-2017, which provides for establishing sewer and water rates within the City of Morden;

WHEREAS the Public Utilities Board has approved a water rate increase for Pembina Valley Water Cooperative (PVWC) for water sales to its municipal members, effective January 1, 2022, as per Manitoba Public Utilities Board Order No. 172/18;

AND WHEREAS the City of Morden is a member of the PVWC and public notice was given with regards to the said water rate increase;

AND WHEREAS the Public Utilities Board has approved a process to “pass through” the increase to consumers without further application of rate review, as per Manitoba Public Utilities Board Order No. 103/15;

AND WHEREAS there has been no increase to the water rates since 2013;

AND WHEREAS the approved rate increase for PVWC is in the amount of \$1.37 per 1000 gallons of water, this being from the previous rate of \$8.16 per 1000 gallons in 2018 and increasing in small increments annually up to \$9.53 per 1000 gallons in 2022;

AND WHEREAS the City of Morden has increased the purchase of water requirements from the PVWC from 5% of its total water demand in 2018-2021 inclusive, to 23% in 2022 and therefore the “pass through” process reflects an increase in water rates from 2018 through 2022 in the cumulative amount of \$2.04 per 1000 gallons;

NOW THEREFORE, the Council of the City of Morden, in council duly assembled, hereby enacts as follows:

1. **THAT** Schedule “A” to By-law 7-2017 be cancelled and that Schedule “A” attached hereto be substituted therefore;
2. **THAT** the rates as set forth in Schedule “A” hereto shall be effective for the March 1, 2022 quarterly billing.
3. **THAT** this By-law shall come into force and become effective on, from and after receipt of third and final reading thereof.

PASSED AND ENACTED by the City of Morden, in Council duly assembled this day of _____, 2022.

CITY OF MORDEN

Mayor

City Manager

Read a first time this	31st	day of	January	2022
Read a second time this		day of		2022
Read a third time this		day of		2022

CITY OF MORDEN
By-law No. 2-2022
Schedule "A"
Water and Sewer Rates

WATER AND SEWER RATES - BY-LAW NO. 2-2022

1. COMMODITY RATES - Effective January 1, 2022

Two-Step Rate Structure

		Rates per thousand gallons		
		Water	Sewer	Water & Sewer
First	100,000 gallons per quarter	\$13.65	\$4.20	\$17.85
Over	100,000 gallons per quarter	\$6.56	\$1.70	\$8.26

2. MINIMUM CHARGES PER QUARTER - Effective January 1, 2022

2.1. Water and Sewer Customer

Notwithstanding the commodity rates set forth in Section 1 hereof, all customers with water and sewer service shall pay the applicable minimum charge set out below:

Meter Size	Group Capacity Ratio	Quarterly Consumption Included*	Service Charge	Commodity Rates Water	Commodity Rates Sewer	Minimum Quarterly Charges
5/8"	1	3,000	\$15.50	\$40.95	\$12.60	\$69.05
3/4"	2	6,001	\$15.50	\$81.92	\$25.20	\$122.62
1"	4	12,002	\$15.50	\$163.83	\$50.41	\$229.74
1 1/2"	10	30,004	\$15.50	\$409.56	\$126.02	\$551.08
2"	25	75,009	\$15.50	\$1,023.88	\$315.04	\$1,354.42
3"	90	135,017	\$15.50	\$1,594.71	\$479.53	\$2,074.24
4"	170	270,034	\$15.50	\$2,480.42	\$709.06	\$3,189.48

* "Quarterly Consumption Included" means the "Minimum Quarterly Charge" includes the provision of up to the volume of water specified in the table. Unused amounts are not applied as a credit towards future water use.

2.2. Water Only Customers

For customers with water service only, quarterly minimums shown in Section 2.1 hereof are reduced by the Sewer Commodity Charge shown for the customer's meter size.

2.3. COMMODITY RATES AND MINIMUM CHARGE FOR CUSTOMERS WITH SIGNIFICANT VOLUME OF WATER NOT RETURNED TO SEWERS

Notwithstanding Commodity Rates and Minimum Charges set forth in Section 2 hereof, Morden Research Station shall be charged the following rates:

Commodity Rates -	at the water and sewer rate set forth in the Commodity Rates for the first 1,000,000 gallons per quarter and at the applicable <u>water rate</u> only for all consumption in excess thereof.
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3. BULK SALES

Water sold in bulk by the utility shall be charged for at the rate of Twelve Dollars and Eight Five cents (\$12.85) per 1,000 gallons with a minimum charge of \$0.25 for 17 Gallons.

4. SERVICE TO CUSTOMERS OUTSIDE CITY LIMITS

The Council of the City may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the City. Such agreement shall provide for payment of the appropriate rates set out in Commodity Rates of 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 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. PENALTY FOR LATE PAYMENT

A late payment charge of 1 ¼% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills

6. DISCONNECTION

All utilities subject to *The Public Utilities Board Act* shall comply with the Conditions Precedent for water and/or sewer service disconnection, as attached hereto and marked as Schedule "B".

7. RECONNECTION FEE

Where any service is disconnected under the provisions of this By-law, it shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

8. OUTSTANDING ACCOUNTS

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 shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. HYDRANT RENTALS

The City of Morden shall pay to the utility an annual rental of \$150.00 for each hydrant connected to the system.

10. METER ACCURACY TESTING

That any customer may request that his/her water meter be tested for accuracy and before having the same tested by the City, he/she shall deposit with the Director of Finance & Administration the sum of One Hundred (\$100.00) Dollars, which shall be retained and if the meter shall be found to be accurate, the said sum of One Hundred (\$100.00) Dollars shall be retained by the City and if the meter is found to be inaccurate, the said sum of One Hundred (\$100.00) Dollars will be returned to the customer.

11. SEWER SURCHARGES

- (a) Every person who contravenes any provision of By-law 10-00 is guilty of an offence and on conviction is liable to a fine of not more than Five Hundred (\$500.00) Dollars for every day or part thereof upon which such offence occurs or continues.
- (b) Every person who contravenes any provision of By-law 10-00 and as a result of which contravention damage or injury is or may be caused to the Sewage System or any part thereof is liable to the City for the full costs of such damage or injury including any fine or penalty imposed on the City in relation to said contravention.

CITY OF MORDEN

By-Law No. 7-2017

BEING a By-law of the City of Morden to establish sewer and water rates within the said City of Morden;

WHEREAS the City of Morden owns and operates a sewer and water facility within the limits of the said City of Morden;

AND WHEREAS Section 232 (1) and (2) of "The Municipal Act", C.C.S.M. c. M225, provide in part as follows:

"232(1) The council may pass by-laws for municipal purposes respecting the following matters:

- (l) public utilities;
- (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 City of Morden, in council duly assembled as follows:

1. THAT all accounts for minimum quarterly charges for metered services shall be billed quarterly together with any excess charges for metered water and sewer services for the preceding quarter. Consumers shall pay for water and sewer services supplied to them by the City of Morden at the rates and terms set out in Schedule "A" attached hereto and forming part of this By-law.
2. THAT By-law No. 5-2013 be repealed as of and upon the final reading 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.

PASSED AND ENACTED by the City of Morden, in Council duly assembled this 13th day of June, 2017.

CITY OF MORDEN

Ken Wiebe

Mayor

John Scarce

City Manager

Read a first time this	27 th	day of	March	2017
Read a second time as amended this	13 th	day of	June	2017
Read a third time this	13 th	day of	June	2017

CITY OF MORDEN
By-law No. 7-2017
Schedule "A"
Water and Sewer Rates

WATER AND SEWER RATES - BY-LAW NO. 7-2017

1. COMMODITY RATES - Effective January 1, 2014

Two-Step Rate Structure		Rates per thousand gallons		
		Water	Sewer	Water & Sewer
First	100,000 gallons per quarter	\$11.61	\$4.20	\$15.81
Over	100,000 gallons per quarter	\$5.57	\$1.70	\$7.27

2. MINIMUM CHARGES PER QUARTER - Effective January 1, 2014

2.1. Water and Sewer Customer

Notwithstanding the commodity rates set forth in Section 1 hereof, all customers with water and sewer service shall pay the applicable minimum charge set out below:

Meter Size	Group Capacity Ratio	Quarterly Consumption Included*	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
5/8"	1	3,000	\$15.50	\$34.83	\$12.60	\$62.93
3/4"	2	6,001	\$15.50	\$69.67	\$25.20	\$110.38
1"	4	12,002	\$15.50	\$139.34	\$50.41	\$205.25
1 1/2"	10	30,004	\$15.50	\$348.35	\$126.02	\$489.86
2"	25	75,009	\$15.50	\$870.85	\$315.04	\$1,201.39
3"	90	135,017	\$15.50	\$1,356.04	\$479.53	\$1,851.07
4"	170	270,034	\$15.50	\$2,108.09	\$709.06	\$2,832.65

* "Quarterly Consumption Included" means the "Minimum Quarterly Charge" includes the provision of up to the volume of water specified in the table. Unused amounts are not applied as a credit towards future water use.

2.2. Water Only Customers

For customers with water service only, quarterly minimums shown in Section 2.1 hereof are reduced by the Sewer Commodity Charge shown for the customer's meter size.

2.3. **COMMODITY RATES AND MINIMUM CHARGE FOR CUSTOMERS WITH SIGNIFICANT VOLUME OF WATER NOT RETURNED TO SEWERS**

Notwithstanding Commodity Rates and Minimum Charges set forth in Section 2 hereof, Morden Research Station shall be charged the following rates:

Commodity Rates -	at the water and sewer rate set forth in the Commodity Rates for the first 1,000,000 gallons per quarter and at the applicable <u>water rate</u> only for all consumption in excess thereof.
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3. **BULK SALES**

Water sold in bulk by the utility shall be charged for at the rate of Twelve Dollars and Eight Five cents (\$12.85) per 1,000 gallons with a minimum charge of \$0.25 for 17 Gallons.

4. **SERVICE TO CUSTOMERS OUTSIDE CITY LIMITS**

The Council of the City may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the City. Such agreement shall provide for payment of the appropriate rates set out in Commodity Rates of 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 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. **PENALTY FOR LATE PAYMENT**

A late payment charge of 1 ¼% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills

6. **DISCONNECTION**

All utilities subject to *The Public Utilities Board Act* shall comply with the Conditions Precedent for water and/or sewer service disconnection, as attached hereto and marked as Schedule "B".

7. RECONNECTION FEE

Where any service is disconnected under the provisions of this By-law, it shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

8. OUTSTANDING ACCOUNTS

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 shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. HYDRANT RENTALS

The City of Morden shall pay to the utility an annual rental of \$150.00 for each hydrant connected to the system.

10. METER ACCURACY TESTING

That any customer may request that his/her water meter be tested for accuracy and before having the same tested by the City, he/she shall deposit with the Director of Finance & Administration the sum of One Hundred (\$100.00) Dollars, which shall be retained and if the meter shall be found to be accurate, the said sum of One Hundred (\$100.00) Dollars shall be retained by the City and if the meter is found to be inaccurate, the said sum of One Hundred (\$100.00) Dollars will be returned to the customer.

11. SEWER SURCHARGES

- (a) Every person who contravenes any provision of By-law 10-00 is guilty of an offence and on conviction is liable to a fine of not more than Five Hundred (\$500.00) Dollars for every day or part thereof upon which such offence occurs or continues.
- (b) Every person who contravenes any provision of By-law 10-00 and as a result of which contravention damage or injury is or may be caused to the Sewage System or any part thereof is liable to the City for the full costs of such damage or injury including any fine or penalty imposed on the City in relation to said contravention.

CITY OF MORDEN

By-law No. 7-2017

Schedule "B"

Conditions Precedent Allowing for Collection and Disconnection of Water and/or Sewer Services for Non-Payment of Accounts

POLICY AND PROCEDURES

1.0 PURPOSE:

The purpose of this document is to outline and define the disconnection and reconnection policies and procedures for customers with water and/or sewer services.

Disconnection, in accordance with the steps outlined in the following policy and procedures may occur if a customer is in arrears and full payment or payment arrangements suitable to the utility have not been made and if so, such disconnections must occur in conformance with these conditions precedent.

Reconnection, in accordance with the following policy and procedures will occur as soon as it is reasonably possible after the account returns to good standing. This Policy and Procedure does not apply to disconnection practices for routine maintenance of the utility including emergencies.

2.0 SCOPE:

The policy and procedures apply to customers receiving water and/or sewer services. The procedures are detailed to reflect the variety of situations that may occur for each of the following customers.

- 2.1 All property owners and/or tenants responsible for water and/or sewer services.
- 2.2 All landlords responsible for providing tenant water and/or sewer services covered under The Residential Tenancies Act (C.C.S.M. c R119).
- 2.3 Where water and/or sewer services are added to taxes.
- 2.4 Where water is sold in bulk.
- 2.5 Where sewage is dumped into a treatment facility.
- 2.6 Where water and/or sewer service is provided beyond the boundaries of a municipality, if applicable.

3.0 DEFINITIONS:

Account Holder/Customer – shall refer to the person or persons who have applied for water and/or sewer service at a particular residence, whether it be the property owner or renter.

Property Owner – shall refer to the person or persons who are listed on the title of a specific property.

Renter – is not the property owner of the subject property and shall refer to the utility account holder/customer of the subject property.

Security Deposit – shall be based on the risk to the utility and should not exceed an estimated bill for three months.

4.0 POLICY:

4.1 The Utility will normally confine collection activity to the person(s) identified on the account who requested the service(s) with an implied agreement to pay or the person or agency who has agreed to pay for the service(s), with the following exception: where a reasonable person would expect that a customer not named on the bill is implicitly responsible for the service(s), i.e. husband or wife (legal or common-law), that person will also be presumed to have liability for the outstanding balance.

4.2 In order to satisfy provisions of *The Freedom of Information and Protection of Privacy Act*, Utilities are encouraged to develop an agreement between the utility and the account holder/customer, with provisions that establish at minimum conditions for service, recourse for unpaid bills, deposits required, and for renter's acknowledgement that information relating to their account status and other information may be released to the property owner to assist with collections.

4.3 The Public Utilities Board (Board) may, on its own initiative, or at the request of a customer, review a Utility's action and make recommendations and/or orders with respect to same as the Board may determine.

4.4 Every effort is to be made by the Utility to resolve outstanding accounts, disconnection and reconnection issues directly with its customer(s). If a solution cannot be reached the customer may apply to the Board for dispute resolution.

4.5 The Utility must make special application to the Board prior to disconnecting service to a community or multiple residences/properties. Such an application must be shared with the affected community (ies) and/or multiple residences/properties. The Board will consider the circumstances and particulars of the application and provide the Utility with direction, following such process as the Board may deem appropriate.

4.6 If a landlord is responsible for the provision of water and/or sewer services to tenant occupied premises, arrears will be based on the outstanding account balance and will be subject to Residential Tenancy Branch (RTB) procedures at the tenant occupied premises. Landlords failing to bring their outstanding account balance to good standing will be subject to disconnection of services of the same utility at their personal residence and any vacant premises under the same name.

4.7 This policy does not affect the Utility’s right to disconnect in times of emergency and/or for reasons of safety or for failure to comply with water rationing requirements.

4.8 The Utility will keep current data of all disconnected customers in accordance with the following procedures.

4.9 The Utility may seek Board exemption from full disconnection procedures when faced with customers who consistently and deliberately show patterns of payment avoidance and who clearly understand the consequences of their actions.

5.0 PROCEDURES

5.1 DISCONNECTION PROCEDURE

Steps 1, 2 and 3 must be followed on water and/or sewer services in arrears.

Step 1

Customers shall receive a billing statement each billing cycle for services. In some cases the bill is for past consumption and/or minimum quarterly bill for the prior quarter and in other cases, for past consumption over the minimum quarterly bill in the prior quarter plus the next minimum quarterly bill in advance. The due date which appears on the bill shall be no less than 14 days after the billing date. Bulk water customers or customers dumping sewage may have special billing arrangements. However, failure to pay an outstanding bill may result in the removal of the right to use the service.

Step 2

If payment is not received within 31 days from the last billing date, a message similar to the following shall appear on a reminder statement:

“Our records indicate your account is past due. Please give this your prompt attention. If payment or payment arrangements have been made, kindly disregard this notice.”

[The following is applicable to residential premises.]

“Information on service disconnection, payment arrangements and financial assistance is enclosed.”

Sample Insert:

<p>If your account is past due and you have not made payment arrangements, your water and/or sewer service could be disconnected.</p> <p>The Public Utilities Board adopted Order No. --/08 governing the disconnection of water and/or sewer service for nonpayment of account.</p>	<p>To make payment arrangements, please contact the utility at: <i>[Insert contact information here]</i> If you have already made payment arrangements, please disregard this notice.</p>	<p>Financial assistance may be available through Employment and Income Assistance: • 1-800-626-4862 Additional financial counseling and support may be available through Community Financial Counseling Services: • 1-888-573-2383</p>
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Step 3

If payment is not received within 45 days of the last billing date, a message similar to the following shall appear on the second and final reminder notice. Reconnection fees will be charged as approved by the Board from time to time:

IMPORTANT PAST DUE NOTICE

Your **account** is past due. If suitable payment arrangements or full payment of the arrears are not made on or before (*enter Date {14 calendar days from date of issue}*) your account will be subject to disconnection. If payment of the arrears has already been made, please notify us immediately. If payment arrangements have already been made kindly disregard this notice.

If your service(s) is disconnected, full payment of the arrears balance plus a reconnection fee will be required before service is fully restored. A security deposit may also be required. Customers may appeal the Utility's action by contacting the Public Utilities Board.

The Utility is not responsible for any damages or losses that may occur as a result of services which are disconnected for non-payment. Please ensure you protect people, animals and property that may be impacted by disconnection of service.

Reconnect Fees are \$50.00.

Your service will be disconnected on _____ in the a.m. or p.m.

5.2 Where the Utility bills the minimum quarterly bill in advance, and where service is not reconnected, the bill should be adjusted and prorated accordingly, for the period from the date of disconnection to the end of the next quarter.

5.3 The following are exceptions to the above notice requirements before disconnection:

(a) Where the customer's account was past due and where a payment arrangement was made and subsequently broken, the Utility may disconnect the customer's service with 7 calendar days notice.

(b) Where the customer's account was past due for services billed at a previous premise, the Utility may, with 10 days notice, disconnect the customer's service at the new premise if the customer fails to make a payment arrangement.

The Utility shall take all reasonable steps to collect the arrears from its account holder/customer before adding any arrears to taxes.

5.4 A message similar to the following shall appear on any future billing statements where services have been disconnected:

"Your account remains outstanding despite previous requests for payment. Failure to pay the outstanding account balance may make your account subject to legal action. Please call the phone number on the front of your billing statement or pay in person. If payment of the arrears has already been made please notify the Utility immediately. If payment arrangements have already been made kindly disregard this notice."

6.0 RECONNECTION OR RESTORATION OF SERVICE PROCEDURE:

6.1 No reconnection of service(s) shall occur unless full payment of the arrears or payment arrangements is made suitable to the Utility including a reconnection fee. Reconnection terms may also include the payment of a security deposit.

6.2 All reasonable efforts shall be made to reconnect or restore the service as soon as possible.

7.0 GENERAL GUIDELINES FOR RENTAL PROPERTIES:

7.1 The Utility is not responsible for administering rental properties; as such, the Utility will administer every property based on the property's ownership, not the property's tenancy as in cases where the occupant is not the owner, and all terms and conditions in this by-law will apply to the property as if the owner is the occupant.

7.2 The property owner is solely responsible for all utility related matters regarding any property under their ownership including, but not limited to the following:

- Providing access for meter readings and meter maintenance/replacement as required by, and at the discretion of the Utility;
- All fees and charges related to the Utility providing the services described in this by-law;
- Administering vacancies and changes in tenants with regards to meter readings and charges to tenants for utility related services upon vacating a property, though the Utility may provide assistance at the Utility's discretion.

8.0 REPORTING REQUIREMENTS:

8.1 The Utility shall record the following information which the Board may request at any time:

- (a) the name of the account holder disconnected;
- (b) efforts made by the Utility to contact the customer (bill messages, letters, telephone calls, personal visits) and the results of such efforts;
- (c) any evidence of the customer either contacting, or being encouraged to contact an appropriate social agency;
- (d) if known, details of any follow-up action being undertaken by a social agency; and
- (e) information indicating the presence of children, the elderly and the disabled. Where there are children 12 and under, the matter will be referred in writing to Child and Family Services as soon as the facts are known.

Appendix D

Audited Financial Statements (2022)

CITY OF MORDEN
SCHEDULE 8- SCHEDULE OF FINANCIAL POSITION FOR UTILITY
For the year ended December 31, 2022

	2022		2021	
	Morden	Pembina Valley Water Cooperative Inc.	Total	Total
FINANCIAL ASSETS				
Cash and temporary investments		\$ 149,491	\$ 149,491	\$ 92,105
Amounts receivable (Note 4)	219,748	36,196	255,944	176,249
Portfolio investments		38,110	38,110	321
	<u>219,748</u>	<u>223,797</u>	<u>443,545</u>	<u>268,675</u>
LIABILITIES				
Accounts payable and accrued liabilities		89,331	89,331	21,965
Deferred revenue		87,578	87,578	88,674
Long-term debt (Note 8)	1,306,260	572,799	1,879,059	2,229,841
Due to other funds	3,844,047		3,844,047	4,226,692
Other				
	<u>5,150,307</u>	<u>749,708</u>	<u>5,900,015</u>	<u>6,567,172</u>
NET DEBT	<u>(4,930,559)</u>	<u>(525,911)</u>	<u>(5,456,470)</u>	<u>(6,298,497)</u>
NON-FINANCIAL ASSETS				
Tangible capital assets (Schedule 1)	23,931,466	1,499,777	25,431,243	24,583,656
Inventories	67,387	3,031	70,418	111,859
Prepaid expenses		389	389	503
	<u>23,998,853</u>	<u>1,503,197</u>	<u>25,502,050</u>	<u>24,696,018</u>
FUND SURPLUS	<u>\$ 19,068,294</u>	<u>\$ 977,286</u>	<u>\$ 20,045,580</u>	<u>\$ 18,397,521</u>

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS - Morden

For the year ended December 31, 2022

	Budget	2022	2021
REVENUE			
Water			
Water fees	\$ 1,725,600	\$ 1,803,387	\$ 1,643,500
Bulk water fees		4,440	3,685
Sub-Total - Water	1,725,600	1,807,827	1,647,185
Sewer			
Sewer fees	537,450	558,080	583,316
Sub-Total - Sewer	537,450	558,080	583,316
Property taxes	210,848	210,848	210,848
Government transfers	3,525,000	234,389	129,374
Other			
Hydrant rentals	57,000	78,955	57,000
Connection charges	150	25	150
Penalties	11,000	15,133	12,000
Contributed tangible capital assets		202,596	592,412
Administration fees	213,970	216,903	214,056
Other income	30,000		
Sub-Total - Other	312,120	513,612	875,618
Total revenue	\$ 6,311,018	\$ 3,324,756	\$ 3,446,341

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS (continued) - Morden

For the year ended December 31, 2022

EXPENSES	Budget	2022	2021
General			
Administration	\$ 278,896	\$ 199,098	\$ 178,690
Sub-Total - General	<u>278,896</u>	<u>199,098</u>	<u>178,690</u>
Water General			
Purification and treatment	836,028	758,993	888,386
Transmission and distribution	222,600	180,832	116,223
Water purchases	462,773	329,349	179,129
Connection costs	112,385	165,125	148,321
Sub-Total - Water General	<u>1,633,786</u>	<u>1,434,299</u>	<u>1,332,059</u>
Water Amortization and Interest			
Amortization		518,124	488,241
Sub-Total - Water Amortization & Interest		<u>518,124</u>	<u>488,241</u>
Sewer General			
Collection system costs	109,855	82,203	80,672
Treatment and disposal cost	94,470	92,958	58,594
Lift station costs	64,840	54,444	65,004
Other sewage and disposal costs		8,300	8,300
Sub-Total - Sewer General	<u>269,165</u>	<u>237,905</u>	<u>212,570</u>
Sewer Amortization and Interest			
Amortization		307,054	294,215
Interest on long-term debt		78,636	92,646
Sub-Total - Sewer Amortization & Interest		<u>385,690</u>	<u>386,861</u>
Total expenses	<u>2,181,847</u>	<u>2,775,116</u>	<u>2,598,421</u>
NET OPERATING SURPLUS	<u>\$ 4,129,171</u>	549,640	847,920
TRANSFERS			
Transfers from reserve funds		<u>791,939</u>	856,691
CHANGE IN UTILITY FUND BALANCE		1,341,579	1,704,611
FUND SURPLUS, BEGINNING OF YEAR		<u>17,726,715</u>	<u>16,022,104</u>
FUND SURPLUS, END OF YEAR		<u>\$ 19,068,294</u>	<u>\$17,726,715</u>

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS - Pembina Valley Water Cooperative Inc.

For the year ended December 31, 2022

	Budget	2022	2021
REVENUE			
Water			
Water fees	\$	\$ 227,000	\$ 218,281
Sub-Total - Water		<u>227,000</u>	<u>218,281</u>
Government transfers			
Government transfers - provincial		162,853	31,798
Government transfers - other		78,920	1,981
Sub-Total - Government transfers		<u>241,773</u>	<u>33,779</u>
Other			
Investment income		2,522	87
Gain on sale of tangible capital assets			128
Other income		44,148	22,684
Sub-Total - Other		<u>46,670</u>	<u>22,899</u>
Total revenue	\$	\$ 515,443	\$ 274,959

CITY OF MORDEN

SCHEDULE 9 - SCHEDULE OF UTILITY OPERATIONS (continued) - Pembina Valley Water Cooperative Inc.

For the year ended December 31, 2022

EXPENSES	Budget	2022	2021
General			
Administration	\$	78,193	\$ 84,273
Utilities (telephone, electricity, etc)	\$	16,340	15,594
Sub-Total - General		94,533	99,867
Water General			
Purification and treatment		45,070	53,074
Connection costs			5,742
Sub-Total - Water General		45,070	58,816
Water Amortization & Interest			
Amortization		49,347	45,067
Interest on long-term debt		20,013	14,117
Sub-Total - Water Amortization & Interest		69,360	59,184
Total expenses		208,963	217,867
NET OPERATING SURPLUS	\$	306,480	57,092
TRANSFERS			
CHANGE IN UTILITY FUND BALANCE		306,480	57,092
FUND SURPLUS, BEGINNING OF YEAR		670,806	613,714
FUND SURPLUS, END OF YEAR	\$	977,286	\$ 670,806

Appendix E

Management Statement of Responsibility

**APPENDIX E:
MANAGEMENT STATEMENT OF RESPONSIBILITY
MUNICIPAL UTILITY
The City of Morden**

The appended Financial Statements of the City of Morden have been prepared under my direction and fairly represent the financial position and results of the City, and specifically the utility under its jurisdiction. It is management's responsibility to assure that the cost allocation methodologies, as have been approved by the Public Utilities Board (or as attached), have been applied consistently in the determination of the schedules to the Financial Statements, as well as the special purpose schedule(s) prepared specifically for the use of the Public Utilities Board.

It is understood that the audit opinion accompanying these statements has been rendered based on the materiality levels determined for City the as a whole. It is further understood that this opinion does not extend to the testing of the application or reasonability of the cost allocation methodologies as may have been approved from time to time by the Public Utilities Board for the utility owned and operated by the City.

This statement represents my assurance as the responsible financial official for the City that the cost allocation methodologies as have been approved by the Public Utilities Board or attached hereto, have been applied appropriately and result in no significant misstatement of the financial position or results of the Utility.



Signature

Nicole Reidle, CMMA

Name

City Manager

Title

July 29, 2024

Date

Appendix F

Water Purchase from PVWC

The City of Morden
W&WW Utility Service
2022 and 2023 - 2032 PVWC Water Supply Costs
APPENDIX F

Description	Rate Study Period									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Agreement Flow Rate (Jan to Dec from 2023 to 2032) - L/s	3.00	6.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Annual Water Purchase Costs based on Flow Rate in PVWC Agreement										
Annual Purchase Volume - 1,000 Imperial Gallons	20,811	41,622	48,559	55,496	55,496	55,496	55,496	55,496	55,496	55,496
Purchase Price (\$ per 1000 Gallons) ²	\$9.91	\$11.08	\$12.08	\$13.05	\$13.96	\$14.80	\$15.54	\$15.85	\$16.17	\$16.49
Annual Percentage Increase (%)	4%	11.8%	9.0%	8.0%	7.0%	6.0%	5.0%	2.0%	2.0%	2.0%
Annual Cost of Supply from PVWC	\$206,235	\$461,168	\$586,588	\$724,217	\$774,718	\$821,334	\$862,401	\$879,649	\$897,242	\$915,186
Additional Annual Contribution to PVWC			\$12,339	\$12,339	\$12,339	\$12,339	\$12,339	\$12,339	\$12,339	\$12,339
Morden's share of Capital Contribution (\$1,101,384) over 5 years			\$220,277	\$220,277	\$220,277	\$220,277	\$220,277	\$0	\$0	\$0
Total Annual Water Supply Costs	\$206,235	\$461,168	\$819,204	\$956,833	\$1,007,334	\$1,053,950	\$1,095,016	\$891,988	\$909,581	\$977,525

1. The 2022 budget indicates a PVWC cost of \$462,773. The City indicated this was a high estimate.

2. PVWC supply rates between 2024 and 2029 are proposed based on current discussions among the municipalities

Appendix G

Water Capital Projects and Funding Sources (2024-2029)

**The City of Morden
W&WW Utility Service
APPENDIX G: Water Capital Projects and Funding Sources (2024-2029)
(\$ Inflated)**

Water Capital Projects	Current Year	Rate Study Period						Water Capital Funding & Financing Sources							
	2024	2025	2026	2027	2028	2029	Total Costs	Federal/ Provincial Grants	Capital Levy / Development Charges RESERVE	Capital Levy / Development Charges DEBT	Taxes	Utility Water RESERVE	Utility Water DEBT	Utility Operations Budget	Total Funding
Carbon Steel tank (mixing soda ash) replacement	30,000	-	-	-	-	-	30,000	-	-	-	-	30,000	-	-	30,000
Satelite leak detection (for water loss)	31,050	-	-	-	-	-	31,050	-	-	-	-	31,050	-	-	31,050
Water Treatment Plant Standpipe Design (Agreement\$100k)	99,536	-	-	-	-	-	99,536	49,768	-	-	-	49,768	-	-	99,536
Standpipe reconstruction	-	3,500,000	-	-	-	-	3,500,000	1,750,000	-	-	-	-	1,750,000	-	3,500,000
Water Treatment Plan Upgrade (including Algae control)	680,000	-	-	-	-	-	680,000	340,000	-	-	-	340,000	-	-	680,000
Pembina River Diversion (Design)	120,000	-	-	-	-	-	120,000	60,000	-	-	-	60,000	-	-	120,000
Pembina River Diversion (Construction)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6th Street 400 Block Watermain renewal (370m)	396,000	-	-	-	-	-	396,000	198,000	-	-	-	198,000	-	-	396,000
9th st and 10th st 400bl DI watermain replacement , Replacement of watermain. (550m)	-	450,000	-	-	-	-	450,000	-	-	-	-	-	450,000	-	450,000
7th st to 8th st 400bl DI pipe replacement , Replacement of Watermain on 7th Street and 8th Street 400 block and includes the bay portion Total length 520m	-	-	450,000	-	-	-	450,000	-	-	-	-	450,000	-	-	450,000
1st Street Watermain Renewal from Wardrop Street to Rampton Street	-	-	500,000	-	-	-	500,000	-	-	-	-	-	500,000	-	500,000
Gilmour @5th to Wardrop @2nd St watermain replacement/extension and loop	-	200,000	-	-	-	-	200,000	-	-	-	-	200,000	-	-	200,000
Morden 2nd Reservoir on DHC preliminary design	400,000	-	-	-	-	-	400,000	200,000	-	-	-	200,000	-	-	400,000
Water Treatment Plant upgrade (Construction)	-	-	-	-	500,000	4,500,000	5,000,000	2,500,000	-	1,250,000	-	-	1,250,000	-	5,000,000
Upgrade 6" AC watermain to 10"PVC from WTP to Mountain Street	-	-	-	-	1,200,000	-	1,200,000	-	-	480,000	-	-	720,000	-	1,200,000
Mountain Street watermain from Alvey Street to Parkhill, 1500m of 250mm wa	-	-	-	-	-	1,000,000	1,000,000	-	-	400,000	-	-	600,000	-	1,000,000
Raw Water Supply Pre-Design and EAP (orig'l \$220k)	18,649	-	-	-	-	-	18,649	9,325	-	-	-	9,325	-	-	18,649
Replacement of heater in lower area	7,500	-	-	-	-	-	7,500	-	-	-	-	7,500	-	-	7,500
New watermain along 14N from Mountain Street to 1st Street	-	-	-	-	850,000	-	850,000	-	-	850,000	-	-	-	-	850,000
Replacement of heater in carbon room	7,500	-	-	-	-	-	7,500	-	-	-	-	7,500	-	-	7,500
HVAC at holding room (treated water)	74,000	-	-	-	-	-	74,000	-	-	-	-	74,000	-	-	74,000
City's Portion of \$10M Contribution to PVWC	-	220,277	220,277	220,277	220,277	220,277	1,101,384	-	-	-	-	1,101,384	-	-	1,101,384
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Budget Total	1,864,235	4,370,277	1,170,277	220,277	2,770,277	5,720,277	16,115,619	5,107,093	-	2,980,000	-	2,758,527	5,270,000	-	16,115,619

Appendix H

Capital Levy By-Law

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

BEING a By-Law of the City of Morden to prescribe levies to be paid as compensation for capital costs incurred as a result of approval of all new lots created by a Subdivision and for all new developments established as a result of Zoning Amendment, Conditional Use, Variance, or Development Permit and to repeal By-Law 06-2021;

WHEREAS pursuant to Part 7 sections 231, 232, and 233 of The Municipal Act, that Council may pass a by-law prescribing fees and levies for services and charges provided by the Municipality for activities that occur on a private property adjacent to highways or municipal roads;

AND WHEREAS Part 8 section 143(1) of The Planning Act provides as follows:

“A council may, by by-law, set the levies to be paid by applicants to compensate the municipality for the capital costs specified in the by-law that may be incurred by the subdivision of land.”

AND WHEREAS Part 8 section 135 and Part 9 section 150 of The Planning Act provide as follows:

Part 8 section 135

“A subdivision of land may be approved subject to one or more of the following conditions, which must be relevant to the subdivision:

2 Any condition necessary to satisfy the requirements of a municipal by-law, including payment of subdivision examination fees and capital levies, and the requirement to pay property taxes.

3 A condition that the applicant enter into a development agreement with the government, the municipality or planning district, as required, respecting:

(a) the construction or maintenance—at the owner’s expense or partly at the owner’s expense—of works, including, but not limited to, sewer and water, waste removal, drainage, public roads, connecting streets, street lighting, sidewalks, traffic control, access, connections to existing services, fencing and landscaping;

(b) construction or payment by the owner of all or part of the capacity of works in excess of the capacity required for the proposed subdivision”;

Part 9 section 150

“As a condition of amending a zoning by-law, making a variance order or approving a conditional use, a board, council or planning commission may, unless this Act provides otherwise, require the owner of the affected property to enter into a development agreement with the planning district or municipality in respect of the affected property and any contiguous land owned or leased by the owner dealing with one or more of the following matters:

(f) the construction or maintenance—at the owner’s expense or partly at the owner’s expense—of works, including but not limited to, sewer and water, waste removal, drainage, public roads, connecting streets, street lighting, sidewalks, traffic control, access and connections to existing services;

(g) the payment of a sum of money to the planning district or municipality in lieu of the requirement under clause (f) to be used for any of the purposes referred to in that clause”;

AND WHEREAS the City of Morden has reviewed the existing capital infrastructure of the City and the anticipated future demands for which may be created or accelerated by new development;

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

AND WHEREAS it is deemed expedient and in the public interest to establish levies for that purpose, where properties will be developed and require Zoning Amendment, Conditional Use Order, Variance Order, or Development Permit or where properties will be subdivided to create additional building lots, to ensure that property development contributes to the anticipated expansion, repair, renewal, and replacement of the City's capital infrastructure;

AND WHEREAS the City of Morden has established by by-law various reserves for the purpose of funding future capital expenditures for municipal infrastructure and service requirements;

AND WHEREAS the City of Morden desires to enact a by-law prescribing the rate of levies to be paid by an applicant for Zoning Amendment, Conditional Use, Variance, Development Permit, or Subdivision as compensation to the City for capital costs incurred within City boundaries;

NOW THEREFORE the Council of the City of Morden in Regular Session duly assembled hereby enacts as follows:

DEFINITIONS

1. In this By-law,
 - (a) "Accessory" when used to describe a building or structure, means a use, building or structure which is incidental, subordinate, and exclusively devoted to the main building, or structure located on the same lot;
 - (b) "Apartment" means a DWELLING UNIT in an Apartment BUILDING or in a mixed-use BUILDING;
 - (c) "Apartment Building" means the whole of a BUILDING containing five (5) or more separate DWELLING UNITS and which has a single common entrance;
 - (d) "Building" includes a well, pipe line, conduit, cut, excavation, fill, transmission line and any structure or erection, and any part of any of those things, and also includes an addition to or extension of any building or any of those things and a chattel that is attached to, or installed in or on, any building or any of those things
 - (e) "Calculation Date" means the date on which the Planning and Development Officer for the City of Morden has completed the calculation of the capital levies;
 - (f) "Commercial " means lands, buildings or structures used or designed or intended for use in connection with the sale of products and/ or services and includes offices where such uses are accessory to a commercial use;
 - (g) "Council" means the Council of the City of Morden
 - (h) "Development" means the construction, erection or placing of one or more buildings or structures on land or the making of an addition or alteration to a BUILDING or structure that has the effect of substantially increasing the size or usability thereof;
 - (i) "Duplex" means the whole of a two-story BUILDING divided horizontally into two (2) separate above grade DWELLING UNITS, each of which has an independent entrance either directly or through a common vestibule;
 - (j) "Dwelling" means a BUILDING, or part thereof, containing one (1) or more DWELLING UNITS, and includes retirement homes and lodges, and special care need units;

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

- (k) "Dwelling Unit" means a self-contained set of rooms, used as residential premises, located in a BUILDING, mobile home, park model home or trailer designed to be used year round as a building and which contains kitchen and bathroom facilities which are used only by the occupants of the unit, is used as a single housekeeping unit in which no occupant has exclusive possession of any part of the unit, and which unit has a private entrance from outside the BUILDING or from a common hallway;
- (l) "Equivalent Single-Detached Dwelling" in the calculation of the water and wastewater levies means the estimated water demand (or wastewater discharge) volume as the case may be of the proposed development, as determined by the City at its sole discretion, divided by the average annual water consumption of a customer with a 5/8" water meter. The minimum equivalent shall be 1.
- (m) "Fourplex" means the whole of a BUILDING, divided into four (4) separate DWELLING UNITS, each of which has an independent entrance either directly from the outside or through a common vestibule but does not include a TOWNHOUSE or STREET TOWNHOUSE;
- (n) "Gross Floor Area"(GFA) means the total floor area measured between the outside of exterior walls or virtual walls or between the outside of exterior walls or virtual walls and the centre line of party walls dividing the building from another building, of all floors and mezzanines above the average level of finished ground adjoining the building at its exterior walls;
- (o) "Industrial Use" means land, buildings or structures used for or in connection with,
- i. manufacturing, producing, processing, storing or distributing something;
 - ii. research or development in connection with manufacturing, producing or processing something;
 - iii. retail sales by a manufacturer, producer or processor of something they manufactured, produced or processed, if the retail sales are at the site where the manufacturing, production or processing takes place;
 - iv. self-storage buildings;
 - v. office or administrative purposes, if they are,
 - 1. carried out with respect to manufacturing, producing, processing, storage or distributing of something, and
 - 2. are attached or accessory to the building or structure used for that manufacturing, producing, processing, storage or distribution
- (p) "Institutional " means lands, buildings or structures used or designed or intended for use by an organized body, society or religious group for promoting a public and non-profit purpose and includes offices where such uses are accessory to an institutional use;

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

- (q) "Rows and Other Multiple Dwellings" mean a TRIPLEX DWELLING, a FREEHOLD TRIPLEX, a FOURPLEX DWELLING, a multiple attached DWELLING, a STREET TOWNHOUSE DWELLING or a TOWNHOUSE;
- (r) "Mixed Use Building" means a building that contains one or more dwelling units and non-residential uses.
- (s) "Mobile home" means a portable dwelling unit
- (t) "Multiple attached dwelling" means a type of Low Density Multiple Dwelling with 2 or more dwelling units including a Two Unit Residential House, but not including an Apartment Building and other types of dwelling/uses defined as Rows and Other Multiple Dwellings;
- (u) "Municipality" is as defined in Section 1 of the Municipal Act means the City of Morden;
- (v) "Non-Residential Use" means a building or structure used exclusively for any purpose other than human habitation and ancillary purposes, including industrial use, commercial use and institutional use but does not include dwelling units on agricultural lands;
- (w) "Non-Residential Storage Lot" means a non-residential lot 10,000 sq.ft. in size as described in the City's Zoning By-Law for "MG" zones that is used primarily for outdoor storage and has no major buildings or structures as determined by the City at its sole discretion;
- (x) "Residential Use" means use or intended use for human habitation and ancillary purposes, and includes such use related to agricultural use, but does not include such use related to institutional use;
- (y) "Semi-Detached Dwelling" means the whole of a BUILDING divided vertically into two single DWELLING UNITS by a solid common wall extending throughout the entire STRUCTURE, from the base of the foundation to the highest point of the roof line with each unit having an independent entrance directly from the outside;
- (z) "Single-Detached Dwelling" means a separate residential BUILDING containing only one DWELLING UNIT;
- (aa) "Street Townhouse" means a TOWNHOUSE with each DWELLING UNIT on a separate LOT with FRONTAGE on a STREET;
- (bb) "Townhouse" means a BUILDING divided vertically into not less than four (4) and not more than eight (8) attached, non-communicating DWELLING UNITS;
- (cc) "Triplex" means the whole of a BUILDING, divided into three (3) separate DWELLING UNITS, each of which has an independent entrance whether directly from the outside or through a common vestibule;
- (dd) "Two Unit Residential House" means a house containing two (2) dwelling units only, but does not include a Duplex or a Semi-detached dwelling.

LANDS SUBJECT TO THIS BY-LAW

2. This By-law shall apply to all lands within the City of Morden.

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

3. a) Subject to Subsection (2), Capital Levies shall apply and shall be calculated and collected in accordance with the provisions of this By-law on the lands where the development requires:
- i. approval of an application for Subdivision or approval of a Zoning Amendment, Conditional Use, Variance, or Development Permit will require the Municipality to incur capital costs, wholly or in part, as a result of that Subdivision, Zoning Amendment, Conditional Use, Variance, or Development Permit; and
 - ii. where the applicable levy has not already been paid in full, the applicant shall pay those levies or charges more particularly set out in the form attached hereto as Schedule "A" to this By-Law

SERVICES INCLUDED

4. Capital Levies against land to be developed as provided in this By-law shall be based upon the following services provided by the Municipality:
- (a) Water;
 - (b) Wastewater;
 - (c) Roads;
 - (d) Parks; and
 - (e) Studies

TIMING AND PAYMENT OF CAPITAL LEVY

5. a) The Capital Levies under this By-law shall be calculated using the rate effective on the calculation date with respect to such development and shall be payable at the time of signing the development agreement except if the City allows payment at the time of sale of the lot or issuance of the development permit whichever comes first.
- b) Where two or more actions described in Section 3(1) hereof are required before land to which a Capital Levy applies can be developed, only one Capital Levy charge shall be calculated and collected in accordance with the By-law.
 - c) Notwithstanding Subsection (b), if two or more of the actions described in Section 3(1) occur at different times and the subsequent action has the effect of increasing the need for municipal services, an additional Capital Levy Charge shall be calculated and collected in accordance with this By-law.
 - d) Where a Capital Levy or part thereof applies pursuant to this By-law, no Development permit shall be issued until the applicable Development Charge has been paid.
 - e) WHERE appropriate, the Municipality may, at its sole discretion, relieve an applicant from strict compliance with the requirements of Section 3(1).
 - f) Where any Capital Levy, or part thereof, remains unpaid after the due date, the unpaid amount shall be added to the tax roll, shall be collected in the same manner as taxes and the Treasurer is hereby authorized and directed to do so.

RESIDENTIAL CAPITAL LEVIES

6. a) The amount of Capital Levies in respect of a residential development shall be set out in Schedule "A".

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

- b) The Capital Levies set out in Schedule "A" shall be imposed on residential uses of lands, buildings or structures, including a dwelling unit accessory to a non-residential use and, in the case of a mixed-use building or structure, on the residential uses in the mixed-use building or structure, according to the type of residential unit, and calculated with respect to each of the services according to the type of residential use.
- c) The residential Capital Levies shall be calculated by multiplying the number of residential units of each type by the respective per dwelling unit charge for each service set out in Schedule "A".

NON-RESIDENTIAL CAPITAL LEVIES

- 7. a) The Capital Levies in respect of a non-residential development, except for non-residential storage lots, shall be as set out in Schedule "B" to this by-law.
- b) The Capital Levies in respect of a non-residential storage lot shall be as set out in Schedule "C" to this by-law.
- c) The Capital Levies as set out in Schedule "B" shall be imposed on non-residential uses of lands, buildings or structures, and, in the case of a mixed-use building or structure, on the non-residential uses in the mixed-use building or structure, and calculated with respect to each of the services according to the total floor area of the non-residential use and the number of equivalent Single Detached Dwellings based on water and wastewater volumes, as the case may be.
- d) The non-residential Capital Levies for all services except water and wastewater shall be calculated by multiplying the building's Gross Floor Area in ft² by the respective per square foot charge for each service as set out in Schedule "B".
- e) The Capital Levies as set out in Schedule "C" to this by-law shall be imposed on non-residential storage lots.
- f) The non-residential Capital Levy for water shall be equivalent to the water charge for a Single-Detached Dwelling multiplied by the number of equivalent Single-Detached Dwellings based on the water demand volumes (in imperial gallons) as set out in Schedules "B" and "C".
- g) The non-residential Capital Levy for wastewater shall be equivalent to the wastewater charge for a Single-Detached Dwelling multiplied by the number of equivalent Single-Detached Dwelling based on wastewater discharge volumes (in imperial gallons) as set out in Schedules "B" and "C".
- h) The water and/or wastewater component of the Capital Levies imposed in Schedules "B" and "C" shall not be charged for non-residential development where water and/or wastewater service connections are not installed.
- i) Notwithstanding 7 f), g) and h), water &/or wastewater levies set out in Schedules "B" and "C" shall apply if, on a date subsequent to the Calculation Date the :
 - (i) property use changes; or
 - (ii) water and/or wastewater connections are required; or
 - (iii) the actual water demand and/ or wastewater discharge volumes significantly exceed the volume used to calculate the charge on the Calculation Date.

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

REDEVELOPMENT

8. a) If Application is made for a Development permit in respect of a parcel of land upon which a building existed within ten (10) years prior to the date of such Application, but which premise has been demolished or destroyed before the date of such Application, then the amount of Capital Levies payable upon issuance of the said Development permit shall be reduced by the net amount, calculated pursuant to this By-law at the current Capital Levy rates, that would be payable as Capital Levies in respect of the demolished or destroyed premise, provided that such reduction shall not exceed the Capital Levies otherwise payable. For purposes of this subsection, “net” means the excess of the Capital Levies for premises constructed, over the Capital Levies for premises demolished or destroyed.
- b) Notwithstanding Section 8 (a) capital levies on redevelopment with the same use and footprint of the original development shall not be subject to a capital levy
- c) If a development includes the conversion of a premise from one use (the “first use”) to another use, then the amount of Capital Levies payable shall be reduced by the amount, calculated pursuant to this By-law at the current Development Charge rates, that would be payable as Capital Levies in respect of the first use, provided that such reduction shall not exceed the Capital Levies otherwise payable.

AGREEMENTS

9. Notwithstanding Section (6) to Section (8) hereof, the Municipality may, by Agreement enacted pursuant to Part 8 section 135 and Part 9 section 150 of The Planning Act, permit an Owner to perform work that relates to a service in exchange for credit towards the Capital Levy Charge payable by an owner to the municipality.
10. a) Where two or more actions described in Section 3(a) hereof are required before land to which a Development Charge applies can be developed, only one Capital Levy charge shall be calculated and collected in accordance with the By-law.
- b) Notwithstanding Subsection (a), if two or more of the actions described in Section 3(a) occur at different times and the subsequent action has the effect of increasing the need for municipal services, an additional Capital Levy Charge shall be calculated and collected in accordance with this By-law.

EXEMPTIONS

11. The following buildings shall be exempt from the capital levy charges:
- (a) Buildings or structures that are accessory to residential uses.

ANNUAL ADJUSTMENTS

12. The Capital Levies prescribed herein shall be adjusted annually, without amendment to this By-law, as of the 1st day of January 2024 in accordance with the latest Statistics Canada Quarterly, “Building Construction Price Index” for Manitoba.

REFUNDS

13. A full refund of Capital Levies shall be provided to the payee without interest where a project is abandoned, development permit revoked, and no construction has occurred.
14. Notwithstanding Section 13 an application subsequent to the initial application for which the refund was provided shall be subject to the capital levies imposed under this by-law.

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

RESERVE FUNDS AND TREASURER'S STATEMENTS

15. a) Monies received from payment of Capital Levies shall be maintained in two (2) separate reserve funds established pursuant to Section 168 of *The Municipal Act* as follows: Roads, Fire, Parks and Studies; and Water and Wastewater. Funds from each reserve fund shall be used only for growth related projects for the respective services.
- b) The Treasurer of the Municipality shall, in each year, furnish to Council a statement in respect of the reserve fund established hereunder for the prior year.
- c) Borrowing for the reserve fund, or from one designated municipal service fund to another, for municipal financial purposes shall be permitted as authorized from time to time by resolution or By-law of Council provided interest is paid.

EFFECTIVE DATE

16. This By-law shall be known as the "Capital Levies By-law 2023" for the City of Morden
17. This By-law shall become effective on the date that it is passed.
18. This by-law may be amended or replaced at anytime by resolution of Council.
19. That By-law No.06-2021 shall be repealed upon the coming into force of this By-law.

DONE AND PASSED in open Council assembled on this **29th** day of **May**, A.D.2023.

CITY OF MORDEN



MAYOR



CITY MANAGER

Read a first time this 30th day of January A.D. 2023

Read a second time this 29th day of May A.D. 2023

Read a third time this 29th day of May A.D. 2023

**THE CITY OF MORDEN
CAPITAL LEVY BY-LAW 07-2023**

City of Morden
SCHEDULE "A" to By-law No. 07-2023

2023 Capital Levy - Residential

Service	Non-Residential Charge per Storage Lot 10,000 Sq.Ft. in Size			
	Single / Semi-Detached/ Duplex	Apartments	Rows & Other Multiples	Mobile Home
Water	\$ 2,968.11	\$ 1,761.10	\$ 2,228.65	\$ 2,592.91
Wastewater	\$ 3,995.27	\$ 2,370.56	\$ 2,999.91	\$ 3,490.23
Roads	\$ 2,105.53	\$ 1,249.30	\$ 1,580.97	\$ 1,839.37
Fire	\$ 226.27	\$ 134.25	\$ 169.90	\$ 197.67
Parks	\$ 333.95	\$ 198.15	\$ 250.75	\$ 291.73
Studies	\$ 120.38	\$ 71.43	\$ 90.39	\$ 105.16
Total Charge	\$ 9,749.51	\$ 5,784.79	\$ 7,320.57	\$ 8,517.07

The Capital Levies calculated above shall be adjusted annually as of the 1st day of January 2024 in accordance with the latest Statistics Canada Quarterly, "Building Construction Price Index" for Manitoba.

Schedule B

Capital Levy - Non-Residential

Service	Non-Residential Charge per Storage Lot (\$ per square foot of GFA)	Non-Residential Charge for Water & Wastewater
Water ^{1,3}		\$ 2,968.11 x "X"
Wastewater ^{2,3}		\$ 3,995.27 x "Y"
Roads	\$ 0.96	
Fire	\$ 0.10	
Parks	\$ 0.14	
Studies	\$ 0.05	
Total Charge⁴	\$ 1.25	

1. "X" = No. of Equivalent Single Detached Dwellings based on a Water Demand Volume of 29,754 imperial gallons as calculated by the City every 5 years at its sole discretion. The equivalency shall be calculated as follows: "Estimated Water Demand Volume of New Development in imperial gallons as determined by the City at its sole discretion divided by 29,754. The minimum equivalency shall be 1".

2. "Y" = No. of Equivalent Single Detached Dwellings based on a Wastewater Demand Volume of 29,754 imperial gallons as calculated by the City every 5 years at its sole discretion. The equivalency shall be calculated as follows: "Estimated Wastewater Discharge Volume of New Development in imperial gallons as determined by the City at its sole discretion divided by 29,754. The minimum equivalency shall be 1".

3. There shall be no water or wastewater charge if there is no sewer connection to the property. However the going charge shall apply if the property use changes or a connection is installed at a later date

4. The Total Charge is the charge per s.f. times the GFA plus the water and wastewater charges as calculated above.

The Capital Levies calculated above shall be adjusted annually as of the 1st day of January 2024 in accordance with the latest Statistics Canada Quarterly, "Building Construction Price Index" for Manitoba.

Schedule C

Capital Levy - Non-Residential Storage Lots

Service	Non-Residential Charge per Storage Lot 10,000 Sq.Ft. in Size
Water ^{1,3}	\$ 2,968.11 x "X"
Wastewater ^{2,3}	\$ 3,995.27 x "Y"
Roads ⁴	\$ 2,105.53
Fire ⁴	\$ 226.27
Parks ⁴	\$ 333.95
Studies ⁴	\$ 120.38
Total Charge⁵	\$ 2,786.13 plus the Water & Wastewater Charges

1. "X" = No. of Equivalent Single Detached Dwellings based on a Water Demand Volume of 29,754 imperial gallons as calculated by the City every 5 years at its sole discretion. The equivalency shall be calculated as follows: "Estimated Water Demand Volume of New Development in imperial gallons as determined by the City at its sole discretion divided by 29,754. The minimum equivalency shall be 1".

2. "Y" = No. of Equivalent Single Detached Dwellings based on a Wastewater Demand Volume of 29,754 imperial gallons as calculated by the City every 5 years at its sole discretion. The equivalency shall be calculated as follows: "Estimated Wastewater Discharge Volume of New Development in imperial gallons as determined by the City at its sole discretion divided by 29,754. The minimum equivalency shall be 1".

3. There shall be no water or wastewater charge if there is no water or sewer connection to the property. However the going charge shall apply if the property use changes or a connection is installed at a later date.

4. The charges for these services are equivalent to the charge for a Single-Detached Dwelling and shall apply per lot.

5. The Total Charge is the sum of the charges per 10,000 sq.ft. lot for Roads, Fire, Recreation & Studies plus the water and wastewater charges as calculated above.

The Capital Levies calculated above shall be adjusted annually as of the 1st day of January 2024 in accordance with the latest Statistics Canada Quarterly, "Building Construction Price Index" for Manitoba.

Appendix I

Water Debt Financing Principal and Interest Amounts

APPENDIX I: Water Debt Financing - Principal and Interest Amounts

Year	Debt Issue	Interest Expense																					
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
2025	2,200,000	113,300	109,927	106,381	102,652	98,732	94,609	90,274	85,715	80,922	75,882	70,583	65,010	59,151	52,989	46,511	39,699	32,536	25,004	17,084	8,757	-	-
2026	500,000		25,750	24,984	24,178	23,330	22,439	21,502	20,517	19,481	18,391	17,246	16,041	14,775	13,443	12,043	10,571	9,022	7,395	5,683	3,883	1,990	-
2027	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2028	845,000				43,518	42,222	40,860	39,428	37,922	36,338	34,673	32,922	31,081	29,146	27,110	24,970	22,719	20,353	17,864	15,248	12,497	9,604	6,562
2029	1,725,000					88,838	86,193	83,413	80,489	77,415	74,182	70,783	67,209	63,450	59,498	55,343	50,974	46,380	41,549	36,469	31,127	25,511	19,605
Total Annual Interest	5,270,000	113,300	135,677	131,365	170,347	253,121	244,101	234,616	224,643	214,156	203,129	191,534	179,342	166,522	153,041	138,867	123,963	108,291	91,811	74,484	56,263	37,105	26,167

Year	Debt Issue	Principal Repayment																					
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
2025	2,200,000	65,486	68,858	72,405	76,133	80,054	84,177	88,512	93,071	97,864	102,904	108,203	113,776	119,635	125,796	132,275	139,087	146,250	153,782	161,702	170,029	-	-
2026	500,000		14,883	15,650	16,456	17,303	18,194	19,131	20,116	21,152	22,242	23,387	24,592	25,858	27,190	28,590	30,062	31,611	33,239	34,950	36,750	38,643	-
2027	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2028	845,000				25,153	26,448	27,810	29,242	30,748	32,332	33,997	35,748	37,589	39,524	41,560	43,700	45,951	48,317	50,806	53,422	56,173	59,066	62,108
2029	1,725,000					51,347	53,991	56,772	59,696	62,770	66,003	69,402	72,976	76,734	80,686	84,841	89,211	93,805	98,636	103,716	109,057	114,673	120,579
Total Annual Principal	5,270,000	65,486	83,742	88,054	117,742	175,152	184,172	193,657	203,631	214,118	225,145	236,740	248,932	261,752	275,232	289,406	304,311	319,983	336,462	353,790	372,010	212,383	182,687

Appendix J

Wastewater Capital Projects and Funding Sources (2024-2029)

The City of Morden
W&WW Utility Service
APPENDIX J: Wastewater Capital Projects and Funding Sources (2024-2029)
(\$ Inflated)

Wastewater Capital Projects	Current Year	Rate Study Period						Wastewater Capital Funding & Financing Sources							
	2024	2025	2026	2027	2028	2029	Total Costs	Federal/ Provincial Grants	Capital Levy / Development Charges RESERVE	Capital Levy / Development Charges DEBT	Taxes	Utility Wastewater RESERVE	Utility Wastewater DEBT	Utility Operations Budget	Total Funding
Wastewater Treatment System (Design)	1,266,107	-	-	-	-	-	1,266,107	633,054	-		-	633,054	-	-	1,266,107
Wastewater Treatment System (2025 & 2026 Costs)	-	37,000,000	31,350,000	-	-	-	68,350,000	32,850,000		17,750,000	-	-	17,750,000	-	68,350,000
Wastewater Treatment System (2024 Costs)	6,000,000	-	-	-	-	-	6,000,000	6,000,000	-		-	-	-	-	6,000,000
Rd 14 N Trunk Sewer, FromWardrop Dr to 1st Street along Rd 14 N	-	-	-	2,000,000	1,000,000	-	3,000,000	-		3,000,000	-	-	-	-	3,000,000
Flusher Truck (Utilities, to replace 2015 Kenworth)	-	600,000	-	-	-	-	600,000	-	-		-	-	600,000	-	600,000
Ultrasound and radar wastewater flow meters	10,000	-	-	-	-	-	10,000	-	-		-	10,000	-	-	10,000
Rd 14 N Trunk Sewer, FromWardrop Dr to 1st Street along Rd 14 DESIGN	50,000	-	-	-	-	-	50,000	-	-		-	50,000	-	-	50,000
Décor lift station	241,866	-	-	-	-	-	241,866	120,933	-		-	120,933	-	-	241,866
Sewer System Model	40,000	-	-	-	-	-	40,000	-	-		-	40,000	-	-	40,000
Capital Budget Total	7,607,973	37,600,000	31,350,000	2,000,000	1,000,000	-	79,557,973	39,603,987	-	20,750,000	-	853,987	18,350,000	-	79,557,973

Appendix K

Wastewater Debt Financing
Principal and Interest Amounts

APPENDIX K: Wastewater Debt Financing - Principal and Interest Amounts

Year	Debt Issue	Interest Expense																					
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
2025	10,208,632	525,745	510,095	493,640	476,337	458,143	439,012	418,896	397,743	375,502	352,115	327,524	301,666	274,476	245,886	215,824	184,214	150,975	116,025	79,275	40,633	-	-
2026	8,141,368		419,280	406,800	393,677	379,878	365,368	350,111	334,069	317,200	299,462	280,811	261,199	240,578	218,894	196,094	172,119	146,910	120,403	92,530	63,222	32,405	-
Total Annual Interest Expense	18,350,000	525,745	929,376	900,440	870,014	838,021	804,380	769,007	731,812	692,702	651,577	608,335	562,865	515,054	464,781	411,918	356,333	297,886	236,428	171,805	103,855	32,405	-

Year	Debt Issue	Principal Repayment																					
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
2025	10,208,632	303,873	319,523	335,978	353,281	371,475	390,606	410,722	431,874	454,116	477,503	502,094	527,952	555,142	583,732	613,794	645,404	678,642	713,592	750,342	788,985	-	-
2026	8,141,368		242,338	254,819	267,942	281,741	296,251	311,508	327,550	344,419	362,157	380,808	400,419	421,041	442,725	465,525	489,500	514,709	541,216	569,089	598,397	629,214	-
Total Annual Principal Repayments	18,350,000	303,873	561,861	590,797	621,223	653,216	686,857	722,230	759,425	798,535	839,660	882,902	928,372	976,183	1,026,456	1,079,319	1,134,904	1,193,351	1,254,809	1,319,431	1,387,382	629,214	-

Appendix L

1-Step Rate Model Print-Out

*Only insert information in blue shaded areas

NOTE: CELLS ARE NOT PROTECTED- MAKE CHANGES AS APPROPRIATE

CITY OF MORDEN

OVERVIEW STATISTICS

	2023 Budget	FORECAST RATE YEARS					
		2024	2025	2026	2027	2028	2029
Metered Water and sewer customers	3725	3852	3983	4118	4257	4400	4548
Metered Water only customers	29	29	29	29	29	29	29
Unmetered water and sewer customers		0	0	0	0	0	0
Unmetered Water only customers		0	0	0	0	0	0
Unmetered Sewer only customers		0	0	0	0	0	0
Total number of customers	3754	3881	4012	4147	4286	4429	4577

See Explanation 1

Number of fire hydrants serviced	368	381	393	407	420	434	449
Proposed hydrant charge (annual)	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Reconnection fee	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
	\$55,200.00	\$57,080.06	\$59,006.00	\$60,989.70	\$63,032.93	\$65,137.44	\$67,305.10

See Explanation 13

METERS:		Number of customers	Number of customers	Number of customers	Number of customers	Number of customers	Number of customers
Meter size	Group Capacity Ratio						
5/8 inch	1	3,595	3,722	3,853	3,988	4,127	4,270
3/4 "	2	28	28	28	28	28	28
1 "	4	66	66	66	66	66	66
1½ "	10	33	33	33	33	33	33
2 "	25	29	29	29	29	29	29
3 "	90	1	1	1	1	1	1
4 "	170	2	2	2	2	2	2
Total		3,754	3,881	4,012	4,147	4,286	4,429

127

	2023	2024	FORECAST RATE YEARS			2029
			2025	2026	2027	

Average quarterly gallons- sewer only customers 0 0 0 0 0 0

Water produced (1,000 gallons)	175,270	168,649	168,649	168,649	168,649	168,649
Water purchased (1,000 gallons)	20,811	41,622	48,559	55,496	55,496	55,496
Total	196,081	210,271	217,208	224,145	224,145	224,145

See Explanation 2
See Explanation 2

Unaccounted for water-est. percentage	20.55%	24.51%	25.55%	26.53%	25.20%	23.86%	22.67%
Unaccounted for water	40,299	51,529	55,499	59,460	56,475	53,480	50,814
Metered water sales	146,863	149,528	152,194	154,859	157,525	160,190	162,856
Bulk water sales	281	281	281	281	281	281	281
Sub-total	187,443	201,338	207,974	214,600	214,281	213,951	213,951
Water consumed for firefighting, line flush	8,638	8,933	9,234	9,544	9,864	10,193	10,193
Total water accounted for	196,081	210,271	217,208	224,145	224,145	224,145	224,145
Water sales to unmetered customers	0	0	0	0	0	0	0
Total water sales	147,144	149,809	152,475	155,140	157,806	160,472	163,137

Water only customers- consumption	863	863	863	863	863	863	863
Bulk water sales	281	281	281	281	281	281	281
Other water not returned to sewers	197	197	197	197	197	197	197
Total Water not returned to sewers	1,341	1,341	1,341	1,341	1,341	1,341	1,341
Water returned to sewers	145,803	148,469	151,134	153,800	156,465	159,131	161,796
Sewer volume metered customers	145,325	147,991	150,656	153,322	155,987	158,653	161,319
Sewer volume unmetered customers	0	0	0	0	0	0	0

See explanation 15

Current rates

Quarterly Service charge	\$15.50
Water unit charge	\$13.65
Sewer unit charge	\$4.20
Bulk water rate	\$12.85
REU unit rate - water (annual)	NA
REU unit rate - sewer (annual)	NA

See Explanation 3
See Explanation 3

/1 step rate (un) metered gallons

Fiscal year, latest audited statements if Statement for this Schedule

	2021	Reference
Fund Surplus		Schedule 8
	\$ 17,134,304	
Deduct Tangible Capital Assets	\$ 23,493,053	Schedule 8
Add long-term debt	\$ 6,512,798	Schedule 8
Add Reserves	\$ 154,047	Schedule 6
Working Capital Surplus (deficit)	\$ 308,096	

Fiscal year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Water facility- debt servicing taxation revenues										
Principal ¹										
Interest ¹										
Total	-	-	-	-	-	-	-	-	-	-

revenues										
Principal ¹	178,291	188,542	199,384							
Interest ¹	32,557	22,306	11,465							
Total	210,848	210,848	210,848	-	-	-	-	-	-	-

Working capital assessment										
Total Expenses (General & Water & Sewer)	-	2,598,421	2,775,116	2,808,254	3,575,004	4,345,121	5,428,639	8,563,169	8,670,664	8,608,138
Target Surplus	-	519,684	555,023	561,651	715,001	869,024	1,085,728	1,712,634	1,734,133	1,721,628
Working Capital Surplus/Deficit	308,096	1,006,140	1,590,954	1,824,775	2,126,413	2,807,565	3,547,268	6,846,020	10,139,199	13,429,243
93/09 Working Capital Surplus req. (20% of prior year oper. exp.)	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

1. See Explanation 4

/1 step rate (un) metered gallons

Financial Projections-Page 3

Enter information in blue shaded cells only.
 NAME OF MUNICIPALITY AND UTILITY: City of Morden
 SCHEDULE OF UTILITY RATE REQUIREMENTS

Financial history and projections
 Inflation rate

with comparative numbers for current and past year(s)

	2.5%		2.0%		2.0%		2.0%		2.0%	
	Prior year - 1 st Actual 2021	Prior year** Actual 2022	Prior year Budget 2023	Current year Est. Budget 2024	Rate year 1 2025	Rate year 2 2026	Rate year 3 2027	Rate year 4 2028	Rate year 5 2029	Additional Year
Administration	178,690	199,098	256,723	263,141	269,720	275,114	280,616	286,229	291,953	291,953
Administration (building, office, staff, etc.)	-	-	8,752	8,971	9,195	9,379	9,567	9,758	9,953	9,953
Billing and collection										
Working										
Deficit Recovery for the year										
Total gen. exp./Admin revenue requirement (A)	178,690	199,098	265,475	272,112	278,915	284,493	290,183	295,986	301,906	301,906
Revenue:										
Service charges ⁽⁴⁾	214,056	216,903	215,400							
Surcharges	-	-	-	-	-	-	-	-	-	-
Penalties	12,000	15,133	15,000	15,375	15,759	16,075	16,396	16,724	17,058	17,058
Total general revenue	226,056	232,036	230,400	15,375	15,759	16,075	16,396	16,724	17,058	17,058
Net rate revenue requirement general/Admin				256,737	263,155	268,418	273,787	279,263	284,848	284,848

See Explanation 6

Water										
Expenses:										
Staffing			391,436	401,222	411,252	419,477	427,867	436,424	445,153	445,153
Purification and treatment	888,386	758,993	669,950	686,699	703,866	717,944	732,302	746,948	761,887	761,887
Water purchases	179,129	329,349	206,265	461,168	819,204	956,833	1,007,334	1,053,950	1,095,016	1,095,016
Service of Supply										
Transmission and Distribution	116,223	180,832	109,500	112,238	115,043	117,344	119,691	122,085	124,527	124,527
Other Water Supply Costs										
Connections - Net Loss	148,321	165,125								
Amortization/ depreciation	488,241	518,124	466,023	458,811	488,611	587,186	597,035	607,127	629,204	629,204
Interest on long term debt			54,863	46,633	36,058	142,422	155,489	141,474	170,347	170,347
Reserves				86,291	209,800	362,300	373,200	409,900	477,200	477,200
Minor capital upgrades ⁽⁵⁾										
Contingency ⁽³⁾				166,133	204,937	221,160	228,719	235,941	242,658	242,658
Sub-total- water expenses	1,820,300	1,952,423	1,898,036	2,419,194	2,990,772	3,524,666	3,641,637	3,753,849	3,945,993	3,945,993
Revenue:										

See Explanation 7

See Explanation 8

See Explanation 11

Water rate charges ⁽⁴⁾	1,643,500	1,803,367	1,882,600	-	-	-	-	-	-	-	-	-
Connection Revenue	150	25	-	-	-	-	-	-	63,033	65,137	-	67,305
Hydrant rentals	57,000	76,955	57,000	57,080	59,006	60,990	63,033	65,137	11,642	11,642	15,496	15,496
Investment Income	-	-	-	14,280	11,123	6,504	8,797	11,642	56,794	56,794	58,294	58,294
Amortization of capital grants	-	-	-	-	11,800	56,794	56,794	56,794	-	-	-	-
Taxation revenues-water debt (C)	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue-bulk water fees (D)	3,685	4,440	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Transfer from Capital Reserve for PWWC Capital Payme	-	-	-	-	220,277	220,277	220,277	220,277	220,277	220,277	220,277	220,277
Total revenue - water	1,704,335	1,886,787	1,942,600	74,360	305,206	347,564	351,901	356,850	3,289,736	3,396,999	3,581,621	3,581,621
Net rate revenue requirement - water (B)				2,344,833	2,685,566	3,177,102						

See Explanation 12
See Explanation 16

Sewer													
Expenses:													
Staffing			124,937	128,060	131,262	134,543	137,234	139,979	142,779	142,779			
Sewage Collection System	80,872	82,203	28,950	29,674	30,416	31,176	31,800	32,435	33,084	33,084			
Sewage Lift Station	65,004	54,444	29,200	29,930	30,678	31,445	32,074	32,716	33,370	33,370			
Sewage Treatment and Disposal	58,594	92,958	84,820	86,941	89,114	90,896	892,714	910,569	928,780	928,780			
Other Sewage Collection & Disposal Costs	8,300	8,300	8,300	8,508	8,720	8,938	9,117	9,299	9,485	9,485			
Connection - Net Loss	-	-	-	-	-	-	-	-	-	-			
Amortization/ depreciation	294,215	307,054	305,774	301,638	519,352	530,490	2,252,463	2,246,889	2,242,255	2,242,255			
Interest on long term debt	92,646	78,636	62,761	-	-	525,745	929,376	900,440	870,014	870,014			
Reserves				270,637	250,000	250,000	250,000	250,000	-	-			
Future Remediation		-	-	-	-	-	-	-	-	-			
Minor capital upgrades ^(b)		-	-	-	-	-	-	-	-	-			
Contingency***		-	-	28,311	15,893	16,246	96,570	96,502	100,472	100,472			
Total sewer expenses	599,431	623,595	644,742	883,698	1,075,435	1,619,479	4,631,349	4,620,829	4,360,239	4,360,239			
Revenue													
Sewer rate charges****	583,316	558,080	563,300	-	-	-	-	-	-	-			
Connection Revenue													
Lagoon Tipping Fees													
Investment Income		-	-	614	4,364	8,114	11,864	15,614	15,614	15,614			
Amortization of capital grants		-	-	-	150,000	152,419	989,495	989,495	989,495	989,495			
Taxation revenues ^(b)	210,848	210,848	-	-	-	-	-	-	-	-			
Other Revenue	129,374	-	-	-	-	-	-	-	-	-			
Total revenue- sewer	923,538	768,928	563,300	614	154,364	160,533	1,001,359	1,005,109	1,005,109	1,005,109			
Net rate revenue requirement - sewer				883,084	921,071	1,456,946	3,629,989	3,615,719	3,355,130	3,355,130			
Net results	255,508	112,635	-	71,954									

See explanation 14
See Explanation 8
See Explanation 11
See Explanation 12
See Explanation 9

Explanations:

1.	Water only consumption based on the number of 5/8: customers and volume consumed
2.	Water purchase volumes are the maximum allowed under the current PVWC supply agreement. Water Produced volumes are projections from AE Technical Memo #1 Table 1-2 Nov 5, 2021.
3.	The Utility does not have unmetered water or sewer only customers. Therefore REU calculations including those on Page 8 of the PUB Model are not required for the study.
4.	No principal and interest revenues from taxes are shown beyond 2023 because only the portions of debt allocated to the utility have been used in the rate calculations i.e the net debt of the utility. The non-utility portions of debt would be managed separately by the City
5.	Annual inflation of 2.5% is applied to some cost items. This is according to the City's 2023 approved budget and cost basis. Note that not all items increase annually.
6.	The administration cost is according to the Cost Allocation Methodology used by the City
7.	The water purchase cost is based on the maximum allowed under the agreement with PVWC. Also includes annual contributions to PVWC of \$12,339 per year for 10 years for debt reduction and capital contribution of \$1,101,384 spread over 5 years (\$220,277 annually)
8.	New debt interest is based on 5.15% interest over 20 year term
9.	There are no taxation revenues because the debt shown in the calculations is the portion allocated to the utility. The portion of debt allocated to taxes or funded through the capital levy (development charges) would be paid for separately by the City. Therefore there is no need for the tax base to reimburse the Utility for debt repayment.
10.	The debt principal repayment is proposed as a surcharge that is consumption based as allowed under the PUB guide (Section 5.1.3). To ensure that the utility received the required revenue for the repayment and that the surcharge reflects consumption, the calculation is based on the consumption ratios according to the respective meter size. This allows for the customers to pay their fair share based on consumption while ensuring that the full amount required for the debt principal repayment would be recovered.
11.	Annual reserve contributions are included for both water and wastewater. These are set to align with 2023 contributions to the extent possible while also providing sufficient reserve balances to fund non-debt capital needs over the next 5-6 years and provide for some emergency funds to address unplanned needs such as the impacts of climate change. The contributions would cease such that each reserve balance would not exceed 10% of the historical asset cost. This is half of the 20% maximum PUB guideline. The annual interest earned on balances is estimated at 1.5% and used as revenue to offset the annual rate requirements. The wastewater capital projects to be funded from the reserve is limited. To avoid building a high reserve the annual contributions are set at \$250,000 per year to achieve a target balance of approximately \$1 million after which contributions would cease. This amount is intended for emergency work and capital projects that may arise.
12.	These are annual interest amounts earned on reserve balances
13.	Assumes that the number of hydrants would increase based on current number of customers per hydrant of 10.2
14.	Increased cost of \$800,000 from 2027 onward due to new treatment systems after plant upgrade
15.	Stanley customer consumption
16.	This is a transfer from the water capital reserve to cover the cost of the capital contribution to the PVWC of \$220,277 per year for 5 years

Rate Calculator
(self populated)

Rate Calculator-Page 5

		Forecasts- Rate years					
Year		Est. Budget	Rate year 1	Rate year 2	Rate year 3	Rate year 4	Rate year 5
		2024	2025	2026	2027	2028	2029
Quarterly service charge							
Net revenue general/Admin		\$256,737	\$263,155	\$268,418	\$273,787	\$279,263	\$284,848
Total number of customers		3881	4012	4147	4286	4429	4577
Quarterly Service Charge		\$16.54	\$16.40	\$16.18	\$15.97	\$15.76	\$15.56
Bulk Water Rate							
Referenced on Page 14 of Guidelines							
Admin revenue requirement	A	272,112	278,915	284,493	290,183	295,986	301,906
Net rate rev. requirement - water	B	2,344,833	2,685,566	3,177,102	3,289,736	3,396,999	3,581,621
Taxation revenues-water debt	C	-	-	-	-	-	-
Bulk water revenue	D	3,000	3,000	3,000	3,000	3,000	3,000
Sub total	E=A+B+C+D	2,619,945	2,967,480	3,464,595	3,582,919	3,695,985	3,886,528
Bulk water ratio	F=E÷B	1.12	1.10	1.09	1.09	1.09	1.09
Metered water rate	G	\$15.68	\$17.65	\$20.52	\$20.88	\$21.21	\$21.99
Bulk water rate	GxF	\$17.52	\$19.50	\$22.37	\$22.75	\$23.07	\$23.86
Bulk water sales (1,000 Imp Gals)		281.0332	281.0332	281.0332	281.0332	281.0332	281.0332
Bulk water revenues		4,924	5,480	6,287	6,392	6,484	6,707
Metered water rates							
Net rate rev. requirement - water		2,344,833	2,685,566	3,177,102	3,289,736	3,396,999	3,581,621
Non-bulk water sales	1,000 gallons	149528	152194	154859	157525	160190	162856
Metered water rate		\$15.68	\$17.65	\$20.52	\$20.88	\$21.21	\$21.99
REU (non-metered) water rates							
Metered water sales		2,349,240	2,690,525	3,182,868	3,295,605	3,402,959	3,587,802
Non-metered revenue requirement							
Total residential equivalent units							
REU water commodity rate¹							
Sewer rates- metered customers							
Net rate revenue requirement - sewer		883,084	921,071	1,458,946	3,629,989	3,615,719	3,355,130
Volumes returned to sewers	1,000 gallons	148469	151134	153800	156465	159131	161796
Sewer rate		\$5.95	\$6.09	\$9.49	\$23.20	\$22.72	\$20.74
Sewer rates- REU (non-metered) customers							
Metered sales		880,242	918,159	1,454,414	3,618,904	3,604,863	3,345,221
Non-metered revenue requirement							
Total residential equivalent units							
REU sewer commodity rate¹							

1. See Explanation 3

/1 step rate (un) metered gallons

(self populated)

Metered customers

Commodity Rate	Previous	2025	2026		2027		Inc/ Dec
			Inc/ Dec	2026	2027	Inc/ Dec	
\$/ cubic meter (gallon)							
Quarterly Service Charge	\$15.50	\$16.40	6%	\$16.18	\$15.97	-1%	-1%
Water	\$13.65	\$17.65	29%	\$20.52	\$20.88	16%	2%
Sewer	\$4.20	\$6.09	45%	\$9.49	\$23.20	56%	145%
Minimum Quarterly*	\$69.05	\$87.62	27%	\$106.19	\$148.22	21%	40%
Average annual cost per household**	\$955	\$1,253	31%	\$1,565	\$2,268	25%	45%
Reconnection fee	\$50.00	\$50.00	0%	\$50.00	\$50.00	0%	0%
Hydrant Rental Charge (Annual)	\$150.00	\$150.00	0%	\$150.00	\$150.00	0%	0%
*Includes 3,000 Gallons per quarter							
**Water & sewer customer- based on 12,500 gallons per household per quarter							

Non-metered customers

None - Not APPLICABLE

(self populated)

Current		2024				
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$15.50	\$40.95	\$12.60	\$69.05
3/4	2	6,000	\$15.50	\$81.90	\$25.20	\$122.60
1	4	12,000	\$15.50	\$163.80	\$50.40	\$229.70
1 1/2	10	30,000	\$15.50	\$409.50	\$126.00	\$551.00
2	25	75,000	\$15.50	\$1,023.75	\$315.00	\$1,354.25
3	90	135,000	\$15.50	\$1,842.75	\$567.00	\$2,425.25
4	170	270,000	\$15.50	\$3,685.50	\$1,134.00	\$4,835.00

Year 1		2025				
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$16.40	\$52.94	\$18.28	\$87.62
3/4	2	6,000	\$16.40	\$105.87	\$36.57	\$158.84
1	4	12,000	\$16.40	\$211.75	\$73.13	\$301.28
1 1/2	10	30,000	\$16.40	\$529.37	\$182.83	\$728.60
2	25	75,000	\$16.40	\$1,323.43	\$457.08	\$1,796.90
3	90	135,000	\$16.40	\$2,382.17	\$822.74	\$3,221.31
4	170	270,000	\$16.40	\$4,764.34	\$1,645.49	\$6,426.22

Year 2	2026					
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$16.18	\$61.55	\$28.46	\$106.19
3/4	2	6,000	\$16.18	\$123.10	\$56.92	\$196.19
1	4	12,000	\$16.18	\$246.19	\$113.83	\$376.20
1 1/2	10	30,000	\$16.18	\$615.48	\$284.58	\$916.24
2	25	75,000	\$16.18	\$1,538.70	\$711.45	\$2,266.33
3	90	135,000	\$16.18	\$2,769.67	\$1,280.61	\$4,066.46
4	170	270,000	\$16.18	\$5,539.33	\$2,561.22	\$8,116.73

Year 3	2027					
Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	3,000	\$15.97	\$62.65	\$69.60	\$148.22
3/4	2	6,000	\$15.97	\$125.30	\$139.20	\$280.47
1	4	12,000	\$15.97	\$250.61	\$278.40	\$544.98
1 1/2	10	30,000	\$15.97	\$626.52	\$696.00	\$1,338.49
2	25	75,000	\$15.97	\$1,566.29	\$1,740.00	\$3,322.26
3	90	135,000	\$15.97	\$2,819.33	\$3,132.00	\$5,967.29
4	170	270,000	\$15.97	\$5,638.65	\$6,263.99	\$11,918.61

(self populated)

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REU Quarterly-Page 8

(self populated)

Proof of Revenue-Page 9

		2025	2026	2027
Revenue Requirements				
	Net revenue general/Admin	\$263,155	\$268,418	\$273,787
	Net rate revenue requirement - water	\$2,685,566	\$3,177,102	\$3,289,736
	Net rate revenue requirement - sewer	\$921,071	\$1,458,946	\$3,629,989
Total-Revenue Required		\$3,869,792	\$4,904,467	\$7,193,512
Revenue				
	Water			
	Bulk sales	\$5,480	\$6,287	\$6,392
	Metered Sales	\$2,690,525	\$3,182,868	\$3,295,605
	Sewer			
	Metered Sales	\$918,159	\$1,454,414	\$3,618,904
	Service charge-metered	\$263,155	\$268,418	\$273,787
	Residential equivalent unit sales ¹	\$0	\$0	\$0
Total-Revenue Projected from Rates		\$3,877,318	\$4,911,987	\$7,194,688
Revenue in excess (short) of requirement		\$7,527	\$7,521	\$1,176

1. REU sales have been zeroed out because there are no sewer only customers