

M A N I T O B A) Order No. 127/01
)
THE PUBLIC UTILITIES BOARD ACT) August 20, 2001

BEFORE: S. Proven, Acting Chair
 M. Girouard, Member

**APPLICATION BY THE CITY OF STEINBACH FOR
AN ORDER OF THE PUBLIC UTILITIES BOARD FOR
APPROVAL OF WATER AND SEWER RATES AS SET
OUT IN BY-LAW NUMBER 1622**

The City of Steinbach (the City) made application to The Public Utilities Board (the Board) on June 7, 2001 for approval of revised water and sewer rates as set out in By-law Number 1622 certified as to having been read the first time on June 5, 2001. In making the application and in addition to the By-law, the City filed its Sewer and Water Utility Rate Review dated May 8, 2001.

Pursuant to the Board's requirements Notice of Public Hearing was published in the local newspaper on June 25 and on July 2, 2001 and further, was posted in 5 prominent locations in the City.

The following persons were in attendance:

Mayor Les Magnusson

Councillor Art Rempel

Mr. Jack Kehler, Chief Administrative Officer

Mr. R. Troy Warkentin, City Treasurer

The following is the information provided by the City which was obtained from its written application and the hearing:

1. The City's primary goal is to provide clean safe potable water and to operate the waste water treatment facility in an environmentally and cost effective manner. While meeting the growth and economic development needs of the community.
2. The City needs to be vigilant as it addresses the challenges of the utility and its rate proposal provides the necessary financial resources to accomplish this objective.
3. The last rate change occurred in 1997, and this application is consistent with the City's expectation of a 5 year life cycle of its rates.
4. Consistent with its 10 year capital plan, the City plans to build the water and sewer utility reserve fund from rates in the amount of \$200,000 per year. The balance in the reserve as at December 31, 2000 was \$1,903,315.

5. The City believes its operating surplus account as at December 31, 2000 of \$11,029 for a utility the size of Steinbach is too low, and this application addresses this matter.
6. While the City produces a high quality of water it continues to be vigilant, and is working with others on water quality standards and training.
7. The operating and maintenance costs of the utility continue to be financed solely through rates which include "pay as you go" capital items only. Debt service costs for certain capital improvements, consisting of principal and interest payments on debentures issued by the City, on behalf of the utility, are paid by a combination of a mill rate levy over the sewer and water district plus frontage levies for specific projects.
8. The City continues to advocate a single rate step design for all utility customers.
9. The following rate parameters were used by the City in the development of its rate proposal:

Estimated customer annual growth rate	2.0%
Contingency allowance	0.025%
Estimated annual consumption increase	2.1%
Estimated annual water supply cost increase	5.7%
Estimated annual sewage disposal cost increase	7.6%
Estimated annual administrative cost increase	2.1%

11. The sewer only customer flat fee calculation uses average annual consumption. The bulk water rate calculation follows the guidelines of The Public Utilities Board.
12. The hydrant rental charge is unchanged at \$65.00 per hydrant and includes water usage.
13. The unaccounted for water approximates 3.87%. The City indicated that it continues to review this matter recognizing it is a cost to the system.
14. It is forecasted that over the life cycle of the rates the utility will earn reasonable surpluses accumulating to \$163,000 by the end of 2005.

No customers attended the hearing, and no written responses were received by the Board

Board Findings

Having reviewed the application, the Board is satisfied that the rates proposed by the City are just and reasonable, recognizing the commitments and challenges faced by the City.

The Board is pleased that the City is working from a 10 year capital plan, is addressing its low operating surplus account and is planning a reserve fund to address its future capital requirements.

The Board is also pleased that the City is working diligently with others on water quality and training issues, and also is meeting customers' expectations for confirmation and assurances in this regard.

IT IS THEREFORE ORDERED THAT:

1. By-law Number 1622 of The City of Steinbach BE AND THE SAME IS HEREBY APPROVED;
2. The water and sewer rates set forth in Schedule "A" hereto shall apply to all customers of the utility effective on the next billing in the normal course after the date of this Order.

Fees payable upon this Order - \$431.80

THE PUBLIC UTILITIES BOARD

"S. PROVEN"

Acting Chair

"G. O. BARRON"

Secretary

Certified a true copy of
Order No. 127/01 issued by
The Public Utilities Board

Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 127/01

THE CITY OF STEINBACH

WATER AND SEWER RATES

BY-LAW NUMBER 1622

SCHEDULE OF QUARTERLY RATES:

1. Commodity Rates

Quantity per Quarter	Water	Sewer	Total
per 1,000 gallons	\$2.01	\$1.61	\$3.62
per m ³	\$0.443	\$0.355	\$0.798

2. Minimum Quarterly Charges

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

a) Water and Sewer Customers:

Meter Size (Inches)	Group Capacity Ratio	Gallons	m ³	Customer Service Charge (\$)	Commodity Charge - Water (\$)	Commodity Charge - Sewer (\$)	Total Quarterly Minimum (\$)
5/8	1	3,000	13.65	14.00	6.03	4.83	24.86
3/4	2	6,000	27.25	14.00	12.06	9.66	35.72
1	4	12,000	54.60	14.00	24.12	19.32	57.44
1 1/2	10	30,000	136.50	14.00	60.30	48.30	122.60
2	25	75,000	341.25	14.00	150.75	120.75	285.50
3	45	135,000	613.65	14.00	271.35	217.35	502.70
4	90	270,000	1,228.50	14.00	542.70	434.70	991.40
6	170	510,000	2,318.20	14.00	1,025.10	821.10	1,860.20
8	300	900,000	4,090.90	14.00	1,809.00	1,449.00	3,272.00
10		1,300,000	5,909.10	14.00	2,613.00	2,093.00	4,720.00

b) Water Only Customers

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

c) Sewer Only Customers

With meters - Minimum charge will be the same for each meter size as shown above, but the water commodity charge will be excluded. The water from the customer's private service shall be metered at the customer's cost and the sewage charges will be based on the quantity of water used by the customer.

Without meters - these customers are deemed single family residences, and as such, the 2000 average quarterly consumption of water by residential customers will be charged as a flat rate. The average quarterly consumption for residential customers in 2000 was 13,976 gallons. The flat rate charge for these customers will be \$36.50 per quarter, including the customer service charge.

3. Bulk Sales Rate

All water sold in bulk by the City shall be charged for at the rate of \$3.00 per 1,000 gallons on a pro-rated basis. The minimum charge for each sale of bulk water will be \$15.00.

4. Service to Customers Outside City of Steinbach Limits

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

5. Billings and Outstanding Bills

Accounts shall be billed quarterly, and will be due and payable within 30 days of the date of billing.

In the event that an account remains outstanding, the account may be transferred to the realty tax account of the property in respect of which the water account is unpaid, by the Treasurer of the City, to be collected as ordinary realty taxes.

6. Connection/Disconnection Fees

The City will not charge a fee for the connection of new accounts.

The City shall charge a fee in the amount of \$25.00 for a disconnection or re-connection of a service that is requested by the customer.

7. Hydrant Rentals

The City will pay to the utility an annual rental of \$65.00 for each hydrant connected to the system.

8. Water Allowance Due to Line Freezing

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

9. Sewage Surcharges

There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a biochemical oxygen demand in excess of 300 parts per million based on the actual costs of treatment required for the particular sewage or industrial wastes.

10. Water Meters

All new residential services for sewer and water shall be metered at the customer's cost. Ownership, inspection and maintenance of meters will remain the responsibility of the utility system of the City. Commercial meter maintenance will be the responsibility of the utility system of the City but the costs of maintenance will be billed to the commercial customer.

11. Meter Testing Charges

Any customer desiring and requesting that their water meter be tested for accuracy shall deposit with the City the sum of \$150.00. An amount equal to the cost of testing the meter will be retained by the City with the balance of the deposit returned to the customer if the meter, when tested, shall be found to register within the allowable limits of variation from accuracy. If the meter shall be found to register in excess of the allowable limits, the deposit shall be refunded for the full amount and the customer's account adjusted. The allowable limit of variation shall be 4% of average flow.