

MANITOBA) Order No. 163/01
)
THE PUBLIC UTILITIES BOARD ACT) October 18, 2001

BEFORE: G. D. Forrest, Chairman
S. Proven, Member

**THE RURAL MUNICIPALITY OF MACDONALD
WATER RATES
BY-LAW NO. 20/01**

In a letter dated July 16, 2001, the Rural Municipality of Macdonald (the Municipality) applied to The Public Utilities Board (the Board) for approval of a revision in water rates all set out in the attached By-law No. 20/01 certified as to having been read the first time on July 10, 2001 (the Application).

In support of the Application, the Municipality filed a water rate study dated July, 2001.

Pursuant to the Board's instructions, the Municipality filed an affidavit confirming that the Public Notice of rate hearing was published and posted in several locations in the community.

Springstein in 1997. Currently, customers located outside the boundaries of the Municipality in the Rural Municipalities of Cartier, Dufferin, Grey, Ritchot, and Morris are receiving service.

As of December 31, 2000, a total of 298 kilometers of rural water pipeline make up the Macdonald water distribution system, including 7 communities and 1600 customers.

3. The water treatment plant (WTP) is located in Sanford. The communities of La Salle, Domain, Brunkild, Oak Bluff, and Starbuck have water reservoirs, and truck loading facilities. The system incorporates three inline booster stations.
4. Water supply is obtained from the La Salle River. The Municipality performs daily testing, and chlorine levels are monitored through the use of SCADA - a computer software package. Biweekly samples are taken and sent for testing. The Municipality is considering the installation of a UVD disinfection system which has low operating costs.

Staff receive regular training and the Municipality will comply fully with any certification process proposed by the Province of Manitoba.

5. The capital costs of the community distribution system are recovered through taxes by a local improvement levy in the various communities. The rural water pipelines were financed by grants from P.F.R.A., the Manitoba Water Services Board, and cash contributions by customers.
6. The debenture costs of the WTP are being recovered through taxes imposed on the residents of Local Improvement District No. 6 only. Recognizing this fact, the Municipality charges a higher rate to other customers to recover their fair share of capital costs (See Clause 9).

To accommodate the rapid growth in the Municipality the WTP was expanded in 1996 from a 20L/second facility (1000 customer capacity) to a 50L/second facility (2000 customer capacity).

7. In Order No. 120/89 dated June 22, 1989, the Board approved "initial" rates for the utility.
8. As at December 31, 2000 the reserve fund balance for the utility was \$764,000 which includes contributions from developers.
9. The Municipality does operate a separate sewer system, and the rates charged for that service are the subject of a separate by-law and Board Order.

10. The Municipality currently has two (2) separate quarterly customer service charges of \$1.00 for customers in Local Improvement District No. 6 and Kingswood, and \$2.50 for all other customers. The difference in the charge was intended to recognize the disparity between the recovery of the capital cost of the system. The Municipality proposes to charge all residents of both the water and sewer utility the same customer service charge of \$7.70 per quarter.

For sewer only customers the service charge is \$5.40 per quarter which when combined with the sewer service charge of \$2.30 per quarter will equal \$7.70 per quarter - the same rate charged for all customers.

The Municipality indicated that the administrative costs for each customer are similar and consistent with the Board's guidelines a single quarterly service charge on a combined, and uncombined basis will be the same for all customers.

11. Recognizing that some landowners made a frontage prepayment for the WTP capital costs based on an original debenture term of 20 years, a partial repayment is proposed to reduce the term from 1989 to 2001. The Municipality proposes to eliminate the frontage charges and mill rate charge collected through taxation for the WTP for the customers

located within Local Improvement District No. 6. The balance of the debenture cost will be recovered through the new rate structure to the year 2008.

Accordingly, and as shown on Table 5 attached to the rate study, an annual debenture cost related to the WTP of \$107,290 will be recovered through rates, and the balance related to the distribution system through taxes in the amount of \$154,512 per year.

The prepayment refunds have been amortized over 5 years reflecting in an annual cost of \$2,316.

12. In developing its rate proposal, the Municipality used a revenue and expenditure forecast to 2005 and followed the Board's guidelines with respect to rate design.
13. The rates include a 1% contingency allowance amounting to \$147,724 per year which if not required will be placed in the reserve account for the utility. The Municipality noted that the total capital cost of the system is \$14,638,825.
14. As the rates proposed included recovery of the debenture debt related to the WTP which expires in 2008, some assessment will be required on or before that date as to the adequacy of the rates.

15. The Municipality noted that the current quarterly service charges proposed are based on more realistic administrative costs of the utility.
16. Consistent with the changes in the commodity rates the Municipality proposed a higher bulk water rate from \$1.05 per cubic meter to \$1.30 per cubic meter which is identical to the rate charged to customers attached to the system. Customers served beyond the boundaries of the Municipality are charged the same rate. The Municipality indicated that a surcharge is not required recognizing that part of the capital cost of the system was paid for from grants from other tax related sources.
17. The Municipality proposed an increase in the hydrant rental charges from \$60.00, to \$90.00 per hydrant per year. This cost is paid for by the Municipality to the utility consistent with the Board's requirements.

Board Finding

Having reviewed the Application of the Municipality and all the proposed charges, the Board is satisfied that the rates proposed are just and reasonable, and will approve same.

The Board reviewed the Municipality's forecast of revenues and expenditures and is satisfied that they are

reasonable, and should provide for a reasonable surplus to be added to the utility reserve fund during good operating years.

The Board is pleased that the Municipality has taken steps to help customers understand its rate structure and is taking steps to treat all customers similarly.

The Board will require that the Municipality provide a report to the Board, on or before September 30, 2008, including a rate study to assess the adequacy of the rates following the elimination of the debenture debt payment collected through rates.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 20/01 of The Rural Municipality of Macdonald BE AND THE SAME IS HEREBY APPROVED;
2. The water 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.
3. The Municipality of Macdonald shall provide a report to the Board on or before September 30, 2008 including a rate study to assess the adequacy of the rates following the elimination of the debenture debt payment.

SCHEDULE "A"

TO BOARD ORDER NO. 163/01

THE RURAL MUNICIPALITY OF MACDONALD

WATER RATES

BY-LAW NO. 20/01

1. QUARTERLY RATES FOR WATER SERVICE

COMMODITY RATES

All Customers

Water per cubic meter 1.30

MINIMUM QUARTERLY CHARGES

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Minimum Quarterly Consumption</u>	<u>Service Charge</u>	<u>Commodity Rate</u>	<u>Minimum Quarterly Charge</u>
a) Urban Customers (including all customers connected to sewer systems)					
5/8	1	14	5.40	18.20	23.60
3/4	2	28	5.40	36.40	41.80
1	4	56	5.40	72.80	78.20
1.5	10	140	5.40	182.00	187.40
2	25	350	5.40	455.00	460.40
=/>3	45	615	5.40	799.50	804.90
b) Rural					
5/8	1	14	7.70	18.20	25.90
3/4	2	28	7.70	36.40	44.10
1	4	56	7.70	72.80	80.50
1.5	10	140	7.70	182.00	189.70
2	25	350	7.70	455.00	462.70
=/>3	45	615	7.70	799.50	807.20

2. BULK SALES

BULK WATER RATES SHALL BE CHARGED AT THE RATE OF \$1.30 PER CUBIC METRE.

3. BILLINGS AND PENALTIES

ACCOUNTS SHALL BE BILLED QUARTERLY, AND SHALL BE DUE AND PAYABLE 30 DAYS AFTER THE DATE OF BILLING. A PENALTY OF 10% OF THE AMOUNT OF THE BILL SHALL BE ADDED IF NOT PAID BY THE DUE DATE. (NOTE: DUE DATE MAY BE SET AS COUNCIL SEES FIT TO DO.)

4. OUTSTANDING BILLS

PURSUANT TO SECTION 252(2) OF THE MUNICIPAL ACT, "A CHARGE REFERRED TO IN CLAUSE (1)(a) MAY BE COLLECTED BY THE MUNICIPALITY IN THE SAME MANNER AS A TAX MAY BE COLLECTED OR ENFORCED UNDER THIS ACT."

5. OTHER FEES

- a) SERVICE MAY BE DISCONNECTED AND DISCONTINUED IMMEDIATELY AND WITHOUT FURTHER NOTICE IN THE EVENT OF NON-PAYMENT OF THE ACCOUNT WITHIN 30 DAYS AFTER THE DUE DATE.
- b) FEES FOR THE DISCONNECTION, REMOVAL OR RECONNECTION OF WATER METERS SHALL BE \$50.00.
- c) IN THE EVENT OF A CONSUMER NOT SUBMITTING METER READINGS FOR THREE CONSECUTIVE QUARTERS, THE CHARGE TO ATTEND TO A CUSTOMERS PROPERTY TO OBTAIN A METER READING SHALL BE \$50.00.
- d) CHARGE TO REMOVE METER AT REQUEST OF CUSTOMER SHALL BE \$100.00 PLUS ANY CHARGES INCURRED FOR THE TESTING OF SAID METER. SHOULD THE METER TEST TO BE FAULTY, THIS CHARGE WILL BE WAIVED.
- e) WHERE THERE IS EVIDENCE OF METER TAMPERING, A MINIMUM CHARGE OF \$500.00 WILL BE APPLIED TO ANY ACCOUNT PLUS VALUE OF ESTIMATED UNMETERED WATER CONSUMED.

6. SERVICE TO CUSTOMERS OUTSIDE MUNICIPALITY, TOWN OR L.I.D. LIMITS

THE COUNCIL OF THE RURAL MUNICIPALITY OF MACDONALD MAY SIGN AGREEMENTS WITH CUSTOMERS FOR THE PROVISION OF WATER SERVICES TO PROPERTIES LOCATED OUTSIDE THE LEGAL BOUNDARIES OF THE RURAL MUNICIPALITY OF MACDONALD, SUCH AGREEMENTS

SHALL PROVIDE FOR PAYMENT OF THE APPROPRIATE RATES SET OUT IN THE SCHEDULE, AS WELL AS A SURCHARGE, SET BY RESOLUTION OF COUNCIL, WHICH SHALL BE EQUIVALENT TO THE FRONTAGE LEVY, GENERAL TAXES AND SPECIAL TAXES FOR UTILITY PURPOSES IN EFFECT AT THE TIME, OR MAY BE IN EFFECT FROM TIME TO TIME, AND WHICH WOULD BE LEVIED ON THE PROPERTY CONCERNED IF IT WERE WITHIN THESE BOUNDARIES. IN ADDITION, ALL COSTS OF CONNECTING TO THE UTILITY'S MAINS AND INSTALLING AND MAINTAINING SERVICE CONNECTIONS WILL BE PAID BY THE CUSTOMER.

7. WATER ALLOWANCE DUE TO LINE FREEZING
THAT IN ANY CASE WHERE, AT THE REQUEST OF THE COUNCIL, A CUSTOMER ALLOWS WATER TO RUN CONTINUOUSLY FOR ANY PERIOD OF TIME TO PREVENT THE WATER LINES IN THE WATER SYSTEM FROM FREEZING, THE CHARGE TO THAT CUSTOMER FOR THE CURRENT QUARTER SHALL BE THE AVERAGE OF THE BILLINGS FOR THE LAST TWO PREVIOUS QUARTERS TO THE SAME CUSTOMER, OR TO THE SAME PREMISES IF THE OCCUPANT HAS CHANGED.

8. HYDRANT RENTAL
THE RURAL MUNICIPALITY OF MACDONALD SHALL PAY THE UTILITY AN ANNUAL RENTAL OF \$90.00 FOR EACH HYDRANT CONNECTED TO THE SYSTEM.