

M A N I T O B A) Order No. 211/02
)
THE PUBLIC UTILITIES BOARD ACT) December 9, 2002

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

**THE RURAL MUNICIPALITY OF ROCKWOOD
VILLAGE OF STONY MOUNTAIN
APPLICATION FOR APPROVAL OF
REVISED WATER AND SEWER RATES
BY-LAW NO. 32/02**

The Application of the Rural Municipality of Rockwood for approval of revised water and sewer rates for the Village of Stony Mountain as prescribed in By-law No. 32/02 was the subject of a public hearing held in the Royal Canadian Legion in Stony Mountain commencing at 7:00 p.m., December 3, 2002.

Mr. Jack Douglas, C.A.O. of the Rural Municipality of Rockwood and Mr. Anthony Reid, C.A. of Chambers, Fraser & Co. spoke in support of the Application. The Reeve, several members of Council and staff also participated. No other members of the public attended.

The following information was provided by the Rural Municipality of Rockwood in support of the Application:

1. The water and sewer system was constructed about 10 years ago and initial rates were approved by The Public Utilities Board (the Board) in 1991. The last rate change occurred in 1994.
2. Since 1994 only one revenue deficit has occurred in the utility in 2001 and the amount was \$23,917.00 (revised). A deficit is projected for 2002. The Rural Municipality advised, at the time, that repair costs exceeded the utilities ability to fund such costs by the current level of water and sewer rates.
3. The balance in the utility cash surplus account is \$55,309 and the balance in the reserve fund is \$34,105, both as of December 31, 2001.
4. The debenture debt for the utility is recovered by means of a tax assessment totalling approximately \$266,701.00 annually.
5. There are approximately 452 utility customers of which 22 are water only customers, and the balance are water and sewer customers. Modest customer growth projections were used for the rate study.

6. The total capital cost of the system was estimated at \$3.2 Million. A 1/4 of 1% contingency allowance amounting to \$8,000 was incorporated in the proposed rates.
7. The unaccounted for water for 2001 was 10.66% and is estimated to be 8.44% for 2002. The Rural Municipality indicated that the unaccounted for water includes water used for flushing water lines and hydrants.
8. There are 68 hydrants in the system. The Rural Municipality proposed to increase the per hydrant charge from \$85.00 to \$135.00.
9. An annual \$12,800 contribution to reserves was incorporated in the proposed rates.
10. The bulk water was unchanged at \$2.40/cm.
11. Disconnection and reconnection charges also remained unchanged.
12. The Rural Municipality indicated some concerns have been raised about water discoloration and stagnation but noted that this is occurring only at the extremities of the system. To address this concern would be quite costly because of the rocky terrain in the area. Frequent line flushing only temporarily resolves the problem. The Rural

Municipality is complying fully with water and sewer testing regulations. Operators are being trained and will have full certification levels ahead of regulation requirements.

13. Water production and sewage treatment facilities are fully meeting demand requirements with spare capacity to handle customer growth in the community.
14. Some of the copper lines in the system are experiencing corrosion from the outside of the pipe inward causing leaks. The Rural Municipality is investigating the problem, and in some instances are using plastic water lines.
15. There are no large capital requirements in the near future requiring the issuance of new debentures.
16. Water production volumes decreased from 2000 to 2001 by 3.3% and are projected to increase in 2002 by 2.2%. The Rural Municipality indicated that such fluctuations are attributable to declining use of personally owned wells due to aging, and also, to variations in rainfall which has a significant influence on lawn watering.
17. Noting the large decrease in sewage collection costs in the rate study, the Rural Municipality advised that the level of past costs was abnormal

and can be attributed to facility damages related to power surges which has subsequently been corrected. It is not expected this same high level of costs will be repeated.

18. The Rural Municipality provided its policy on the allocation of costs related to shared services between the utility and the Rural Municipality indicating that the allocations were based on fairness.

19. While the percentage rate increase requested was in the 25% range, the Rural Municipality indicated that the rate increase was necessary to ensure revenues are adequate to meet the needs of ratepayers for a safe and reliable system.

Board Finding

Having reviewed the Application, the Board is satisfied that the rate increases are just and reasonable. The Board is pleased with the efforts of the Rural Municipality to ensure that the system is operated effectively and efficiently and to ensure water and sewer services are provided in a safe and reliable manner.

Recognizing water losses are a cost, the Board noted that concerted efforts are being taken to determine why corrosion is occurring on the copper lines to enable corrective action to be taken immediately.

The Board appreciates that while drinking water standards are being met, customers would prefer fresher water free from discoloration. The Board trusts that the Rural Municipality will take reasonable steps to review this matter but recognizes, in absence of growth which may provide opportunities to address these concerns by looping systems that in some instances costs may be prohibitive

In summary, the Board will approve the rates set out in By-law No. 32/02.

The Board notes the utility rate study which accompanied the Application provided for a sum of money to be placed in a utility reserve account, and the Board therefore desires to ensure that these moneys be expended in an appropriate fashion.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 32/02 of The Rural Municipality of Rockwood serving the Village of Stony Mountain BE AND THE SAME IS HEREBY APPROVED subject to amendment on second reading to amend Clause 7 as set out in Schedule "A" attached hereto.
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.

3. This Order is subject to moneys being expended from the utility reserve fund only to support existing infrastructure, unless the Board has authorized the expenditure pursuant to Section 168 of The Municipal and Various Acts Amendment Act, c. 58.

Fees payable upon this Order - \$469.49

THE PUBLIC UTILITIES BOARD

"S. PROVEN"
Acting Chair

"G. O. BARRON"
Secretary

Certified a true copy of
Order No. 211/02 issued by
The Public Utilities Board

Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 211/02

THE RURAL MUNICIPALITY OF ROCKWOOD

VILLAGE OF STONY MOUNTAIN

WATER AND SEWER RATES

BY-LAW NO. 32/02

SCHEDULE OF QUARTERLY RATES:

1. COMMODITY RATES PER CUBIC METRE:

	<u>WATER</u>	<u>SEWER</u>	<u>WATER & SEWER</u>
First 90 CM/qtr	\$0.49	\$0.48	\$0.97
Over 90 CM/qtr	\$0.40	\$0.48	\$0.88

2. MINIMUM QUARTERLY RATES:

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

a.) WATER & SEWER CUSTOMERS:

<u>METER SIZE</u>	<u>GROUP CAP. RATIO</u>	<u>MINIMUM QUARTERLY CONSUMP</u>	<u>SERVICE CHARGE</u>	<u>COMMODITY RATES</u>		<u>MINIMUM QUARTERLY CHARGES</u>
				<u>WATER</u>	<u>SEWER</u>	
15	1	15	\$12.50	\$ 7.35	\$ 7.20	\$ 27.05
19	2	30	\$12.50	\$14.70	\$14.40	\$ 41.60
25	4	60	\$12.50	\$29.40	\$28.80	\$ 70.70
38	10	90	\$12.50	\$44.10	\$43.20	\$ 99.80
50	25	120	\$12.50	\$56.10	\$57.60	\$126.20

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.

3. **BULK SALES:**

All water sold in bulk by the Rural Municipality of Rockwood shall be charged for at the rate of \$2.40 per cubic metre.

4. **SERVICE TO CUSTOMERS OUTSIDE THE VILLAGE LIMITS:**

The Council of the Rural Municipality of Rockwood may sign Agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Village of Stony Mountain. 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 the 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 the Village boundaries. In addition, all costs of connecting to the Utility's mains and installing and maintaining service connections will be paid by the customer.

5. **BILLINGS AND PENALTIES:**

Accounts shall be billed quarterly, and shall be due and payable 30 days after date of billing. A penalty of TEN PERCENT (10%) of the amount of the bill shall be added if not paid by the due date.

6. **DISCONNECTION & RECONNECTION:**

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within THIRTY (30) DAYS of the due date.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$30.00 have been paid.

Service may be disconnected, removed, or reconnected upon receipt of a written request and payment of \$10.00, \$15.00, or \$20.00 respectively.

7. **OUTSTANDING BILLS:**

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

8. **HYDRANT RENTALS:**

The Rural Municipality of Rockwood will pay to the Utility an annual rental of \$135.00 for each hydrant connected to the system which includes the cost of water for fire-fighting.

9. **SEWER SURCHARGES:**

- a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by Resolution of Council.
- b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial waste.

10. **WATER ALLOWANCE DUE TO LINE FREEZING:**

That 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 to the same premises if the occupant has changed.