

M A N I T O B A ) Order No. 8/04  
 )  
THE PUBLIC UTILITIES BOARD ACT ) January 23, 2004

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

**THE CITY OF SELKIRK  
WATER AND SEWER RATES  
BY-LAW NO. 5046**

On November 27, 2003, the City of Selkirk (the City) applied to The Public Utilities Board (the Board) for approval of By-law No. 5046, certified as to having been read the first time on November 17, 2003, setting out revised water and sewer rates (the Application). Public Notice of the Application (the Notice) with hearing dates was published and posted pursuant to the Board's instructions.

Pursuant to the Notice a public hearing was held on January 19, 2004 at 7:00 p.m. in the Selkirk Recreation Complex Hall, in Selkirk, Manitoba. The following persons were in attendance:

Representatives from the City of Selkirk

Mayor David Bell

John Livingston

Director of Finance and  
Legislation

Randy Borsa

Director of Operations

Gord Steiss, C.E.T.

Project Manager, Wardrop

The following information was provided at the hearing or obtained from pre-filed material:

1. In Order No. 45/01 dated March 13, 2001, the Board approved the last rate increase.

2. The operating results of the utility since the approval of revised rates in 2001 are as follows:

2001 - \$41,720 surplus

2002 - \$ 6,116 surplus

2003 - \$ 2,702 surplus as of November 30, 2003

3. The December 31, 2003 balances in the following utility operating accounts (unaudited) are as follows:

Nominal surplus account \$ 51,790 deficit

Utility reserve account \$2,611,905

4. The City requested the firm of Wardrop Engineering (Wardrop) to perform an analysis of the current

rates as to adequacy and to review alternative rates for 2004, 2005 and 2006. In preparing the report Wardrop advised it relied on the operating results and budget data as provided by the City.

5. Wardrop advised that the analysis performed was in accordance with the Guidelines adopted by the Board for the development of fair and equitable rates.
6. The utility expenses for 2004 were obtained from the City's budget figures and the expenses for 2005 and 2006 included escalator factors of 3% per year for salary increases and 2.9% per year for energy and raw materials.
7. The projected utility expenses used in the rate study are as follows:

	Projected Utility Expenses		
	2004	2005	2006
Administration	\$ 214,091	\$ 233,341	\$ 252,591
Water Production	610,842	630,092	641,842
Water Distribution	425,442	444,692	463,942
Sewage Collection & Treatment	566,913	586,163	605,413
<b>Total</b>	<b>\$1,817,288</b>	<b>\$1,894,288</b>	<b>\$1,963,788</b>

8. The following table reflects the existing and proposed commodity rates:

Description	Existing	Proposed
Water - First 50,000 Imperial Gallons	\$4.19	\$5.56
Water - Next 450,000 Imperial Gallons	3.01	3.97
Water - Over 500,000 Imperial Gallons	2.14	2.83
Sewer Rate for all Steps	2.70	2.74
Administration Fee	15.22	18.69

9. Based on the above, the following surpluses were projected for the utility.

2004	\$426,413
2005	\$349,413
2006	\$279,913

10. Notwithstanding the rate study analyzed differing rates for each of the years 2004, 2005 and 2006, the City proposed revised rates that fall between those proposed for 2004 and 2005 and advised the Board that it was the City's wish to have a constant rate over a three year period.

11. The City of Selkirk's water utility systems is comprised of four wells, one river pumping station, a 2.5 MGD Lime Soda Softening Water Treatment Plant, Lime Sludge Removal facility, a 200,000 imperial gallon water tower, a 141,000 imperial gallon in plant in ground tank, and a 2 million imperial gallon underground outside plant reservoir with pumping station above it.

In late fall/winter 70% to 80% of the water production capacity is used and in the July/August months this percentage increases to close to 100% and at times exceeds 100%. To eliminate the need

for water rationing in 2003 an additional water supply was obtained from a private well.

12. With respect to the City's water testing practice, the City advised that daily in-house testing for hardness, alkalinity and chlorine residual is performed and every two weeks samples are sent for coliform and total bacteria testing.

With respect to operator certification and training, the City advised it currently meets and will continue to meet Provincial requirements as changes are made.

13. The City's sewer utility system is comprised of the Sewage Treatment Plant, Septic Receiving Station, decant sludge lagoon, four lift stations and one main pumping station. The City's Environmental licence requirements are being met. Treated effluent is discharged into the Red River.

Currently 50% of the capacity of the treatment facility is being utilized.

14. The City's unaccounted for water amounts to 12.5% which the City noted is a significant decrease from 23.8% observed by the City in its 2000 submission to the Board. The City expects that with the

installation of new water meters as proposed, the percentage should decline further.

15. The City advised that the majority of the water and wastewater lines are approximately 90 years old and that since 1991, 0.61 Km of wastewater lines have been replaced. Also since 1991, approximately 7.11 Km of water mains have been replaced. There is a replacement program in place to continue such upgrading.

16. The City's 2004-2005 Capital Expenditure plan is as follows:

Priority	Item	Source of Funds	Estimated Cost
1	Sanitary Sewer Relining	Debenture Sales 30% MWSB	\$ 450,000
2	UV Disinfection	1/3 50 D.S. 2/3 50 Can/Man Grant	\$1,724,480
3	Groundwater Supply System	Debenture Sales	\$1,090,000
4	Septic Receiving Station	50% MWSB Grant 50% Utility Reserves	\$ 920,820
5	Watermain Upgrades & Replacements	Debenture Sales	\$1,567,500

The funding of the capital program is as shown above.

17. A contingency allowance for unforeseen repairs has been included in rates in the amount of \$348,000.

18. In addition to the Capital Plan, the City proposed to perform the following major repairs/additional services in 2004 to 2006.

Item	Utility			Total
	Water Distribution	Water Production	Sewage Collection & Disposal	
1. Twin Sludge Decant Line			\$140,00	\$140,000
2. Water Meter Replacement	\$261,000			261,000
3. Assessment Study, Facilities and Process Equipment		\$37,500	\$ 37,500	75,000
4. Well Abandonment		9,000		9,000
<b>Total</b>	<b>\$261,000</b>	<b>\$46,500</b>	<b>\$177,500</b>	<b>\$485,000</b>

19. There are currently 3122 customers being served - some in the large meter size category. The City proposes to maintain its three-step rate structure.

20. Historical capital costs are recovered by way of debenture and the annual debenture cost of \$277,513 is recovered by taxes on assessment.

21. The proposed hydrant rental charge to be paid by the City to the utility is \$110.00 per hydrant, a \$5.00 per hydrant increase.

22. The proposed bulk water rate is \$6.27 per 1000 gallons charged on a pro-rata basis for all quantities greater than 500 gallons with a minimum

charge of \$15.00. The current charge is \$5.39 per 1000 gallons.

23. The City operates a Sewage Receiving Station and the existing and proposed rates are as follows:

Description	Current Rate	Proposed Rate
Administration Fee	\$18.52	\$18.69
Volume Dumping (per 1,000 gallon)	8.11	9.70
BOD Surcharge (per kilogram)	0.42	0.42
SS Surcharge (per kilogram)	0.21	0.21

Recognizing that the sewage received at the station is of high strength and leachate which is significantly higher than domestic sewage, the City proposed collecting an additional \$125,000 in the rates for future sludge disposal projects, as required, at the sludge holding cells. This amount to be set aside in reserves until required.

24. Wardrop recommended that the City consider removing the step rates which provide for lower rates to large volume users and in fact, suggested an inverse rate relationship whereby higher volume users are charged higher rates. The City did not accept this recommendation and advised that it believed that it would be unwarranted to address in the rate application such a change at this time when other priorities of the City exist.



25. Noting that administration costs, on a percentage basis were growing faster than other operating expenses, the City advised that such increases were related to salary increases and a proper reallocation of the time spent on the affairs of the utility by the Director of Operations. This latter percentage increased from 30% to 45%.

### **Board Findings**

Having reviewed the Application and supporting material the Board is satisfied that the rates proposed are fair and equitable and will provide the City with the revenues required to meet the requirement of its customers.

The Board was pleased to note that the City has made significant efforts in reducing its unaccounted for water and plans to continue in this regard.

While the City on some days last summer exceeded the capacity of its water production capacity and had to rely on a private well for additional supplies, it indicated that it was in discussion with the owner of the private well to incorporate that supply into the City's system on a permanent basis.

The Board understood the City's concerns about multiple year rate increases as reflected in the rate study and noted that the City's rate proposal brings rate stability and

sufficient resources to manage the utility over the three year period.

Accordingly, the Board will approve the proposed rates as set out in By-law No. 5046.

**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 5046 of the Town of Selkirk BE AND THE SAME IS HEREBY APPROVED subject to amendment on second reading to amend clause 5(c) 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 - \$648.02

THE PUBLIC UTILITIES BOARD

"S. PROVEN"  
Acting Chair

"G. O. BARRON"  
Secretary

Certified a true copy of  
Order No. 8/04 issued by The  
Public Utilities Board

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Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 8/04

THE CITY OF SELKIRK

WATER AND SEWER RATES

BY-LAW NO. 5046

1. THE City shall charge the following rates to the owners or occupants of land for the use of water and sewer systems from the City.

The greater of the amounts mentioned in paragraphs A and B below in respect of metered Water and Sewer Service for other than domestic use:

A. Minimum quarterly charge for metered service

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

<u>Meter Size</u>	<u>Water Included Gallons</u>	<u>Quarterly Service Charge</u>	<u>Quarterly Commodity Charges</u>		<u>Total Quarterly Bill</u>
			<u>Water</u>	<u>Sewer</u>	
5/8"	3,000	\$18.69	\$ 16.68	\$ 8.22	\$ 43.59
3/4"	6,000	\$18.69	\$ 33.36	\$ 16.44	\$ 68.49
1"	12,000	\$18.69	\$ 66.72	\$ 32.88	\$ 118.29
1 1/2"	30,000	\$18.69	\$ 166.80	\$ 82.20	\$ 267.69
2"	75,000	\$18.69	\$ 377.25	\$ 205.50	\$ 601.44
3"	135,000	\$18.69	\$ 615.45	\$ 369.90	\$1,004.04
4"	270,000	\$18.69	\$1,151.40	\$ 739.80	\$1,909.89
6"	510,000	\$18.69	\$2,092.80	\$1,397.40	\$3,508.89

B. Metered Service - Water and Sewer  
Commodity Rate per Thousand Gallons

	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
For the first 50,000 gallons per quarter	\$ 5.56	\$ 2.74	\$ 8.30
For the next 450,000 gallons per quarter	\$ 3.97	\$ 2.74	\$ 6.71
For all over 500,000 gallons per quarter	\$ 2.83	\$ 2.74	\$ 5.57

C. Deposit

All customers shall have on deposit with the City of Selkirk an amount equivalent to the minimum charge for their meter size.

2. A. Water Customer Only

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

B. Sewer Only Customers

The water from the customers private service shall be metered at the customers cost. The charge will be based upon consumption as shown above with the water charge excluded.

3. Bulk Sale Customers

All water sold in bulk by the City shall be charged at a rate of \$6.27 per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. The minimum charge will be \$15.00.

4. Sewage Receiving Station Rates

The City shall charge the following rates to the users of the sewage receiving station:

Administration fee -	\$18.69 per quarterly billing
Volume dumping -	\$9.70 per 1,000 gallons
B.O.D. Surcharge -	\$0.42 per kilogram
S.S. Surcharge -	\$0.21 per kilogram

5. Billings and Outstanding Bills

- A. Accounts shall be billed quarterly and be due and payable up to 30 days after the date of billing.
- B. Penalties at the rate of five (5%) percent shall be levied on all accounts remaining unpaid after the aforementioned period.
- C. Accounts that are outstanding and not paid by the next billing period may be added to the taxes of the property in respect of which the account is unpaid, by the Director of Finance and Legislation of the City, to be collected as ordinary taxes, as authorized under Section 252(2) of The Municipal Act.

6. Connections

- A. The City of Selkirk shall charge the amount of twenty-five (\$25.00) dollars to turn back on a service that has been turned off.
- B. Service may be disconnected in the event of non-payment of the account within thirty (30) days after due date.
- C. Any service disconnected due to non-payment of the account or other reason, shall not be re-connected until all arrears, penalties and the re-connection fee have been paid.

7. In case of a dispute arising over the accuracy or correctness of any meter reading and a request is made to have the meter checked, the City will comply with said request. The meter will receive an independent check and if the accuracy varies by more than three (3%) percent thereby creating an overcharge to the premises, then the City will bear all costs involved. If the check reveals the meter is working within three (3%) percent of accuracy, then all costs shall be borne by the property where from the request was made.

8. It shall be an offence for any unauthorized person to tamper, change or by-pass a meter. Said person, owner and/or occupant may be prosecuted in a Court of Law.

9. Hydrant Rentals

The City of Selkirk shall pay to the utility an annual fee of \$110.00 per hydrant for fire fighting which will include a charge for the water used.

10. Water Allowance Due to Line Freezing

That in any case where at the request of the Director of Operations or his delegate, 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 three previous quarters to the same customer, or the same premises if the occupant has changed.

11. Service to Customers Outside the City Limits

The City of Selkirk 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 rates set out in the schedule, as well as a surcharge, set by resolution of Council, which shall be the 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 connecting to the utility's mains and installing and maintaining service connections will be paid by the customer.