

M A N I T O B A) Order No. 23/05
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THE PUBLIC UTILITIES BOARD ACT) February 14, 2005

BEFORE: Graham F. J. Lane, C.A., Chairman
M. Girouard, C.G.A., Member
S. Proven, P.H.Ec., Member

**THE TOWN OF CHURCHILL
WATER AND SEWER RATES
BY-LAW NO. 736/2004**

On November 18, 2004, the Town of Churchill ("Churchill" or "the Town") applied to The Public Utilities Board (the Board) for a revision in water and sewer rates. The Town's proposed rates were set out in Churchill's By-law No. 736/2004, filed with the Board subsequent to its first reading on November 12, 2004.

The following information was obtained from Churchill's application, its response to the Board's information requests and/or from past submissions:

1. The last comprehensive review of Churchill's utility rates occurred in 1995. At that time the rate increases directed approximated 5%;
2. In 1998 a 1%, rate adjustments were made to reflect increases in the Consumer Price Index;
3. Churchill's utility incurred deficits of \$121,763 and \$40,484 in 2002 and 2003, respectively. The Board approved the recovery of the deficits from the Town's ratepayers, through property tax levies;
4. The utility has also incurred a deficit on utility operations for 2004. The financial statements for Churchill's utility were being finalized as of the date of this Order;

5. As a result of the deficits, the utility has neither reserve funds nor a cash surplus;
6. The existing rates, which do not provide sufficient annual income to meet expenses, are currently subsidized by a transfer from the Town's general fund of approximately \$64,000, and a transfer from a Manitoba Hydro fund set up for this purpose of approximately \$266,000. The total transfers equal approximately 36% of total revenue for 2003.
6. In the latest application, to which this Order is addressed, Churchill sought a 25% increase to first step rates, 44% for second step rates, and 60% for third step rates, and a further 5% annual increase thereafter to 2010;
7. Concurrent with these proposed increases, Churchill proposes to collapse its current three step rate schedule to a single step schedule, which, if approved, would have a significant impact on large volume users in particular; and
8. Churchill advised that while its proposed administrative charge is \$24.00, which would be up from the current \$19.19, a \$24.00 administrative charge would only represent 13% of the Town's overall administrative expenses being charged against the utility.

Board Findings

The Board is concerned about the financial position of Churchill's utility, which is not sound and requires on-going subsidies. As well, the Board is concerned with the high rate increases required to improve the utility's financial situation, and the possible effect of such increases on the utility's ratepayers. The Board anticipates that that the combination of high rate increases and the proposed collapsing of rate steps into one rate would have a significant negative impact, particularly on large volume users.

Nonetheless, the Board believes that there is an urgent need for a rate increase, and, accordingly, will deal with this matter on an interim ex parte basis, though not as Churchill proposed.

An ex parte process involves only the Board and the Town, i.e. no public hearing is held and only interim rates will be set. The finalization of the rates will be determined at a public hearing.

Accordingly, by this Order the Board approves a 15% across-the-board increase, i.e. the 3 rate steps may not be collapsed into one rate step at this time. In total, this increase will result in approximately \$73,000 in additional annual revenue for the Town's utility. The Board also approves the proposed increase in the administrative charge levied against ratepayers. As indicated, these increases require confirmation or variance at a future date, following a public hearing in Churchill.

The Board will hold a public hearing in Churchill in March of 2005. At this hearing, the Board will publicly review Churchill's application for the collapsing of the rate structure from three to one, and for the increases sought by Churchill. As well, the interim rate increase granted by this Order, and Churchill's proposal for further rate increases, will be addressed at that hearing.

Accordingly, the Board approves the interim rates set out in Schedule "1" attached hereto, effective on all water consumed and on all minimum bills issued on and after April 1, 2005.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 736/2004 of the Town of Churchill BE AND THE SAME IS HEREBY APPROVED on an Interim ex-parte basis subject to amendment to agree with this Order;
2. The water and sewer rates set forth in Attachment "1" hereto shall apply to all customers of the utility effective on all water consumed and on all minimum bills on and after April 1, 2005;
3. This Interim ex-parte Order shall be in full force and effect until confirmed or otherwise dealt with by a further Order of the Board. To that end, the Board intends to hold a public hearing in Churchill, in March of 2005 for which public notice will be issued.

Fees payable upon this Order - \$50.00

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, C.A.,
Chairman

"G. O. BARRON"
Secretary

Certified a true copy of
Order No. 23/05 issued by The
Public Utilities Board

Secretary

Attachment 1

SCHEDULE "A"

Rates

Service Charge \$24.00

Commodity Rate - Treated

Bulk - per M.G. \$11.62

Domestic - First 21 M.G.

Water \$9.88

Sewer \$2.55

Water & Sewer \$12.43

Intermediate - Next 78 M.G.

Water \$8.25

Sewer \$2.55

Water & Sewer \$10.80

Wholesale - Over 99 M.G.

Water \$7.14

Sewer \$2.55

Water & Sewer \$9.69

Commodity Rate - Untreated Raw Water

All consumption per M.G. \$8.35

SCHEDULE "B"

Minimum Quarterly Billings

Minimum Quarterly Charges Combined Water & Sewer Service

Meter Size	Group Capacity Ratio	Quantity	
5/8"	1	3 M.G. SC	\$ 24.00
		Water & Sewer	<u>\$ 37.29</u>
		Minimum Charge	\$ 61.29
1"	4	12 M.G. SC	\$ 24.00
		Water & Sewer	<u>\$ 149.16</u>
		Minimum Charge	\$ 173.16
1 1/2"	10	30 M.G. SC	\$ 24.00
		Water & Sewer	<u>\$ 358.23</u>
		Minimum Charge	\$ 382.23
2"	25	75 M.G. SC	\$ 24.00
		Water & Sewer	<u>\$ 844.23</u>
		Minimum Charge	\$ 868.23
3"	45	135 M.G. SC	\$ 24.00
		Water & Sewer	<u>\$1,452.27</u>
		Minimum Charge	\$1,476.27
4"	90	270 M.G. SC	\$ 24.00
		Water & Sewer	<u>\$2,760.42</u>
		Minimum Charge	\$2,784.42

SCHEDULE "C"

Unmetered Residential

Quarterly Charges Combined Water & Sewer Service

	Group Capacity Ratio	Quantity	
Unmetered Residential	3	9 M.G. S.C.	\$ 24.00
		Water & Sewer	<u>\$111.87</u>
		Minimum Charge	\$135.87

SCHEDULE "D"

Hudson Bay Port Company

Quarterly Charges - Water Service Only

	Group Capacity Ratio	Quantity	
Hudson Bay Port Company	170	510 M.G. S.C.	\$ 24.00
		Water Only	<u>\$3,785.52</u>
		Charge	\$3,809.52

SCHEDULE "E"

Hydrant Rentals

Annual Rental for 29 Hydrants

Hydrant Rentals	\$3,182.51
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SCHEDULE "F"

Untreated Raw Water

Quarterly Charges - Water Service Only

	Group Capacity Ratio	Quantity	
Metered Commercial	10	30 M.G. SC	\$ 24.00
		Water Only	<u>\$250.50</u>
		Minimum Charge	\$274.50
Unmetered Residential	1	7 M.G. SC	\$ 24.00
		Water Only	<u>\$ 58.45</u>
		Minimum Charge	\$ 82.45