

M A N I T O B A) Order No. 155/05
)
THE PUBLIC UTILITIES BOARD ACT) November 9, 2005

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

TOWN OF RUSSELL
WATER AND SEWER RATES
BY-LAW NO. 1456/07/05

The Town of Russell (Town) advised The Public Utilities Board that it had incurred a deficit in 2004 in the amount of \$41,192 and anticipated a further deficit in 2005 in the amount of \$50,000. In both instances the Town had applied and received the Board's approval to recover the deficit by means of withdrawal from the nominal surplus account of the utility. Surplus had a balance amount of \$393,170.09 as of January 1, 2005. The last rate change in Russell occurred in 2002.

Recognizing that the cause of the deficits were less related to non-recurring expenditures and more a result of ongoing operating costs in excess of annual revenue, the Board requested Council's comments on an apparent need for a rate review. With the challenges faced by water and sewer utilities today, with new standards for water quality and effluent safety, it is advisable and recommended that the Town keep rate levels current so as to avoid future rate shock.

The Town requested that a rate review be deferred to 2006, this partly due to the difficult circumstances that have beset agricultural communities including Russell.

The Board noted that with the ongoing nature of the Town's expenditures it was likely that absent a rate increase further deficits would occur from and including 2006. While extremely sympathetic to the difficult economic times being faced by rural Manitoba, water and sewer utilities require sufficient resources to ensure the ongoing provision of safe and reliable water services without subsidy from the tax-supported operating account.

By a letter dated September 27, 2005, the Board advised the Town that:

"... in the interests of finding a balance between fully addressing the current rate deficiency and the Council's valid desire to protect utility customers from an immediate and large rate, the Board will:

- a) approve a 10% increase as of January 1, 2006 in the rates charged by the Town on an interim ex parte basis; and
- b) require the Town to file a rate study with the Board on or before December 31, 2006."

Council considered the Board's directive and filed By-law No. 1456/07/05 towards implementing the Board's direction, certified as to having been read the first time on October 25, 2005.

Due to the urgency of rate relief, the Board will approve By-law No. 1456/07/05 on an Interim basis and establish revised rates effective January 1, 2006. The 10% increase is reflected on Schedule "A" attached hereto.

Further the Board will direct that a rate study be filed with the Board on or before December 31, 2006, following which this Interim Order and the Town's then-submission will be reviewed and the rates finalized following a public hearing.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 1456/07/05 of the Town of Russell BE AND IS HEREBY APPROVED on an Interim Ex Parte basis;
2. The Town of Russell file a rate study with the Board on or before December 31, 2006.
3. That the Town of Russell prepare a News Release advising the ratepayers of the Board's decision and reasons therefore, file a copy with the Board and obtain the Board's approval, then issue the release as a bill stuffer with bills issued with the new rates.

Fees payable upon this Order - \$50.00

THE PUBLIC UTILITIES BOARD

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

"G. O. BARRON"
Acting Secretary

Certified a true copy of
Order No. 155/05 issued by
The Public Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 155/05

THE TOWN OF RUSSELL

WATER AND SEWER RATES

BY-LAW NO. 1456/07/05

SCHEDULE OF QUARTERLY RATES:

1. Commodity Rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
Domestic (First 20,000 gals/quarter)	\$7.70	\$1.10	\$8.80
Intermediate (Next 80,000 gals/quarter)	\$7.15	\$1.10	\$8.25
Wholesale (Over 100,000 gals/quarter)	\$6.33	\$1.10	\$7.43

2. Minimum Charges, Quarterly

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

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Commodity Charge</u>	<u>Total Quarterly Minimum</u>
5/8"	1	3,000	\$11.00	\$ 26.40	\$ 37.40
¾"	2	6,000	\$11.00	\$ 52.80	\$ 63.80
1"	4	12,000	\$11.00	\$ 105.60	\$ 116.60
1 ½"	10	30,000	\$11.00	\$ 258.50	\$ 269.50
2"	25	75,000	\$11.00	\$ 629.75	\$ 640.74
3"	45	135,000	\$11.00	\$1,095.88	\$1,106.88
4"	90	270,000	\$11.00	\$2,098.25	\$2,109.25

(b) Sewer Only for Residential Customers

All customers connected to the sewer system but not to the water system, shall pay a flat rate for sewer service of \$26.40 plus the service charge of \$11.00 for a total of \$37.40.

3. Bulk Sales Rate

All water sold in bulk by the Town of Russell shall be charged for at the rate of \$1.10 per 100 gallons on a pro-rated basis for all quantities greater than 300 gallons. For any quantity of 300 gallons or less the minimum charge will be \$3.30.

4. Service to Customers outside Municipality, Town, or LID., limits

The Council of the Town of Russell may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of Russell. 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.

5. Billings and Penalties

Accounts shall be billed quarterly, and shall be due and payable 20 days after date of billing. A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date. The late payment charge will compound monthly, and will appear on the customer's next quarterly bill if unpaid.

6. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

7. Outstanding Bills

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water and sewer 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 Town of Russell will pay to the utility an annual rental of \$99.00 for each hydrant connected to the system.