

M A N I T O B A) Order No. 67/06
)
THE PUBLIC UTILITIES BOARD ACT) May 3, 2006

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

**THE RURAL MUNICIPALITY OF STRATHCLAIR
LOCAL IMPROVEMENT DISTRICT NO. 1:
REVISED WATER AND SEWER RATES**

Executive Summary

By this Order, the Public Utilities Board (Board) approves an interim utility rate increase for the Rural Municipality of Strathclair (R.M.), for implementation as of April 1, 2006.

Commodity rates will rise by 15%, and customer service charges will increase from \$4.35 to \$12.00 per quarter. Residential minimum quarterly bills will increase from \$35.43 to \$47.85, an increase of 35%.

Further increases of 10% in both 2007 and 2008, as proposed by the R.M., are deferred subject to the Board's review of a rate study to be filed by the R.M.

The Board dealt with the R.M.'s application by way of a paper process, responding to the utility's deteriorating financial situation. The Board required the R.M. to pass an enabling by-law, and herein requires the R.M. to inform the customers of the increase in rates granted herein and the R.M.'s plans for further subsequent increases.

This Order is provided on an interim basis, and may be amended by the Board based on such new information as shall be available to the Board once a rate study is complete and filed.

Application

The R.M. operates a water and sewer utility in Strathclair with approximately 189 customers. Excluding debenture servicing costs of \$13,000 annually recovered through property taxes, the R.M.'s utility has an annual operating budget of approximately \$100,000.

The last rate change caused by increased operating costs occurred more than 15 years ago; 1992 was the last rate change due to the rising cost of purchased water.

The utility has incurred repeated operating deficits since 2000, and in 2005 incurred a further deficit of \$18,700. The latter deficit is to be recovered in future rates, pursuant to Board direction.

The R.M. passed By-law #3-2006 calling for an increase in rates in 2006, 2007 and 2008, and filed a copy with the Board on March 16, 2006. The Board obtained support for the increases from the R.M.

Commodity rates were proposed to be as follows, effective April 1, 2006, per 1,000 gallons:

	<u>Existing</u>			<u>Proposed</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All Water Consumption	\$9.36	\$1.00	\$10.36	\$9.36	\$2.59	\$11.95

Minimum quarterly bills would increase accordingly.

Board Findings

In reviewing the R.M.'s application for approval of deficits for 2004 and 2005, the Board determined an urgent need for a rate increase.

While the increase granted for 2006 is significant, and involves a rate shock for the utility's customers, without an immediate rate increase further deterioration in the operating results would occur.

Water and sewer utilities provide an essential service to its customers and sufficient rates and revenue to operate the utility safely and with a sufficient quantity of supply are of critical importance.

The increases are granted on an interim ex parte basis, and will be finalized by the Board once a rate study being conducted by the R.M. is completed and filed with the Board.

Notice of this interim increases and the R.M.'s intention to further increase rates in 2007 and 2008, subject to the Board's approval, are to be provided to the utility's customers as soon as possible.

In its future review of this Interim Ex Parte Order, the Board will consider the entire rate application and rate study and the level of the rate increases not now established on an interim basis, i.e. the increases sought for 2007 and 2008 are deferred at this time.

SCHEDULE "A"

TO BOARD ORDER NO. 67/06

THE RURAL MUNICIPALITY OF STRATHCLAIR

WATER AND SEWER RATES

BY-LAW NO. 3-2006

SCHEDULE OF QUARTERLY RATES:

1. Commodity rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All Water Consumption	9.36	2.59	11.95

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 & Sewer Customers

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Incl. Gallons</u>	<u>Customer Service Charge</u>	<u>Commodity Charges</u>		<u>Total Quarterly Minimum</u>
				<u>Water</u>	<u>Sewer</u>	
5/8"	1	3,000	\$12.00	\$ 28.08	\$ 7.77	\$ 47.85
3/4"	2	6,000	\$12.00	\$ 56.16	\$ 15.54	\$ 83.70
1"	4	12,000	\$12.00	\$112.32	\$ 31.08	\$155.40
1 1/2"	10	30,000	\$12.00	\$280.80	\$ 77.70	\$370.50
2"	25	75,000	\$12.00	\$702.00	\$194.25	\$908.25

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.

c) Sewer only for Residential Customers

The R.M. of Strathclair do charge the owners or occupants of land serviced with sewer but no water the sum of \$47.85 per quarter effective April 1, 2006. (A flat charge equivalent to the water and sewer minimum charge for a 5/8" water meter size.)

3. Bulk Sales Rate

All water sold in bulk by the R.M. of Strathclair shall be charged for at the rate of \$1.00 per 80 gallons.

4. Billings and Penalties

Accounts shall be billed quarterly. A late payment charge of 1¼% shall be charged monthly on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills. The late payment charge shall be compounded monthly.

5. 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 the due date.

6. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

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 L.U.D. of Strathclair will pay to the utility an annual rental of \$75.00 for each hydrant connected to the system. This will include the cost of water used for fire fighting.

9. 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.

10. Wages and Truck Expenses

Water Plant Operator wage and benefit costs will be 60% expense to the water and sewer system and 40% expense to the L.U.D. of Strathclair. Truck expenses shall be shared with 50% expense to the water and sewer system and 50% expense to the L.U.D. of Strathclair.

11. Meter Reading

Customers are required to submit meter readings to the Water Plant Operator or the R.M. of Strathclair office for the first, second and fourth quarter billings. The Water Plant Operator is required to read all meters for the third quarter billings. Any customer that does not submit a reading for two consecutive quarterly billings will be charged a fee of \$20.00.

12. Service to Customers outside L.I.D. #1 limits

The Council of the R.M. of Strathclair may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the L.I.D. #1. 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, the customer will pay all costs of connecting to the utility's mains, and installing and maintaining service connections.

13. Dumping Fees

Customers unloading septic trucks at the lagoon will be charged \$10.00 per load or \$250.00 per year. Council may, by resolution, waive this fee if certain circumstances warrant special consideration.

14. New Connections

Customers requiring new hook up to the water and sewer main lines will be responsible for the whole cost of installation right up to the main lines. This work must be done under the supervision of the Water Plant Operator. The customer will be responsible for the cost of maintenance of the line from the dwelling to the property lines. The utility will be responsible for the cost of maintenance from the property line to the main line.