

M A N I T O B A) Order No. 99/06
)
THE PUBLIC UTILITIES BOARD ACT) June 29, 2006

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

THE TOWN OF GRANDVIEW
REVISED WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves Town of Grandview's (Town) proposed increased water and sewer rates effective with the next customer billing.

Commodity rates will rise by approximately 20% and the residential minimum quarterly bill will increase from \$44.95 to \$56.17 per quarter (25%). Sewer rates will increase marginally, while the administrative levy will increase by 29%.

Increased rates are required to provide for break-even utility operations and the development of a reserve for future capital replacement. The Town's proposal was published and posted with an invitation for comments to the Board, no concerns were expressed to the Board.

Application

On May 2, 2006 the Town applied to the Board for approval of revised water and sewer rates. The application was supported with By-law No. 7-2006, which was read for the first time on April 25, 2006.

The Town advised operating, replacement of aging equipment and training costs had and were increasing, necessitating higher rates. Provincial standards for water and sewer effluent have increased significantly over recent years.

Existing and proposed rates were:

Commodity Rates per 1,000 gallons:	<u>Existing</u>		<u>Proposed</u>	
	Water	Sewer	Water	Sewer
First 20,000 gallons	\$6.90	\$1.65	\$8.72	\$1.67
Next 80,000 gallons	\$5.75	\$1.65	\$7.01	\$1.67
Over 100,000 gallons	\$4.75	\$1.65	\$5.64	\$1.67
Bulk Water	\$ 8.15		\$10.23	
Domestic Minimum Quarterly Bill	\$44.95		\$56.17	
Administrative Fee	\$19.30		\$25.00	

The annual revenue requirement on which the rate proposal was based is \$225,650, including \$6,640 and \$4,010 of contingency allowances for water and sewer respectively.

Unused contingency provisions increase accumulated surplus funds, which are subject to transfer to build the Utility reserve.

The proposed bulk water rate includes a contribution to the capital cost of the system, which is being recovered from connected customers through property taxes.

The Town proposed not to change the three-step water rate structure.

The Town's application was published in the local newspaper and posted in several prominent locations in the Town. The Public Notice invited the public to write the Board by June 16, 2006, no response was received.

Background

The Town's utility has 450 customers, and the last rate change occurred in 2002. No deficits have been incurred by the utility since 2002, and in 2005 the utility reported a surplus of \$1,842. The Town collects approximately \$32,000 annually through the tax roll to service the debenture debt of the utility.

In 2005, the Town transferred \$10,000 to its Utility reserve account and, for 2006, plans to transfer a further \$15,000. The reserve fund account had a \$10,000 balance as at December 31, 2005.

Board Findings

The Board reviewed the application and satisfied itself that increased rates are necessary to allow the utility to breakeven and build reasonable reserves for future capital replacements.

The Board noted no response to the Public Notice inviting comments to be made to the Board.

Accordingly, the Board will approve the rates set out in By-law No. 7-2006. That said, the Board suggests that the Town consider eliminating or significantly amending the three-step water rate system for the next rate proposal. Declining block rates are not consistent with environmental objectives and have been found to contribute to excessive use.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 7-2006 of the Town of Grandview BE AND THE SAME IS HEREBY APPROVED subject to amendment to section reference in Clause 9.
2. The water and sewer rates set forth in Schedule "A" hereto shall apply to all customers of the utility effective on all water consumed and on all minimum bills effective on the next billing in the normal course after the date of this Order.
3. The Town consider amending the current three-step water rate schedule at the time of its next rate application.

Fee payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

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

"G. O. BARRON"
Acting Secretary

Certified a true copy of
Order No. 99/06 issued by The
Public Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 99/06

THE TOWN OF GRANDVIEW

WATER AND SEWER RATES

BY-LAW NO. 7-2006

1. Commodity rates per thousand gallons

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
Domestic - first 20,000 gallons/quarter	\$8.72	\$1.67	\$10.39
Intermediate – next 80,000 gal/quarter	7.01	1.67	8.68
Wholesale - over 100,000 gal/quarter	5.64	1.67	7.31

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 Charges</u>		<u>Total Quarterly Minimum</u>
				<u>Water</u>	<u>Sewer</u>	
5/8"	1	3,000	\$25.00	\$ 26.16	\$ 5.01	\$ 56.17
3/4"	2	6,000	\$25.00	\$ 52.32	\$10.02	\$ 87.34
1"	4	12,000	\$25.00	\$104.64	\$20.04	\$149.68
1 1/2"	10	30,000	\$25.00	\$244.50	\$50.10	\$319.60
2"	25	75,000	\$25.00	\$559.95	\$125.25	\$710.20

(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 Rate

All water sold in bulk by the Town of Grandview shall be charged for at the rate of \$10.23 per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$1.00 for a quantity of 100 gallons.

4. Turn-on Charge

There shall be a turn-on service charge of \$30.00.

5. Service to Customers outside Municipality, Town, or L.I.D. Limits

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

6. Billings and Penalties

A late payment charge of 1 1/4% shall be charged 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.

7. 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.

8. Reconnection

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.

9. 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.

10. Hydrant Rentals

The Town of Grandview will pay to the utility an annual rental of \$75.00 for each hydrant connected to the system.

11. 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.