

MANITOBA ) Order No. 126/06  
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THE PUBLIC UTILITIES BOARD ACT ) September 5, 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 LAC DU BONNET  
WATER AND SEWER UTILITY - CONNECTION FEES  
EFFECTIVE JULY 1, 2005 AND 2006**

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### **Executive Summary**

By this Order, the Public Utilities Board (Board) approves The Rural Municipality of Lac du Bonnet's (R.M.) application for revised connection fees for its water and sewer utility, and, as well, approves an amortization period for customer payments related thereto.

The amendment reflects a tender issued by the R.M. for the expansion of the utility network.

### **Introduction**

Earlier this year, the R.M. applied to the Board for revised water and sewer rates to allow the pass-through of increased water purchase costs and implement a \$0.50/m<sup>3</sup> charge towards the development of a reserve fund to meet future utility costs.

The Board heard the application at a public hearing held in the offices of the R.M. on April 25, 2006. Subsequently, Board Order 74/06 dated May 15, 2006 was issued, containing the following directives:

1. The R.M. file a by-law conforming to the Board's decisions.
2. Connection charges be established and filed.
3. Surplus funds developing from the new levy of \$0.50/m<sup>3</sup> (\$0.44/m<sup>3</sup> for volumes in excess of 455m<sup>3</sup>) as of July 1, 2006, less operating costs and any existing operating deficit, be held in a reserve for future use.
3. The R.M. segregate financial reporting for utility operations from the General Fund by 2008.

5. The R.M. file with the Board:
  - a) a copy of any Sewer Agreement with the Town;
  - b) any proposal to amend connection charges;
  - c) a report on the final arrangements with Glenn Howard Inn (GHI);
  - d) an update on the Bilan expansion; and
  - e) a pre-final draft of any proposed amendment to the water service agreement with the Town.

### **Application**

On August 24, 2006, and as required by the Order, the R.M. filed By-law No. 30-06 setting out rates for water and sewer service and connection charges for GHI and the Bilan Project. The rates were to take effect July 1, 2005 and 2006.

Furthermore, the R.M. filed commentary pertaining to the Board's other directives:

- a) The R.M. will segregate the financial reporting of utility operations from the General Fund effective 2006; and
- b) The R.M. and Town are in negotiations for a Sewer Agreement, which will be forwarded to the Board when signed;
- c) The R.M. prefers a ten-year amortization of expansion capital costs is preferred (Clause 14 of Schedule A of Bylaw 30-06 states the interest rate for the amortization, invoicing to occur on a quarterly basis).
- d) Tenders called for the Bilan project realized costs higher than the initial estimates. The R.M.'s borrowing bylaw and

LID plan were amended and issued to the 27 Bilan parcel owners.

- e) The R.M. has scheduled a September 5, 2006 meeting with the affected property owners, and Clause 15 of Schedule A of Bylaw 30-06 has been amended to reflect increased overall costs and costs per parcel.

With respect to connection charges, the R.M. proposed to increase the connection charges for the Bilan project to reflect the higher costs of the tender. The connection charges as approved by Order No. 74/06 and as now proposed were:

	Approved	Application to Revise
Capital Cost Contributions	\$757.00	\$757.00
Project Costs	\$12,284.00	\$15,384.04

As a result of the tender, the estimate of the cost of the Bilan project to the R.M. has increased from \$331,667 (made at the time of the hearing) to \$414,397. With respect to connection fees, the R.M. proposed a ten-year amortization for GHI (as requested by the Inn) and a twenty-year recovery period for the Bilan Project, based on an annual interest rate of 5.875%.

### **Board Findings**

The Board has reviewed the R.M.'s submission and supporting documentation and finds the R.M.'s proposals to be in compliance with the intent of Order No. 74/06, and will approve the application.

The Board notes that the R.M. has updated estimated Bilan construction costs and has sought the Board's approval to reflect the increased cost estimates in revised connection fees. The Board finds this to be a reasonable proposal, one consistent with the Board's expectation.

The Board is to be apprised of any further revisions to the cost estimates, which, if material, are to be reflected in a further application for approval of revised connection charges, as required by Clause 5(b) of Order 74/06.

The Board also finds the proposed amortization period and interest rate for the connection charges reasonable.

**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 30-06 of the Rural Municipality of Lac du Bonnet  
BE AND THE SAME IS HEREBY APPROVED.

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. 126/06 issued by  
The Public Utilities Board

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Acting Secretary