

M A N I T O B A) Order No. 129/06
)
THE PUBLIC UTILILTIES BOARD ACT) September 7, 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 LORNE
LOCAL URBAN DISTRICT OF MARIAPOLIS
REVISED SEWER RATES

Executive Summary

By this Order, The Public Utilities Board (Board) approves The Rural Municipality of Lorne (R.M.) application for revised sewer rates and a change to quarterly rather than annual billing.

Previous and revised quarterly charges are:

Quarterly	Existing	Revised	Change %
Per Residential Equivalent Unit ¹ (REU)	\$29.94	\$40.00	
Service Charge	1.31	2.00	
Total	\$31.25	\$42.00	+34%

¹Each household is assessed one Residential Equivalent Unit (REU). Schedule A attached provides details on the REU assignments and related annual billings.

The higher rates were necessary to allow the R.M. to operate the utility adequately and safely. No customer responded to an invitation to provide comments to the Board on the R.M.'s application.

Application

The R.M. applied to the Board for approval of revised sewer rates for Mariapolis on July 13, 2006, filing a copy of proposed By-law No. 1698/06 read the first time on July 11, 2006.

The utility has 61 customers; rates were last reviewed in 2002.

The utility incurred a \$1,752.00 deficit in 2005, which was

offset by transfer from accumulated cash surplus with the approval of the Board (Order No. 49/06). The 2005 deficit represented 16% of annual operating costs, and the R.M. forecast a further \$24,000 deficit for 2006 in the absence of a rate increase. The R.M. forecasted total operating costs of \$12,200 which included a \$2,000 contingency allowance. Utility costs have risen, most recently as a result of a pump replacement and lift station repairs, costing \$5,200.00 and \$18,000 respectively.

As at December 31, 2005, the utility had only approximately \$12,600 in cash surplus, with no utility reserve balance.

The R.M. proposed to bill quarterly rather than annually, which would be consistent with general practice, and applied for the following rates:

Quarterly	Existing	Proposed	Increase %
Per REU	\$29.94	\$40.00	
Service Charge	1.31	2.00	
Total	\$31.25	\$42.00	34%

Pursuant to the Board's direction, the R.M. published its proposals in the local newspaper, with a request for persons with concerns to write the Board by August 25, 2006; no one responded.

Board Findings

Having reviewed the application and supporting documentation, and noting no expressed concerns by the utility's customers, the Board will approve the rate change and the switch to quarterly billing. Noting the inadequacy of the surplus balance and the lack of utility reserve, the Board is satisfied that the rate increase is necessary to ensure that the services provided by the utility are sufficient to meet the needs of the community.

The R.M. followed the Board's Guidelines in its assessment of the number of residential equivalent units to be assigned each customer. The range is from one unit for a household to five units for the hotel.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 1698/06 of The Rural Municipality of Lorne serving the Local Urban District of Mariapolis IS HEREBY APPROVED.
2. The sewer rates set forth in Schedule "A" hereto shall apply to all customers of the utility effective on the next billing in the normal course after the date of this Order.
3. The Municipality is to advise its customers of the Board's decision.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

Chairman

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 129/06

Schedule of Rates: Per Quarter

<u>UNITS</u>	<u>CUSTOMER</u>	<u>SERVICE CHARGE</u>	<u>COMMODITY RATES SEWER</u>	<u>ANNUAL Billing</u>
1	Single family residence, Church, garage, no wash Rack; hall up to 250 seats, Small commercial	\$2.00	\$ 40.00	\$ 42.00
1½	Small store with 1 suite, Beauty shop	\$2.00	\$ 60.00	\$ 62.00
2	Small commercial with Residence	\$2.00	\$ 80.00	\$ 82.00
4	Laundromat with 4 washing machines; Elem. School - 4 class rooms under 50 students	\$2.00	\$ 160.00	\$ 162.00
5	Hotel or Motel, 10 Rooms, no dining or Beverage room; Sr. Citizens home; 8 single Rooms, 1 double room Elem. School 5 classrooms Under 100 students Elementary School 6 rooms 1 shower 150 to 180 students	\$2.00	\$ 200.00	\$ 202.00