

MANITOBA) Order No. 158/06
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THE PUBLIC UTILITIES BOARD ACT) November 22, 2006

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

THE TOWN OF KILLARNEY
REVISED WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves the Town of Killarney's (Town) application for increased water and sewer rates, effective 2007, 2008 and 2009.

Existing and new rates, to be effective at the next billing or as of January 1, 2007, 2008 and 2009, are:

Commodity per 1,000 gallons (Water and Sewer Combined)	Existing			Approved, as of January 1				
	2006	2007	%	2008	%	2009	%	Total
First 20,000	\$7.85	\$9.10	16%	\$9.30	2.2%	\$9.55	2.6%	21%
Next 80,000	\$5.95	\$7.30	23%	\$7.45	2.0%	\$7.65	2.6	28%
Over 100,000	\$4.45	\$5.85	31%	\$5.95	1.7%	\$6.15	3.3	38%

Residential quarterly minimum bills will rise over the three year period from \$30.05 to \$36.85 in 2009 (an average increase of 7.5% per year).

Quarterly service charges will also increase, from 2006's \$6.80 to \$8.20 in 2009. Unmetered seasonal customer flat rate charges will increase from \$88.00 per season, to \$127.95 in 2007, \$130.80 in 2008, and \$134.30 in 2009. Bulk water rates will increase from \$7.50 per 1,000 gallons to \$8.33 in 2007, to remain at \$8.33 for 2008 and 2009.

Application

The Town applied to the Board for approval of revised water and sewer rates, and filed By-law No. 4-2006 after first reading on September 25, 2006. The application was for the rate changes set out in the Executive Summary.

Details of the Application were published in the local newspaper and posted in several prominent locations in the area. The Notice requested ratepayers wanting to make representations to advise the Board on or before November 3, 2006. No representations were made.

The Town's rates were last amended in 2003.

The Town filed a water and sewer rate study supporting its application, noting that its utility was facing significant challenges related to deteriorating water and sewer lines. The Town plans to loop a number of dead end lines to increase flow rates and reduce the costs related to flushing.

The Town passes on the cost of operating and maintaining the water and sewer utility through commodity rates, which must be adequate if the utility is to be self sufficient, and avoid accumulating either large surpluses or deficits.

The Town projected utility operating costs for 2007, and then assumed 3% increases for the next two years. Included in the rates was a provision for contingencies over the 3 year rate period of \$45,000, and for a contribution to utility reserves of \$75,000. The Town projected surpluses including contingencies and reserves of \$41,250 in 2007, \$39,370 in 2008 and \$40,000 in 2009.

The total operating costs of the utility were projected as follows:

	2007	2008	2009
Administration	\$ 32,000	\$ 33,000	\$ 34,000
Water	\$264,000	\$272,000	\$280,000
Sewer	\$120,000	\$123,500	\$127,000
Contingency	\$ 15,000	\$ 15,000	\$ 15,000
Reserves	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Total	\$456,000	\$468,500	\$481,000

Background

The utility has approximately 1,043 metered and flat rate (seasonal) customers, and projected that customers would increase to 1,058 in 2006. Rates are based on a 3-step declining rate block; however, the Town is reviewing whether such a rate structure remains appropriate given economic and conservation concerns.

Unaccounted for water was reported to be approximately 15%, including water used for flushing of fire hydrants and sewers. The Town averages 12 line breaks per year, soil conditions make water line breaks detection difficult. The Town estimates that 50% of the unaccounted for water is related to actual water loss, and considers this loss rate to be in the acceptable range.

The utility had an accumulated surplus of \$112,960 and a reserve balance of \$251,380 as at December 31, 2005, and reported an operating surplus of approximately \$10,000 for the year.

Total water supply operating costs were \$256,315 in 2005, and Sewage Collection and Disposal costs were \$116,315. Annual debenture debt service costs for the utility are \$124,030, recovered through property taxes.

Board Findings

The Board will approve revised rates for 2007, 2008 and 2009, as proposed, and is pleased that Council is taking a proactive approach toward addressing near and long term capital requirements.

The Board is also pleased that Council intends to consider the appropriateness of the declining rate block schedule. Water is a precious commodity and issues of conservation are critical for the safe and economic well being of communities into the future. The Board looks forward to receiving the results of the Town's investigation when it next files for a rate review.

The Board is satisfied that the level of unaccounted for water is reasonable for the circumstances, and notes that the Town is continuing to examine line replacements, which, as replacements occur, should reduce the level of unaccounted for water.

The Board will vary the application to ensure the late charge provision is amended to reflect current provincial requirements.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 4-2006 of the Town of Killarney BE AND THE SAME IS HEREBY APPROVED subject to amendment of the late payment charge in Clause 9 for years 2007, 2008 and 2009;
2. This Order is subject to funds expended from the utility reserve fund being only to support existing infrastructure, unless the Board has authorized an expenditure pursuant to Section 168 of The Municipal and Various Acts Amendment Act, c. 58.
3. The water and sewer rates set forth in Schedule "A" hereto shall apply to all customers for all water consumed effective on the next billing in the normal course after the date of this Order.

Fees 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. 158/06 issued by
The Public Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 158/06

THE TOWN OF KILLARNEY

WATER AND SEWER RATES

BY-LAW NO. 4-2006

1. Commodity rates per 1000 gallons/2007

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First 20,000 gal/qtr	\$6.50	\$2.60	\$9.10
Next 80,000 gal/qtr	\$4.70	\$2.60	\$7.30
Over 100,000 gal/qtr	\$3.25	\$2.60	\$5.85

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:

3. Water and Sewer Customers

Metre Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
5/8	1	3000	7.70	19.50	7.80	35.00
¾	2	6000	7.70	39.00	15.60	62.30
1	4	12000	7.70	78.00	31.20	116.90
1¼	10	20000	7.70	130.00	52.00	189.70
1½	10	30000	7.70	177.00	78.00	262.70
2	25	75000	7.70	388.50	195.00	591.20
4	90	270000	7.70	1058.50	702.00	1768.20
Unmetered Flat Rate						85.30

4. Water Only Customers

Customers with water only services shall be charged the minimum quarterly rate applicable to the customer's meter size less the sewer charge. Unmetered seasonal customers will be charged a flat rate of \$127.95 per season including the service charge.

5. Sewer Only for Residential Customers

Customers with sewer only services shall be charged \$33.50 per quarter.

6. Sewer Only for Commercial Customers with a Private Water Supply

Larger customers connected to sewer services only and with a private water supply will meter this water at their own expense, and shall pay quarterly the service charge of \$7.70. Plus the sewer commodity rate set forth in Paragraph 1 hereof on the number of gallons of water registered by the meter on their private water supply, which will be read by the Town.

7. Bulk Sales

All water sold in bulk by the Town of Killarney shall be charged for at the rate of \$0.25 per 30 gallons or \$8.33 per 1000 gallons.

8. Service to Customers Outside the Town Limits

The Council of the Town of Killarney may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the town. 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 the utility purposes in effect at the time, and which would be levied on the property concerned if it were within these boundaries. In addition, the customer will pay all cost of connecting to the utility's mains and installing and maintaining service connections.

9. Billings and Penalties

A late payment charge of 1¼% 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.

10. Disconnection and Reconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within twenty (20) days of the due date. Any service, disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$20.00 have been paid. Service may be installed, disconnected, removed or reconnected upon receipt of a written request and payment of the applicable rate as set in the following:

Meter	Installation	Disconnection	Removal	Reconnection
5/8	\$20.00	\$7.00	\$12.50	\$20.00
¾	\$20.00	\$7.00	\$12.50	\$20.00
1	\$30.00	\$7.00	\$12.50	\$20.00
1¼	\$35.00	\$7.00	\$12.50	\$20.00
1½	\$65.00	\$7.00	\$12.50	\$20.00
2	\$150.00	\$7.00	\$12.50	\$20.00
4	\$500.00	\$7.00	\$12.50	\$20.00

Note: Fee of \$7.50 shall be charged to all customers for each turn-on and each turn off. The reconnection fee does not include a re-installation fee. A check valve shall be installed, at cost to the customer, with all new installations and with all renewals.

11. 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.

12. Hydrant Rentals

The Town of Killarney will pay to the Utility an annual rental of \$100.00 for each hydrant connected to the system which includes the cost of water for fire fighting.

13. Sewer Surcharges

- a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by Resolution of council.
- b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial waste.

1. Commodity Rates/2008

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First 20,000 gal/qtr	\$6.65	\$2.65	\$9.30
Next 80,000 gal/qtr	\$4.80	\$2.65	\$7.45
Over 100,000 gal/qtr	\$3.30	\$2.65	\$5.95

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:

3. Water and Sewer Customers

Metre Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
5/8	1	3000	7.95	19.95	7.95	35.85
¾	2	6000	7.95	39.90	15.90	63.75
1	4	12000	7.95	79.80	31.80	119.55
1¼	10	20000	7.95	133.00	53.00	193.95
1½	10	30000	7.95	181.00	79.50	268.45
2	25	75000	7.95	397.00	198.75	603.70
4	90	270000	7.95	1078.00	715.50	1801.45
Unmetered Flat Rate						87.20

4. Water Only Customers

Customers with water only services shall be charged the minimum quarterly rate applicable to the customer's meter size less the sewer charge. Unmetered seasonal customers will be charged a flat rate of \$130.80 per season including the service charge.

5. Sewer Only for Residential Customers

Customers with sewer only services shall be charged \$34.15 per quarter.

6. Sewer Only for Commercial Customers with a Private Water Supply

Larger customers connected to sewer services only and with a private water supply will meter this water at their own expense, and shall pay quarterly the service charge of \$7.95. Plus the sewer commodity rate set forth in Paragraph 1 hereof on the number of gallons of water registered by the meter on their private water supply, which will be read by the Town.

7. Bulk Sales

All water sold in bulk by the Town of Killarney shall be charged for at the rate of \$0.25 per 30 gallons or \$8.33 per 1000 gallons.

8. Service to Customers Outside the Town Limits

The Council of the Town of Killarney may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the town. 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 the utility purposes in effect at the time, and which would be levied on the property concerned if it were within these boundaries. In addition, the customer will pay all cost of connecting to the utility's mains and installing and maintaining service connections.

9. Billings and Penalties

A late payment charge of 1¼% 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.

10. Disconnection and Reconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within twenty (20) days of the due date. Any service, disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$20.00 have been paid. Service may be installed, disconnected, removed or reconnected upon receipt of a written request and payment of the applicable rate as set in the following:

Meter	Installation	Disconnection	Removal	Reconnection
5/8	\$20.00	\$7.00	\$12.50	\$20.00
¾	\$20.00	\$7.00	\$12.50	\$20.00
1	\$30.00	\$7.00	\$12.50	\$20.00
1¼	\$35.00	\$7.00	\$12.50	\$20.00
1½	\$65.00	\$7.00	\$12.50	\$20.00
2	\$150.00	\$7.00	\$12.50	\$20.00
4	\$500.00	\$7.00	\$12.50	\$20.00

Note: Fee of \$7.50 shall be charged to all customers for each turn-on and each turn off. The reconnection fee does not include a re-installation fee. A check valve shall be installed, at cost to the customer, with all new installations and with all renewals.

11. 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.

12. Hydrant Rentals

The Town of Killarney will pay to the Utility an annual rental of \$100.00 for each hydrant connected to the system which includes the cost of water for fire fighting.

13. Sewer Surcharges

- a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by Resolution of council.
- b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial waste.

1. Commodity Rates /2009

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First 20,000 gal/qtr	\$6.80	\$2.75	\$9.55
Next 80,000 gal/qtr	\$4.90	\$2.75	\$7.65
Over 100,000 gal/qtr	\$3.40	\$2.75	\$6.15

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¾	2	6000	8.20	40.80	16.50	65.50
1	4	12000	8.20	81.60	33.00	122.80
1¼	10	20000	8.20	136.00	55.00	199.20
1½	10	30000	8.20	185.00	82.50	275.70
2	25	75000	8.20	405.50	206.25	619.95
4	90	270000	8.20	1106.00	742.50	1856.70
Unmetered Flat Rate						89.55

4. Water Only Customers

Customers with water only services shall be charged the minimum quarterly rate applicable to the customer's meter size less the sewer charge. Unmetered seasonal customers will be charged a flat rate of \$134.30 per season including the service charge.

5. Sewer Only for Residential Customers

Customers with sewer only services shall be charged \$35.42 per quarter.

6. Sewer Only for Commercial Customers with a Private Water Supply

Larger customers connected to sewer services only and with a private water supply will meter this water at their own expense, and shall pay quarterly the service charge of \$8.20. Plus the sewer commodity rate set forth in Paragraph 1 hereof on the number of gallons of water registered by the meter on their private water supply, which will be read by the Town.

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- b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial waste.