

M A N I T O B A) Order No. 178/06
)
THE PUBLIC UTILITIES BOARD ACT) December 22, 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 WESTBOURNE
INITIAL WATER RATES
IMMEDIATE EFFECT**

Executive Summary

By this Order, the Public Utilities Board (Board) approves initial water rates for the Rural Municipality of Westbourne's (R.M.) new water utility.

The initial commodity rate will be \$2.20 per cubic metre; the quarterly minimum bill for a residential customer will be \$39.25 (based on 3,000 gallons).

As these initial rates are based on projected operating costs, the Board requires the R.M. to file December 31, 2007 year-end utility financial statements by March 31, 2008, together with an opinion on the adequacy of these initial rates.

Application

The R.M.'s application was supported by By-law No. 1961, which set out the proposed rates.

COMMODITY RATES

Water per cubic meter \$2.20

MINIMUM QUARTERLY CHARGES

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included (Gallons)(CM)</u>	<u>Service Charge</u>	<u>Commodity Rate</u>	<u>Minimum Quarterly Charge</u>
5/8"	1	3,000 (14)	9.25	30.00	39.25
3/4"	2	6,000 (28)	9.25	60.00	69.25
1"	4	12,000 (56)	9.25	120.00	129.25
1 1/2"	10	30,000 (140)	9.25	300.00	309.25
2"	25	75,000 (350)	9.25	750.00	759.25

Bulk water rates were proposed to be \$2.75 per cubic meter. The By-law outlines the full details of the proposal, including other fees and terms and conditions of services related to such matters as late payment charges, disconnection and reconnection charges.

The R.M.'s application was published in the local newspaper and posted in several prominent locations within the municipality. The public notice invited representations to the Board; one was received and the customer expressed disappointment that the proposed commodity rate of \$10.00 per thousand gallons (\$2.20/cubic meter) exceeds the rate initially promoted of \$8.50. As these are initial rates using forecasts, he believed that the \$8.50 should be approved and revisited later if proven too low.

As these are initial rates with no operating history to rely on, the R.M. obtained the assistance of the Manitoba Water Services Board in developing an operating forecast, and this forecast supports the proposed rates.

Projected annual utility operating expenditures:

Pressure	reducing	\$ 8,000.00
station/reservoir		
Salaries/training		\$ 14,500.00
Water testing and chemicals		\$ 5,500.00
Reserve contribution		\$ 6,000.00
Cost of water production		\$127,400.00
Other		300.00
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		\$161,700.00

The provision for reserve development is an important first step towards ensuring future ratepayers will not be faced with rate shock when major capital expenditures are required to replace or enhance the initial system.

Board Findings

The Board will approve the proposed rates and other details of the R.M.'s application as specified in the R.M.'s By-law. The Board considers the R.M.'s cost projections reasonable. While a different lower commodity rate may have been promoted initially, the Board is satisfied that the R.M.'s projections are consistent with the need to have the new utility start on a sound financial basis. If the actual results show an excessive surplus, the R.M. could refile an application with the Board for approval of a lower commodity rate.

The Board will require the R.M. to file its December 31, 2007 financial statements with the Board by no later than March 31, 2008, assess rate adequacy and provide the Board with proposed amendments if deemed necessary.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 1961 of The Rural Municipality of Westbourne BE AND THE SAME IS HEREBY APPROVED subject to amendment on second reading to agree with Schedule "A" attached hereto.

2. The water 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. Rural Municipality of Westbourne will file December 31, 2007 utility financial statements with the Board no later than March 31, 2008, together with an assessment of rate adequacy.
4. Utility reserve fund expenditures may only be undertaken with respect to capital expenditures related to the now-existing utility infrastructure, not to meet annual normal operating requirements, unless the Board has authorized the expenditure pursuant to Section 168 of The Municipal and Various Acts Amendment Act, c. 58.

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. 178/06 issued by
The Public Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 178/06

THE RURAL MUNICIPALITY OF WESTBOURNE

INITIAL WATER RATES

BY-LAW NO. 1961

1.) **QUARTERLY RATES FOR WATER SERVICE BEGINNING JANUARY 1, 2007**

COMMODITY RATES

Water per cubic meter \$2.20

MINIMUM QUARTERLY CHARGES

Meter Size	Group Capacity Ratio	Water Included (Gallons)(CM)	Service Charge	Commodity Rate	Minimum Quarterly Charge
5/8"	1	3,000 (14)	9.25	30.00	39.25
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2.) **BULK SALES**

BULK WATER RATES SHALL BE CHARGED AT THE RATE OF \$2.75 PER CUBIC METER.

3.) **BILLINGS AND PENALTIES**

ACCOUNTS SHALL BE BILLED QUARTERLY. A LATE PAYMENT CHARGE OF 1.25% PER MONTH 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.

4.) **OUTSTANDING BILLS**

PURSUANT TO SECTION 252(2) OF THE MUNICIPAL ACT, "A CHARGE REFERRED TO IN CLAUSE (1) (a) MAY BE COLLECTED BY THE MUNICIPALITY IN THE SAME MANNER AS A TAX MAY BE COLLECTED OR ENFORCED UNDER THIS ACT."

5.) OTHER FEES

- a) 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.
- b) FEES SHALL BE SET AS FOLLOWS: DISCONNECTION: \$50.00 AND RECONNECTION \$50.00.
- c) CHARGE TO REMOVE METER AT REQUEST OF CUSTOMER SHALL BE \$100.00 PLUS ANY CHARGES INCURRED FOR THE TESTING OF SAID METER. SHOULD THE METER TEST TO BE FAULTY, THIS CHARGE WILL BE WAIVED.
- d) WHERE THERE IS EVIDENCE OF METER TAMPERING, A MINIMUM CHARGE OF \$500.00 WILL BE APPLIED TO ANY ACCOUNT PLUS VALUE OF ESTIMATED UNMETERED WATER CONSUMED.
- e) CROSS CONNECTIONS ARE PROHIBITED. ACCORDING TO THE NATIONAL PLUMBING CODE OF CANADA 1995 "NO PRIVATE WATER SUPPLY SYSTEM SHALL BE INTERCONNECTED WITH A PUBLIC WATER SUPPLY SYSTEM".

6.) SERVICE TO CUSTOMERS OUTSIDE MUNICIPALITY, VILLAGE, OR L.I.D. LIMITS

THE COUNCIL OF THE RURAL MUNICIPALITY OF WESTBOURNE MAY SIGN AGREEMENTS WITH CUSTOMERS FOR THE PROVISION OF WATER SERVICES TO PROPERTIES LOCATED OUTSIDE THE LEGAL BOUNDARIES OF THE RURAL MUNICIPALITY OF WESTBOURNE. 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.

7.) 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.