

M A N I T O B A) Order No. 53/07
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THE PUBLIC UTILITIES BOARD ACT) April 20, 2007

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

THE RURAL MUNICIPALITY OF THOMPSON
VILLAGE OF MIAMI
REVISED WATER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves an application by the Rural Municipality of Thompson (Thompson) for increased water service rates for its utility service to the Village of Miami Manitoba (Village). The approval is provided on an interim basis with retroactive effect to the first billing made by the Village employing the revised rates.

The Board notes that Thompson's premature implementation of amended water rates followed and reflected the impact of a rate increase by the Pembina Valley Water Co-operative (PVWC).

The Board reminds Thompson that it is unlawful to implement utility rate changes without first securing Board approval. Board approval, with the exception of ex parte processes reserved for interim decisions subject to subsequent review and finalization, is generally not provided in the absence of a public proceeding, preceded by the provision of notice to ratepayers.

Application

On March 29, 2006, Thompson applied to the Board for revised and increased water utility rates for the Village. In support of the application, Thompson provided By-law No. 4/06, enacted in 2006 to implement rate increases. The by-law and the rate changes followed an increase in the cost of purchased water from PVWC.

Effective April 6, 2006, PVWC's rates increased from \$4.90 to \$5.40 per thousand gallons (from \$1.08 to \$1.19 per cubic meter). PVWC's rate increase was passed-through to consumers with no mark-up.

Thompson implemented the following rate changes:

<u>Commodity Rates (per m³)</u>	<u>Existing (2005)</u>	<u>Revised</u>
Water	\$1.61	\$1.72
Sewer	\$0.37	\$.37
Total	\$1.98	\$2.09
Residential Minimum Quarterly bill (5/8" meter)	\$32.87	\$34.41 ⁽¹⁾
Bulk water/1,000 gallons	\$ 7.32	\$ 7.82

(1) The increase reflected only the increased cost of purchased water. Minimum quarterly bills for other meter sizes changed as well.

Board Findings

The Board will approve the proposed increases, which have already been implemented and billed, on an interim ex parte basis, as the changes only reflect the increase in the purchased cost of water from PVWC, with no mark-up.

However, the Board notes that Thompson increased and billed the rates prior to obtaining approval from the Board and without notice to its customers, both actions contrary to the process followed in the past. Thompson is reminded that any and all changes to utility rates require the Board's approval regardless of cause.

In the absence of a review involving an opportunity for Thompson's utility customers and ratepayers to comment, the Board's approval will be in the form of interim increases. The increases will need to be finally confirmed or amended through a future Board proceeding, which will involve public participation, either through an oral hearing or paper process.

While the Board has received no complaints about Thompson's premature action, it is important to note that there was no public notice inviting comment and customers may not be aware of the legislatively-mandated Board involvement.

As the rates for the utility have not been reviewed for rate adequacy or fairness since 2001, the Board will require Thompson to prepare a rate study, and file the study with rate recommendations with the Board no later than October 31, 2007.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 4/06 of the Rural Municipality of Thompson serving Local Improvement District No. 1 (Miami) BE AND THE SAME IS HEREBY APPROVED, on an Interim Ex Parte basis;
2. The Rural Municipality of Thompson file a rate study, complete with recommendations as to rates, with the Public Utilities Board no later than October 31, 2007.
3. The Rural Municipality of Thompson advise its water

customers through a bill insert of the Board's approval of revised rates, and indicate that the approval is interim pending a public proceeding to be undertaken following the preparation of a rate study. The insert is to be approved by the Public Utilities Board prior to issuance.

Fees payable upon this Order - \$150.00.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, C.A."
Chairman

"G. O. BARRON"
Acting Secretary

Certified a true copy of
Order No. 53/07 issued by The
Public Utilities Board

Acting Secretary