

M A N I T O B A) Order No. 115/07
)
THE PUBLIC UTILITIES BOARD ACT) September 4, 2007

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

THE RURAL MUNICIPALITY OF CARTIER
CARTIER UTILITY SYSTEM
REVISED WATER AND SEWER RATES
EFFECTIVE JANUARY 1, 2008

Executive Summary

By this Order, the Public Utilities Board (Board) approves an application by the Rural Municipality of Cartier (RM) for increased water rates for the Cartier Utility System (CUS) as of January 1, 2008.

The new rate schedule will be:

| | \$/1,000 gallons | | |
|--|-------------------------|-----------------|-------------------|
| | Existing | Proposed | % Increase |
| Water | \$ 8.50 | \$10.50 | 24% |
| Sewer | <u>\$ 4.10</u> | <u>\$ 4.10</u> | <u>0%</u> |
| Total | <u>\$12.60</u> | <u>\$14.60</u> | <u>16%</u> |
| Minimum Quarterly Bill (5/8" meter) | \$50.30 | \$56.30 | 12% |
| Bulk Water | \$ 8.50 | \$10.50 | 24% |

The last water rate increase occurred in 1999; sewer rates were established in 2006. The RM's primary water supply is purchased from the Cartier Regional Water Co-operative Inc. (Co-op) which in turn are supplied by a treatment plant currently owned and operated by the Manitoba Water Services Board (MWSB).

Application

The RM reported 540 customers within the communities of Elie, St. Eustache and Lido Plage - 350 connected both for water and sewer, 187 water only, and 3 sewer only.

On May 1, 2007, the RM applied to the Board for revised water

rates, service charges and minimum quarterly bills, the changes to be effective January 1, 2008. Sewer rates were proposed to remain unchanged, having been established in 2006.

Existing and proposed rates were:

| | \$/1,000 gallons | | |
|--|-------------------------|-----------------|-------------------|
| | Existing | Proposed | % Increase |
| Water | \$ 8.50 | \$10.50 | 24% |
| Sewer | \$ 4.10 | \$ 4.10 | 0% |
| Total | <u>\$12.60</u> | <u>\$14.60</u> | <u>16%</u> |
| Minimum Quarterly Bill (5/8" meter) | \$50.30 | \$56.30 | 12% |
| Bulk Water | \$ 8.50 | \$10.50 | 24% |

The RM advised that the proposed increases were necessitated by higher operating costs, predominately the expected higher costs for purchasing water. The MWSB increased wholesale water rates to the Co-op from \$6.69 to \$6.84 per 1,000 gallons, effective April 1, 2007, and advised of a further increase to \$7.75 (16%) as of October 1, 2007.

MWSB advised the Co-op that its rate increases were required to avoid operating deficits, and that lower rates of increase would be insufficient to meet operating cost increases, such as a 30% increase in chemical prices. As well, MWSB advised of modifications to its treatment plant to address occurrences of low water conditions, the changes involving considerable costs.

In further support of its application, the RM filed a 2007 rate study and responded to questions posed by the Board testing the

underlying rationale of the application.

The RM advised of annual water purchases of approximately 45.2 million gallons, and sales of 42.7 million - the difference being unaccounted for water.

The RM's proposed rate increase included a contingency allowance (\$31,725 for the water service, \$4,138 for sewer service) to meet unforeseen repairs and small capital purchases. The RM advised that it had not provided for contributions from rate-derived revenue to a Utility Reserve Fund, though it indicated an intention to continue contributing any annual surplus that may develop to the Fund.

For 2007, the RM projected the following operating results for the communities it serves:

| | |
|---------------------------|-----------------------|
| St. Eustache | \$15,481 deficit |
| Elie | \$ 5,973 surplus |
| Lido Plage - White Horse | \$10,000 surplus |
| Overall - Cartier Utility | <u>\$ 542</u> surplus |

The RM advised that while it operates its Utility on a consolidated overall basis, and sets rates that apply to all of its customers, it tracks revenues and expenses for each of the served communities.

The RM reported actual 2006 revenues and expenses as follows:

Revenue:

| | |
|-----------------------------|------------------|
| Rates | \$403,125 |
| Capital | <u>246,486</u> |
| Total Revenues | <u>\$649,611</u> |
| | |
| <u>Expenses:</u> | |
| Water | 431,349 |
| Sewer | 36,769 |
| Transfer to Reserve | 78,711 |
| Debenture Debt | <u>94,010</u> |
| Total Expenses _____ | <u>640,839</u> |
| | |
| Net surplus | <u>\$ 8,772</u> |

The RM's rate study projected the following costs, employed to develop the rate proposal:

| | |
|----------------|---------------------|
| Administration | \$ 26,325.00 |
| Water | \$444,834.00 |
| Sewer | <u>\$ 45,513.00</u> |
| Total | <u>\$516,672.00</u> |

The RM advised of two capital projects for next year: a lagoon and low pressure sewer system project expected to cost approximately \$1.36 million, and a water extension for Elmbank Road to cost \$0.19 million. The capital costs would be recovered from the RM's federal and provincial funding partners (Canada/Manitoba Infrastructure Committee).

The RM advised that its water supply costs have continued to increase annually since 1999, and that to-date annual revenues have been sufficient to meet expenses. The RM stated that the MWSB's upcoming rate increase of 16% made it essential to increase the RM's rates, this to avoid future deficits.

The RM advised of its expectation that the MWSB's rates will increase in future at the general rate of inflation (CPI).

The rate study derived a required sewer rate of \$3.73 per thousand gallons, and, with the existing rate being \$4.10, the RM proposed no change at this time. The RM advised that the sewer rate is expected to remain unchanged for the next four to five years.

The RM's proposal was set out in By-law No. 1594-07, read the first time on April 30, 2007. Public Notice of the RM's application was mailed to each customer, the notice provided customers an opportunity to advise the Board of concerns until August 17, 2007, the Board received no expressions of concern.

Background

The RM operates a Utility denoted as the Cartier Utility System, which serves the communities of Elie and St. Eustache, and, as well, certain rural areas of the municipality.

Since 1999, the RM has purchased water from the MWSB through the Co-op. The MWSB currently owns the water treatment plant and the treatment process is referred to as a "cold line soda ash process" similar to other water treatment plants that treat surface water, and similar to those of Portage la Prairie and Brandon. The capacity of the treatment process was reported to

be 50 litres per second, with, under normal operating conditions, a requirement for only 40 litres per second.

Ownership of the plant is apparently eventually to be turned over to the Co-op (comprised of the R.M.'s of Cartier, St. Francois Xavier, Headingley and Portage la Prairie).

Water produced by the MWSB is also provided to customers in a portion of the Rural Municipality of Grey. In a few instances, properties situated near the RM's borders are serviced with water from a neighbouring municipality, due to proximity to another existing pipeline. Currently, the RM purchases water for three residential properties and for the Springstein standpipe from the Rural Municipality of Macdonald's pipeline, and for five residential properties from the Rural Municipality of Portage La Prairie's pipeline. Combined purchases from these municipalities account for less than 1% of the RM's total water purchases.

The RM transports effluent by pipe to lagoons servicing the communities of Elie and Springstein. The total capacity of both lagoons combined is 8.5 million gallons. Discharges from the lagoon were reported as meeting the RM's environmental licenses. The RM advised that to-date it had not entered into discussions with the Province with respect to nutrient removal.

The RM advised that it monitors water quality, with test results reported to the Office of Drinking Water; the RM advised the Board that provincial drinking water standards were being met.

The RM advised that it promotes water conservation through the distribution of educational material to its Utility customers, and through its membership in the LaSalle Redboine Conservation District.

Board Findings

The Board accepts the RM's proposal and rationale, and, with the further assurance provided by no indication of opposition to the proposal from the RM's customers, will approve the rate changes.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 1594-07 of the Rural Municipality of Cartier BE AND IS HEREBY APPROVED.
2. The Rural Municipality of Cartier advise its Utility customers of the impending increases through a bill insert, the insert to be pre-approved by the Board.
3. This Order is subject to any monies to be expended from the Utility Reserve being only to support existing infrastructure, unless the Board has authorized the expenditure pursuant to Section 168 of *The Municipal Act*.

Fees payable upon this Order - \$500.00.

THE PUBLIC UTILITIES BOARD

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"GRAHAM LANE, CA"
Chairman

"G. O. Barron"
Acting Secretary

Certified a true copy of
Order No. 115/07 issued by
The Public Utilities Board

Acting Secretary