

MANITOBA) Order No. 126/07
)
THE PUBLIC UTILITIES BOARD ACT) October 16, 2007

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

THE RURAL MUNICIPALITY OF SOUTH NORFOLK
LAVENHAM UTILITY
INITIAL WATER RATES
EFFECTIVE JANUARY 1, 2008

Executive Summary

By this Order, the Public Utilities Board (Board) approves initial water rates for the Hamlet of Lavenham, including levies to recover annual utility deficits:

Effective Period	Quarterly Service Charge	2006 Deficit	2007 Deficit	Total
1 st quarter of 2008	\$46.20	\$14.92	\$92.40	\$153.52
2 nd quarter of 2008	\$46.20	-	\$92.40	\$138.60
Thereafter	\$46.20	-	-	\$ 46.20

The Rural Municipality of South Norfolk's (R.M.) notice of its application to the Board was mailed to each customer with an invitation to write the Board with any concerns; no responses were received.

The Board also approves a 2006 and projected 2007 operating deficit for the utility, to be recovered in rates.

Application

In late 2006, the R.M. assumed responsibility for the operation of the Lavenham Water Utility (Utility); the Utility provides service to the Hamlet of Lavenham. Prior to the R.M. accepting responsibility, the Utility was operated as a co-operative.

At last report, there were 19 customers, all except for Lavenham's hall being residential customers; all customers are un-metered.

The R.M. noted that a \$283.48 deficit was incurred in 2006 and that a \$1,234.69 deficit was projected for this year. The R.M. proposed rates, as indicated above, to recover the deficits, while estimating operating costs.

The R.M.'s proposal was set out in By-law No. 2469/2007, submitted to the Board after first reading on August 23, 2007. The R.M. was unable to provide the existing rates charged by the co-operative.

Operating costs were projected at \$3,512, including a \$500 provision for both contingencies and reserves. The R.M. noted that the Manitoba Water Services Board (MWSB) is reviewing the Utility for future needs, and this review could impact future rates.

Raw water is obtained from a nearby well and treated with chlorine. Capital costs were paid for by the co-operative, and operating costs include electricity and chlorination costs. Drinking water standards were reported as being met.

The R.M. noted that it is in discussion with the Town of Treherne, towards sharing the services and costs of a certified Utility operator.

Bulk water is not available at the plant.

Board Findings

The Board reviewed the application for initial rates and finds the proposed rates to be just and reasonable.

The Board relied in part on the fact that no customer responded to the Notice of Application and its invitation to write the Board with concerns.

While this Order also approves the actual 2006 and projected 2007 deficit and establishes rates for recovery, if the 2007 deficit proves higher than projected, the R.M. will have to seek the Board's acceptance of the difference and any rate adjustment that may be then required.

The Board is mindful that the MWSB is reviewing the system, and that higher costs and rates may be required in the future if upgrading is required. As these are initial rates, the Board will require the R.M. to file the Utility's year-end financial statements for 2007, 2008 and 2009, with commentary as to adequacy of rates.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 2469/2007 is to be amended to agree with this Order and the rates set out herein.
2. The Utility's 2006 and projected 2007 deficits BE AND ARE HEREBY APPROVED, subject to recovery from the approved rates also as set out herein.
3. The Rural Municipality of South Norfolk file with the Board

an application for approval of the actual deficit for 2007, if the deficit is higher than now approved by the Board.

4. The Rural Municipality of South Norfolk file a copy of the year-end financial statements for the Utility for 2007, 2008 and 2009, together with commentary with respect to the adequacy of rates by no later than March 31, 2008, 2009 and 2010, respectively.

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. 126/07 issued by
The Public Utilities Board

Acting Secretary