

M A N I T O B A                    )     Order No. 145/07  
  )  
THE PUBLIC UTILITIES BOARD ACT    )     November 14, 2007

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

THE RURAL MUNICIPALITY OF PORTAGE LA PRAIRIE  
LOCAL URBAN DISTRICT OF OAKVILLE  
REVISED WATER AND SEWER RATES

**Executive Summary**

By this Order, the Public Utilities Board (Board) approves an application of the Rural Municipality of Portage la Prairie (RM) for revised and increased water rates, to take effect January 1, 2008 for the Local Urban District of Oakville (Oakville).

Existing and revised rates are:

	<u>Existing</u>	<u>Revised</u>	<u>Inc./Dec. %</u>
Quarterly Service Charge	\$ 3.95	\$ 4.90	24
Water \$/1,000 gallons	5.80	\$11.30	95
Sewer \$/1,000 gallons	5.40	\$ 5.10	(6)
Bulk \$/1,000 gallons	\$10.00	\$12.00	20
Minimum Quarterly Bill (5/8")	\$37.55	\$54.10	44
Sewer Only Quarterly Flat Charge	\$45.00	\$29.64	(34)

Notice of the RM's application was mailed to each customer - no ratepayer responded expressing concern.

**Application**

On August 30, 2007, the RM applied to the Board for approval of revised water and sewer rates for Oakville as set out in the RM's By-law No. 3002.

Then-existing rates, established in 1987, and proposed rates were:

	<u>Existing</u>	<u>Proposed</u>	<u>Inc./Dec.%</u>
Quarterly Service Charge	\$ 3.95	\$ 4.90	24
Water \$/1,000 gallons	5.80	\$11.30	95
Sewer \$/1,000 gallons	5.40	\$ 5.10	(6)
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The major component of Utility operating costs (approximately 70%) is the cost of purchasing water from the Cartier Regional Water Co-operative System. In 2007, the cost of purchasing water increased on two occasions, from \$6.69 to \$7.75 with the last increase effective October 1, 2007 - a 16% overall increase. Since 1999, the cost of water has increased from \$6.00 per thousand gallons to \$7.75, or 30%, without any increase in rates charged.

Except for a transfer from reserves in 2006, the utility would have incurred an operating deficit.

A summary of the operating costs of the utility is as follows:

Administration	\$ 3,521
Water	\$ 87,133
Sewer	<u>\$ 36,295</u>
Total	\$126,949

Sewer rates were proposed to decline, the decreases to reflect the current cost of operating the Oakville sewer system.

A \$1,222 contingency allowance was reflected in the proposed rates. The annual debenture debt cost of the utility of \$17,306 is recovered by taxes on assessment, and is not reflected in

rates.

As of December 31, 2006, the Oakville utility had \$101,896 in accumulated cash surplus and \$120,378 in reserves.

The Oakville utility has 180 customers; 175 water and sewer customers, 1 water only, and 4 sewer only.

The utility has experienced unaccounted for water of 25%, a level attributed to poor installation. The RM is repairing leaks as detected.

Notice of the RM's application was mailed to each customer with a request for persons to write the Board by October 19, 2007; no one responded. The Board was apprised that Oakville community members were generally aware of the RM's proposal, which was covered by the media after the by-law was given first reading. The RM advised that it had not received any opposition to the proposed rate increases.

### **Board Findings**

The Board will approve the rate application and the proposed rates.

The Board is satisfied that the rates proposed will provide the utility sufficient revenue to cover its expenses, particularly the revised cost of purchasing water in addition and a small sum to cover unplanned expenditures. The Board is pleased to see

the utility progressing towards a stronger financial position; these rates may allow the utility to preserve its financial health.

The unaccounted for water level is high, outside the typical range and, if leaks are readily detectable, the RM's plan of action is reasonable and should lead to reduced levels of unaccounted for water. If such leaks are not readily detectable other means to detect leaks should be considered.

**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 3002 BE AND IS HEREBY APPROVED and rates are to be effective on and after January 1, 2008.
2. The Rural Municipality of Portage la Prairie monitor and report to the Board by July 31, 2008, the status of unaccounted for water as at July 1, 2008.

Fees payable upon this Order - \$150.00.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, C.A."  
Chairman

"G. Barron"  
Acting Secretary

Certified a true copy of  
Order No. 145/07 issued by  
The Public Utilities Board

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Acting Secretary