

M A N I T O B A) Order No. 177/07
)
THE PUBLIC UTILITIES BOARD ACT) December 31, 2007

BEFORE: Graham Lane, CA, Chairman
 Monica Girouard, CGA, Member
 Susan Proven, P.H.Ec., Member

THE RURAL MUNICIPALITY OF THOMPSON
VILLAGE OF MIAMI
REVISED WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves an application of the Rural Municipality of Thompson (RM) for revised water and sewer rates for the Village of Miami, as set out in RM By-law No. 6/07 (read the first time on September 12, 2007).

	Existing⁽¹⁾	Revised	Increase
Service Charge	\$ 5.15	\$ 5.15	0%
Water (\$/cu. m.)	\$ 1.72	\$ 1.94	13%
Sewer (\$/cu. m.)	\$ 0.37	\$ 0.40	8%
Minimum Quarterly Bill	\$ 34.41	\$ 37.91	10%
Sewer only	-	\$ 19.55 ⁽²⁾	

⁽¹⁾ On April 20, 2007, the Board approved revised rates on an interim ex parte basis.

⁽²⁾ Based on 14 cu. m. or approximately 3,000 gallons.

The Board finds the RM's application consistent with the Board's guidelines and representing a reasonable recovery of the RM's projected cost of purchasing water from the Pembina Valley Water Co-op (PVWC) and meeting other operating costs. As well, the Board confirms the directions of Board Order 53/07, which was issued on an interim ex parte basis.

Application

The RM applied to the Board on September 20, 2007 for revised water and sewer rates for the Village of Miami.

The last rate change took place through interim ex parte Order 53/07, dated April 20, 2007. Order 53/07 provided a 5.5% increase in commodity rates over rates then in effect which had been approved in 2005. Order 53/07 allowed a pass through of increased cost of purchasing water from PVWC.

As there had not been a comprehensive public review of the rates since 2001, the Board required the RM to undertake a review of rate adequacy and file recommendations with the Board on or before October 31, 2007.

As a result of the RM's review, it proposed no change to the quarterly service charge, a 13% increase to the water commodity rate, and an 8% increase for sewer rates.

The RM's application was mailed to each customer and posted in several prominent locations in the area. The Board received no responses to the Public Notice.

The Utility has incurred no operating deficit since 2001.

The projected operating costs reflected in the RM's rate proposals were:

Administration	\$ 4,325
Water	\$75,850
Sewer	<u>\$13,750</u>
Total	<u>\$93,925</u>

Forecast operating costs include no contingency allowance. However, \$5,000 was reflected in water rates and \$1,750 in sewer rates, to provide for contributions to the Utility reserves.

In prior years, the operating costs of the Rural Water Utility were added to the costs of the Village of Miami utility in determining rates. However, in the future, costs will be separated; the above forecast represents the estimated operating costs of the Miami utility on a stand-alone basis.

The RM followed the Board's guidelines and example rate study to formulate its rate proposal.

Background

The Utility serves 210 customers. As at December 31, 2006, the Utility reported \$2,311 in accumulated surplus and \$24,091 in reserves. No debenture debt was outstanding, and the original capital cost of the system was:

Water	\$271,493
Sewer	\$278,845

Unaccounted for water (water produced but not billed) was 10%, and this included un-metered water used for maintenance purposes.

Approximately 22% of water sales relate to bulk water sold at \$1.94 per cubic meter. As there is no debenture debt, the bulk water rate is equal to the rate charged to residents in the Village of Miami.

A single step rate schedule is employed by the RM.

As noted earlier, the RM purchases treated water from the PVWC and the Utility only provides chlorination. The plant is reported in good condition and provincial drinking water standards were reported as being met. The operator of the plant was indicated to be duly qualified.

Board Findings

The Board will approve the RM's application. The proposal is consistent with the Board's guidelines and represents fairly projected operating costs, particularly as related to the purchase of water from the PVWC.

The Board will also confirm, as final, the rates established by previous interim ex parte Order No. 53/07.

The Board is pleased to note that the Utility has been operating without deficit since 2001, and that the RM plans to set money aside for future capital replacement.

IT IS THEREFORE ORDERED THAT:

1. Interim Ex Parte Order No. 53/07 dated April 20, 2007 IS
HEREBY APPROVED.

2. By-law No. 6/07 BE AND IS HEREBY APPROVED.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE CA"

Chairman

"G. O. BARRON FCGA"

Acting Secretary

Certified a true copy of Order No.
177/07 issued by The Public
Utilities Board

Acting Secretary