

M A N I T O B A                    )     Order No. 106/08  
  )  
THE PUBLIC UTILITIES BOARD ACT    )     July 16, 2008

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

THE RURAL MUNICIPALITY OF LANSDOWNE  
INITIAL WATER AND SEWER RATES

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## Summary

By this Order, the Public Utilities Board (Board) approves an application by the Rural Municipality (RM) of Lansdowne for initial rates for its water and sewer utility, which will service the community of Arden and surrounding area.

Commodity (\$/1000 gallons)	Initial Rates	Interim <sup>(2)</sup> Rates
Water	\$13.76	\$6.26
Sewer	\$ 0.72	\$ 0.72
Minimum Quarterly Bill <sup>(1)</sup>	\$47.29	\$24.79
Quarterly Service Charge	\$ 3.85	\$ 3.85
Bulk water rate (\$/1000 gallons)	\$13.00	

<sup>(1)</sup>Includes 3000 gallons for the 5/8" meter size (residential)

<sup>(2)</sup>Interim rates until water is supplied by the Yellowhead Regional Water Co-op

The Board reviewed the RM's application and found the RM's estimate of utility costs and projected revenues reasonable, while recognizing the Utility had no operating experience to rely on.

## Application

The RM applied to the Board for approval of initial rates as set out in By-law No. 2103/08, read the first time on May 2, 2008. The application was supported by a rate study.

The application sought both interim rates and final rates, the rates to be final when water is being purchased from the Yellowhead Regional Water Coop (YRWC). Currently, water is pumped from a well into a 1,500 gallon underground storage tank and then-treated. Once the reservoir and a rural water pipeline

is constructed water will be purchased from the Yellowhead Regional Water Coop.

Notice of the RM's application was published on two occasions and posted at several locations in the area with an invitation to write the Board by June 27, 2008 with any concerns or comments; no concerns were received.

Projected annual operating costs for rate making purposes were:

Water	\$29,450
Sewer	\$ 1,500
	\$30,950

Operating costs include a \$2,000 provision towards the development of a reserve fund; no contingency allowance has been established as the Utility is new.

As this is a new Utility, all costs and expected sales volumes were based on best estimates, using as a guide an example rate study used by a neighboring municipality. The RM advised that the service charge was developed by taking into account projected administration costs, including the cost of billing and collection.

All services are metered employing 5/8 inch meters. The RM proposed a single step rate and for the 5/8" meter size, proposed a minimum volume of water to be included per quarter of 3,000 gallons which is the industry normal practice.

At the time the Application was made the RM was relying on temporary certified operators and was looking for a replacement for an operator who had recently passed away. Drinking water

standards are being met.

## **Background**

The Utility expects to initially have 68 customers and, once the total water supply is purchased from the YRWC. The purchase cost of the water is expected to approximate 53% of the total operating costs of the Utility. There will be 9 hydrants installed which will become operational once the complete system is constructed.

The capital cost of the system was \$829,000, and the cost of purchased water from the YRWC is to be \$7.50 per 1,000 gallons. The cost of the lagoon was financed through the Canada-Manitoba Infrastructure Program and the RM. The RM's portion was paid from a Reserve Fund raised through taxation levied across the entire RM. While Arden is an LID, the RM's Utility is to service the entire RM; therefore, the tax levies are meeting the annual servicing costs of the debentures issued by both the RM and the Village of Arden (approximately \$400,000 and \$500,000, respectively).

The Lansdowne Lagoon has been operational since the fall of 2006. The lagoon was built to accommodate the septic waste from the Village of Arden, providing through a low-pressure sewer system. A dumping station was constructed for rural residents. Lagoon discharges will be made north of the lagoon through a slough area and then into the Pembroke Drain.

### **Board Findings**

As the sewer utility is new, the Board will declare it a "public utility" for rate setting purposes.

Having considered the RM's Application and noting the Utility is new and projected costs and revenues are based on best estimates, the Board will approve the rates proposed by the RM. The RM followed the Board's Guidelines in the development of its rate proposal; accordingly, the Board finds the rates just and reasonable.

While the Board would have preferred a separate customer service charge, as these are initial rates only which will likely require amendment once actual operating costs and revenues are known, the Board will approve the proposed rates, while requiring future applications to separate the charges.

The Board will direct the amendment of the RM's proposed disconnection provision to agree with the current requirements for notice and appeals set out by the Board.

**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 2103/08 of the Rural Municipality of Lansdowne  
BE AND IS HEREBY APPROVED subject to being amended as per  
Schedule "A" attached.

2. The sewer utility is declared a public utility.

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.  
106/08 issued by The Public  
Utilities Board

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Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 106/08

THE RURAL MUNICIPALITY OF LANSDOWNE

INITIAL WATER AND SEWER RATES

BY-LAW NO. 2103/08

SCHEDULE OF QUARTERLY RATES:

1. Commodity rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
All water consumption (Final)	\$13.76	\$0.72	\$14.48
All water consumption (Interim)	\$ 6.26	\$0.72	\$ 6.98

2. Minimum Charges, Quarterly

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

(a) Water and Sewer Customers (Final)

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Commodity Charges</u>		<u>Total Quarterly Minimum</u>
				Water Sewer		
5/8"	1	3,000	\$ 3.85	\$ 41.28	\$ 2.16	\$ 47.29
¾"	2	6,000	3.85	82.56	4.32	90.73
1"	4	12,000	3.85	165.12	8.64	177.61
1 ½"	10	30,000	3.85	412.80	21.60	438.25
2"	25	75,000	3.85	1032.00	54.00	1089.85

(b) Water and Sewer Customers (Interim)

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Commodity Charges</u>	<u>Total Quarterly Minimum</u>	
				Water Sewer		
5/8"	1	3,000	\$ 3.85	\$ 18.78	\$ 2.16	\$ 24.79
¾"	2	6,000	3.85	37.56	4.32	45.73
1"	4	12,000	3.85	75.12	8.64	87.61
1 ½"	10	30,000	3.85	187.80	21.60	213.25
2"	25	75,000	3.85	469.50	54.00	527.35

(c) Water Only Customers

Minimum charge will be the same for each meter size as shown, above, but the Sewer Commodity Charge will be excluded.

3. Bulk Sales Rate

All water sold in bulk by the Rural Municipality of Lansdowne shall be charged for at the rate of \$ 13.00 per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$ 6.50.

4. Service to Customers outside Municipality, Town, or L.I.D., limits

The Council of the Rural Municipality of Lansdowne may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the R.M. of Lansdowne. Such agreements shall provide for payment of the appropriate rates set out in the schedule, as well as a surcharge, set by resolution of Council, which shall be equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the utility's mains and installing and



maintaining service connections will be paid by the customer.

5. Billings and Penalties

A late payment charge of 1¼% shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

6. Disconnection

*Service may be disconnected and discontinued for non-payment of the account. If the account remains unpaid **30 days** past the due date, customers will be sent a reminder notice. If after a further 30 days, the account remains unpaid, a second notice will be issued providing disconnection advice unless payment is received within **30 days**. All disconnection notices shall advise the customer of the specific date of the disconnection and of their right to appeal to The Public Utilities Board and include the Board's relevant contact information.*

7. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$ 50.00 have been paid.

8. Outstanding Bills

Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer service are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. Hydrant Rentals

The R.M. of Lansdowne will pay to the utility an annual rental of \$ 75.00 for each hydrant connected to the system.

10. Water Allowance Due to Line Freezing

That in any case where, at the request of the Council, a customer allows water to run continuously for any period of time to prevent the water lines in the water system from freezing, the charge to that customer for the current quarter shall be the average of the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed.

11. Sewage Surcharges

- (a) There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen demand in excess of 300 parts per million, to be set by resolution of Council.
- (b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial wastes.