

M A N I T O B A                    )     Order No. 136/08  
  )  
THE PUBLIC UTILITIES BOARD ACT    )     September 18, 2008

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

THE RURAL MUNICIPALITY OF ARGYLE  
LOCAL IMPROVEMENT DISTRICT No. 1 (BALDUR)  
REVISED WATER AND SEWER RATES

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### **Executive Summary**

By this Order the Public Utilities Board (Board) confirms the interim revised rates for the community of Baldur approved by the Board in Ex Parte Order No. 105/08.

As required, Notice of the Rural Municipality of Argyle's application and the Board's decision was provided to the ratepayers and after considering the three responses, the Board determines that the increases were just and reasonable and confirms the rates in this Order.

The existing and rates approved in Order No. 105/08 are as follows:

<b>\$/1000 gallons</b>	<b>Existing</b>	<b>2008</b>	<b>%</b>	<b>2009</b>	<b>%</b>	<b>2010</b>	<b>%</b>
Water	\$ 8.46	\$14.60	72.6	\$15.00	2.7	\$15.40	2.7
Sewer	<u>\$ 0.90</u>	<u>\$ 1.75</u>	94.4	<u>\$ 1.80</u>	2.9	<u>\$ 1.85</u>	2.8
Total	\$ 9.36	\$16.35	74.7	\$16.80	2.7	\$17.25	2.7
Service Charge	\$ 6.91	\$ 6.95	0.5	\$ 7.00	0.7	\$ 7.10	1.4
Min. Quarterly Bill (5/8" meter) <sup>(2)</sup>	\$34.99	\$56.00	60.0	\$57.40	2.5	\$58.85	2.5
Bulk Water	\$12.91	\$16.80	30.1	\$17.20	2.4	\$17.60	2.3
Sewer Only <sup>(1)</sup>	\$10.18	\$20.95	105.8	\$21.40	2.1	\$21.90	2.3

<sup>(1)</sup> assumes 8000 gallons per quarter plus service charge.

<sup>(2)</sup> assumes 3000 gallons per quarter plus service charge.

## **Background**

On July 16, 2008, the Board, in Ex Parte Order No. 105/08 approved interim revised water and sewer rates for the community of Baldur for the years 2008, 2009 and 2010 as set out in By-law No. 06-2008 of the Rural Municipality of Argyle (RM) filed with the Board after first reading on June 10, 2008. This By-law received final reading on August 12, 2008.

The Board approved such increases on an interim ex parte basis (without notice) as the Board determined the matter to be urgent to allow the RM to recover its new higher cost of purchasing water from the Manitoba Water Services Board (MWSB) which increased by 81%.

The Order required the RM to provide Notice to its customers of the increased rates inviting concerned ratepayers to write the Board by August 22, 2008.

Such rates took effect July 1, 2008 but the RM inadvertently included the charging of the revised rates on past consumption which is being corrected in the October billings.

## **Ratepayer's Response**

The Board received three responses to the notice inviting public response. Two ratepayers expressed concern about the amount of the increase and one suggested that the increase ought to be phased in over ten years.

One ratepayer expressed concern about the interim ex parte process used by the Board suggesting a public hearing would have been preferred. This ratepayer did not object to the MWSB increase but noted that the increase was introduced in December, 2007, leaving plenty of time for due process including a public hearing. The ratepayer believed a better understanding of the reasons for the increase may have alleviated concerns especially noting that the RM, in addition to water and sewer rates, collect a 2.77 mil levy for capital projects related to the Utility.

#### **Board Findings**

*The Public Utilities Board Act* allows the Board to issue interim ex parte orders on a finding of urgency. Notwithstanding that the RM had received notice of the increase in the purchase cost of water on December 19, 2007 and only advised the Board through an application filed on June 16, 2008, this does not negate the fact that, without an early decision to allow the increase in rates, the Utility was expected to incur an operating deficit. To the extent possible, operating deficits ought to be avoided and accordingly, the Board issued Interim Ex Parte Order No. 105/08.

Having issued this Order, the Board instructed the RM to provide Notice to its customers about the Board's decision giving customers an opportunity to make inquiries about the application and provide feedback to the Board. The Notice, approved by the Board, was to include a provision advising customers a response was required by August 15, 2008. However, such provision was

omitted. Consequently, an amended Notice was issued inviting customers to respond by August 22, 2008. This Notice was placed in customers' mail boxes on August 14, 2008 and there was no other response.

Further, the RM implemented the rates without final passage of the By-law and the revised rates were applied to consumption over the minimum bill retroactively. In subsequent correspondence with the RM, the Board was advised the retroactive amount collected is to be credited to ratepayers on the October 2008 bills.

Interim Ex Parte Order No. 105/08, which should be read in conjunction with this Order, sets out in detail the reason for the increase in rates approved by the Board.

Having considered the concerns of the ratepayers the Board will confirm the interim rates noting the following from Order No. 105/08 at Page 8.

"The Board finds the RM's action prudent, not only to adjust rates for the new purchase cost of water, but also to update all its costs at this time. The increases in rates are substantial and will represent rate shock. While rate shock is far from a desirable situation, under the circumstances no other options appear available."

September 18, 2008  
Order No. 136/08  
Page 6 of 6

**IT IS THEREFORE ORDERED THAT:**

1. Interim Ex Parte Order No. 105/08 dated July 16, 2008 IS  
HEREBY CONFIRMED.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"

Chairman

"KRISTINE SCHWANKE"

Acting Secretary

Certified a true copy of Order No.  
136/08 issued by The Public  
Utilities Board

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Acting Secretary