

M A N I T O B A)
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THE PUBLIC UTILITIES BOARD ACT) Order No. 163/08
) December 15, 2008

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

THE TOWN OF THE PAS
REVISED WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves a 15% *ex parte* interim rate increase for the Town of The Pas (Town), and, as well, the offsetting of the Town's utility 2007 operating deficit of \$151,703.30 from the Utility Reserve.

The new rates, as noted on Schedule "A" attached hereto, will take effect for consumption on and after January 1, 2009.

Application

The Town applied to the Board on October 20, 2008 for approval to "recover" its utility 2007 operating deficit of \$151,703.30 from the Utility Reserve, which stood at \$573,426.32 as of December 31, 2007.

Prior to the new rates established herein, rates were last amended in 2002.

The main factors attributed to the 2007 operating deficit were:

- a reduction in commercial rates revenue of approximately \$118,000, due to business closures;
- a reduction in connection revenue due to no growth in overall customers/population; and
- an accounting adjustment due to new accounting rules related to accrued employee vacations.

The Town stated that in the absence of a rate increase its utility would not be financially sustainable.

The Town filed a draft rate proposal, which had not been finalized. The draft suggested a requirement for revenue growth in the range of 50%.

The Town advised of concern over the high unaccounted for water rate of 45% and suggested that before it finalizes a rate proposal, it wanted to complete its investigation of the causes of water loss.

Board Findings

The Board will approve the use of the Utility Reserve to offset the 2007 utility operating deficit.

As it is apparent that a rate increase is required, the Board will also, as an interim measure, approve an immediate 15% increase in rates, this to reduce the risk of another large deficit occurring in 2009.

The Board encourages the Town to investigate and determine the reasons for the high unaccounted for water rate, but notes that determining the causes and making necessary repairs will take time and, meanwhile, in the absence of additional revenue from rates, a new deficit will form.

Accordingly, the Board, using the authority provided it in *the Public Utilities Board Act*, will provide the Town with a 15% interim rate increase and, noting the matter is urgent, will approve the increase on an interim ex parte basis (without advance notice to ratepayers).

Once the Town's application is received this interim rate will

be confirmed or amended; based on the evidence, a further increase may well be required. Consideration of a further increase will likely require an oral public hearing in the Town.

The Town will be required to provide Notice of the revised rates to its ratepayers, along with the reasons, as soon as possible. The new rates will take effect for consumption on and after January 1, 2009.

Board decisions may be appealed in accordance with the provisions of Section 58 of *the Public Utilities Board Act*, or reviewed in accordance with section 36 of the Board's Rules of Practice and Procedure.

IT IS THEREFORE ORDERED THAT:

1. The Town of The Pas amend its rate by law to agree with the rates attached on Schedule "A" which rates to take effect for consumption on or after January 1, 2009.
2. The Town of The Pas provide notice to its ratepayers of the rate increase and the reasons cited by the Public Utilities Board - the notice is to be pre-approved by the Public Utilities Board.
3. The Town of The Pas file a rate application as soon as possible, and prior to March 31, 2009.

Fees payable upon this Order - \$250.00.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"
Chairman

"G.O. BARRON, FCGA"
Acting Secretary

Certified a true copy of Order No.
163/08 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 163/08
THE TOWN OF THE PAS
WATER AND SEWER RATES

Schedule of Quarterly Rates:

1. Commodity Rates per M.G.

	<u>Water Only</u>	<u>Sewer Only</u>	<u>Sewer & Water</u>
First 18,000 gallons per quarter	\$7.25	\$2.75	\$10.00
Next 82,000 gallons per quarter	\$4.75	\$2.75	\$7.50
All over 100,000 gallons per quarter	\$2.70	\$2.75	\$5.45

2. Minimum Quarterly Charges

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

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	4,000	\$11.00	\$ 29.00	\$ 11.00	\$ 51.00
3/4"	2	8,000	\$11.00	\$ 58.00	\$ 22.00	\$ 91.00
1"	4	16,000	\$11.00	\$116.00	\$ 44.00	\$ 171.00
1 1/2"	10	40,000	\$11.00			
		18,000		\$130.50		
		22,000	\$11.00	\$104.50	\$110.00	\$ 356.00
2"	25	100,000				
		18,000		\$130.50		
		82,000	\$11.00	\$389.50	\$275.00	\$ 806.00
3"	45	180,000				
		18,000		\$130.50		
		82,000		\$389.50		
		80,000	\$11.00	\$216.00	\$495.00	\$1,242.00
4"	90	360,000				
		18,000		\$130.50		
		82,000		\$389.50		
		260,000	\$11.00	\$702.00	\$990.00	\$2,223.00

(b) Water Only Customers

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

(c) Sewer Only Customers

Minimum charge will be the same as shown above, but, the Water Commodity Charge will be excluded.

3. Bulk Water Rate

All water sold in bulk by the Town of The Pas shall be charged for at the rate of \$8.00 per thousand gallons.