

M A N I T O B A                    )     Order No. 19/08  
  )  
THE PUBLIC UTILITIES BOARD ACT    )     March 11, 2008

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

THE RURAL MUNICIPALITY OF ARTHUR  
REVISED WATER RATES

### **Executive Summary**

By this Order the Public Utilities Board (Board) approves an application by the Rural Municipality of Arthur (RM) to pass-through to ratepayers the revised water rates charged to the residents in the RM by the Town of Melita (Town). The RM assesses ratepayers no other charge for water.

The Board's previous rate change approval for the Town took place in 2007, by means of Order No. 87/07.

The revised rates are as follows:

	\$/1000 gallons		% Increase
	Approved	Existing	
First 100,00 gallons	\$ 6.74	\$ 4.37	54
Over 100,000 gallons	\$ 3.10	\$ 1.18	169
Minimum quarterly bill (5/8" meter)	\$ 31.60	\$ 21.13	50
Administration Charges	\$ 11.38	\$ 8.02	42

The Board also approves a process whereby the RM may continue to pass-through Board approved revised rates for the Town, on the basis that such rates are passed through without mark-up. The RM is to pass by-laws and file same with the Board, and the Town will be required to ensure Notice of its application to the Board for rate increases are shared with those customers residing in the RM.

## **Application**

On October 25, 2007, the RM applied to the Board for revised water rates as set out in By-law No. 1805, read for the first time on October 10, 2007. The proposed rates were implemented in advance of the Board's Order.

RM residents are provided water supply by the Town, which, by Agreement with the RM, provides the service at the same rates charged by the Town to Town residents. The Town provides for all maintenance of the lines and is responsible for all billings. When customers are delinquent in the payment of water bills, the RM adds such costs to the resident's tax bill and remits payment to the Town.

The application sought to confirm processed rate increases and requested the Board's approval of a process to pass-through future increases in the same manner, providing that the RM does not mark-up the rates in any way.

Notice of Application (Notice) was mailed to each customer with a request for persons with concerns or comments to write the Board by no later than February 22, 2008; no concerns were reported. The Notice also made reference to the Town receiving the Board's approval to implement on a discretionary basis two additional rate increases of up to 5%, to be effective April 1, 2008 and 2009.

In reviewing this application, the Board noted that the Town is

charging rates identical to the rates charged their residents. The Town does not collect any part of the debenture debt costs of the utility being paid for by the Town residents. Such additional surcharges would be consistent with the Board's Guidelines and would recognize that all customers should make some contribution to the capital costs of the utility.

The Town advised the Board that it is planning a rate review in 2008 to consider the 5% discretionary increase granted by the Board, and will consider a surcharge at that time. Accordingly, the current rates charged by the Town, as approved by this Order, may require further amendment.

The RM advised that the costs of managing the Agreement with the RM are minimal; all other costs to be collected by the Town directly from the customers. Therefore they proposed no mark-up.

### **Board Findings**

The Board will approve the rates proposed by the RM, and already in effect, and, further, will approve the process currently followed under the Agreement to pass through Board approved rates charged by the Town to its customers located in the RM.

The Board will require the RM to file the required By-law after passing for the Board's record. If the RM decides it is necessary to charge rates different than those approved by the Board for the Town, such rates will require the Board's

approval.

**IT IS THEREFORE ORDERD THAT:**

1. By-law No. 1805 of the Rural Municipality of Arthur BE AND IS HEREBY APPROVED;
2. The water rates set forth in Schedule "A" attached hereto shall apply to all customers of the utility.
3. The Rural Municipality of Arthur BE AND IS HEREBY given authority to pass-through rate increases approved by the Board for the Town of Melita pursuant to the Agreement between the Rural Municipality of Arthur and the Town of Melita, subject to the Rural Municipality of Arthur filing the required By-law with the Board after its passage.
4. The Rural Municipality of Arthur undertake to file with the Board any changes to the Agreement which impact on the recovery of the operating costs of the utility.
5. The Rural Municipality of Arthur BE AND IS HEREBY required to file for the Board's approval all charges should the Rural Municipality of Arthur vary the rates approved for the Town of Melita.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

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"GRAHAM LANE CA"

Chairman

"G. O. BARRON FCGA"

Acting Secretary

Certified a true copy of Order No.  
19/08 issued by The Public  
Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 19/08

THE RURAL MUNICIPALITY OF ARTHUR

WATER RATES

BY-LAW NO. 1805

SCHEDULE OF QUARTERLY RATES:

1. Commodity Rates per M.G.

	<u>Water</u>
All water consumption - First 100,000	\$6.74
Over 100,000	\$3.10

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:

Meter	Group	Water	Customer	Commodity	Total
<u>Size</u>	<u>Capacity</u>	<u>Included</u>	<u>Service</u>	<u>Charge</u>	<u>Quarterly</u>
	<u>Ratio</u>	<u>Gallons</u>	<u>Charge</u>	<u>Water</u>	<u>Minimum</u>
5/8"	1	3,000	\$11.38	\$20.22	\$31.60
1"	4	12,000	\$11.38	\$80.88	\$92.26

3. Failure to Provide Water

The municipality will not be responsible for failure to provide water to its customers if any breakdowns occur in the pipe line within the municipality, or by reason of the fact that water is not available from the Town of Melita's water system sufficient to supply the municipality's demands for its customers.

4. Lost Water

Any water lost in the system, as determined by subtracting from the total water purchased from the town, the amount sold to the customers of the municipality, shall be recovered from customers on an equal basis, and at the rates as set out in this Schedule.