

M A N I T O B A) Order No. 43/08
)
THE PUBLIC UTILITIES BOARD ACT) April 9, 2008

BEFORE: Susan Proven, P.H.Ec., Acting Chair
 Monica Girouard, CGA, Member

RURAL MUNICIPALITY OF WOODLANDS
LOCAL IMPROVEMENT DISTRICT No. 3 (WOODLANDS)
REVISED SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves the Rural Municipality of Woodlands' (RM) application for increased rates for its sewer utility for Local Improvement District No. 3 - Woodlands (Utility), as follows:

	Quarterly Charges		
	Existing	Revised	Increase
Service Charge	\$6.95	\$7.00	0.7%
Residential Equivalent Unit (R.E.U.)	<u>\$12.61</u>	<u>\$28.50</u>	126.0%
Residential Bill	<u>\$19.56</u>	<u>\$35.50</u>	81.5%

As sewer service is un-metered, rates are therefore determined on the basis of Residential Equivalent Units, a well-established industry practice that approximates usage by property type.

The Board also approves the RM's application to recover its 2007 Utility revenue deficit of \$2,189.79 from the Utility's accumulated surplus.

Application

The RM applied to the Board for revised sewer rates as set out in its By-law 2547/08. Rates were originally set in the year 2000 and the application was the first seeking an increase.

Notice of the Board's Public Hearing to review the RM's application was published and the hearing was subsequently held on March 26, 2008 in the Town of Warren at the Warren Multipurpose Hall. The RM's Chief Administrative Officer, Ms. Beverley Wells, and consultant, Mr. Anthony Reid attended, no utility ratepayer was present.

Financial status

The Utility had approximately \$2,500 in its accumulated surplus account and a further \$2,000 in the reserve account as of December 31, 2007, the latter balance after having affected the recovery of the 2007 Utility deficit of \$2,200.

The RM advised that the 2007 deficit was primarily related to repairs completed on the Woodlands lift station pump, necessitated by an obstruction caused by improper flushing.

The sewer system's original capital cost was estimated at \$289,465. The projected operating costs of the system include a provision of 0.5% of the original capital cost (i.e. \$1,400) as a contingency for unforeseen expenses, with an additional 0.5% (\$1,400) of the original cost to be set aside annually as a contribution to the reserve balance.

There is an outstanding debenture requiring annual debt servicing payments of \$29,480.88, and the payment is met through tax assessments.

Projected annual Utility operating costs were:

Administration	\$2,325
Operating	<u>\$14,225</u>
Total	<u>\$16,550</u>

Rate study

The RM supported its application by a rate study prepared by consultant Anthony J. Reid Chartered Accountant Inc.

While the rate increases sought represented a small increase to the administrative charge of slightly less than 1%, the proposed increase per Residential Equivalent Unit (REU) was 126%, to bring the quarterly charge from \$12.61 to \$28.50. An REU represents the estimated standard quarterly usage of one residential customer; other customers are assigned REU's on the basis of estimated usage compared to one residential customer. The Utility has 74 residential and 12 commercial customers.

On an overall basis, a residential customer's annual bill was proposed to increase to \$142.00 from \$78.24 (an increase of 81%).

The RM indicated that the major factor in its need for higher rates was related to the 2007 acquisition of shared services of a qualified operator (shared with the Town of Rockwood). The RM also noted a need to complete the installation of rip rap around the lagoon, at an estimated cost of \$3,500.

In 2004 the RM began flushing sewer lines on an annual basis, but had to discontinue the practice in 2006 due to lack of funds. With the increased rates, the program would be resumed, so as to better ensure the continued good operation of the sewer line.

Board Findings

The Board noted that no residents served by the Utility attended the hearing, despite Notice having been provided. This is an indication that the Utility's customers recognize the needs cited by the RM for rate increases to permit proper operation and maintenance of the sewer system.

With the attention being paid to the deteriorating condition of Lake

Winnipeg, the Board commends the RM for having undertaken to engage a qualified operator. This should assist the Town in meeting the targets and standards set from time to time by the Province in relation to sewage treatment.

The Board accepts the cost projections and proposed related rates as being reasonable.

The Board also notes that the principal cause of the 2007 deficit was due to an unanticipated repair to the pump at the lift station, an event beyond the Utility's control.

IT IS THEREFORE ORDERED THAT:

1. The Rural Municipality of Woodlands' By-law No. 2547/08, with amendments as shown in the attached Schedule "A", BE AND IS HEREBY APPROVED effective for the billings to be sent on July 1, 2008 in relation to April, May and June 2008 service.
2. The revenue deficit of 2007 in the amount of \$2,189.79 BE AND IS HEREBY APPROVED to be recovered from the accumulated surplus account of the Utility.
3. Clause 2 of By-law No. 2547/08 be deleted and replaced with the following:

"2. THAT all accounts for minimum quarterly charges for service as set forth in the Schedule of Quarterly Rates shall be billed quarterly in month following the end of the quarterly period. Consumers shall pay for sewer service supplied to them by the Rural Municipality of Woodlands at the rates and terms set out in Schedule "A", attached hereto and forming part of this by-law."

Fees payable upon this Order - \$150.00.

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN, P.H.Ec."
Acting Chair

"G. GAUDREAU, CMA"
Secretary

Certified a true copy of Order No.
43/08 issued by The Public Utilities
Board

Secretary

SCHEDULE "A"
TO BOARD ORDER No. 43/08
THE RURAL MUNICIPALITY OF WOODLANDS
LOCAL IMPROVEMENT DISTRICT NO. 3 (VILLAGE OF WOODLANDS)
SEWER RATES
BY-LAW NO 2547/08

SCHEDULE OF QUARTERLY RATES:

1. Quarterly Rates for Sewer Service:

Units Charged

Charged to Customer	Service Charge	Sewer Only	Total Quarterly Minimum
1	7.00	28.50	35.50
1.5	7.00	42.75	49.75
2	7.00	57.00	64.00
3	7.00	85.50	92.50
4	7.00	114.00	121.00
12	7.00	342.00	349.00
14	7.00	399.00	406.00

2. Service to Customers outside L.I.D. limits

The Council of the Rural Municipality of Woodlands may sign agreements with customers for the provision of sewer services to properties located outside the legal boundaries of the Local Improvement District No. 3, Community of Woodlands. Such agreements shall provide for payment of the appropriate rates set out in this 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 as 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.

3. Billings and Penalties

A late payment charge of One Percent (1%) per month shall be charged on the dollar amount owing after the billing due date. The due date will be the last day of the month of billing.

4. Disconnection

Sewer service may be disconnected and discontinued when an account is 30 or more days past due. Disconnection and discontinuance is subject to a 15-day notice provided in writing.

5. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$30.00 have been paid.

6. Outstanding Bills

Pursuant to Section 252 (2) of *The Municipal Act*, the amount of all outstanding charges for 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.

7. 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.