

M A N I T O B A) Order No. 79/08
)
THE PUBLIC UTILITIES BOARD ACT) June 9, 2008

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

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

Executive Summary

By this Order, the Public Utilities Board (Board) approves an application of the Rural Municipality of Elton (RM) for revised water and sewer rates for the community of Forrest.

Quarterly Rates	Existing (1995)	Proposed and Approved					
		2008		2009		2010	
Water (/REU)							
Service Charge	\$11.50	\$14.00	22%	\$18.00	29%	\$21.00	17%
Water Charge	\$38.50	\$46.00	20%	\$50.00	9%	\$56.00	12%
Bulk Water (/Tank)	\$3.00	\$ 3.00	0	\$3.00	0	\$ 3.00	0
Sewer (/Tank)	(2002)						
Residential, Rink, Church							
Service Charge	⁽¹⁾	\$ 6.00	-	\$ 7.00	17%	\$ 7.00	0%
Sewer Charge	⁽¹⁾	\$15.00	-	\$15.00	0%	\$16.00	7%
Total	\$20.00	\$21.00	5%	\$22.00	5%	\$23.00	5%
Schools							
Service Charge	n/a	\$ 6.00	-	\$ 7.00	17%	\$ 7.00	0%
Sewer Charge	n/a	\$30.00	-	\$30.00	0%	\$32.00	7%
Total	⁽²⁾	\$36.00	n/a	\$37.00	3%	\$39.00	5%

Notes: ⁽¹⁾ The sewer rate for residential customers was a flat rate of \$20.00 per quarter.
⁽²⁾ The sewer rate for schools was previously a flat rate of \$237.50 for both schools per quarter and not a per tank charge.

Services are non-metered and RM bills are based on residential equivalent units (REU); non-residential accounts are based on a multiple of a REU.

The three year rate changes will provide for rate certainty for customers and increased financial stability for Forrest, allow the Utility to begin building its Utility reserve fund to meet future challenges.

Application

The RM applied to the Board for revised water and sewer rates for the community of Forrest as set out in RM By-law No. 1361. Water rates were last revised in 1995, sewer rates in 2002.

The RM proposed the following rates for non-residential customers, herein approved by the Board.

	Existing		As at July 1/08	As at Jan 1/09	As at Jan 1/10
	Water	Sewer			
Residential, Rink, Church (1 unit/1 tank)	\$ 50.00 +	\$ 20.00 = \$70.00	\$ 81.00 ⁽¹⁾	\$ 90.00	\$ 100.00
Forrest Elementary School (8 units/3 tanks)	\$ 281.00 +	\$ 89.00 = \$ 370.00	\$478.00 ⁽²⁾	\$ 515.00	\$ 572.00
Elton Collegiate (21 units/5 tanks)	\$ 858.50 +	\$ 148.50 =\$1,007.00	\$1,136.00 ⁽³⁾	\$1,225.00	\$1,364.00

Notes: Sample calculations using above commodity rates:

$$^{(1)} (\$14 + \$46) + (\$6 + \$15) = \$81$$

$$^{(2)} [\$14 + (\$46 \times 8) + (\$6 + (\$30 \times 3))] = \$478$$

$$^{(3)} [\$14 + (\$46 \times 21)] + [\$6 + (\$30 \times 5)] = \$1,136$$

As the Utility provides non-metered services and water rates are billed on a per REU basis, sewer rates are billed on a per tank basis as the RM provides pump out service.

The Utility reported an operating surplus in 2007 of \$6,006, and incurred a deficit in 2006 of \$71. Except for connection revenues in 2007, the Utility would have earned a lesser surplus of \$1,315. The connection revenue was \$9,600, while costs were \$4,909.

The RM advised that while operating expenses were below the forecast for 2007, if training expenses had been incurred there may not have been any surplus. It is expected that with the rate increases 2008 will be a breakeven position.

The budget provides for a \$3,000 transfer from the General Fund to the Utility to reflect the benefit the RM residents receive from using the bulk water facility provided by the Utility. The transfer is in addition to the \$3.00 bulk water rate charged.

The RM proposed to increase the connection fee for water for new customers from \$250.00, set in 1978, to \$2,000. The sewer connection charge is \$3,800.00 and no change is proposed. The RM advised that the existing connection fee for water does not reflect the current cost and value of having the system available for new lot owners.

The following are the operating costs of the Utility:

	Water	Sewer
Administration	\$ 1,792	\$ 768
Operating	<u>\$10,856</u>	<u>\$2,760</u>
Total	<u>\$12,648</u>	<u>\$3,528</u>

The RM could not provide details of its water losses, i.e. water produced but not sold, due to a faulty meter at the plant; the meter is due to be replaced soon.

The RM noted that the sewer Utility had yet to be declared a "public utility" by the Board.

Notice of the RM's application was mailed to each customer with an invitation to write the Board with any concerns or comments. No response was received by the Board; the RM advises that they received one inquiry.

Background

There are approximately 32 water customers connected and 46 sewer customers receiving pump out service. All customers are residential except for the rink, church and two schools.

The water line was installed in 1979 and a second well was drilled in 1991. Water is disinfected with sodium hypochlorite. The system is in good condition and drinking water standards are being met.

The Utility Operator has recently passed his Water Treatment and Distribution Level 1 course and is soon to be licensed. Funds are being made available for on going training.

The annual debenture debt servicing cost of the Utility of \$13,541.96 is recovered through property taxes.

The RM noted that as of the present its Utility has no reserve funds.

Board Findings

The Board is satisfied that the rates proposed by the RM are just and reasonable and will approve same. The Board will also declare the sewer Utility a "public utility".

The rate increases on a percentage basis are large, exceeding levels normally considered to represent rate shock. However, water rates have not changed since 1995 and sewer costs since 2002. Since then general inflation has been considerable and provincial water and sewer guidelines have been enhanced.

The Utility is reported to be in very good condition with

potential for growth, and the Board is supportive of rates that allow for a reasonable surplus to be earned, to be added to the Utility reserve fund which currently has a zero balance.

The Board, by this Order, is also amending the terms and conditions of service with respect to disconnection of service, to conform with recent practices.

IT IS THEREFORE ORDERED THAT:

1. The sewer utility of the Rural Municipality of Elton is declared a "public utility"
2. By-law No. 1361 of the Rural Municipality of Elton BE AND IS HEREBY APPROVED subject to amendment to agree with Schedule "A" to this Order.

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.
79/08 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 79/08

THE RURAL MUNICIPALITY OF ELTON

LOCAL IMPROVEMENT DISTRICT NO. 1 (FORREST)

WATER AND SEWER RATES

BY-LAW NO. 1361

1. COMMODITY RATES per M.G. - Bulk Water Sales Only

\$3.00 per 1,000 gallons of water used.

2. SCHEDULE OF QUARTERLY RATES

All Consumers shall pay the applicable flat rate charges set out below:

	Effective July 1/08	Effective Jan. 1/09	Effective Jan. 1/10
Basic Charges set at:			
Water Service Charge per Quarter per Consumer	\$14.00	\$18.00	\$21.00
Water Rate Charge per Quarter per Unit	\$46.00	\$50.00	\$56.00
Sewer Service Charge per Quarter per Customer	\$ 6.00	\$ 7.00	\$ 7.00
Sewer Rate Charge per Quarter per Septic Tank	\$15.00	\$15.00	\$16.00

Quarterly Rates Calculated as:			
	As at July 1/08	As at Jan. 1/09	As at Jan. 1/10
Residential, Rink, Church (1 Unit/1 Tank)	\$ 81.00	\$ 90.00	\$ 100.00
Forrest Elementary School (8 Units/3 Tanks)	\$ 478.00	\$ 515.00	\$ 572.00
Elton Collegiate (21 Units/5 Tanks)	\$1,136.00	\$1,225.00	\$1,364.00

3. OTHER REVENUE

An amount not to exceed \$3,000.00 shall be provided by General Revenue of the Rural Municipality of Elton in each year for operation of the bulk water facility.

4. CONNECTION FEES

Charges for Connections to the Water and Sewer Lines effective July 1, 2008 shall be as follows:

Water Connection Fee: \$2,000.00 (includes curb stop)

Sewer Connection Fee: \$3,800.00 (includes curb stop)

5. BILLINGS AND PENALTIES

Accounts shall be billed quarterly, on or about the last day of the period for which the bill is calculated, and shall be due and payable twenty-one (21) days after the mailing of the bills. Quarterly billings shall be issued for each quarter ended March 31, June 30, September 30, and December 31. A late payment charge of 1¼% shall be charged on the dollar amount owing after the billing due date and shall compound quarterly.

6. OUTSTANDING BILLS

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

7. DISCONNECT

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 30 day disconnection advice. 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.