

M A N I T O B A                    )  
  )  
THE PUBLIC UTILITIES BOARD ACT    )    Order No. 94/08  
  )    July 8, 2008

BEFORE:   Graham Lane, CA, Chairman  
              Monica Girouard, CGA, Member

THE RURAL MUNICIPALITY OF HARRISON  
LOCAL IMPROVEMENT DISTRICT No. 2 (SANDY LAKE)  
REVISED WATER AND SEWER RATES

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**Executive Summary**

By this Order, the Public Utilities Board (Board) approves an application by the Rural Municipality of Harrison (RM) for a revised sewage handler fee of \$300.00 per year (previous, \$150.00), and a per load fee of \$10.00 to be charged by the Local Improvement District No. 2 (Sandy Lake) Utility to septic haulers for each load hauled by residents located outside the boundaries of the RM and at the discretion of the RM a further 2.5% on January 1, 2009 and 2010.

As this matter arises out of Order 17/08, no further notice was required.

The \$10.00 per load fee will recover a fair portion of the capital costs of the lagoon from residents whom, being located outside the RM, otherwise make no contribution to the capital costs of the lagoon which was paid for by the residents of Sandy Lake.

In absence of agreements with neighboring RMs to recover such costs, the RM will need to monitor rates to best ensure they remain reflective of a reasonable contribution.

## **Background**

On October 22, 2007, the RM applied to the Board for revised water and sewer rates for the community of Sandy Lake. Order 17/08, dated March 7, 2008, amended the application and approved rate increases effective April 1, 2008 and two further 2.5% increases to be implemented January 1, 2009 and 2010 at the RM's discretion.

Water and sewer commodity rates increased by 102% and 54% respectively and the minimum residential quarterly bill increased to \$68.55, effective April 1, 2008.

The Board noted that rates had not changed for 12 years and that the increases should provide much needed additional revenue to operate the Utility on a go-forward basis.

In considering the application, the Board also noted that the RM collected a \$150.00 per handler fee for the dumping of sewage into the Sandy Lake lagoon and that the RM was planning a review of the fee; the Board requested that the RM file a proposed revised fee for approval.

## **Application**

The RM filed an Application on May 9, 2008 seeking an increase in the fees for septic haulers as noted earlier.

The RM advised that it had kept a log of sewage loads dumped into the Sandy Lake lagoon, and that the log indicated that 30% of the sewage dumped was from residents outside the boundaries of the RM; the largest amount of

sewage from the neighboring Rural Municipality of Strathclair. The remaining 70% of sewage comes from the RM of Harrison, with approximately 50% from outside Sandy Lake's boundaries.

Sewage is also hauled from the Rural Municipalities of Park and Clanwilliam. The RM had hoped to enter into agreements with all three of its neighboring municipalities to address future repairs and capital costs of the lagoon. The Rural Municipality of Strathclair advised of no interest, as that municipality has its own facility.

Residents outside the LID but inside the RM of Harrison have made capital contributions to the lagoon, and the RM has made a \$20,000 contribution to the initial expansion project and a further \$10,348 to meet costs over the approved borrowing for the project.

The annual cost of operating a lagoon is not easily determinable; further the annual revenues collected are not segregated within the utility's financial statement.

However, the RM advised that in 2006 the lagoon was upgraded and expanded at total cost of \$290,014.86, funded by a grant of \$116,667, debentures of \$143,000 (with annual debenture payments of \$14,704.46) and \$30,348 from general operations. There are no future capital requirements for the lagoon planned at this time, however upgrades to the lift station are anticipated.

Dumping sewage into the lagoon is conducted on an honor

system - the two haulers have keys to the gate and are required to log the loads.

Based on the log, the RM projects the following revenues:

2 handlers @ \$300.00 per year	\$ 600.00
185 loads @ \$10.00 per load	<u>\$1,850.00</u>
Total	\$2,450.00

### **Board Findings**

The Board is satisfied that the proposed per handler annual fee of \$300.00 and the \$10.00 per load fee for loads hauled from outside the RM are just and reasonable, and reflect operating costs.

Consistent with the increases granted for regular utility services these rates may be increased at the discretion of the RM by 2.5 % effective January 1, 2009 and 2010.

It is unfortunate that the neighboring RMs have not yet entered into agreements with the RM of Harrison to cover the cost of future repairs. This will require the RM to carefully review load fees for adequacy from time to time, as such fees are the only means for the RM to ensure that non-residents contribute fairly to the capital cost of the system.

As this fee was not included in By-law No. 10-2007, this Order will require that the By-law be amended to include the two approved fees.

**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 10-2007 of the Rural Municipality of Harrison for Local Improvement District No. 2 (Sandy Lake) Utility BE AND IS HEREBY AMENDED to include the following clauses:
  - i/ regular septic service haulers are to remit to the Rural Municipality of Harrison an annual handling fee of \$300.00 for the dumping of septic tanks into the Sandy Lake lagoon.
  - ii/ approved septic service haulers are to be provided a key to enter the lagoon and shall maintain the log of lagoon use, including the recording of septic services provided to residents located outside the boundaries of the Rural Municipality of Harrison.
  - iii/ septic service haulers shall remit \$10.00 per load for septic hauled from residents located outside the boundaries of the Rural Municipality of Harrison.
2. At the discretion of the Rural Municipality of Harrison the rates in Directive Number 1 may be increased by 2.5% effective January 1, 2009 and 2010.

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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. 94/08 issued by The  
Public Utilities Board

Acting Secretary