

M A N I T O B A) Order No. 27/09
)
THE PUBLIC UTILITIES BOARD ACT) March 24, 2009

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

THE RURAL MUNICIPALITY OF LANGFORD
REVISED WATER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves revised water rates for the Rural Municipality of Langford (RM). The rates take effect April 1, 2009, 2010 and 2011.

COMMODITY RATES								
\$/cubic metre	Cubic Metres	Current Rate	2009 Rate	Increase	2010 Rate	Increase	2011 Rate	Increase
First Step	Up to 175	\$1.75	\$1.8200	4%	\$1.8746	3%	\$1.9121	2%
Second Step	176 to 1499	\$1.30	\$1.4560	12%	\$1.6308	12%	\$1.8265	12%
Third Step	Over 1500	\$0.95	\$1.1400	20%	\$1.3110	15%	\$1.5077	15%
MINIMUM QUARTERLY RATES								
Service Charge		\$9.70	\$ 15.00	55%	\$15.00	0%	\$15.00	0%
Minimum Quarterly*		\$34.20	\$40.48	18.4%	\$41.24	1.9%	\$41.77	1.3%

* Includes 14 cubic metres of water

The last rate change occurred in 2000.

Background

The RM operates a water distribution system serving customers within the boundary of the RM and, as well, nine customers outside the RM's boundary. The customers served outside the boundaries are charged a surcharge over the rates for RM residents so as to allow for partial recovery of the debenture debt servicing costs being paid by residents of the RM through property taxes.

The system was constructed in 1999; 95 customers are small to medium size customers, and there are two customers with 1" and two with 2" meters.

The RM purchases treated water from the Town of Neepawa and the

supply is metered at two locations. While presently no further treatment beyond that provided by Neepawa takes place, a chlorine booster station may be required in the near future.

The RM employs a contractor to take water samples and this contractor has a Water Distribution Level 1 certification. The RM confirmed drinking water standards are being met and that there are no colour and/or taste issues with respect to the water supply.

The RM has a fire assistance service agreement with the Town of Neepawa, and pays \$1,400 per year to the Town for fire protection. This cost is not attributed to the utility and service is provided to residents beyond those that are also utility customers.

The RM does not sell bulk water.

The RM advises that there are no shared services and/or equipment between the utility and the general operations of the RM.

As of December 31, 2008, the utility's reserve fund balance was \$190,503.96 and the accumulated surplus account balance was \$23,157.97. The utility reported a surplus of approximately \$5,300 in 2008.

The RM noted that the Town of Neepawa is seeking a new water supply source and the RM may partially fund this project in order to increase the volume of water made available to the RM by the Town. Such an endeavour may require a need for further

future rate increases.

The RM currently has an outstanding debenture for the utility, with the annual principal and interest collected through taxes amounting to approximately \$32,000.

The RM plans to rely on its reserve funds to fund future projects, to the extent possible.

The RM reports low water losses in the system, and advised that it promotes the efficient use of water through newsletters.

Application

The RM applied to the Board for revised water rates on January 21, 2009, and filed By-law No. 02/09 read the first time on January 13, 2009 in support. The RM proposed increases to take effect April 1st (revised from March 1) in each of the years 2009, 2010 and 2011.

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* Includes 14 cubic metres of water

The primary reasons for the proposed increases were:

1. To continue to build the utility's reserve fund to pay for future capital projects, and, in particular, the chlorine booster station as well as a water line expansion. In this regard, the RM plans to add \$3,000, \$5,000 and \$5,000 to the reserve fund in 2009, 2010 and 2011, respectively.
2. To ensure the cost of purchasing water from the Town of Neepawa is fully and properly reflected in the rates charged by the RM.
3. To set money aside for a future upgrade of Neepawa's Water Treatment Plant (WTP), expected to cost \$3.0 million, of which the RM is expected to contribute 10%.
4. In the interest of promoting water conservation, the RM plans to collapse the current three-step rate schedule to one step by 2020.
5. To adjust the quarterly service charge to more truly reflect the cost of providing the administrative services required with respect to such matters as meter reading, preparing and sending bills and collection.

The RM supported its Application with a rate study based on forecasted expenditures of \$67,023 in 2009, \$70,387 in 2010 and \$73,596 in 2011. The proposed rates were expected to generate the contributions to reserves noted above, plus result in small surpluses of \$166, \$90 and \$178 in each of the years, respectively.

In developing the proposed rates the following assumptions were

made:

1. Operating expenses will increase 5% per year.
2. The water purchase price from Neepawa will increase by 8%, 0.5%, and 0.4% in 2009, 2010 and 2011, respectively.
3. With the increase in rates and expected declining consumption, and assuming no additional customers, the RM assumes water sales will be flat.
4. Interest income on reserves will approximate 3.5% per year.
5. Debenture debt costs will continue to be recovered from the general fund by taxes.

A Notice of Application was mailed to each customer and posted in several prominent locations in the area as per Board instructions, inviting representation to be mailed to the Board. The notice advised of the proposed rate and other changes, and provided an invitation for interested persons to obtain full particulars from the RM office and provide concerns, if any, direct to the Board.

The Board received one complaint, that from a large volume user regarding the collapsing of rate steps; after consultation with the RM, the complaint was withdrawn. There were no other respondents.

Board Findings

The Board is pleased that the RM applied for revised rates, as the rates had not changed since 2000 and costs have increased. Furthermore, the Board is pleased that the RM is taking a longer-range outlook with respect to the utility's financial needs.

Utilities provide essential services and municipalities are expected to be attentive to the need to provide safe water in sufficient supply to meet the needs of ratepayers.

It does not serve the consumers' well-being and interests if a utility does not have sufficient funds to both breakeven on annual operations and set aside funds to meet future capital needs.

The Board is satisfied that the assumptions used by the RM in developing its rate proposal are reasonable. Accordingly, the Board finds the total revenue requirements established by the RM for the utility to be reasonable.

Generally, the Board is supportive of plans to reduce rate steps and notes that many municipalities, including the RM, are taking this initiative. Reasonable rates promote conservation, providing the additional benefit of allowing for a deferral of the cost of the next water plant. Proper price signals reflect an increased appreciation for the value of water, which cannot be considered a low-cost resource in plentiful and endless supply.

Often though, with respect to rate equalization plans, questions arise as to whether the speed of rate change to equalization is reasonable (i.e. the move to one rate step) and whether large volume customers are provided a sufficient opportunity to respond to increased costs.

In this RM's case, the rate equalization plan is clear and the timeframe for reaching equalization by 2020 reasonable. Under such a plan, the Board recognizes that the speed to equalization is often dictated by the rate impact on large consumers.

At existing rates, now to be amended, the third rate step provided an 84% discount off the first step. Now, pursuant to the RM's plan, the discount will reduce to 60% in 2009, to 30% in 2010 and to 21% by 2011.

With the assumption of cost of living level increases for each year beyond 2011 to 2022, rates will be equalized. This suggests there may be an opportunity to smooth the 2009, 2010 and 2011 rate increases.

As the only complaint regarding this matter was withdrawn, and no other objection has been raised, the Board will approve the rates as requested by the RM.

Of note, if the Rate Equalization Plan of the RM had been amended to reduce the cost impact on large users, the result would have been even higher rates for all other customers, as the revenue requirements of the RM would still have to be met.

The Board considered all other rate changes being proposed and

will approve these as well.

The Board will approve the rate changes effective April 1, 2009, 2010 and 2011, as proposed, as ratepayers have been made aware of the RM's rate proposal well in advance of the effective date.

In addition, as the RM purchases all of its water from the Town of Neepawa, at costs beyond the direct control of the RM, the Board will consider in the future additional pass-through increases, as may be proposed by the Town, following the RM filing the required By-law.

As increases associated with Neepawa water cost changes will be required to be reflected in the RM's rates, the Board will consider applications by the RM for rate increases without prior notice to ratepayers. Nonetheless, the Board will ensure rate changes are reasonable and the RM will be required to provide notification to the ratepayers of any further higher rates as a result of water cost changes by Neepawa.

For all other rate changes, ratepayers are to receive full notice, with an opportunity to comment on the application of the RM to the Public Utilities Board.

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 (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 02/09 and Schedule "A" as attached to this Order
BE AND IS HEREBY APPROVED and the revised rates are
effective April 1, 2009, 2010 and 2011.

Fees payable upon this Order - \$350.00.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"
Chairman

"GERALD BARRON, FCGA"
Acting Secretary

Certified a true copy of Order
No. 27/09 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 27/09

RURAL MUNICIPALITY OF LANGFORD

BY-LAW NO. 02/09

1) MINIMUM CHARGES PER QUARTER – WATER – EFFECTIVE APRIL, 2009

All consumers shall pay the quarterly minimum charges as set out below, such minimum charges to include the quarterly water allowances indicated, as follows:

Meter Size	Minimum Quantity (m3) Per Quarter	Minimum Quarterly Water Charge	Service Charge	Minimum Quarterly Bill
1/2" or 5/8"	14	\$25.48	\$15.00	\$40.48
3/4"	28	\$50.96	\$15.00	\$65.96
1"	56	\$101.92	\$15.00	\$116.92
1 1/2"	140	\$254.80	\$15.00	\$269.80
2"	350	\$573.30	\$15.00	\$588.30

2) COMMODITY RATES FOR THREE PHASE

	Cubic Metres	Quarterly Charge per Quarter
First Step	175	\$1.8200
Second Step	1000	\$1.4560
Third Step	1500	\$1.1400

3) MINIMUM CHARGES PER QUARTER – WATER – EFFECTIVE APRIL 1, 2010

All consumers shall pay the quarterly minimum charges as set out below, such minimum charges to include the quarterly water allowances indicated, as follows:

Meter Size	Minimum Quantity (m3) Per Quarter	Minimum Quarterly Water Charge	Service Charge	Minimum Quarterly Bill
1/2" or 5/8"	14	\$26.24	\$15.00	\$41.24
3/4"	28	\$52.49	\$15.00	\$67.49
1"	56	\$104.98	\$15.00	\$119.98
1 1/2"	140	\$262.44	\$15.00	\$277.44
2"	350	\$613.45	\$15.00	\$628.45

4) COMMODITY RATES FOR THREE PHASE

	Cubic Metres	Quarterly Charge per Quarter
First Step	175	\$1.8746
Second Step	1000	\$1.6308
Third Step	1500	\$1.3110

5) MINIMUM CHARGES PER QUARTER – WATER – EFFECTIVE APRIL 1, 2011

All consumers shall pay the quarterly minimum charges as set out below, such minimum charges to include the quarterly water allowances indicated, as follows:

Meter Size	Minimum Quantity (m3) Per Quarter	Minimum Quarterly Water Charge	Service Charge	Minimum Quarterly Bill
1/2" or 5/8"	14	\$26.77	\$15.00	\$41.77
3/4"	28	\$53.54	\$15.00	\$68.54
1"	56	\$107.08	\$15.00	\$122.08
1 1/2"	140	\$286.82	\$15.00	\$301.82
2"	350	\$654.26	\$15.00	\$669.26

6) COMMODITY RATES FOR THREE PHASE

	Cubic Metres	Quarterly Charge per Quarter
First Step	175	\$1.9121
Second Step	1000	\$1.8265
Third Step	1500	\$1.5077

7) SERVICE TO CUSTOMERS OUTSIDE THE MUNICIPALITY

The Council of the Rural Municipality of Langford may sign agreements with customers for the provision of water services to properties located outside the legal boundaries of the Rural Municipality of Langford. Such agreement shall provide for payment of the appropriate rates set out in the 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 may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. All costs of connecting to the utility's mains and installing and maintaining service connections will be paid by the customer as per the agreement.

8) BILLINGS AND PENALTIES

Accounts shall be billed quarterly, and shall be due and payable fourteen days after date of billing. A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date and shall compound monthly.

9) WATER ALLOWANCE DUE TO LINE FREEZING

That in any case, where, at the request of the council, a customer allows water to run continuously for any period to prevent the water lines in the water system from freezing, the charge to that customer for the current quarter shall be the average of the billings for the last previous quarters to the same customer, or to the same premises if the occupant has changed.

10) ACTIVATION AND TERMINATION OF WATER SERVICE

- a) There shall be an activation and termination fee of \$50.00 charged to the consumer for each occurrence when RM of Langford staff must attend to the service.
- b) In addition, services may be disconnected without further notice if the account has not been paid within 30 days of the due date. That, before service is reconnected, payment shall be made of all arrears and penalties, plus a reconnection charge of \$50.00

11) **OUTSTANDING UTILITY CHARGES & DISCONNECTION FOR NON-PAYMENT**

The Public Utilities Board has approved the Conditions Precedent to be followed by the municipality with respect to the disconnection of service for non-payment including, such matters, as notice and the right to appeal such action to the Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the Municipal office.

REGULATION OF WATER WORKS

- 12) The collection of revenues derived from the waterworks system, the payment of all disbursements connected therewith and the supervision of all books, accounts and records shall be under the general direction and control of the CAO.
- 13) The operation, construction and maintenance of all works relating to the waterworks system shall be under the general direction and control of the CAO.
- 14) All requests for new water service connections are subject to availability of water supply and negotiating of an easement agreement with the Rural Municipality of Langford.
- 15)
 - a) The cost of construction and connection from the water main to the building shall be the total responsibility of the property owner.
 - b) The contractor, the material list and the projected costs must be approved in writing by the Rural Municipality of Langford prior to the start of work. Work must be in accordance with provincial standards.
 - c) It is the responsibility of the businesses and/or institutions to disconnect, reconnect, flush, and/or thaw the water services or repair to the water meter for the businesses and/or institutions. The contractor/plumber must be approved by the CAO of Rural Municipality of Langford.
- 16) The standard water service from the water main to the street boundary shall be a 19 mm standardized pipe, a 19 mm main stop and a 19 mm curb stop and curb stop box.
- 17) A bronze valve connected to the water service pipe shall be placed inside the wall of the building as close as possible to the point of entry of the water service pipe. The owner shall maintain the bronze valve to ensure that it is in good mechanical condition and available for emergency.
- 18) No branch pipe or branch service shall be taken from that part of the water service pipe between the curb stop and the water meter, but all such branches shall be taken from within the premises, beyond the water meter. The water meter shall be placed on the water service pipe as close as possible to the valve, downstream from the water supply.

- 19)
- a) Each owner shall keep his own water service pipe, bronze gate valve and other fixtures on his own premises, between the water main to the water meter, including the connection to that part of the service within the Rural Municipality of Langford, in good order and repair, and protected from frost, at his own risk and expense.
 - b) The water service pipe from the line in the street to the water meter in the building supplied, together with all couplings, valves and apparatus placed thereon shall be under the control of the Rural Municipality of Langford and if any damage is done to this portion of the water service pipe or its fittings, either by neglect or otherwise, the Rural Municipality of Langford may repair same or have it repaired and charge the costs to the owner of the premises, which may be collected either as water rates or may be added to the taxes on the property and collected to the same manner as ordinary municipal rates or taxes.
- 20)
- a) No person except an authorized RM of Langford employee and/or an authorized contractor shall:
 - i) tap or make any connection or communication with any pipe or main which is part of or connected to the waterworks system;
 - ii) open, close or in any manner interfere with any curb stop, main stop or valve, which is part of or connected to the waterworks system.
 - b) No person shall make any connection or communication of an independent water supply with a pipe or main which is part of or connected to the waterworks system.
- 21) The CAO or their designate may enter upon any premises connected to the waterworks system at any reasonable time to examine the pipes, meters and other installations used in connection with the waterworks system.
- 22) Upon vacating any building or premises, the occupier shall turn off the water supply at the valve inside the wall of such buildings, and shall give immediate written notice to the Rural Municipality of Langford Office that the premises are being vacated. In case the water is not turned off, the Rural Municipality of Langford may cut off the water from such building without notice and charge the cost thereof to the owner to be collected in the same manner as water rates, or the costs may be added to the taxes on the property and collected in the same manner as ordinary municipal taxes. Nothing contained or implied herein shall be deemed to place any responsibility duty or liability on the RM.
- 23) The owner or occupier of any premises who requests the Rural Municipality of Langford to turn off the water service to such premises shall, before making such request, close the valve and drain all water from the water pipes in the premises and the appliances connected therewith, and shall keep said valve closed and the said pipes and appliances free from water until the Rural Municipality of Langford is notified that water service is again required for the premises.
- 24) In the course of making repairs to the mains, or in constructing new work, or in connecting or repairing water service pipes, whether by the Rural Municipality of Langford or by some other person, the Rural Municipality of Langford shall have the right to shut off the water from any consumer, without notice, and keep it shut off as long as may be deemed necessary.
- 25) The Rural Municipality of Langford shall not be liable for any damages as the result of suddenly, with or without notice, shutting off the supply of water to a consumer.
- 26) Only water meters furnished by the Rural Municipality of Langford shall be used in all premises and the meters shall be and remain the property of the RM.

- 27) With regard to water meters:
- a) The consumer shall notify the Rural Municipality of Langford as soon as he becomes aware of breakage or stoppage or irregularity in the water meter.
 - b) All disconnections, removals, alterations and repair of water meters and automatic devices shall be done by an employee or contractor of the Rural Municipality of Langford only and no other person shall install, disconnect, repair, remove, tamper with, alter, damage or paint a water meter or an automatic reading device, or the pipes and wiring connected thereto.
 - c) If a water meter is damaged by the backflow of hot water from a water heating apparatus, tank or boiler, the Rural Municipality of Langford shall repair and if necessary, replace the meter and all charges for repairing or replacing the meter shall be paid by the owner or occupier of the premises in which the meter is situated.
 - d) If a meter is damaged by frost, or from any other cause, the Rural Municipality of Langford may repair or replace the meter and all charges for repairing or replacing the meter shall be paid by the owner or occupier of the premises in which the meter is situated.
 - e) Where an offence is committed under subsection (c) or subsection (d) the consumer to whom water is supplied in the building or place where the offence was committed shall be presumed to have committed the offence.
- 28) Water meters and automatic reading devices shall at all time be accessible to authorized RM employees, so that they may be examined, read, inspected and if necessary, repaired.
- 29) When a meter is found not to be in proper working order, or a meter reading is not obtained, the CAO shall estimate the amount of water consumed for any quarter or other period, based on the amount of water consumed during the time the meter was working, or on any other information available, and such estimate shall be the basis for billing the consumer for water used.
- 30) The supply of water through each separate service shall be recorded by one meter only, for which only one account will be rendered. If additional or auxiliary meters are required by the consumer for reporting the subdivision of any such supply, they shall be furnished and set up by the consumer at his expense and as designated by the CAO, and the consumer shall assume all responsibility for the reading and maintaining of said additional meters.
- 31) Notwithstanding the provisions of this By-law, water service supplied may, in the case of commencement or termination of service, be billed monthly or otherwise, and the rates prorated accordingly and, in the case of termination of service, such prorated billings may be made payable by the customer earlier than the immediately ensuing quarterly billing in the normal course.
- 32) Water meters shall be read in whole cubic meters with the exception of the initial and final reading upon commencement or termination of the water supply contract.
- 33) The Rural Municipality of Langford shall have the right to limit the amount of water supplied to any consumer, even though no limit is stated in the application for water.
- 34) The Rural Municipality of Langford may, by resolution or by-law, discontinue, prohibit, or limit the supply of water for fountains, jets, garden hoses, sprinklers or swimming pools, etc., or limit the hours that water may be used for those purposes.

- 35) In the event that there is damage caused to the curb stop and/or curb stop box during new construction and/ or renovation the following applies:
- a) In this section, contractor means a contractor, sub-contractor, owner or any one or more of them and their agents and employees.
 - b) At least 7 days prior to commencing the construction of a building or structure which by nature of its intended use will be connected to the Rural Municipality of Langford's water system, on a site where a water line and curb stop are in place, the contractor shall notify the municipality in writing of the date of commencement and the municipality shall forthwith do all things necessary to ensure that the water line and curb stop are functional and in good repair.
 - c) Upon receiving an application for water turn on following the issue of an occupancy permit for the building or structure, the Rural Municipality of Langford shall inspect and test the water line and curb stop. If the curb stop is damaged from any cause whatsoever, the contractor shall, at his own cost and expense, repair the damage as prescribed by the Rural Municipality of Langford and the Rural Municipality of Langford shall not be obliged to turn on the water until the damage is repaired.
- 36) Failure to obey this by-law may result in the following:
- a) Every person who contravenes, or refuses, neglects, omits or fails to obey or observe, any provision of this By-law, is guilty of an offence and is liable, on summary conviction, to a fine not exceeding \$1,000.00.
 - b) In addition to the penalty contained in subsection (a), the Rural Municipality of Langford may cut off the supply of water to any person who contravenes, or refuses, neglects, omits or fails to obey or observe any provisions of this By-law, or may refuse to supply water until the violation has been remedied. The Rural Municipality of Langford may cut off the supply of water to any building on the first working day after the due date posted on the waterworks notice. The water shall remain cut off until the account and all penalties are paid and the Rural Municipality of Langford shall not be obliged to turn on the water earlier than the first working day following payment of the account and penalties.