

MANITOBA) Order No. 102/10
)
THE PUBLIC UTILITIES BOARD ACT) October 12, 2010

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

RURAL MUNICIPALITY OF EAST ST. PAUL
REVISED WATER RATES

Summary

By this Order, and on an *ex parte* basis, the Public Utilities Board (Board) approves an application from the Rural Municipality of East St. Paul (RM) to amend By-law No. 2009-19 to correct a relatively minor billing methodology anomaly.

Accordingly, By-law 2010-11 is to amend By-law 2009-19 by replacing Clause 3 with the following:

"3. THAT all accounts for minimum quarterly charges for metered services as set forth in the Schedule of Quarterly Rates shall be billed quarterly, together with any excess charges incurred for metered water and sewer services for the preceding quarter. Consumers shall pay for water and sewer services supplied to them by the Rural Municipality of East St. Paul at the rates and terms set out in Schedule "A" attached hereto and forming part of this by-law."

Application and Discussion

By Order 86/10 (issued August 16, 2010), the Board established revised rates for the RM's utility. (Order 86/10 is posted on the Board's website: www.pub.gov.mb.ca.)

On September 29, 2010, the RM submitted By-law 2010-11 and sought approval to amend Clause 3 of its water and sewer rates by-law (which required the RM to bill customers quarterly "in advance" for water and sewer services), towards coinciding its practices with its by-law. Specifically, previous utility rate

by-laws provided that minimum quarterly services be billed in advance, while the RM actually bills as at the end of each quarter.

The RM noted:

- Utility bills are sent out quarterly, based on four periods (January 1 to March 31, April 1 to June 30, July 1 to September 30, and October 1 to December 31). If past billings had been prepared and issued on the basis of being in advance of the first day of each quarter, annual utility financial results for each year would have reflected consumption over two fiscal years.
- In fact, the RM has not been "billing in advance".
- Past practice for cases where a customer moves out of a property and a new customer moves in part way through a quarter, has been that the RM has billed the outgoing customer for services to the date they vacate the property and the incoming customer for the remainder of the quarter from when they moved in.
- Billing practices for new customers indicate these customers were billed only for services and consumption from the time the customer moved into the premises to the end of the quarter.

The RM further confirmed with their auditor that the RM has not been using the 'in advance' method for at least ten years, and provided the Board with two options to address the discrepancy

between the by-law and RM practice.

One option is to amend the actual billing approach to conform to By-law 2009-19; the other is to amend the by-law to conform to actual billing practices.

Enacting the first option would bring the practice into compliance with the by-law but would result in a potentially enormous problem related to past billings. The second option is to amend the by-law to bring the by-law into compliance with practice, and this is the option the RM prefers.

Board Findings

The "problem" arose inadvertently, and was not the result of the intent to benefit some customers as opposed to others. The preference of the RM to bring the by-law into compliance with actual practice is reasonable, and will be approved by the Board.

The Board commends the RM for discovering the discrepancy and bringing it and the options to the Board's attention. It is best to deal with this matter now as opposed to leaving it to a future rate application.

The RM is to advise its customers of the corrective action that has now been sought and responded to. While it was available to the Board to direct the RM to review all of its Utility accounts to ensure no customer was negatively affected by the discrepancy between the by-law and the practice, the Board finds that the administrative work required to do so would detract from other

necessary tasks and involve costs and confusion that would not be in the public interest.

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, available on the Board's website.

