

MANITOBA ) Order No. 58/10  
 )  
THE PUBLIC UTILITIES BOARD ACT ) June 14, 2010

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

THE TOWN OF STONEWALL  
REVISED INTERIM WATER AND SEWER RATES

**Executive Summary**

By this Order, the Public Utilities Board (Board) approves interim *ex parte* utility rate increases for the Town of Stonewall (Town).

The revised rates, as set out in full in Schedule "A" attached hereto, are to take effect with respect to all consumption after July 1, 2010. Below is a summary of the increases (increases to individual bills depend on usage and meter size):

Commodity \$/m <sup>3</sup>	Existing Water	Existing Sewer	Combined	Interim Water	Interim Sewer	Interim Combined	% Inc
First 1,000 m <sup>3</sup>	\$0.48	\$0.22	\$ 0.70	\$0.34	\$0.53	\$ 0.87	24
Over 1,000 m <sup>3</sup>	\$0.25	\$0.22	\$ 0.47	\$0.34	\$0.53	\$ 0.87	85
Service Charges	-	-	\$ 9.50	-	-	\$22.27	134
Minimum Quarterly (16 mm meter)	-	-	\$22.10 <sup>(1)</sup>	-	-	\$34.14 <sup>(2)</sup>	

Notes: <sup>(1)</sup> Included 18 m<sup>3</sup>  
<sup>(2)</sup> Includes 13.64 m<sup>3</sup>

The Board's interim approval is provided on a conditional basis and without prior public notice due to an imminent need to generate additional utility revenue for the Town's utility.

## **Background**

By its application of April 24, 2009, the Town sought approval to budget for a 2009 utility deficit of \$81,500. The Town advised that the deficit would likely occur if the Town failed to obtain capital funding it had applied for, from the *Building Canada Fund*. The Town proposed to recover any deficit that it did incur from its accumulated utility surplus, which, as at December 31, 2008, was \$348,844. In 2008, the utility incurred a \$32,012 deficit.

In its then-application, the Town also advised of its plan to review utility rates and then, if deemed necessary, seek approval of revised rates. The Board approved the Town's application as filed, by way of Order 80/09, while requiring the Town to advise the Board of the actual utility deficit for 2009, when that result was known. The Board also required the Town to file a rate study and an application for revised rates, if deemed required, by October 1, 2009.

On March 31, 2010, the Town advised that the actual 2009 utility deficit had been \$179,037. In reviewing the Town's submission, the Board noted that the deficit did not reflect now-required revised Public Sector Accounting Board (PSAB) accounting standards, which require the amortization of capital assets and other measures. Accordingly, the Board asked the Town to file a revised deficit application once its records had been adjusted to comply with PSAB standards.

Following a series of Board approved extensions; the Town met the Board's requests and, as well, filed an application for revised rates.

The Town's un-depreciated capital assets approximate \$3.2 million.

The Town operates a water and sewer utility that services 1,478 customers (two customers are "water only"; six are "sewer only". Services are metered with the average age of water meters in older homes being about 25 years.

The Town's original Water Treatment Plant (WTP) was to chlorinate the water as it was pumped from the three wells located near the WTP. As the process was insufficient with respect to ensuring safe drinking water, the Town constructed a 392,000 litre reservoir pumping station in 2005.

The Town advises the water to be of a very high quality, but containing traces of various metals. The Town reports that most homes have a water softener to deal with the resultant water hardness.

The Town currently has 200 hydrants to assist with fire fighting, and reports that there are, on average, approximately ten fires per year. The Town also reports a low level of water main breaks each year. Accordingly, the utility has experienced very low "unaccounted for water" levels, recently well below the industry average of 10%.

The Town's existing lagoon, located west of the Town, consists of one primary treatment cell and one secondary storage cell. Wastewater is sent to the lagoon via three main lift stations. Septage is also received by truck from the Stonewall Trailer Court (which is located in the RM of Rockwood). As required and following testing, the effluent is discharged to the Grassmere Drain, and the Town advises that all provincial licence requirements are being met.

The Town employs licensed and certified operators to operate the utility, and advises of ongoing training for the operators.

**Application**

As indicated above, the Town applied to the Board for revised water and sewer rates (April 7, 2010). In support of its application, the Town filed a rate study and its By-law No. 4/10, read a first time on March 24, 2010.

The Town asked the Board to consider authorizing an interim rate increase, to be effective for the July 2010 quarterly billing. The application, as indicated above, proposed:

Commodity \$/m <sup>3</sup>	Existing Water	Existing Sewer	Combined	Interim Water	Interim Sewer	Interim Combined	% Inc
First 1,000 m <sup>3</sup>	\$0.48	\$0.22	\$ 0.70	\$0.34	\$0.53	\$ 0.87	24
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Service Charges	-	-	\$ 9.50	-	-	\$22.27	134
Minimum Quarterly	-	-	\$22.10 <sup>(1)</sup>	-	-	\$34.14 <sup>(2)</sup>	

Notes: <sup>(1)</sup>Included 18 m<sup>3</sup>  
<sup>(2)</sup>Includes 13.64 m<sup>3</sup>

The Town's proposal includes the collapse of the current two-step water rate schedule to one rate for all consumption. Prior to the new rates established herein, rates were last amended in 1989. The Town projected the revised rates would be sufficient to recover the projected annual operating costs of the utility, as noted below.

	2010	2011	2012	2013
General	\$136,000	\$136,680	\$137,363	\$138,050
Water				
Expenses	231,963	227,761	224,641	221,818
Amortization	71,442	71,442	73,442	73,442
Reserve	20,000	20,000	20,000	20,000
Contingency	10,000	10,000	10,000	10,000
Less Revenues*	172,700	159,819	154,560	144,413
SUBTOTAL	\$160,705	\$169,384	\$173,523	\$180,846
Sewer				
Expenses	\$168,724	\$166,762	\$165,994	\$166,643
Amortization	33,814	64,498	64,498	64,498
Reserve	30,000	30,000	30,000	30,000
Contingency	20,000	20,000	20,000	20,000
Less Revenues	28,287	15,406	10,146	0
SUBTOTAL	\$224,251	\$265,854	\$270,346	\$280,142
Total Expenses	\$520,956	\$571,919	\$581,233	\$599,038
PROJECTED REVENUES	\$587,415	\$591,741	\$596,078	\$600,337
<b>Surplus/(Deficit)</b>	\$ 66,459	\$ 19,822	\$ 14,845	\$ 1,299

In its cost estimates, the Town included provisions for amortization of its utility capital assets, making a contribution to both the reserve fund and to provide for contingencies. The approach taken also complies with the prescribed treatment of accounting for debt payments as is required by PSAB. Further, and as required by the Board (but not by PSAB - following PSAB with respect to the treatment of grants would put additional pressure on rates), the Town also provided for the amortization of grants (received towards the partial funding of capital assets).

### **Board Findings**

The Board will approve the request of the Town and provide interim *ex parte* rate increases as proposed. The Board recognizes the need for the increases, as without the increases further large utility deficits would be expected. By law, municipal utilities are required to operate on no worse than a break-even level. In the case of the incurring of a deficit, and in the absence of increased utility rates, property taxes may have been called on to meet the utility deficit. The Town, and the Board, prefers a "user pay" approach, and that requires rate increases.

The Board also approves the proposed \$75.00 per hydrant rental charge, and the other incidental fees as proposed in the Town's application.

The Town must provide Notice to its ratepayers of the approved revised and interim rates as soon as possible, and such rates will take effect on consumption on and after July 1, 2010. The Notice is to also include advice of a Public Hearing, to be presided over by the Board, now scheduled to take place on September 14, 2010 (at 7:00 p.m. in the Town's Council Chambers).

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





**SCHEDULE "A"**  
**TO BOARD ORDER NO. 58/10**  
**THE TOWN OF STONEWALL**  
**WATER AND SEWER RATES**

1. Commodity Rates per Cubic Meter (m<sup>3</sup>)  
 Effective July 1<sup>st</sup>, 2010

		<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
Domestic	All Water Sold	\$0.34	\$0.53	\$0.87

2. Minimum Charges, Quarterly

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charge set out below, which will include the water allowances indicated:

(a) Water and Sewer Customers  
 Effective July 1<sup>st</sup>, 2010

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (m <sup>3</sup> )	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
16mm - 5/8"	1	13.64	\$22.27	\$ 4.64	\$ 7.23	\$ 34.14
19mm - 3/4"	1	13.64	\$22.27	\$ 4.64	\$ 7.23	\$ 34.14
25mm - 1"	4	54.56	\$22.27	\$ 18.55	\$ 8.92	\$ 69.74
38mm - 1 1/2"	10	136.40	\$22.27	\$ 46.38	\$ 72.29	\$ 140.94
50mm - 2"	25	341.00	\$22.27	\$115.94	\$180.73	\$ 318.94
75mm - 3"	45	613.80	\$22.27	\$208.69	\$325.31	\$ 556.28
100mm - 4"	90	1,227.60	\$22.27	\$417.38	\$650.63	\$1,090.28

(b) Water Only Customers

Customers with water only services shall be charged the minimum quarterly rate applicable to the customer's meter size less the sewer charge.

(c) Sewer Rate Reductions

If it can be clearly shown that a customer uses a substantial amount of water which is not returned to the sewer system (at least 10% of the water sold to such customers), the utility may deduct such water in calculating the sewer charge to such customers.

3. Service To Properties Outside Town Limits

The Council of the Town of Stonewall may sign agreements with customers for the provision of water and sewer services to properties located outside the Town boundaries. Such agreements

shall provide for payment of the appropriate rates set out in the Schedule, a surcharge set by resolution of Council which shall be equivalent to the frontage levy, municipal general and special taxes for utility purposes in effect at the time and which would be levied on the subject property if it were located within the Town limits, as well as terms and conditions, including connection, installation and maintenance fees or other charges for providing the service. Such terms and conditions may differ from ones that apply in the Town.

4. Billing And Penalties

Accounts shall be billed quarterly, except in the case of large volume consumers with usage over 4,000 cubic metres per month which may be billed monthly, and shall be due and payable 30 days after date of billing. A penalty of 1.25% of the amount of the bill shall be added if not paid by the due date. For every month after that, a further penalty of 1.25% of the amount of the bill shall be added if the debt is unpaid.

5. Disconnection

Service may be disconnected and discontinued for non-payment of the account in accordance with the Conditions Precedent attached hereto as Appendix "A".

6. Reconnection

- (a) Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$75.00 have been paid.
- (b) Any customer wishing to have billings discontinued due to vacancy of premises or another reason shall be required to have the service disconnected and to pay a \$75.00 reconnection fee when service resumes.

7. Outstanding Bills

Pursuant to section 252(2) of the Municipal Act, the amount of all outstanding charges for water and sewer service, including fines and penalties, are a lien and charge upon the property serviced, and shall be collected in the same manner in which ordinary property taxes upon the property are collectible and enforced.

8. Hydrant Rentals

The Town of Stonewall shall pay to the utility an annual rental of \$75.00 for each hydrant connected to the system. This includes water for fire purposes.

9. Water Allowance Due to Line Freezing

That in any case where, at the request of the Town of Stonewall, the customer allows water to run continuously for any period of time 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 two previous quarters to the same customer, or to the same premises if the occupant has changed.

#### 10. Connection Fees and Inspection Rates

- (a) For a property within the Town of Stonewall limits to connect to the water and wastewater distribution and collection systems the cost of the connection from the mains to the property line including any boulevard and street restoration, and any permit fee, shall be as prescribed in Policy No. 16.2 in the Town's Policy and Procedure Manual.
- (b) A \$50.00 inspection fee shall be levied on any water and sewer service connections made to the water and wastewater distribution and collection systems, to ensure the connections are constructed and installed in accordance with applicable codes and standards.
- (c) No property within the Town of Stonewall shall be permitted to connect to either the water and wastewater distribution and collection systems without connecting to both systems.

#### 11. Water Meters

- (a) The Town shall supply an appropriate size water meter and remote read touch pad. Each customer shall be required to pay in advance a \$50.00 refundable meter deposit. This deposit will be refunded without interest upon termination of service, less any outstanding charges for water and sewer service. Meter deposits may be transferred from one premises to another in the municipality.
- (b) The meter and touch pad shall be installed by a registered plumber and the costs shall be the responsibility of the property owner. The remote touch pad shall be located at a point easily accessible at all times and approved by the Town.
- (c) The meter shall be installed 75 cm above the floor or as approved by the Town.
- (d) The meter shall be located as close as practical to the point of entry of the water line. Ample room must be provided for access to the meter and main valve at all times.
- (e) The meter shall be in a horizontal position with the main shut off valve immediately before the meter. Another valve shall be installed downstream of the meter before any distribution piping or ports.
- (f) No distribution piping or ports shall be allowed before the meter.
- (g) The meter shall be protected from any type of damage including freezing.
- (h) Costs for any damage and labour for repairs to the water meter and associated equipment shall be the responsibility of the property owner.
- (i) A customer may request that his/her water meter be tested for accuracy and before having the

same tested by the Town, he/she shall deposit with the Town of Stonewall Administration office the amount of \$50.00, and if the meter is found to be accurate the \$50.00 shall be retained by the Town and if the meter is found to be inaccurate the \$50.00 will be repaid to the customer.

- (j) If a meter is tampered with so as to not record or properly record water provided to and used by the customer a fine in the amount of \$500.00 will be assessed to the account of the customer plus an estimated cost for the unmetered water and sewer used.

#### 12. Water - Sewer Use

- (a) New residential, commercial, institutional and industrial construction within the Town of Stonewall shall install low flow plumbing fixtures.
- (b) All commercial and institutional food service facilities shall have installed and shall properly maintain grease traps sufficient to prevent cooking grease from entering the wastewater collection system.
- (c) All commercial and private vehicle and equipment wash bays shall have a solid material debris collection pit which will prevent the solids from entering the wastewater collection system.

#### 13. Contraventions

- (a) Every person who contravenes any provision of By-law 4/10 is guilty of an offence and on conviction is liable to a fine of not more than Five Hundred (\$500.00) Dollars for every day or part thereof upon which such offence occurs or continues.
- (b) Every person who contravenes any provision of By-law 4/10 and as a result of which contravention damage or injury is or may be caused to the water and wastewater distribution and collection systems, or any part thereof, is liable to the Town for the full costs of such damage or injury including any fine or penalty imposed on the Town in relation to said contravention.