

M A N I T O B A) Order No. 70/10
)
THE PUBLIC UTILITIES BOARD ACT) July 6, 2010

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

TOWN OF BIRTLE
INTERIM WATER AND SEWER RATES
EFFECTIVE IMMEDIATELY

Executive Summary

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, new rates for the Town of Birtle (Town). For each Residential Equivalent Unit (REU), the per quarter charge will be:

Water Commodity Rate	\$ 85.00
Sewer Commodity Rate	\$ 24.00
Service Charge	<u>\$ 15.50</u>
Total Quarterly	\$124.50

The interim rates represent a 26% increase, to take effect immediately with the next billing (scheduled for August 2010). Rates were last amended in 2001, by way of Order 138/01 which provided for rate increases in 2001, 2002 and 2003.

Details of the revised rates are attached to this Order as Schedule "A".

The Town is to file a revised rate study providing support for these revised rates and address issues outlined in this order with the Board by October 31, 2010.

Background

The Town's water and sewer utility serves 284 customers, 265 being residential customers. The system was constructed in the 1950's, with its water and sewer lines upgraded during the 1970's, 80's and 90's. The lines along Birtle's main street are in need of upgrading - while under consideration, the Town anticipates a significant cost.

The Town obtains its water from wells; water is filtered and chlorinated; the filtration medium is due for replacement. The Town's water system underwent an engineering assessment in 2009. That report indicated that most of the system's problems have been addressed, and that the existing water treatment plant and reservoir equipment is functional (flushing the distribution system is required).

As the Town is located in a valley, a booster station is required to serve customers at higher elevations; the Town operates two booster stations, one for stand-by purposes only.

The Town's two-cell lagoon was last cleaned in the 1990's; effluent is discharged into the Birdtail Creek pursuant to the Town's environmental license. The Town also operates one lift station as part of the wastewater collection system.

The Town reports that its water distribution and sewage collection system are in good condition, with but one water leak having occurred since late 2008.

The Town intends to install water meters in the future, but until that occurs the approach to billing will remain based on Residential Equivalent Units (REU's), a system that relies on estimations. The Town advises that meters had been installed at a few select locations several years ago, to assist in estimating the amount of water used by various customer groups.

Application

The Town filed its application on April 23, 2010, supporting it with

By-law No. 2010-06, which sets out proposed water and sewer rates for the next three years, and a 2010 rate study.

The Town's application proposed an overall 78% increase was required to generate sufficient utility revenue to meet the utility's annual operating expenses, to which are added provisions for contingencies and a contribution to the utility reserve fund.

The Town proposed to phase-in the overall rate increase over three years, with the first year being a 26% increase, year two, 21%, and year three, an additional 17%.

REU	Existing	Year One	Year Two	Year Three
Water	\$ 65.00	\$ 85.00	\$105.00	\$125.00
Sewer	\$ 22.50	\$ 24.00	\$ 25.50	\$ 27.00
Service Charge	\$ 11.25	\$ 15.50	\$ 19.75	\$ 24.00
Total Quarterly	\$ 98.75	\$124.50	\$150.25	\$176.00
Hydrant	\$ 75.00	\$100.00	\$100.00	\$100.00
Reconnection	\$ 25.00	\$ 50.00	\$ 50.00	\$ 50.00
Turn On/Off Water	\$ 15.00	\$ 25.00	\$ 25.00	\$ 25.00

For commercial customers, the revised total quarterly charge would vary, depending on the number of REUs assigned.

The Town advised that as at December 31, 2009 its utility reserve fund held a balance of \$142,357, and the accumulated surplus of the utility was about \$62,000.

The utility has two outstanding debentures, with annual debt servicing costs of \$19,325 (one debenture matures in 2020, the other in 2022). Both debentures are related to the water system.

The rates proposed were intended to recover the following projected

annual net revenue requirements:

Description	2010	2011	2012
General Revenue Requirements	\$ 26,445	\$ 27,238	\$ 28,055
Water Expenses	113,757	117,170	120,685
Reserve Provision	15,000	15,450	15,914
Contingency	10,000	10,300	10,609
Rebates	2,040	2,040	2,040
Less Revenues	<u>- 3,700</u>	<u>- 3,703</u>	<u>- 3,707</u>
Water Revenue Requirements	137,097	141,257	145,541
Sewer Expenses	26,580	27,377	28,199
Contingency	<u>3,000</u>	<u>3,090</u>	<u>3,183</u>
Sewer Revenue Requirements	29,580	30,467	31,382

The estimates provide for a 3% inflation rate, but do not reflect new Public Sector Accounting Board (PSAB) accounting standards, with respect to the recording annual amortization of capital assets and the prescribed approach to recording debenture payments.

The Town also proposed changes to the assignment of REUs for commercial customers. These customers are assigned multiple REUs based on estimated use compared with a residential customer.

The Town holds that the revised assignments are fair and reasonable, and are consistent with the Board's guidelines.

Existing and proposed assignments are as follows:

Current	REU	Proposed	REU
Single Family Residence, Post	1	Single Family Residence,	1

office, CDC Building, JA Woods Riverside, Twin Valley Coop (TVC)Lumber, TVC Office		Post office, CDC Building, JA Woods Riverside, TVC Office, RM building, Asselstine Agencies, Birtle Drop In, Value Shoppe, Vanguard CU, Royal Bank, Sims & Co.	
Mid Town Groc., Stevenson Frank, Gypsy Mart, Joan Taylor	1.5	Goulet, Nail Finesse, Birtle Pharmacy	1.5
Birtle Pink School, Bill Murray Motors, MH Complex, Birtle Fire Prevention Complex, Car Wash, TVC Tire, Legion Hall	2	MH Complex, Birtle Fire Hall, TVC Home/Farm Centre, TVC Gas Bar, Birtle Hall, S.B. Ringers, Mainline Motors, Midaga's, Snow's Country Meats	2
Snow Building, Birtle Abbatoir, Crane Steel Structures	3	Birtle Abbatoir, Crane Steel Structures	3
Springside Apartments, Birtle Community Centre, Lions Corner, Glendon Place, S&D Restaurant, TVC Grocery Store/Bakery	4	Springside Apartments, Birtle Community Centre, Lions Corner, S&D Restaurant,	4
Favorite Motel	5	Favorite Motel, Glendon Place	5
Birtle Hotel	6	Birtle Hotel, TVC Grocery Store/Bakery	6
Lions Village	8	Lions Village	8
Birdtail River School Division Elementary	10	Birtle Elementary School/Parkwest School Division	10
Morton Manor	12	Morton Manor	12
Pioneer Lodge	15	Pioneer Lodge, Town Campground (Seasonal)	15
Collegiate	25	Collegiate	25
Birtle Health Centre/PCH	35	Birtle Health Centre/PCH	35
Water Only	1	Water only	1
Sewer Only	1	Sewer only	1
Commercial Sewer Only - Laundromat	6		

Board Findings

There is an urgent need for an immediate increase in utility revenue, and, accordingly, the Board will provide, on an interim ex

parte basis, the first increase as proposed by the Town in their application.

Concurrently, the Board will also approve the revised charges and fees and the new assignments of REU's for commercial customers. These changes are to take effect with the next quarterly billing, scheduled for August 2010.

The Board will require the Town to prepare a water and sewer rate by-law that agrees with the provisions of this Order, as well as provide notice to its customers as soon as possible of the immediate increase in rates, and the reasons for the increase.

The Board will address the Town's request for additional increases following receipt and review of added supporting information. As well, the Town is to ensure that all newly required accounting changes are reflected in the new rate study it is to prepare and file with the Board.

The follow-up application for revised rates is to include documents required by the Board's Minimum Filing Requirements. In addition the Board will require the revised application address some other specific matters:

- Utility financial statements for the year ended December 31, 2009;
- Tangible Capital Asset continuity schedule for the Town's utility;
- A revised and updated rate study including effects of now required PSAB accounting standards;

- A review of outstanding and ongoing capital expenditure projects, including proposed funding arrangements; and
- A report on water quality including colour and taste.

The Board will require the Town to submit the above noted information, as well as address other specific items, no later than October 31, 2010. The Board suspects that once other PSAB and Board prescribed accounting standards have been included, the rates currently being proposed for 2011 and 2012 will change, and the Town should amend its current application for those years to reflect any necessary changes.

Following receipt of that information, the Board intends to establish reasonable rates, sufficient to provide for future utility break-even operations. The Board will then require the Town to issue a public notice, to allow ratepayers an opportunity to address interim and proposed rates and the revised rate structure through a public review process to be conducted by the Board in either late 2010 or the spring of 2011.

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. The Town of Birtle is hereby directed to prepare a water and sewer rate by-law to agree with this Order, and the attached Schedule "A", for interim *ex parte* rates to be effective immediately and reflected in the August 2010 quarterly bills.
2. The Town of Birtle shall submit a certified copy of the by-law required in No. 1 with the Public Utilities Board upon having received third and final reading.
3. The Town of Birtle provide notice to its customers of this immediate increase, such notice to be vetted by the Public Utilities Board.
4. Confirmation of interim *ex parte* increases is conditional, upon the Town of Birtle completing its revised rate study and filing other supporting information with the Board no later than October 31, 2010, including information as provided for in this order.

Fees payable upon this Order - \$150.00.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"

Chairman

"KRISTINE SHIELDS"

Acting Secretary

Certified a true copy of Order No.
70/10 issued by the Public Utilities
Board

Acting Secretary

Schedule "A"
 To Board Order No. 70/10
 The Town of Birtle
 Water and Sewer Rates

1. Residential Equivalent Unit (REU) Per Quarter:

Water Commodity Rate	\$ 85.00
Sewer Commodity Rate	\$ 24.00
Service Charge	<u>\$ 15.50</u>
Total Quarterly	\$124.50

Customer	REU	Service Charge	Water Charge	Sewer Charge	Quarterly Bill
Single Family Residence, Post office, CDC Building, JA Woods Riverside, TVC Office, RM building, Asselstine Agencies, Birtle Drop In, Value Shoppe, Vanguard CU, Royal Bank, Sims & Co.	1	\$15.50	\$ 85.00	\$ 24.00	\$ 124.50
Goulet, Nail Finesse, Birtle Pharmacy	1.5	\$15.50	\$ 127.50	\$ 36.00	\$ 179.00
MH Complex, Birtle Fire Hall, TVC Home/Farm Centre, TVC Gas Bar, Birtle Hall, S.B. Ringers, Mainline Motors, Midaga's, Snow's Country Meats	2	\$15.50	\$ 170.00	\$ 48.00	\$ 233.50
Birtle Abattoir, Crane Steel Structures	3	\$15.50	\$ 255.00	\$ 72.00	\$ 342.50
Springside Apartments, Birtle Community Centre, Lions Corner, S&D Restaurant	4	\$15.50	\$ 340.00	\$ 96.00	\$ 451.50
Favorite Motel, Glendon Place	5	\$15.50	\$ 425.00	\$ 120.00	\$ 560.50
Birtle Hotel, TVC Grocery Store/Bakery	6	\$15.50	\$ 510.00	\$ 144.00	\$ 669.50
Lions Village	8	\$15.50	\$ 680.00	\$ 192.00	\$ 887.50
Birtle Elementary School/Parkwest School Division	10	\$15.50	\$ 850.00	\$ 264.00	\$ 1214.50
Morton Manor	12	\$15.50	\$1020.00	\$ 288.00	\$ 1323.50
Pioneer Lodge, Town Campground (Seasonal)	15	\$15.50	\$1275.00	\$ 360.00	\$ 1650.50
Collegiate	25	\$15.50	\$2125.00	\$ 600.00	\$ 2740.50
Birtle Health Centre/PCH	35	\$15.50	\$2975.00	\$ 840.00	\$ 3830.50
Water only	1	\$15.50	\$ 85.00	--	\$ 105.50
Sewer only	1	\$15.50	--	\$ 24.00	\$ 39.50

2. Invoicing:

Invoices for accounts shall be issued the second month in each quarter, and shall be due and payable 15 days after the invoice date. Where water is turned on for a customer, the invoice shall be issued at the beginning of the next month and shall cover the services from that time to the end of the quarter.

3. Late Payment Charge:

A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date.

4. Disconnection for Non-payment:

The Public Utilities Board has approved 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.

5. Service to Customers outside the Town limits:

The Council of the Town of Birtle may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of Birtle. Such agreements shall provide for payment of the appropriate rates set out in this 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. In addition, all costs of connecting to the utility's mains and installing and maintaining service connections will be paid by the customer.

6. Hydrant Rentals:

The Town of Birtle will pay to the utility an annual rental of \$100.00 for each hydrant connected to the system, which includes the cost of water used for fire fighting and line flushing.

7. Disconnection and Reconnection:

The charge for the disconnection and/or reconnection of service whether at the customer's request or because of non-payment of account is \$50.00 per disconnection or reconnection.

8. Turn on and Turn off Charges:

Water turned off for repairs and on again at the request of the customer shall have a charge of \$25.00 for services.

9. Outstanding Bills:

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

10. Valve:

Property owners are required to install and operate a suitable valve or other mechanical device for shutting off or controlling the water connection in the cellar or basement of the owner's dwelling unit.

11. Sewage Surcharges:

(a) There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by resolution of Council.

(b) A special surcharge for substances requiring special treatment shall be charged based on the actual cost of treatment required for the particular sewage or industrial wastes.