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THE PUBLIC UTILITIES BOARD ACT) Order No. 10/11
) January 20, 2011

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

THE TOWN OF GILBERT PLAINS
WATER AND SEWER RATES

Summary

By this Order, the Public Utilities Board (Board) approves on an *ex parte* basis revised and interim water and sewer utility rates for the Town of Gilbert Plains (Town).

The new rates are to be reflected on the next quarterly billing, this consistent with the Town's rate by-law.

Existing and revised rates:

Commodity Rate \$/1,000 gallons	Current		Revised
Water		Water	
First 20,000 gallons	\$10.10	All Consumption	\$17.00
Next 80,000 gallons	\$9.85	-	-
Over 100,000 gallons	\$9.05	-	-
Sewer	\$1.90	Sewer	\$0.90
Quarterly Service Charge	\$10.80	Quarterly Service Charge	\$11.55
Minimum Quarterly*	\$46.80	Minimum Quarterly*	\$65.25
Bulk Water	\$11.90	Bulk Water	\$17.00
Reconnection charge	\$35	Reconnection charge	\$35

*Includes 3,000 gallons

Background

Rates were last reviewed by the Board in 2004.

Effective January 1, 2009, the Public Sector Accounting Board (PSAB) revised its accounting standards for municipalities, including utility operations; the implications of the accounting change are significant.

While the Town's application has yet to be fully reviewed by the Board to ensure all the likely implications of the revised PSAB standards have been included, the Board has determined that a

rate increase is required.

Legislation requires municipal utilities to, at least, break-even annually on utility operational costs. To alleviate the otherwise even higher rates that could result from a full reflection of the mandated accounting changes, the Board has established regulatory accounting practices that differ (in one respect) from those set by PSAB.

Grants may be amortized over the same period as the corresponding capital asset is to be amortized. Similarly, the value of any water and sewer infrastructure transferred to a municipality by a developer will be considered a donation/grant, and be eligible for amortization over the same period of time as the acquired capital asset is amortized, resulting, in such a case, in a complete offset.

Details of PSAB requirements and the Board's allowable regulatory accounting treatments are set out in Order 93/09, available on the Board's website (www.pub.gov.mb.ca).

Backlog

Because of the accounting changes, the number of utility rate applications that were submitted in 2010 was much higher than expected. As the Board has limited staff resources to undertake rate reviews, reviews made more complex by the accounting changes, and in an effort to minimize delays to avoid the development of operating deficits, the Board will approve the rates as sought by the Town.

This approach has and is being taken to a number of municipal utility rate applications received by the Board between July 1 and December 31, 2010.

For these applications, including the Town's, the Board is relying on the submission of the municipality, which included supporting information, and will approve the rates as requested on an interim *ex parte* basis (*ex parte* means without public input).

Customers are encouraged to attend to the Town office to review its complete application.

This Order will be followed by a more detailed review (by the Board) of the Town's application and utility situation in 2011, and the Board will provide an opportunity for the Utility's ratepayers to express comments and concerns.

Further details will be requested from the Town, towards ensuring the Board has a full understanding of the utility revenue requirement.

Application

The Town applied for revised water and sewer rates, as set out in its By-law No. 2010-04 (read the first time on July 13, 2010).

The proposed rates were expected by the Town to generate sufficient annual revenue to recover the following projected annual expenses:

	Projected Expenses
General	
Expenses	\$19,100
Less Revenues	- 825
General Revenue Requirements	\$18,275
Water	
Expenses	\$218,074
Interest on long term debt	-
Amortization	-
Reserves/Contingency	-
Minor Capital	-
Less Revenues	-8,900
Water Revenue Requirements	\$209,174
Sewer	
Expenses	\$10,800
Amortization	-
Reserves/Contingency	-
Interest on long term debt	-
Less Revenues	-50
Sewer Revenue Requirements	\$10,750

Board Findings

The Board will, on an *ex parte* basis, approve interim water and sewer rates as applied for by the Town.

The Board makes this interim decision mindful that without immediate increases, the utility would be expected to incur an operating deficit, and incurring deficits is not in the public interest (as it could result in "rate shock" when rates are subsequently adjusted to reflect revenue requirements).

The Board notes that while the Town's audited financial

statements for 2009 have been submitted, it does not appear that the Town has addressed PSAB items such as the inclusion of an amortization expense. The Board will require preliminary 2010 results to be filed. The Board is attentive to the potential that there may be other factors that have yet to be considered towards what is "just and reasonable rates".

As previously stated, the Board will conduct a thorough review of the Town's utility revenue requirements and rates in 2011, once initial 2010 financial information are available.

As well, as part of the Board's 2011 review, ratepayers will be provided notice and allowed an opportunity to provide comments to the Board. Following the Board's review, which may include an oral hearing (dependent upon any concerns expressed), the Board will issue a final Order, one that will set final rates (which may vary from those established herein).

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.

IT IS THEREFORE ORDERED THAT:

1. The Town of Gilbert Plains By-law 2010-04 BE AND IS
HEREBY APPROVED on an interim *ex parte* basis, with
revised rates to be reflected on the next quarterly
billing.
2. The Town of Gilbert Plains file a copy of By-law 2010-04
(once it has received third and final reading), not later
than February 28, 2011.
3. The Town of Gilbert Plains provide notice to its
customers, with a copy to the Board, of the interim rate
increases and the rationale for same as soon as possible.
4. The Town of Gilbert Plains file a copy of its unaudited
2010 utility results with the Public Utilities Board, not
later than March 31, 2011.

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.
10/11 issued by The Public
Utilities Board

Acting Secretary