

M A N I T O B A                    )  
  )  
THE PUBLIC UTILITIES BOARD ACT    )    Order No. 125/11  
  )    September 23, 2011

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

RURAL MUNICIPALITY OF ROCKWOOD  
TOWNSITE OF GUNTON  
WATER AND SEWER RATES

## Summary

By this Order, the Public Utilities Board (Board) approves on an *ex parte* basis initial and interim water and sewer utility rates for the Townsite of Gunton (Townsite) in the Rural Municipality of Rockwood (RM).

The rates are to be reflected on the next quarterly billing.

## Initial interim rates:

	Proposed	Approved Interim Rates
Quarterly service charge	\$ 13.00	\$ 15.00
Water per m <sup>3</sup>	\$ 2.15	\$ 4.65
Sewer per m <sup>3</sup>	\$ 0.43	\$ 2.75
Minimum quarterly charge (5/8")*	\$51.70	\$126.00
Bulk Water per m <sup>3</sup>	\$ 3.43**	\$ 3.43**
<ul style="list-style-type: none"><li>• *Includes 15 cubic meters</li><li>• **Plus \$50.00 per fill</li></ul>		

These rates will remain in effect until July 1, 2012 unless modified sooner by an order of the Board.

Details of other rates may be found in the attached schedule "A".

## Background

The Gunton utility is new, thus the establishment of initial rates. It will be receiving its water supply from the Community of Balmoral Sewer and Water Utility System.

The RM provided no metrics with respect to the new utility, so little detail is available in this order.

However, the Board recognizes the need for the utility to have a basis for charging its customers and therefore establishes initial rates pending receipt of a rate study.

### **Application**

The RM applied in June 2011 for initial water and sewer rates to be set equal to those charged by the Balmoral Utility, as set out in By-law No. 12/07 and approved by the Board in its Order 88/07. The RM submitted that this would be reasonable given that the water supply for the new utility was the Balmoral Utility.

The application was not supported by a rate study, but was accompanied by By-law # 07/11, read for the first time on June 8, 2011. No details about the new utility were provided.

### **Board Findings**

The Board will, on an *ex parte* basis, approve initial water and sewer rates, although it will vary those rates from those applied for by the Town.

The request was not accompanied by any financial projections for the Gunton Utility. Under normal circumstances, the Board would expect that a rate study would be submitted which would project the utility's expected revenues and expenditures in order that the Board might assess whether rates are fair and reasonable.

The RM already operates a number of utilities, namely Stony Mountain, Bristol Pipelines, Grosse Isle and Balmoral, each with its own set of operating results.

The RM was asked some time ago to submit a rate study for all its utilities, and on May 18, 2010, advised that they were waiting for financial statements for 2009, prepared in accord with generally accepted accounting principles as defined by Canada's Public Sector Accounting Board (PSAB), to proceed with the rate studies. Those statements are now available, and the RM has recently committed to providing a rate study for all its utilities by December 31, 2011.

According to the audited financial statements for 2009, the Balmoral utility in particular has experienced large operating deficits when calculated on a PSAB basis. In the absence of further detail, the Board has concluded that it would not be fair and reasonable to apply apparently inadequate rates to another utility without some analysis of that utility's projected costs.

The Board has therefore increased the proposed rates to more closely reflect what would appear to be the indicated rates which Balmoral would have to charge to break even.

The Board will conduct a thorough review of the Gunton Townsite's utility revenue requirements once the rate study is filed in December 2011. Ratepayers will then be provided notice, and allowed an opportunity to provide comments to the Board. An oral hearing may be held, dependent upon concerns expressed.

The Board will then 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 water and sewer rates for the Gunton Townsite Utility in the Rural Municipality of Rockwood, as set out in Schedule "A" to this order, BE AND ARE HEREBY APPROVED on an interim *ex parte* basis, with rates to be reflected on the next quarterly billing and to remain in effect until July 1, 2012 unless otherwise modified by the Board.
2. The Rural Municipality of Rockwood amend By-law 07/11 to reflect the approvals in this order and file a copy with the Public Utilities Board, not later than October 31, 2011.
3. The Rural Municipality of Rockwood file rate studies for all of its utilities, on or before December 31, 2011.
4. The Rural Municipality of Rockwood provide notice to its customers, with a copy to the Board, of the interim rates as soon as possible.

September 23, 2011

Order No. 125/11

Page 6 of 9

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.  
125/11 issued by The Public  
Utilities Board

Acting Secretary

**SCHEDULE "A"**  
**TO BOARD ORDER NO. 125/11**  
**TOWNSITE OF GUNTON**  
**WATER AND SEWER RATES**  
**BY-LAW #07/11**

**SCHEDULE OF QUARTERLY RATES**

1. **COMMODITY RATES PER CUBIC METRE:**

<u>WATER</u>	<u>SEWER</u>	<u>WATER &amp; SEWER</u>
\$4.65	\$2.75	\$7.40

2. **MINIMUM QUARTERLY RATES:**

Notwithstanding the Commodity Rates set forth in Paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include the water allowances indicated:

**WATER & SEWER CUSTOMERS:**

<u>METER SIZE</u>	<u>GROUP CAP. RATIO</u>	<u>MINIMUM QUARTERLY CONSUMP</u>	<u>SERVICE CHARGE</u>	<u>COMMODITY RATES</u> ----- <u>WATER</u> <u>SEWER</u>		<u>MINIMUM QUARTERLY CHARGES</u>
5/8"	1	15	\$15.00	\$ 69.75	\$ 41.26	\$126.00
1"	4	60	\$15.00	\$279.00	\$165.00	\$459.00

3. **BULK SALES:**

All water sold in bulk by the Rural Municipality of Rockwood shall be charged for at the rate of \$3.43 per cubic metre plus a flat fee of \$50.00 per fill in order to cover wages and travelling costs associated with the fill.

4. **SERVICE TO CUSTOMERS OUTSIDE THE VILLAGE LIMITS:**

The Council of the Rural Municipality of Rockwood may sign Agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Townsite of Gunton. Such Agreements 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 the 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 the Townsite of Gunton's boundaries. In addition, all costs of connecting to the Utility's mains and installing and maintaining service connections will be paid by the customer.

5. **BILLINGS AND PENALTIES:**

Accounts shall be billed quarterly, and the due date shall be at least 14 days after the mailing of the bills.

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

6. **DISCONNECTION:**

The Public Utilities Board has approved the Conditions Precedent, attached hereto as Appendix "A", 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.

7. **RECONNECTION:**

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$50.00 have been paid.

Upon written request and payment of the applicable fee to the Rural Municipality of Rockwood, service may be:



1. Disconnected - \$50.00 fee;
2. Removed - \$50.00 fee; or
3. Reconnected - \$50.00 fee

8. **OUTSTANDING BILLS:**

Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer service 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.

9. **HYDRANT RENTALS:**

The Rural Municipality of Rockwood will pay to the Utility an annual rental of \$150.00 for each hydrant connected to the system which includes the cost of water for fire-fighting.

10. **SEWER SURCHARGES:**

- a) There may be levied annually, in addition to the 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 costs of treatment required for the particular sewage or industrial waste.

11. **WATER ALLOWANCE DUE TO LINE FREEZING:**

That in any case where, at the request of Council, a 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.