

MANITOBA) Order No. 134/11
)
THE PUBLIC UTILITIES BOARD ACT) October 5, 2011

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

RURAL MUNICIPALITY OF WHITEWATER
ELGIN UTILITY
WATER AND SEWER RATES - FINAL APPROVAL

Summary

The Public Utilities Board (Board) hereby confirms the water and sewer rates for the Elgin Utility (in the Rural Municipality of Whitewater, RM) as approved on an *ex parte* basis in January 2011 in Order No. 11/11.

Previous and revised rates:

Commodity Rate \$/cubic meter (m ³)	Previous	Revised
Water	\$ 1.70	\$ 3.13
Sewer	\$ 0.50	\$ 0.85
Quarterly Service Charge	\$ 3.50	\$ 7.58
Minimum Quarterly*	\$32.10	\$59.32
Bulk Water	\$ 1.70	\$ 3.13**
Sewer Only - Quarterly	\$22.00	\$32.23
Reconnection charge	\$25.00	\$25.00

*Includes 13 m³

**Minimum charge of \$6.26

Details of other related approvals are as shown in the attached Schedule "A".

Introduction

The RM filed its application for new rates in August of 2010. Prior to that application, rates were last reviewed by the Board in 2003 and, since then, operating deficits were incurred in 2007, 2008, 2009, and 2010.

The RM concurrently applied for approval of its 2010 deficit to be recovered from future surpluses.

In an effort to minimize the possible development of further operating deficits, the Board approved the rates as sought by the RM on an interim *ex parte* basis. Interim approvals are subject to change following a more detailed review, which includes a process involving a public notice of the proposal. Customers are thus afforded the opportunity to comment and raise objections and concerns before the Board finalizes the rate. The public notice was issued in June 2011.

Board hearings may be conducted orally, where a public meeting is convened, or may be done via a paper based process, where written submissions are reviewed and a decision reached. Because no comments were forwarded to the Board following the June 2011 notice, the Board proceeded with a paper based review in order to minimize regulatory costs.

Background

The Elgin Utility serves approximately 55 customers, with anticipated expansion to 66 customers.

The system consists of a raw water supply well, a water treatment system, reservoir and distribution system.

The sewer system is a gravity collection system which discharges into a wastewater lagoon.

The system is approximately 30 years old. While it is in compliance with both drinking water standards and environmental requirements, there are colour and taste issues with the water supply and the Utility is considering upgrades to its water

treatment system.

The utility operator is currently in the process of obtaining the necessary operator's certification.

Application

The RM applied for revised water and sewer rates, as set out in its By-law No. 2010-5 (read the first time on August 11, 2010). The application was supported by a rate study prepared by RM staff.

The proposed rates were based on the following projected annual expenses:

	Projected Expenses
General	
Expenses	\$ 2,000
Less Revenues	-
General Revenue Requirement	\$ 2,000
Water	
Expenses	\$22,174
Amortization*	\$ 5,936
Reserves/Contingency	\$ 1,000
Minor Capital	-
Less Revenues	-
Water Revenue Requirement	\$29,110
Sewer	
Expenses	\$ 5,277
Amortization	-
Reserves/Contingency	\$ 1,000
Less Revenues	-
Sewer Revenue Requirement	\$ 6,277
TOTAL REVENUE REQUIREMENT	\$37,387

*Amortization expense added subsequent to original application.

The proposed rates were estimated to produce revenues of \$44,682, yielding a surplus of some \$7,300. The RM acknowledged that this surplus was intended to help address past deficits.

The projected expenses included no provision related to anticipated upgrades, as the arrangements for this are not yet in place.

The application for the 2010 deficit approval was premised on recovery from future surpluses, but was not supported by audited financial statements, which are not yet available.

Board Findings

The Board now confirms as final the revised water and sewer rates (as applied for by the RM) approved in January 2011 on an interim basis.

The Board interprets the lack of response to the notice to be tacit acceptance by customers of the necessity for the amended rates.

The Board is hesitant to approve the 2010 deficit application without the underlying audited statements, and will defer decision on this matter until those statements are available.

Nonetheless, the Board is aware of past deficits in consecutive years, and will allow the rate-driven surplus proposed by the RM for this purpose. In providing this approval, the Board reminds the Utility that this is essentially a "rate rider", that is, a special provision with a limited life. Once the deficits have

been addressed, the Board expects that the RM will return to the Board for a rate adjustment to eliminate this provision.

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 revised water and sewer rates for the Elgin Utility in the Rural Municipality of Whitewater, as shown in the attached Schedule "A" BE AND ARE HEREBY APPROVED on a final basis.
2. The Rural Municipality of Whitewater file a copy of its audited 2010 utility results with the Public Utilities Board as soon as available.

Fees payable upon this Order - \$500.00

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"
Chairman

"KRISTINE SHIELDS"
Acting Secretary

Certified a true copy of Order No.
134/11 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 134/11

**RURAL MUNICIPALITY OF WHITEWATER
ELGIN UTILITY**

WATER AND SEWER RATES

1. Commodity rates per Cubic Meters

	Water	Sewer	Water & Sewer
All water consumption	\$3.13	\$0.85	\$3.98

2. Minimum Charges, Quarterly

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

(a) Water and Sewer customers

Meter Size	Water Included Cubic Meter	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
			<u>Water</u>	<u>Sewer</u>	
5/8"	13	\$7.58	\$40.69	\$11.05	\$59.32

(b) Water Only Customers

Minimum charge will be the same for each meter size as shown, above but the Sewer Commodity Charge will be excluded.

(c) Sewer Only for Residential Customers

The Elgin Utility charges the owners or occupants of land serviced with sewer but no water the sum of \$32.23 per quarter.

3. Bulk Sales Rate

All water sold in bulk by the Elgin Utility shall be charged at the rate of \$3.13 per cubic meter with a minimum charge of \$6.26.

4. Service to Customers outside Municipality, Town or L.I.D. limits

The Council of the Rural Municipality of Whitewater may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Local Improvement District No. 1 (Elgin). 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 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 connections will be paid by the customer.

5. Billings and Penalties

Accounts shall be billed quarterly and shall be due and payable 30 days from date of billing. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date. This applies to water, sewer and bulk water accounts.

6. Disconnection

The Public Utilities Board has approved the 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 Municipality's Office.

7. Reconnection

Any service disconnected for any reason including non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$25.00 have been paid.

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 connected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.