

M A N I T O B A)
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THE PUBLIC UTILITIES BOARD ACT) Order No. 15/11
) January 24, 2011

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

THE TOWN OF STE. ANNE
 SEWER RATES

Summary

By this Order, the Public Utilities Board (Board) approves on an *ex parte* basis revised and interim sewer rates for the Sewer Utility in the Town of Ste. Anne (Town).

The new rates are to be reflected on the 2011 annual tax statement, this consistent with the Town's rate by-law.

Existing and revised rates:

Units	Customer	Current (2005)			Revised		
		Service Charge	Commodity	Total Quarterly	Service Charge	Commodity	Total Quarterly
1	Single family Small, Commercial	\$5.05	\$20.75	\$25.81	\$5.50	\$30.20	\$35.70
1.5	Small commercial with residence, body shops, residence with small enterprise	\$5.05	\$31.14	\$36.19	\$5.50	\$45.30	\$50.80
2	Residence with suite, enterprise with suite, two separate enterprises with suites, duplex, two separate enterprise in same locale, Halls (Legion & Center), Church ¹	\$5.05	\$41.52	\$36.57	\$5.50	\$60.40	\$65.90
3	Dawson Trail Oppt	\$5.05	\$62.28	\$67.33	\$5.50	\$90.60	\$96.10
4	Fourplex residence, Centre Medical Seine, Gregoire garage & car wash, Cordon Bleu Restaurant with residence	\$5.05	\$83.04	\$88.09	\$5.50	\$120.80	\$126.30

5 ²	Dental Office, Seine River School Division (Bus Garage), CDC Building	-	-	-	\$5.50	\$151.00	\$156.50
6	6 suite apartment Ste. Anne Coop ²	\$5.05	\$124.56	\$129.61	\$5.50	\$181.20	\$186.70
12	Ste. Anne Gardens	\$5.05	\$249.12	\$254.17	\$5.50	\$362.40	\$367.90
17	Ste. Anne Hotels	\$5.05	\$352.75	\$357.80	\$5.50	\$513.40	\$518.90
28	Place Ste. Anne	\$5.05	\$581.00	\$586.05	-	-	-
30	Ste. Anne Hospital Place Ste. Anne ³	\$5.05	\$622.80	\$627.85	\$5.50	\$906.00	\$911.50
40 ²	Ste. Anne Hospital - After Expansion	-	-	-	\$5.50	\$1,208.00	\$1,213.50
70 ²	Ste. Anne Schools ⁴	\$5.05	\$1,421.38	\$1,426.43 (*)	\$5.50	\$2,114.00	\$2,119.50 (*)
(*)Break down of charge P.D.C. School Immersion School Ste. Anne Collegiate Ste. Anne Elementary		\$592.65 \$333.26 \$271.01 \$229.51			\$878.12 \$484.48 \$423.92 \$332.98		
77.5 ⁵	Villa Youville Inc.	\$5.05	\$1,608.13	\$1,613.18	\$5.50	\$2,340.50	\$2,346.00
89.5 ²	Villa Youville Inc. after expansion	-	-	-	\$5.50	\$2,702.90	\$2,708.40

¹ Previously assessed one unit

² New

³ Previously assessed 28 units

⁴ Previously assessed 68.5 units

⁵ Reduced in 2007 from 81.5 units

The Board will also approve a \$25.00 per load fee (to be charged to septic haulers that are disposing of waste into the Town's lagoon).

Background

Rates were last reviewed by the Board in 2005; in 2007 the Board approved lowering the charge to the Inn (Villa Youville Inc.) and establishing a charge for Place Ste. Anne.

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

While the Town's application is yet to be fully reviewed to ensure all the implications of revised PSAB standards have been reflected, based on the application the Board has determined 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 following 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 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 with respect to a number of municipal utility rate applications (as received by the Board between July 1 and December 31, 2010).

For these applications, including the Town's, the Board is relying on submissions of the municipalities, which include supporting information, and, in this case, 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 the complete application.

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

At that time, the Board will obtain such further details as it

deems necessary from the Town, towards ensuring the Board has a full understanding of the utility's revenue requirement.

Application

The Town applied for revised sewer rates, as set out in its By-law No. 11-2010 (read the first time on October 12, 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	\$10,927
Less Revenues	-
General Revenue Requirements	\$10,927
Sewer	
Expenses	\$67,845
Amortization	24,214
Reserves/Contingency	14,640
Interest on long term debt	14,774
Less Revenues	-30,748
Sewer Revenue Requirements	\$90,725

Board Findings

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

The Board makes this interim decision mindful that without immediate increases, the Town's sewer utility would be expected to incur annual operating deficits, and incurring deficits is

not in the public interest (as it could result in an even greater "rate shock" when rates are subsequently adjusted to reflect revenue requirements).

The Town's audited financial statements for 2009 have yet to be filed and the Board will also require preliminary 2010 results to be filed, which may reflect the need for additional changes pursuant to PSAB. Furthermore, the Board is aware that there may be other factors that have yet to be considered, towards determining "just and reasonable rates".

As already stated, the Board will conduct a thorough review of the Town's utility revenue requirements and rates in 2011, once initial 2010 financial information and 2009 audited statements have been filed.

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, which will set final rates (rates 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 Ste. Anne By-law 11-2010 BE AND IS HEREBY APPROVED on an interim *ex parte* basis, with the revised rates to be reflected on the 2011 annual tax statements (on the condition that the utility billing is separate and distinct from taxes, and not offset by the Manitoba Education Property Tax Credit).
2. The Town of Ste. Anne file a copy of By-law 11-2010 (once it has received third and final reading), not later than February 28, 2011.
3. The Town of Ste. Anne provide notice to its customers, with a copy to the Board, of the interim rate increases and rationale, as soon as possible.
4. The Town of Ste. Anne file a copy of its 2009 audited financial statements and 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. 15/11 issued by The Public
Utilities Board

Acting Secretary