

MANITOBA) Order No. 113/12
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THE PUBLIC UTILITIES BOARD ACT) September 6, 2012

BEFORE: Susan Proven, P.H.Ec, Acting Chair
Raymond Lafond, B.A., C.M.A., F.C.A., Member

RURAL MUNICIPALITY OF ROCKWOOD
STONY MOUNTAIN UTILITY SYSTEM
WATER AND SEWER RATES
2012, 2013 and 2014

Summary

The Public Utilities Board (Board) hereby approves the amalgamation of the Stony Mountain and the Bristol Utilities, previously operated as a separate utility by the Rural Municipality of Rockwood (RM). The amalgamated utility shall be known as the Stony Mountain Utility System (Utility).

The Board also approves revised water and sewer rates for 2012, 2013 and 2014 for the Utility. The 2012 rates are effective July 1, 2012; the 2013 and 2014 rates will be effective on January 1 in each of those years.

The current and revised commodity rates are noted below:

	Current	2012	Increase/ Decrease	2013	Increase/ Decrease	2014	Increase/ Decrease
Quarterly Service Charge	\$12.50	\$15.00	20.0%	\$15.50	3.3%	\$15.95	2.9%
Water First 90 cubic meter	\$0.49	\$0.50	2.0%	\$0.65	30.0%	\$0.75	15.4%
Over 90 cubic meter	\$0.40	\$0.50	25.0%	\$0.65	30.0%	\$0.75	15.4%
Sewer- \$/ per cubic meter	\$0.48	\$0.45	-6.2%	\$0.50	11.1%	\$0.50	0.0%
Minimum Quarterly*	\$27.05	\$29.25	8.13%	\$32.75	11.97%	\$34.70	5.95%
Flat rate Water only customers (annual)**	\$100.00	\$295.00	195%	\$375.00	27.1%	\$430.00	14.7%
Bulk water rates**	\$2.40	\$0.87	-63.8%	\$1.07	23.0%	\$1.17	9.3%
Reconnection fee	\$20.00	\$50.00	150.0%	\$50.00	0.0%	\$50.00	0.0%
Hydrant rental (annual)	\$135.00	\$150.00	11.1%	\$150.00	0.0%	\$150.00	0.0%

*water & sewer customers -15 cu m per quarter

** add \$50 per fill starting in 2012

***currently, customers serviced by the Bristol Water distribution system are charged a flat rate of \$50 semi-annually, or \$100 annually. This should be compared to the proposed "Flat rate Water only customers (annual)" rate.

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

Introduction

The RM of Rockwood applied on January 26, 2012 for revised rates to be effective for 2012, 2013 and 2014. The Stony Mountain rates were last revised in 2002; Bristol Utility rates were last reviewed in 1995.

A Public Notice of Application was issued in March 2012 affording customers the opportunity to comment to both the Board and the Utility with respect to the proposed increases.

The Board has at its disposal two alternative processes to deal with rate applications. It may determine that an oral hearing is warranted or that a paper review process is sufficient. Based on customer response to the Public Notice (no comments were received), the Board chose a paper review process. This avoids the expense of an oral hearing and was in the best interest of all concerned.

Background

In 2011, the Municipality extended a water line connecting the Bristol Utility to the Stony Mountain Utility. Amalgamating the Utilities is expected to result in operational and regulatory efficiencies.

There are 78 customers serviced in Bristol and 555 customers serviced in Stony Mountain. The system also services 88 fire hydrants. There was one customer served outside the boundary; this customer made capital contributions thereby removing the need for a surcharge.

The Stony Mountain Institution is connected to the water distribution system but this is only used as backup as the Institution has its own water supply.

The Municipality intends to install meters in Bristol, a step which is expected to result in reduced consumption by Bristol customers. The Stony Mountain customers are currently all metered.

The Utility obtains raw water from three production wells installed in 1990. The RM reports that unaccounted for water is at 9%, including water used for line flushing, or less than the industry average of 10%.

An engineering assessment was conducted in January 2010 which recommended a study of the aquifer and the condition of the wells.

The raw water source is in conformance with provincial regulations, the Drinking Water Safety Act and of the federal guidelines for Canadian Drinking Water Quality, with the exception of hardness and total dissolved solids. It is treated with C5, an inhibitor to control corrosion and scale buildup, and it is chlorinated before it enters the distribution system. Engineers have recommended installation of a chlorine analyzer.

The sewage collection and treatment system consist of a low pressure and gravity system installed with the water system in 1990 and is considered to be in good condition.

The Utility has a two-cell lagoon and treated effluent discharges are made twice annually in conformance with environmental requirements.

The lagoon's capacity is at its limit and the Municipality's 2011 capital budget has identified the need for a lagoon study and expansion. As a result of this capacity issue, septic is no longer allowed to be hauled into the lagoon.

Overall, the Utility is a class I water and sewer system and the operators are certified as class II for both water treatment and wastewater collection.

The Bristol system was connected to the Stony Mountain system in late 2011 at a cost of \$250,000 which was borne entirely by the Manitoba Water Services Board.

Application

The RM submitted its application on January 26, 2012 accompanied by a water and sewer Utility rate study prepared by the RM's consultant, Mr. G. Barron, FCGA. The application was also accompanied by By-law number 05-12 read for the first time on January 25, 2012.

The rate study proposed the following rates for the now combined Utility:

	2012	2013	2014
Quarterly Service Charge	\$15.00	\$15.50	\$15.95
Water- First 90 cubic meter	\$0.50	\$0.65	\$0.75
Over 90 cubic meter	\$0.50	\$0.65	\$0.75
Sewer- \$/per cubic meter	\$0.45	\$0.50	\$0.50
Minimum Quarterly*	\$29.25	\$32.75	\$34.70
Flat rate Water only customers (annual)	\$295.00	\$375.00	\$430.00
Bulk water rates**	\$0.87	\$1.07	\$1.17
Reconnection fee	\$50.00	\$50.00	\$50.00
Hydrant rental (annual)	\$150.00	\$150.00	\$150.00

*water & sewer customers -15 cu m per quarter

** add \$50 per fill starting in 2012

Stony Mountain currently uses a two-step water rate. Collapsing these two-step rates is being proposed as a water conservation initiative and has general support from the community.

Bristol customers use 529 m³ of water annually as compared to 244 m³ for those of Stony Mountain; thus the flat rate for Bristol is proposed to increase costs significantly and reduce consumption.

The rates were based on the following projected expenses:

	2012	2013	2014
General			
Administration	30,485	31,485	32,402
Billing and collection	7,495	7,720	7,951
Equity surcharge	75	84	97
less: Penalties	2,100	200	2,000
Net revenue requirement general	35,955	39,089	38,450

Water			
Staffing	75,848	78,123	80,467
Vehicle costs	13,052	13,444	13,847
Training Costs	3,263	3,361	3,462
Purification and treatment	44,290	45,619	46,987
Transmission and Distribution	7,652	7,882	8,118
Other Water Supply Costs	391	403	415
Connections - Net Loss	10,300	10,609	10,927
Amortization/ depreciation	94,072	94,072	94,072
Interest on long term debt	4,880	1,413	68
Regulatory Costs	6,420	6,420	6,420
Contingency	12,500	12,500	12,500
Sub-total- water expenses	272,668	273,845	277,283
<i>Revenue:</i>			
Connection Revenue	12,000	12,000	12,000
Hydrant rentals	11,880	11,880	11,880
Operator service agreement	60,222	60,222	60,222
Amortization of capital grants	46,948	46,948	46,948
Taxation revenues	43,417	18,098	621
Other revenue	1,000	1,000	1,000
Total non-rate revenue - water	175,467	150,148	132,671
Net rate revenue - requirement water	97,201	123,697	144,612
Sewer			
Staffing	40,492	41,707	42,958
Vehicle costs	6,868	7,074	7,286
Training Costs	1,742	1,794	1,848
Sewage Collection System	2,060	2,122	2,185
Sewage Lift Station	9,270	9,548	9,835
Sewage Treatment and Disposal	515	530	546
Other Sewage Collection & Disposal Costs	8,240	8,487	8,742
Amortization/ depreciation	57,606	57,606	57,606
Contingency	12,500	12,500	12,500
Total revenue requirement sewer	139,293	141,369	143,506

The rate study noted that the contingency provision, split equally between sewer and water, is less than that recommended under current Public Utilities Board guidelines, but it is deemed sufficient in these circumstances as the infrastructure appears to be in good condition. There has been no provision included for the Reserves.

Reducing the revenue requirement is the recovery of shared operator costs for services provided to neighboring Municipalities.

The submission included a proposed shared cost allocation methodology for approval. Previously, operator wages, vehicle costs and operator training costs were not being allocated fairly. The proposed shared cost allocation policy would see the following percentages of costs allocated to municipal Utility operations. These costs would then be reallocated to each of the Municipality's three Utilities (the others being Gunton and Balmoral) based on the number of customers serviced by each Utility.

The Stony Mountain Utility system will be servicing 633 of 819 municipal Utility customers.

Item	Percentage
Chief Administrative Officer	5%
Assistant	10%
Administrative Assistant	10%
Administrative Secretary	25%
Office Costs	20%

Board Findings

The Board has noted the disclosure, through the rate study, of the errors in the audited financial statements for 2009 whereby capital grants previously received were not disclosed in the notes as is required by the guidelines prepared by the Department of Local Government. The Board relies on information contained in audited financial statements to make proper decisions for rate setting purposes. While the Board acknowledges the RM for disclosing this information, the RM is advised to work closely with its accountants and auditors to ensure that past errors are corrected in future statements and reported correctly.

The Board supports conservation measures and agrees with the proposal to collapse the two-step rates for water into a single step.

The Board has reviewed the forward projections contained in the rate study and finds them to be reasonable. The Board notes that increased expenses are primarily the result of the introduction of an appropriate cost-sharing methodology.

Amounts included for contingency provisions and equity building are conservative and in accord with Board guidelines.

The Board will therefore approve the rates as proposed by the RM of Rockwood in their January 26, 2012 submission.

The Board will expect the Utility to file a revised rate proposal effective July 1, 2015 by December 31, 2014.

The Board will approve the shared cost allocation methodology as submitted by the Municipality. This methodology must be applied consistently in the future and can only be varied with approval by the Board.

The Board will expect the RM of Rockwood to advise all customers of the revised rates in its next quarterly billing.

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 amalgamation of the Stony Mountain and the Bristol Utilities previously operated as a separate utility by the Rural Municipality of Rockwood (RM), BE AND IS HEREBY APPROVED. The Amalgamated Utility shall be known as the Stony Mountain Utility System.
2. The water and sewer rates for the Stony Mountain Utility System in the Rural Municipality of Rockwood, as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED with revised rates for 2012 to be effective July 1 with rates for 2013 and 2014 to be effective January 1 in each of those years.

3. The Rural Municipality of Rockwood file with the Board the Water and Sewer Rate By-law for Stony Mountain Utility System once it has received third and final reading.
4. The cost allocation methodology for shared services and equipment as submitted by the Rural Municipality of Rockwood BE AND IS HEREBY APPROVED.
5. The Rural Municipality of Rockwood file with the Board an application for revised rates effective July 1, 2015 by no later than December 31, 2014.
6. The Rural Municipality of Rockwood advise all customers of the revised rates in its next quarterly billing.

Fees payable upon this Order \$500.00

THE PUBLIC UTILITIES BOARD

"Susan Proven, P.H.Ec"
Acting Chair

"Jennifer Dubois, CMA"
Acting Secretary

Certified a true copy of
Order No. 113/12 issued by
The Public Utilities Board

=====
Acting Secretary

SCHEDULE “A”

THE RURAL MUNICIPALITY OF ROCKWOOD

THE STONY MOUNTAIN WATER & SEWER UTILITY SYSTEM

SCHEDULE OF QUARTERLY RATES

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

	WATER	SEWER	COMBINED
2012	\$0.50	\$0.45	\$0.95
2013	\$0.65	\$0.50	\$1.15
2014	\$0.75	\$0.50	\$1.25

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:

a) **WATER & SEWER CUSTOMERS:**

2012:

Meter Size	Group Capacity Ratio	Minimum Quarterly Volume	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
15	1	15	\$15.00	\$ 7.50	\$ 6.75	\$ 29.25
19	2	30	\$15.00	\$15.00	\$13.50	\$ 43.50
25	4	60	\$15.00	\$30.00	\$27.00	\$ 72.00
38	10	90	\$15.00	\$45.00	\$40.50	\$100.50
50	25	120	\$15.00	\$60.00	\$54.00	\$129.00

2013:

Meter Size	Group Capacity Ratio	Minimum Quarterly Volume	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
15	1	15	\$15.50	\$ 9.75	\$ 7.50	\$ 32.75
19	2	30	\$15.50	\$19.50	\$15.00	\$ 50.00
25	4	60	\$15.50	\$39.00	\$30.00	\$ 84.50
38	10	90	\$15.50	\$58.50	\$45.00	\$119.00
50	25	120	\$15.50	\$78.00	\$60.00	\$153.50

2014:

Meter Size	Group Capacity Ratio	Minimum Quarterly Volume	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
15	1	15	\$15.95	\$11.25	\$ 7.50	\$ 34.70
19	2	30	\$15.95	\$22.50	\$15.00	\$ 53.45
25	4	60	\$15.95	\$45.00	\$30.00	\$ 90.95
38	10	90	\$15.95	\$67.50	\$45.00	\$128.45
50	25	120	\$15.95	\$90.00	\$60.00	\$165.95

b) **WATER ONLY CUSTOMERS:**

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

c) **FLAT RATE WATER ONLY CUSTOMERS:**

The flat rate annual charges for water only customers (unmetered water supply) are as follows:

- i) 2012: \$295.00
- ii) 2013: \$375.00
- iii) 2014: \$430.00

These customers may request meters be installed at their expense and thereafter pay the metered rates in Paragraph 1 and 2 above.

3. **BULK SALES:**

All water sold in bulk by the Rural Municipality of Rockwood shall be charged for at the following rates per cubic meter, plus a \$50.00 charge per fill.

- i) 2012: \$0.87
- ii) 2013: \$1.07
- iii) 2014: \$1.17

4. **SERVICE TO CUSTOMERS OUTSIDE THE BOUNDARIES:**

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 Community of Stony Mountain. 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 Community boundaries. In addition, all costs of connecting to the Utility's mains, installing, and maintaining, the customer will pay service connections.

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 1.25% 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 B, to be followed by the Municipality with respect to 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 as noted hereunder, service may be:

- i) Disconnected - \$50.00 fee
- ii) Removed - \$50.00 fee
- iii) 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 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.

9. **HYDRANT CHARGES:**

The Rural Municipality of Rockwood shall pay to the Utility an annual hydrant charge 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:**

Where, at the request of Council, a customer is allowed to run water 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 billings for the last two quarters for the same customer, or the same premises if the occupant has changed.