

MANITOBA) Order No. 139/12
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THE PUBLIC UTILITIES BOARD ACT) October 23, 2012

BEFORE: Susan Proven, P.H.Ec., Acting Chair
Larry Soldier, Member

RURAL MUNICIPALITY OF WOODLANDS
LOCAL IMPROVEMENT PLAN NO. 1 (WARREN)
WATER AND SEWER UTILITY
REVISED WATER AND SEWER RATES - 2012, 2013 and 2014

Summary

The Public Utilities Board (Board) hereby approves revised water and sewer rates for the Rural Municipality of Woodlands (RM) Water and Sewer Utility for Local Improvement Plan No. 1 (Warren) for 2012, 2013 and 2014. The rates are effective on October 1, 2012 and on January 1, 2013 and 2014.

The current rates established in 2008 under Board Order 44/08 and revised rates are noted below:

	Current	Oct 1/12	Increase/ Decrease	Jan 1/13	Increase/ Decrease	Jan 1/14	Increase/ Decrease
Quarterly Service Charge	\$6.00	\$9.30	55.00%	\$9.55	2.70%	\$9.85	3.10%
Water \$/m ³	\$1.63	\$2.25	38.00%	\$2.30	2.20%	\$2.35	2.20%
Sewer \$/m ³	\$0.80	\$1.30	62.50%	\$1.30	0.00%	\$1.35	3.80%
Minimum Quarterly*	\$42.45	\$62.55	47.30%	\$63.55	1.60%	\$65.35	2.80%
Sewer Only Quarterly Charge**	\$52.52	\$84.70	61.30%	\$84.95	0.30%	\$88.15	3.80%
Reconnection fee	\$30.00	\$30.00	0.00%	\$30.00	0.00%	\$30.00	0.00%
Lagoon tipping fee (per load)	n/a	\$13.00	n/a	\$13.00	0.00%	\$13.00	0.00%
Hydrant rental (annual)	\$200.00	\$200.00	0.00%	\$200.00	0.00%	\$200.00	0.00%

*water & sewer customers -15 cu m per quarter

**per Residential Equivalency Unit

This means for persons (single family members, seniors, etc.) using up to 15 cubic meters per quarter, the minimum quarterly bill increases \$20.10 per quarter or \$6.70 per month or 47%.

Introduction

The Rural Municipality of Woodlands owns and operates a water and sewer utility serving the community of Warren. Approximately 269 customers are connected to the water and sewer system. Of the 269 customers, 189 are water and sewer customers, 78 customers are sewer only and two are water only customers. Except for the sewer only customers, all customers are metered.

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. In the case of the Warren Utility, the Board received a request from the RM that an oral public hearing would best serve the interests of the Community and the Utility.

Background

The RM owns and operates a water and sewer utility in the Community of Warren. Approximately 269 customers are connected to the water and sewer system. Of the 269 customers, 189 are water and sewer customers, 78 customers are sewer only and two are water only customers. Except for the sewer only customers, all customers are metered.

The proposed combined water and sewer rate increases in 2012 by \$1.12 per cubic meter or 46% and thereafter, by approximately 1% and 3%.

The sewage collection system is a low-pressure system with customers using holding tanks for solids. The collection system is in good condition and no lift stations are required. The RM provides one pump-out service per year for customers at no additional cost.

The Warren lagoon has plenty of capacity. The RM has 78 sewer only

customers and all residents in Warren are required by Regulation to hook-up to the sewer system by December 31, 2015. It is estimated that one quarter of the Community has yet to hook-up. The RM is in compliance with its Environmental License.

The unaccounted for water is 3%, well within the industry standard. No bulk water is sold from the Warren Utility.

Application

The RM's application for revised water and sewer rates was received by the Board on February 8, 2012, accompanied by By-law 2607/12 read for the first time on January 31, 2012. Rates were last revised in the year 2008 and have not been reviewed since then.

The RM commissioned a rate review to assess the existing rates and to determine as to whether they were sufficient to sustain the operations of the Utility now and in the future.

The rates were based on the following projected expenses:

	2010	2011	2012	2013	2014
General					
Administration	1,568	2,090	5,871	6,047	6,229
Billing and collection	3,896	4,000	4,120	4,244	4,371
Less: Penalties	1,009	1,000	1,000	1,000	1,000
Net revenue general	4,455	5,090	8,991	9,291	9,599
Water					
Staffing	36,085	42,525	49,560	51,047	52,578
Purification and treatment	4,876	5,500	5,665	5,835	6,010
Transmission and Distribution	5,613	12,950	13,339	13,739	14,151
Other Water Supply Costs	10,573	12,950	13,339	13,739	14,151

Amortization/ depreciation	10,973	10,973	15,423	15,423	15,423
Interest on long term debt	-	4,810	4,581	4,341	4,090
Reserves	15,000	4,500			
Minor capital upgrades			12,500	12,500	12,500
Contingency			4,615	4,615	4,615
Sub-total- water expenses	83,120	94,208	119,022	121,239	123,519
<i>Revenue:</i>					
Connection Revenue	4,950	3,500	3,500	3,500	3,500
Amortization of capital grants			2,655	2,655	2,655
Taxation revenues	-	9,767	9,767	9,767	9,767
Other revenue	6,027	4,500	4,500	4,500	4,500
Total non-rate revenue - water	10,977	17,767	20,422	20,422	20,422
Net rate revenue - water	72,143	76,441	98,600	100,817	103,097
Sewer					
Staffing	4,897	5,317	5,510	5,675	5,846
Sewage Collection System	16,391	34,300	35,329	36,389	37,481
Sewage Treatment and Disposal	216	438	451	465	478
Other Sewage Collection & Disposal Costs	1,318	4,735	4,877	5,023	5,174
Amortization/ depreciation	5,846	5,846	25,066	25,066	25,766
Interest on long term debt	-	19,240	18,322	17,363	16,359
Reserves	15,000	4,500	21,710	21,710	21,710
Contingency			4,615	4,615	4,615
Total sewer expenses	43,668	74,376	115,880	116,306	117,429
<i>Revenue</i>					
Lagoon Tipping Fees			16,710	16,710	16,710
Amortization of capital grants			4,320	3,360	3,056

Taxation revenues	-	35,069	39,068	39,068	39,068
Total non-rate revenue- sewer	-	35,069	60,098	59,138	58,834
Net rate revenue - Sewer	43,668	39,307	55,782	57,168	58,595

A Public Notice of Application was issued in 2012 affording customers the opportunity to comment to both the Board and the RM with respect to the proposed increases. No comments were received.

On August 29, 2012, the RM amended their application to include a tipping fee of \$13.00 per load for the Warren Lagoon.

In 2011, the water system underwent an engineering assessment which determined that the water system as a whole was effective at providing safe drinking water.

In the assessment several short and long term upgrades were required to ensure compliance and long term sustainability of the water system. The RM advised that the short term upgrades have been addressed and the long term recommendations are being planned.

The submission indicated that shared operator costs are allocated based on the number of customers. The allocations were based on 269 customers in Warren and 99 in Woodlands.

Office staff's time is tracked and allocated based on time spent on each Utility. CAO time and office space are allocated at 5% each to each Utility. The RM advised that the operator services obtained from the RM of Rockwood have increased 90%, from \$32,290 annually to \$61,188. The RM estimates operators spend 90% of their time at Warren and the rest at Woodlands.

Public Response

The RM requested an Oral Public Hearing due to the rate increase being significantly high and the significant public response to the last rate increase. Based on this request, a Public Hearing was held at the Warren Multipurpose Hall on September 17, 2012. The RM was represented by its Chief Administrative Officer and its Consultant. Five residents were in attendance.

Board Findings

The Board will approve the rates as set out in Schedule "A", including the Tipping Fee charge of \$13.00 per load.

A meter replacement program is being planned and the estimated cost is between \$75,000 and \$94,000. Meters are reportedly nearing the end of their useful life. The plan is to install up to 25 meters per year at a cost of approximately \$500 per meter.

The Utility's working capital position, including their Reserve balance, at December 31, 2009 is as follows:

Fund surplus	\$434,657
Deduct Tangible capital assets	363,081
Add long term debt	0
Add reserves	51,028
Working capital surplus	\$122,604

The Board requires the Working Capital Surplus to be equal to or exceed the 20% of operating expense. Total water and sewer expenses for 2012 are projected at \$234,902 which would require a working capital surplus of \$46,980. The Board will require that the RM submit a copy of the 2010 and 2011 audited financial statements as soon as they become available.

The Board will require the RM to prepare a water and sewer rate By-law that agrees with the provisions of this Order, and provide a copy of same to the Board once it has received third and final reading.

The Board will approve the cost allocation methodology proposed by the RM. This methodology must be applied consistently in the future and can only be varied with Board approval.

Finally, the Board will require the RM to provide its customers with notice of the rate increase, to be included with the next quarterly bill.

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 (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

1. The water and sewer rates for the L.I.P. No. 1 (Community of Warren) Water and Sewer Utility in the Rural Municipality of Woodlands, as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED with revised rates for 2012 to be effective October 1 with rates for 2013 and 2014 to be effective January 1 in each of those years.

2. The request for tipping fees of \$13.00 per load for Warren Lagoon BE AND ARE HEREBY APPROVED.
3. The Rural Municipality of Woodlands submit the water and sewer rate By-law for the Water and Sewer Utility once it has received third and final reading.
4. The allocation methodology for shared services and equipment as submitted by the Rural Municipality of Woodlands BE AND IS HEREBY APPROVED.
5. The Rural Municipality of Woodlands provides the Board with a copy of its audited financial statements for 2010 and 2011 as soon as they become available.
6. The Rural Municipality of Woodlands provides its customers with notice of the rate increase, to be included with the next quarterly bill.

Fees payable upon this Order - \$1,500.00

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN, P.H.Ec."
Acting Chair

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of Order
No. 139/12 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
 TO BOARD ORDER NO. 139/12
 THE RURAL MUNICIPALITY OF WOODLANDS
 LOCAL IMPROVEMENT PLAN NO. 1-2009 (Warren and surrounding area)
 WATER AND SEWER RATES
 BY-LAW NO. 2607/12

SCHEDULE OF QUARTERLY RATES:

1. Commodity rates per Cubic Meters:

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption for 2012	\$2.25	\$1.30	\$3.55
All water consumption for 2013	\$2.30	\$1.30	\$3.60
All water consumption for 2014	\$2.35	\$1.35	\$3.70

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

2012

Meter Size	Group Capacity Ratio	Water Included Cubic Meter	Customer Service Charge	<u>Commodity Charges</u>		Total Quarterly Minimum
				Water	Sewer	
15mm (5/8")	1.00	15	9.30	33.75	19.50	62.55
19mm (3/4")	2.00	30	9.30	67.50	39.00	115.80
25mm (1")	4.00	60	9.30	135.00	78.00	222.30
38mm (1 1/4")	8.00	120	9.30	270.00	156.00	435.30
50mm (2")	16.00	240	9.30	540.00	312.00	861.30

2013

Meter Size	Group Capacity Ratio	Water Included Cubic Meter	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
15mm (5/8")	1.00	15	9.55	34.50	19.50	63.55
19mm (3/4")	2.00	30	9.55	69.00	39.00	117.55
25mm (1")	4.00	60	9.55	138.00	78.00	225.55
38mm (1 1/4")	8.00	120	9.55	276.00	156.00	441.55
50mm (2")	16.00	240	9.55	552.00	312.00	873.55

2014

Meter Size	Group Capacity Ratio	Water Included Cubic Meter	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
15mm (5/8")	1.00	15	9.85	35.25	20.25	65.35
19mm (3/4")	2.00	30	9.85	70.50	40.50	120.85
25mm (1")	4.00	60	9.85	141.00	81.00	231.85
38mm (1 1/4")	8.00	120	9.85	282.00	162.00	453.85
50mm (2")	16.00	240	9.85	564.00	324.00	897.85

(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 Rural Municipality of Woodlands does charge owners or occupants of land serviced with sewer but no water with the applicable charges set out below the following:

2012 - \$84.70 **2013** - \$84.95 **2014** - \$88.15

In the case of multiple dwellings, duplexes shall be deemed to have two units, triplexes three units, etc., and trailer courts shall be equal to the number of serviced lots established and occupied.

4. Service to Customers outside L.I.P. limits

The Council of the Rural Municipality of Woodlands may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Local Improvement Plan (Warren). 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 service connections will be paid by the customer.

5. Billings and Penalties

A late payment charge of One Percent (1%) per month shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

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 due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$30.00 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 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 Woodlands will pay to the utility an annual rental of \$200.00 for each hydrant connected to the system.

10. Lagoon Tipping Fees

The Rural Municipality of Woodlands will allow private contractors to dispose of septic tank waste collected within the municipality at the Warren Lagoon for a fee of \$13.00 per load.

11. Water Allowance Due to Line Freezing

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

12. Sewage Surcharges

(a) There may be levied annually, in addition to 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.

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 wastes.