

MANITOBA) Order No. 145/12
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THE PUBLIC UTILITIES BOARD ACT) October 30, 2012

BEFORE: Susan Proven, P.H.Ec., Acting Chair
Robert Warren, MBA, B. Comm. (Hons.), Member

LOCAL GOVERNMENT DISTRICT OF PINAWA
WATER and SEWER UTILITY
RATES - 2013, 2014, 2015 AND 2016

Summary

The Public Utilities Board (Board) hereby approves water and sewer rates for the Local Government District (LGD) of Pinawa Water and Sewer System (Utility) for the years 2013, 2014, 2015 and 2016, effective January 1 of each of those years.

The rate proposal is as follows:

	Proposed rates for 2013 – 2016
Quarterly Service Charge	\$5.70
Water / m ³	\$2.40
Sewer / m ³	\$0.55
Minimum Quarterly Charge*	\$45.94
Reconnection fee	\$25.00
Hydrant rental (annual)	\$100.00
For an average two person dwelling using 71 m ³ of water per quarter, the proposed quarterly bill in 2013 would be approximately \$215.00	

*includes 13.64m³

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

Introduction

The LGD of Pinawa submitted an application on April 10, 2012 accompanied by By-law 747-12, read the first time on April 3, 2012. A Notice of Application was issued in June 2012 affording customers an 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. With rates being set for the first time, the Board concluded that an oral hearing was in the best interest of all concerned.

A Public Hearing was held in the Pinawa Community Centre on September 24, 2012 with a Notice of Public Hearing issued on August 9, 2012. There were approximately 30 ratepayers in attendance.

Background

The LGD of Pinawa owns and operates a water and sewer utility in the community of Pinawa with approximately 650 customers. There are approximately 20 non residential customers and approximately 630 residential customers. Pinawa also services 150 fire hydrants for which it does not currently charge and is proposing a charge of \$100.00 per hydrant starting in 2013.

Pinawa operates a water treatment plant which draws its supply water from the Winnipeg River. The water treatment plant was constructed in 1963 and upgraded in 1988 and again in 2005. The water distribution system consists of water mains and averages four to five water main breaks per year with 11 having occurred in 2011. Water loss is estimated at 4%, well within the acceptable industry average of 10%. Operators are duly certified.

The Utility operates a lagoon system consisting of one primary cell and two secondary cells with room for an additional cell. It utilizes one lift station and the lagoon is located in a lower area adjacent to the Winnipeg River. The sewage collection system consists of mostly clay pipe with a small amount of PVC pipe. All Environmental License requirements have been met. The operators are fully certified.

There are currently no meters in Pinawa. Meters are expected to be installed in 2012 and fully operational by 2013. The costs used to

set the proposed rates are based on the assumption that the water production would decrease after installation of the meters. These prices observe a 2016 budget reflecting increased operating costs, with a modest increase in population. As no administration, water, or sewer rates have been charged in the past, substantial effort to ensure sufficient public awareness was warranted.

The proposed rates have been prepared in consideration of the LGD's anticipated installation of water metering and expenditures projecting those figures to 2016. The new rates should provide adequate revenue to the utility for operations, maintenance, and reserves for future capital upgrades.

Application

Pinawa submitted its application on behalf of the Pinawa Water and Sewer Utility on April 10, 2012 accompanied by a Rate Study prepared by the LGD's consultant. The application was also accompanied by By-law 747-12 read for the first time on April 3, 2012.

The proposal is for a single step rate to encourage conservation. The rate is proposed to remain constant through to 2016 and is calculated based on projected expenses for 2016. This rate is then applied to expected customer volumes and consumption throughout the period.

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*includes 13.64m³

This is the first time that there will be a utility bill issued to utility customers of the LGD of Pinawa. In the past, Utility operations were financed by a transfer from the general fund, effectively being paid for through taxes.

The projected expenses for 2013 through 2016 are as follows:

	2013	2014	2015	2016
General				
<i>Expenses:</i>				
Administration (building, office, staff, etc.)	12,500	12,750	13,005	13,265
Billing and collection	2,500	2,550	2,601	2,653
Net revenue requirement general	15,000	15,300	15,606	15,918
Water				
<i>Expenses:</i>				
Staffing	28,000	28,000	28,000	28,000
Purification and treatment	192,251	196,096	200,018	204,018
Transmission and Distribution	58,459	59,628	60,821	62,037
Amortization/ depreciation	150,729	150,729	150,145	128,988
Debenture	66,656	66,656		
Reserves	2,000	2,000	2,000	2,000
Minor capital upgrades	112,000	10,000	10,000	10,000
Contingency	10,000	10,000	10,000	10,000
Sub-total- water expenses	620,095	523,109	460,984	445,043
<i>Revenue:</i>				
Hydrant rentals	15,000	15,000	15,000	15,000
Grants	51,000		-	-
Total non-rate revenue - water	66,000	15,000	15,000	15,000
Net rate revenue requirement- water	554,095	508,109	445,984	430,043
Sewer				
<i>Expenses:</i>				
Staffing	9,000	9,000	9,000	9,000
Sewage Collection System	8,878	9,056	9,237	9,421
Sewage Lift Station	24,788	25,284	25,789	26,305
Sewage Treatment and Disposal	19,496	19,886	20,284	20,690
line flushing	10,000	10,000	10,000	10,000
minor capital upgrades	14,437	14,437	14,437	4,730
Reserves	2,000	2,000	2,000	2,000
Contingency	5,000	5,000	5,000	5,000
Net rate revenue requirement- sewer	93,599	94,663	95,747	87,146

Pinawa advises the Shared Cost Allocation Policy has not been passed by Resolution of Council.

The working capital surplus using the 2008 financial report is as follows:

Fund Surplus	1,825,943
Less TCA	- 1,317,038
Add Long term debt	+ 333,751
Add Reserves	+ <u>170,529</u>
Working Capital Surplus	= \$1,013,185

The Board requires the working capital surplus to be equal or to exceed 20% of operating expenses. Operating expenses are \$2,900,996 for 2008, thus requiring a working capital surplus of \$580,199.

Public Response

Although there was only one customer response to the Notice of Application, the Board approved having a public hearing since this would be the first time the Utility's customers would be billed for metered use by the Utility.

The Public Hearing took place in accordance with the Notice. Approximately 30 stakeholders attended. A presentation was given by the CAO with regards to the meter installation program. The Utility's consultant was present and provided insight to the general concerns of the public. The group's various questions seemed to revolve around the installation and operation of the meters.

Board Findings

The Board will approve the revised rate proposal as submitted by Local Government District of Pinawa for water and sewer rates. These rates will be effective on January 1, 2013, 2014, 2015 and 2016.

The Board will ask the Utility to submit a shared cost allocation methodology and reminds the Utility that this methodology must be used consistently in the future and requires Board approval should any changes be considered.

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 Local Government District of Pinawa Water and Sewer Utility as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED for the years 2013, 2014, 2015 and 2016 effective January 1 in each of those years.
2. The Local Government District of Pinawa amend its sewer rate By-law for the Water and Sewer Utility to reflect the decisions in this Order and submit a copy to the Board once it has received third and final reading.

3. The Local Government District of Pinawa prepare and submit an application for revised rates for the Water and Sewer Utility no later than July 31, 2016 for the year 2017.
4. The Board requests the shared cost allocation methodology to be submitted on or before November 30, 2012.
5. The Local Government District of Pinawa provides notification of the approved rates to all its customers in the next billing cycle.

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.
145/12 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
 TO BOARD ORDER NO. 145/12
 THE LOCAL GOVERNMENT DISTRICT OF PINAWA
 WATER AND SEWER RATES
 BY-LAW NO.747-12

SCHEDULE OF QUARTERLY RATES:

1. <u>Commodity rates per m³</u>	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$2.40	\$0.55	\$2.95

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

<u>Water Included Cu. m³</u>	<u>Customer Service Charge</u>	<u>Commodity Charges</u>		<u>Total Quarterly Minimum</u>
		<u>Water</u>	<u>Sewer</u>	
13.64	\$5.70	\$2.40	\$0.55	\$45.94

3. Billings and Penalties

Accounts shall be billed quarterly, and shall be due and payable 30 days after date of billing. A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date.

4. 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 Municipal Office.

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

5. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$25 have been paid.

6. 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.

7. Hydrant Rentals

The Local Government District of Pinawa will pay to the utility an annual rental of \$100 for each hydrant connected to the system. In addition, the Local Government District of Pinawa will pay for water used for water used for fire-fighting.

8. 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.

9. 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.
- (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 wastes.