

MANITOBA) Order No. 149/12
)
THE PUBLIC UTILITIES BOARD ACT) November 7, 2012

BEFORE: Susan Proven, P.H.Ec, Acting Chair
Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Member

RURAL MUNICIPALITY OF PIPESTONE
RURAL WATER PIPELINE SYSTEM
INTERIM INITIAL WATER RATES
2012-2013

Summary

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, initial water rates for the Rural Water Pipeline System (Utility) in the Rural Municipality of Pipestone (RM).

The new rates are to be reflected on the quarterly billing, effective December 1, 2012.

The rates are shown below:

Commodity rates per m³

	Water
All Water Consumption	\$2.90/ m ³

Minimum quarterly charges for meter sizes are proposed to be as follows:

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (cubic meters)	Service Charge	Commodity Water	Minimum Quarterly Charges
5/8"	1	14	14.25	40.60	54.85
3/4"	2	28	14.25	81.20	95.45
1"	4	56	14.25	162.40	176.65
1 1/2"	10	140	14.25	406.00	420.25
2"	25	350	14.25	1,015.00	1,029.25

Background

The RM applied in August 2012 for initial water rates for the Rural Water Pipeline System in the Rural Municipality of Pipestone. The application was accompanied by a rate study prepared by the RM and by By-law 2012/07.

These are initial rates as Phase 1 of the Rural Water Pipeline System is to be completed for December of 2012.

When reviewing an application, the Board has at its disposal several approaches. It can hold a public oral hearing at which the applicant can present its case and customers can present their concerns. In other cases, where it is deemed to be in the best interest of the Utility and its customers, the Board may review the application using a paper review process, thus avoiding the expense of an oral public hearing. In some cases, the Board can also establish interim *ex parte* rates, which are rates that are subject to review following a more complete process.

Application

The rates were determined based on the following expenditure projections over a four-year period.

	Projected 2013	Projected 2014	Projected 2015	Budget forecasts 2016	Next year +1 2017	Next year +2 2018
Administration	3,470	4,400	14,000	14,000	14,420	14,852
Billing and collection	3,095	4,400	13,000	13,000	13,390	13,791
Penalties	500	500	1,000	1,000	500	500
Equity Surcharge (1% annual expenses)				2,600	2,661	2,720
Net revenue general	6,065	8,300	26,000	28,600	29,971	30,863
Water	34,500	45,850	143,000	146,000	150,380	154,891
Staffing	10,000	17,000	45,000	46,000	47,380	48,801
Training and Education				1,000	2,000	
Purification and treatment	1,000	1,500	19,000	19,000	19,570	20,157

Transmission and Distribution	4,000	4,000	8,000	8,000	8,240	8,487
Other Water Supply Costs	0	0	8,000	8,000	8,240	8,487
Amortization/ depreciation	0	0	0	0	0	0
Interest on long term debt	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
Minor capital upgrades	0	0	0	0	0	0
Contingency	0	0	5,000	5,000	2,500	2,500
Sub-total- water expenses	49,500	68,350	228,000	233,000	238,310	243,324
<i>Revenue:</i>	0	0	0	0	0	0
Connection Revenue	0	0	0	0	0	0
Hydrant Rentals			4,650	4,650	4,650	4,650
Investment Income	500	500	1,000	1,000	1,000	1,000
Amortization of capital grants	0	0	0	0	0	0
Taxation revenues	0	0	0	0	0	0
Other revenue	0	0	10,000	10,000	10,300	10,609
Total non-rate revenue - water	500	500	15,650	15,650	15,950	16,259
Net rate revenue - water	49,000	67,850	212,350	217,350	222,360	227,065
Accumulated Surplus						
General Water and Sewer Expenses	56,065	77,150	255,000	260,000	266,120	271,968
Target Surplus	11,213	15,430	51,000	52,000	53,224	54,393
Actual Surplus (Surplus + Reserves)	1,535	2,885	7,735	12,495	17,189	21,889
Shortfall	9,678	12,545	43,265	39,505	36,035	32,504

As the project has been divided into multiple phases, the calculations were based on 115 customers in 2012, 155 customers in 2013, then adding the Community of Reston in 2014 and natural growth of 5% annually in 2015 and 2016. The expected total

number of rural customers is approximately 200, plus Reston at 285 customers for a total of 485 customers at the end of the project. These estimates were based on the actual costs and revenues of the Reston Utility.

Board Findings

The Board will, on an interim *ex parte* basis, approve initial water rates as applied for by the RM effective December 1, 2012.

The Board makes this interim rate decision due to the urgent need to have a billing rate in place so the Rural Water Pipeline System in the Rural Municipality of Pipestone can have initial rates in place when they become operational.

The Board has received a rate study from the RM which will be considered during the process of reviewing the application and establishing final rates.

A Notice of the Application was issued on September 11, 2012. There were no stakeholder responses to the Notice. As stated earlier, the Board can hold a public oral hearing at which the applicant can present its case and customers can present their concerns. In other cases, where it is deemed to be in the best interest of the Utility and its customers, the Board may review the application using a paper review process.

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.

SCHEDULE "A"
TO BOARD ORDER NO. 149/12
RURAL MUNICIPALITY OF PIPESTONE
RURAL WATER PIPELINE SYSTEM
BY-LAW NO. 2012/07

Schedule of water rates for properties in the Rural Municipality of Pipestone.

1.0--SCHEDULE OF QUARTERLY RATES

Commodity rates per m³

Water
 All Water Consumption \$2.90/m³

2.0--MINIMUM QUARTERLY CHARGES

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) Meters

For metered customers minimum charges based on consumption shall be based on the following meter sizes

i) Water Customers

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (cubic meters)	Service Charge	Commodity Water	Minimum Quarterly Charges
5/8"	1	14	14.25	40.60	54.85
3/4"	2	28	14.25	81.20	95.45
1"	4	56	14.25	162.40	176.65
1 1/2"	10	140	14.25	406.00	420.25
2"	25	350	14.25	1015.00	1029.25

3.0--SERVICE FOR CONNECTING CUSTOMERS OUTSIDE THE PIPESTONE PROPERTIES REGION

The Council of the R.M. of Pipestone may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the R.M. of Pipestone. Such agreements shall provide for payment of the appropriate rates set out in this Schedule, as well as a surcharge, set by resolution of Council, which shall be the equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or which 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.

4.0--BILLINGS AND PENALTIES

Accounts shall be billed quarterly and shall be due and payable fifteenth day of the month following the month of the quarter being billed. A penalty of one per cent (1%) of the total amount of the bill shall be added if not paid by the due date.

5.0—MUNICIPAL DISCONNECTION and RECONNECTION

5.1 - 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.

Any service disconnected due to non-payment shall not be reconnected until all arrears, penalties and a reconnection fee of \$100.00 have been paid.

5.2 - No Cross-Connections will be permitted as regulated under the *Public Health Act*. Anyone found to have made cross-connection between the Pipestone public water supply and an alternative system, or altered the public system in any way, will be immediately disconnected. The service may be reconnected for a fee of \$1,000.00 upon confirmation that the alternate system has been disconnected according to the Provincial Plumbing Code.

5.3 - No person shall tamper with the meter or cause the water supply to by-pass the meter. The meter will be sealed by the R.M. of Pipestone inspector when service is provided. Tampering with the meter and/or breaking of the seal is subject to a fine of \$1,000.00.

6.0—REQUESTED DISCONNECTION and RECONNECTION

Customers requesting that their service be disconnected and then reconnected within a twelve (12) month period shall pay a fee of \$100.00 prior to the service being reconnected.

7.0--OUTSTANDING BILLS

Pursuant to section 252(2) of the Municipal Act, the amount of all outstanding charges for water service, fees, and fines are a lien and charge on the land serviced, and shall be collected in the same manner in which ordinary taxes are collectable, and with like remedies. A consumer who has not paid their bill will be charged an administration fee of \$10.00 to cover costs of adding outstanding accounts to the tax roll.

8.0--WATER METERS

All new residential customers for water shall be metered at customer cost. Ownership, inspection and maintenance of meters will remain the responsibility of the utility system. Commercial meter maintenance will be the responsibility of the utility system but will be billed to the commercial user.

9.0--WATER ALLOWANCE DUE TO FREEZING

That in any case where, at the request of the R.M. of Pipestone, 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 billings for the last two previous quarters to the same customer, or to the same premises