

MANITOBA) Order No. 163/12
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THE PUBLIC UTILITIES BOARD ACT) December 17, 2012

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

RURAL MUNICIPALITY OF ODANAH
INTERIM WATER RATES - 2013

Summary

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

The new rates are to be reflected on the next quarterly billing, effective January 1, 2013.

The rates are shown below:

	Current	2012	Increase/ Decrease	2013	Increase/ Decrease	2014	Increase/ Decrease
Quarterly Service Charge	\$9.75	\$15.42	58.15%	\$15.88	2.98%	\$16.35	2.96%
Water \$/1,000 gallons	\$7.00	\$10.41	32.76%	\$10.55	1.34%	\$10.68	1.23%
Minimum Quarterly	\$30.75	\$46.66	51.74%	\$47.52	1.84%	\$48.40	1.85%
Bulk Water Rates*	\$7.75	\$10.41	25.55%	\$10.55	1.34%	\$10.68	1.23%
Reconnection Fee	\$30.00	\$50.00	40.00%	\$50.00	0.00%	\$50.00	0.00%
Hydrant Rental (Annual)	\$50.00	\$50.00	0.00%	\$50.00	0.00%	\$50.00	0.00%

2012						
Meter Size	Group Capacity Ratio	Water Included (m³)	Water Included Gallons	Customer Service Charge	Commodity Charge Water	Total Quarterly Minimum
5/8"	1	13.64	3,000	\$15.42	\$31.24	\$46.66
3/4"	2	27.28	6,000	\$15.42	\$62.47	\$77.89
1"	4	54.55	12,000	\$15.42	\$124.92	\$140.34
1 1/2"	10	136.38	30,000	\$15.42	\$312.31	\$327.73
2"	25	340.96	75,000	\$15.42	\$780.80	\$796.22

2013						
5/8"	1	13.64	3,000	\$15.88	31.64	\$47.52
3/4"	2	27.28	6,000	\$15.88	\$63.29	\$79.17
1"	4	54.55	12,000	\$15.88	\$126.56	\$142.44
1 1/2"	10	136.38	30,000	\$15.88	\$316.40	\$332.28
2"	25	340.96	75,000	\$15.88	\$791.03	\$806.91
2014						
Meter Size	Group Capacity Ratio	Water Included (m³)	Water Included Gallons	Customer Service Charge	Commodity Charge Water	Total Quarterly Minimum
5/8"	1	13.64	3,000	\$16.35	\$32.05	\$48.40
3/4"	2	27.28	6,000	\$16.35	\$64.11	\$80.46
1"	4	54.55	12,000	\$16.35	\$128.19	\$144.54
1 1/2"	10	136.38	30,000	\$16.35	\$320.49	\$336.84
2"	25	340.96	75,000	\$16.35	\$801.26	\$817.61

Background

The RM applied in June 2012 for revised water rates for the Odanah Water Distribution System. The application was accompanied by a rate study prepared by the RM's consultant and By-law 02-12 read for the first time on May 10, 2012.

Rates have not been amended since 2008.

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 expenses 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

In addition to the RM's rate application as described above, the RM is also required to submit to the Board an application for approval of any operating deficits incurred.

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

	2010	2011	2012	2013	2014
General					
Administration	29,383.32	8,800.34	9,000.00	9,270.00	9,548.10
Equity Surcharge 1%	0.00	0.00	0.00	0.00	0.00
Billing and collection	562.62	0.00	0.00	0.00	0.00
Total General Expenses	29,945.94	8,800.34	9,000.00	9,270.00	9,548.10
Penalties	95.56	149.17	200.00	200.00	200.00
Net revenue general	29,850.38	8,651.17	8,800.00	9,070.00	9,348.10
Wages and Benefits	0.00	25,518.48	28,600.00	29,458.00	30,341.74
Water Supply Utilities	5,579.48	5,025.13	5,600.00	5,768.00	5,941.04
Water Connections	14,344.76	12,284.15	0.00	0.00	0.00
Purification and treatment	3,196.94	1,847.09	3,300.00	3,399.00	3,500.97
Water Purchases	64,608.91	72,089.68	51,230.00	52,050.00	52,870.00
Other Water Supply Costs	486.36	367.50	500.00	515.00	530.45
Transmission and Distribution	5,357.65	13,993.50	5,500.00	5,665.00	5,834.95
Other Water costs	5,033.64	6,894.35	5,200.00	5,356.00	5,516.68
Connections and Repairs	19,056.70				

Amortization/ depreciation	65,545.90	70,631.17	70,631.17	70,631.17	70,631.17
Interest on long term debt	0.00	0.00	0.00	0.00	0.00
Reserves	0.00	0.00	0.00	0.00	0.00
Continuing Education	280.00	2,500.00	2,500.00	2,575.00	2,652.25
Contingency	15,621.00	15,621.00	15,621.00	15,621.00	15,621.00
Sub-total- water expenses	199,111.34	226,772.05	188,682.17	191,038.17	193,440.25
Connection Revenue	65,030.00	39,090.00	0.00	0.00	0.00
Provincial Grants -GST	270.78	297.38	0.00	0.00	0.00
Investment Income	2,302.95	3,006.95	2,500.00	2,500.00	2,500.00
Amortization of capital grants	0.00	0.00	0.00	0.00	0.00
Taxation revenues	0.00	0.00	0.00	0.00	0.00
Other revenue	170.61	0.00	0.00	0.00	0.00
Total non-rate revenue - water	67,774.34	42,394.33	2,500.00	2,500.00	2,500.00
Net rate revenue - water	131,337.00	184,377.72	186,182.17	188,538.17	190,940.25

Board Findings

The Board will, on an interim *ex parte* basis, approve revised water rates as applied for by the RM effective January 1, 2013.

The Board makes this interim rate decision due to the urgent need to increase revenues to avoid further Utility deficits. The Board recognizes that by having the rates effective January 1, 2013, another deficit may well occur in 2012.

The RM is to submit an application for approval for all outstanding deficits; as required by Board Order No. 151/08.

In the event that operating deficits are alleviated when calculated for regulatory purposes (offset by amortization of capital grants) the RM should submit a PUB Schedule 9 to the Board for review.

The Board will require the RM to notify its customers of the rate increase with rationale with a copy to the Board.

The Board will require the RM to submit the By-law once it has received third and final reading.

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"
Board Order No. 163/12
RURAL MUNICIPALITY OF ODANAH
INTERIM WATER RATES – 2013
By-Law No. 2/12

Schedule of Quarterly Rates:

Year 2012

1. Commodity Rates

All water consumption – Water \$2.29 per m³ (\$10.41 per M.G.)

2. Minimum Charges – Water Customers

a) Minimum Charges, Quarterly – Water Customers

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:

Meter Size	Group Capacity Ratio	Water Included m ³	Water Included Gallons	Customer Service Charge	Commodity Charge Water	Total Quarterly Minimum
5/8"	1	13.64	3,000	\$15.42	\$31.24	\$46.66
3/4"	2	27.28	6,000	\$15.42	\$62.47	\$77.89
1"	4	54.55	12,000	\$15.42	\$124.92	\$140.34
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2"	25	340.96	75,000	\$15.42	\$780.80	\$796.22

Note: Minimum charge will be the same for each meter size as shown above.

3. Bulk Sales Rate

All water sold in bulk by the Rural Municipality of Odanah shall be charged for at the rate of \$2.29 per m³ (\$10.41 per M.G.) on a pro-rated basis.

Year 2013

1. Commodity Rates

All water consumption – Water \$2.32 per m³ (\$10.55 per M.G.)

2. Minimum Charges – Water Customers

a) Minimum Charges, Quarterly – Water Customers

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:

Meter Size	Group Capacity Ratio	Water Included m ³	Water Included Gallons	Customer Service Charge	Commodity Charge Water	Total Quarterly Minimum
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Note: Minimum charge will be the same for each meter size as shown above.

3. Bulk Sales Rate

All water sold in bulk by the Rural Municipality of Odanah shall be charged for at the rate of \$2.32 per m³ (\$10.55 per M.G.) on a pro-rated basis.

Year 2014

1. Commodity Rates

All water consumption – Water \$2.35 per m³ (\$10.68 per M.G.)

2. Minimum Charges – Water Customers

a) Minimum Charges, Quarterly – Water Customers

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:

Meter Size	Group Capacity Ratio	Water Included m ³	Water Included Gallons	Customer Service Charge	Commodity Charge Water	Total Quarterly Minimum
5/8"	1	13.64	3,000	\$16.35	\$32.05	\$48.40
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Note: Minimum charge will be the same for each meter size as shown above.

3. Bulk Sales Rate

All water sold in bulk by the Rural Municipality of Odanah shall be charged for at the rate of \$2.35 per m³ (\$10.68 per M.G.) on a pro-rated basis.

4. Service to Customers Outside Municipality

The Council of the Rural Municipality of Odanah may sign agreements with customers for the provision of water services to properties located outside the legal boundaries of the Rural Municipality of Odanah. 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

Accounts shall be billed quarterly, and shall be due and payable 30 days after the date of billing. A penalty of 1.25% of the amount of the bill shall be added if not paid by the due date. (Note: due date may be set as Council sees fit to do so.)

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 \$50.00 have been paid.

8. Outstanding Bills

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water 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 Odanah will pay to the Utility an annual rental of \$50.00 for each hydrant connected to the system.

10. 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.