

M A N I T O B A) Order No. 45/12
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THE PUBLIC UTILITIES BOARD ACT) April 13, 2012

BEFORE: Susan Proven, P.H.Ec., Acting Chair
Monica Girouard, CGA, Member
Raymond Lafond, CA, Member

RURAL MUNICIPALITY OF PIPESTONE
COMMUNITY OF RESTON
WATER AND SEWER RATES 2012

Executive Summary

The Public Utilities Board (Board) herein approves revised rates for the Rural Municipality of Pipestone (RM), Community of Reston's (Community) water and sewer utility for January 1, 2012

Current and revised rates are as follows.

	Current	2012	Increase/ (Decrease)
Quarterly service charge	\$9.00	\$15.96	77%
Water (per 1,000 gallons)	\$8.00	\$5.25	(34%)
Deficit rate-rider (water)		\$0.68	
Sewer (per 1,000 gallons)	\$2.25	\$7.68	241%
Deficit rate-rider (sewer)		\$0.99	
Bulk water (per 1,000 gallons)	\$10.25	\$7.10	(31%)
Minimum quarterly*	\$39.75	\$59.76	50%
Average quarterly bill**	\$80.75	\$118.16	46%
Reconnection fee	\$60.00	\$60.00	0%
Hydrant Rental (annual)	\$120.00	\$150.00	25%

*water & sewer customer- 3000 gallons

**water & sewer- based on 7,000 gallons quarterly

The rate-riders for deficit recovery will be applied for 2012, 2013 and 2014, after which time they are to be removed. The RM will be required to amend their water and sewer By-law at that time to reflect the expiry of the rate-rider, and submit a copy of that revised By-law to the Board once it has received third reading.

Introduction

The RM filed for revised rates on September 30, 2011, requesting rate changes for their Reston water and sewer utility effective January 1, 2012. The requested rates included rate-riders to recover deficits incurred by the Utility in 2008, 2009 and 2010.

In conducting its review, the Board has the option of addressing such applications through a paper review process or by public hearing. In this instance, a Public Notice dated December 8, 2011 was mailed to customers, inviting them to familiarize themselves with the rate application and to provide comments to either the RM or directly to the Board. No customers came forward with comments.

The Board has therefore determined that no public oral hearing is required and provides its approval based on the paper review process.

Background

The current rates were set by the Board effective July 1, 2009 by virtue of Order No. 88/09 issued on May 27, 2009.

The utility currently services 280 water and sewer customers; this is expected to grow to 286 by 2014. One of these customers is outside the legal boundaries of Reston, but is serviced on the same basis and at the same rates as the residents. The utility also services 31 fire hydrants.

Unaccounted for water has averaged 9% over the last 3 years, less than industry standards, which are to maintain unaccounted for water losses below 10%.

The RM conducted a Utility System Assessment which identified six potential capital projects. However, there are no plans to proceed with these projects at this time. The Community residents have yet to decide if they will participate in a rural water pipeline project planned by the RM which is scheduled for construction in 2012.

Audited financial statements for 2009 and 2010 were provided with the Application.

Application for Rates

The RM applied for revised water and sewer rates as set out in By-law No. 2011/10, read the first time on September 15, 2011. The application was supported by a rate study prepared by RM staff.

The RM also applied to the Board for approval of deficits incurred as follows:

2008	\$18,509
2009	\$20,820
2010	\$22,197
	\$61,526

The application suggested that these deficits be recovered by way of rate-riders added to the water and sewer rates for a period of three years.

The application proposed the following rates:

	Current	2012	Increase/ Decrease
Quarterly service charge	\$9.00	\$15.96	77%
Water (per 1,000 gallons)	\$8.00	\$5.25	-34%
Deficit rate-rider (water)		\$0.68	
Sewer (per 1,000 gallons)	\$2.25	\$7.68	241%
Deficit rate-rider (sewer)		\$0.99	
Bulk water	\$10.25	\$7.10	-31%
Minimum quarterly*	\$39.75	\$59.76	50%
Average household**	\$80.75	\$118.16	46%
Reconnection fee	\$60.00	\$60.00	0%
Hydrant Rental (annual)	\$120.00	\$150.00	25%

*water & sewer customer- 3000 gallons

**water & sewer- based on 7,000 gallons quarterly

Minimum quarterly charges for various meter sizes were:

Meter Size (Inches)		Water Included (cu m)	Service Charge	Water	Sewer	Minimum Quarterly Charges
Current						
5/8	1	3,000	\$9.00	\$24.00	\$6.75	\$39.75
1	4	12,000	\$9.00	\$96.00	\$27.00	\$132.00
1.5	10	30,000	\$9.00	\$240.00	\$67.50	\$316.50
Proposed 2012						
5/8	1	3,000	\$15.96	\$15.75	\$23.04	\$54.75
1	4	12,000	\$15.96	\$63.00	\$92.16	\$171.12
1.5	10	30,000	\$15.96	\$157.50	\$230.40	\$403.86

The application was based on projected annual expenses as follows:

Administration		\$18,256
Water	Water operating expenses	\$93,890
	Amortization	6,210
	Contingency	4,100
less:	Amortization of capital grants	(1,776)
	Other revenue	(32,539)
		\$69,885
Sewer	Sewage collection and disposal	\$78,931
	Amortization	28,061
less:	Amortization of capital grants	(4,766)
		\$102,226

The proposed rates are expected to generate sufficient revenue to not only recover past deficits, but also to allow the RM to make an annual transfer of approximately \$30,000 to build up the reserve fund. The current reserve balance was reported as \$26,558 before the purchase of a new vehicle which was partially funded (\$25,000) from the reserve.

The cost allocation methodology approved in 2009 was used to allocate shared costs between the general and utility operation.

Board Findings

The Board commends the RM for its diligence in keeping rates current and for the prompt attention it has given to both the deficit recovery issue, and in responding to Board queries. The Board also notes the RM's efforts to constrain costs by having its own staff prepare the rate study, thus avoiding consulting fees which would have to be passed on to consumers.

The Board will approve the rates as proposed, including the rate-riders to recover the utility deficits of the past three years. The revised rates should ensure that deficits do not recur and provide replenishment to the utility reserve funds.

The deficit rate-riders will apply for 2012, 2013 and 2014, after which time they are to be removed from the rates. The Community's rate By-law will need to be amended at that time and a copy submitted to the Board following third reading.

The Board interprets the fact that no customers responded to the Public Notice or expressed concern to be tacit agreement that these rate changes are reasonable and acceptable to the Community.

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. Revised water and sewer rates effective for January 1, 2012 as shown on Schedule "A" attached to this Order for the Rural Municipality of Pipestone, Community of Reston BE AND ARE HEREBY APPROVED.
2. The Rural Municipality of Pipestone file By-law 2011/10 with the Board once it has received third and final reading.
3. The deficits for 2008, 2009 and 2010 BE AND ARE HEREBY APPROVED including the recovery through the implementation of water and sewer rate-riders.
4. The Rural Municipality of Pipestone amend its water and sewer rate By-law in 2015 to remove the deficit recovery rate-riders, and file a copy of that revised By-law with the Board once it has received third and final reading.

Fees payable upon this Order - \$500.00

THE PUBLIC UTILITIES BOARD

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

"KURT SIMONSEN, P.Eng"
Acting Secretary

Certified a true copy of Order No.
45/12 issued by The Public Utilities
Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 45/12

**RURAL MUNICIPALITY OF PIPESTONE
 COMMUNITY OF RESTON**

WATER AND SEWER RATES
 (effective January 1, 2012)

1.0--COMMODITY RATES

Rates per 1,000 imperial gallons (4.54 cubic metre)

	Water	Sewer	Water & Sewer
All Water Sold	\$5.93 ⁽¹⁾	\$8.67 ⁽²⁾	\$14.60
	⁽¹⁾ Includes a three year rate rider of \$0.68		
	⁽²⁾ Includes a three year rate rider of \$0.99		

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 & Sewer Customers

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (gallons)	Service Charge	Commodity Water	Rates Sewer	Minimum Quarterly Charges
5/8"	1	3000	15.96	17.79	26.01	59.76
1"	4	12000	15.96	71.76	104.04	191.76
1 1/2"	10	30000	15.96	177.9	260.1	453.96

3.0--WATER ONLY CUSTOMERS

All customers connected to the water distribution system but not to the sewer system, shall pay the quarterly bill, which includes only service and water charges for the appropriate meter size.

4.0--BULK WATER SALES

All water sold in bulk by the Utility shall be charged for at the rate of \$7.10 /1,000 gallons with a minimum 1000 gallon charge.

5.0--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 Community of Reston. 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.

6.0--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.

7.0--NON PAYMENT DISCONNECTION and RECONNECTION

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.

Any service disconnected due to non-payment shall not be reconnected until all arrears, penalties and a reconnection fee of \$60.00 have been paid.

8.0--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 \$60.00 prior to the service being reconnected.

9.0--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 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.

10.0--HYDRANT RENTALS

The R.M. of Pipestone will pay to the utility an annual rental of \$150.00 per year for each hydrant connected to the system.

11.0--SEWER SURCHARGE

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 mg/L, 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.

12.0--WATER METERS

All new residential customers for sewer and 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.

13.0--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