

MANITOBA) Order No. 81/12
)
THE PUBLIC UTILITIES BOARD ACT) July 6, 2012

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

VILLAGE OF WAWANESA
WATER AND SEWER RATES - 2012

Summary

The Public Utilities Board (Board) hereby approves revised water and sewer rates for the Village of Wawanesa (Village) effective January 1, 2012.

The current and revised commodity rates are noted below:

Commodity Rate \$/1,000 gallons	Current	Approved 2012	Increase
Water	\$6.30	\$8.30	32%
Sewer	\$6.60	\$7.25	10%
Quarterly Service Charge	\$9.00	\$15.65	74%
Minimum Quarterly*	\$47.70	\$62.30	31%
Sewer only quarterly charge**	\$61.80	\$73.65	19%
Reconnection fee	\$27.50	\$27.50	0%
Bulk Water***	\$17.50	\$17.50	0%
Hydrant Rental Charge	\$100.00	\$125.00	25%

*Based on 3,000 gallons

**Based on 8,000 gallons

***Minimum charge \$9.65

The Board also approves the Village's proposal to recover its 2010 incurred deficit of \$11,985 through the revised rates.

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

Introduction

The Village submitted an application on December 20, 2011 for revised water and sewer rates to be effective January 1, 2012. Existing rates were established in 2007.

A Public Notice of Application was issued in February 2012 affording customers the 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. Based on customer response to the Public Notice (no comments were received by the Board), the Board concluded that a paper review process, was in the best interest of all concerned.

Background

The Utility has 249 customers, of which 240 received both water and sewer services, one customer receives water services only and eight customers receive sewer services only. The utility also services 19 fire hydrants. All water service customers are metered.

Raw water is obtained from three wells. Water treatment consists of pre-oxidation and disinfection with chlorine followed by a contact tank and manganese removal with greensand filtration. There are two in-ground reservoirs at the water treatment plant site.

An engineering assessment was commissioned by the Village and the water system is considered to be in good operating condition

and to consistently produce quality drinking water. There have, however, been problems with water main breaks and unaccounted for water volumes are high at 31%, well in excess of the industry standard of 10%. Operating staff are aware of the problems and have been working on improvements through detection programs and water main repairs.

The engineering assessment recommended a number of improvements for which the Village is planning and proposes to cover through reserve fund contributions.

The sewer system dates back to the 1970's and the Village reports that it is compliant with its Environmental License.

Utility operators meet certification requirements. Provision is made in the budget for continuing education of these operators.

The Village advises that it has been encouraging customers to conserve water by suggesting that they not water lawns and to keep garden watering to a minimum as well as reminding customers to check for leakage.

Application

The Village submitted its application on December 20, 2011 accompanied by a water and sewer utility rate study prepared by the Village's consultant, the firm of Meyers Norris Penny LLP. The application was also accompanied by By-law No. 519 read for the first time on December 12, 2011.

The rate study proposed the following rates for Wawanesa:

Commodity Rate \$/1,000 gallons	Current	Proposed
Water	\$6.30	\$8.30
Sewer	\$6.60	\$7.25
Quarterly Service Charge	\$9.00	\$15.65
Minimum Quarterly*	\$47.70	\$62.30
Sewer only quarterly charge **	\$61.80	\$73.65
Reconnection fee	\$27.50	\$27.50
Bulk Water***	\$17.50	\$17.50
Hydrant Rental Charge	\$100.00	\$125.00

*Based on 3,000 gallons

**Based on 8,000 gallons

***Minimum charge \$9.65

The rates were based on the following projected expenses:

	2012	2013	2014
General			
Administration	14,500.00	15,007.50	15,532.76
Billing and collection	775.00	802.13	830.20
Less: Penalties	750.00	776.00	803.00
Net revenue requirement general	14,525.00	15,033.63	15,559.96
Water			
Staffing	19,147.00	19,817.15	20,510.75
Purification and treatment	21,994.00	22,763.79	23,560.52
Transmission and Distribution	9,315.00	9,641.03	9,978.46
Amortization/ depreciation	18,191.00	18,191.00	18,191.00
Interest on long term debt	3,353.00	2,959.00	2,538.00
Reserves	20,000.00	20,000.00	20,000.00
Contingency	7,384.00	7,384.00	7,384.00
Sub-total- water expenses	99,384.00	100,755.96	102,162.73
Revenue:			
Connection Revenue	1,200.00	1,200.00	1,200.00
Hydrant rentals	2,125.00	2,125.00	2,125.00
Investment Income	1,000.00	1,000.00	1,000.00
Amortization of capital grants	3,100.00	3,100.00	3,100.00
Taxation revenues	9,549.00	9,549.00	9,549.00
Total non-rate revenue - water	16,974.00	16,974.00	16,974.00

Net rate revenue requirement-water	82,410.00	83,781.96	85,188.73
Sewer			
Staffing	19,147.00	19,817.15	20,510.75
Sewage Collection System	8,280.00	8,569.80	8,869.74
Sewage Lift Station	16,819.00	17,407.67	18,016.93
Sewage Treatment and Disposal	15,525.00	16,068.38	16,630.77
Amortization/ depreciation	8,252.00	8,252.00	8,252.00
Minor capital upgrades		-	-
Contingency	3,411.00	3,411.00	3,411.00
Net rate revenue requirement-sewer	71,434.00	73,525.99	75,691.19

The contingency allowances were calculated in accordance with Board guidelines. The annual provision of \$20,000 for contribution to the reserve fund is to assist in the funding of future capital improvements as identified by the engineering assessment.

The rate study proposed to determine the rates, effective January 1, 2012, based on the 2014 revenue requirements.

In separate communications to the Board, the Village advised that it incurred an operating deficit of \$11,985 in 2010, and proposed to recover that operating deficit through the revised rates now being proposed.

While the Village currently has no formal cost allocation policy between utility and general operations, Village officials together with their consultant, determined that administration and staffing expenses, currently being borne entirely by general operations, should in part be allocated to utility operations.

Board Findings

The Board will approve the rate proposal as submitted by the Village.

While the Board is generally hesitant to approve rates retroactively, it is cognizant of the fact that the rates are intended to recover a past deficit, namely 2010. Without the retroactive increase, this would not be accomplished.

The Board recognizes that the 2012 rate proposal is based on 2014 expenditure projections. Again, the Board will approve this proposal on the basis that the extra revenue will be required to cover the \$11,985 deficit. The following table summarizes the effects of this approval:

	2012	2013	2014
Quarterly Service Charges	15,587	15,587	15,587
Water Sales	85,399	85,399	85,399
Sewer Sales	76,183	76,183	76,183
Total Projected Revenue	177,169	177,169	177,169
Revenue Requirements	168,369	172,342	176,440
Net Result	8,800	4,828	729
Net Revenue – 3 Years			14,357

The Board will approve the shared cost allocation used in preparing the rate study and submission. However, the Board will require that the Village formally develop its cost allocation methodology, in accordance with Board guidelines, and submit same for approval.

The Board notes that the Village is advertising conservation techniques and encourages continuation of same.

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. The water and sewer rates for the Village of Wawanesa, as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED effective January 1, 2012.
2. The Village of Wawanesa submit its water and sewer rate By-law once it has received third and final reading.
3. The 2010 deficit BE AND IS HEREBY APPROVED to be recovered through rates in 2012, 2013 and 2014.
4. The Village of Wawanesa submit a formal cost allocation methodology for approval on or before September 30, 2012.

Fees payable upon this Order are \$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.
81/12 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 81/12
THE VILLAGE OF WAWANESA
WATER & SEWER UTILITY

1. **COMMODITY RATES PER 1000 GALLONS:**

WATER	SEWER	COMBINED
\$8.30	\$7.25	\$15.55

2. **MINIMUM QUARTERLY RATES:**

Notwithstanding the commodity rates set forth in Paragraph 1 hereof, all customers will pay the applicable minimum charges set out below which will include the water allowances indicated:

a) **WATER & SEWER CUSTOMERS:**

Meter Size	Group Capacity Ratio	Water Included	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
5/8	1	3000	\$15.65	\$24.90	\$21.75	\$62.30
3/4	2	6000	\$15.65	\$49.80	\$43.50	\$108.95
1	4	12000	\$15.65	\$99.60	\$87.00	\$202.25
1 1/2	10	30000	\$15.65	\$249.00	\$217.50	\$482.15
2	25	75000	\$15.65	\$622.50	\$543.75	\$1,181.90

b) **WATER ONLY CUSTOMERS**

Minimum charges will be the same for each meter size shown above, but the sewer charges will be excluded

c) **SEWER ONLY CUSTOMERS**

Owners or occupants of service land with sewer but no water shall be charge the sum of \$73.65 per quarter based on volumes of 8000 gallons per quarter (8 x \$7.25 + \$15.65).

3. **BULK WATER SALES:**

All water sold in bulk shall be charged at a rate of \$17.50 per 1000 gallons on a prorated basis for all quantities greater than 500 gallons. For quantities of 500 gallons or less, the minimum charge will be \$9.65.

4. **SERVICE TO CUSTOMERS OUTSIDE THE BOUNDARIES:**

The Council of the Village of Wawanesa may sign Agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Village of Wawanesa. 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 the 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 the Village boundaries. In addition, all costs of connecting to the Utility's mains, installing, and maintaining, the customer will pay service connections.

5. **BILLINGS AND PENALTIES:**

Accounts shall be billed quarterly and the due date shall be at least 14 days after the mailing of the bills. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

6. **DISCONNECTION:**

The Public Utilities Board has approved the Conditions Precedent to be followed by the Village with respect to the disconnection of service for nonpayment 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 Village'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 \$27.50 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 services are a lien and charge upon the land serviced and may be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. **HYDRANT CHARGES:**

The Village of Wawanesa shall pay to the Utility an annual hydrant charge of \$125 for each hydrant connected to the System.

10. **WATER ALLOWANCE DUE TO LINE FREEZING:**

Where, at the request of Council, a customer is allowed to run water 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 quarters for the same customer, or the same premises if the occupant has changed. No reduction in minimum rates will be made because of the stoppage of water supply due to frozen lines or frozen pipes inside the premises of the owner of the property without just cause.

11. **NON— WORKING METERS**

Word meter ceases to function in a correct reading cannot be recorded, the charge to that customer for the current quarter shall be the average of the buildings for the last four quarters to the same customer or to the same premises if the occupant has changed.

12. **REPLACEMENT OF METERS**

The Village of Wawanesa reserves the right to replace water meters with a new were remotely read technology whenever, at the discretion of Council, it is in the best interest of the public.