

MANITOBA) Order No. 106/13
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THE PUBLIC UTILITIES BOARD ACT) September 9, 2013

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

RM of GREY for GREY REGIONAL
WATER AND SEWER UTILITY
FANNYSTELLE
INTERIM INITIAL SEWER RATES
July 1, 2013

Summary

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, initial sewer rates applied for by the RM of Grey (RM) for the Grey Regional Water and Sewer Utility (Utility), servicing the Village of Fannystelle (Village).

The new rates are to be effective July 1, 2013

The approved rates are shown below.

	Current	2013	Increase/ Decrease	2014
Quarterly Service Charge	\$20.60	\$20.60	0%	\$20.60
Water charge per 1,000 gallons	\$10.50	\$10.50	0%	\$10.50
Sewer charge per 1,000 gallons*	\$0.00	\$8.00	NEW	\$8.00
Minimum Quarterly Charge**	\$52.10	\$76.10	46%	\$76.10

* Rate includes one annual septic pump-out

** Based on 3,000 gallons

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

Background

The RM of Grey owns and operates the Grey Regional Water and Sewer Utility. The Utility provides service to both urban and rural residents within the municipality and to residents within the communities of Elm Creek, Haywood and Fannystelle.

In October 2011, the Board issued Order No. 137/11, which approved water and sewer rates for the Utility. At that time, the RM had secured funding to install a low pressure sewer system in Fannystelle, but it was not operational until later in 2011. The RM did not apply for initial rates for Fannystelle sewer customers until July 2013. All operating expenses for the sewer system have to date been covered by the Utility as a whole.

This sewer system services 38 customers in Fannystelle, and includes an annual pump out of septic tanks for each of the customers. These pump outs are considered part of the proper operation and maintenance of the system, and the cost of providing them is included in the regular operating costs.

Customers in Haywood and Elm Creek are responsible for arranging their own septic tank pump outs and any associated costs. The RM has expressed the intention of establishing a common sewer service commodity rate for all customers in the forthcoming rate application.

Application

The RM of Grey, on behalf of the Grey Regional Water and Sewer Utility, applied in July 2013 for initial sewer rates for the Village of Fannystelle.

The application was accompanied by a rate study prepared by the RM's consultant and By-law No. 08-2013, which was read for the first time on July 17, 2013.

A Notice of the Application was issued on July 30, 2013. There were no stakeholder responses to the Notice. The Board determined it was in the best interest of all stakeholders to use a paper review process for this application.

When reviewing an application, the Board has at its disposal several approaches. It can hold a public 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. 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.

Budgeted Expenditures

The rates were determined based on the following budgeted expenditures:

	2012	2013
Sewer		
Staffing	277	289
Sewage Collection System	2,971	3,150
Amortization/ depreciation	46	21,530
Interest on long term debt	-	12,620
Reserves	-	-
Contingency	-	360
Total sewer expenses	3,294	37,950
Revenue	-	-
Connection Revenue	-	-
Annual Tank Pump-out	-	-
Amortization of capital grants	-	10,814
Taxation revenues	-	19,345
Other Revenue	-	-
Total non-rate revenue- sewer	-	30,160
Net rate revenue - Sewer	3,294	7,790

Board Findings

The Board will, on an interim *ex parte* basis, approve initial sewer rates as applied for by the Utility. These rates will be effective July 1, 2013. Generally, the Board is hesitant to approve retroactive rate changes, however given that customers have not been charged any rates for services being provided, the Board has deemed this to be appropriate in this case.

The Board approves the rates as applied for and makes this

interim rate decision due to the urgent need to have a billing rate in place so the Utility can start charging customers for services already being provided. The Board has concerns about the lack of urgency demonstrated by the RM in applying for these rates. Utility customers have been subsidizing the new sewer customers in Fannystelle for nearly two years of operations. The Board is sympathetic to the resource constraints faced by the Municipality, however this delay is unacceptable.

The Board will require the RM to file a completed rate study before December 31, 2013. This should not present a hardship to the RM, as they have previously stated their intention to file a new rate application for the Utility that would allow them to have new rates in place for January 2014.

The Board recommends the Utility align their operations to provide the same level of service to all customers, which would support the Utility charging a single commodity rate to all customers.

Due to the lack of audited historical information for the sewer operations in Fannystelle, the Board will grant these rates on an interim *ex parte* basis only. These rates will be revisited in 2014, when the rate application for the Utility is processed.

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. Initial sewer rates effective July 1, 2013, as shown on Schedule "A" attached to this Order, for the Village of Fannystelle, in the Rural Municipality of Grey BE AND ARE HEREBY APPROVED on an interim *ex parte* basis.
2. The Rural Municipality of Grey files a rate study for the Grey Regional Water and Sewer Utility on or before December 31, 2013.
3. The Rural Municipality of Grey file with the Board a copy of its 2009, 2010, 2011 and 2012 audited financial statements, to be accompanied by a PUB Schedule 9, as soon as possible.
4. The Rural Municipality of Grey file with the Board a copy of By-law No. 08-2013, once it has received third and final reading.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

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

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of Order No.
106/13 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO.106/13
RURAL MUNICIPALITY OF GREY
BY-LAW NO. 08-2013

BEING A BY-LAW OF THE RURAL MUNICIPALITY OF GREY TO AMEND WATER AND SEWER RATES FOR THE GREY REGIONAL WATER AND SEWER UTILITY PROVIDED UNDER BY-LAW NO. 03-2011.

WHEREAS By-law No. 03-2011 establishing water and sewer rates for the Grey Regional Utility system was passed on April 20, 2011 and approved under Public Utilities Board Order No. 137/11;

AND WHEREAS Section 1 under Schedule "A" of By-law No. 03-2011 sets out commodity rates per M.G. for providing of water and sewer services;

AND WHEREAS Section 2 under Schedule "A" of By-law No. 03-2011 provides for Minimum Quarterly Charges for customers of the Grey Regional Water and Sewer Utility;

AND WHEREAS council deems it necessary to amend said commodity rates and minimum quarterly charges by adding a commodity charge and minimum quarterly charges for customers receiving Fannystelle sewer service;

THEREFORE BE IT RESOLVED that the council of the Rural Municipality of Grey, in open meeting assembled, enacts as follows:

1. That Section 1 of Schedule "A" under By-law No. 03-2011 providing for Commodity Rates per M.G. for the Grey Regional Utility System is hereby amended by adding a Commodity Rate for Fannystelle Sewer Service to read as follows:

Commodity Rates per M.G.

Fannystelle Sewer Service	\$ 8.00
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2. That Section 2 of Schedule “A” under By-law No. 03-2011 providing for Minimum Quarterly Charges for the Grey Regional Utility System is hereby amended by adding a Minimum Quarterly Charges for Fannystelle Water & Sewer Customers to read as follows:

Fannystelle Water & Sewer Customers

Meter Size	Gallons Minimum	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
			Water	Sewer	
5/8"	3,000	20.60	31.50	24.00	76.10
3/4"	6,000	20.60	63.00	48.00	131.60
1"	12,000	20.60	126.00	96.00	242.60
1 1/2"	30,000	20.60	315.00	240.00	575.60
2"	75,000	20.60	787.50	600.00	1,408.10

3. That the amendments for By-law No. 03-2011 as stated in Section 1 and Section 2 hereof, shall take effect for the September 30, 2013 quarterly billing.