

MANITOBA ) Order No. 29/13  
 )  
THE PUBLIC UTILITIES BOARD ACT ) March 20, 2013

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

TOWN OF GRAND RAPIDS  
WATER AND SEWER UTILITY  
INTERIM INITIAL WATER RATES  
MAY 1, 2012

**Summary**

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, initial water rates applied for by the Town of Grand Rapids Water and Sewer Project Utility (Utility), which will service the Town and the Manitoba Hydro Hybord Townsite.

The new rates are to be effective retroactive to May 1, 2012.

The approved rates are shown below.

Quarterly Service Charge	\$15.43
Water \$/m <sup>3</sup>	\$1.76
Sewer \$/m <sup>3</sup>	\$1.73
Minimum Quarterly*	\$60.83
Bulk Water Rates**	\$12.35
Reconnection Fee	\$50.00
Hydrant Rental (Annual)	\$150.00

\* Based on 14 cubic meters

\*\* Based on 1,000 gallons

Bulk water rate under 500 gallons will be \$11.75

Sewer Only charge will be \$58.70 per Quarter, based on 25m<sup>3</sup>

Minimum quarterly charges for meter sizes are approved as follows:

Meter Size (mm)	Group Capacity Ratio	Water Included (m <sup>3</sup> )	Customer Service Charge	Water	Sewer	Quarterly Minimum Charge
15.8	1.6	13	\$15.43	\$22.85	\$22.55	\$60.83
50	16	100	\$15.43	\$175.73	\$173.50	\$364.66
150	144	300	\$15.43	\$527.20	\$520.49	\$1,063.12
300	576	1000	\$15.43	\$1,757.53	\$1,734.98	\$3,507.94

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

## **Background**

The Town of Grand Rapids (Town) applied in April 2012 for initial water rates for the Utility. The application was accompanied by a rate study prepared by the Town's consultant and By-law No. 705, which had already received 3<sup>rd</sup> and final reading. A new By-law was requested, and By-law No. 710 was submitted by the Town, having received 1<sup>st</sup> reading February 13, 2013.

This is a new water and sewer utility that is being constructed in four phases, with anticipated completion at the end of 2013. The Manitoba Hydro Hybord Townsite and the Town of Grand Rapids intend to share water and sewer utilities. It is proposed that the sewage lagoon will be expanded and operated by the Town, serving both the Town and the Hybord site.

The water line to Hybord will provide fire protection to Manitoba Hydro's infrastructure in the Hybord Townsite.

The Town of Grand Rapids currently has two separate water and sewer utilities, which for the sake of clarification are referred to as Grand Rapids Water and Sewer Project (Utility) and Grand Rapids Trailer Park Water and Sewer Utility (TP). The TP Utility has been in operation since the 60's, and was originally established for Hydro. The RCMP have also used the utility for their housing. Currently, there are approximately 4-5 houses connected to the system, and those ratepayers are being charged rates last approved in 1990 by Board Order 134/90.

The Town has no plans to review the rates being charged, because the next two phases of development for the Utility include connecting these homes to the Utility and eliminating the TP Utility entirely. There is no timeline on this part of the project, as the Town is trying to find and secure funding.

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. 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 budgeted expenditures.

	2012	2013	2014
Administration	3,828	3,901	3,975
Training Allowance	2,000	2,000	2,000
Billing and collection	2,890	2,945	3,001
<b>Total General Expenses</b>	<b>8,718</b>	<b>8,846</b>	<b>8,975</b>
Equity Surcharge .5% of annual expense		4,225	4,057
Service Charges	100	102	104
Penalties	100	102	104
<b>General revenue</b>	<b>200</b>	<b>204</b>	<b>208</b>
<b>Net revenue general</b>	<b>8,518</b>	<b>12,867</b>	<b>12,824</b>
Staffing	58,407	59,517	60,648
Training Allowance	2,000	0	0
Purification and treatment	28,073	28,607	29,150
Other Water Supply Costs	20,700	21,093	21,494
Amortization/ depreciation	153,484	153,484	153,484
Interest on long term debt	187,199	177,971	167,359
Reserves	8,367	8,367	8,367
<b>Sub-total- water expenses</b>	<b>458,231</b>	<b>449,039</b>	<b>440,502</b>
<b>Total non-rate revenue - water</b>	<b>364,447</b>	<b>364,447</b>	<b>364,447</b>
<b>Net rate revenue - water</b>	<b>93,784</b>	<b>84,592</b>	<b>76,056</b>
Staffing	16,155	2,000	2,038
Sewage Collection System	23,785	24,237	24,697
Sewage Lift Stations	12,000	12,228	12,460
Lagoon Chemical Allowance	500	1,500	1,529
Other Sewage Collection & Disposal Costs	9,500	2,000	2,038
Amortization/ depreciation	145,368	145,368	145,368
Interest on long term debt	162,428	157,755	152,743
Reserves	8,367	8,367	8,367
<b>Total sewer expenses</b>	<b>378,104</b>	<b>353,455</b>	<b>349,241</b>
<b>Total non-rate revenue- sewer</b>	<b>314,104</b>	<b>314,104</b>	<b>314,104</b>
<b>Net rate revenue - Sewer</b>	<b>64,000</b>	<b>39,351</b>	<b>35,138</b>

## **Board Findings**

The Board will, on an interim *ex parte* basis, approve initial water rates as applied for by the Town effective May 1, 2012. 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 proposed calculations were based on 138 meters being hooked up, which was planned to be effective the year 2013, after full development of the system. Currently, the Town advises that the system has only 62 meters hooked up, one of which is the Hybord Township. Although there is a significant disparity between the number of customers used in calculating the rates and the number of customers actually connected to the system, the Board will approve the rates as applied for, in anticipation of new connections being added in 2013.

The Board 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 received a rate study from the Town which has been considered during the process of reviewing the application and establishing these rates. Due to the lack of audited historical information in a new Utility, the Board will grant these rates on an interim *ex parte* basis only, and will direct the Town to comment on the adequacy of rates, and resubmit a revised rate application if the number of connections or volume of consumption varies greatly from what was used to calculate these

rates, or if the rates are found to be inappropriate for any other reason.

A Notice of the Application was issued on July 26, 2012. 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 the application.

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 Town of Grand Rapids By-law No. 710 BE AND IS HEREBY APPROVED on an Interim *ex parte* basis, with the initial water rates to be effective May 1, 2012.
2. The Town of Grand Rapids file a copy of By-law No. 710, once it has received third and final reading.
3. The Town of Grand Rapids provide the Board with audited financial statements for 2011 and 2012 as soon as they are finalized.

4. The Town of Grand Rapids provide the Board with a statement on the adequacy of rates on or before March 31, 2014, including a description of the number of new connections to the system.

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.  
29/13 issued by The Public  
Utilities Board

\_\_\_\_\_  
Acting Secretary



**SCHEDULE “A”**  
**TO BOARD ORDER NO. 29/13**  
**Town of Grand Rapids**  
**Water and Sewer Rates**  
**By-law No. 710**

SCHEDULE OF QUARTERLY RATES:

- | 1. | <u>Commodity rates per M.G.</u> | <u>Water</u> | <u>Sewer</u> | <u>Water &amp; Sewer</u> |
|----|---------------------------------|--------------|--------------|--------------------------|
|    | All water consumption           | \$1.76       | \$1.73       | \$3.49                   |
2. Minimum Charges, Quarterly

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) Water and Sewer Customers

Meter Size (mm)	Group Capacity Ratio	Water Included (m3)	Admin. Fee	Commodity Water	Charges Sewer	Total Quarterly Minimum
15.80	1.60	13	\$15.43	\$22.85	\$22.55	\$60.83
50.00	16.00	100	\$15.43	\$175.73	\$173.50	\$364.66
150.00	144.00	300	\$15.43	\$527.20	\$520.49	\$1,063.12
300.00	576.00	1000	\$15.43	\$1,757.53	\$1,734.98	\$3,507.73

(b) Water Only Customers

Minimum charge will be the same for each meter size as shown, above, but the Sewer Commodity Charge will be excluded.

(c) Sewer Only for Residential Customers

The Town of Grand Rapids do charge the owners or occupants of land serviced with sewer no water the sum of \$58.70 per quarter.

3. Bulk Sales Rate

All water sold in bulk by the Town of Grand Rapids shall be charged for at the rate of \$12.35 per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$11.75

4. Service to Customers Outside Municipality, Town, or L.I.D., Limits

The Council of the Town of Grand Rapids may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of Grand Rapids. 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

A late payment charge of the 1 ¼% shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen days after the mailing of the bills.

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 be 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 and sewer service are 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 the like remedies.

9. Hydrant Rentals

The Town of Grand Rapids will pay to the utility an annual rental of \$150.00 for each hydrant connected to the system. In addition, the Town of Grand Rapids will pay for water used for fire-fighting.

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.

11. Damage Meters

If the meter of a consumer is damaged and/or fails to register during any quarter, the amount of water consumption shall be taken to be the average of the two preceding quarters as shown by their respective readings.

12. Thawing

The charge for electric thawing of water service calls shall be \$30.00

13. Temporary Shutoff

If a temporary shutoff is required by any user for the purpose of repairs to the equipment within his premises, or for any other cause, where a service man must visit the premises for such a purpose, a charge of \$25.00 shall be made for such service, said sum to be paid by said user with his next bill for water used.

14. Moving Meter

In any case where a user is moving from one residence to another and requires the service discontinued in such said residence, a final billing will be generated for the customer. A new account is then created and the prepayment is applied to the new location.