

M A N I T O B A) Order No. 30/13
)
THE PUBLIC UTILITIES BOARD ACT) March 21, 2013

BEFORE: Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Acting Chair
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

TOWN OF MINNEDOSA
INITIAL LAGOON TIPPING FEES

Summary

By this Order, the Public Utilities Board (Board) approves initial tipping fees the Town of Minnedosa (Town) lagoon. The new rates are effective June 1, 2013.

Rates are noted below:

Tipping charges	Minimum (4.54m ³)	Per kilolitre (m ³)
Residents within Town limits	\$ 31.78	\$ 7.00
Non-Residents outside Town limits	\$ 31.78	\$ 7.00

These rates can also be found in Schedule "A".

Introduction

The Board last set water and sewer rates for the Town of Minnedosa on Board Orders No. 31/11 and 41/11. At the time of those Orders, the access to the lagoon was open and haulers were allowed to haul septage into the lagoon without paying any fees. This meant that the ratepayers of the Town were subsidizing the residents and non-residents who were having their waste hauled in by truck. The Board supports Utilities adopting user-pay methodology, and ordered the Town to limit access to the lagoon, and establish lagoon tipping fees with a requested submission date of October 31, 2011.

Application

The Town originally submitted a letter proposing lagoon rates on January 10, 2012. Board staff responded, requesting additional information demonstrating the calculation of the rates being applied for, as well as a By-law having received first reading.

The Town resubmitted their proposal June 6, 2012 with By-law No. 2517, read for a first time May 22, 2012. A Notice of Application was prepared October 5, 2012. The Town advises that the Notice was advertised in the Minnedosa Tribute, posted in prominent locations in Town and individual letters were sent to respective Septic Wastewater Contractors.

The Town has also advised that they have taken steps to limit access to the lagoon as requested, and that the septic haulers can access the lagoon only with a key provided by the Town. By-Law No. 2517 also includes a Schedule "A" and Schedule "B", which are a Wastewater Disposal Vehicle Log and Monthly Record of Wastewater Pickup and Disposal Report, respectively.

Rates posted in the Notice were as follows:

	Minimum (4.54m ³)	Per kilolitre (m ³)
Tipping charges		
Residents within Town limits	\$ 13.12	\$ 2.89
Non-Residents outside Town limits	\$ 32.82	\$ 7.23

The Town amended their application on March 15, 2013 to the following:

Tipping charges	Minimum (4.54m ³)	Per kilolitre (m ³)
Residents within Town limits	\$ 31.78	\$ 7.00
Non-Residents outside Town limits	\$ 31.78	\$ 7.00

These new rates were a result of the Town calculating sewage rates based on the contributing organic loading from the septage haulers. This methodology was chosen by the Town because the lagoon performance and operating costs are greatly impacted by the strength of the sewage entering the facility. It was determined by the Town that the haulers contributed 6.1% of the annual organic loading.

Calculation of rates

Tipping fees were calculated with an estimated volume of 3,620 kilolitres per year being hauled into the lagoon. The non-resident charge was calculated to include 6.1% of the annual amortization of the lagoon, since those customers do not contribute to the capital costs of the lagoon through their taxes. The Town estimates that 20% of the hauled septage came from residents, while 80% of it came from non-residents. The following calculations were provided in the amended application:

Annual volume contribution from Town	468,000,000 Litres
Average strength of sewage	250 mg/L BOD ₅
Annual organic contribution from Town	109,500 kg/L BOD ₅ /year
Annual volume contribution from Haulers	3,620,000 Litres
Average strength of sewage	1,956 mg/L BOD ₅
Annual organic contribution from Haulers	7,100 kg/L BOD ₅ /year
Percentage from Haulers	6.1%
Annual treatment and disposal expenses	\$ 75,000
Annual amortized assets related to treatment	\$ 10,000
<i>Total</i>	\$ 85,000
Lagoon replacement cost	\$ 2,500,000
<i>Equivalent annual amortization</i>	\$ 250,000
Residents: 6.1% of \$85,000	5,200
Non-Residents: 6.1% of \$85,000+\$250,000	20,300
Annual costs allocated to residents	\$ 5,200
Annual volume of hauled septage at 20% of 3,620 m ³	724
Unit cost:	\$ 7.18
Annual costs allocated to non-residents	\$ 20,300
Annual volume of hauled septage at 80% of 3,620 m ³	2,896
Unit cost:	\$ 7.01

Based on these calculations, the Town determined that the calculated difference between Town residents and non-residents was nominal, and decided to charge a single rate of \$7.00 per kilolitre for all waste hauled into the lagoon, regardless of point of origin.

Public Response

A response to the Notice was received by the Board and Town from Bryon Gaiser of Lakeside Septic Service on February 14, 2013. Mr. Gaiser expressed that an additional \$35.00 charge for tipping fees

that he would have to pass on to his customers could create a hardship for those on fixed or low incomes. He suggested that the Town consider a flat fee to homeowners who have their septage hauled to the lagoon.

Board Findings

The Board, after reviewing the Town's application (and information subsequently provided by the Town) will approve initial tipping fees, as applied for in the amended application.

The Board has long been a proponent of user-pay, and the ratepayers of the Utility have been subsidizing the people who use the lagoon via haulers. The Town has indicated to the Board that they are currently in the process of preparing a rate study, and will include the revenues from tipping fees in that rate study, updated to include any possible reduction which may result from these charges being instituted.

Since the amended rates for Town residents vary significantly from those included in the original Notice of Application, the Board will direct the Town to notify those haulers who are using the Town lagoon of the new rates by registered mail. The rates will not come into force until June 1, 2013, allowing customers the opportunity to provide notice to their customers.

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 (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

1. The tipping fees for the Town of Minnedosa lagoon, as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED with initial rates to be effective June 1, 2013.
2. The Town of Minnedosa notify customers using the lagoon of the approved rates by registered mail no later than April 5, 2013.
3. The Town of Minnedosa amend By-law No. 2517 to reflect the decisions approved herein and submit to the Public Utilities Board once it has received third and final reading.
4. The Town of Minnedosa file a rate study with the Public Utilities Board no later than June 30, 2014.

Fees payable upon this Order - \$500.00.

THE PUBLIC UTILITIES BOARD

"MARILYN KAPITANY, B.Sc. (Hons.), M.Sc."
Acting Chair

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of Order No.
30/13 issued by The Public Utilities
Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 30/13
TOWN OF MINNEDOSA
BY-LAW NO. 2517

June 1, 2013

1.0--SCHEDULE OF INITIAL TIPPING FEES

A schedule of rates per Kilotitre (cubic metre):

	Minimum (4.54m ³)	Per kilolitre (m ³)
Tipping charges		
Residents within Town limits	\$ 31.78	\$ 7.00
Non-Residents outside Town limits	\$ 31.78	\$ 7.00