

MANITOBA) Order No. 96/13
)
THE PUBLIC UTILITIES BOARD ACT) August 15, 2013

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

RURAL MUNICIPALITY OF GIMLI
INTERIM SURCHARGE
TO RECOVER DEBENTURE SERVICING COSTS
OCTOBER 1, 2013 TO SEPTEMBER 30, 2033

Summary

By this Order, the Public Utilities Board approves, on an interim *ex parte* basis, a utility surcharge to recover the debenture servicing costs for sewer renewal projects for the Gimli Urban Center, the Gimli Business Park and Aspen Park, located in the Rural Municipality of Gimli.

The new surcharge is to be effective October 1, 2013, and will be charged in addition to the rates approved on Board Order No. 64/12. This surcharge is to be in effect for the length of the debenture, a period of twenty (20) years, ending September 30, 2033.

The approved surcharge rates are shown below.

FLAT RATE BASED ON RESIDENTIAL EQUIVALENCY UNITS (REU'S)				
<u>Location</u>	<u>REUs</u>	<u>Debenture payment</u>	<u>Surcharge</u>	
			<u>Annual</u>	<u>Quarterly</u>
Gimli Urban Centre	1203	\$81,394.20	\$ 67.65	\$ 16.91
Gimli Business Park	168	\$ 1,087.23	\$ 6.47	\$ 1.62
Aspen Park Condos (194 units, proportionate share provided by Condo Corp)		\$ 6,283.24	\$106.40	\$ 26.60

Background

On June 21, 2011, the RM of Gimli (RM) applied for approval of a utility surcharge to fund debenture payments which were anticipated as a result of water and sewer renewal projects in the Gimli Urban Center, the Gimli Business Park and Aspen Park. This application was appended to a rate application submitted to the Public Utilities Board (Board) in May 2011.

In Board Order No. 64/12, the RM was given approval to recover the project through a rate surcharge, in principle, and ordered to submit the final amounts for approval before charging the ratepayers. The Municipal Board has requested that the RM secure Board approval to collect the debenture payments from utility customers; once approved, the RM is to prepare a borrowing by-law for approval by the Municipal Board, which will allow the RM to secure the debenture.

In reviewing an application, the Board can decide to approve interim *ex parte* rates, which are rates subject to review following a more complete process. The Board's decision to approve the surcharge on such a basis was made because the RM has yet to provide public notice of the final charges or complete the drafting of the borrowing by-law. Once notice has been provided and the by-law has received third and final reading, the Board will review the file and finalize the rates.

The project was initially planned to start in 2011, but was delayed until 2012 and completed in 2013. The original plan included water line renewal; however, that portion of the project was postponed indefinitely, due to the high costs associated with it.

The cost of the water and sewer renewal project was originally estimated to be \$2,881,265. The final costs submitted for recovery were for sewer only, and came in significantly lower at \$1,286,954. The annual debenture payment is \$88,765 instead of \$233,657.

Board Findings

The Board will approve the debenture surcharge as submitted by the RM, on an interim *ex parte* basis, to be collected over a period of twenty (20) years.

The RM will provide notice to customers of the utility, and will forward any responses received to the Public Utilities Board.

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 Rural Municipality of Gimli debenture surcharge, as set out in Schedule "A" to this Order, BE AND IS HEREBY APPROVED to be effective October 1, 2013 to September 30, 2033.
2. The Rural Municipality of Gimli provides their customers with notice of the surcharge prior to the effective date of October 1, 2013.
3. The Rural Municipality of Gimli provides the Public Utilities Board with a copy of the borrowing by-law 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.
96/13 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 96/13
Rural Municipality of Gimli
Debenture Surcharge

FLAT RATE BASED ON RESIDENTIAL EQUIVALENCY UNITS (REU'S)					
<u>Location</u>	<u>REUs</u>	<u>Debenture</u>	<u>Surcharge</u>		
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