

M A N I T O B A) Order No. 112/14
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THE PUBLIC UTILITIES BOARD ACT) September 25, 2014

BEFORE: Susan Proven, P.H.Ec, Acting Chair
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

RURAL MUNICIPALITY OF RIVERSIDE
LOCAL IMPROVEMENT DISTRICT OF DUNREA
WATER RATE APPLICATION

Summary

By this Order, the Public Utilities Board (Board) denies revised water rates for the RM of Riverside (RM), LID of Dunrea (LID) water utility (Utility).

Background

The RM submitted an application May 23, 2014 for revised water rates for the Utility. The application was accompanied by a rate study prepared by the RM and By-law No. 5 of 2014 read for the first time on May 14, 2014.

A Public Notice was published May 28, 2014, inviting responses from stakeholders in the community. The Board received a single response with seventeen names listed.

Rates were last amended in 2011 when the RM implemented a discretionary increase authorized by the Board in Order No. 84/09, issued May 2009.

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. The Board can also establish interim *ex parte* rates, which are rates that are subject to review, following a more complete process.

In the case of the RM of Riverside, the Board has chosen to take

the unusual step of requesting the RM revise their rate study and application to comply with the Board's Minimum Filing Requirements and Guidelines.

Application

Upon reviewing the application submitted May 2014, the Board determined the rate study and application did not follow the Board Guidelines or meet the Minimum Filing Requirements. Of the 37 items listed on the Minimum Filing Requirements, the submission included only four. Several integral components were found to be missing, making processing the application impossible.

A crucial part of the process for determining just and reasonable rates is the estimating of future expenditures and consumption, as compared to past results. The estimated annual expense information was presented as a total without any supporting detail. The RM has not provided audited financial statements since submitting the 2010 statements on August 31, 2012.

A rate study using the same format was submitted for the LID of Dunrea in July 2011. The Board responded in December 2011, providing a general overview of the Board's expectations regarding the preparation of a rate study, and advised the RM that should the RM be in need of revised rates, they should "...complete a revised rate study, with projections and plans for the utility going forward for the next three years. Please review the Minimum Filing checklist to ensure all the required

documents have been included..." No response was received to this letter from the Board, and no further rate application was received until May 2014.

Board Findings

The deficiencies in the RM's submission are such that they necessitate a revised rate study and application, using the Minimum Filing Requirements and Board Guidelines. Once the new application is received, a new Public Notice will be posted welcoming stakeholder response to the proposed rates.

Due to the significant response to the May 2014 Notice of Application, the Board will also require the RM to prepare an insert for all ratepayers, to be included in the next billing cycle, explaining that the rate application has been denied and will be revised and a new Notice will be subsequently published. A copy of that insert should be provided to the Board.

In addition to the RM's rate application as described above, the RM is also required to submit to the Board an application for approval of any operating deficits incurred, if they exceed \$10,000 or 5% of annual operating expenses.

In the event that operating deficits are alleviated when calculated for regulatory purposes (offset by amortization of capital grants) the RM should submit a properly completed PUB Schedule 9 to the Board for review.

The Board urges the RM to review the *Public Utilities Board Act* and general Board Order Nos. 151/08 and 93/09 to have a better understanding of their responsibilities in reporting to the Board. The Board's website also contains a wealth of information on the preparation of a compliant rate application. The continued use of the incomplete format has resulted in unnecessary delays in the processing of 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 Rural Municipality of Riverside, Local Improvement District of Dunrea application for revised water rates BE AND IS HEREBY DENIED.
2. The Rural Municipality of Riverside, Local Improvement District of Dunrea provide Notice to its customers, with a copy to the Board, advising the rate application has been denied, and once revised a new Notice of Application will be subsequently published.
3. The Rural Municipality of Riverside submit a completed rate application for revised water rates for the Local Improvement District of Dunrea, using the Minimum Filing Requirements and Board Guidelines, no later than January 1, 2015.

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. 112/14 issued by
The Public Utilities Board

Acting Secretary