

**M A N I T O B A** ) **Order No.95/14**  
 )  
**THE PUBLIC UTILITIES BOARD ACT** ) **August 26, 2014**

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

**RURAL MUNICIPALITY OF CORNWALLIS**  
**WATER UTILITY**  
**INTERIM WATER RATES**

**Summary**

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, water rates applied for by the Rural Municipality of Cornwallis Water Utility (Utility).

The new rates are to be effective August 1, 2014.

The approved rates are shown below.

	<b>New proposed charges 2014/15</b>	<b>Increase/Decrease</b>	<b>New proposed charges 2016</b>	<b>Increase/Decrease</b>	<b>New proposed charges 2017</b>	<b>Increase/Decrease</b>
Quarterly Service Charge	\$38.47	n/a	\$40.19	4.47%	\$41.21	2.54%
Water \$/per cubic meter	\$4.03	n/a	\$4.11	1.99%	\$4.19	1.95%
Minimum Quarterly-Water Only*	\$94.89	n/a	\$97.73	2.89%	\$99.87	2.26%
Reconnection Fee	\$50.00	n/a	\$50.00	0.00%	\$50.00	0.00%

\*Based on 14 cubic meters

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

## **Application**

The Rural Municipality of Cornwallis (RM) applied on July 18, 2014 for water rates for the Utility. The application was accompanied by a rate study prepared by the RM and By-law No. 1650/04/2014 having received 1<sup>st</sup> reading on July 3, 2014.

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.

On Board Order No. 82/14 the Board approved the transfer of ownership of the Chater Water cooperative to the Rural Municipality of Cornwallis. The RM has submitted to the Board that the need for revised rates was urgent, due to the fact that previous rates established by the cooperative will result in the deficit in the first year of operation for the newly formed Utility.

The RM submitted that the rates were determined based on the following budgeted expenditures.

NAME OF MUNICIPALITY AND UTILITY:

RM of Cornwallis

SCHEDULE OF UTILITY RATE REQUIREMENTS

Financial history and projections

(self populates year)	Inflation rate					
	Prior year - 1*	Prior year**	Current year	forecasts- Rate years		
	Actual 2012	Actual 2013	Projected 2014	Rate year 1 2015	Rate year 2 2016	Rate year 3 2017
	2.5%					
<i>Administration</i>	(1) (2)	(2)				
Administration (building, office, staff, etc.)	-	-	4,499	4,612	4,727	4,845
Billing and collection	-	-	1,750	1,794	1,839	1,885
Working capital surcharge (1% of yrly exp)				360	497	507
Deficit Recovery for the year _____				-		
<b>Total gen. exp./Admin revenue requirement (A)</b>	-	-	6,249	6,766	7,063	7,237
<i>Revenue:</i>						
Service charges <sup>(4)</sup>	-	-	6,098			
Surcharges			-			
Penalties	-	-	150	150	150	150
<b>Total general revenue</b>	-	-	6,248	150	150	150
<b>Net revenue general/Admin</b>	-	-	1	6,616	6,913	7,087
<b>Water</b>						
<i>Expenses:</i>						
Staffing		-	13,000	13,325	13,658	14,000
Purification and treatment		-	4,000	4,100	4,203	4,308
Water purchases		-	-	-	-	-
Service of Supply			10,100	10,325	10,583	10,848
Transmission and Distribution				-	-	-
Other Water Supply Costs			2,700	2,768	2,837	2,908

Connections - Net Loss		-	-	-	-	-
Amortization/ depreciation		-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-
Reserves				10,000	10,000	10,000
Minor capital upgrades <sup>(5)</sup>					-	-
Contingency <sup>(3)</sup>				2,775	2,844	2,915
<b>Sub-total- water expenses</b>	-	-	29,800	43,293	44,125	44,978
<i>Revenue:</i>						
Water rate charges <sup>(4)</sup>		-	28,875			
Connection Revenue			1,000	1,000	1,000	1,000
Hydrant rentals		-	-	-	-	-
Investment Income-MWSB			-	-	-	-
Amortization of capital grants						
Taxation revenues-water debt (C)	-	-	-	-	-	-
Other revenue-bulk water fees (D)		-	-	-	-	-
<b>Total non-rate revenue - water</b>	-	-	1,000	1,000	1,000	1,000
<b>Net rate revenue requirement - water (B)</b>	-	-	28,800	42,293	43,125	43,978

### Board Findings

The Board will, on an interim *ex parte* basis, approve water rates as applied for by the RM, effective August 1, 2014. Generally, the Board is hesitant to approve retroactive rate changes; however the Board has deemed this to be appropriate in this case.

The Board makes this interim rate decision due to the urgent need for revised rates and the risk of deficit.

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 Cornwallis By-law No. 1650/04/2014 BE AND IS HEREBY APPROVED on an interim *ex parte* basis, with the revised water rates to be effective August 1, 2014.
2. The Rural Municipality of Cornwallis file a copy of By-law No. 1650/04/2014, 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

"KURT SIMONSEN, P.Eng"  
Acting Secretary

Certified a true copy of  
Order No. 95/14 issued by  
The Public Utilities Board

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

**SCHEDULE "A"**

**THE RUAL MUNICIPALITY OF CORNWALLIS  
 LOCAL IMPROVEMENT DISTRICT WITHIN THE VILLAGE OF CHATER**

**WATER RATES BY-LAW NO. 1650/04/2014**

**SCHEDULE OF QUARTERLY RATES:**

1. <u>Commodity rates per Cubic Meter</u>	2014/15	2016	2017
All Water Consumption	\$4.03	\$4.11	\$4.19
2. <u>Minimum Charges, Quarterly</u>			

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:

Water Only Customers

**2014/2015**

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Customer Service Charge	Water	Quarterly Minimum Charge
5/8"	1	14	\$38.47	\$56.42	\$94.89
3/4"	2	27	\$38.47	\$108.81	\$147.28
1 "	4	55	\$38.47	\$221.65	\$260.12

water **\$4.03**  
 sewer **\$0.00**  
 s/c **\$38.47**

**2016**

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Customer Service Charge	Water	Quarterly Minimum Charge
5/8"	1	14	\$40.19	\$57.54	\$97.73
3/4"	2	27	\$40.19	\$110.97	\$151.16
1 "	4	55	\$40.19	\$226.05	\$266.24

water **\$4.11**  
 sewer **\$0.00**  
 s/c **\$40.19**

2017

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Customer Service Charge	Water	Quarterly Minimum Charge
5/8"	1	14	\$41.21	\$58.66	\$99.87
3/4"	2	27	\$41.21	\$113.13	\$154.34
1 "	4	55	\$41.21	\$230.45	\$271.66

water **\$4.19**  
 sewer **\$0.00**  
 s/c **\$41.21**

3. Service to Customers Outside the Local Improvement District within the Village of Chater

The Council of the Rural Municipality of Cornwallis may sign agreements with customers for the provision of water services to properties located outside the legal boundaries of the Local Improvement District within the Village of Chater. 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.

4. Billings and Penalties

A late payment charge of 1% 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.

5. 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.

6. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

7. Outstanding Bills

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water service are a 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 like remedies.

8. 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.