

MANITOBA) Order No. 96/14
)
THE PUBLIC UTILITIES BOARD ACT) September 2, 2014

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

CITY OF FLIN FLON
WATER and SEWER UTILITY
INTERIM WATER and SEWER RATES

Summary

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, revised water and sewer rates applied for by the City of Flin Flon Water and Sewer Utility (Utility).

The new rates are to be effective on October 1, 2014. The approved interim *ex parte* rates are shown below.

Unmetered Customers-
 Flat Rate

Existing	Proposed 2014	Increase/Decrease
\$71.60/month	\$93.08/month	30%
\$214.80/quarter	\$279.24/quarter	30%

Metered Customers

Meter Size	Group Capacity Ratio	Minimum Monthly Consumption (gallons)	Current Commodity Charge*	Current Monthly Charge	Proposed 2014 Commodity Charge*	Proposed 2014 Minimum Monthly Charge	Increase
5/8"	1	6,000	\$8.40	\$50.40	\$10.95	\$65.70	30%
3/4"	2	7,000	\$8.40	\$58.80	\$10.95	\$76.65	30%
1"	4	8,000	\$8.40	\$67.20	\$10.95	\$87.60	30%
1 1/2"	10	20,000	\$8.40	\$168.00	\$10.95	\$219.00	30%
2"	25	50,000	\$8.40	\$420.00	\$10.95	\$547.50	30%
3"	45	90,000	\$8.40	\$756.00	\$10.95	\$985.50	30%
4"	90	180,000	\$8.40	\$1,512.00	\$10.95	\$1,971.00	30%

Note-see next page for 2015, 2016 and 2017 proposed rates

* Per 1,000 gallons (water and sewer)

For all meter sizes, volumes in excess of the minimum monthly consumption will be charged at the rate of \$10.95 per 1,000 gallons.

All consumption shall be charged at a combined commodity charge of \$10.95 per 1,000 gallons, calculated on an annual usage by the system of 2.7 million gallons.

Unmetered Customers-Flat Rate

Proposed 2015	Proposed 2016	Proposed 2017
\$94.95/month	\$96.82/month	\$98.77/month
\$284.85/quarter	\$290.46/quarter	\$296.31/quarter

Metered Customers

Proposed 2015 Minimum Monthly Charge	Increase	Proposed 2016 Minimum Monthly Charge	Increase	Proposed 2017 Minimum Monthly Charge	Increase
\$67.02	2%	\$68.34	2%	\$69.72	2%
\$78.19	2%	\$79.73	2%	\$81.34	2%
\$89.36	2%	\$91.12	2%	\$92.96	2%
\$223.40	2%	\$227.80	2%	\$232.40	2%
\$558.50	2%	\$569.50	2%	\$581.00	2%
\$1,005.30	2%	\$1,025.10	2%	\$1,045.80	2%
\$2,010.60	2%	\$2,050.20	2%	\$2,091.60	2%

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

Application

The City of Flin Flon (City) applied on June 13, 2014 for revised water and sewer rates for the Utility. The application was accompanied by a rate study prepared by the City of Flin Flon and By-law No. 2014-11 having received 1st reading on June 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.

In the case of the City of Flin Flon, the Board determined there did exist an urgent need for interim rates.

The rates were determined based on the following budgeted expenditures.

Projected for the rate year(s)	2014-2017		with comparatives for current and past years		
			Inflation Rate:		2
	2013	2014	Budget forecasts		
	Actual	Projected	2015	2016	2017
<i>Expenses-General</i>					
Administration (building, office, staff, etc.)	\$284,646	\$296,552	\$298,760	\$301,020	\$303,320
Billing and collection-see Cost Allocation Sec	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000
Total general expenses	\$470,646	\$482,552	\$484,760	\$487,020	\$489,320
Equity surcharge (1% of annual expenses)			\$34,800	\$34,820	\$34,840
Deficit Recovery for the years					
<i>Revenue-General</i>					
Service charges	\$34,558	\$10,500	\$10,500	\$10,500	\$10,500
Penalties	\$25,819	\$25,740	\$25,740	\$25,740	\$25,740
Total general revenue	\$60,377	\$36,240	\$36,240	\$36,240	\$36,240
Net revenue general	\$410,269	\$446,312	\$483,320	\$485,600	\$487,920
<i>Expenses-Water:</i>					
Purification and treatment	\$320,349	\$455,975	\$449,785	\$449,790	\$449,790
Transmission and Distribution	\$1,206,800	\$853,250	\$885,625	\$885,630	\$885,630
Amortization/ depreciation	\$120,584	\$523,251	\$523,251	\$523,251	\$523,251
Interest on long term debt	\$241,315	\$0	\$0	\$0	\$0
Sub-total- water expenses	\$1,889,048	\$1,832,476	\$1,858,661	\$1,858,671	\$1,858,671
<i>Revenue-Water</i>					
Connection Revenue	\$1,174,093	\$1,280,230	\$0	\$0	\$0
Hydrant rentals-209 @ \$630/year	\$131,670	\$131,670	\$131,670	\$131,670	\$131,670
Investment Income					
Amortization of capital grants	\$179,521	\$180,746	\$180,746	\$180,746	\$180,746
Taxation revenues (1)	\$0	\$0	\$0	\$0	\$0
Other revenue	\$8,478				
Total non-rate revenue -water	\$1,493,762	\$1,592,646	\$312,416	\$312,416	\$312,416
Net rate revenue - water	\$395,286	\$239,830	\$1,546,245	\$1,546,255	\$1,546,255
<i>Expenses-Sewer</i>					
Sewage Collection System	\$170,868	\$141,890	\$144,728	\$144,730	\$144,730
Sewage Lift Station	\$165,413	\$170,185	\$173,589	\$173,590	\$173,590
Sewage Treatment and Disposal	\$596,454	\$583,225	\$594,890	\$594,890	\$594,890
Amortization/ depreciation	\$223,263	\$223,263	\$223,263	\$223,263	\$223,263
Interest on long term debt	\$242,801	\$0	\$0	\$0	\$0
Total sewer expenses	\$1,398,799	\$1,118,563	\$1,136,470	\$1,136,473	\$1,136,473
<i>Revenue-Sewer</i>					
Connection Revenue	\$1,174,093	\$1,280,230	\$0	\$0	\$0
Amortization of capital grants	\$125,094	\$125,094	\$125,094	\$125,094	\$125,094
Taxation revenues (2)	\$0	\$0	\$0	\$0	\$0
Total non-rate revenue-sewer	\$1,299,187	\$1,405,324	\$125,094	\$125,094	\$125,094
Net rate revenue - sewer	\$99,612	-\$286,761	\$1,011,376	\$1,011,379	\$1,011,379

Board Findings

The Board will, on an interim *ex parte* basis, approve water and sewer rates as applied for by the City effective August 1, 2014.

The Board makes this interim rate decision due to the urgent need to increase rates to avoid future deficits. Rates were last set in 2008.

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 City of Flin Flon By-law No. 2014-11 BE AND IS HEREBY APPROVED on an interim *ex parte* basis, with the revised water and sewer rates to be effective October 1, 2014.
2. The City of Flin Flon file a copy of By-law No. 2014-11, once it has received third and final reading.
3. The City of Flin Flon provide the Board with audited financial statements for 2013 as soon as they are finalized.

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. 96/14 issued by
The Public Utilities Board

Acting Secretary

THE CITY OF FLIN FLON

BY-LAW NO. 2014-11

The Council of The City of Flin Flon, in open session assembled, hereby enacts as follows:

DEFINITION

Under this By-Law, the following definitions shall apply:

- a) **HOUSEKEEPING UNIT** shall mean two or more habitable rooms designed as, or used as, a unit for dwelling purposes.
- b) **SERVICE** shall mean the supplying of water and the attendant collection of sewage by the water and sewer utility of The City of Flin Flon to:
- (i) a premises receiving water from the water mains via a water metering device
 - (ii) a housekeeping unit which receives water from the water mains, without the use of a water metering device.
1. The following rates shall apply to all "Services" included in the water and sewer utility of The City of Flin Flon:

CLASS A

All unmetered services \$93.08 per month billed \$279.23 quarterly per service, and a late payment charge of 1¼% shall be charged on the dollar amount owing on the first day of each month following the month in which bills are rendered.

CLASS B - Commodity Rates Per 1,000 Gallons - All Metered Services

All consumptions shall be at a Combined Commodity Charge of \$10.95 per 1,000 gallons.

All billings under Class "A" and "B" shall be rendered to consumers on the 1st day of the month following the quarter or month for which charges accrue.

Minimum Charges Monthly

Notwithstanding the Commodity Rates set forth above, all metered customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

Meter Size	Meter Capacity Ratio	Minimum Monthly Consumption	Monthly Commodity Charge	Monthly Minimum
5/8	1	6,000	\$10.95	\$65.70
3/4	2	7,000	\$10.95	\$76.65
1	4	8,000	\$10.95	\$87.60
1½	10	20,000	\$10.95	\$219.00
2	25	50,000	\$10.95	\$547.50
3	45	90,000	\$10.95	\$985.50
4	90	180,000	\$10.95	\$1,971.00

For all meter sizes, volumes in excess of the minimum monthly consumption will be charged at the rate of \$10.95 per 1,000 gallons.

Late payment charge of 1¼% shall be charged on the dollar amount owing under Class "B" rates on the first day of each month following the month in which bills are rendered.

CLASS C

The water delivery system operated by The City of Flin Flon for services provided to those properties within the City boundaries that are not served by the utility connected system shall be charged for water as follows:

\$10.95 per 1,000 gallons based on an annual usage by the system of 2.7 million gallons.

2. The City will pay to the utility an annual rental of \$630.00 for each hydrant connected to the system.
3. Residential accounts may apply for a discontinuance of service for any period in excess of one month for an administration fee of \$93.08. Temporary discontinuances of service are not available for rental property nor for metered accounts.
4. Service may be discontinued and disconnected immediately, and without further notice, in the event of non-payment of the account on the first day of each month following the month in which bills are rendered.
5. Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of the greater of \$100.00 or actual costs have been paid.
6. Pursuant to Section 252 (2) of The Municipal Act, the amount of all outstanding charges for water and sewer 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.
7. The Council of The City of Flin Flon may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the City. 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 the equivalent to the frontage levy, general taxes, and specialty 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.
8. That in any case where, at the request of 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.
9. By-Law No. 2006-13 will be repealed and this By-Law shall come into full force and effect upon:
 - a) Approval by the Public Utilities Board of the Province of Manitoba.
 - b) Final passage on second and third readings by the Council of The City of Flin Flon.