

Summary

The Public Utilities Board (Board) hereby varies the rates set on Board Order No. 32/15 and approves tipping fees for outside haulers dumping in the lagoon.

The revised rates are shown below:

	<u>2015</u>	<u>2016</u>
Annual customer service charge	\$ 2.00	\$ 2.00
Annual charge per REU	\$ 492.00	\$ 495.00
1 Residential equivalency unit - total per annum	\$ 494.00	\$ 497.00
1.5 Residential equivalency units - total per annum	\$ 740.00	\$ 745.00
2 Residential equivalency units - total per annum	\$ 986.00	\$ 992.00

Details of the rates are attached as Schedule "A".

Background

On March 12, 2015 the Board issued Board Order No. 32/15 declaring the sewer system serving the Village of Dunnottar (Village) a public utility and setting initial sewer rates on an interim *ex parte* basis.

Rates were set based on residential equivalency units (REUs), one REU being the volume of water estimated to be used by the average single family residence. Units allocated to other customers are based on estimated water they will use, as compared with a residence. REUs are used in communities with unmetered distribution and collection systems, where information regarding actual consumption is unavailable.

The Village submitted a request on March 13, 2015 to review and vary Board Order No. 32/15. This was followed by By-law No. 924/15, having had first reading March 20, 2015 as stated in Resolution No. 49/15.

Application

The Village requested the rates be revised based on the following budgeted expenditures:

	2013	2014	2015
	ACTUAL	ACTUAL	BUDGET
Net general revenue - Administration			\$2,493
Sewer			
Pump Outs - Contract	\$484,902	\$479,599	\$536,250
Pump Outs - Fuel Surcharge	\$8,601	\$18,936	\$15,000
Lagoon - Testing	\$3,827	\$197	\$3,500
Lagoon - Miscellaneous	\$254	\$0	\$750
Passive Filter - Testing	\$0	\$0	\$2,000
Passive Filter - Hydro	\$149	\$0	\$500
Passive Filter - Misc Materials	\$706	\$110	\$500
Amortization			\$9,625
Total sewer expenses	\$498,439	\$498,842	\$568,125
Less: non-rate revenue			
SOS - Conservation Lagoon Tipping	\$2,970	\$3,780	\$4,000
Total Revenue Required			\$564,125

The Village also requested that instead of using 1,114 tanks to calculate the annual REU it should be calculated based on 1,136

dwellings, five (5) commercial properties and four (4) exempt properties that should be included for a total of 1,145 customers.

Of the commercial properties, the Village has indicated that two of them should be assigned 1 REU, two of them should be assigned 1.5 REUs and one should be assigned 2 REUs, for a total of 1,147 REUs assigned.

The rates were calculated as follows and rounded.

	<u>2015</u>	<u>2016</u>
Net rate revenue required - admin	\$ 2,493.00	\$ 2,493.00
Number of customers	1,145	1,145
Annual customer service charge	\$ 2.00	\$ 2.00
Net rate revenue required - sewer	\$564,125.00	\$568,125.00
Number of residential equivalency units	1,147	1,147
Annual charge per REU	\$ 492.00	\$ 495.00
1 Residential equivalency unit - total per annum	\$ 494.00	\$ 497.00
1.5 Residential equivalency units - total per annum	\$ 740.00	\$ 745.00
2 Residential equivalency units - total per annum	\$ 986.00	\$ 992.00

The Village additionally submitted that they are currently charging tipping fees of \$30.00 per 3,000 gallon truck load or portion thereof. The Village advised the Board that they normally do not allow outside haulers to use the lagoon, however they have made a short term exception to accommodate the new provincial park in Winnipeg Beach while that utility upgrades their lagoon to accommodate the capacity. The Village advised that this rate was set through a negotiation process with the customer and is an arbitrary amount. The Village has included

\$4,000 in offsetting revenues when calculating the rates proposed.

Board Findings

The Board will accept the revised revenue requirements submitted by the Village, and will vary the requested rates to reflect the anticipated termination of the tipping fee revenue starting in 2016. The Village calculated the REU by summing the administration and sewer revenue requirements and dividing by the number of REUs. The administration costs are more appropriately divided by the number of customers, not the number of REUs assigned. Given the nominal amount being charged to the utility for administration, this recalculation had no effect on the final amount being charged; however for future reference the Village should be aware of the appropriate methodology in calculating the customer service charge.

The Board will approve the tipping fees as outlined here; however, the Village should note that if these fees extend beyond the short term and are still being charged when they next submit a rate application, the Board will look for additional supporting information in approving a charge.

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 Public Utilities Board approves, on an interim *ex parte* basis, sewer rates for the Village of Dunnottar utility in accordance with the attached Schedule "A", with recovery to be treated separate and distinct from taxes and not be offset by the Manitoba Education Property Tax Credit.

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. 35/15 issued by
The Public Utilities Board

Acting Secretary

Schedule "A"

**VILLAGE OF DUNNOTTAR
BY-LAW NO. 924/15**

Being a By-Law of the Village of Dunnottar to establish sewer rates.

WHEREAS The Public Utilities Board has declared a sewer utility in the Village of Dunnottar;

AND WHEREAS Section 232 (1) AND (2) of *The Municipal Act*, S.M. 1997, c.58 provides in part as follows:

232(1) A council may pass by-laws for municipal purposes respecting the following matters:

- l) public utilities;
- o) the enforcement of by-laws

232(2) Without limiting the generality of subsection (1), a council may in a by-law passed under this Division

- d) Establish fees or other charges for services, activities or things provided or done by the municipality or for the use of property under the ownership, direction, management or control of the municipality;

AND WHEREAS it is deemed advisable to provide rates for 2015 and thereafter to be paid by persons within the Village of Dunnottar to whom septic services are available.

NOW THEREFORE the Council of the Village of Dunnottar in regular session assembled, enacts as follows:

1. THAT all dwellings will be assessed 1 residential equivalency unit for the purposes of this by-law.
2. THAT all commercial premises will be assessed
 - a) a minimum of 1 residential equivalency unit; or REU
 - b) a higher number of residential equivalency units if required for the purposes of this by-law.
3. THAT a rate of \$492.00 per residential equivalency unit per annum be imposed for 2015 (1.5 REUs will be \$738.00; 2 REUs will be \$984.00).
4. THAT a rate of \$2.00 per dwelling or commercial premises per annum be imposed for 2015.
5. THAT a rate of \$495.00 per residential equivalency unit per annum be imposed for 2016

- (1.5 REUs will be \$743.00; 2 REUs will be \$990.00).
6. THAT a rate of \$2.00 per dwelling or commercial premises per annum be imposed for 2016.
 7. THAT a tipping fee of \$30.00 per 3,000 gallon truck, or portion thereof, be established for sewage originating outside the legal boundaries of the Village of Dunnottar and disposed of in the Village of Dunnottar sewage lagoon.
 8. This by-law and rates for 2015, 2016 and thereafter, shall come into force and be effective on, from and after both approval of the Public Utilities Board of Manitoba and receipt of third and final reading thereof.

DONE AND PASSED by the Council of the Village of Dunnottar, in Council duly assembled, at Dunnottar, in Manitoba, this day of , 2015.

Richard Gamble, Mayor

J.M. Thevenot, Administrator

Read a first time this	20 th	day of	March	A.D. 2015.
Read a second time this		day of		A.D. 2015.
Read a third time this		day of		A.D. 2015.