

M A N I T O B A) Order No. 52/15
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THE PUBLIC UTILITIES BOARD ACT) May 11, 2015

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

RURAL MUNICIPALITY OF ST. ANDREWS
SEWER RATES FOR APRIL 1, 2015

Summary

By this Order, the Public Utilities Board (Board) approves revised utility rates applied for by the Rural Municipality of St. Andrews (RM) sewer utility (Utility).

The new rates are to be effective April 1, 2015.

The approved rates are shown below.

	Current By-law (4173)	Proposed By-law (4264) for 2015	Increase/Decrease	Proposed By-law (4264) for 2016	Increase/Decrease
Quarterly Service Charge*	\$14.69	\$12.50	-14.91%	\$12.50	0.00%
Sewer \$/per cubic meter**	\$1.00	\$1.36	36.00%	\$1.66	22.06%
Minimum Quarterly Charge***	n/a	\$31.54	n/a	\$35.74	13.32%
Minimum Quarterly Charge- (Mapleton Lane Life Lease)****	\$1,059.75	\$1,088.50	2.71%	\$1,193.50	9.65%

*\$719.60 charged to Mapleton Lane Life Lease (charged as 49 units)

**Current charge based on \$4.53 per 1,000 gallons

***Based on 14 cubic meters

****Based on 350 cubic meters

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

Background

The RM of St. Andrews established a sewer only utility in 2010 to service a single customer, Mapleton Lane (Mapleton), a 49 unit life lease facility. The facility is located adjacent to the City of Selkirk (City).

The RM's sewer system is connected to the City's sewer system, and the City bills the RM for services based on readings from the two meters installed on the well that provides water to Mapleton. The RM then bills Mapleton the commodity charges, as well as a quarterly service charge.

Initial rates for the Utility were approved in Board Order No. 84/10 and have not been reviewed since that time. The City of Selkirk implemented Board approved rate increases January 1, 2014 and 2015, with a third rate increase approved effective January 1, 2016. These rates were approved in Board Order No. 25/15.

The RM recently completed an extension of its sewer services to provide service to between nine and 12 individual properties along Pruden Avenue, a street adjacent to Mapleton. All customers will be required to have a meter installed on their individual wells for billing purposes. At least two customers have indicated an interest in connecting to the sewer system as early as March 2015.

Application

The Rural Municipality of St. Andrews applied on March 18, 2015, for approval of pass-through sewer rates for the Utility and for a reallocation of the customer service charge. The application was accompanied by By-law No. 4264 having received 1st reading on March 24, 2015.

When setting the initial rates in 2010, Schedule "A" only included a 2" meter in the schedule of quarterly minimum charges. The residential customers along Pruden Avenue will connect to the system with a 5/8" meter.

The RM requested approval of pass-through sewer rates, which would increase the commodity charge to equal the rates currently being charged to the RM by the City of Selkirk.

The RM also requested a reallocation of the existing customer service charge. General revenue requirements of \$2,878 were approved by the Board in Order No. 84/10, and those revenue requirements have not been revised in this application. Rather, the RM requested that the quarterly service charge be recalculated to include the nine new customers from Pruden Avenue. The RM requested the charge be rounded up to \$12.50 per customer, including the 49 customers that make up Mapleton.

Total general revenue requirements	\$2,878.40
Order 84/10 - quarterly service charge for one customer	\$ 719.60
Recalculated quarterly service charge - 58 customers total	\$ 12.41

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.

A Public Notice of Application was issued on April 2, 2015 affording stakeholders the opportunity to comment to both the Board the Utility with respect to the proposed increases. No responses to the Notice were sent directly to the Board; however Ms. Lorraine West, Site Manager for Mapleton Lane, made a presentation at an RM of St. Andrews Council meeting held April 28, 2015. Ms. West subsequently forwarded a copy of her presentation to the Board, and contacted Board staff to discuss the concerns addressed in the presentation.

Ms. West, on behalf of Mapleton, requested that Council revisit the calculation of the service charge currently being charged, with the benefit of five years of historical information to determine if the rates remain just and reasonable.

Consequently, Council passed Resolution No. 248-2015, which stated:

"Resolved that the Public Utilities Board May 1, 2015 submission deadline be extended for three months to allow the Council of the RM of St. Andrews to review the sewer service charge currently being charged."

Working capital surplus

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2013 audited financial statements, the most recent information available, the working capital surplus at December 31, 2013 was:

	2013	2012
Fund Surplus/Deficit	\$4,711.00	\$ 971.00
Deduct TCA	\$ -	\$ -
Add Long-Term Debt	\$ -	\$ -
Add Utility Reserves	\$ 409.00	\$ 304.00
Equals Working Capital Surplus	\$5,120.00	\$1,275.00
Operating costs	\$7,058.00	
20% of operating costs	\$1,411.60	

The RM has advised that the unaudited results for 2014 include utility reserves totaling \$5,841.57, as a result of Council's decision to transfer from the Utility's accumulated surplus to the reserve fund.

Board Findings

The Board has reviewed Council Resolution No. 248-2015. The May 1, 2015 submission deadline which council refers to is the deadline for responses to the Notice of Application. There is no submission from the RM outstanding at this time. The Board contacted the RM for clarification, and has determined that the RM is requesting that the current application be deferred for three month's time, to allow the RM to review the sewer service charge.

The Board will deny this request; the application before the Board does not contain any new revenue requirements. It allows for approval of pass-through rates based on the rates currently being charged by the City of Selkirk. The RM has already been charging sewer commodity charges below actual costs being billed by the City since January 1, 2014 and the Board feels that amending the rates to reflect those being charged by the City is urgent.

The application also included requests to amend Schedule "A" to the utility rates by-law to include meter sizes other than 2", and to recalculate the sewer customer service charge, to allow the existing revenue requirement to be calculated using 58 customers rather than one. The Board feels that making these changes is also imperative, as the RM has indicated that they need these changes approved in order to connect Pruden Avenue customers. It is in the interest of the stakeholders in the RM and Province of Manitoba to change customers from septic fields/tanks to a collection system as soon as possible.

It is the Board's opinion that the rates are due for a comprehensive review. The approval of the application currently before the Board does not in any way impair the RM's ability to revisit the sewer rates. The Board will require the RM to submit a rate study and application on or before October 31, 2015.

The Board will approve pass-through rates for the RM of St. Andrews, based on the City of Selkirk's rates approved in Board Order No. 25/15. The Board will also approve the recalculation of the sewer customer service charge as proposed.

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.

4. Billings and Penalties

Accounts shall be billed quarterly and be due and payable up to 30 days after the date of the billing.

Penalties at the rate of one and one-quarter (1 ¼%) percent per month shall be levied on all accounts remaining unpaid after the aforementioned period.

Accounts that are outstanding and not paid by the due date may be added to the taxes of the property to be collected as ordinary taxes, as authorized under Section 252(2) of *The Municipal Act*.

5. Disconnection and Reconnection

The Public Utilities Board has approved Conditions Precedent to be followed by the municipality with respect to 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 municipal office.

6. It shall be an offence for any unauthorized person to tamper, change or by-pass a meter. Said person, owner and/or occupant may be prosecuted in a Court of Law.

7. Service to Customers Outside Municipality, Town, or L.I.D., Limits

The Council of the Rural Municipality of St. Andrews may sign agreements with customers for the provision of sewer services to properties located outside the legal boundaries of the Mapleton/Pruden Avenue sewer utility. 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.