

Order No. 147/16

**AN ORDER RESPECTING THE RURAL MUNICIPALITY OF GIMLI
GIMLI URBAN CENTRE, GIMLI BUSINESS PARK, ASPEN PARK
and PELICAN BEACH UTILITIES
APPROVAL IN PRINCIPLE
TO RECOVER DEBENTURE SERVICING COSTS
FOR WATER TREATMENT AND DISTRIBUTION SYSTEM UPGRADES**

November 24, 2016

**BEFORE: Robert Gabor, Q.C., Chair
Carol Hainsworth, C.B.A., Member
Shawn M. McCutcheon, Member**

1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board or PUB) approves, *in principle only*, the partial funding through utility rates of debenture servicing costs for the water treatment and distribution system upgrades project affecting Gimli Urban Centre, Gimli Business Park, Aspen Park and Pelican Beach in the Rural Municipality of Gimli (RM).

The projected surcharge is shown below (all figures estimated):

Location	Utility Accounts	REUs	Debenture Payment	Annual Surcharge	Quarterly Surcharge	Prepayment Option/ 20 years
Gimli Urban Centre	862	1220	\$ 113,240.40	\$ 92.82	\$ 23.20	\$ 1,856.40
Pelican Beach	155	157	\$ 14,572.74	\$ 92.82	\$ 23.20	\$ 1,856.40
Aspen Park	194	194	\$ 18,007.08	\$ 92.82	\$ 23.20	\$ 1,856.40
Gimli Business Park	38	158	\$ 14,665.56	\$ 92.82	\$ 23.20	\$ 1,856.40
TOTAL	1249	1729	\$ 160,485.78			

Rationale for the PUB's decisions may be found under "Board Findings".

2.0 Application

On November 4, 2016 the RM of Gimli applied to the PUB for approval in principle of a utility surcharge to partially fund debenture payments, which are anticipated as a result of the water treatment and distribution system upgrades project in Gimli Urban Centre, Gimli Business Park, Aspen Park and Pelican Beach.

The RM proposed to recover the utility surcharge portion of the debenture cost using 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 anticipated cost of the project is \$5,000,000. The RM anticipates borrowing the project costs at a maximum rate of 5% for 20 years, resulting in an estimated annual payment of \$401,213.

The RM has submitted that it plans to recover 40% of the debenture servicing costs through utility rates (\$160,485) and 60% through taxation (\$240,728).

The RM has advised the Board that it is their intention to seek the approval of the PUB to amalgamate the three water utilities at a later date, and that this possible amalgamation will not affect the utility rate surcharge, as the number of REU's will remain at 1,729.

3.0 Board Findings

The PUB will approve, in principle, the concept of adding a surcharge to the utility bill to recover forty percent (40%) of the final debenture servicing costs for the water treatment and distribution system upgrade project in Gimli Urban Centre, Gimli Business Park, Aspen Park and Pelican Beach. This is with the understanding that the RM must still seek and obtain the approval of the Municipal Board for the entire borrowing of \$5,000,000.

Once the borrowing has been approved by The Municipal Board, the project has been completed, partnership agreements have been signed, and the final amounts for the project and debenture are known, the RM must apply to the PUB for final approval prior to billing the surcharge to utility customers.

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. The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

4.0 IT IS THEREFORE ORDERED THAT:

- 1) The Rural Municipality of Gimli's proposal to recover forty percent (40%) of the debenture servicing costs for the water treatment and distribution system upgrade project in Gimli Urban Centre, Gimli Business Park, Aspen Park and Pelican Beach through a utility rate rider is HEREBY APPROVED in principle, with the RM required to return to the Public Utilities Board with final debenture servicing costs and surcharge proposal prior to billing customers.

- 2) The Rural Municipality of Gimli provide the Public Utilities Board with a copy of the borrowing by-law once it has received third and final reading.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"ROBERT GABOR, Q.C."
Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 147/16 issued
by The Public Utilities Board

Acting Secretary