

**Order No. 148/16**

**AN ORDER RESPECTING THE CITY OF THOMPSON  
APPROVAL IN PRINCIPLE  
TO RECOVER DEBENTURE SERVICING COSTS  
FOR AN UPGRADE TO THE WASTEWATER TREATMENT PLANT PROJECT**

---

**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 upgrades to the wastewater treatment plant project for the City of Thompson (City).

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

Annual cost of borrowing to be recovered through utility rates	Annual water sales volume (per cubic meter)	Surcharge per 1,000 gallons
\$ 713,838	1,227,403	\$ 0.58

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

## 2.0 Application

On November 18, 2016, the City of Thompson applied to the PUB for approval in principle of a utility surcharge to partially fund debenture payments, which are anticipated as a result of required upgrades to the wastewater treatment plant.

The anticipated cost of the project is \$36,500,000 with \$12,167,000 being contributed from each of the Municipal, Provincial and Federal Governments. The City anticipates borrowing their portion of the project costs, \$12,167,000 at a maximum rate of 6% for 25 years, resulting in an estimated annual payment of \$951,784.

The City submitted that it plans to recover 75% of the debenture servicing costs (\$713,838) through utility rates and 25% through taxation (\$237,946) as a charge per unit of frontage.

Council passed Resolution No. 2016 233 on November 14, 2016 requesting that the PUB approve, in principle, that 75% of the debenture for the wastewater treatment plant project be recovered through a utility rate rider.

The City has originally proposed to pay for the debenture through a per parcel amount based on the size of the meter. Objections were received at the public hearing held on March 10, 2016 and subsequently sent to the Municipal Board. The Municipal Board held a public hearing on June 16, 2016 and notified the City on August 30, 2016 that the proposed local improvement was refused through Board Order E-16-141 as the Municipal Board rejected the City's proposed approach to assessing fees for the project.

The City advises that Council has since held a number of meetings to deliberate the options and determine how to proceed. After hearing feedback from the residents that fees should be established to ensure those who put the most pressure on the infrastructure and consume/produce the greatest volumes pay their fair share, Council reviewed the possibility of using consumption to determine the allocation of debenture recovery.

Consumption in the City has decreased annually since the inception of the Utility in 2011, and appears to have begun to stabilize in 2015/16. The City anticipates that the scheduled closure of the Vale smelter and refinery in 2019 will result in fewer utility customers. Due to the potential instability of consumption, Council did not want to base the debenture recovery solely on utility rates, and determined that 25% of the recovery should be recovered through taxation as a charge per unit of frontage.

A Public Notice regarding the proposed Local Improvement Plan was published by the City, and pursuant to Section 318 (1) of the *Municipal Act* a public hearing regarding the Local Improvement Plan has been scheduled for November 30, 2016. This hearing will allow potential taxpayers under the program to register objections or speak in favour of the proposed Local Improvement Plan.

### 3.0 Board Findings

The PUB will approve, in principle, the concept of adding a surcharge to the utility bill to recover seventy five percent (75%) of the final debenture servicing costs for the wastewater treatment plant project. This decision is subject to the City still seeking and obtaining the approval of the Municipal Board for the entire borrowing of \$12,167,000.

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 City 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](http://www.pub.gov.mb.ca).

#### 4.0 IT IS THEREFORE ORDERED THAT:

- 1) The City of Thompson's proposal to recover seventy five percent (75%) of the debenture servicing costs for the wastewater treatment plant project through a utility rate rider is HEREBY APPROVED in principle, with the City required to return to the Public Utilities Board with final debenture servicing costs and surcharge proposal prior to billing customers.
  
- 2) The City of Thompson 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. 148/16 issued  
by The Public Utilities Board

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