

Order No. 88/16

**VILLAGE OF DUNNOTTAR
WASTEWATER UTILITY
FINAL RATES**

July 14, 2016

**BEFORE: Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Acting Chair
Régis Gosselin, B ès Arts, MBA, CPA, CGA, Chair**

Summary

By this Order, the Public Utilities Board (Board) confirms as final the wastewater rates for the Village of Dunnottar Utility (Village) which were previously set on an interim basis in Board Order No. 32/15 and reviewed in Nos. 35/15 and 74/15. The 2016 rates are reported as adequate by the Village and will remain in effect until the next rate revision is approved by the Board.

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

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

Background

The Public Utilities Board previously requested that the Village of Dunnottar submit information on its operating systems. The Board then reviewed this information and determined that the Village was operating a public utility. Board Order No. 32/15 was issued outlining the Board's decision on March 12, 2015.

On March 13, 2015, the Village requested that the Board review and vary its decision, which resulted in the Board issuing Order No. 35/15.

On May 12, 2015, Mr. George Derenchuk requested the Board review and vary Board Order Nos. 32/15 and 35/15. The Board agreed to review its decisions by way of a public hearing held on June 23, 2015.

Board Order No. 74/15 was issued July 24, 2015 denying the request to vary the rates set for the Village of Dunnottar's wastewater utility.

Board Order No. 74/15 directed *"The Village review its wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than November 30, 2015."*

Board Order No. 74/15 also included the following recommendations:

"The Board recommends that the Village introduce a separate bill for utility charges. The Board strongly recommends that the Village engage in public consultation when preparing their submission. The Board would like to see evidence that residents were consulted in the application to be put forward by the Village."

Application

The Village submitted the following on November 17, 2015: a worksheet of all revenues and expenses, projections to the end of 2015, clarification for these worksheets and a brief description of the focus group which is reported as being “*convened for the purpose of preparing a mail-out to residents*” as well as a copy of the aforementioned mail-out to residents.

As part of its review, the Board requested supplementary information in a letter to the Village dated December 11, 2016. The Village’s response included an affidavit by the Village’s Chief Administrative Officer confirming that the mail-out was sent to everyone, including seasonal customers. Also included was a copy of the October 13, 2015 letter addressed to the Ratepayers of the Village of Dunnottar and signed by the Mayor. Within this letter was the rationale for the single-tier utility rate with a summary explanation.

Board Findings

Board Order No. 32/15 declared the Village of Dunnottar wastewater utility a public utility and set initial interim rates. This interim approval was subject to variation upon completion of a more detailed review. This process included: a public hearing held on June 23, 2015, notice to all ratepayers and a follow-up review by the Village. Subsequently, there were two more Orders in response to the requests to review and vary these rates. The Board’s decision is that the 2016 utility charges will not be revised and are confirmed as final and all ratepayers should make payment as requested by the Village.

The Board notes that there were many different options available to the Village for consideration and the Board recommended that the submission from the Village include the rationale behind the choices considered.

The Board also strongly recommended that the Village engage in public consultation when preparing their submission. As well, the Board requested evidence demonstrating that residents were consulted in the application put forward by the Village.

The Village did not seek out ratepayer input in making a decision about the methodology for rate setting; rather they had a limited focus group which reviewed the mail-out document to make sure it was clear and informative before they sent it out to residents. The Board's intent was that the Village allow the community to participate in discussions regarding the methodology for rate setting prior to making the decision on how to proceed.

The Village appears to have determined without consultation that the methodology used to set initial rates is the most appropriate, and reported that the rates set are adequate. While the mail-out document provides good detail regarding the reasoning behind their decision, the Board expected to see evidence of a public consultation with the ratepayers.

The Board also recommended that the Village introduce a separate bill for utility charges. The Village has chosen to continue to include the Utility charges within the tax bill. In its submission to the Board the Village stated: *"We are confident that our ratepayers will learn to read a bill where the taxes and the wastewater rates area identified separately and it would be too expensive to produce two bills."*

The Board has made its recommendation and accepts the Village's decision to not increase expenses by introducing a separate billing. The Board suggests, however, that should further confusion in understanding the bill arise, the Village consider including a sample bill with clearly defined sections for explanatory purposes. This sample bill could be included with the next billing and/or as a posting on the website to promote clearer understanding by ratepayers.

Of concern to the Board is a practice sometimes used by municipalities which allows for utility costs to be offset by the Home Owners Tax Assistance credit when utility charges are collected on the tax bill.

The Board will at this time remind the Village that should a deficit occur prior to the rates being revised an application for approval of the deficit and recovery method chosen should be submitted to the Board. The Board also suggests that the Village consider increasing its knowledge of its reporting responsibilities by familiarizing itself with the Board's Guidelines and suggested Board Orders found on the Public Utilities Board website.

<http://www.pub.gov.mb.ca/water.html>

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. Revised wastewater rates for the Village of Dunnottar as approved on an interim basis in Board Order No. 35/15, BE AND ARE HEREBY CONFIRMED AS FINAL.
2. The Village of Dunnottar in collecting Utility charges with the tax bill shall ensure that such charges are not offset by the Home Owners Tax Assistance Credit.
3. The Village of Dunnottar review its wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than June 30, 2018.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"MARILYN KAPITANY, B.Sc. (Hons.), M.Sc."
Acting Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 88/16 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.