THE PUBLIC UTILITIES BOARD ACT  

THE RURAL MUNICIPALITY OF WINCHESTER  
WATER RATES  

BEFORE:  Graham Lane, CA, Chairman  
Monica Girouard, CGA, Member  
Susan Proven, P.H.Ec., Member  

MANITOBA  
Order No. 133/08  

September 11, 2008
Executive Summary

By this Order, the Public Utilities Board (Board) approves the existing bulk water rate charged by the Rural Municipality of Winchester (R.M.), that being $15.00 per thousand gallons.

For this newly regulated facility, the Board directed that the R.M. separately account for the Utility on a stand alone basis, with the accounts of the Utility to be consistent with the requirements by The Municipal Act, particularly with respect to budgeted or anticipated operating deficits (which require the Board’s approval) and rate changes (The Public Utilities Board Act requires the Board’s approval of any change in rates).

While the current bulk water facility was built in 2007, the R.M. has been operating a bulk water facility for several decades with a rate that has not changed since the 1990s. The Board has received no complaints, thus the Board approves the R.M.’s bulk water rate on a final basis.

Background

The R.M. operates a bulk water facility located near the boundary line with the Town of Deloraine (Town) from whom the R.M. purchases their water supply.

The R.M. charges $15.00 per thousand gallons for the water that it purchases at the Town’s 3rd step of its rate
schedule ($8.30 per thousand gallons).

The bulk water facility is served by a 3” line; which was built at the R.M.’s cost and the R.M. is responsible for the maintenance of the facility.

The R.M. provides basic maintenance only and hires a plumber to make repairs as the need arises. No treatment of the water other than that provided by the Town is provided. However, the R.M. advised the Board that Notice is posted at the facility advising haulers of the dissipation characteristics of chlorine.

The rates charged to the R.M. by the Town were last approved by the Board by Order 59/08 (dated May 14, 2008), and include a provision to recover an equitable share of the debenture debt costs of the Utility now paid for by the residents of the Town through the tax bill.

Order 59/08 also directed the Town to conduct a rate review on or before October 1, 2008, and further, requested that the Town review whether the 3-step rate structure, providing discounts to large volume users, remains appropriate. The review may require a change in the rates approved in this Order.

The Board first became aware of the bulk water facility in considering a request by the Town to bill the R.M. monthly rather than quarterly, which the R.M. did not object to and which was approved by the Board. This Order should be read in conjunction with Order 59/08.
The R.M. has issued 88 keys providing access to the bulk water facility and has approximately 30 regular customers. All water usage is tracked using an honour system requiring each key holder to note the meter readings before and after water is taken.

The Board reviewed the nature and extent of the operation of the bulk water facility and determined that the R.M. was operating a public utility and therefore subject to The Public Utilities Board Act and that the R.M. was required to file a rate application with the Board.

**Application**

On July 9, 2008, the R.M. applied to the Board for approval of the By-law No. 08-011 (read the first time on July 7, 2008); the By-law set out the proposed $15.00 per thousand gallon charge for water only.

The R.M. advised that the bulk water facility had been operated as part of the General Operations of the R.M. and if so directed by the Board, the R.M. was prepared to operate the facility on a stand-alone basis with a separate Utility account.

The R.M. noted that the capital cost of the system of $73,010.41 was paid for out of General Operating and the R.M. is not requesting a repayment of this amount.

Customers are invoiced quarterly for bulk water.
The R.M. provided a summary of the 2007 operating revenues and expenses of the facility as noted hereunder:

<table>
<thead>
<tr>
<th>Revenues</th>
<th>$15,515.61</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$ 2,700.00</td>
</tr>
<tr>
<td>Billing and Collection</td>
<td>750.00</td>
</tr>
<tr>
<td>Water Purchase</td>
<td>9,391.58</td>
</tr>
<tr>
<td>Hydro</td>
<td>1,000.22</td>
</tr>
<tr>
<td>Maintenance and Repair</td>
<td>231.10</td>
</tr>
<tr>
<td>Other</td>
<td>125.00</td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td>$ 1,317.71</td>
</tr>
</tbody>
</table>

The R.M. advised that, should the Utility incur an operating deficit, it would be recovered from the General Fund of the R.M. The R.M. noted that the operation of the facility is expected to break even in 2009 and 2010 with higher revenue expected from increased sales.

**Board Findings**

The Board notes that the bulk water facility has been in operation for several decades without complaint, and that no change to the existing rate has been sought. On this basis, the Board will approve the existing rate on a final basis.

The R.M. will be required to set up a separate utility account and operate the Utility on a stand-alone basis without subsidy from the General Fund. This requires the R.M. to monitor the operation of the Utility on a regular basis to ensure it continues to operate on a breakeven
basis.

The R.M. will need to comply with the requirements of The Municipal Act (requiring the Board’s approval of budgeted and anticipated operating deficits) and The Public Utilities Board Act, requiring the Board’s approval of rates and other matters.

Further, all operating surpluses must be retained in the Utility and when appropriate transferred to a Utility reserve fund for future use.

The Board will consider the pass-through of any increase proposed by the Town and approved by the Board upon the filing by the R.M. of the required By-law. As any increase in rates approved by the Board for the Town results in a cost beyond the R.M.’s control such increases will be considered by the Board without prior notice to ratepayers. However, the R.M. will be required to provide notification to the ratepayers of approved higher rates. For all other rate changes, ratepayers will receive full notice with an opportunity to comment on the application of the R.M.
September 11, 2008  
Order No. 133/08  
Page 7 of 7

IT IS THEREFORE ORDERED THAT:

1. By-law No. 08-011 BE AND IS HEREBY APPROVED.

2. The Rural Municipality of Winchester operate the Utility on a stand alone basis and establish a separate operating account for the Utility.

Fees payable upon this Order - $150.00.

THE PUBLIC UTILITIES BOARD

“GRAHAM LANE, CA”  
Chairman

“G.O. BARRON, FCGA”  
Acting Secretary

Certified a true copy of Order No. 133/08 issued by The Public Utilities Board

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Acting Secretary