MANITOBA  

Order No. 44/08  

THE PUBLIC UTILITIES BOARD ACT  

April 9, 2008  

BEFORE: Susan Proven, P.H.Ec., Acting Chair  

Monica Girouard, CGA, Member  

RURAL MUNICIPALITY OF WOODLANDS  

LOCAL IMPROVEMENT DISTRICT No. 1 (WARREN)  

REVISED WATER AND SEWER RATES
Executive Summary

By this Order, the Public Utilities Board (Board) approves the Rural Municipality of Woodlands’ (RM) application for revised water and sewer rates for Local Improvement District No.1 - Warren (Utility), effective July 1, 2008.

New rates are to be:

<table>
<thead>
<tr>
<th>Rates per cubic metre</th>
<th>Existing</th>
<th>Revised</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>$ 0.95</td>
<td>$ 1.63</td>
<td>72%</td>
</tr>
<tr>
<td>Sewer</td>
<td>$ 0.40</td>
<td>$ 0.80</td>
<td>100%</td>
</tr>
<tr>
<td>Service Charge</td>
<td>$ 3.75</td>
<td>$ 6.00</td>
<td>60%</td>
</tr>
<tr>
<td>Minimum Quarterly Service Charges (Residential)</td>
<td>$24.00</td>
<td>$42.45</td>
<td>77%</td>
</tr>
<tr>
<td>Sewer only customers*</td>
<td>$29.50</td>
<td>$52.52</td>
<td>78%</td>
</tr>
</tbody>
</table>

*Non-metered, sewer-only customers’ rates are based on an estimated usage of 58 cubic meters of water per quarter.

The previous rate increase was implemented in 1995.

The Board also approves the RM’s application to recover the 2007 utility operating deficit of $7,373.31 from the Utility’s accumulated surplus.

Application

The RM applied for revised water and sewer rates as set out in By-law 2545/07. Notice of hearing was published in accordance with the Board’s requirements, and the hearing was held at the Warren Multipurpose Hall in Warren on March 26, 2008.

The RM was represented by Ms. Beverly Wells, Chief Administrative Officer (CAO), and Mr. Anthony Reid, a consultant. Also in attendance were Mr. Alan Schick, the System Operator, and 20-25
residents of Warren.

**Financial Status**

The original capital costs of the water and sewer systems are $919,360 and $170,430, respectively.

The system is supported by debenture debt, the annual servicing cost of $55,474.53 being collected through property taxes - with the 2008 payment, the debenture debt will be retired.

The Utility’s 2007 operating deficit of $7,373.31 was attributed to a combination of repairs, installing curb stops, and the septic tank pump-out program, the costs for which were underestimated in the 2007 budget.

The Town reported a December 31, 2007 Utility accumulated surplus of $30,328, after taking into account recovery of the 2007 deficit. In addition, the Utility’s reserves at the end of 2007 were $49,289.

The RM advised that information considered with respect to plans and historical costs are available for review at the municipal office.

**Rate Study**

The RM’s application was supported by a rate study completed by Anthony J. Reid Chartered Accountant Inc. The application proposed significant rate increases for water (72%), sewer (100%), administration charges (60%), minimum quarterly bill (77%), and sewer-only customer charges (78%).

Projected operating costs for 2008 were:
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<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$6,250</td>
</tr>
<tr>
<td>Water *</td>
<td>$58,000</td>
</tr>
<tr>
<td>Sewer *</td>
<td>$49,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$113,750</strong></td>
</tr>
</tbody>
</table>

*Included in these amounts were provisions of $3,000 for reserves and $3,000 for contingencies for each of water and sewer.

The RM noted that its rate schedule was comprised of a single step, with no volume discounts offered.

Of the RM’s 268 utility customers, 156 are metered, including 45 commercial customers. There were 112 sewer-only non-metered customers, and their consumption is based on an assumed usage volume of 58 m³ of water per quarter.

The CAO outlined the major cost elements contained in the RM’s projected expenses:

- Fire hydrant maintenance $4,500;
- Septic tank pump-outs $12,400;
- Curb stop installations (10 per year) $10,000;
- Qualified Operator (shared with the Town of Rockwood) $30,000; and
- Contingencies and reserves $6,000.

Ms. Wells reported that while the Utility was meeting its peak water requirements and its lagoon has capacity for approximately twice the current population, the lagoon pump required upgrade. As well, she reported a requirement for future sewer main repairs, with the North side sewer requiring a $475,000 capital injection. Ms. Wells indicated that government grants were being sought, though success in the effort had not been forthcoming to-date.
Residential views

Virtually all of the residents in attendance at the hearing provided comments, expressing the following concerns:

- The lack of rate increases since 1995 had created rate shock with the 2008 rate application;
- Whether an annual pump-out of septic tanks was necessary;
- Annual sewer backup and basement flooding is occurring in certain areas of the service area;
- Expansion in Warren is occurring prior to resolution of infrastructure issues;
- There has been no comprehensive publicly disclosed development plan; and
- Utility cost increases were high in both 2006 and 2007.

Residents expressed concern over the high rate of increase being proposed, especially given the fact that no increases had been implemented since 1995, noting that this had created the proposed rate shock for 2008.

That said the residents main concern appeared focused on the Utility and the effectiveness of the system. Most of the residents in attendance appeared to accept that a properly operated system required significant operational and maintenance expenses. However, concerns were expressed that the current maintenance program was neither efficient nor effective, as evidenced by repeated basement flooding and inadequate water quality (the latter, at least for
Concerns were also expressed over a perceived unavailability of information on plans with respect to system maintenance.

The RM acknowledged the major cost increases of 2006 and 2007, suggesting that the majority of the increased costs were related to the acquisition of shared services for a qualified operator required to assist the RM in ensuring it meets provincial water quality standards and environmental sewage treatment.

**Board Findings**

The Board was concerned with the reports of repeated basement flooding occurring within Warren’s limits, though encouraged that the causes have been identified and were being addressed (e.g. pumps now being equipped with brass instead of plastic fittings).

The Board notes the RM’s proposal for a major upgrade to the sewer lines, but remains concerned that formal application for external funding support for the project has not yet been made. The Board strongly urges the RM to make formal application for funding support, to both senior levels of government.

The Board discerns a need for better communication between the RM and its residents, and encourages the RM to provide more, and more timely, utility information for residents.

While the Board is concerned when rate increases represent rate shock, in some cases the increases are advisable, especially where no review of rates has taken place for a considerable amount of time. In this case, it has been 13 years since the last rate increase. The Board expects that rate adequacy will be regularly
reviewed in the future, and will underscore its concern by directing the RM to submit a rate review to the Board, at minimum, every 3 years (and more often should the circumstances require).

The Board notes that 2008 will represent the final year for the outstanding Utility debenture, and anticipates that this should provide the RM some borrowing power in order to accomplish some of the capital improvements that are required to better assure a safe and reliable water and sewer system.

The Board commends the RM for having acquired the shared services of a qualified operator. In today’s environment of improved water quality standards and ongoing and serious environmental concerns related to sewer treatment and disposal, the services of a qualified person is not only important, but mandatory.

The Board finds the expense projections as contained in the rate study to be reasonable and herein approves the rates as requested by the RM.

As the Board understands that the 2007 budget underestimated the amounts required for system maintenance, and as it supports the need for an annual septic tank pump-out, and for the installation and repair of water curb stops, the Board will also approve the RM’s deficit recovery proposal.
IT IS THEREFORE ORDERED THAT:

1. The Rural Municipality of Woodlands’ By-law No. 2545/07 BE AND IS HEREBY APPROVED subject to amendments to reflect the attached Schedule “A”.

2. The Rural Municipality of Woodlands’ application to recover Local Improvement District No. 1 (Warren) 2007 utility operating deficit of $7,373.31 from its accumulated surplus BE AND IS HEREBY APPROVED.

3. The Rural Municipality of Woodlands complete a rate study for its Water and Sewer Utility for Local Improvement District No. 1 (Warren) within three years, at minimum, and file such study with the Public Utilities Board by no later than March 1, 2011.

Fees payable upon this Order – $1,000.00

THE PUBLIC UTILITIES BOARD

“SUSAN PROVEN, P.H.Ec.”
Acting Chair

“GERRY GAUDREAU, CMA”
Secretary

Certified a true copy of Order No. 44/08 issued by The Public Utilities Board

Secretary
SCHEDULE "A"
TO BOARD ORDER No. 44/08
THE RURAL MUNICIPALITY OF WOODLANDS
LOCAL IMPROVEMENT DISTRICT NO. 1 (WARREN)
SEWER RATES
BY-LAW NO 2545/07

SCHEDULE OF QUARTERLY RATES:

1. **Commodity rates per Cubic Meters:**

<table>
<thead>
<tr>
<th>Water</th>
<th>Sewer</th>
<th>Water &amp; Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.63</td>
<td>$0.80</td>
<td>$2.43</td>
</tr>
</tbody>
</table>

2. **Minimum Charges, Quarterly:**

   Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

   a) **Water and Sewer Customers**

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Capacity Ratio</th>
<th>Water Included Cubic Metre</th>
<th>Customer Service Charge</th>
<th>Commodity Charges</th>
<th>Total Quarterly Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>15mm (5/8&quot;)</td>
<td>1.00</td>
<td>15</td>
<td>6.00</td>
<td>24.45</td>
<td>42.45</td>
</tr>
<tr>
<td>19mm (3/4&quot;)</td>
<td>2.00</td>
<td>30</td>
<td>6.00</td>
<td>48.90</td>
<td>78.90</td>
</tr>
<tr>
<td>25mm (1&quot;)</td>
<td>4.00</td>
<td>60</td>
<td>6.00</td>
<td>97.80</td>
<td>151.80</td>
</tr>
<tr>
<td>38mm (1 ¼&quot;)</td>
<td>8.00</td>
<td>120</td>
<td>6.00</td>
<td>195.60</td>
<td>297.60</td>
</tr>
<tr>
<td>50mm (2&quot;)</td>
<td>16.00</td>
<td>240</td>
<td>6.00</td>
<td>391.20</td>
<td>589.20</td>
</tr>
</tbody>
</table>

   b) **Water Only Customers**

   Minimum charge will be the same for each meter size as shown, above, but the Sewer Commodity Charge will be excluded.
c) **Sewer Only for Residential Customers**

The Rural Municipality of Woodlands does charge the owners or occupants of the land serviced with sewer but no water the sum of $52.52 per quarter. In the case of multiple dwellings, duplexes shall be deemed to have two units, triplexes three units, etc., and trailer courts shall be equal to the number of serviced lots established and occupied.

4. **Service to Customers outside L.I.D. limits**

The Council of the Rural Municipality of Woodlands may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Local Improvement District No. 1 (Warren). 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.

5. **Billings and Penalties**

A late payment charge of One Percent (1%) per month shall be charged on the dollar amount owing after the billing due date. The due date will be the Last day of the month of billing.

6. **Disconnection**

Water and/or sewer service may be disconnected and discontinued when an account is 30 or more days past due. Disconnection and discontinuance is subject to a 15-day notice provided in writing.

7. **Reconnection**

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of $30.00 have been paid.

Services may be reconnected upon receipt of a written request and payment of $10.00.

8. **Outstanding Bills**
Pursuant to Section 252 (2) of The Municipal Act, the amount of all outstanding charges for water and sewer service are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. **Hydrant Rentals**

The Rural Municipality of Woodlands will pay to the utility an annual rental of $200.00 for each hydrant connected to the system.

10. **Water Allowance Due to Line Freezing**

That in any case where, at the request of the Council, a customer allows water to run continuously for any period of time to prevent the water lines in the water system from freezing, the charge to that customer for that current quarter shall be the average of the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed.

11. **Sewage Surcharges**

   (a) There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen demand in excel of 300 parts per million, to be set by resolution of Council.

   (b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial wastes.