MANITOBA  )  Order No. 42/09  
)  
THE PUBLIC UTILITIES BOARD ACT  )  April 21, 2009  
)  

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

THE RURAL MUNICIPALITY OF WEST ST. PAUL  
LOCAL IMPROVEMENT DISTRICT NO. 5 (RIVER’S EDGE)  
CONFIRMATION OF INITIAL SEWER RATES -  
AMENDING ORDER
Application

In Order Nos. 145/08 and 37/09, the Public Utilities Board (Board) approved initial annual sewer rates for Local Improvement District No. 5 (River’s Edge) in the Rural Municipality of West St. Paul (RM) for 2008 and 2009 and thereafter.

In Order No. 37/09, the Board required the annual charges to be prorated based on when the connections occurred recognizing that this would result in a reduction in the revenue for 2008 and 2009 and it will continue until all connections are made. Based on the information then filed the Board determined that reduced revenue was acceptable noting that the subdivision was largely sold out. The Board also questioned the fairness of charging property owners not yet connected when the utility seemed viable without such revenue.

On April 16, 2009, the RM advised that based upon updated information the revised expected reduction in revenue is $1,664.08 in 2008 and $3,113.66 in 2009. The RM also reported that an unexpected line break occurred in early 2009 which may deteriorate the financial position of the utility which was expected to incur a $85 surplus in 2009. The RM noted the line break is a warranty issue to be paid by the developer.

The RM also sought clarification as to when the sewer charge should be assessed noting that they are not always aware when the sewer service is actually used for the first time. Their records indicate when a permit is issued for connection and that is the date when the RM proposed to commence billing. The RM does receive occupancy
permit requests but these are typically received long after service is being provided. In their view the charge should commence based on the best information available.

**Board Findings**

The Board appreciates the updated information provided by the RM. However, the Board will not vary the rates approved by its Order based on this new information. The Board notes that 2009 will be the first full year of ownership and that the initial rates were based on the best estimates at the time. While 2009 may not be starting well, the RM advised that the cost of the line break ought to be recovered from the developer under warranty provisions.

However, the new information is unsettling and causes concern about uncertainty. It suggests to the Board that the RM ought to be provided the discretion to increase rates further in 2010 by 5%. The Board is to be advised ahead of time if the RM decides to increase the sewer rate and the RM is to provide a statement as to the adequacy of the existing rates. Further, the filing of the rate study will be deferred to July 31, 2010 from January 31, 2010.

With respect to when the charge should be levied the Board agrees with the RM it should be levied when the connection permit is issued as this is the best information available. However, when issuing the first bill the RM is to advise customers that the charge will be adjusted based on the customer providing verifiable information satisfactory to the RM as to when occupancy actually occurred.
IT IS THEREFORE ORDERED THAT:

1. By-law No. 13/2008 be and is hereby amended to agree with this Order.

2. The Rural Municipality of West St. Paul file a revised rate study by no later than July 31, 2010 and not January 31, 2010 as set out in Order No. 37/09.

3. The Rural Municipality be and is hereby granted the discretion to increase the annual sewer rates effective January 1, 2010 by an amount of up to 5% subject to providing a report to the Board on rate adequacy before the rates take effect.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"
Chairman

“G. BARRON, FCGA”
Acting Secretary

Certified a true copy of Order No. 42/09 issued by The Public Utilities Board

Acting Secretary