

**Order No. 100/19**

**AN ORDER RESPECTING THE CITY OF BRANDON  
WATER AND WASTEWATER UTILITY  
APPROVAL IN PRINCIPLE  
TO RECOVER DEBENTURE SERVICING COSTS  
FOR WATER TREATMENT PLANT UPGRADE**

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**July 18, 2019**

**BEFORE: Irene Hamilton, Panel Chair  
Bob Vandewater, Member**

## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) approves, *in principle*, the partial funding through utility rates of the debenture servicing costs for the City of Brandon (City), Brandon Water and Wastewater Utility (Utility) water treatment facility upgrade project.

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

Utility	Total Borrowing	Net Annual Debenture Payment	Estimated Annual Water Sales (cubic meter)	Surcharge per cubic meter of consumption
Brandon Water and Wastewater Utility	\$16,000,000	\$1,208,794	6,585,541	\$0.18

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

## 2.0 Application

On April 25, 2019, the City applied to the Board for approval to implement a utility surcharge to fund debenture payments based on a formula for the cost for an upgrade to the water treatment plan.

In 2012, the City developed a Water Utility Master Plan to include the short-term and long-term goals for improving water treatment and quality in the City. Chemical storage and handling was identified as the most critical area for improvement.

The application states the construction of a new chemical building for the City's Water Treatment Plant is to be funded through the Clean Water and Wastewater Fund (CWWF) and a 20-year municipal borrowing (approved by the Municipal Board).

The total estimated cost of the project is \$20,461,740, with \$2,230,870 funded by the Federal Government's Clean Water and Wastewater Fund, another \$2,230,870 funded from the City's Water Distribution Reserve Fund, and the balance of \$16,000,000 from a debenture over a 20-year period.

The City submitted borrowing By-law No. 7229 that received first reading on February 4, 2019. The Municipal Board approved the By-law on May 3, 2019 per Order No. E-19-051 subject to the Public Utilities Board approval of a debenture surcharge. The first debenture payment is scheduled on June 30, 2020.

The City indicated that a public information session was held on February 4, 2019, for residents, with notices published on January 17 and 24, 2019. No objections or concerns were raised about the project at the session, or at a public Open House event held on March 26, 2019.

On June 7, 2019, the City submitted Council Resolution No. 288 dated June 4, 2019, requesting approval to implement a surcharge of up to \$0.18 per cubic meter of consumption to be collected over 20 years.

### **3.0 Board Findings**

The Board approves, in principle, the addition of a surcharge to the utility bill to recover the total amount of debenture servicing costs for the water treatment plant upgrade.

The Board directs the City to apply for final approval prior to billing the surcharge to Utility customers, once the final amounts for the project and debenture are known and the amount of the first annual payment has been determined.

#### 4.0 IT IS THEREFORE ORDERED THAT:

1. The City of Brandon's proposal to recover the total debenture servicing costs for the water treatment plant upgrade in the Brandon Water and Wastewater Utility through a utility rate rider is HEREBY APPROVED in principle.
2. The City of Brandon, Brandon Water and Wastewater Utility, is required to return to the Public Utilities Board with the final debenture servicing costs and surcharge proposal prior to billing customers.
3. The City of Brandon 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

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.pubmanitoba.ca](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

"Irene Hamilton" \_\_\_\_\_

Panel Chair

"Rachel McMillin, BSc." \_\_\_\_\_

Assistant Associate Secretary

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by The Public Utilities Board



Assistant Associate Secretary