

Order No. 57/19

**RURAL MUNICIPALITY OF ROSSER
ROSSER CENTREPORT WATER UTILITY
INITIAL WATER RATES**

May 7, 2019

**BEFORE: Shawn McCutcheon, Panel Chair
Carol Hainsworth, C.B.A., Panel Member**

Table of Contents

1.0	Executive Summary	3
2.0	Background	3
	Water Supply/Distribution	3
3.0	Application	3
	Working Capital Surplus/Deficit	4
4.0	Board Findings.....	4
5.0	IT IS THEREFORE ORDERED THAT:.....	6

1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) denies the application for interim initial rates applied for by the Rural Municipality of Rosser (RM) for the Rosser CentrePort Water Utility (Utility) and directs the RM to file an application for Utility rates by no later than September 30, 2019.

The reasons for the PUB's decisions may be found under "Board Findings".

2.0 Background

The RM owns a new water utility in the Rosser CentrePort Area. In 2017, the RM entered into a Front Ending Agreement to provide water services to 127 Mountain view Road. The construction commenced on January 11, 2017 and was completed on April 10, 2017. The customer was connected to the system in March 2017 with services being provided without Board approved water rates.

Water Supply/Distribution

The water system is owned and operated by the RM but obtains its treated water from the Cartier Regional Water Cooperative (CRWC).

3.0 Application

On December 19, 2017, the Board received an application for interim initial rates for the Utility. The application was accompanied by a rate study completed by the Municipal staff and By-law 10-17 having been read for the first time on December 12, 2017.

On November 8, 2018, the RM submitted revised financial projections for its rate submission, in response to a follow-up by Board Staff on April 24, 2018.

At the time of the application, there was only one (1) customer connected to the system. Since then, other customers have been connected to the Utility.

On February 2019, the RM notified Board Staff verbally of its intention withdraw the rate application. Board Staff advised the RM that the Board requires a Council Resolution and a letter of explanation requesting to withdraw the application, and has followed up on two separate occasions via email.

As of the date of this Order, the RM has not provided the required documents for the withdrawal of this application.

Working Capital Surplus/Deficit

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is defined as the Utility fund balance, excluding any capital-related items plus Utility reserves.

As per the 2017 audited financial statements, the working capital calculation at December 31, 2017 was:

	2017
Fund Surplus	\$354,088
Deduct Tangible Capital Assets	(\$2,667,060)
Add Long-Term Debt	\$4,693,241
Add Utility Reserves	\$0
Equals Working Capital Surplus	\$2,380,269
Operating Expenses	\$219,819
20% of operating expenses (Target)	\$43,964

4.0 Board Findings

The Board has reviewed the application and the projections presented by the RM, and the subsequent information provided in response to Board Staff's queries. The Board notes that the RM's application has spent significant time in the queue for review and notes that the RM has taken significant time in responding to the queries and the withdrawal of the application.

The RM's response time to the queries and in particular, to withdraw this application is unacceptable. The Board cautions the Utility on the length of time in responding to the Board requests and notes that the RM has been providing water services in which no approved rate has been set. This can create financial challenges for the Utility and delays for ratepayers.

The Board notes that the customer was connected to the system early in 2017. Water services was turned-on on March 27, 2017 and the RM billed its customer on March 15, 2018 for water consumed from March 2017 to December 31, 2017.

At the time of the application, there were no audited financial statements available that can be used as basis for the rates. Actual financial results have since been completed and more information is now available to set fair and just rates for the utility customers.

For these reasons the Board therefore rejects the rate application submitted by the RM on December 19, 2017 and directs the RM to file a full rate application for the Utility by no later than September 30, 2019.

The Board reminds the RM that each Municipality which has received authority from the Provincial Government to construct a new water or wastewater system must keep in mind the requirement that commodity rates must be approved by the Board. Municipalities are to submit necessary information to the Board as early as possible, so rates may be approved, where possible, before the customers are connected to the system.

5.0 IT IS THEREFORE ORDERED THAT:

1. The application for interim initial water rates for the Rural Municipality of Rosser – Rosser CentrePort Utility is HEREBY REJECTED.
2. The Rural Municipality of Rosser submit a full rate application for the Rosser CentrePort Utility by no later than September 30, 2019.

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.

THE PUBLIC UTILITIES BOARD

Shawn McCutcheon
Panel Chair

"Rachel McMillin, BSc."
Assistant Associate Secretary

Certified a true copy of Order No. 57/19 issued
by The Public Utilities Board

Assistant Associate Secretary