

Order No. 87/19

**RURAL MUNICIPALITY OF ELLICE-ARCHIE
McAULEY WATER and WASTEWATER UTILITY
REVISED UTILITY RATES EFFECTIVE JULY 1, 2019
SIMPLIFIED RATE APPLICATION**

June 24, 2019

**BEFORE: Shawn McCutcheon, Panel Chair
Irene A. Hamilton, Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) grants approval of the revised water and wastewater rates for the Rural Municipality of Ellice-Archie (RM) McAuley Water and Wastewater Utility (Utility), to be effective July 1, 2019. The approved rates are shown below:

	Current rates	July 1, 2019
Quarterly service charge	\$ 15.00	\$ 15.45
Water \$/m ³ - first tier rate*	\$ 2.74	\$ 2.82
Water\$/m ³ - second tier rate*	\$ 1.40	\$ 1.44
Wastewater \$/m ³ - first tier rate	\$ 1.37	\$ 1.41
Wastewater \$/m ³ - second tier rate	\$ 0.40	\$ 0.41
Minimum quarterly charge**	\$ 72.60	\$ 74.60
Bulk water rates under 400 gallons	\$ 5.00	\$ 5.15
Bulk water rates over 400 gallons***	\$ 12.50	\$ 12.80
*First tier is the rate charged on the minimum quarterly volume, determined by the meter size; second tier is the rate charged on consumption above the minimum quarterly volume		
**Based on 14 cubic meters		
***Based on 1,000 gallons per quarter		

Details of the rates are in the attached Schedule "A".

The rationale for the Board's decisions is in the "Board Findings" section.

2.0 Background

The RM owns and operates a water and wastewater utility located in the former Village of McAuley, located in the Rural Municipality of Ellice-Archie.

3.0 Application

On February 26, 2019, the RM applied for revised water and wastewater rates for the Utility. The application was accompanied by By-law No. 04-2019, having received first reading on February 8, 2019. Rates were last revised January 1, 2006, approved by Board Order No. 23/06. The application was submitted using the Board's Simplified Rate Application Process as set out in Board Order No. 86/17.

By-law No. 04-2019 introduced a clause not found in the previous By-law, clause 2 d) *Unmetered Properties: All properties that do not have meters, but yet have the public utility infrastructure available for immediate service shall be charged a flat service charge of \$15.45 quarterly.* The RM did not include any explanation to support the addition of this clause.

A Public Notice of Application was issued May 9, 2019, affording customers the opportunity to comment to both the Board and the RM with respect to the proposed rate increases. Neither the Board nor the RM received any responses to the Notice.

When reviewing an application, the Board has at its disposal two approaches, either a paper or a public hearing review. After the publication of the Notice of Application, the Board considers the application along with stakeholder responses, and determines which method of review is most appropriate. Whenever reasonable, the Board can review the application using a paper review process, which saves the cost of a public hearing process. The Board has chosen a paper review process for this application.

This rate increase was applied for by the RM to keep the Utility rates in-line with inflationary costs. The Utility is not currently experiencing operating deficits and has been

recognizing surpluses on an annual basis. This increase in rates is adequate to meet the RM's anticipated 2019 operating costs for the utility.

Working Capital Surplus

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 surplus at December 31, 2017 was:

Accumulated Fund Surplus	\$	175,651
Deduct tangible capital assets	\$	129,849
Add long term debt	\$	-
Add utility reserves	\$	73,419
Equals Working Capital Surplus	\$	119,221
Utility operating costs	\$	33,582
20% of utility operating costs (target)	\$	6,716

4.0 Board Findings

The Board has reviewed the financial projections and application, and has determined the RM meets the required criteria (set out in Schedule A to Board Order No. 86/17) to apply using the Simplified Rate Application process.

The Board grants approval of the rates as applied for effective July 1, 2019. By-law #04-2019 included a new clause allowing the Utility to charge properties which do not have meters but have public utility infrastructure available for immediate service a quarterly flat service charge. The RM's submission did not provide any information supporting this clause, therefore the Board does not grant approval of the clause, and the RM must remove it prior to giving the By-law third and final reading.

The Utility's rate structure includes two tiers. Customers are charged the 'first tier' rate on the quarterly minimum volume (14m³ for a 5/8" meter, 28m³ for a 3/4" meter and 56m³ for a 1" meter) and the 'second tier' rate on any additional consumption. This does not follow the Board recommended guidelines. The McAuley Utility's last full rate application was approved by the Board in 2006, and the Utility's file does not include any historical information regarding the decision to use this methodology. The Board will require the Utility to file a full rate application either following Board recommended guidelines or providing supporting information on the continued use of the existing methodology for two-tiered rates.

The Rural Municipality of Ellice-Archie is to review its water and wastewater rates for adequacy and file with the Public Utilities Board either a report confirming the adequacy of the rates or an application for revised rates, on or before July 31, 2022.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised water and wastewater rates for the Rural Municipality of Ellice-Archie – McAuley Water and Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule “A”, effective July 1, 2019.
2. The Rural Municipality of Ellice-Archie amend its McAuley Utility rate By-law to reflect the decisions in this Board Order and submit a copy to the Board once it has received third and final reading.
3. The Rural Municipality of Ellice-Archie provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The Rural Municipality of Ellice-Archie – McAuley Utility review its water and wastewater rates for adequacy and file with the Public Utilities Board either a report confirming the adequacy of the rates or an application for revised rates, on or before July 31, 2022.

Fees payable upon this Order - \$150.00

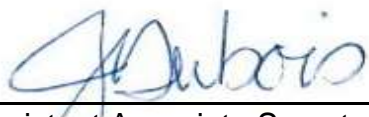
Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 87/19
issued by The Public Utilities Board


Assistant Associate Secretary

SCHEDULE "A"
SCHEDULE OF QUARTERLY RATES

**BASIC COMMODITY (for minimum charge based on meter size) PER C.M.
(cubic meter)**

Water	Sewer	Water & Sewer
\$2.82	\$1.41	\$4.23

**BASIC COMMODITY (over minimum charge based on meter size) RATES
PER C.M. (cubic meter)**

<i>Water</i>	<i>Sewer</i>	<i>Water & Sewer</i>
\$1.44	\$0.41	\$1.85

1. MINIMUM CHARGES PER QUARTER

Notwithstanding the Commodity Rates set forth in paragraph (1), all customers will pay the applicable minimum charges set out below, which includes the water allowance as indicated:

(a) Water & Sewer Customers

<i>Meter Size</i>	<i>Water Included (C.M.)</i>	<i>Service Charge</i>	<i>Water Commodity Charge</i>	<i>Sewer Commodity Charge</i>	<i>Water & Sewer Minimum Charge</i>
5/8"	14	\$15.45	\$39.45	\$19.70	\$74.60
3/4"	28	\$15.45	\$78.95	\$39.50	\$133.90
1"	56	\$15.45	\$157.90	\$78.95	\$252.30

(b) Water Only Customers

Minimum charge will be the same for each meter, but the Sewer Commodity Charge will be excluded.

(c) Sewer Only Customers

There currently are no sewer only customers in McAuley.

2. BULK SALES RATE

All water sold in bulk shall be charged at a rate of \$12.80 per 1,000 gallons (\$0.0128 per gallon) on a pro-rated basis for all quantities greater than 400 gallons. For any quantity, less than 400 gallons during the billing quarter, the minimum charge shall be \$5.15.

3. BILLING, PENALTIES & ADMINISTRATION FEES

(a) **BILLING:** Accounts shall be billed quarterly: March, June, September and December; and shall be due and payable 30 days thereafter.

(b) PENALTIES: A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

(c) ADMINISTRATION FEES: a customer will be charged an administration fee of \$10.00 to cover the cost of adding outstanding utility accounts to the tax roll.

4. SERVICE TO CUSTOMERS OUTSIDE MUNICIPALITY OR VILLAGE LIMITS

The Council of the RM of Ellice – Archie may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the municipality. 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 main and installing and maintaining service connections will be paid by the customer.

5. NON-WORKING METERS

When a meter ceases to function and a correct reading cannot be recorded, the charge to that customer for the current quarter shall be the average of the billings for the last two quarters to the same customer or to the same premises if the occupant has changed.

6. DISCONNECTION & RECONNECTION

The Public Utilities Board has approved the Conditions Precedent to be followed by the Village with respect to the disconnection of service for non-payment including such matters as notice and the right to appeal such action to the Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the municipal office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$25.00 has been paid.

7. OUTSTANDING BILLS

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water and sewer services are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon land are collectible, and with like remedies. Administration fees set out in 4. (c) are applicable.

8. 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 the 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.

Requests for this water allowance must be issued to council in writing and approved at the next scheduled council meeting.

9. WATER METER HOOK-UP FEE

A \$50.00 service charge will be levied when a water meter is connected and service is provided.