

Order No. 148/20

**AN ORDER RESPECTING THE TOWN OF THE PAS
WATER AND WASTEWATER UTILITY
APPROVAL IN PRINCIPLE
TO RECOVER DEBENTURE SERVICING COSTS
WASTEWATER LAGOON UPGRADE**

December 17, 2020

**BEFORE: Shawn McCutcheon, Panel Chair
Marilyn Kapitany, B.Sc. (Hon), M.Sc., Member**

1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) approves, *in principle*, funding through utility rates of the debenture servicing costs for the Town of The Pas (Town), The Pas Water and Wastewater Utility (Utility) wastewater lagoon upgrade.

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

Utility	Total Borrowing	Net Annual Debenture Payment	Estimated Annual Water Sales (gallons)	Surcharge per 1,000 gallons of wastewater
The Pas Water and Wastewater Utility	\$4,800,000	\$340,572	140,390	\$2.43

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

2.0 Application

On November 27, 2020, the Town applied to the Board for approval to implement a utility surcharge to fund debenture payments based on the estimated capital cost of a wastewater lagoon upgrade.

The lagoon upgrade project is designed to bring it into compliance with federal and provincial regulations in terms of ammonia, phosphorus and disinfectant/dischlorination concentrations as well as increasing lagoon holding times. It is anticipated that the project will be completed substantially in 2021.

The Town intends to complete this upgrade to the wastewater lagoon at an estimated cost of \$17,400,000. The Town was awarded a grant funding by Manitoba Water Services Board (MWSB) in the amount of \$10,480,000 as part of the Manitoba Restart Program. The outstanding amount is therefore the Utility's share of the capital funding which is \$6,920,000.

The Utility will be fund its share through a transfer from the Utility Reserves in the amount of \$2,120,000 and an issuance of \$4,800,000 in debenture debt, which assumes a 5% interest rate.

Along with the application, the Town submitted Borrowing By-Law No. 4607 which was given first reading on November 23, 2020. The Town also provided copies of Public Notices dated November 3, 2020 and November 10, 2020 regarding a Public Hearing scheduled on November 23, 2020, to present the proposal to borrow \$4,800,000.

The Town also submitted Council Resolution No. 2020-191 requesting approval from the Board to recover the debenture payments through a utility surcharge in the amount of \$2.43 per 1,000 gallons of wastewater over a period of 25 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 wastewater lagoon upgrade.

The Board directs the Town to apply for final approval prior to billing the surcharge to Utility customers, once the final debenture amount and the annual payment has been determined.

The Board also directs the Town to submit a copy of the Borrowing By-Law once it has received third and final reading.

The Board reminds the Town that should there be changes in the proposed split between Utility Reserves and Debenture Debt, it should immediately notify the Public Utilities Board.

4.0 IT IS THEREFORE ORDERED THAT:

1. The Town of The Pas' proposal to recover the total debenture servicing costs for the wastewater lagoon upgrade in the The Pas Water and Wastewater Utility through a utility rate rider is HEREBY APPROVED in principle.
2. The Town of The Pas, The Pas Water and Wastewater Utility, is required to return to the Public Utilities Board with the final debenture servicing costs (including the annual payment) and calculated surcharge proposal prior to billing customers.
3. The Town of the Pas 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.

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"

Panel Chair

"Rachel McMillin, BSc."

Assistant Associate Secretary

Certified a true copy of Order No. 148/20 issued
by The Public Utilities Board



Assistant Associate Secretary