

**Order No. 73/22**

**RURAL MUNICIPALITY OF OAKVIEW  
RAPID CITY WATER AND WASTEWATER UTILITY  
INTERIM *EX PARTE* WATER AND WASTEWATER RATES**

---

**July 12, 2022**

**BEFORE: Irene Hamilton, Q.C., Panel Chair  
Marilyn Kapitany, B.Sc. (Hon), M. Sc., Panel Member**

## Table of Contents

1.0	Executive Summary.....	3
2.0	Board Methodology .....	4
	Review Process .....	4
	Contingency Allowance and Utility Reserves.....	4
	Working Capital .....	4
	Operating Deficits .....	4
	Cost Allocation Methodology .....	5
	Unaccounted for Water.....	5
3.0	Background .....	6
4.0	Application.....	6
5.0	Board Findings .....	7
6.0	IT IS HEREBY ORDERED THAT:.....	8

## 1.0 Executive Summary

By this Order, the Public Utilities Board (Board) grants approval to the Rural Municipality of Oakview (RM) for interim *ex parte* water and wastewater rates for the Rapid City Water and Wastewater Utility (Utility) effective October 1, 2022. The Board notes the current rates were set per 1,000 gallons and the RM has applied for revised rates using cubic meters.

The Board in its final Board Order will review the remaining proposed rates and deficit rate rider.

The revised and proposed utility rates are below:

	Approved	Proposed		
	Oct 1, 2022	Year 2	Year 3	Year 4
Quarterly Service Charge	\$ 19.10	\$ 19.02	\$ 18.94	\$ 18.85
Water (per cubic meter)	\$ 9.47	\$ 9.65	\$ 9.83	\$ 10.00
Wastewater (per cubic meter)	\$ 0.84	\$ 0.83	\$ 0.82	\$ 0.82
Minimum Quarterly Charge*	\$ 163.44	\$ 165.74	\$ 168.04	\$ 170.33
Wastewater Only**	\$ 51.86	\$ 51.39	\$ 50.92	\$ 50.83

\*Based on 14 cubic meters

\*\*Based on 39 cubic meters

Details of other rates can be found in Schedule A.

The reasons for the Board's decisions are under Board Findings.

## 2.0 Board Methodology

### Review Process

When reviewing an application, the Board has at its disposal two approaches, a paper review process or a public hearing. After the publication of the Notice of Application, the Board considers the application and responses, if any, 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.

Where there is an urgent need for initial or revised rates and the Board determines it to be in the best interest of all parties, the Board may establish interim *ex parte* rates.

### Contingency Allowance and Utility Reserves

The Board's Water and Wastewater Rate Application Guidelines recommend an annual contingency allowance equal to 10% of the variable operating costs.

### Working Capital

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

### Operating Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology. The Board is therefore duty bound to approve reasonable rates based on reasonable expense projections.

## **Cost Allocation Methodology**

The Board requires all municipalities to review the costs shared between the general operations of the RM and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without approval by the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

## **Unaccounted for Water**

Water losses may be caused by such events as distribution line losses, service leaks, water used for fire fighting or line flushing, and under-registration of water meters. The Board Guidelines require utilities to compare the volume of water produced or purchased against the volume of water sold, to determine the percentage of unaccounted for water. Unaccounted for water volumes of approximately 10% are considered industry standard.

The Board expects any utility experiencing a greater volume of unaccounted for water to provide an explanation and plan to address the water losses.

### 3.0 Background

The Rural Municipality of Oakview owns and operates the Rapid City Water and Wastewater Utility and provides water and wastewater services to 184 customers and wastewater only services to seven customers. Utility rates were last set effective January 1, 2021 by Board Order No. 125/19.

### 4.0 Application

On March 10, 2022, the RM submitted an application for revised water and wastewater rates for the Utility, and requested the Board approve the rates effective July 1, 2022 on an interim, *ex parte* basis. The application included a rate study prepared by the RM's consultant and By-law No. 2022-1 having had first reading March 1, 2022.

The application was reviewed for completeness, and the Board contacted the RM to request additional information, including deficit application for the 2019 operating deficit. The RM responded, providing the requested information and the application was accepted as complete May 2, 2022.

## 5.0 Board Findings

The Board grants approval of revised water and wastewater rates on an interim *ex parte* basis effective October 1, 2022.

The Board will review the additional proposed rates and the rate rider for recovery of the 2019 actual deficit. These proposed charges have not been approved, and cannot be charged until approved in a further Board Order.

**6.0 IT IS HEREBY ORDERED THAT:**

1. The Rural Municipality of Oakview's application for interim *ex parte* water and wastewater rates for the Rapid City Water and Wastewater Utility BE AND IS HEREBY VARIED to be effective October 1, 2022.
2. The Rural Municipality of Oakview amend its water and wastewater rate By-Law for the Rapid City Water and Wastewater Utility to reflect the decisions in this Order and submit a copy to the Public Utilities Board once it has received third and final reading.

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 (Rules). The Board's Rules may be viewed on the Board's website at [www.pubmanitoba.ca](http://www.pubmanitoba.ca).

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"Irene Hamilton, Q.C."

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 73/22

issued by The Public Utilities Board



Assistant Associate Secretary



**RURAL MUNICIPALITY OF OAKVIEW**  
**RAPID CITY WATER & WASTEWATER UTILITY**  
**WATER AND WASTEWATER UTILITY RATES BY-LAW NO.**  
**SCHEDULE "A"**  
**SCHEDULE OF QUARTERLY RATES**

1. Schedule of Commodity Rates & Quarterly Service Charge

**October 1, 2022**

Rates per Cubic Meter

Cubic Meters per quarter

Water	Wastewater	Water & Wastewater
\$9.47	\$0.84	\$10.31

Quarterly Service Charge \$19.10

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

a) **Water & Wastewater Customers**

Meter Size	Water Included CM	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Quarterly Minimum
5/8 inch	14	\$19.10	\$132.58	\$11.76	\$163.44
3/4 inch	28	\$19.10	\$265.16	\$23.52	\$307.78
1 inch	56	\$19.10	\$530.32	\$47.04	\$596.46
1 ½ inch	140	\$19.10	\$1,325.80	\$117.60	\$1,462.50
2 inch	341	\$19.10	\$3,229.27	\$286.44	\$3,534.81

b) **Water Only Customers**

The minimum charge will be the same for each meter size as shown above but the Wastewater Commodity Charge will be excluded.

**c) Wastewater Only for Residential Customers**

The wastewater only charge is based on quarterly consumption of 39 cubic meters plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is  $(39 * \$0.84) + \$19.10 = \$51.86$

**The following clauses take effect October 1, 2022:**

3. Billings and Penalties

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1 ¼% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills.

4. Disconnection and Reconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the Municipality with respect to 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 Municipality's office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$40.00 have been paid.

5. Liability for Charges

Pursuant to Section 252 (2) of the Municipal Act, the amount of all outstanding charges for water and wastewater services, including fines and penalties, are a lien and charge upon the land serviced, and may be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies

6. Meter Reading

All customers will be required to read their own water meters for a three day period between the 12<sup>th</sup> and the 15<sup>th</sup> of March, June, September and December and phone,

email or text in the meter readings to the municipal office. If there is a change in property ownership or tenants, final meter readings are to be taken on the last day of ownership or tenancy and given to the office for billing purposes. All meters shall be readily accessible to be read quarterly by municipal staff, if requested.

If a customer fails to provide a meter reading within the time required, the meter reading shall be estimated based on the average consumption per quarter in the previous year, or in the case of a new customer the estimate shall be based on the average quarterly residential consumption.

7. Hydrant Charges

The RM of Oakview, or any other hydrant owner, will pay to the Utility a fee of \$95 per hydrant for the purpose of maintaining and repairing all fire hydrants connected to the system which shall include the cost of water used for firefighting.

8. Water Allowance Due to Line Freezing

That in any case where, at the request of 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.

9. Wastewater Surcharges

a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by Resolution of Council.

b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial waste.

10. Water Meters

Water meters are owned by the Municipality but are the responsibility of the utility customer to maintain. If the water meter is broken, frozen, etc., the utility customer will be billed for a new meter at the current cost of replacement.

11. Mobile Homes

Water meters that are under mobile homes should be brought up to the main level for easier access to read the meter and to prevent the meter from freezing.

12. Service To Customers Outside Utility's Limits

The Council of Rural Municipality of Oakview may sign Agreements with customers for the provision of water and wastewater services to properties located outside the boundaries of the Local Urban District of Rapid City. Such Agreements shall provide for payment of the appropriate rates set out in this 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 the 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 the LUD of Rapid City boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

13. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Municipality with a deposit of \$100. The Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be faulty, all costs associated with the testing process will be borne by the Municipality and the deposit will be refunded to the customer and the customer's account will be adjusted for the preceding four (4) months. If the meter is found to be in proper working order, all costs associated with the testing process will be borne by the customer and the customer will be billed or refunded any balance owing.

14. Cross Connections

No customer or person shall connect, cause to be connected or allow to remain connected any piping, fixture, fitting, container or appliance in a manner which under any circumstances may allow water, wastewater or any harmful liquid or substance to enter the Municipality's water system.

If a condition is found to exist which, in the opinion of the Municipality, is contrary to the aforesaid, the Municipality may either:

Shut off the service or services; or

Give notice to the customer to correct the fault at his or her own expense within a specified time period.

15. Conditions of Disrepair

In the event that there are conditions of disrepair in the wastewater and water works on a property that detrimentally affects the system as a whole and, upon the failure of the owner of the property to correct the condition within a reasonable time, the Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

16. Authorization For Officer To Enter Upon Premises

The Public Works Supervisor, or other employee authorized by the Municipality in the absence of the Public Works Supervisor, shall be authorized to enter upon any premise for the purpose of:

Affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or taking readings from, repairing, inspecting or removing any meter or apparatus belonging to the Municipality.