

MANITOBA ) Order No. 180/03  
 )  
THE PUBLIC UTILITIES BOARD ACT ) December 16, 2003

BEFORE: S. Proven, Acting Chair  
M. Girouard, Member

**THE RURAL MUNICIPALITY OF ROCKWOOD  
COMMUNITY OF BALMORAL  
INITIAL WATER AND SEWER RATES  
BY-LAW NO. 15/03**

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The Rural Municipality of Rockwood (the Municipality) applied to The Public Utilities Board (the Board) for approval of initial water and sewer rates for the community of Balmoral as set out in By-law No. 15/03 certified as to having been read the first time on August 13, 2003.

Notice of Public Hearing was mailed to each customer and posted in the community. A public hearing was held at 7:00 p.m. on December 10, 2003 in the Community hall in Balmoral, Manitoba.

The following persons were in attendance:

Representing the Municipality:

Reeve Garnet Thievin

Councillors - Tom Dykstra  
Ken Hibbitt  
Dennis Persoage  
Gunnar Kratzer  
Jim Campbell

Mr. Jack Douglas, CAO

Assistant Jonna Peltz

Consultant Tim Lasuik

J. R. Cousin Consultants Ltd.

Other Persons:

Charlotte Peach

Cecil Payne

Gayle Schick

Cole Campbell

Ron Peters

The following information was obtained from the pre-filed material and the public hearing:

1. The population of Balmoral is 203 with an annual growth rate of 2% since 2001.
2. Due to significant water contamination in the area, the Municipality made an investigation into the needs of the residents and determined that the best

way to serve these needs was to construct a public water system.

Because of high nitrates in the raw water, it was determined that a reverse osmosis treatment process was most suitable. The treatment process was described as a 2-barrier treatment process which included chlorination and reverse osmosis. This was described as a higher level of protection found in many other systems. The quality of water was described as being similar to bottled water.

3. The utility includes a new water treatment plant connected to the Balmoral community well and a gravity sewer collection system connected to a lagoon. The capital cost of the system is as follows:

Water Production	\$ 669,055
Water Distribution & Sewage Collection	\$1,301,153
Lagoon	<u>\$ 571,033</u>
Total	\$2,541,241

4. When rates were being considered, the Municipality looked at comparability of the rates with Stony Mountain, but because of the need for a higher cost reverse osmosis process comparable rates could not be attained. It was felt that over time such rates will likely equalize.

5. All customers are metered. There are 83 customers projected, mostly residential and a school, arena and personal care home.
6. The proposed rates include an amount of \$1500 for contingencies and an annual \$1400 contribution to reserves. Further, an amount of \$2600 is being collected in rates annually to replace the reverse osmosis membranes in the water treatment plant at a 5 - 7 year interval. The total replacement cost is approximately \$18,000. In the intervening years, it was felt that the \$2600 provision should also be placed in reserves.
7. The cost of servicing future development is expected to be paid by those developers.
8. As the utility is new, the Municipality relied upon a forecast for water sales, water losses and operating and maintenance costs. The annual total sales volume was estimated to be 24,000 cubic metres.
9. A breakdown of the total projected operating and maintenance cost is as follows:

Administration Costs	\$ 4,150
Water Production and Distribution	28,900
Sewage Collection and Treatment Cost	<u>7,200</u>
	\$40,250

10. Balmoral is served by 14 hydrants and the Municipality will pay to the utility \$90.00 per hydrant for the use of water and maintenance of the hydrants.
11. Customers will be billed quarterly in advance for the minimum quarterly charge plus charges for overages of metered water and sewer service for the preceding quarter. The Municipality was planning to charge these initial rates based on consumption on and after October 1, 2003.
12. If and when bulk water is available it will be charged at \$2.40 per cubic metre, a rate which is to be competitive with the surrounding area.
13. The lagoon is available for use by residents outside the community. While no charge is made on the haulers of septage, the Municipality noted that residents in the area have made a contribution through taxes to the capital cost of the system.
14. The Municipality confirmed that all applicable Provincial standards are being met with respect to safe drinking water. Qualified operators are employed and the Municipality is committed to continuing education for all operators.
15. The Municipality confirmed that the rates are based on their best estimates and as these are initial

rates a review as to the adequacy of rates will be done in 1 - 2 years.

While an estimate was provided for water consumption on a per person basis, the Municipality noted that generally consumption volumes are higher initially on new systems as customers become adjusted to using water on a metered basis.

### **Citizens**

Mr. Cole Campbell

Mr. Campbell expressed his appreciation for the new public system and the convenience he now enjoys. He advised that his family's use of water exceeds the minimum quarterly amount of 20 cubic meters proposed and suggested that the amount should be higher. He noted that his water use is for only 2 people and his well is still used for lawn watering and other external uses.

Mr. Ron Peters

Mr. Peters noted that the proposed rates are higher than in the surrounding communities and that it might be detrimental to land values in Balmoral. He also indicated that the water is not as soft as his former softened well water and questioned why this was the case.

## **Board Finding**

The Board was very much appreciative of the number of appearances at this hearing. Council and support staff of the Rural Municipality of Rockwood were in full attendance and several citizens appeared to observe and question the Municipality with respect to the new utility.

It is readily apparent that a community public water system was necessitated for reasons beyond anyone's control. While the characteristics of water from the public system is different for many, as compared to water from their wells, including softness, and taste, the citizens have been assured that the purity and softness of the water is of a very high quality exceeding standards in all characteristics. In fact, it was suggested that with respect to softness some reduction in chemical costs are possible as the water softness quality far exceeds industry norms. The Board believes that this matter should be closely monitored by the Municipality.

The Board examined carefully the Municipality's estimates for water consumption and believes that they are reasonable at this time. As these are initial rates, the Board was pleased to note that they will be reviewed in 1 - 2 years for adequacy. The Board will seek a report for the Municipality in this regard by no later than March 1, 2005 based on 2004 operating results.

With respect to the proposed minimum quarterly allowances based on meter sizes, the Board will make no changes.

The minimum quarterly allowance and minimum bills are intended to reflect many things including the recovery of fixed cost of the utility regardless of the amount of water consumed. It is not intended to reflect personal consumption levels. As noted during the hearing if the minimum quarterly allowance is set too high then individuals that consume less over contribute to the cost of the utility. Those that exceed the minimum quarterly allowance will pay for such overages when the meter is read. In the Board's opinion, this represents a fair and equitable manner to recover utility costs.

The Board noted that a provision has been made to collect costs for membrane replacement in rates but that such monies are not shown as being placed into reserves. This may be a presentation issue only. However, the Board believes that in addition to the \$1400 annual contribution to reserves for general purposes, the annual \$2600 provision for membrane replacement should also go into reserves until replacement is required.

While the Board understood the Municipality's argument for not charging haulers for use of the lagoon, the Board suggests that this also be monitored. If such costs become significant, a separate charge may be required.

In summary, the Board is satisfied that the initial rates are fair and equitable and will approve same based on all meters read on or after January 1, 2004. Such meter readings will include water volumes consumed on and after October 1, 2003.



**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 15/03 of the Rural Municipality of Rockwood serving the community of Balmoral BE AND THE SAME IS HEREBY APPROVED;
2. The water and sewer rates set forth in Schedule "A" hereto shall apply to all customers of the utility effective on all meters read on and after January 1, 2004;
3. A report be filed with the Board on the adequacy of rates based on 2004 operating results by no later than March 1, 2005.
4. Moneys be expended from the utility reserve fund to support existing infrastructure only, unless the Board has authorized the expenditure.

Fees payable upon this Order - \$299.15

THE PUBLIC UTILITIES BOARD

"S. PROVEN"  
Acting Chair

"G. O. BARRON"  
Secretary

Certified a true copy of Order No. 180/03 issued by The Public Utilities Board.

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Secretary

**SCHEDULE "A"**

**TO BOARD ORDER NO. 180/03**

**RURAL MUNICIPALITY OF ROCKWOOD**

**COMMUNITY OF BALMORAL**

**INITIAL WATER AND SEWER RATES**

**BY-LAW NO. 15/03**

**SCHEDULE OF QUARTERLY RATES**

**1. COMMODITY RATES PER CUBIC METER:**

<u>WATER</u>	<u>SEWER</u>	<u>WATER AND SEWER</u>
\$1.15	\$0.30	\$1.45

**2. MINIMUM QUARTERLY RATES:**

Notwithstanding the Commodity Rates set forth in Paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include the water allowances indicated:

**WATER & SEWER CUSTOMERS:**

<u>METER SIZE</u>	<u>GROUP CAP. RATIO</u>	<u>MINIMUM QUARTERLY CONSUMP</u>	<u>SERVICE CHARGE</u>	<u>COMMODITY RATES</u>		<u>MINIMUM QUARTERLY CHARGES</u>
				<u>WATER</u>	<u>SEWER</u>	
5/8"	1	20	\$12.50	\$23.00	\$ 6.00	\$ 41.50
1"	4	80	\$12.50	\$92.00	\$24.00	\$128.50

**3. BULK SALES:**

All water sold in bulk by the Rural Municipality of Rockwood shall be charged for at the rate of \$2.40 per cubic metre.

4. **SERVICE TO CUSTOMERS OUTSIDE THE VILLAGE LIMITS:**

The Council of the Rural Municipality of Rockwood may sign Agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Community of Balmoral. 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 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 Community boundaries. In addition, all costs of connecting to the Utility's mains and installing and maintaining service connections will be paid by the customer.

5. **BILLINGS AND PENALTIES**

Accounts shall be billed quarterly, and shall be due and payable 30 days after date of billing. A penalty of TEN PERCENT (10%) of the amount of the bill shall be added if not paid by the due date.

6. **DISCONNECTION & RECONNECTION**

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within THIRTY (30) DAYS of the due date.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$30.00 have been paid.

Upon written request and payment of the applicable fee to the Rural Municipality of Rockwood, service may be:

1. Disconnected - \$10.00 fee;
2. Removed - \$15.00 fee; or
3. Reconnected - \$20.00 fee

7. **OUTSTANDING BILLS:**

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

8. **HYDRANT RENTALS:**

The Rural Municipality of Rockwood will pay to the Utility an annual rental of \$90.00 for each hydrant connected to the system which includes the cost of water for fire-fighting.

9. **SEWER 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 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.