

M A N I T O B A) Order No. 141/07
)
THE PUBLIC UTILITIES BOARD ACT) October 30, 2007

BEFORE: Graham Lane, C.A., Chairman
 Monica Girouard, Member

THE RURAL MUNICIPALITY OF WESTBOURNE
LOCAL URBAN DISTRICT OF PLUMAS
REVISED WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves the Application of the Rural Municipality of Westbourne (RM) for revised and increased water rates, effective October 1, 2007, for the Local Urban District of Plumas.

Existing and revised rates are:

	Existing	Revised	%
Service Charge	\$ 7.50	\$ 7.50	0
Water \$/1,000 gallons	4.20	\$12.80	204
Sewer \$/1,000 gallons	<u>1.40</u>	<u>\$ 1.40</u>	0
Total	\$ 5.60	\$14.20	154
Bulk/\$/1,000 gallons	\$ 5.00	\$13.00	160
Minimum Quarterly Bill (5/8")	\$24.30	\$50.10	106

Notice of the RM's application was mailed to each customer and published - no ratepayer responded to the invitation to comment on the application.

The increases are significant and reflect the decision of the community to abandon the water treatment plant in favour of purchased water from the Yellowhead Regional Water Co-operative.

Application

On September 12, 2007, the RM applied to the Board for approval of revised water and sewer rates as set out in By-law No. 1969.

Then-existing rates, approved in 1996, and proposed rates were:

	Existing	Proposed	%
Service Charge	\$ 7.50	\$ 7.50	0
Water \$/1,000 gallons	4.20	\$12.80	204
Sewer \$/1,000 gallons	<u>1.40</u>	<u>\$ 1.40</u>	0
Total	\$ 5.60	\$14.20	154
Bulk/\$/1,000 gallons	\$ 5.00	\$13.00	160
Minimum Quarterly Bill (5/8")	\$24.30	\$50.10	106

The water commodity rate would reflect the projected operating costs to arise from the abandonment, excepting for chlorination, of the RM's water treatment plant and the RM's intention to purchase water from the Yellowhead Regional Water Co-operative.

For 2006, the RM reported water supply expenses of approximately \$35,800. The RM projected the new arrangement would result in projected revised annual water supply costs of \$71,135 - this reflecting the cost of purchasing water of \$7.50 per thousand gallons (representing approximately 58% of the proposed commodity charge).

The utility incurred a 2006 operating deficit of approximately \$4,200, this attributed to repairs with respect to the softener and line breaks; the deficit was recovered from the utility reserve fund.

As at the end of 2006, the utility had no surplus and approximately \$55,400 in reserves (the latter after the withdrawal for the recovery of the deficit). With approval of the proposed rates, the RM intended to build the reserve fund by \$3,500 each year.

The RM reported 137 water and sewer customers of the utility, with the average customer now using approximately 8,000 gallons per quarter and paying approximately \$41.10 (this to increase to \$109.90 effective October 1, 2007).

Notice of the RM's application was mailed to each customer and published with a request for persons to write the Board by October 19, 2007; no one responded. The Board was apprised by the RM that community members were generally aware of the higher cost of water under the purchase arrangement.

The RM has 8 hydrants and in the past the RM paid the utility \$50.00 per hydrant for fire protection. While the charge was deleted from the By-law, the RM determined a \$75.00 was more appropriate if the Board deemed one to be required.

Board Findings

The Board will approve the rate application and the proposed rates, while varying the application to reinsert a hydrant charge, that charge to be \$75 per hydrant.

While the water rate increase is large, it is driven by the decision of the community to convert to a purchased water agreement. The decision to purchase water should bring rate stability to a community that was faced with an aging system.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 1969 BE AND IS HEREBY APPROVED subject to the addition of the following clause.

Hydrant Rentals

"The Rural Municipality of Westbourne pay to the utility, the Local Urban District of Plumas, an annual rental of \$75.00 per hydrant which includes the cost of water for fire fighting."

Fees payable upon this Order - \$150.00.

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, C.A."
Chairman

"G. Gaudreau, CMA"
Secretary

Certified a true copy of
Order No. 141/07 issued by
The Public Utilities Board

Secretary