

M A N I T O B A) Order No. 158/08
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THE PUBLIC UTILITIES BOARD ACT) December 2, 2008

BEFORE: Susan Proven, P.H.Ec., Acting Chair
 Monica Girouard, CGA, Member
 Graham Lane, CA, Chairman

THE TOWN OF NEEPAWA
REVISED WATER AND SEWER RATES

Summary

By this Order, the Public Utilities Board (Board) approves revised utility rates for the Town of Neepawa (Town). The new three-year rate schedule follows:

Commodity Rates (\$/cubic meters)	Existing	Approved			
		Year 1	Year 2	Year 3	3-yr cumulative increase
First 150	\$2.1608	\$2.2473	\$2.3147	\$2.3726	9.8%
Next 1350	\$2.0315	\$2.1288	\$2.1759	\$2.2028	8.4%
Next 1500	\$1.6686	\$1.8453	\$1.8799	\$1.9269	15.5%
Over 3000	\$0.6985	\$0.8111	\$1.1045	\$1.3955	99.8%

Original Application

On April 29, 2008, the Town applied to the Board for revised water and sewer rates and, following notification to ratepayers, a public hearing was held in the Town on July 3, 2008.

Subsequent to the hearing, and on July 31, 2008, the Board issued Order 118/08 varying the Town's application by rejecting the Town's proposed introduction of a meter rental fee and the consolidation of minimum bills for 1/2", 5/8" and 3/4" meter sizes. In all other respects the Board approved the Town's application as submitted, including the Town's proposal for a new Rate Equalization Plan (REP) to reduce the level of discounts offered to large volume consumers.

The rates then-proposed by the Town were projected to yield approximately \$40,000 less revenue than the aggregate revenue

the Board determined ought to be realized from higher commodity rates.

Accordingly the Board, by way of Order 118/08, required the Town to amend its rate proposal to generate the required additional annual revenue and re-file it with the Board for approval.

Full particulars of the Board's comments on these matters are found in Order 118/08 which is available on the Board's website and should be read in conjunction with this Order.

Revised Rate Proposal

On September 19, 2008 the Town filed an amended By-law No. 3058 and that by-law reflected a revised rate proposal and other proposals including the following:

- i. an amended rate schedule sufficient to allow for the development of the additional annual revenue directed to be established by Order 118/08;
- ii. a revised effective date for the changed rate schedule, that being January 1, 2009 (previously September 1, 2008);
and
- iii. a revised REP reducing the three (3) year cumulative increase in the fourth rate step from 127.7% to 99.8% while increasing the cumulative increase in the third rate step from 15.0% to 15.5%. (The Town advised that there are four customers consuming water in the fourth step that will

benefit from the revised approach.)

The Town noted that as a result of the proposed change to the REP, it projects approximately \$100,000 less revenue per year from its large volume users. While at first glance this reduction would appear to place the Town's plan to expend \$240,000 annually to replace aging infrastructure at risk, as initially, the \$240,000 was to be met through higher rates.

However in its revised proposal the Town proposes to fund \$100,000 of the \$240,000 from the Town's expected share of the provincial Gas Tax Rebate, thus offsetting the revenue decrease reflected in the proposed revised and lower rates for large volume users. Capital upgrading is an eligible project for Gas Tax funding.

The Town noted that it is working closely with its largest water consumer, Springhill Farms, and that the firm acknowledges the value of water and is reportedly taking aggressive steps to reduce consumption.

As previously indicated, in the original proposal the Town expected to reduce the large volume discounts and under the Town's revised REP the fourth rate step will reach 75% of the rate of the first rate step by 2020, providing some relief for large volume users. At existing rates, the fourth rate step is 32% of the first rate step (that being the residential rate). The Town's Revised Rate Proposal was:

Commodity Rates (\$/cubic meters)	Existing	Revised Rate Proposal			Cumulative Increases Over 3 Years
		Year 1	Year 2	Year 3	Revised Proposal
First 150 (140)	\$2.1608	\$2.2473	\$2.3147	\$2.3726	9.8%
Next 1350 (1270)	\$2.0315	\$2.1288	\$2.1759	\$2.2028	8.4%
Next 1500 (1410)	\$1.6686	\$1.8453	\$1.8799	\$1.9269	15.5%
All over 3000(2830)	\$0.6985	\$0.8111	\$1.1045	\$1.3955	99.8%
Service Charges/ Quarter	\$13.48	\$15.00	\$15.00	\$15.00	11.3%
Minimum Quarterly Bill (Residential)	\$43.72	\$46.46	\$47.41	\$48.22	10.3%
Bulk Water	\$ 2.64	\$ 2.73	\$ 2.81	\$ 2.90	9.9%

Notice of the Revised Rate Proposal was published on two (2) occasions in the local newspaper and invited ratepayers to write the Board with any concerns or comments no later than October 31, 2008.

The Board received four responses; one from West Park Place Mobile Home Park (Park), that regarding the introduction of meters and individual customer billing in the Park, with the remaining comments from individual consumers, one which included a petition with 41 signatures. The letters reflected concern as to the impact of the proposed increases on those on fixed incomes.

Board Findings

As noted in Order 118/08 the Board acknowledges that the Town requires higher revenues to operate its utility and while the Board did not approve certain charges, it did determine that the aggregate additional revenue sought by the Town was required.

Accordingly the Board directed the Town to submit a revised rate proposal and expected that the level of the applied for commodity rates would increase. The Board is satisfied that the Town's revised rate proposal meets the primary objective of the Board, the provision of adequate revenue to the Town's utility.

While the Board has some concerns regarding the amendment to the Town's already approved REP, it accepts the Town's proposal to make up the revenue shortfall by Gas Tax Rebate funds given the necessity of proceeding with the infrastructure upgrades as provided for in the rate proposal.

The Board's remaining concern relates to the possible disincentive that discount rates have on conservation, provided for by the replacement of needed revenue through an infusion of Gas Tax Rebate funds.

However the Board is mindful of the economic contribution that the large users make to the Town, and on this basis accepts the proposed use of Gas Tax Rebate revenue. The Board is further satisfied with the report of conservation efforts being taken by industry and accepts that the REP is a long-term plan.

The Board also notes that no ratepayer expressed any concern with respect to the REP or the use of Gas Tax Rebate funds to reduce the otherwise increased demand on large users.

That said the Board is concerned with the impact large rate increases have on fixed-income ratepayers. However in the Board's view, the rate increases are necessary to ensure the utility can continue to provide its services safely and in sufficient supply to meet the needs of its customers.

The Board notes that the dollar increase for the small volume user, one using less than the minimum quarterly volumes is \$2.74 per quarter in the first year, \$0.95 in 2010 and \$0.81 in 2011 (6.3%, 2.0% and 1.7% respectively). Each being modest, and restrained due to the additional call on large users and the use of Gas Tax Rebate funds.

With respect to the Park, the Board in its last Order stated that the decision to install meters in the Park rests with the Town. That said the Board does not disagree with the Park that individual meters are desirable however, the distribution of cost responsibility for the installing of meters is a matter that shall be left to the Town and the Park.

Conclusion

In Order 188/08 the Board made the following directives:

1. The Town of Neepawa, as soon as possible, amend and file with the Board revised proposed water and sewer rates and other changes to conform to the directions contained within this Order. (The Board intends to review the amended rate proposal and, if it finds the amendments satisfactory, approve the new rate schedule to take effect as early as September 1, 2008 - for minimum quarterly bills and for water consumed on or after September 1, 2008.)
2. All other changes as sought by the Town and approved by the Board are to be effective on all bills on or after September 1, 2008.
3. The Town of Neepawa file with the Board an assessment report on the application of a \$75.00 call-out charge, as provided for in the Town's Waterworks By-law No. 3059, by no later than September 1, 2009.
4. The Town of Neepawa file with the Board the final Rate Equalization Plan for the collapsing of the four-step rate schedule to a one step schedule, by no later than December 31, 2009.

With respect to Directive #1 and #2, the Board accepts the revised effective date of January 1, 2009 with further increases to follow on January 1, 2010 and 2011.

With respect to Directive #3 and #4, the Board expects responses from the Town on September 1 and December 31, 2009 respectively.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 3058, as amended, is hereby approved consistent

**THE TOWN OF NEEPAWA
 SCHEDULE "A"
 WATER & SEWER RATES
 BY-LAW NO. 3058
 Effective January 1, 2009**

1. COMMODITY RATES – WATER & SEWER

RATES PER CUBIC METER

	WATER	SEWER	WATER & SEWER
First 150 C.M. Per Quarter	1.7959	0.4514	2.2473
Next 1350 C.M. Per Quarter	1.6774	0.4514	2.1288
Next 1500 C.M. Per Quarter	1.6173	0.2280	1.8453
All Over 3000 C.M. Per Quarter	0.6000	0.2111	0.8111

2. MINIMUM CHARGES PER QUARTER – WATER & SEWER

Notwithstanding the Commodity Rates set forth in Paragraph 1 above, all consumers shall pay the quarterly minimum charges as set out below, such minimum charges to include the quarterly water allowances indicated, as follows:

Meter Size	Minimum Quantity Per Quarter (C.M.)	Minimum Quarterly Water Charges	Minimum Quarterly Sewer Charges	Service Charge	Minimum Quarterly Bill
½ & 5/8	14	\$25.14	\$6.32	\$15.00	\$46.46
¾"	28	\$50.29	\$12.64	\$15.00	\$77.92
1"	54.0	\$96.98	\$24.38	\$15.00	\$136.35
1 1/2"	135.0	\$242.45	\$60.94	\$15.00	\$318.39
2"	350.0	\$604.87	\$157.99	\$15.00	\$777.86
3"	630.0	\$1074.54	\$284.38	\$15.00	\$1373.92
4"	1260.0	\$2131.30	\$568.76	\$15.00	\$2715.06
6"	2600.0	\$4312.91	\$927.90	\$15.00	\$5255.81

3. LAGOON TIPPING FEES

Fees for within the boundaries of the Town of Neepawa

Residential: Yearly Fee	\$51.75	Commercial: Yearly Fee	\$207.00
Per Use Fee	\$10.35	Per Use Fee	\$41.40

Outside the Town of Neepawa Boundaries

Residential: Yearly Fee	\$129.38	Commercial: Yearly Fee	\$517.50
Per Load Fee	\$25.88	Per Load Fee	\$103.50

Potential Additional Commercial Classes:

	<u>Resident</u>	<u>Non-Resident</u>	
	Annual	Annual	Per Use
Fee's shall not be less than:	\$51.75	\$129.38	\$25.88
Fee's shall not be more than:	\$414.00	\$776.25	\$207.00

Industrial

Industrial customers will be established on the merits of each case. Industrial rates in the Town shall take into account the number of estimated annual visits and volume.

**THE TOWN OF NEEPAWA
 SCHEDULE "A"
 WATER & SEWER RATES
 BY-LAW NO. 3058
 Effective January 1, 2010**

1. COMMODITY RATES – WATER & SEWER

RATES PER CUBIC METER

	<u>WATER</u>	<u>SEWER</u>	<u>WATER & SEWER</u>
First 150 C.M. Per Quarter	1.8498	0.4649	2.3147
Next 1350 C.M. Per Quarter	1.7110	0.4649	2.1759
Next 1500 C.M. Per Quarter	1.6254	0.2545	1.8799
All Over 3000 C.M. Per Quarter	0.8500	0.2545	1.1045

2. MINIMUM CHARGES PER QUARTER – WATER & SEWER

Meter Size	Minimum Quantity Per Quarter (C.M.)	Minimum Quarterly Water Charges	Minimum Quarterly Sewer Charges	Service Charge	Minimum Quarterly Bill
½ & 5/8	14	\$25.90	\$6.51	\$15.00	\$47.41
¾"	28	\$51.79	\$13.02	\$15.00	\$79.81
1"	54.0	\$99.89	\$25.10	\$15.00	\$139.99
1 1/2"	135.0	\$249.72	\$62.76	\$15.00	\$327.48
2"	350.0	\$619.67	\$162.72	\$15.00	\$797.38
3"	630.0	\$1098.75	\$292.89	\$15.00	\$1406.63
4"	1260.0	\$2176.68	\$585.77	\$15.00	\$2777.45
6"	2600.0	\$4375.26	\$977.30	\$15.00	\$5367.56

3. LAGOON TIPPING FEES

Fees for within the boundaries of the Town of Neepawa

Residential:	Yearly Fee	\$53.25	Commercial:	Yearly Fee	\$213.00
	Per Use Fee	\$10.65		Per Use Fee	\$42.60

Outside the Town of Neepawa Boundaries

Residential:	Yearly Fee	\$133.13	Commercial:	Yearly Fee	\$532.50
	Per Load Fee	\$26.63		Per Load Fee	\$106.50

Potential Additional Commercial Classes:

	<u>Resident</u>	<u>Non-Resident</u>	
	Annual	Annual	Per Use
Fee's shall not be less than:	\$53.25	\$133.13	\$53.25
Fee's shall not be more than:	\$426.42	\$799.54	\$213.00

Industrial

Industrial customers will be established on the merits of each case. Industrial rates in the Town shall take into account the number of estimated annual visits and volume.

**THE TOWN OF NEEPAWA
 SCHEDULE "A"
 WATER & SEWER RATES
 BY-LAW NO. 3058
 Effective January 1, 2011**

1. COMMODITY RATES – WATER & SEWER

RATES PER CUBIC METER

	<u>WATER</u>	<u>SEWER</u>	<u>WATER & SEWER</u>
First 150 C.M. Per Quarter	1.8960	0.4766	2.3726
Next 1350 C.M. Per Quarter	1.7262	0.4766	2.2028
Next 1500 C.M. Per Quarter	1.6314	0.2955	1.9269
All Over 3000 C.M. Per Quarter	1.1000	0.2955	1.3955

2. MINIMUM CHARGES PER QUARTER – WATER & SEWER

Meter Size	Minimum Quantity Per Quarter (C.M.)	Minimum Quarterly Water Charges	Minimum Quarterly Sewer Charges	Service Charge	Minimum Quarterly Bill
½ & 5/8	14	\$26.54	\$6.67	\$15.00	\$48.22
¾"	28	\$53.09	\$13.34	\$15.00	\$81.43
1"	54.0	\$102.38	\$25.74	\$15.00	\$143.12
1 1/2"	135.0	\$255.96	\$64.34	\$15.00	\$335.30
2"	350.0	\$629.64	\$166.81	\$15.00	\$811.45
3"	630.0	\$1112.98	\$300.26	\$15.00	\$1428.23
4"	1260.0	\$2200.48	\$600.52	\$15.00	\$2816.00
6"	2600.0	\$4409.31	\$1039.95	\$15.00	\$5464.26

3. LAGOON TIPPING FEES

Fees for within the boundaries of the Town of Neepawa

Residential:	Yearly Fee	\$54.75	Commercial:	Yearly Fee	\$219.00
	Per Use Fee	\$10.95		Per Use Fee	\$43.80

Outside the Town of Neepawa Boundaries

Residential:	Yearly Fee	\$136.88	Commercial:	Yearly Fee	\$547.50
	Per Load Fee	\$27.38		Per Load Fee	\$109.50

Potential Additional Commercial Classes:

	<u>Resident</u>	<u>Non-Resident</u>	
	Annual	Annual	Per Use
Fee's shall not be less than:	\$54.75	\$137.26	\$54.90
Fee's shall not be more than:	\$439.21	\$823.53	\$219.61

Industrial

Industrial customers will be established on the merits of each case. Industrial rates in the Town shall take into account the number of estimated annual visits and volume.

4. SERVICE CALL-OUTS

- (a) The property owners of the residential premises will be charged a set fee of \$75.00 for each and every call out concerning blocked sewer services, maintenance of services, thawing of frozen services, repairs to the water meter, etc.
- (b) There will be a charge to businesses and/or institutions for a call out rate of \$50.00 per hour, during regular working hours, for town staff plus an hourly rate set by the private contractor for a vactor (suction) truck to clean out the sewer service and/or disconnect, reconnect, flush and/or thaw the water services or repair the water meter for the businesses and/or institutions. After hours call out rate would be \$100.00 per hour plus an hourly rate for a suction truck.

5. WATER ONLY CUSTOMERS

Under all sections of the above referred to paragraph, a consumer having only water service shall pay a minimum charge made up of the service charge plus the water commodity charge.

6. SEWER ONLY CUSTOMERS

Users of Town sewage who discharge water and wastes into the Town's sewage system, and who obtain their water supply from other than the Town of Neepawa, are required to meter their water supply at their own expense and shall be billed for sewage on the water meter reading at rates set forth in Paragraph 1 plus the quarterly service charge as per Paragraph 2. The minimum billing shall be based on 14 cubic meters per quarter plus the service charge.

7. BULK SALE OF WATER

Bulk sales of water at the treatment plant shall be charged at a rate of:
2009 - \$2.73 per cubic meter
2010 - \$2.81 per cubic meter
2011 - \$2.90 per cubic meter.

8. SEWER SURCHARGES

- a. There will be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand (B.O.D.) in excess of 300 parts per million in the amount of 40 cents per 100 pounds of B.O.D.
- b. A special surcharge for substances requiring special treatment shall be charged on the actual costs of treatment required for the particular sewage or industrial wastes.

9. HYDRANT RENTALS

Hydrant rentals shall be set at \$250.00 per hydrant per annum. This includes water for fire fighting purposes.
Privately owned hydrants that are direct extensions of the Town's internal water distribution system shall be subject to an annual connection fee of \$250 per hydrant.

10. SALE OF WATER TO CUSTOMERS OUTSIDE TOWN BOUNDARIES

- a. The Council of the Town of Neepawa may enter into agreements with municipalities, corporations and individuals outside the legal boundaries of the Town of Neepawa for the purpose of supplying water to such municipalities, corporations and individuals.
- b. The rates to be charged to such outside users shall be the same rates charged to consumers in the Town of Neepawa for comparable service. Such outside users shall also pay a surcharge which shall be equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or which may be in effect from time to time, and which would be levied on the property concerned as if it were within Town boundaries. In addition, all costs of connecting to the utility mains and installing, maintaining, and repairing service connections will be paid by the customer.

11. 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 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.

12. BILLINGS AND PENALTIES

Accounts shall be billed quarterly, and shall be due and payable fourteen days after date of billing. A late payment charge of 1 ¼% shall be charged on the dollar amount owing after the billing due date and shall compound monthly.

13. ACTIVATION AND TERMINATION OF WATER SERVICE

- a. There shall be an activation and termination fee of \$30.00 charged to the consumer for each occurrence when Town staff must attend to the service.
- b. In addition, services may be disconnected without further notice if the account has not been paid within 30 days of the due date. That, before service is reconnected, payment shall be made of all arrears and penalties, plus a reconnection charge of \$60.00 (\$30.00 for the termination and \$30.00 for the re-activation).

14. OUTSTANDING UTILITY CHARGES & DISCONNECTION FOR NON-PAYMENT

The Public Utilities Board has approved the Conditions Precedent to be followed by the municipality 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.

15. DEPOSIT FEE

The initial deposit for water connection and service shall be \$50.00 for domestic and commercial users.

16. PRIVATE SEPTIC LINES (LOW PRESSURE SEWER SYSTEM)

The cost of construction and connection of private septic lines (low pressure sewer system) from the outside face of the building and/or holding tank to the sewer main and/or manhole including surface restoration shall be the total responsibility of the property owner.

17. OVERSIZE METER CHARGE

In situations where the client insists on a larger than required meter, the client shall be invoiced for the difference in cost between the requested meter and the required meter.

Meter Size	Charge
5/8"	\$0.00
3/4"	\$50.00
1"	\$115.00
1 1/2"	\$295.00
2"	\$400.00
3"	\$1445.00
4"	\$2355.00
6"	\$4155.00