

MANITOBA) Order No. 63/10
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THE PUBLIC UTILITIES BOARD ACT) June 18, 2010

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

RURAL MUNICIPALITY OF GIMLI
INTERIM WATER AND SEWER RATES

Executive Summary

By this Order, and on an interim *ex parte* basis, the Public Utilities Board (Board) approves new water and sewer rates for the Rural Municipality of Gimli (RM). The new rates take effect with the next quarterly billing, now scheduled for the first week of July 2010.

The interim rates are as sought by the RM and advertised by way of the Board's Notice, that dated May 17, 2010. Of importance to customers is the Board's approval of the lower consumption volumes included in the minimum quarterly bill, i.e. for a 5/8" meter service (residential) the previous 25 m³ (~5,500 gallons) has been reduced to 13.5 m³ (~3,000 gallons).

Rates are set out in Schedule "A", and summarized as follows:

Sewer Customers

Commodity Charge -	\$ 1.28/m ³
Service Charge -	\$ 11.86/quarter
Residential Equivalent Unit -	\$ 69.59/quarter
Bulk Sewer Rate -	\$ 4.70/m ³

Water Customers

Urban Area	
Commodity Charge -	\$ 1.09/m ³
Service Charge -	\$ 9.37/ quarter
Bulk Water Rate -	\$ 1.26/m ³
Pelican Beach	
Commodity Charge -	\$ 0.71/m ³
Service Charge -	\$ 10.02/quarter
Residential Equivalent Unit -	\$ 47.49/quarter
Bulk Water Rate -	\$ 3.04/m ³

Gimli Industrial Park	
Commodity Charge -	\$ 1.41/m ³
Service Charge -	\$ 11.37/quarter
Residential Equivalent Unit -	\$ 66.48/quarter
Bulk Water Rate -	\$ 1.54/m ³

Being interim, the Board's approval is subject to change following a public hearing to be held in the fall of 2010. The interim increase reflects the Board's perception that additional utility revenues are required to ensure financial viability.

Also, the Board declares the RM's sewer systems, serving the Loni Beach area and the South Beach, to be public utilities, pursuant to Subsection 2(6) of *The Public Utilities Board Act*.

Background

By way of an application dated December 30, 2009, the RM sought approval from the Board to implement a revised rate structure and rates for the RM's water and sewer utility.

The RM proposed to maintain three separate water utilities (the Town (LUD) utility, Pelican Beach and Gimli Properties Industrial Park). The three utilities have approximately 1,120 customers (144 non-metered) connected to the RM's distribution system.

The RM also proposed to combine its then-five sewer utilities into one sewer utility. The five sewer utilities affected are the Town (LUD), Pelican Beach, Gimli Properties (Industrial Park), Loni Beach and South Beach. Loni Beach and South Beach had not yet been declared public utilities, which status is declared herein.

As of December 31, 2009, the sewer systems had 1,265 customers (294 not metered).

The RM's decision to amalgamate the sewer utilities is based on the common connection of the systems to the RM's new sewage treatment plant. Through the amalgamation, the RM anticipates savings in administration, accounting and operational costs, allowing for a more efficient service.

Previously, the RM's various water and sewer utilities experienced operating deficits, including:

Gimli Properties Utility - 2004 (\$26,560), 2005 (\$68,419), 2006 (\$33,141), 2007 (\$51,306) and 2008 (\$98,821);

LUD of Gimli (Town) Utility - 2008 (\$41,995); and

Pelican Beach Utility - 2008 (\$2,377).

Further, the RM had received Board approval to budget for utility operating deficits for 2009 as follows:

for Gimli Properties Utility (\$200,096);

for Pelican Beach Utility (\$21,725); and

for LUD Utility (\$44,615).

The RM advised that insufficient utility rates were the reason for the actual and budgeted deficits.

Board Findings

Due to a series of uncontrollable events that resulted in the postponement of scheduled Public Hearings, the Board finds it necessary to address the financial needs of the RM's utilities through interim rate and rate-related decisions at this time,

ahead of an oral public hearing.

The RM's utilities are in immediate need of a rate increase, based on deficits incurred and expected and a revised rate study, dated May 15, 2010.

The Board will require the RM to amend By-law No. 09-0022 to agree with all of the provisions set out in this Order and Schedule "A".

As well, the RM is to provide immediate notice to its customers of the amalgamation of the sewer systems, of the interim rate increases with reasons, and of a Public Hearing to be scheduled for this fall. The notice is also to advise customers of the effects that the rates approved herein will have depending on the amount of water consumed in a metered system, i.e. percentage or dollar increase.

The notice will highlight that the consumption volumes now approved and to be included in the minimum quarterly billings have been reduced. The notice will provide additional advice as to how this reduction will further affect customers.

The fall hearing will allow customers an opportunity to better understand and question the reasons for the rate changes and increases, and to provide comments.

Following the public hearing, the Board will either confirm or vary the interim rates now set.

Ahead of this Order, the Board received and reviewed the RM's application with supporting information. The Board notes that the rates now being amended provide for increased operating costs as well as the implementation of accounting standards (defined by the Public Sector Accounting Board), which requires public sector bodies to include amortization of capital assets in operating expenses.

Ahead of further review, to take place at the public oral hearing, the Board considers the RM's cost estimates to be reasonable.

The Board suggests that customers seeking additional information on the changes to occur to consult with the RM. Information in support of this Order may be obtained at the municipal office or through the RM's website (www.gimli.ca/utility.asp).

At the public hearing the Board will also review the RM's final results of the utility deficits for 2009. The Board requires the RM to submit its utility financial reports for 2009, those reports to be based on prescribed accounting standards.

The RM should file this information with the Board no later than August 15, 2010, with a proposal to "recover" said deficits.

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.

IT IS THEREFORE ORDERED THAT:

1. The sewer systems serving the Loni Beach area and the South Beach Sewer BE AND ARE HEREBY declared public utilities.
2. The Rural Municipality of Gimli is hereby directed to amend its Water and Sewer Rates By-law No. 09-0022 to agree with this Order and attached Schedule "A", with interim rates to be effective immediately.
3. The Rural Municipality of Gimli is to provide notice to its customers of this decision and the stated reasons thereof, together with advance notice of plans for an oral public hearing in the fall of 2010. The draft notice is to be vetted ahead of release by the Public Utilities Board.
4. The Rural Municipality of Gimli is to file 2009 year-end financial reports for all water and sewer utilities, with an application to address any deficits as may be required, the reports and plans to be filed no later than August 15, 2010.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"GRAHAM LANE, CA"

Chairman

"KRISTINE SHIELDS"

Acting Secretary

Certified a true copy of Order
No. 63/10 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 63/10

THE RURAL MUNICIPALITY OF GIMLI

WATER AND SEWER RATES

1.0 Minimum Sewer Charges Per Quarter

1.1 Sewer Customers - Metered

All customers with metered water and sewer service shall pay the applicable minimum sewer rate charge set out below based on the consumption of the metered water service, which will include the allowance indicated.

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$11.86	\$ 1.28	\$ 29.14
3/4"	2	27 m ³	\$11.86	\$ 1.28	\$ 46.42
1"	4	54 m ³	\$11.86	\$ 1.28	\$ 80.98
1 1/2"	10	135 m ³	\$11.86	\$ 1.28	\$ 184.66
2"	25	337.5 m ³	\$11.86	\$ 1.28	\$ 443.86
3"	45	607.5 m ³	\$11.86	\$ 1.28	\$ 789.46
4"	90	1215 m ³	\$11.86	\$ 1.28	\$1,567.06
6"	170	2295 m ³	\$11.86	\$ 1.28	\$2,949.46

1.2 Sewer Customers - Flat Rate

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or Small Business	1	\$11.86	\$ 69.59	\$ 81.45
Building with more than one residence or business				
Two residences or businesses	2	\$11.86	\$ 139.18	\$ 151.04
Three residences or businesses	3	\$11.86	\$ 208.77	\$ 220.63
Trophy Cup	1	\$11.86	\$ 69.59	\$ 81.45

Design Canada	1	\$11.86	\$ 69.59	\$ 81.45
Gimli Small Engines	1	\$11.86	\$ 69.59	\$ 81.45
Lake Agassiz Marine Office	1	\$11.86	\$ 69.59	\$ 81.45
Lake Agassiz Marine Hangar #2	2	\$11.86	\$ 139.18	\$ 151.04
Lake Agassiz Marine Hangar #4	2	\$11.86	\$ 139.18	\$ 151.04
Misty Lake Lodge	5	\$11.86	\$ 347.95	\$ 359.81
<i>Lake Winnipeg Boat Works</i>	3	\$11.86	\$ 208.77	\$ 220.63
Lake Agassiz Marine Hangar #1	5	\$11.86	\$ 347.95	\$ 359.81
GIDG Dunlop Building	5	\$11.86	\$ 347.95	\$ 359.81
Natural Resource Water Bombers	5	\$11.86	\$ 347.95	\$ 359.81
<i>Lake Winnipeg Boat Works</i>	5	\$11.86	\$ 347.95	\$ 359.81
Skyline Hangar #3	5	\$11.86	\$ 347.95	\$ 359.81
Faroex - Plant	15	\$11.86	\$1,043.85	\$1,055.71
Faroex - Warehouse	1	\$11.86	\$ 69.59	\$ 81.45
Faroex - Research Building	1	\$11.86	\$ 69.59	\$ 81.45

1.3 Sewer Customers - Bulk Rates and Septic Haulers

Volumetric Charge (m³) - \$4.70 (\$21.34 per 1,000 gallons)

2.0 Minimum Water Charges Per Quarter

2.1 Water Customers

Notwithstanding the commodity rates set forth in Section 1 hereof, all customers with water and sewer service shall pay the applicable flat rate set out below or minimum charge set out below based on the consumption of metered water service, which will include the allowance indicated.

2.2 Urban Area Water System - Metered

Minimum Quarterly Charges - Water Connections Only

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$ 9.37	\$ 1.09	\$ 24.09
3/4"	2	27 m ³	\$ 9.37	\$ 1.09	\$ 38.80

1"	4	54 m ³	\$ 9.37	\$ 1.09	\$ 68.23
1 1/2"	10	135 m ³	\$ 9.37	\$ 1.09	\$ 156.52
2"	25	337.5 m ³	\$ 9.37	\$ 1.09	\$ 377.25
3"	45	607.5 m ³	\$ 9.37	\$ 1.09	\$ 671.55
4"	90	1215 m ³	\$ 9.37	\$ 1.09	\$1,333.72
6"	170	2295 m ³	\$ 9.37	\$ 1.09	\$2,510.92

2.3 Urban Area Bulk Water Rates

Volumetric Charge (m³) - \$1.26 (\$5.72 per 1,000 gallons)

2.4 Pelican Beach Area Water System - Metered

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$10.02	\$ 0.71	\$ 19.61
3/4"	2	27 m ³	\$10.02	\$ 0.71	\$ 29.19
1"	4	54 m ³	\$10.02	\$ 0.71	\$ 48.36
1 1/2"	10	135 m ³	\$10.02	\$ 0.71	\$ 105.87
2"	25	337.5 m ³	\$10.02	\$ 0.71	\$ 249.65
3"	45	607.5 m ³	\$10.02	\$ 0.71	\$ 441.35
4"	90	1215 m ³	\$10.02	\$ 0.71	\$ 872.67
6"	170	2295 m ³	\$10.02	\$ 0.71	\$1,639.47

2.5 Pelican Beach Area Water System - Flat Rate

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or Small Business	1	\$10.02	\$ 47.49	\$ 57.51
Building with more than one residence or business				
Two residences or businesses	2	\$10.02	\$ 94.98	\$ 105.00

Three residences or businesses	3	\$10.02	\$ 142.47	\$ 152.49
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2.6 Pelican Beach Bulk Water Rate

Volumetric Charge (m³) - \$3.04 (\$13.81 per 1,000 gallons)

2.7 Gimli Industrial Park Area Water System - Metered

Minimum Quarterly Charges - Water Connection Only

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity Charge	Minimum Quarterly Charge
5/8"	1	13.5 m ³	\$11.37	\$ 1.41	\$ 30.41
3/4"	2	27 m ³	\$11.37	\$ 1.41	\$ 49.44
1"	4	54 m ³	\$11.37	\$ 1.41	\$ 87.51
1 1/2"	10	135 m ³	\$11.37	\$ 1.41	\$ 201.72
2"	25	337.5 m ³	\$11.37	\$ 1.41	\$ 487.25
3"	45	607.5 m ³	\$11.37	\$ 1.41	\$ 867.95
4"	90	1215 m ³	\$11.37	\$ 1.41	\$1,724.52
6"	170	2295 m ³	\$11.37	\$ 1.41	\$3,247.32

2.8 Gimli Industrial Park Area Water System - Flat Rates

Customer	REU	Service Charge	Commodity Charge	Quarterly Bill
Single Family or Small Business	1	\$11.37	\$ 66.48	\$ 77.85
Building with more than one residence or business				
Two residences or businesses	2	\$11.37	\$ 132.96	\$ 144.33
Three residences or businesses	3	\$11.37	\$ 199.44	\$ 210.81
Trophy Cup	1	\$11.37	\$ 66.48	\$ 77.85
Design Canada	1	\$11.37	\$ 66.48	\$ 77.85
Gimli Small Engines	1	\$11.37	\$ 66.48	\$ 77.85
Lake Agassiz Marine Office	1	\$11.37	\$ 66.48	\$ 77.85

Lake Agassiz Marine Hangar #2	2	\$11.37	\$ 132.96	\$ 144.33
Lake Agassiz Marine Hangar #4	2	\$11.37	\$ 132.96	\$ 144.33
Misty Lake Lodge	5	\$11.37	\$ 332.40	\$ 343.77
<i>Lake Winnipeg Boat Works</i>	3	\$11.37	\$ 199.44	\$ 210.81
Lake Agassiz Marine Hangar #1	5	\$11.37	\$ 332.40	\$ 343.77
GIDG Dunlop Building	5	\$11.37	\$ 332.40	\$ 343.77
Natural Resource Water Bombers	5	\$11.37	\$ 332.40	\$ 343.77
<i>Lake Winnipeg Boat Works</i>	5	\$11.37	\$ 332.40	\$ 343.77
Skyline Hangar #3	5	\$11.37	\$ 332.40	\$ 343.77
Faroex - Plant	15	\$11.37	\$ 997.20	\$1,008.57
Faroex - Warehouse	1	\$11.37	\$ 66.48	\$ 77.85
Faroex - Research Building	1	\$11.37	\$ 66.48	\$ 77.85

2.9 Gimli Industrial Park Bulk Water Rate

Volumetric Charge (m³) - \$1.54 (\$6.99 per 1,000 gallons)

3.0 Service to Customers Outside Municipal Limits

The Council of the Municipality may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Municipality. Such agreements shall provide for payment of the appropriate rates set out in the Commodity Rates of 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 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 these boundaries. In addition, all costs of connection to the utility's mains, and installing and maintaining service connections will be paid by the customer.

4.0 Penalty for Late Payment

A late payment charge of 1 ¼% compounded 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.

5.0 Disconnection

All utilities subject to *The Public Utilities Board Act*

shall comply with the Conditions Precedent for water and/or sewer service disconnection, as attached hereto and marked as Schedule "B".

6.0 Reconnection Fee

Where any service is disconnected under the provisions of this by-law, it shall not be reconnected until all arrears, penalties and a reconnection fee of \$100.00 have been paid.

7.0 Outstanding Accounts

Pursuant to Subsection 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer services, including fines and penalties, 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.

8.0 Hydrant Rentals

The Rural Municipality of Gimli shall pay to the utility an annual rental of \$125.00 for each hydrant connected to the system.

9.0 Meter Accuracy Testing

That any customer may request that his/her water meter be tested for accuracy and before having the same tested by the Municipality, he/she shall deposit with the Director of Finance and Administration the sum of One Hundred Dollars (\$100.00), which shall be retained and if the meter is found to be accurate, the said sum of One Hundred Dollars (\$100.00) shall be retained by the Municipality, and if the meter is found to be inaccurate, the said sum of One Hundred Dollars (\$100.00) will be returned to the customer.

10.0 Sewage Surcharges

That there may be levied annually, in addition to 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.

That a special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular surcharge or industrial waste.