

MANITOBA) Order No. 118/11
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THE PUBLIC UTILITIES BOARD ACT) September 13, 2011

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

RURAL MUNICIPALITY OF STRATHCONA
BELMONT UTILITY
WATER AND SEWER RATES-FINAL

Summary

By this Order, the Public Utilities Board (Board) confirms the interim water and sewer rates for 2011 as approved in Order No. 9/11 and approves revised rates for 2012 for the Belmont Utility in the Rural Municipality of Strathcona (RM).

The new rates for 2011 were effective for the April 2011 quarterly billing and the 2012 rates will be effective on January 1, 2012.

Previous and revised rates:

Commodity Rate \$/1,000 gallons	Previous	2011	2012
Water			
First 20,000 gallons	\$16.60	\$22.80	\$22.70
Over 20,000 gallons	\$15.62	\$22.80	\$22.70
Sewer	\$2.65	\$6.13	\$6.13
Quarterly Service Charge	\$11.25	\$10.65	\$10.65
Minimum Quarterly*	\$69.00	\$97.44	\$97.14
Bulk Water	\$16.60	\$22.80	\$26.00
Lagoon Tipping Fees (up to 6,800 litres)	\$10.00	\$10.00	\$10.00
Hydrant Rental - Annual	\$75	\$75	\$75
Reconnection charge	\$25	\$50	\$50
Meter Repairs (new)	-	\$25	\$25
Meter Testing (new)	-	\$25	\$25

*Includes 3,000 gallons

The Board will require the RM to prepare and file a bylaw to reflect the 2012 rate change in accord with this order.

Introduction

Rates were last reviewed by the Board in 2006; Order 171/06 approved increases to 2008. In June 2010, the Board received a rate application, which it approved in Order 9/11 on an interim *ex parte* basis, pending a more complete analysis of the submission. The RM filed a revised By-law 16, 2010 as requested in the interim order and in accordance with the Board's request.

Readers are encourage to review earlier Board decisions as previously referenced and with respect to the Belmont Utility, on the Board's website: www.pub.gov.mb.ca

The utility reported operating deficits in 2006, 2007, 2008 and 2009. Audited financial statements for 2010 are not yet complete.

Subsequent to its original filing, the RM provided the Board with its audited statements for 2009. Those statements showed an operating deficit for 2009 of \$31,749.

As well, as part of the Board's 2011 review, ratepayers were provided notice and allowed an opportunity to provide comments to the Board. No comments were received.

Background

The Utility provides service to 140 customers in the Village of Belmont. All customers are hooked up to both the water and sewer systems and all are metered. No significant growth is expected.

The water treatment plant was constructed in 1965 and upgraded and expanded in 2004. Raw water is supplied from a well, which was developed in 1986, and is filtered and chlorinated before distribution. Water quality guidelines have consistently been met.

The sewer system consists of a lagoon with one primary treatment cell and a secondary storage cell. It receives wastewater via a gravity sewer and also operates as a septage dump facility. The effluent is discharged into Williamsons Lake and meets regulatory requirements.

Application

The RM applied for revised water and sewer rates, as set out in its By-law No. 16, 2010 (read the first time on June 9, 2010). The application was supported by a rate study conducted by Genivar on behalf of the RM.

The proposed rates were expected by the RM to generate sufficient annual revenue to recover the following annual expenses projected out to 2013:

	Projected Expenses
General	
Expenses	\$7,212
Less Revenues	- 1,250
General Revenue Requirements	\$5,962
Water	
Expenses	\$38,221
Interest on long term debt	1,559
Amortization	18,787

Reserves/Contingency	3,000
Minor Capital	25,000
Less Revenues	(15,422)
Water Revenue Requirements	\$71,445
Sewer	
Expenses	\$13,424
Amortization	28,392
Reserves/Contingency	3,000
Interest on long term debt	16,127
Less Revenues	(41,814)
Sewer Revenue Requirements	\$19,129

In its application, the RM requested that the bulk water rate continue to be sold at the domestic water rate. The service charge, water rates and sewer rates were determined based on the 2013 projected revenue requirement.

The RM had previously applied for approval of its deficit for 2009 to be recovered from its accumulated surplus. However, the application was not in accord with the deficit reported in the audited statements.

Board Findings

The Board will confirm the interim water and sewer rates for 2011 as applied for by the RM and approved on an interim basis in Order 9/11. The Board also establishes new rates effective January 1, 2012.

In reviewing the audited financial statements for 2009, the Board does not find it necessary to amend the RM's projections, but notes that the rate study prepared and submitted in June 2010 was without the benefit of these statements. The Board

recommends that the RM review its rate requirements for 2013 using audited results and consider whether amended rates should be requested.

Because bulk sales are not a significant component of revenues, the Board agreed to the RM's proposal to leave bulk rates equal to domestic rates in the interim order for 2011. However, in fairness to residents, bulk water rates should not benefit from tax supported revenues. Therefore, the rate is recalculated for 2012, resulting in slightly lower rates for domestic consumption and higher bulk sales rates, all to be effective for January 1, 2012. The Board's guidelines set out details as to how the bulk rate is to be calculated (available on its website).

The Board will require the RM to pass and file a by-law to reflect the 2012 rates approved herein.

The Board had requested that the RM file its cost allocation methodology, the method by which it will allocate overheads from the general RM operations to the Utility, but the RM has not done so to date. The Board directs the RM to file its cost allocation methodology with the Board for approval on or before November 1, 2011. More details of this requirement are set out in Order 93/09, again available on the Board's website.

The Board will also direct that the RM file a revised application for approval of its 2009 deficit as reflected in the audited financial statements.

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 Rural Municipality of Strathcona's amended By-law 16, 2010 BE AND IS HEREBY APPROVED for 2011 water and sewer utility rates.
2. The revised water and sewer rates as described in this order BE AND ARE HEREBY APPROVED for 2012 water and sewer utility rates and that the Rural Municipality of Strathcona prepare, pass and file a By-law to so reflect.
3. The Rural Municipality of Strathcona file a copy of its by-law as noted in 2 with the Public Utilities Board upon it receiving third and final reading, but not later than November 1, 2011.
4. The Rural Municipality of Strathcona provide notice to its customers, with a copy to the Public Utilities Board, of this approval with the next quarterly billing.
5. The Rural Municipality of Strathcona file an application for approval of its cost allocation methodology with the Public Utilities Board, not later than November 1, 2011.
6. The Rural Municipality of Strathcona file an application for approval of the Belmont utility deficit as reported in the 2009 audited financial statements, not later than October 15, 2011 and include all required information such as resolution of council, etc.

Fees payable upon this Order - \$500.00

THE PUBLIC UTILITIES BOARD

Chairman

Acting Secretary

SCHEDULE "A"
To Board Order No. 118/11

THE RM OF STRATHCONA
 Local Improvement District in Belmont

WATER AND SEWER RATES

SCHEDULE OF QUARTERLY RATES:

1. Commodity Rates per 1,000 imperial gallons

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
Effective April 2011			
All water sold	\$22.80	\$6.13	\$28.93
Effective January 1, 2012			
All water sold	\$22.70	\$6.13	\$28.83

2. Minimum Charges, Quarterly

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charge set out below, which will include water allowances indicated:

(a) Water and Sewer Customers

Effective April 2011

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (C.M.)	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
16mm - 5/8"	1	3,000	\$10.65	\$68.40	\$18.39	\$97.44
19mm - 3/4"	2	6,000	\$10.65	\$136.80	\$36.78	\$184.23
25mm - 1"	4	12,000	\$10.65	\$273.60	\$73.56	\$357.81
38mm - 1 1/2"	10	30,000	\$10.65	\$684.00	\$183.90	\$878.55
50mm - 2"	25	75,000	\$10.65	\$1,710.00	\$459.75	\$2,180.40

Effective January 1, 2012

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (C.M.)	Service Charge	Commodity Rates		Minimum Quarterly Charges
				Water	Sewer	
16mm - 5/8"	1	3,000	\$10.65	\$68.10	\$18.39	\$97.14
19mm - 3/4"	2	6,000	\$10.65	\$136.20	\$36.78	\$183.63
25mm - 1"	4	12,000	\$10.65	\$272.40	\$73.56	\$356.61
38mm - 1 1/2"	10	30,000	\$10.65	\$681.00	\$183.90	\$875.55
50mm - 2"	25	75,000	\$10.65	\$1,702.50	\$459.75	\$2,172.90

(b) Water Only Customers

Customers with water only services shall be charged the minimum quarterly rate applicable to the customer's meter size less the sewer charge.

3. Bulk Sales Rate

Effective April 2011

All water sold in bulk by the Village of Belmont shall be charged for at the rate of \$22.80 per 1,000 imperial gallons.

Effective January 1, 2012

All water sold in bulk by the Village of Belmont shall be charged for at the rate of \$26.00 per 1,000 imperial gallons.

4. Service For Connecting Customers Outside the LID Limits

The Council of the RM of Strathcona may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Local Urban District of Belmont. 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 the 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 if it were within these 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. Billing And Penalties

Accounts shall be billed quarterly, and shall be due and payable the 15th day of the month following the month of the quarter being billed. A penalty of 1.25% of the amount of the bill shall be added if not paid by the due date. For every month after that, a further penalty of 1.25% of the amount of the bill shall be added if the debt is unpaid.

6. Water and Sewer Connections

- (i) Each customer applying for water turn on or turn off of service during any quarter shall pay the proportionate part of the current minimum quarterly charge provided that in the computing same broken half month shall be considered as a full month. In all cases any excess water used will be charged at the rates set forth under Commodity Rates.
- (ii) All costs for new connections and maintenance thereafter shall be paid by the customer or developer as the case may be and such connections are to be approved by the Council of the R.M. of Strathcona.
- (iii) A service charge of \$25.00 shall be paid before any water is turned on, and shall be the responsibility of the owner.

7. Disconnection

Service may be disconnected and discontinued for non-payment of the account. If the account remains unpaid 30 days past the due date, customers will be sent a reminder notice. If after a further 30 days the account remains unpaid, a second notice will be issued providing disconnection advice unless payment is received within 30 days. All disconnection notices shall advise the customer of the specific date of the disconnection and their right to appeal to the Public Utilities Board and include the Board's relevant contact information. Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

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.

9. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and reconnection fee of \$50.00 have been paid. Any customer wishing to have billings discontinued due to vacancy of premises shall be required to have service disconnected and to pay \$50.00 reconnection fee when service resumes.

8. Outstanding Bills

Pursuant to section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer service may be collected by the municipality in the same manner as a tax may be collected or enforced under this Act.

9. Hydrant Rentals

The Village of Belmont shall pay to the utility an annual rental of \$75.00 for each hydrant connected to the system. This includes water for fire purposes.

10. Sewer Surcharge

(i) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a Five Day Biochemical Oxygen Demand in excess of 300 mg/L to be set by resolution of Council.

(ii) 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.

11. Sewage Effluent Truck Hauled to Lagoon

A rate of \$10.00 will be charged per truckload of sewage effluent obtained for the properties that are located outside of the limits of the Local Improvement District No. 1 that is dumped into the sewage lagoon. The volume of a truckload is not to exceed 6,800L.

12. Water Metering

All new residential customers for sewer and water shall be metered at the customers cost. Ownership, inspection and maintenance of the

meters will remain the responsibility of the utility system.

Commercial meter maintenance will be the responsibility of the utility system but will be billed to the commercial user.

13. Water Meters

- (i) That all water connections be metered. The meter to be supplied by and remain the property of the utility system. The cost of the meter shall be recovered through the water rates.

Meter Repairs

- (ii) Where a water meter is damaged as a result of negligence of a user, such user shall pay the cost of repairing the damaged meter and the said amount will immediately become a debt due and owing to the Utility within (10) ten days of the demand of same, the water service of said user may be disconnected for repairs. A fee of \$25.00 shall be charged for a reconnection of the service disconnected under this paragraph.

Meter Testing

- (iii) Any consumer who desires and requests that their water meter be tested for accuracy shall deposit with the utility the sum of \$25.00. If the meter when tested is found to be in excess of the allowable limits, the deposit shall be refunded and the consumer's account shall be adjusted for the preceding four months use. The allowable limit of variation shall be 3% of average flow.