

MANITOBA) Order No. 84/12
)
THE PUBLIC UTILITIES BOARD ACT) July 9, 2012

BEFORE: Susan Proven, P.H.Ec., Acting Chair
Monica Girouard, CGA, Member
Raymond Lafond, CA, Member

RURAL MUNICIPALITY OF ROSEDALE
LOCAL URBAN DISTRICT OF KELWOOD
WATER RATES FOR 2012 AND 2013
AND
APPROVAL OF DEFICITS FOR 2009 AND 2010

Summary

The Public Utilities Board (Board) hereby varies the application made by the Rural Municipality of Rosedale (RM) and approves revised water rates for 2012 and 2013 for the Local Urban District of Kelwood's Water Utility.

The Board also approves the deficits for 2009 and 2010 to be recovered from available Utility Surpluses.

The 2012 rates are to be effective July 1, 2012; the 2013 rates will be effective on January 1, 2013.

The current and revised commodity rates are noted below:

Commodity Rate \$/1,000 gallons	Current	Approved July 1, 2012	Increase/ Decrease	Approved January 1, 2013	Increase/ Decrease
Water	\$10.00	\$11.39	14%	\$13.19	16%
Quarterly Service Charge	\$1.00	\$2.89	189%	\$4.89	69%
Minimum Quarterly (1/2 and 5/8" meter size)*	\$31.00	\$37.06	20%	\$44.46	20%
Bulk Water	\$10.00	\$12.35	24%	\$14.58	18%
Reconnection	\$25.00	\$35.00	40%	\$35.00	0%
Hydrant Rental Charge	\$225.00	\$225.00	0%	\$225.00	0%

*Based on 3,000 gallons

The current rates were established in 1992.

Details of other rates may be found in the attached Schedule "A".

Introduction

The Rural Municipality of Rosedale serving Local Urban District of Kelwood (RM) applied on December 14, 2011 for revised rates to be effective on April 1 of each of 2012 and 2013. Rates were last amended in 1992.

A Public Notice of Application was issued in January 2012 and was posted in the local press on February 18, 2012 affording customers the opportunity to comment to both the Board and the Utility with respect to the proposed increases.

The Board has at its disposal two alternative processes to deal with rate applications. It may determine that an oral hearing is warranted or that a paper review process is sufficient. Based on customer response to the public Notice (none were received by the Board), the Board concluded that a paper review process was in the best interest of all concerned.

Background

The Kelwood Water Treatment Plant was constructed in the mid-1960's and initially operated by the Manitoba Water Services Board until approximately 10 years ago, when ownership was turned over to the Municipality.

The system is stated to be in good repair with no capacity issues; unaccounted for water in 2010 was 6%, well within the industry standard of 10%. The system is in compliance with drinking water standards and there are no reported colour, taste or odour issues.

An engineering assessment indicated a few minor issues that the

RM is reviewing.

The RM has two operators who are certified for small water distribution systems.

Application

The application for revised rates was submitted on December 14, 2011 supported by a rate study conducted by the RM's consultant, Way To Go Consulting Inc.

In June 2012, the RM submitted applications for approval of deficits incurred in each of 2009 and 2010. The applications recommended that the deficits be recovered from available surpluses in the Utility.

Rates

The new rates were proposed to be effective April 1 of each of each of 2012 and 2013, as follows:

Commodity Rate \$/1,000 gallons	Current	Proposed 2012	Increase	Proposed 2013	Increase
Water	\$10.00	\$11.39	14%	\$12.99	14%
Quarterly Service Charge	\$1.00	\$2.89	189%	\$4.76	65%
Minimum Quarterly (1/2 and 5/8" meter size)*	\$31.00	\$37.06	20%	\$43.73	18%
Bulk Water	\$10.00	\$12.99	30%	\$14.58	12%
Reconnection	\$25.00	\$35.00	40%	\$35.00	0%
Hydrant Rental Charge	\$225.00	\$225.00	0%	\$225.00	0%

*Based on 3,000 gallons

The rates were based on the following projected expenses:

	2011	2012	2013
General	\$	\$	\$
Administration	6,500	1,889	1,927
Consultants	1,800		
Less: Penalties	262	250	250
Net revenue requirement general	8,038	1,639	1,677
Water			
Transmission and Distribution	25,137	25,640	26,153
Contingency		2,431	2,431
Amortization/ depreciation	6,779	6,779	6,779
Sub-total- water expenses	31,916	34,850	35,363
<i>Less: Revenue:</i>			
Hydrant rentals	3,375	3,375	3,375
Investment Income	2,000	2,040	2,081
Total non-rate revenue - water	5,375	5,415	5,456
Net rate revenue requirement- water	26,541	29,435	29,907

The contingency provision for unexpected expenses is based on 3/4% of the original capital cost of the Utility. Should it not be required, resulting in a surplus, this amount will be set aside to fund future capital projects.

Although the indicated rates for 2012 were considerably higher than those proposed, the RM recommended a phasing in over two years. The rates proposed for April 1, 2013 were calculated based on projected expenses for 2012.

Deficits

The Utility reported deficits of \$7,101 in 2009 and \$18,593 in 2010. The applications filed to recover those deficits indicated that there was sufficient surplus in the Utility to cover these

amounts. The RM therefore proposed that the deficits be recovered from available surpluses.

Cost allocation methodology

The application proposed a new cost allocation policy whereby administration, legal, audit and office expenses would be allocated from general operations to the utilities at the rate of 2%, being in the approximate percentage of expenses incurred by the utilities as compared to the RM as a whole. The 2% allocation is then shared 75% by Kelwood and 25% by the Eden Utility, also operated by the RM.

Board Findings

The Board generally follows a practice of not approving retroactive rate increases and will therefore vary the application to approve the proposed rates for 2012 effective July 1 rather than April 1 as requested. This affords customers the opportunity to adjust their consumption patterns.

The Board is making two changes to the proposed rates for 2013:

1. the rate calculation is altered to be based on projected expenses for 2013 rather than 2012, and
2. the effective date of the new rates will be January 1 rather than April 1 of each year as submitted.

The Board has noted that the Utility has incurred deficits for at least two consecutive years, being 2009 and 2010.

Thus, the Board wants to ensure that for 2013 forward the rates are in step with the projected expenses.

Nonetheless, the Board will approve recovery of the 2009 and 2010 deficits from available Utility surpluses.

Finally, the Board will approve the shared cost allocation methodology as submitted by the Municipality. This methodology must be applied consistently in the future and can only be varied with approval by the Board.

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 water rates for the Local Urban District of Kelwood in the Rural Municipality of Rosedale, as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED with revised rates for 2012 to be effective July 1 with rates for 2013 to be effective January 1.
2. The Rural Municipality of Rosedale amend the water rate By-law for the Local Urban District of Kelwood to reflect the approvals contained herein and submit same to the Board once it has received third and final reading.

3. The cost allocation methodology for shared services and equipment as submitted by the Rural Municipality of Rosedale BE AND IS HEREBY APPROVED.

Fees payable upon this Order are \$500.00.

THE PUBLIC UTILITIES BOARD

"SUSAN PROVEN, P.H.Ec."
Acting Chair

"KURT SIMONSEN, P.Eng."
Acting Secretary

Certified a true copy of Order No.
84/12 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER 84/12
RURAL MUNICIPALITY OF ROSEDALE
LOCAL URBAN DISTRICT OF KELWOOD
BY-LAW NO. 6-2011

SCHEDULE OF QUARTERLY RATES

July 1, 2012

1. Rate per thousand gallons \$11.39
2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges set out below, which includes the water allowance as listed.

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
1/2 inch and 5/8 inch	1	3,000	2.89	34.17 \$	37.06
3/4 inch	2	6,000	2.89	68.34 \$	71.23
1 inch	4	12,000	2.89	136.68 \$	139.57
1 1/2 inch	10	30,000	2.89	341.70 \$	344.59
2 inch	25	75,000	2.89	854.25 \$	857.14

3. Bulk Water Sales Rate Rates per
Thousand Gallons
\$12.35

SCHEDULE OF QUARTERLY RATES

January 1, 2013

1. Rate per thousand gallons \$13.19
2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges set out below, which includes the water allowance as listed.

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
5/8 inch	1	3,000	4.89	39.57 \$	44.46
3/4 inch	2	6,000	4.89	79.14 \$	84.03
1 inch	4	12,000	4.89	158.28 \$	163.17
1 1/2 inch	10	30,000	4.89	395.70 \$	400.59
2 inch	25	75,000	4.89	989.25 \$	994.14

3. Bulk Water Sales Rate Rates per
Thousand Gallons
\$14.58

The following Clauses are Effective July 1, 2012:

4 Service to Customers outside L.U.D. of Kelwood limits

The Council of the Rural Municipality of Rosedale may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the L.U.D. of Kelwood. 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 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.

5 Billings and Penalties

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1 1/4% compounded monthly 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.

6 Disconnections

The Public Utilities Board has approved the Conditions Precedent to be followed by the R.M. of Rosedale 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 are available for inspection at the R.M. Office.

7 Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$35.00 have been paid.

8 Outstanding Bills

Pursuant to Section 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.

9 Hydrant Rentals

The R.M. of Rosedale will pay to the Utility an annual rental of \$225.00 for each hydrant connected to the system.

10 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 of time to prevent the water lines in the water system from freezing, the charge to the 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.

11 Meter Testing

Any customer wishing to have a meter tested for accuracy will pay in advance a fee of \$50, plus any applicable meter testing costs. In the event the meter tests prove that the meter is recording water flows in excess of actual flows, the meter testing fee and associated costs will be refunded to the customer and the customer's account will be reviewed and adjusted accordingly.

12 Meter Tampering

Where there is evidence of meter tampering a minimum charge of \$500 will be applied to the customer's account in addition to an amount calculated to adjust for the tampering based on historical usage.

13 Change of Water

That a charge for change of water to recover the cost of completing the change of user or service, for a service that has changed users or service shall be:

- a) during normal working hours - \$35.00
- b) outside of normal working hours - \$80.00

14 Cross Connections

No person shall make any connection or communication of an independent water supply with a pipe or main which is part of or connected to the waterworks system.