

M A N I T O B A) Order No. 103/14
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THE PUBLIC UTILITIES BOARD ACT) September 16, 2014

BEFORE: Susan Proven, P.H.Ec, Acting Chair
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

TOWN OF BEAUSEJOUR
LOW PRESSURE SEWER SYSTEM POLICY

Summary

By this Order, the Public Utilities Board (Board) approves the low pressure compensation policy (policy #UT 2014-01) from the Town of Beausejour (Town).

The policy states that the owners of properties serviced by low pressure sewage systems use about 50% of the service provided by the Town's gravity sewer system. The Town therefore believes that these utility customers should be rebated 50% of the fees collected from them for the "sewer collection system". The Town shall calculate the customer's rate reduction on an annual basis and will credit their account by that amount.

The policy in its entirety can also be found in Schedule "A".

Introduction

In Board Order No. 81/11, the Board confirmed as final rates that were set in Order No. 117/10, effective January 1, 2011. In Board Order No. 81/11, the Board noted that the Town *"advised they are developing a policy to deal with property owners currently connected to the sewer system through low pressure; the majority of the system consists of gravity sewer. Low pressure sewer customers are required to install and maintain a septic tank on their properties. The Town included in its revenue requirements \$3,500 to deal with these customers. The Town's policy would permit a refund to the low pressure users for the clean out of the property owner's septic tank. The dollar amount and frequency of paid clean outs has yet to be determined."*

Application

On June 11, 2014 the Board was contacted by a ratepayer from the Town of Beausejour, who expressed concern with the inequity between users of the low pressure and gravity sewer systems.

Homes serviced by a low pressure system must install and maintain a pump and septic tank on their properties, as well as arrange to have their tanks pumped out. This is usually required once or twice per year, at an average cost of approximately \$90.

In a fax to the Board dated March 1, 2011 the Town had indicated that within the revenue requirements filed to determine sewer rates, the Town had included \$3,500 per year to "deal with this issue" of apparent additional costs customers using low pressure sewers face versus customers connected to the Town's gravity sewage system. The Board followed up with the Town on June 13, 2014 requesting a written policy for the process of dealing with low pressure system customers, as well as a detailed accounting of the disbursement for the \$3,500 per year that had been collected through rates since January 1, 2011.

The Town responded by letter dated July 14, 2014. This response included a copy of policy #UT 2014-01, which the Town proposed to put into effect January 1, 2014. The policy proposes to rebate 50% of the sewer fees collected from the low pressure sewer customers.

In its submission, the Town advised the Board that since 2010 the Town has expended in excess of \$25,000 dealing with issues associated with low pressure sewer systems, specifically:

- Upgrading the area designated at the lagoon site for the disposal of septic sewage
- Costs to develop design and operating standards for home owner low pressure sewer pumps in the Sands Estate subdivision

It is the Town's assertion that through these projects, they have spent more than the Town has set aside for the low

pressure sewer rebate program. The Town feels that the alternative to using these funds would have been to impose a special services levy on the users of low pressure systems.

Board Findings

The Board will approve the low pressure compensation policy, as submitted by the Town.

As this policy was contemplated in 2011 with a customer expectation of a refund, the Board is of the opinion the Town should honour that intent and commitment of the policy.

Low pressure sewers offer a practical alternative to provide wastewater collection services to customers that would otherwise be precluded from connecting to a utility's gravity sewer collection system. Without a low pressure service, customers would be forced to provide their own method of wastewater treatment such as septic fields or mechanical sewage plants. In terms of wastewater treatment service, low pressure sewers provide similar wastewater treatment services as a gravity fed collection system. All wastewater, whether from a low pressure system or gravity system, is collected and treated by the utility's wastewater treatment facility (whether a lagoon or mechanical plant). The difference in a low pressure system, from the customer's perspective, is the need for a septic tank and sewage pump which does add to the up-front cost to a customer.

Low pressure systems are typically installed where gravity collection systems are impractical. In many Manitoba communities, low pressure systems are often installed in newer developments that border on the periphery of the utility's gravity sewer collection system.

Extension of the gravity sewer system to these newer developments is often impossible since a gravity sewer system would have to rise above the heights of most basements. Most developers and homeowners are usually aware of this requirement and favor a low pressure sewer instead of individual septic fields, mechanical plants, sewage lift stations, or hauling collected wastewater from storage tanks. Low pressure sewers generally offer a cost-effective and preferred solution when compared to these alternatives. The use of low pressure sewers can effectively allow for developments around the periphery of existing utility services to connect to the utility, which may otherwise have not been able to be accommodated. Low pressure sewer system requirements for a septic tank and pump become part of the capital and operating costs these homeowners and developers must realize for the connection to the utility's wastewater collection system.

With this in mind, the Board encourages the Town to monitor the low pressure compensation policy for adequacy and fairness. Should the Town determine in future to make changes to the policy, the Board asks that those changes be included in a rate application, to facilitate the review of the policy and notification to ratepayers of any possible

changes.

The Board will also approve the effective date of January 1, 2014 for the implementation of the policy. The Board is convinced that the Town indirectly provided financial relief to the low pressure sewer customers in amounts greater than the allotted \$3,500 per year.

The Board cautions the Town that in future, any monies which are identified through the rate setting process for such a specific purpose should be used in a direct and transparent fashion for the identified purpose.

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 (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

1. The low pressure sewer system compensation policy, as set out in Schedule "A" to this order, BE AND IS HEREBY APPROVED to come into effect January 1, 2014.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

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

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of
Order No. 103/14 issued
by The Public Utilities
Board

Acting Secretary

SCHEDULE "A"
THE TOWN OF BEAUSEJOUR

Municipal Administration

LOW PRESSURE SEWER SYSTEM COMPENSATION POLICY

SUBJECT: Low Pressure Sewer System Compensation Policy	POLICY#: UT 2014-01
EFFECTIVE DATE: January 1, 2014	REPLACES POLICY#:
RESOLUTION DATE: July 8, 2014	RESOLUTION#: 241114

A. PURPOSE:

The purpose of this policy document shall be to define a rate reduction that the Town of Beausejour will provide to residents that utilize a low pressure sewer system for their sanitary sewage disposal.

B. STATEMENT OF GENERAL INTENT:

And whereas Section 231 of the Manitoba Municipal Act (S.M. 1996, c. 58 Cap M.22S) (The Act) gives broad authority to the Council with respect to the rights to govern the municipality in whatever way the council considers appropriate, within the jurisdiction given to it under this section of the act;

And whereas the Council of the Town of Beausejour recognizes that there are owners of property in the Town of Beausejour that use a low pressure sewer system to treat and dispose of their sanitary sewage;

And whereas the Council of the Town of Beausejour wishes to reduce the rate that users of low pressure sewer systems pay for sewage disposal;

And whereas the system used to reduce the sewage rates must be fair and equitable to all parties connected to the Town of Beausejour gravity sanitary sewer system;

Now therefore be it resolved that the following are the policies and procedures used to determine the rate that low pressure sewer system pay for sewage collection in the Town of Beausejour.

C. DEFINITIONS:

- Council** shall mean the duly elected Council of the Town of Beausejour.
- Sewer Collection System** shall mean the sewer mains used to allow sewage to flow from properties in the Town boundaries to the Beausejour Lagoons. Within the Public Utilities Board review process it shall mean the costs associated with the operation of the sewer main lines.
- Lower Pressure Sewer System** shall mean a system that uses a septic tank to collect sewage and a low pressure pump to transfer liquids to the Public Gravity sewer system

D. GENERAL GUIDELINES:

- 1.0** The Town will confine the reduction of sewage rates to the amount that an individual contributes to the utility in the category known as "Sewer Collection System". This category is created and defined by the Manitoba Public Board in their rate review process.
- 2.0** The cost per 1,000 gallons shall be determined by the total amount that the Town expends each year in the category known as "Sewer Collection System" and divided by the actual amount of total annual water usage for the entire Town's system.

An example of this can be seen in the 2011 Public Utilities Rate Review.

ie. Within the Town's 2011 PUB rate review the 2013 cost breakdown is as follow: \$37,152.72 divided by annual usage of 58,254,000 gallons/year or \$0.64/1,000 gallons.

- 3.0** The Council believes that the owners of propeliies serviced by low pressure sewage systems use about 50% of the service provided by the Town's gravity sewer system. The Town therefore believes that these utility customers should be rebated 50% of the fees collected from them for the "Sewer Collection System".
- 4.0** At the end of each calendar year the Town shall calculate each utility customer's rate reduction based on their annual consumption times 50% of the cost per 1,000 gallons collected of sewage collection fees and credit their account by that amount.