

Order No. 167/18

**MUNICIPALITY OF KILLARNEY-TURTLE MOUNTAIN
KILLARNEY-TURTLE MOUNTAIN UTILITY
REVISED WATER AND WASTEWATER RATES
EFFECTIVE JANUARY 1, 2019
SIMPLIFIED RATE APPLICATION**

December 19, 2018

**BEFORE: Shawn M^cCutcheon, Panel Chair
Bob Vandewater, Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the revised water and wastewater rates for the Municipality of Killarney-Turtle Mountain (Municipality) Water and Wastewater Utility (Utility), to be effective January 1, 2019. The approved rates for 2019 are shown below:

	2018 Rates		2019 Rates		Percentage of Increase
	By-Law 5-2015		By-Law 7-2018		
Quarterly Service Charge	\$	11.16	\$	11.49	3%
Water (per 1,000 gallons) first 20,000 gallons	\$	11.46	\$	11.80	3%
Water (per 1,000 gallons) over 20,000 gallons	\$	7.28	\$	7.50	3%
Wastewater (per 1,000 gallons)	\$	4.20	\$	4.33	3%
Minimum Quarterly Charge*	\$	58.14	\$	59.88	3%
Unmetered Seasonal Water Only Customers \$/Year**	\$	240.36	\$	247.49	3%
Wastewater Only Customers \$/Quarter	\$	61.56	\$	63.45	3%
Trailers Including Water and Wastewater \$/Quarter (Including Quarterly Service Charge)	\$	115.35	\$	118.81	3%

*Based on 3,000 gallons

** Based on 20,000 gallons

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

The rationale for the Board's decisions may be found under "Board Findings" section.

2.0 Background

The Municipality owns and operates a water and wastewater utility that consists of a water treatment plant, a water distribution system, and a wastewater collection and disposal system.

3.0 Application

On July 25, 2018, the Board received a request from the Municipality asking to file a rate application using the simplified process (Board Order No. 86/17). The request was made prior to the application because the Municipality was experiencing a large surplus above

the Board's Designated Criteria, which is above 20% working capital surplus as indicated in Criteria #3, Board Order No. 86/17. The Municipality explained that the the larger than normal surplus was due to connection revenues. On September 19, 2018, after reviewing the materials submitted, the Board approved the use of the Simplified Rate Application Filing Process by way of letter.

On October 12, 2018, the Municipality applied for revised water and wastewater rates for the Utility. The application was submitted using the simplified process and accompanied by By-law No. 7-2018, having received first reading on October 10, 2018. Rates were last set in January 2016, approved by Board Order No. 117/15.

A Public Notice of Application was issued on November 1, 2018, affording customers the opportunity to comment to both the Board and the Municipality with respect to the proposed rate increases. Neither the Board nor the Municipality received responses regarding the Notice of Application.

When reviewing an application, the Board has at its disposal two approaches, either a paper or a public hearing review. After the publication of the Notice of Application, the Board considers the application along with stakeholder responses, and determines which method of review is most appropriate. Whenever reasonable, the Board could review the application using a paper review process, which saves the cost of a public hearing process. The Board has chosen a paper review process for this application.

This increase has been requested by the Municipality to keep the Utility rates in-line with inflationary costs. The utility operations are not currently experiencing any operating deficits and have been recognizing surpluses on an annual basis. This increase in rates is adequate to meet the Municipality's 2019 operating costs for the utility.

Working Capital Surplus

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is defined as the Utility fund balance, excluding any capital-related items plus Utility reserves.

As per the 2017 audited financial statements, the working capital surplus at December 31, 2017 was:

Fund Surplus	\$9,296,443
Deduct Tangible Capital Assets	- 13,420,867
Add Long-Term Debt	4,018,103
Add Utility Reserves	382,231
Equals Working Capital (Surplus)	\$275,910
Expenses	\$977,666
20% of Expenses (Target)	\$195,533

The Utility is over the Board's minimum working capital surplus of 20%. Under the Board's Simplified Rate Application Process, the Utility must explain any working capital in excess of the 20% target. In a July 2018 letter, the Municipality explained to the Board that this overage is due to a larger than normal revenue from connection fees. The Board was satisfied with this explanation and on September 19, 2018, advised the Municipality that it could apply using the simplified filing process.

4.0 Board Findings

The Board has reviewed the financial projections and application, and has determined that the Municipality meets the required criteria to apply using the Simplified Rate Application process as set out in Schedule A to Board Order No. 86/17.

The Board commends the Municipality for its compliance with Board guidelines and directives.

If the Utility continues to meet the designated criteria for the Simplified Rate Application process, and only requires up to a 3% increase in rates, the Board encourages the Municipality to file using the simplified method.

Should the Municipality require fee increases, additional rate increases, rate increases above 3%, or multi-year rate increase, the Municipality will have to submit a rate application to the Board using the full rate application process.

The Municipality of Killarney-Turtle Mountain is to review its water and wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than October 1, 2019.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised water and wastewater rates for the Municipality of Killarney-Turtle Mountain Water and Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule "A", effective January 1, 2019.
2. The Municipality of Killarney-Turtle Mountain amend its water and wastewater rate By-law to reflect the decisions in this Board Order and submit a copy to the Board once it has received third and final reading.
3. The Municipality of Killarney-Turtle Mountain provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The Municipality of Killarney-Turtle Mountain review its water and wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than October 1, 2019.

SCHEDULE "A"

THE MUNICIPALITY OF KILLARNEY - TURTLE MOUNTAIN WATER AND SEWER RATES BY-LAW NO.

1. Commodity Rates per 1000 gallons/ January 1, 2019

		<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
First	20,000 gal/qtr.	\$11.80	\$4.33	\$16.13
Over	20,000 gal/qtr.	\$7.50	\$4.33	\$11.83

2. Minimum Charges, Quarterly

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

3. Water and Sewer Customers

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Commodity rates		Minimum Quarterly Charges
				Water	Sewer	
5/8	1	3000	\$11.49	\$35.40	\$12.99	\$59.88
¾	2	6000	\$11.49	\$70.80	\$25.98	\$108.27
1	4	12000	\$11.49	\$141.60	\$51.96	\$205.05
1 ½	10	30000	\$11.49	\$311.00	\$129.90	\$452.39
2	25	75000	\$11.49	\$648.50	\$324.75	\$984.74
4	90	270000	\$11.49	\$2,111.00	\$1,169.10	\$3,291.59

Each Trailer shall be charged \$118.81 per quarter for water and sewer including the service charge.

4. 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.

Unmetered seasonal customers will be charged a flat rate of \$247.49 per season; this rate includes 20,000 imperial gallons per season plus a service charge.

5. Sewer Only for Residential Customers

Customers with sewer only services shall be charged \$63.45 per quarter.

6. Sewer Only for Commercial customers with a Private Water Supply

Larger customers connected to sewer services only, and with a private water supply, will meter this water at their own expense and shall pay a quarterly the service charge plus the sewer commodity rate set forth in Paragraph 1 hereof on the number of gallons of water registered by the meter, on their private water supply, which will be read by the Town.

7. Bulk Sales

All water sold in bulk by the Municipality of Killarney - Turtle Mountain shall be charged for at the rate of \$0.25 per 12.5 gallons or \$20.00 per 1000 imperial gallons.

8. Service to Customers outside the Urban Ward Limits

The Council of the Municipality of Killarney - Turtle Mountain may sign agreements with customers for the

provision of water and sewer services to properties located outside the legal boundaries of the town. 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 the utility purposes in effect at the time, and which would be levied on the property concerned if it were within these boundaries. In addition, the customer will pay all cost of connecting to the utility's mains and installing and maintaining service connections.

9. Billings and Penalties

Accounts shall be billed quarterly based on water used. A late penalty charge 1 ¼ % monthly shall be charged on the dollar amount owing after the billing due date. The due date will be up to twenty (20) days after the date of billing.

10. 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 service, and shall be collected in the same manner in which ordinary taxes upon the land are collectable and with like remedies. Where charged and penalties pursuant to this by-law are not paid within sixty (60) days from the date when they were incurred, The Municipality may add said charges and penalties to the taxes on the property and collect them in the same manner as other taxes.

11. Disconnection and Reconnection

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 Municipality's office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$25.00 have been paid.

Service may be installed, disconnected, removed or reconnected upon receipt of a written request and payment of the applicable rate as set in the following:

Meter	Installation	Disconnection	Removal	Reconnection
5/8	\$25.00	\$10.00	\$12.50	\$25.00
¾	\$25.00	\$10.00	\$12.50	\$25.00
1	\$30.00	\$10.00	\$12.50	\$25.00
1 ¼	\$35.00	\$10.00	\$12.50	\$25.00
1 ½	\$65.00	\$10.00	\$12.50	\$25.00
2	\$150.00	\$10.00	\$12.50	\$25.00
4	\$500.00	\$10.00	\$12.50	\$25.00

Note: Fee of \$10.00 shall be charged to all customers for each turn-on and each turn off. The reconnection fee does not include a re-installation fee. A check valve shall be installed, at cost to the customer, with all new installations and with all renewals.

12. Hydrant Rentals

The Municipality of Killarney - Turtle Mountain will pay to the Utility an annual rental of \$150.00 for each hydrant connected to the system, which includes the cost of water for firefighting.

13. Sewer Surcharges

- a) There may be levied annually, in addition to the 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.
- b) 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.

14. Meter Testing

Any customer wishing to have ammeter tested for accuracy will pay in advance a fee of \$50.00, plus any applicable meter testing costs. In the event the meter tests prove that the meter is recording water flows more than 3% 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.

15. Meter Tampering

Where there is evidence of meter tampering a minimum charge of \$500.00 will be applied to the customer's account in addition to an amount calculated to adjust for the tampering based on historical usage.

16. Water Allowance due to Line Freezing

That in any case where at the request of the Municipality or its delegate, 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 that customer for the current quarter shall be the average of the billings for the last three previous quarters to the same customer, or the same premises of the occupant has changed.

17. Authorization for Officer to Enter Upon Premises

The Public Works Manager, or other employee authorized by the Municipality shall be authorized to enter upon and premises for the purpose of:

- a. Affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or
- b. Taking readings form, repairing, inspecting or removing any meter apparatus belonging to the municipality.