

M A N I T O B A) Order No. 69/12
)
THE PUBLIC UTILITIES BOARD ACT) June 4, 2012

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

RURAL MUNICIPALITY OF HARRISON
SANDY LAKE - LID NO. 2 UTILITY
WATER AND SEWER RATES

Summary

The Public Utilities Board (Board) hereby approves revised water and sewer utility rates for the Rural Municipality (RM) of Harrison's Sandy Lake - Local Improvement District No. 2 Utility for the years 2012, 2013 and 2014 and confirms as final the rates set on an interim ex parte basis under Order No. 45/11 for the year 2011.

The 2012 rates will be effective April 1, 2012 with the 2013 and 2014 rates effective January 1 for each of those years.

The previous, current and revised rates are noted below:

Commodity rate \$/1,000 gallons	Previous	2011	2012	Increase/ Decrease	2013	2014
Water	\$18.49	\$25.35	\$25.35	0%	\$25.90	\$28.95
Sewer	\$3.31	\$3.30	\$9.20	179%	\$7.15	\$7.20
Quarterly service charge	\$6.62	\$6.71	\$15.45	130%	\$15.95	\$16.45
Residential Minimum Quarterly*	\$72.02	\$92.66	\$119.10	29%	\$115.10	\$124.90
Sewer only**	\$36.41	\$36.41	\$98.25	170%	\$80.30	\$81.25
Bulk water***	\$26.50	\$32.70	\$29.50	(10%)	\$29.90	\$33.00
Hydrant rental (annual)	\$60.00	\$60.00	\$100.00	67%	\$100.00	\$100.00
Reconnection charge	\$50.00	\$50.00	\$100.00	100%	\$100.00	\$100.00
Lagoon tipping fee (annual)	\$300.00	\$350.00	\$350.00	0%	\$350.00	\$350.00
Septic haulers non-resident per load	\$10.00	\$20.00	\$20.00	0%	\$20.00	\$20.00

*Includes 3,000 gallons

**Based on 9,000 gallons

***Minimum for 500 gallons or less	\$15.00	\$15.00	\$15.00		\$15.00	\$16.50
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Details of other fees and charges are shown on the attached Schedules "A" "B" "C" and "D".

The RM is to submit its By-law to the Board once it has received third and final reading.

Introduction

Prior to the interim rates being approved in March of 2011, rates were last been reviewed by the Board in 2008, resulting in rate increases for 2009. Before that, rates had not been increased since 1996.

When the RM applied to the Board for new rates for 2011, the Board determined that an immediate increase was necessary in order to ensure that the utility did not incur operating deficits. The Board therefore approved revised rates for 2011 on an interim ex parte basis pending the completion of its detailed review of the RM's application. This review included providing customers with a notice of increase and affording them the opportunity to provide concerns or comments to both the Board and the utility.

In dealing with rate applications for water and sewer utilities, the Board has at its disposal two hearing options; it may order an oral hearing or complete its review based on the examination of paper submissions. In this instance, having received no reaction or expressions of concern from customers, the Board determined that it would proceed on a paper review basis.

Background

The utility operation began in the 1960's. At that time, the water treatment plant was operated by the Manitoba Water Services Board, which transferred ownership to the municipality in 2005. The water distribution system was upgraded in the 1980's. The system is deemed to be in good condition with unaccounted for water being virtually zero. An engineering assessment is currently being conducted and is expected to be available in the near future.

The sewage collection and treatment system was also built in the 1960's and the lagoon was upgraded and expanded in 2009. In 1985, the RM upgraded the forcemain and lift stations.

The utility services 207 customers including approximately 50 seasonal properties. The RM serves five water only customers and also provides a bulk water service. Further, the utility services 35 hydrants.

While the RM has no sewer-only customers connected to the system, it does allow septic hauling and charges tipping fees for septage disposal in the lagoon.

The utility is meeting guidelines for Canadian drinking water quality and is complying with its environmental license.

The RM contracts with the Town of Erickson for the provision operator services.

Application

The RM applied for revised water and sewer rates, as set out in By-law No. 7-2011 (read the first time on October 5, 2011). The application was supported by a rate study prepared by Mr. G.O. Barron, FCGA, the RM's consultant.

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

	2012	2013	2014
Administration	13,000.00	13,390.00	13,791.70
Equity surcharge (1% of annual expenses)	1,988.00	1,910.00	1,933.00
Less: Penalties	200.00	200.00	200.00
Net general	14,788.00	15,100.00	15,524.70
Water			
<i>Expenses:</i>			
Staffing	41,250.00	42,487.50	43,762.13
Service of Supply	47,500.00	48,925.00	50,392.75
Other Water Supply Costs	3,600.00	3,600.00	3,600.00
Amortization/ depreciation	23,463.00	23,643.00	23,643.00
Interest on long term debt	2,151.00	1,106.00	-
Reserves	28,142.00	28,142.00	28,142.00
Contingency	7,500.00	7,500.00	7,500.00
Sub-total- water expenses	153,606.00	155,403.50	157,039.88
<i>Less: Revenue:</i>			
Hydrant rentals	3,500.00	3,500.00	3,500.00
Amortization of capital grants	5,222.00	4,203.00	11,176.00
Taxation revenues (1)	20,365.00	20,365.00	
Other revenue	1,050.00	1,050.00	1,050.00
Total non-rate revenue - water	30,137.00	29,118.00	15,726.00
Net rate revenue - water	123,469.00	126,285.50	141,313.88

Sewer			
<i>Expenses:</i>			
Staffing	13,750.00	14,162.50	14,587.38
Sewage Collection System	4,635.00	4,774.05	4,917.27
Sewage Lift Station	1,200.00		
Sewage Treatment and Disposal	4,635.00	4,774.05	4,917.27
Other Sewage Collection & Disposal Costs	9,000.00		
Amortization/ depreciation	13,497.00	13,497.00	13,497.00
Interest on long term debt	6,156.00	5,663.00	5,141.00
Contingency	7,500.00	7,500.00	7,500.00
Total sewer expenses	60,373.00	50,370.60	50,559.92
<i>Less: Revenue</i>			
Lagoon Tipping Fees	300.00	300.00	300.00
Amortization of capital grants	727.00	727.00	727.00
Taxation revenues (2)	14,704.00	14,704.00	14,704.00
Total non-rate revenue- sewer	15,731.00	15,731.00	15,731.00
Net rate revenue - sewer	44,642.00	34,639.60	34,828.92

The application noted that the utility has a working capital deficiency and proposed an annual surcharge to water rates of approximately \$1900 to build up the working capital.

The application contains an annual contingency provision of \$15,000 to provide for unexpected expenses. It also contains a provision for an annual contribution of approximately \$28,000 to reserves in anticipation of future infrastructure upgrades.

In accordance with Board requirements, the RM also submitted its cost sharing allocation methodology which provides for 5% of the cost of the Chief Administrative Officer, 20% of the Assistant's salary, 5% of office costs and the direct allocation of operator costs.

These costs allocations were not assigned to the utility in prior years.

Board Findings

The Board has completed its detailed review of the application and has concluded that the submission is well prepared and the proposed rates justified. The Board continues to support a user pay model and in this regard notes and agrees with the allocation of shared costs to the utility. It will therefore approve revised water and sewer rates as requested by the RM.

Because of the timing, and because the Board generally does not support the retroactive application of rates, the Board will approve the 2012 rates effective April 1, 2012 with increases in the two subsequent years to be effective January 1.

The Board notes that there was no public reaction to the new rates introduced in 2011 and to the Notice published in February of 2012, and concludes consumers find the proposed rates are reasonable and required.

The Board will also confirm as final the rates approved on an interim ex parte basis in March of 2011.

Finally, the Board will approve the cost sharing allocation methodology proposed by the RM. The Board reminds the RM that future changes to that cost allocation methodology will have to be approved by the Board before being implemented.

SCHEDULE "A"
TO BOARD ORDER NO. 69/12
RURAL MUNICIPALITY OF HARRISON
SANDY LAKE UTILITY
WATER AND SEWER RATES

SCHEDULE OF QUARTERLY RATES: 2011

1* Commodity rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$25.35	\$3.30	\$28.65

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:

(a) Water & Sewer Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Commodity Charges</u>		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$6.71	\$76.05	\$9.90	\$92.66
3/4"	2	6,000	\$6.71	\$152.10	\$19.80	\$178.60
1"	4	12,000	\$6.71	\$304.20	\$39.60	\$350.51
1 1/2"	10	30,000	\$6.71	\$760.50	\$99.00	\$866.21
2"	25	75,000	\$6.71	\$1,901.25	\$247.50	\$2,155.46

(b) Water Only Customers
 Minimum charge will be the same for each meter size as shown above, but the sewer commodity charge will be excluded.

3* Bulk Sales Rate
*All water sold in bulk by the Rural Municipality of Harrison shall be charged for at the rate of **\$32.70** per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$15.00.*

- 4* Service to Customers outside Municipality, Town of L.I.D. limits
The Council of the Rural Municipality of Harrison may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Rural Municipality of Harrison. 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, and 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 connecting to the utility's mains and installing service connections will be paid by the customer.
- 5* Billings and penalties
A late payment charge of 1.25% shall be charged on the dollar amount owing after the billing due date. The due date will be at least 14 days after the mailing of the bills.
- 6* Termination of Service
When service to a customer commenced or terminated during a quarter, the minimum charge payable for part of the quarter during which service was received shall be calculated on a monthly basis to the nearest whole month of the rates set forth in paragraph 2 hereof.
- 7* Reconnection
A customer who has had his service disconnected for any reason shall not be reconnected until all arrears, penalties and a reconnection fee of \$100.00 has been paid.
- 8* Outstanding Bills
Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer service 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* Disconnection for Non-Payment
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.

10* Hydrant Rentals

The Rural Municipality of Harrison will pay to the utility an annual rent of \$100.00 for each hydrant connected to the system. In addition, the Rural Municipality of Harrison will pay for water used for fire-fighting.

11* Sewage Dumping Charge

(a) Regular septic haulers are to remit to the Rural Municipality of Harrison an annual dumping fee of \$350.00 for dumping of septic tanks into the Sandy Lake lagoon.

(b) Approved septic service haulers are to be provided a key to enter the lagoon and shall maintain a log of lagoon use, including the recording of septic service provided to residents located outside the boundaries of the Rural Municipality of Harrison.

(c) Septic service haulers shall remit \$20.00 per load for septic hauled from residents located outside the boundaries of the Rural Municipality of Harrison.

12* Sewage Surcharges

(a) 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.

(b) A special surcharge for substances requiring special treatment shall be charged based on the actual cost of treatment required for the particular sewage or industrial wastes.

SCHEDULE "B"
TO BOARD ORDER NO. 69/12
RURAL MUNICIPALITY OF HARRISON
SANDY LAKE UTILITY
WATER AND SEWER RATES

SCHEDULE OF QUARTERLY RATES: 2012

1*	<u>Commodity rates per M.G.</u>			
		<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
	All water consumption	\$25.35	\$9.20	\$34.55

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:

(a) <u>Water & Sewer Customers</u>						
Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Commodity Charges</u>		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$15.45	\$76.05	\$27.60	\$119.10
3/4"	2	6,000	\$15.45	\$152.10	\$55.20	\$222.75
1"	4	12,000	\$15.45	\$304.20	\$110.40	\$430.05
1 1/2"	10	30,000	\$15.45	\$760.50	\$276.00	\$1,051.95
2"	25	75,000	\$15.45	\$1,901.25	\$690.00	\$2,606.70

(b) Water Only Customers
 Minimum charge will be the same for each meter size as shown above, but the sewer commodity charge will be excluded.

3* Bulk Sales Rate
*All water sold in bulk by the Rural Municipality of Harrison shall be charged for at the rate of **\$29.50** per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$15.00.*

- 4* Service to Customers outside Municipality, Town of L.I.D. limits
The Council of the Rural Municipality of Harrison may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Rural Municipality of Harrison. 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, and 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 connecting to the utility's mains and
- 5* Billings and penalties
A late payment charge of 1.25% shall be charged on the dollar amount owing after the billing due date. The due date will be at least 14 days after the mailing of the bills.
- 6* Termination of Service
When service to a customer commenced or terminated during a quarter, the minimum charge payable for part of the quarter during which service was received shall be calculated on a monthly basis to the nearest whole month of the rates set forth in paragraph 2 hereof.
- 7* Reconnection
A customer who has had his service disconnected for any reason shall not be reconnected until all arrears, penalties and a reconnection fee of \$100.00 has been paid.
- 8* Outstanding Bills
Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer service 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* Disconnection for Non-Payment

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.

10* Hydrant Rentals

The Rural Municipality of Harrison will pay to the utility an annual rent of \$100.00 for each hydrant connected to the system. In addition, the Rural Municipality of Harrison will pay for water used for fire-fighting.

11* Sewage Dumping Charge

(a) Regular septic haulers are to remit to the Rural Municipality of Harrison an annual dumping fee of \$350.00 for dumping of septic tanks into the Sandy Lake lagoon.

(b) Approved septic service haulers are to be provided a key to enter the lagoon and shall maintain a log of lagoon use, including the recording of septic service provided to residents located outside the boundaries of the Rural Municipality of Harrison.

(c) Septic service haulers shall remit \$20.00 per load for septic hauled from residents located outside the boundaries of the Rural Municipality of Harrison.

12* Sewage Surcharges

(a) 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.

(b) A special surcharge for substances requiring special treatment shall be charged based on the actual cost of treatment required for the particular sewage or industrial wastes.

SCHEDULE "C"
TO BOARD ORDER NO. 69/12
RURAL MUNICIPALITY OF HARRISON
SANDY LAKE UTILITY
WATER AND SEWER RATES

SCHEDULE OF QUARTERLY RATES: 2013

1* Commodity rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$25.90	\$7.15	\$33.05

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:

(a) Water & Sewer Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Commodity Charges</u>		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$15.95	\$77.70	\$21.45	\$115.10
3/4"	2	6,000	\$15.95	\$155.40	\$42.90	\$214.25
1"	4	12,000	\$15.95	\$310.80	\$85.80	\$412.55
1 1/2"	10	30,000	\$15.95	\$777.00	\$214.50	\$1,007.45
2"	25	75,000	\$15.95	\$1,942.50	\$536.25	\$2,494.70

(b) Water Only Customers
 Minimum charge will be the same for each meter size as shown above, but the sewer commodity charge will be excluded.

3* Bulk Sales Rate
*All water sold in bulk by the Rural Municipality of Harrison shall be charged for at the rate of **\$29.90** per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$15.00.*

- 4* Service to Customers outside Municipality, Town of L.I.D. limits
The Council of the Rural Municipality of Harrison may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Rural Municipality of Harrison. 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, and 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 connecting to the utility's mains and installing service connections will be paid by the customer.
- 5* Billings and penalties
A late payment charge of 1.25% shall be charged on the dollar amount owing after the billing due date. The due date will be at least 14 days after the mailing of the bills.
- 6* Termination of Service
When service to a customer commenced or terminated during a quarter, the minimum charge payable for part of the quarter during which service was received shall be calculated on a monthly basis to the nearest whole month of the rates set forth in paragraph 2 hereof.
- 7* Reconnection
A customer who has had his service disconnected for any reason shall not be reconnected until all arrears, penalties and a reconnection fee of \$100.00 has been paid.
- 8* Outstanding Bills
Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer service 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* Disconnection for Non-Payment
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.

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Hydrant Rentals

The Rural Municipality of Harrison will pay to the utility an annual rent of \$100.00 for each hydrant connected to the system. In addition, the Rural Municipality of Harrison will pay for water used for fire-fighting.

11*

Sewage Dumping Charge

(a) Regular septic haulers are to remit to the Rural Municipality of Harrison an annual dumping fee of \$350.00 for dumping of septic tanks into the Sandy Lake lagoon.

(b) Approved septic service haulers are to be provided a key to enter the lagoon and shall maintain a log of lagoon use, including the recording of septic service provided to residents located outside the boundaries of the Rural Municipality of Harrison.

(c) Septic service haulers shall remit \$20.00 per load for septic hauled from residents located outside the boundaries of the Rural Municipality of Harrison.

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Sewage Surcharges

(a) 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.

(b) A special surcharge for substances requiring special treatment shall be charged based on the actual cost of treatment required for the particular sewage or industrial wastes.

SCHEDULE "D"
TO BOARD ORDER NO. 69/12
RURAL MUNICIPALITY OF HARRISON
SANDY LAKE UTILITY
WATER AND SEWER RATES

SCHEDULE OF QUARTERLY RATES: 2014

1* Commodity rates per M.G.

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$28.95	\$7.20	\$36.15

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:

(a) Water & Sewer Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	<u>Commodity Charges</u>		Total Quarterly Minimum
				Water	Sewer	
5/8"	1	3,000	\$16.45	\$86.85	\$21.60	\$124.90
3/4"	2	6,000	\$16.45	\$173.70	\$43.20	\$233.35
1"	4	12,000	\$16.45	\$347.40	\$86.40	\$450.25
1 1/2"	10	30,000	\$16.45	\$868.50	\$216.00	\$1,100.95
2"	25	75,000	\$16.45	\$2,171.25	\$540.00	\$2,727.70

(b) Water Only Customers
 Minimum charge will be the same for each meter size as shown above, but the sewer commodity charge will be excluded.

3* Bulk Sales Rate
*All water sold in bulk by the Rural Municipality of Harrison shall be charged for at the rate of **\$33.00** per 1,000 gallons on a pro-rated basis for all quantities greater than 500 gallons. For any quantity of 500 gallons or less the minimum charge will be \$16.50.*

- 4* Service to Customers outside Municipality, Town of L.I.D. limits
The Council of the Rural Municipality of Harrison may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Rural Municipality of Harrison. 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, and 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 connecting to the utility's mains and installing service connections will be paid by the customer.
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- 9* Disconnection for Non-Payment
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Hydrant Rentals

The Rural Municipality of Harrison will pay to the utility an annual rent of \$100.00 for each hydrant connected to the system. In addition, the Rural Municipality of Harrison will pay for water used for fire-fighting.