

M A N I T O B A) Order No. 61/05
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THE PUBLIC UTILITIES BOARD ACT) April 29, 2005

BEFORE: Graham F. J. Lane, C.A., Chairman
S. Proven, P.H.Ec., Member

THE CITY OF FLIN FLON, AN
APPLICATION FOR REVISED WATER AND SEWER RATES
AND APPROVAL OF THE FUNDING OF A UTILITY OPERATING
DEFICIT BY FUND TRANSFER FROM THE GENERAL OPERATING FUND

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Introduction

The City of Flin Flon ("the City") applied to The Public Utilities Board ("the Board") for approval of revised water and sewer rates; the proposed increases are projected to increase customer-based utility revenues by 38% on an annualized basis.

Under the City's proposal, ratepayers without meters would be invoiced quarterly \$125.40, the quarterly equivalent of the monthly charge to be billed those with meters. Those with meters 1" in size and smaller would be billed \$41.80 a month as a fixed charge with a proposed threshold level of 7,684 gallons per month. There would be no charge for usage in excess of this threshold.

Though the rates would be subject to annual amendment, the revised rate structure would remain in place until meters are installed at all service addresses; no completion date has been advanced but the objective is to complete within five years, and the City's five-year capital budget includes a provision for its projected share of the project's cost.

The City last raised its water and sewer rates in 1991, pursuant to Board Order 170/90 issued on December 5, 1990. Current rates are reportedly and evidently insufficient to prevent on-going annual utility deficits and concurrent calls on the utility surplus, utility reserves and the City's General Fund and its tax base for support.

The City reported 2001-2004 utility operating deficits aggregating \$895,770, and indicated that its water and sewer system is rapidly aging and requires significant maintenance and equipment replacement expenditures on an on-going basis. As well, the City indicates that population decline has resulted in fewer ratepayers to fund costs that have risen with enhanced regulatory standards and repair and system enhancement requirements.

The Board arranged to hold a public hearing in Flin Flon for March 29, 2005, but inclement weather forced its cancellation.

In its place, the City met with members of the public who arrived for the hearing, and subsequently provided the Board with summary minutes of the meeting. In addition, the Board was provided information supporting the City's application and responding to the Board's further inquiries.

While appreciative of the pressures facing the City's utility, and cognizant of a need for increased utility rates following fourteen years of no increase, the Board expresses its concern over the rate shock and attendant hardship that will be experienced by low-income ratepayers.

As well, this Order provides the Board's view as to what constitutes reasonable monthly volume thresholds and minimum bills for residential customers with meters, and the Board will vary the City's application in this respect.

In considering applications for rate increases, the Board considers what is in the public interest. The public interest includes not only the immediate financial and other interests of consumers, but also the fiscal health of regulated utilities. Water and sewer services are critical to the health, welfare and economic development of communities, and the utilities that provide such services have to be properly funded to meet repair and enhancement requirements. Recently, the definition of the public interest has been expanded to include conservation and measures to reduce energy and water consumption.

By this Order, the Board not only provides direction, but also makes a number of recommendations, the latter to be taken into account for the next application, expected in 2006. The City's 2006 application is to reflect in part on the directions and suggestions provided by the Board in this Order, while taking into account new information related to the utility.

Summary of City's Application

On February 23, 2005, the City applied to the Board for approval of proposed water and sewer rates, as set out in City By-law No. 2005-02 (first reading, February 21, 2005).

The proposed increases would increase customer-based utility revenues by 38% on an annualized basis.

Earlier, on January 24, 2005, the City filed with the Board:

- a) a water and sewer rate study (suggesting a need and an approach for rate increases);
- b) pro-Forma utility budgets (forecasting on-going utility deficits in the absence of sharp rate increases); and
- c) an application for the Board's approval for the City recovering the utility's 2004 operating deficit by a transfer from the City's General Operating Fund.

This Order responds to both of the City's applications, providing interim rate direction and approval for meeting the 2004 utility deficit by a transfer from the General Operating Fund.

Rate Application

Existing and proposed charges, as filed by the City, were as follows:

Unmetered Customers

Existing	Proposed
\$31.56/month	\$ 41.80/month
\$94.68/quarter	\$125.40/quarter

Metered Customers

Meter Size (Inches)	Meter Capacity Ratio	Minimum Monthly Consumption (Gallons)	Existing Charge	Proposed Charge
5/8	1	7,684	\$ 8.81	\$ 41.80
3/4	2	7,684	\$ 13.36	\$ 41.80
1	4	7,684	\$ 22.47	\$ 41.80
1½	10	10,000	\$ 49.76	\$ 56.40
2	25	25,000	\$118.01	\$141.00
3	45	45,000	\$209.01	\$253.80
4	90	90,000	\$413.76	\$507.60

Commodity Charge/1,000 gallons	
Existing	Proposed
\$4.55	\$5.64

Additional proposed changes and related commentary:

Most of Flin Flon's service addresses, particularly its residential addresses, are not metered. Until all accounts are metered, the City proposes to charge 5/8" through to and including 1" meter customers the same fixed monthly rate as it would charge flat rate customers.

Under the City's proposal, ratepayers without meters would be billed a flat rate of \$125.40 per quarter. Customers with meters of 1" size and smaller would be billed monthly at exactly one-third of the quarterly amount billed unmetered customers.

Under the City's proposal, the revised rate structure would remain in place until meters are installed for all service addresses.

The City opined that the higher minimum monthly bill, which would be applied on a quarterly basis for those without meters, will be fairer than the current approach which has ratepayers with meters being billed based on much lower estimates of monthly consumption levels:

Meter Size	Group Capacity Ratio	Existing Minimum Monthly Consumption	Proposed Minimum Monthly Consumption
5/8"	1	1,000	7,684
3/4"	2	2,000	7,684
1"	4	4,000	7,684

Note: with respect to ratepayers with meters, volumes in excess of the existing monthly thresholds now pay \$4.45 for each additional 1,000 gallons. Under the City's proposal there would be no charge for consumption levels higher than the threshold amount for the above meter size.

Bulk water ratepayers located within the City's boundaries would be charged the same commodity rate as ratepayers connected by the pipeline. The City advised the Board that bulk water users located within the City's boundaries also contribute to the utility's annual debenture costs through taxes.

The City proposes that for each hydrant, the General Fund annually pay the utility \$600.00 (current annual charge, \$300.00); the City uses the hydrants for fire protection.

The proposed commodity rate of \$5.64 per 1,000 gallons for water and sewer services combined compares to the current charge of \$4.55 per 1,000 gallons. In Order 170/90, the commodity charge was indicated to be the sum of two components: \$2.70 water and \$1.85 sewer, with the support being administrative costs. The City indicated that its proposed commodity rate, when combined with the fixed billing rates, would be sufficient to recover all utility operating costs, including expenses of an administrative nature.

The monthly bill for ratepayers without meters would increase from \$31.56/month to \$41.80/month (an increase of 32%), billed quarterly.

Under the City's proposal, ratepayers with meters would note an increase in the minimum monthly bill from \$8.81/quarter to \$41.80/quarter (an increase of 347%), primarily as a result of the minimum monthly consumption levels being increased from 1,000 gallons to 7,684 gallons..

However, only ratepayers with meters using volumes of water substantially in excess of 7,684 gallons a month would experience increases approaching the percentage increases proposed for ratepayers without meters.

For metered ratepayers using 7,684 gallons per month, the minimum monthly bill would increase from \$39.22 to \$41.80, representing a relatively modest increase of 7%.

Process

The Board arranged for a public hearing in Flin Flon, and Notice of Hearing was published and posted by the City pursuant to the Board's instructions. Unfortunately, due to inclement weather the hearing was cancelled.

Pursuant to the Board's instructions, the City met with the members of the public who arrived for the hearing at the scheduled time, and reviewed the application placed before the Board. As well, the City discussed its written responses to sixteen questions asked of it by the Board.

The City observed that with the small number of ratepayers that attended the meeting it would be difficult to consider the comments made by those in attendance as being representative of ratepayers generally. The City reported that the desirability of meters for all service addresses was discussed at length, with those present favouring metering.

Also discussed at length was the City's rationale for its rate proposals. The concerns expressed may have been more attributable to the percentage increases than the absolute dollar increase estimates. The City reported advising those present that its application should be considered as an interim measure, with the rates and/or amounts likely to be in force for two to five years.

The City reported observing that its application was intended to achieve a measure of billing fairness until all customers have meters, allowing for the establishment of a more accurate commodity charge.

The City also reported uncertainty surrounding the cost of operations of the new Sewage Treatment Plant; rate studies may be forthcoming on an annual basis for the next three years.

The City filed summary minutes of the meeting with the Board, and attached its responses to the Board's pre-filed information requests. The Board's office forwarded copies of the summary minutes to those members of the public that were in attendance at the meeting, and requested further comments from them.

No written responses were received by the Board, although Mr. John Munson, who attended the meeting and received the summary minutes, called the Board's office to express a concern about the effect on seniors that would arise from a significant rise in the minimum quarterly bill.

Supporting Information Filed by the City

The City's potable water is drawn from Cliff Lake, which is located approximately one kilometer north of Flin Flon. The water supply is disinfected by chlorine gas, and is flouridated in accordance with regulations established by Manitoba Conservation.

Most of Flin Flon's water distribution and collection system was built fifty years ago, when the City's population was roughly twice the current level. The population has fallen and the system has aged, while water quality and environmental standards have increased necessitating costly renovations to the utility's infrastructure, adding additional fixed costs to the operation of a system where overall annual costs do not directly correspond to volumes or number of services.

The present utilization rate of Flin Flon's drinking water capacity was reported at 75%, the other 25% is unaccounted for. All water within the system is circulated continuously.

The absolute maximum demand on the system cannot exceed 6,200 cubic meters/day without depleting the reserves of 4,500 cubic meters. The average annual daily water flow for the distribution system is reported to be 4400 cubic meters. The design capacity of the new Sewage Treatment Plant is based on the maximum wet weather flow rate per day of 9600 cubic meters; the average flow rate per day is 4,800 cubic meters.

The City operates a hybrid water system, comprised of flat rate, metered and delivered accounts. All commercial, industrial and institutional buildings have meters, as do all apartments with three or more suites. Some residential dwellings and duplexes have meters, as a result of customer requests. The City also provides water and sewer service beyond its borders to the Whitney Forum and Midwest Drilling, which are billed as metered accounts.

The City forecasts its debenture debt costs for the utility for 2005 at \$838,881 (an increase from \$447,066 in 2004), and expects to fully recover this cost from tax levies. The projected increase relates to the new Sewer Treatment Plant, which is expected to be completed in 2005.

With respect to shared services between the City's general operation and utility operations, the costs are reportedly being fairly allocated between the City and the utility, based on ascribed personnel duties and equipment usage estimates.

As indicated, the City reports continuing unaccounted for water of 25%. The City reports an inability to firmly determine its water losses, for the following reasons:

- a) Incomplete metering; where there are no meters, the actual usage volumes can only be estimated;
- b) The double main re-circulating distribution system model results in a difficulty in calculating usage per service or loop, again in the absence of meters for each service; and

- c) As the water is continuously in motion, being drawn and returned, it is difficult to locate leaks, or, where circulating pressure is low provide sufficient water to bleed the lines.

Following are additional points provided by the City in support of its application:

1. Water and sewer rates have not been increased since in 1990;
2. Current rates are inadequate to prevent annual utility deficits, as indicated by the City's incurred operating deficits of \$387,749 (2004), \$270,863 (2003), \$166,760 (2002) and \$70,398 (2001);
3. Overall system costs are affected far less by pattern of consumption changes than by the overall costs associated with a large fixed system;
4. Operating costs of the utility are rising, partly due to repair requirements, equipment replacements, and adjustments to standards;
5. Consumer demand for water is reducing concurrent with population decline;
6. The City has been obliged to request Board approval to recover utility operating deficits from the General Operating Fund for the last three years. (While the General Operating Fund has a \$2.2 million balance, and a further surplus of \$434,430.52 is expected for 2004, the utility is not intended to be financed out of tax levies); and
7. As previously indicated, the cause of the 2004 utility deficit was a rate deficiency, and, as previously indicated, utility deficits were also incurred in each of the years 2001 to 2003 as well.

The City reported that it delayed its application for a rate increase, so as to:

- a) await the anticipated completion of a new Secondary Sewage Treatment Plan (now expected to be completed this year); and
- b) allow for a draw-down of the accumulated surplus of the utility, which had a balance of \$694,827.04 as of December 31, 2002.

With respect to the utility's accumulated surplus account, by December 31, 2004 it had fallen to \$45,237.79, with \$80,240 having been transferred to meet a portion of capital expenditures in 2004. Even if the Board approves the City's proposal, the City projects a 2005 utility deficit of \$177,051.00, which would result in the surplus account moving into deficit.

The City has no utility reserve, as of December 31, 2004 the balance in the reserve of \$62,312 from 2003 was used to meet a portion of 2004's system capital expenditures. A utility reserve is required to provide for the risk of unexpected system problems.

Immediate Repair Plans for the Water and Sewer System:

The City reports that it is constructing a new Sequencing Batch Reaction Sewage Treatment Plant, to be on-line this summer. During the transition phase, while the costs of the new treatment system become better known, the City expects future annual utility rate increases will be required.

The City currently reports 312 services with meters and 2,006 without. The City indicated that it will apply to the Manitoba Water Services Board for funding assistance to allow for the installation of meters at all locations. The City projects the cost of the project to be in the range of \$800,000 to \$1 Million, of which the City anticipates being responsible for 40%, the Manitoba Water Services Board 60%.

Upon all serviced addresses having meters, the City expects to amend its billing approaches and further conservation efforts.

Of accounts now having meters, apparently forty used less than 3,000 gallons/quarter, this substantially less than the 23,052 gallons per quarter proposed to be allowed for customers with meters prior to commodity charges being imposed. While the average water consumption of Canadian residences is reported to be 7,684 gallons a month, there will be many users with much lower consumption levels.

As previously indicated, the City reports that its water and sewer system is aging rapidly and the components need maintenance and/or replacement. The City reports its replacement program forms a part of the City's five-year capital plan of \$885,250.00 in total (\$190,000 to replace mains on Bellevue Avenue; \$130,000 for flushing the Water Tower and Reservoir; \$400,000 for metering; and the rest for other capital projects). The City plans to spend \$150,000 per year on water and sewer replacement projects.

Concerns Expressed by Ratepayers

Based on the City's summary minutes of its meeting with Citizens attending the meeting the City held upon the cancellation of the Board's public hearing, the Anglican Church was concerned with the percentage increases being proposed, and, as well, recommended that all customers receive the same percentage increase.

The City's position was that a uniform percentage increase would disproportionately affect the majority of flat rate customers.

Mr. John Munson was also concerned about the proposed rise in the minimum monthly bills for accounts with meters, and took the view that the impact on seniors would be very adverse. He was also concerned that under the City's proposal administrative costs would not be separately reflected.

In response, the City indicated that the proposed increase in the minimum monthly bills would improve the fairness of billing practices. The City estimated that there are only 9 accounts of seniors that are metered and their rate under the City's proposal would be identical to the unmetered customer rate.

Regarding administrative fees, the City observed that in the past it was only metered customers who paid the specifically identified charge. The practice was discontinued some 10 years ago. When all customers are metered, the City plans to re-examine the use of the administrative charges.

Board Findings

As previously indicated, the Board could not hold the public hearing in Flin Flon as planned. The Board expresses regret for being unable to attend, and appreciation for the ratepayers that attended a meeting with the City at the time scheduled for the public hearing.

Fortunately, the Board is able to rely upon the summary minutes provided by the Town, the information obtained from the City in its application, and the City's responses to the Board's inquiries.

In the absence of the public hearing, the Board will deal with the City's application by way of a paper hearing process. By means of the information supplied by the City and the Board's general knowledge of Manitoba water and sewer matters, the Board is sufficiently informed to be able to provide a decision on the application.

Revenue Requirement

The problems associated with declining population, including fewer customers to pay for utility operations, are not new to the Board. Depopulation is a significant problem faced by some other utilities in Manitoba. Notwithstanding these circumstances, and the pressure placed on ratepayers, there remains a duty of care for the City to operate the utility in a safe manner, so as to further the health, welfare and economic development of the City.

Water and sewer utilities in Manitoba are obliged by statute, regulation and policy to meet prescribed health and safety standards (safe drinking water and treatment of effluent, etc.), and to function financially on a breakeven basis.

Utilities are not to rely on the tax base to fund utility operations; utility services are intended to be user-pay based.

While the Board understands the City's past strategy to forestall rate increases by drawing down on the utility's accumulated cash surplus, a different strategy would have served the City better.

Such a different strategy would have been one including reasonable and timely rate increases so as to avoid deficits and raise sufficient funds for needed repairs.

Not including the debenture debt, the utility has an annual operating cost of approximately \$1.6 million, not by any means a small operation. Yet, the contingency reserves of the utility are zero, and the accumulated surplus account of the utility, soon to be negative, is well below the desirable standard.

Utilities should have one quarter of a year's operating costs as accumulated surplus, for Flin Flon this would mean a minimum balance of \$45,000.00.

Noting the City's report that its system is aging and in need of repair, the Board is pleased to note that the City has a renewal plan for the utility incorporated within its five-year Capital Plan. The Board also notes that \$146,609.00 was spent in 2004 for replacement projects, and that the City plans to spend \$150,000 in each of the next few years.

The Board notes that the City's projection for 2006 utility operations estimates an increase in annual revenue from \$1.750 million (2004) to \$2.417 Million, or 38% over two years. Operating expenses were projected to increase from \$2.138 million for 2004 to \$2.361 Million in 2006 (an increase of 22% over two years), the difference in rates of projected increases provide for the projection of a 2006 net surplus of \$56,407 (2% of the estimated total cost of operations).

It is typical of utilities to provide in rates a contingency allowance equal to approximately 1% of the capital cost of the system, and, as previously indicated, to establish a reserve fund. Neither a contingency provision nor a utility reserve was included in the City's application.

With respect to the City's plans to equip all serviced addresses with meters, the Board encourages the City to proceed with its plans as soon as possible. The Water Services Board should be made aware of the City's utility plans and requirements, including the desirability of providing meters to every service address. The Province has demonstrated a significant interest in conservation, and meters will provide the means to advance that objective.

Meters also allow for a fairer rate schedule, while providing an opportunity for customers to monitor use and enhance conservation efforts, particularly with a finely tuned rate schedule.

The Board appreciates the difficulties associated with large rate increases, and acknowledges that rate increases in excess of 30% represent rate shock, which would best be avoided. In particular, the Board recognizes the likely economic impact on large volume users, and appreciates the difficulties of incorporating large cost increases for a necessary commodity within the operating budgets of businesses.

While the Board is concerned about the sufficiency of the utility's current revenue, and will act to address that need regardless of rate shock, the Board recognizes that the City intends to make more frequent applications in the future for rate increases. As more frequent rate adjustments would better reflect on-going cost experience, and avoid one-time rate shocks, the Board supports the City's intention.

Rate Structure

The Board prefers a separate charge for administrative costs, and the disclosure of the charge on bills as suggested by a ratepayer.

Administrative costs generally reflect costs such as billing, postage, audit and legal that do not vary with consumption volumes. If a component of the commodity charge, as is currently the case with the utility, high volume users over-contribute to the administrative costs of the utility.

The Board will continue to accept the inclusion of administrative cost recoveries in the commodity charge at this time, but urges the City to reconsider the approach in the City's next rate application.

For customers without meters, the proposed quarterly bill would increase from the current \$94.68/quarter to \$125.40/quarter, an increase of 32%. The City's assumption is that quarterly consumption will approximate that of an average household, i.e. equal 22,000 gallons a quarter. The Board finds this a reasonable assumption, one consistent with the City's rate study of 2003, though demonstrating the problems that arise in the absence of meters.

The Board encourages the City to give priority to low-income and seniors desiring meters, to provide them the opportunity to reduce consumption and bills. The Board encourages the installation of meters for such customers by means of financially affordable terms.

The Board noted that the City's practice of billing metered customers monthly is a unique practice and carries with it additional administrative costs. The City should consider quarterly billing for these customers when it next makes an application to the Board.

The proposed commodity charge of \$5.64 per thousand gallons for volumes in excess of the volume usage allowance provided for in the minimum monthly billings to customers with meters is intended to close the gap between the revenue from flat rate billings and the cost of operating the utility. The Board finds this charge to be reasonable and will require that charges for excess volumes be broken out in customer bills.

As previously indicated, the Board considers the proposed increases to constitute "rate shock". Rate shock may cause hardship to some consumers, particularly the elderly on fixed income and those with low incomes, and is to be avoided. However, the Board is mindful of the financial requirements of the utility, and the need to fund repairs and enhancements and relieve the General Fund of the current transfer obligations. With the repair, maintenance and meter plans of the utility, there is no guarantee that a user-funded utility will mean lower tax levies by the City for the General Fund.

In particular, the Board is concerned about the proposed increase in costs for minimal use customers; there are apparently at least 40 customers that use less than 1,000 gallons per month.

A volume level of 1,000 gallons a month reflects the minimal amount of water required for good hygiene and regular flushing of lines. Charges based on considerably higher monthly volumes will unduly penalize customers choosing to use less water than others, and fail to discourage excessive use.

The Board acknowledges that the City's proposed approach would raise revenue towards meeting costs, and allows for some customers with meters using more than 7,684 gallons a month to pay for excess volumes. However, if the maximum volume before additional charges was reduced below 7,684 while the proposed commodity charge remains as is proposed, the flat rate charge schedules for those with meters could be reduced.

Accordingly, the Board will not approve the increase of the excess use threshold to 7,684 gallons a month for the lower meter sizes. Instead, the Board will direct a rate approach based on lower excess use thresholds and lower minimum monthly bills for residences with meters. In advance of receiving a new application from the City in 2006, the Board will establish the following volume thresholds:

Meter Size	Group Capacity Ratio	Minimum Monthly Consumption (gallons)
5/8"	1	2,000
3/4"	2	4,000
1"	4	7,684

As indicated above, the Board will accept the proposed thresholds for monthly consumption for meter sizes of 1" meter size and more to be acceptable.

Consistent with the Board's view with respect to monthly volume thresholds for residential customers with meters, the Board will vary the City's application with respect to customers with 5/8" and 3/4" pipes to the following:

<u>Application by City</u>		<u>Board Decision</u>
5/8"	\$41.80/mo.	\$10.88
3/4"	\$41.80/mo.	\$21.76

For volumes in excess of 2,000 and 4,000, customers with 5/8" and 3/4" lines respectively will continue to be metered and will incur a charge of \$5.64 per 1,000 gallons, as will other metered customers.

The Board also notes that the City does not separate water and sewer charges, and suggests that the City develop a rate schedule with separate water and sewer charges for its next application.

2004 Revenue Deficit

As noted by the City, in the past revenue deficits were recovered from the accumulated cash surplus account of the utility or by funding by the General Operating Fund. Another possible alternative to recover utility deficits is draws from the reserves of the utility, or from future utility surpluses.

In the Board's view the recovery from taxes is the only alternative the City should rely upon.

Because of the present financial predicament of the utility, the Board will approve the recovery of the 2004 deficit on this basis.

Authority

As the Board will not approve the City's application as made, and will vary the application of the Town, it is useful to be aware of the legal basis for the Board's actions. Firstly, the Notice of Public Hearing for the City's application clearly indicated that the Board could vary the application, it stated:

"It is possible that the rates applied for will not produce sufficient revenue to cover the utility's operating and maintenance expenses. Furthermore certain of the rates proposed by the Town may be deemed by the Board to be inequitable. Accordingly in considering this application the Board may find it necessary to determine rates which, in some cases may be higher or otherwise different than those applied for by the City of Flin Flon."

With respect to the authority of the Board, the following sections of The Public Utilities Board Act provide guidance:

"When orders effective

50(1) Every order of the board comes into effect at the time prescribed by the order, and its operation is not suspended by an appeal to The Court of Appeal for which provision is hereinafter made, unless otherwise ordered by the judge granting leave to appeal or by the court on hearing of the appeal; but the board itself may suspend the operation of the order from which appeal is made until the decision of The Court of Appeal is rendered."

"Effective date of order against utilities

96(2) Every other order made under this Part is effective upon the date specified therein, which shall be at least 20 days after the date of the order, unless the board, for good reason, specially provides for an earlier date."

Therefore, the Board finds that the legal responsibilities for Notice were fully and adequately discharged, and the public had an opportunity to participate in the hearing and make any contrary views known. As well, the Board has the authority to act as it does by issuing this Board Order.

IT IS THEREFORE ORDERED THAT:

1. The revenue deficit in the amount of \$383,696.00 incurred by the City of Flin Flon during the year 2004 BE AND THE SAME IS HEREBY APPROVED subject to recovery of the said revenue deficit from the General Fund of the City of Flin Flon in 2005, 2006 and 2007.
2. By-law No. 2005-02 of the City of Flin Flon is to be amended to agree with Schedule "A" attached hereto.
3. The City of Flin Flon file a new rate application with the Board no later than March 31, 2006, that application to take into account the suggestions and directions of the Board as cited in this Order.
4. The City of Flin Flon shall pursue its plan to install meters at every service address within the next five years, and, if administratively feasible, provide priority to low-income families and seniors.
5. The water and sewer rates and provisions set forth in Schedule "A" hereto shall apply to all customers of the utility effective on all water consumed and on all minimum bills effective on the next billing in the normal course after the date of this Order.

Fees Payable upon this Order - \$50.00

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, C.A."
Chairman

"G. O. BARRON"
Secretary

Certified a true copy of
Order No. 61/05 issued by The
Public Utilities Board

Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 61/05

THE CITY OF FLIN FLON

WATER AND SEWER RATES

BY-LAW NO. 2005-02

1. The following rates shall apply to all "Services" included in the water and sewer utility of The City of Flin Flon:

CLASS A - All Unmetered Services

All unmetered services \$125.40 per quarter (3 month period) per service, and a late payment charge of 1¼% shall be charged on the dollar amount owing after 26th day of the first month following the quarter for which bills are rendered.

CLASS B -All Metered Services

All consumptions shall be at a Combined Commodity Charge of \$5.64 per 1,000 gallons.

All billings under Class "A" and "B" shall be rendered to consumers on the 1st day of the month following the quarter or month for which charges accrue.

Minimum Charges Monthly

Notwithstanding the Commodity Rates set forth above, all metered customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

Meter Size	Meter Capacity Ratio	Minimum Monthly Consumption	Monthly Commodity Charge	Total Charge
5/8	1	2,000	\$5.64	\$ 10.88
¾	2	4,000	\$5.64	\$ 21.76
1	4	7,684	\$5.64	\$ 41.80
1½	10	10,000	\$5.64	\$ 56.40
2	25	25,000	\$5.64	\$141.00
3	45	45,000	\$5.64	\$253.80
4	90	90,000	\$5.64	\$507.60

For all meter sizes, volumes in excess of the minimum monthly consumption shall be charged at the rate of \$5.64 per 1,000 gallons.

A late payment charge of 1¼% shall be charged on the dollar amount owing under Class "B" rates after 26th day of the first month following the month for which bills are rendered.

CLASS C

The water delivery system operated by The City of Flin Flon for services provided to those properties within the City boundaries that are not served by the utility connected system shall be charged for water as follows:

\$5.64 per 1,000 gallons based on an annual usage by the system of 2.7 million gallons.

2. The City will pay to the utility an annual rental of \$600.00 for each hydrant connected to the system.
3. Service may be discontinued and disconnected immediately, and without further notice, in the event of non-payment of the account on or before the 26th day of the first month following the quarter for which bills are rendered.
4. Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties,

and a reconnection fee of the greater of \$100.00 or actual costs have been paid.

5. Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water and sewer 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.
6. The Council of The City of Flin Flon may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the City. 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 the equivalent to the frontage levy, general taxes, and specialty 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 and maintaining service connections will be paid by the customer.
7. That in any case where, at the request of 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 that 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.