

MANITOBA) Order No. 167/07
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THE PUBLIC UTILITIES BOARD ACT) December 28, 2007

BEFORE: Graham Lane, CA, Chairman
Susan Proven, P.H.Ec., Member
Monica Girouard, CGA, Member

THE TOWN OF MANITOU
REVISED WATER AND SEWER RATES

Executive Summary

By this Order, the Public Utilities Board (Board) approves the Town of Manitou's (Town) application for revised water and sewer rates, effective January 1, 2008.

Rates	Existing	Revised	Inc./Dec.
Service Charge	\$ 7.50	\$ 5.25	(30%)
Water (\$/1,000 gallons)	\$ 7.10	\$ 7.90	11%
Sewer (\$/1,000 gallons)	\$ 2.40	\$ 3.10	30%
Minimum Quarterly (5/8" meter)	\$36.00	\$38.25	6%
Bulk water (\$/1,000 gallons)	\$10.00	\$ 9.50	(5%)

Rates last changed in 1999.

The new rates are expected to allow the Town to continue to operate its Utility on a strong financial basis, this recognizing that the services being provided are vital for the safety and economic well being of the community.

Application

The Town applied to the Board for approval of revised water and sewer rates, as set out in By-law No. 6-2007.

While the utility had an operating surplus of \$15,546 in 2006, the Town sought revised rates nonetheless for the following reasons:

1. Rates have not changed since 1999 and general inflation since then has been significant.

2. The revised rates will allow for the Utility to begin setting aside funds to meet the upgrading requirements of the Water Treatment Plant (WTP).
3. A reduction in the quarterly service charge from \$7.50 to \$5.25 is warranted to reflect the actual cost of providing administrative services.
4. The new rates will provide sufficient revenue to permit break-even or better operations, assuming projected costs prove accurate.

Notice of the application was published in the local paper, on two separate occasions and posted six prominent locations in the community. No one responded to the Board's invitation to comment.

The Town advised that provincial drinking water regulations are and will continue to be met, and sewer discharges are compliant with provincial requirements.

Unaccounted for water, water produced but not billed, were reported at approximately 19%, however the Town noted that a large water line break recently detected and repaired was a major factor, and forecast that the percentage of water loss will decline.

The original capital cost of the utility was approximately \$1,312,000 and, consistent with the Board's Guidelines, the Town

has reflected a contingency allowance of \$13,120, 1% of the original capital cost, in rates (60% by water rates, 40% from sewer rates). Similarly, the Town reflected a provision of \$10,000 per year for the reserve fund in its rate proposal, with the breakdown being, again, 60% by water rates and the balance from sewer rates.

For the purpose of the rate study, which forms the basis for the Town's application, the following expenditures were forecast:

Administration	\$ 5,330
Water	116,752
Sewer	<u>44,548</u>
	\$166,630

The annual debenture debt cost of the Utility is collected by taxation, and is \$22,135. The bulk water rate proposal of \$9.50/1,000 gallons reflects part recovery of the debenture debt.

Background

The Utility services 256 customers, of which 243 are residential or small commercial customers. And, as of December 31, 2006, the Utility had an accumulated surplus balance of \$109,046 and a reserve balance of \$64,957. The Utility employs meters and a single step rate schedule.

The Town's water supply is piped in from a reservoir located approximately 10 km northwest of the Town. The capacity of the

water supply was reported to be adequate for the foreseeable future. The WTP is a Class 3 plant with lime-soda treatment and a slow sand filtration system; water is treated by chlorination and fluoridation.

Wastewater is treated using a two-cell sludge pond, and the lagoon was last upgraded in 1996.

The Town indicated that its five-year capital requirements will be determined following an engineering assessment to be conducted in 2008.

Board Findings

The Board compliments the Town for taking a proactive approach to the operation of the utility. The provision of safe and adequate utility services is critical for the safety of citizens, as well as for the community's economic health.

While the utility appears to be adequately stable from a financial perspective, the Board will approve the application of the Town for revised rates to allow for the development of an adequate reserve fund ahead of future system upgrades. The Board also notes and approves changes in the rate structure to realign rates with the annual cost of operation.

The Board notes that no ratepayer objected to the rate proposals.

IT IS THEREFORE ORDERED THAT:

1. By-law No. 6-2007 BE AND IS HEREBY approved effective January 1, 2008.
2. A bill insert is to be provided with the next utility bill advising customers of the change in rates and the reasons therefore.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

Chairman

Acting Secretary