

M A N I T O B A) Order No. 152/12
)
THE PUBLIC UTILITIES BOARD ACT) November 20, 2012

BEFORE: Susan Proven, P.H.Ec, Acting Chair
Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Member

TOWN OF MACGREGOR
WATER AND SEWER UTILITY SYSTEM
REVISED WATER AND SEWER RATES

Summary

The Public Utilities Board (Board) hereby approves revised water and sewer rates for the Town of MacGregor's (Town) Water and Sewer Utility (Utility), effective January 1, 2013, with a further increase to be effective September 1, 2013.

The current and revised commodity rates are noted below:

	Current	January 1, 2013	Increase/ Decrease	September 1, 2013	Increase/ Decrease
Quarterly Service Charge	\$15.00	\$14.90	-0.67%	\$14.90	0.00%
Water- \$/per cubic meter	\$2.25	\$2.52	12.00%	\$2.68	6.35%
Sewer- \$/per cubic meter	\$0.45	\$0.63	40.00%	\$0.98	55.56%
Minimum Quarterly*	\$52.80	\$59.00	11.74%	\$66.14	12.10%
Water Only- Quarterly*	\$46.50	\$50.18	7.91%	\$52.42	4.46%
Sewer Only- Quarterly**	\$43.35	\$54.59	25.93%	\$76.64	40.39%
Bulk Water \$/per 1,000 gallons	\$10.25	\$13.94	36.00%	\$17.15	23.03%
Reconnection Fee	\$45.00	\$50.00	0.00%	\$50.00	0.00%
Hydrant Rental (Annual)	\$165.00	\$165.00	0.00%	\$165.00	0.00%

*Includes 14 m³

**Based on 63 m³

The approved rates are as submitted by the Town. However the effective date of the first increase has been amended from the proposed September 1, 2012 to January 1, 2013.

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

Introduction

The Town applied on April 19, 2012 for revised rates to be effective for September 1, 2012 and 2013. MacGregor's utility rates were last set in 2008.

A Public Notice of Application was issued on June 28, 2012 affording customers the opportunity to comment to both the Board and the Utility with respect to the proposed increases.

The Board has at its disposal two alternative processes to deal with rate applications. It may determine that an oral hearing is warranted or that a paper review process is sufficient. Based on customer response to the Public Notice (no comments were received), the Board concluded that a paper review process was in the best interest of all concerned.

Background

The Town services 416 water and sewer customers and 12 water only customers for a total of 428. The system also services 32 fire hydrants.

Water and sewer lines were installed in 1966. The water treatment plant was shut down in 2005 and treated water is now being purchased from the Yellowhead Regional Water Co-operative (Co-op).

The Town paid the Co-op \$400,000 as part of the cost to run the main lines to connect the Town to the system. This payment is being treated and recorded as an investment on the records of the Town; this asset will not depreciate.

Treated water complies with drinking water standards except for trihalomethane levels which are being reviewed by the Manitoba Water Services Board. There are no issues with color, taste or odour of the drinking water.

The Manitoba Water Services Board is in the process of working on the engineering assessment. The Town's Emergency Response Plan is nearing completion and is expected to be submitted to the Province in late 2012.

Unaccounted for water is reported at 11.42%. The majority of the water system is over 45 years old. The Town advises that staff is always looking for any potential water leaks and fix them quickly. The amount of the unaccounted for water is slightly over what the Board considers acceptable (10%) and the Town is of the view that this is not at a level to warrant taking further action.

The Town operates a three-cell lagoon system. It is anticipated that the first cell will have to be de-sludged within the next five years. Prices and options are being investigated. The lagoon system is in compliance with the environmental license.

The Town has two staff members who operate the Utility, one of whom has the necessary qualifications to operate the Town system. The second operator is currently taking the necessary courses to obtain certification.

Application

The Town submitted its application on April 19, 2012 accompanied

by a Water and Sewer Utility Rate Study and by By-law No. 775/12 read for the first time on April 5, 2012.

The rates were based on the following expenses projected for the year 2012:

Administration	\$27,066
Billing and collection	102
Training costs	1,020
Total general expenses	28,188
Less: penalties and other income	2,672
Net revenue general	\$25,516
Water	
Purification and treatment	\$1,632
Water purchases	142,800
Transmission and Distribution	18,508
Connections - Net Loss	12,000
Amortization/ depreciation	34,778
Interest on long term debt	11,266
Reserves	3,000
Contingency	12,170
Sub-total- water expenses	\$236,154
<i>Revenue:</i>	
Bulk Water	8,133
Hydrant rentals	5,280
Mb Water Serv. Board	6,180
Taxation revenues	15,288
Total non-rate revenue - water	\$34,881
Net rate revenue requirement - water	\$201,273
Sewer	
Sewage Collection System	\$7,140
Sewage Lift Station	27,540
Sewage Treatment and Disposal	3,060
Amortization/ depreciation	25,245
Contingency	8,834
Total sewer expenses	\$71,819
Less: Taxation revenues	4,023
Net rate revenue requirement - sewer	\$67,796

This projected revenue requirement would have indicated a rate increase effective for 2012. However, the Town's proposal was to phase in the rate increase over a period of two years in order to avoid rate shock.

The submission proposed that the Utility would bear 28% of the Town's operating expenses consisting of the salaries of clerk and staff, office expenses, legal expenses and audit fees. This shared cost allocation methodology is based on the premise that the Utility's operating expenditures are approximately 28% of the total Town expenses.

Board Findings

The Board has reviewed the projected operating expenses submitted by the Town and finds them to be reasonable.

The Board also notes the Town's proposal to phase in the indicated rates over a two-year period in order to avoid rate shock. While the Board is somewhat concerned that this may lead to operating deficits in the first year, it notes that the Utility carries a sufficient working capital surplus to accommodate the proposed phase-in.

The Board will therefore approve the phase-in of rates in two steps as proposed by the Town. However, the Board will only approve the first increase effective January 1, 2013 as the Board does not support retroactive rate changes which do not give consumers sufficient time to adjust their consumption patterns should they so choose.

The Board also notes that unaccounted for water is in excess of the industry standard of 10%. While the excess, at 11.4%, is not alarming, the age of the system would suggest that the Town needs to keep a close eye on the water losses. Should the percentage rise to any significant degree, the Board will expect that the Town will take immediate and appropriate action.

The Board will approve the shared cost allocation methodology as submitted by the Town, and will expect that this methodology will be applied consistently in the future. The Board notes that this allocation method can only be varied with approval by the Board.

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.

IT IS THEREFORE ORDERED THAT:

1. The water and sewer rates for the Town of MacGregor's Water and Sewer Utility System as set out in Schedule "A" to this Order, BE AND ARE HEREBY APPROVED with revised rates to be effective January 1, 2013 with a further rate increase on September 1, 2013.
2. The Town of MacGregor revise its water and sewer rate By-law to be consistent with the attached Schedule and

submit a copy to the Board once it has received third and final reading.

3. The cost allocation methodology for shared services and equipment as submitted by the Town of MacGregor BE AND IS HEREBY APPROVED.

Fees payable upon this Order - \$500.00.

THE PUBLIC UTILITIES BOARD

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

"JENNIFER DUBOIS, CMA"
Acting Secretary

Certified a true copy of Order No.
152/12 issued by The Public
Utilities Board

Acting Secretary

SCHEDULE "A"
TO BOARD ORDER NO. 152/12
THE TOWN OF MACGREGOR
WATER & SEWER UTILITY SYSTEM

SCHEDULE OF QUARTERLY RATES

1. **COMMODITY RATES PER CUBIC METRE:**

	WATER	SEWER	COMBINED
January 1, 2013	\$2.52	\$0.63	\$3.15
September 1, 2013	\$2.68	\$0.98	\$3.66

2. **MINIMUM QUARTERLY RATES:**

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

a) **WATER & SEWER CUSTOMERS:**

January 1, 2013:

Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges	Water Only Quarterly Minimum
5/8	1	14	\$14.90	\$35.28	\$8.82	\$59.00	\$50.18
3/4	2	28	\$14.90	\$70.56	\$17.64	\$103.10	\$85.46
1	4	56	\$14.90	\$141.12	\$35.28	\$191.30	\$156.02
1 1/2	10	140	\$14.90	\$352.80	\$88.20	\$455.90	\$367.70
2	25	350	\$14.90	\$882.00	\$220.50	\$1,117.40	\$896.90

September 1, 2013:

Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges	Water Only Quarterly Minimum
5/8	1	14	\$14.90	\$37.52	\$13.72	\$66.14	\$52.42
3/4	2	28	\$14.90	\$75.04	\$27.44	\$117.38	\$89.94
1	4	56	\$14.90	\$150.08	\$54.88	\$219.86	\$164.98
1 1/2	10	140	\$14.90	\$375.20	\$137.20	\$527.30	\$390.10
2	25	350	\$14.90	\$938.00	\$343.00	\$1,295.90	\$952.90

b) **WATER ONLY CUSTOMERS:**

The minimum charge will be the same for each meter size as shown above but the Sewer Commodity Charge will be excluded.

c) **SEWER ONLY RESIDENTIAL CUSTOMERS:**

	SEWER
January 1, 2013	\$54.59
September 1, 2013	\$76.64

The quarterly commodity charge is based on the average residential water consumption in the community of 63 cubic meters.

3. **BULK SALES:**

All water sold in bulk by the Town of MacGregor shall be charged for at the following rates per 1,000 gallons:

- i) January 1, 2013: \$13.94
- ii) September 1, 2013 \$17.15

4. **SERVICE TO CUSTOMERS OUTSIDE THE TOWN OF MACGREGOR LIMITS:**

The Council of the Town of MacGregor may sign Agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of MacGregor. 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 or may be in effect from time to time, and which would be levied on the property concerned if it were within the Community boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

5. **BILLINGS AND PENALTIES:**

Accounts shall be billed quarterly based on water used and the due date shall be at least 20 days after the mailing of the bills.

A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

6. **DISCONNECTION:**

The Public Utilities Board has approved the Conditions Precedent to be followed by the Town with respect to 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 Town Office.

7. **RECONNECTION:**

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$50.00 have been paid.

8. **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 serviced and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

Where charges and penalties pursuant to this bylaw are not paid within 60 days from the date when they were incurred, said charges and penalties will be added to the taxes of the property in collected in the same manner as other taxes and the owner of the property shall be notified of this action.

9. **HYDRANT RENTALS:**

The Town shall pay to the Utility an annual hydrant charge of \$165.00 for each hydrant connected to the System, which includes the cost of water for fire fighting.

10. **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.

11. **METER TESTING**

Any customer wishing to have a meter tested for accuracy will pay in advance a fee of \$50, plus any applicable meter testing costs. In the event that the meter tests prove that the meter is recording water flows 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.

12. **METER TAMPERING**

Where there is evidence of meter tampering, a minimum charge of \$500 will be applied to the customer's account in addition to an amount calculated to adjust for the tampering based on historical usage.

13. **CROSS CONNECTIONS**

No person shall make any connection or communication of an independent water supply with the pipe or main which is part of or connected to the waterworks system.

14. **CHANGE OF WATER OR WATER & SEWER**

A charge will be levied to recover the cost of completing the change of user or service as follows:

- a) during normal working hours – \$35.00
- b) outside normal working hours – \$80.00