

Order No. 35/17

**AN ORDER RESPECTING THE RURAL MUNICIPALITY OF SPRINGFIELD
SPRINGFIELD UTILITY WATER AND WASTEWATER RATES**

April 3, 2017

Revised April 12, 2017

BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair
Karen Botting, B.A., B.Ed., M.Ed., Vice-Chair
Allan Morin, B.A., ICD.D, Member

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1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board or PUB) hereby varies the application for revised water and wastewater rates for the Rural Municipality of Springfield (RM) Utility.

	Current	Revised July 1, 2017	Increase/ Decrease
Quarterly Service Charge-Water	\$14.74	\$15.18	3%
Quarterly Service Charge-Sewer	\$8.52	\$8.78	3%
Water Volumetric Charge (cubic meter)	\$1.71	\$1.76	3%
Sewer Volumetric Charges (cubic meter)	\$0.90	\$0.93	3%
Minimum Quarterly*-Water Service Only	\$40.39	\$38.96	-4%
Minimum Quarterly*-Water and Sewer	\$62.41	\$60.27	-3%
Residential Equivalency Units (REU)**	\$56.25	\$57.94	3%
Bulk Water \$/per cubic meter	\$2.43	\$2.50	3%
Hauled Sewage Rate \$/per cubic meter***	\$1.03	\$1.06	3%
Hydrant Rental (Annual)	\$100.00	\$125.00	25%
Sewage Hauler License Fee (annual renewal)***	\$75.00	\$75.00	0%
Reconnection Fee	\$100.00	\$150.00	50%

*Based on 13.5m3 (previously 15m3)

**Based on 250m3

***Initial license fee is \$125.00

****Based on 100% of the waste haulers tank capacity

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

Rationale for the PUB's decisions may be found under "Board Findings on the Issues".

2.0 Application

The RM owns and operates the Springfield Utility and reported the utility served 1,876 customers for 2016, with 2017 projections indicating an anticipated increase to 1,936. In 2016 1,031 customers were metered and 875 were unmetered, residential equivalency units (REUs) customers with a total REU equivalency reported of 1,046.5.

On July 30, 2015 the Board received the RM's application for revised water and wastewater rates. After reviewing the application, the Board found it had not been prepared using audited financial results as a starting point for rate requirement projections, as required. The RM submitted a revised copy of its rate application July 21, 2016.

A Notice of Application using the original application had been issued on September 21, 2015, affording customers the opportunity to comment to both the PUB and RM with respect to the proposed increases. The PUB received seven responses. When reviewing an application, the PUB has at its disposal two approaches, either a paper or a public hearing review. After the publication of the Notice of Application, the PUB will consider the application and stakeholder responses, and determine which method of review is most appropriate.

A public hearing process allows the Utility and stakeholders the opportunity to present their application and any concerns to the PUB in person. A public hearing process allows the Utility and stakeholders the opportunity to present its application and any concerns to the Board in person. In the case of the RM of Springfield, the Board determined a Public Hearing was appropriate.

A Notice of Hearing was issued on December 16, 2016 and a Public Hearing was held on January 26, 2017 at the RM's Council Chambers in Oakbank, MB.

The Board sent a round of information requests to the RM on October 12, 2016. The RM responded November 14, 2016. The RM's response required clarification and was also incomplete, causing the PUB to send a request for further information December 13, 2016. The RM responded January 6, 2017 and advised the PUB that the response in November was "erroneously assumed that the rate application was prepared on the basis of 2014 actual financials... it became apparent the rate application was based on not actual experience but rather on the 2015 financial plan."

The RM's submission January 6, 2017 also stated, in part, "The 2014 audited expenditure did not include the full wages of the utility staff allocated to the utility expense items. A large portion of the staff wages was charged to the general budget... staff wages required to be charged to utility in 2014 based on their time allocation... was \$262,881 whereas only \$127,813 was actually charged per the audited financials... 2014 figures do not represent the true cost of running the utility." In response to the Board asking the RM to justify asking for a contingency amount based on 20% of operating costs instead of the PUB recommended 10%, the RM stated, "There has been some lack of details in the expense booking in the past and therefore a higher contingency is required to cover any risk or unforeseen. The expense accounts are under revision and in the coming years there will be more confidence in the accuracy of the figures which will bring the contingency down to the recommended 10% in future."

3.0 Board Findings on the Issues

The RM has not provided the Board with the evidence and information required to approve the rates as applied for.

To prepare a rate application using information from the RM's Financial Plan, which is prepared on a cash-basis, when rates are set using accrual based accounting, does not give the Board confidence in the revenue requirements presented and used to calculate the requested rates. To subsequently provide a response indicating that the audited financial statements are misrepresenting the utility's financial results only serves to further erode that confidence. The requested rates represent a significant increase, and based on the submissions and information put before the panel, the PUB has no choice but to deny the RM's request for revised water and wastewater rates.

The Board will vary the application to approve an increase of 3% for the quarterly service charges, volumetric charges, including bulk water charges, and residential equivalency units. The Board will approve the changes to the annual hydrant rental charge and the reconnection fee as applied for by the RM.

The Board recommends that all future applications be prepared using the PUB's guidelines. The Board does encourage applicants to confer with Board staff where there is uncertainty about Board recommended methodology and, where variation is proposed, that the variation be clearly substantiated in the application.

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. The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

4.0 IT IS THEREFORE ORDERED THAT:

- 1) Revised water and wastewater rates for the Rural Municipality of Springfield Utility BE AND ARE HEREBY APPROVED, in accordance with the attached Schedule "A", effective July 1, 2017.
- 2) The Rural Municipality of Springfield submit a copy of its water and wastewater rate By-law to the Public Utilities Board once it has been amended to reflect the decisions in this Board Order, and received third and final reading.
- 3) The Rural Municipality of Springfield 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 June 30, 2020.

Fees payable upon this Order - \$1,500.00

THE PUBLIC UTILITIES BOARD

"THE HON. ANITA NEVILLE, P.C., B.A(Hons.)"
Acting Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 35/17 issued by
The Public Utilities Board

Acting Secretary

SCHEDULE "A"
THE RURAL MUNICIPALITY OF SPRINGFIELD
WATER AND SEWER RATES
BY-LAW NO. 15-11

SCHEDULE OF QUARTERLY RATES:

A. QUARTERLY WATER COMMODITY RATES

Service Charge	\$15.18
Volumetric Charge (c.m.)	\$1.76
Bulk Rate (c.m.)	\$2.50

B. QUARTERLY SEWER RATES

Service Charge	\$8.78
Volumetric Charge (c.m.)	\$.93
Residential Equivalent Unit	\$57.94
Hauled Sewage Rate (CM)*	\$1.06

*based on 100% of the waste haulers tank capacity

Minimum Quarterly Charges – Water Service Only

A minimum charge is to be paid by all customers connected to the water distribution system only so all customers will make a fair minimum contribution to the cost of operating the water production and distribution system.

Meter Size	Water Incl. (c.m.)	Customer Service Charge	Commodity Charge	Quarterly Minimum
15 mm	13.5	\$15.18	\$1.76	\$38.96
19 mm	30	\$15.18	\$1.76	\$68.02
25 mm	60	\$15.18	\$1.76	\$120.86
38 mm	150	\$15.18	\$1.76	\$279.38
50 mm	375	\$15.18	\$1.76	\$675.67
75 mm	675	\$15.18	\$1.76	\$1,204.06
100 mm	1350	\$15.18	\$1.76	\$2,392.94
150 mm	2550	\$15.18	\$1.76	\$4,506.50

Minimum Quarterly Charges – Sewer and Water Service

A minimum charge is to be paid by all customers connected to both the water and sewer systems so all customers will make a fair minimum contribution to the cost of operating the systems.

Meter Size	Water Incl. (c.m.)	Water Service Charge	Water Commodity Charge	Sewer Service Charge	Sewer Commodity Charge	Quarterly Minimum
15 mm	13.5	\$15.18	\$1.76	\$8.78	\$0.93	\$60.27
19 mm	30	\$15.18	\$1.76	\$8.78	\$0.93	\$104.66
25 mm	60	\$15.18	\$1.76	\$8.78	\$0.93	\$185.36
38 mm	150	\$15.18	\$1.76	\$8.78	\$0.93	\$427.46
50 mm	375	\$15.18	\$1.76	\$8.78	\$0.93	\$1,032.71
75 mm	675	\$15.18	\$1.76	\$8.78	\$0.93	\$1,839.71
100 mm	1350	\$15.18	\$1.76	\$8.78	\$0.93	\$3,655.46
150 mm	2550	\$15.18	\$1.76	\$8.78	\$0.93	\$6,883.46

Quarterly Sewer Charges – Sewer Service Only

Quarterly rates for customers connected to the sewer utility only will be as follows:

Customer	Residential Equivalent Units	Service Charge	Commodity Charge	Quarterly Bill
Single family or small business	1	\$8.78	\$57.94	\$66.72
Building with more than one residence or business:				
35117 PTH 15 RD 60N	1.10	\$8.78	\$63.73	\$72.51
520 Main St unit 2	1.20	\$8.78	\$69.53	\$78.31
659 Main St.	1.30	\$8.78	\$75.32	\$84.10
667 Main St.	1.50	\$8.78	\$86.91	\$95.69
530 Main St. Unit 10	1.60	\$8.78	\$92.70	\$101.48
559 Main St.	2.00	\$8.78	\$115.88	\$124.66
573 Main St.	2.00	\$8.78	\$115.88	\$124.66
576 Balsam Cres.	2.00	\$8.78	\$115.88	\$124.66
630 Balsam Cres.	2.00	\$8.78	\$115.88	\$124.66
646 Pine Dr.	2.00	\$8.78	\$115.88	\$124.66
27030 PTH 15 60N, unit B	2.25	\$8.78	\$130.37	\$139.15
530 Main St. unit 1	2.25	\$8.78	\$130.37	\$139.15
639 Main St.	2.50	\$8.78	\$144.84	\$153.63
777 Cedar	2.60	\$8.78	\$150.64	\$159.42
26157 Oakwood Rd.	2.65	\$8.78	\$153.54	\$162.32
582 Balsam Cres.	3.00	\$8.78	\$173.82	\$182.60
623 Balsam Cres.	3.00	\$8.78	\$173.82	\$182.60
27055 Oakwood Rd.	3.00	\$8.78	\$173.82	\$182.60
27030 PTH 15 60N, unit A	3.75	\$8.78	\$217.28	\$226.06
1016 Almey	4.50	\$8.78	\$260.73	\$269.51
644 Willow Avenue	4.50	\$8.78	\$260.73	\$269.51
643 Main St.	5.00	\$8.78	\$289.70	\$298.48
687 Main St.	5.50	\$8.78	\$318.67	\$327.45
674 Main St.	6.19	\$8.78	\$358.65	\$367.43
36003 PTH 15 RD 60N	8.35	\$8.78	\$483.80	\$492.58
544 Main Street	10.82	\$8.78	\$626.91	\$635.69
760 Cedar Ave.	13.10	\$8.78	\$759.01	\$767.79
27047 Oakwood Rd.	13.82	\$8.78	\$800.73	\$809.51
520 Main St.	14.95	\$8.78	\$866.20	\$874.98
826 Cedar Ave	17.72	\$8.78	\$1,026.70	\$1,035.48
680 Pine Dr.	23.60	\$8.78	\$1,367.38	\$1,376.16
841 Cedar Ave	33.75	\$8.78	\$1,955.48	\$1,964.26

C. Other Rates and Charges

1. Billing, Due Dates and Penalties

All sewer and water utility accounts shall be billed quarterly and all bills shall be due and payable 30 days after the billing date. A penalty of 1¼% per month will be charged if not paid by the due date.

2. Disconnection and Reconnection of Service for Non-payment

Services may be disconnected without further notice if that account has not been paid within 30 days of the due date. Prior to reconnection, payment shall be made of all arrears and penalties plus a reconnection charge of \$150.00.

3. Outstanding Utility Charges are a Lien on the Land

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water or sewer service are a lien upon that land and shall be collected in the same manner in which ordinary taxes upon the land are collectable and with like remedies. Where a tenant is in arrears the property owner should be notified in all cases.

4. Hydrant Rental

The R.M. of Springfield shall pay to the utility an annual rental of \$125.00 for each hydrant connected to the system. This includes the costs of maintaining the hydrant, and any water used for fire-fighting or training purposes.

5. Sewage Hauler License Fee

An annual licensing fee of \$125.00 per truck registered for the initial license, and \$75.00 thereafter for annual renewals of said license.

6. Water Allowance Due to Line Freezing

That in any case where, at the request of the Council, the 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.

7. Errors and/or omissions in Billing

For any accounts found to be in error, and whether that error results in the customer owing, or the customer to receive a credit, that such adjustments will be made up to 2 years prior to the notification of the error.

In the case of crediting the account, that adjustment will be made immediately, and the utility bill will show a credit.

In the case of additional charges being required, the property owner shall have up to the amount of time being adjusted to pay the additional charges, in equal quarterly charges.