

Order No. 51/17

**AN ORDER RESPECTING THE GRANITE HILLS GOLF CLUB
GRANITE HILLS PRIVATE WATER UTILITY**

May 23, 2017

**BEFORE: Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Acting Chair
Carol Hainsworth, C.B.A., Member
Allan Morin, B.A., ICD.D, Member**

1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board or PUB) approves water rates applied for by the privately owned water utility owned and operated by the Granite Hills Golf Club as follows:

Annual charges	
Granite Recreational Park - flat rate for five cabins	\$1,000.00
Granite Recreational Park - per campsite (50 campsites)	\$ 60.00
Annual utility charge for properties of Granite Hills Estates (35 properties)	\$ 340.00

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

2.0 Application

The Public Utilities Board was contacted in June 2016 by one of the lot owners in Granite Hills. This individual did not file a complaint with the Board, but rather inquired as to whether or not the rates had been or needed to be approved by the PUB.

This was the first time the PUB was made aware of the operation of a water distribution system in Granite Hills. Subsequently the PUB contacted the Granite Hills Golf Club (GHGC) on June 7, 2016 asking for information regarding the types of services being provided, in an effort to determine whether or not a public utility was being operated.

On June 24, 2016 GHGC contacted the Board and requested an extension in responding to the letter, which was granted. At that time, the Board was able to determine that GHGC was operating a public utility, though GHGC was under the impression that it was not. Further correspondence advised the PUB that GHGC was not selling water, but rather "authorized to recoup operating costs of the water distribution system as specified through the Development Agreement and Protective Covenants..." There is no distinction between recovering operating costs for providing water and selling water as a privately owned water utility. The Board requested further information based on the Minimum Annual Filing Requirements for Privately and Cooperatively Owned Public Utilities.

The GHGC provided the following information regarding revenue requirements:

	2016
Accounting and other	\$ 900
Operational costs (chlorination, electricity, daily water testing, and ongoing maintenance and equipment replacement)	\$ 7,497
Utilities (3HP circulating pump running continuously 24 hours per day, estimated \$10/day for 35 residences)	\$ 3,650
Annual salary for collecting daily samples	\$ 5,000
Total expenses	\$ 17,047

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3.0 Board Findings on the Issues

In 2008 the Public Utilities Board issued *Minimum Annual Filing Requirements for Privately and Cooperatively Owned Public Utilities*. These filings are based on what is referred to as a Complaint Based Regulatory Model.

Privately owned and cooperatively owned public utilities are required to file information on an annual basis, including guidelines for providing notice of upcoming rate increases to the PUB and ratepayers. They are not required to file full rate applications.

The PUB retains the right and authority to require a full rate application. This could be prompted by a complaint, if the Board found it needed further information to resolve the complaint.

The GHGC was charging and collecting utility rates without the approval of the PUB, as required by law. However, once aware of its obligations, GHGC has made reasonable efforts to be responsive and compliant with Board expectations and requests for information.

The Board notes that the utility is planning to install a meter at the Granite Recreational Park later this year, and is supportive of taking this step to better determine fair rates for utility users. The utility and ratepayers may want to consider investing in meters for all customers if ratepayers are concerned about unfair rates.

When asking about the Granite Recreational Park (GRP), the Board was advised that the owner of the GRP is also on the Granite Hills Golf Club Board of Directors. On the face of it, there appears to be a potential conflict of interest, and the Board advises that the owner of the GRP should not participate in any rate decisions from which he could potentially benefit financially.

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.pubmanitoba.ca.

4.0 IT IS THEREFORE ORDERED THAT:

- 1) Water rates for the water utility operated by Granite Hills Golf Club BE AND ARE HEREBY APPROVED in accordance with the attached Schedule "A", effective May 1, 2017.
- 2) Annual minimum filing is to be provided to the Public Utilities Board no later than six (6) months following the end of the prior fiscal year.
- 3) The water utility operated by Granite Hills Golf Club is to adhere to the current rules for providing notice of revised rates, as outlined on the Public Utilities Board website and subject to change at the Board's discretion.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"MARILYN KAPITANY, B.Sc. (Hons.), M.Sc."
Acting Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 51/17 issued
by The Public Utilities Board

Acting Secretary

Schedule "A"

Annual charges	
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