

Order No. 103/19

**RURAL MUNICIPALITY OF LAC DU BONNET
BROOKFIELD WATER UTILITY
INITIAL INTERIM *ex parte* WATER RATES
EFFECTIVE AUGUST 1, 2019**

July 23, 2019

**BEFORE: Irene Hamilton, Panel Chair
Carol Hainsworth, C.B.A., Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves, on an interim *ex parte* basis, initial water rates as applied for by the Rural Municipality of Lac du Bonnet (RM) for the new Brookfield Water Utility (Utility). The Utility is expected to be operational in late 2019.

The new rates are to be effective August 1, 2019 and are as follows:

	August 1, 2019
Water (per cubic meter)	\$ 7.20
Quarterly Service Charge	\$ 27.41
Minimum Quarterly Charge*	\$ 128.21
Disconnection/Reconnection Fee	\$ 50.00
* based on 14 cubic meters	

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

Rationale for the Board's decisions may be found under the Board Findings section below.

2.0 Application

On June 13, 2019, the RM applied for initial interim *ex parte* water rates for the new Utility. The application was accompanied by a rate study prepared by the RM's consultant, By-Law No. 05-19 having received first reading on June 11, 2019, and Council Resolution No. 2019 0156.

The RM is in the process of creating the Utility. The new Utility will purchase water from the Whitemouth Water Utility (owned by the Rural Municipality of Whitemouth) at the first step rate (i.e. the RM is to receive no volume discount on water rates from the Whitemouth water Utility). The RM is also requesting pass-through authorization as part of its application.

It is the RM's plan to install metered waterlines to provide treated water to 26 customers on Brookfield and Totem Road and 14 customers of the existing Brookfield Water Coop, all located in the RM. The RM also plans to supply treated water to 36 single-family residential properties in the Local Government District of Pinawa (LGD) with the potential to increase service to 57 single-family residential properties in that area. The LGD will be treated as one customer and the water sales rate will be the same as that charged to customers residing in the RM. The RM advises customers are to be billed quarterly.

When reviewing an application the Board can either; hold a public hearing at which the applicant can present its case and customers can present their concerns; or where it is deemed to be in the best interests of a utility and its customers, the Board can review the application using a paper review process without holding a public hearing. If a public hearing is not held when making its decision, the Board proceeds with a detailed paper review process which includes consideration of all comments and concerns received and may include additional information requests to the utility's application.

In some cases, where there is an urgent need for rates or rate increases and the Board determines it to be in the best interest of all parties, the Board can establish interim *ex parte* rates. Interim rates are typically approved as applied for, and are then subject to a Public Notice of Application as well as the Board's review using one of the processes outlined above, before being approved as final by Board Order. When setting initial rates for a new utility the Board will often approve interim rates and at a later date confirm rates as final once there is sufficient historical information for the utility to provide accurate projections for rate setting purposes. The Board has determined interim rates are appropriate in the case of the RM's application for the Utility to be able to charge customers as soon as services are able to be provided to customers.

Cost Allocation Methodology

The Board requires all municipal governments to review the costs shared between its general operations and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This allocation must be submitted to the Board for approval and cannot be changed without receiving approval from the Board. The Board's requirements regarding the cost allocation methodologies can be found in Board Order No. 93/09.

The RM's administration cost allocation is proposed to be based on 0.5% of financial plan general "at large" government services, less assessment grants and expenses as follows:

Rural Municipality of Lac du Bonnet – Brookfield Water Utility Allocation Plan for Non-Direct Shared Services (see Note 1) as at May, 2019			
Category	Sub-category	Options	
1.0	Administrative Staff		0.5% of general legislative expenses excluding assessment and grant expenses.
	1.1 Billing services – meter reading to receipting and collection.		Meter Reading – drive-by meter readings with minimal time required; receipting and collection part of the administrative staff allocation.
	1.2 Accounting/ auditing/ including bylaw making and enforcement.		0.5% of audit costs
	1.3 Common office space		0.5% of office costs, utilities
	1.4 Office overheads (telephone, photocopier, computer, etc.)		0.5% of printing, postage, and stationary.
2.0	Operating, construction and maintenance costs		
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs		-
	2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2)		Staff time will be minimal. RM staff taking required utility certification courses.
	2.3 Public works building and property.	Costs that could be charged to the Utility are minimal and nothing is currently allocated to the Utility.	There is no charge to the Utility for the Public Works Building use.
	2.4 Road repairs and alike (see Note 3)	Based on actual costs	-
3.0	Major projects		
	Interest/ financing		N/A
	Labor	Based on actual costs	-
	External costs	Direct charge (dedicated consulting)	-

Note 1 – Allocation must be updated periodically to reflect impacts of inflation.

Note 2 – Including salaries and benefits.

Note 3 – If a project involves work benefitting both the Utility and general operations the costs may be shared (i.e. If reconstructing a road and replacing services at the same time, a portion of the roadwork costs may be allocated to the Utility.)

3.0 Board Findings

The Board approves, on an interim *ex parte* bases, the water rates as applied for by the RM, effective August 1, 2019. The Board makes this interim rate decision to allow the RM to charge customers accordingly as they connect to the water system and begin receiving services from the Utility.

The Board also approves pass-through authorization for the Utility, in accordance with the process for pass-through rates as originally set out in Board Order No. 124/09, for rate revisions approved by the Board for the Whitemouth Water Utility.

The Board approves the Cost Allocation Methodology as applied for by the RM, and reminds the RM this methodology must be used consistently; any changes to the Cost Allocation Methodology require Board approval.

The Board commends the RM for being proactive in the establishment of rates and set-up of the Utility in advance of its operation and provision of water services to its customers.

The Board notes all utilities are required to file the Audited Financial Statements annually, and *The Municipal Act* requires the Board must approve any operating deficits. The RM should familiarize itself with its financial reporting requirements with respect to the Public Utilities Board. Many of these requirements can be found in Board Order No. 151/08 and Board Order No. 93/09, which are available on the Board's website.

The Board directs the RM to monitor the new Utility's performance and if the RM becomes aware the rates approved in this Order are inadequate to cover the operating costs of the Utility, the Board encourages the RM to submit a revised Rate Application as soon as possible.

4.0 IT IS THEREFORE ORDERED THAT:

1. Initial interim water rates for the Rural Municipality Lac du Bonnet, Brookfield Water Utility BE AND ARE HEREBY APPROVED on an *ex parte* basis in accordance with the attached Schedule A, effective August 1, 2019.
2. The Rural Municipality of Lac du Bonnet, Brookfield Water Utility BE AND IS HEREBY given authority to pass-through water rate increases from the Whitemouth Water Utility, must strictly adhere to the pass-through process as outlined in Board Order No. 124/09, and must apply to the Board for any other increases.
3. The Rural Municipality of Lac du Bonnet amend its water By-Law for the Brookfield Water Utility to reflect the decisions in this Order and file a copy with the Public Utilities Board, as soon as it has received third and final reading.
4. The Cost Allocation Methodology for shared services as submitted by the Rural Municipality of Lac du Bonnet BE AND IS HEREBY APPROVED.
5. The Rural Municipality of Lac du Bonnet provide a copy of the Audited Financial Statements annually, including any necessary deficit applications, as soon as they are available, but no later than June 30 of each year.

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.

Fees payable upon this Order – \$150.00

THE PUBLIC UTILITIES BOARD

"Irene Hamilton"
Panel Chair

"Frederick Mykytyshyn"
Assistant Associate Secretary

Certified a true copy of Order No. 103/19 issued
by The Public Utilities Board


Assistant Associate Secretary

Schedule A

**RURAL MUNICIPALITY OF LAC DU BONNET
BROOKFIELD WATER UTILITY
WATER UTILITY RATES BY-LAW NO. 05-19**

1. Schedule of Commodity Rates &
Quarterly Service Charge

August 1, 2019

Cubic Meters per quarter

All Water Consumption \$7.20

Quarterly Service Charge \$27.41

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

a) Water Customers

Meter Size	Group Capacity Ratio	Water Included Cubic Meters	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
5/8 inch	1	14	\$27.41	\$100.80	\$128.21
¾ inch	2	28	\$27.41	\$201.60	\$229.01
1 inch	4	56	\$27.41	\$403.20	\$430.61
2 inch	25	350	\$27.41	\$2,520.00	\$2,547.41
3 inch	45	630	\$27.41	\$4,536.00	\$4,563.41

The following clauses take effect August 1, 2019:**3. Service to Customers Outside Utility's Limits**

The Council of the Rural Municipality of Lac du Bonnet may sign Agreements with customers for the provision of water services to properties located outside the boundaries of the Brookfield Water Utility. Such Agreements shall provide for payment of the appropriate rates set out in this 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 Brookfield Water Utility boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

4. Billings And Penalties

Accounts shall be billed quarterly based on water used. A late payment charge of 1.25% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least 14 days after the mailing of the bills.

5. Disconnection and Reconnection

The Rural Municipality shall charge a fee as shown below for a re-connecting or a disconnection of a service, if requested by a customer.

Service may be interrupted or disconnected as follows:

Curb Stop Turn-off \$50.00

Curb Stop Turn-on \$50.00

Customers will continue to receive their water billing, even if the curb stop has been turned off.

Meter Removal (includes curb stop turn-off) \$300.00

Re-installation of Meter (includes cost for curb stop turn-on) \$150.00

Customers will not receive quarterly water billings until the meter has been re-installed and the curb stop has been turned on.

The Public Utilities Board has approved the Conditions Precedent to be followed by the Rural Municipality with respect to disconnection of service for non-payment including such matters as notices and the right to appeal such action to The Public Utilities Board. A copy of the conditions precedent is available for inspection at the Rural Municipality's office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$300.00 have been paid.

6. Liability for Charges

Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water services, including fines and penalties, are a lien and charge upon the land serviced, and may be collected in the same matter in which ordinary taxes upon the land are collectible, and with like remedies.

7. Water Meters

Water meters are owned by the Rural Municipality, but are the responsibility of the utility customer to maintain. If the water meter is broken, frozen, etc., the utility customer will be billed for a new meter at the current cost of replacement.

8. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Rural Municipality with a deposit of \$100. The Rural Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be faulty, all costs associated with the testing process will be borne by the Rural Municipality and the deposit will be refunded to the customer and the customer's account will be adjusted for the preceding four months. If the meter is found to be in proper working order, all costs associated with the testing process will be borne by the customer and the customer will be billed or refunded any balance owing.

9. Cross Connections

No customer or person shall connect, cause to be connected, or allow to remain connected any piping, fixture, fitting, container, or appliance in a manner which under any circumstances may allow water, wastewater, or any harmful liquid or substance to enter the Rural Municipality's water system.

If a condition is found to exist which, in the opinion of the Rural Municipality, is contrary to the aforesaid, the Rural Municipality may either:

Shut off the service or services; or

Give notice to the customer to correct the fault at his or her own expense within a specified time period.

10. Conditions of Disrepair

In the event that there are conditions of disrepair in the water works on a property that detrimentally affects the system as a whole and, upon the failure of the owner of the property to correct the condition within a reasonable time, the Rural Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

11. Authorization for Officer to Enter Upon Premises

The Public Works Supervisor, or other employee authorized by the Rural Municipality in the absence of the Public Works Supervisor, shall be authorized to enter upon any premise for the purpose of:

Affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or taking readings from, repairing, inspecting, or removing any meter or apparatus belonging to the Rural Municipality.