

**Order No. 128/19**

**RURAL MUNICIPALITY OF ROSEDALE  
EDEN WATER UTILITY  
INTERIM *EX PARTE* WATER RATES  
FOR JULY 1, 2019 and 2020**

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**September 4, 2019**

**BEFORE: Marilyn Kapitany, BSc. (Hon), MSc., Panel Chair  
Mike Watson, 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, water rates applied for by the Rural Municipality of Rosedale (RM), for the Eden Water Utility (Utility).

The revised rates are to be effective July 1, 2019 and 2020. The approved interim rates are shown below.

	Current	2019	2020
Residential Equivalency Unit (REU) - quarterly	\$ 80.00	n/a	n/a
Water \$/cubic meter	n/a	\$ 4.80	\$ 4.81
Quarterly Service Charge	\$ 4.37	\$ 17.71	\$ 18.14
Minimum Quarterly Charge*	\$ 84.37	\$ 84.91	\$ 85.48
Bulk water fee**	\$ 2.03	\$ 6.76	\$ 6.75
Reconnection Fee	\$ 50.00	\$ 40.00	\$ 40.00

\*Previously based on one REU, revised rates based on 14 cubic meters

\*\*Previously charged \$0.60 per 65 gallons (converted to cubic meters for comparison)

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

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

## 2.0 Application

On August 14, 2019, the RM applied for revised water rates for the Utility. The application was accompanied by a rate study prepared by the RM, By-law No. 10-2018 having had first reading September 14, 2018, second reading August 9, 2019 and Council Resolution No. 19/100 requesting rates be set on an interim *ex parte* basis.

The RM's Utility rates were last approved in Board Order Nos. 23/15 and 70/18 with the last rate increase effective January 1, 2015. The RM is requesting interim *ex parte* rates because the Utility is currently charging rates on the basis of Residential Equivalency Units (REUs) but has installed water meters and has been purchasing water from the Neepawa Utility (Neepawa) since 2018. The revenue from the REU charges is not adequately recovering the costs of purchasing water from Neepawa.

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.

Where there is an urgent need for a rate increase and the Board determines it to be in the best interest of all parties, the Board may also establish interim *ex parte* rates. Interim rates are typically approved as applied for, and are then subject to a Public Notice of Application and the Board's review using one of the processes outlined above, before being confirmed as final by Board Order.

The use of interim rates is reserved for instances where an RM can show there is a compelling argument to allow it. This is typically done by showing the Board that the utility is experiencing

operating deficits and will continue to do so if revised rates are not approved in an expedited manner.

### Working Capital Surplus/Deficit

Board Order No. 93/09 established that utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus/deficit is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2018 audited financial statements, the most recent information available, the working capital surplus at December 31, 2018 was:

	2018
Accumulated fund surplus	2,373,053
Deduct tangible capital assets	2,575,750
Add long term debt	190,621
Add utility reserves	0
<b>Equals Working Capital Deficit</b>	<b>(12,076)</b>
Operating costs	131,606
<b>20% of operating costs (target)</b>	<b>26,321</b>

The Utility does not currently meet the Board minimum working capital surplus of 20%.

### 3.0 Board Findings

The Board approves, on an interim *ex parte* basis, the water rates as applied for by the RM effective July 1, 2019 and 2020. The Board makes this interim rate decision to mitigate the operating deficits the Eden Utility is anticipating with the purchase of water from Neepawa. As a rule, the Board is not a proponent of retroactive rate increases; however, it has determined that an exception is appropriate in this case because the cost of providing water purchased from Neepawa is significantly higher than the current rates charged by the Utility.

A Notice of the Application to inform the ratepayers of the interim water rate increases will be issued.

The RM's audited financial statements presentation of Note 20 shows the balance of unamortized capital grants, but does not include the annual portion to be amortized. This information is important for rate setting purposes, and must be updated each year to accurately reflect the outstanding capital grant value.

#### 4.0 IT IS HEREBY ORDERED THAT:

1. The Rural Municipality of Rosedale's application for revised water rates for the Eden Water Utility BE AND ARE HEREBY APPROVED on an interim *ex parte* basis, in accordance with the attached Schedule "A", effective July 1, 2019 and 2020.
2. The Rural Municipality of Rosedale amend its water by-law to reflect the decisions in this Board Order and file a copy with the Public Utilities Board, once it has received third and final reading.
3. The Rural Municipality of Rosedale, Eden Water Utility provide notice of the interim rates to its customers.

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 (Rules). The Board's Rules may be viewed on the Board's website at [www.pubmanitoba.ca](http://www.pubmanitoba.ca).

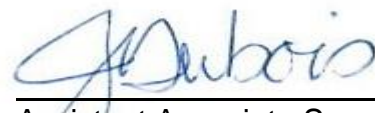
Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, BSc. (Hon), MSc."  
Panel Chair

"Jennifer Dubois, CPA, CMA"  
Assistant Associate Secretary

Certified a true copy of Order No. 128/19  
issued by The Public Utilities Board



Assistant Associate Secretary

**SCHEDULE "A"****RURAL MUNICIPALITY OF ROSEDALE  
Eden Water Utility  
BY-LAW NO. 10-2018**SCHEDULE OF QUARTERLY RATESJuly 1, 20191. Schedule of Commodity Rates & Quarterly Service Charge

Water rate per cubic meter	\$4.80
Quarterly Service Charge	\$17.71

2. Minimum Quarterly Charges

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (m3)	Customer Service Charge	Water Commodity Charge	Total Quarterly Minimum
5/8 inch	1	14	\$17.71	\$67.20	\$84.91
¾ inch	2	27	\$17.71	\$129.60	\$147.31
1 inch	4	55	\$17.71	\$264.00	\$281.71
1 ½ inch	10	140	\$17.71	\$672.00	\$689.71
2 inch	25	341	\$17.71	\$1,636.80	\$1,654.51

3. Bulk Sales Rate

All water sold in bulk by the Eden (Neepawa) Public Water Distribution System shall be charged for at the rate of \$6.76 per cubic meter.



SCHEDULE OF QUARTERLY RATESJuly 1, 20201. Schedule of Commodity Rates & Quarterly Service Charge

Water rate per cubic meter	\$4.81
Quarterly Service Charge	\$18.14

2. Minimum Quarterly Charges

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (m3)	Customer Service Charge	Water Commodity Charge	Total Quarterly Minimum
5/8 inch	1	14	\$18.14	\$67.34	\$85.48
¾ inch	2	27	\$18.14	\$129.87	\$148.01
1 inch	4	55	\$18.14	\$264.55	\$282.69
1 ½ inch	10	140	\$18.14	\$673.40	\$691.54
2 inch	25	341	\$18.14	\$1,640.21	\$1,658.35

3. Bulk Sales Rate

All water sold in bulk by the Eden (Neepawa) Public Water Distribution System shall be charged for at the rate of \$6.75 per cubic meter.

**The following clauses take effect July 1, 2019**

1. Service to Customers Outside the L.I.D. of Eden Limits

The Council of the Rural Municipality of Rosedale may sign agreements with customers for the provision of water and sewer services to properties located outside the boundaries of the LID of Eden. 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 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 these boundaries. In addition, all costs of connection to the Utility's mains and installing and maintaining service connections will be paid by the customer.

2. Water Allowance Due to Line Freezing

In any case where, at the request of Council, a customer is allowed to run water 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 billings for the last two quarters for the same customer, or the same premises if the occupant has changed.

3. Billings and Penalties

Accounts shall be billed quarterly, and shall be due and payable fourteen (14) days after the date of billing. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date and shall be compounded monthly.

#### 4. Disconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the Municipality with respect to the disconnection of service for non-payment including such matter 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 Municipal office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$40.00 have been paid.

#### 5. 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 by-law are not paid within sixty (60) days from the date when they were incurred, said charge and penalties shall be added to the taxes on the property and collected in the same manner as the other taxes.

Because water and sewer services may be provided and billed to a tenant, information about accounts outstanding may be shared with the property owner.

#### 6. Water Used During Construction

Contractors using water in connection with the construction of buildings shall be charged a flat fee of \$35.00 for dwellings and \$55.00 for commercial buildings for every three month period until completion.

#### 7. Meter Testing

In any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the RM with a deposit of \$200. The RM 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 RM and the deposit will be refunded to the customer. 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.

#### 8. 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.

#### 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 and circumstances may allow water, wastewater or any harmful liquid or substance to enter the RM's water system.

If a condition is found to exist which, in the opinion of the RM, is contrary to the aforesaid, the RM 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. Authorization For Officer to Enter Upon Premises

The Public Works Manager, Shop Foreman, or other employee authorized by the RM in the absence of the Public Works Manager or Shop Foreman, 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 reading from, repairing, inspecting or removing any meter or apparatus belonging to the RM.