

Order No. 195/19

**ROSSBURN MUNICIPALITY
WATER AND WASTEWATER UTILITY
SURCHARGE TO RECOVER DEBENTURE SERVICING COSTS
EFFECTIVE JANUARY 1, 2020**

December 23, 2019

BEFORE: Shawn McCutcheon, Panel Chair
Marilyn Kapitany, BSc. (Hon), MSc., Panel Member

1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) approves a utility surcharge to recover debenture servicing costs, previously approved in principle in Board Order No. 157/19, for the Rossburn Municipality (Municipality), Water and Wastewater Utility (Utility) water pipeline project to connect to the Russell Regional Water Treatment Plant (WTP).

The Utility's share of the capital funding, \$498,725, was funded through borrowing approved by the Municipal Board.

This surcharge is approved effective January 1, 2020 and is to be in effect for the length of the debenture, a period of 20 years.

Utility	Total Borrowing (principal plus interest)	Net Annual Debenture Payment	Estimated Annual Water Sales (gallons)	Surcharge per 1,000 gallons of consumption
Rossburn Water and Wastewater Utility	\$498,725	\$36,292	7,000,000	\$5.18

Rationale for the Board's decision may be found under "Board Findings".

2.0 Application

On September 27, 2019, the Municipality applied to the Board for approval in principle of a utility surcharge to fund debenture payments. The debenture was to fund the water pipeline connection to the Russell Regional WTP. The application was accompanied by Council Resolution No. 420-19.

In Board Order No. 157/19, the Municipality was approved to assess a surcharge on utility bills to recover the debenture payments, in principle, and ordered to submit the final project amounts for approval before charging the ratepayers.

On December 11, 2019, the Municipality applied to the Board for approval to implement a utility surcharge to fund debenture payments as the yearly debenture servicing costs have been finalized. The Town submitted Borrowing By-Law No. 2019-012. The first annual debenture payment is due December 31, 2020 with subsequent annual payments being made in years 2021 to 2039 inclusive.

The Municipality is requesting approval to implement a surcharge in the amount of \$5.18 per 1,000 gallons per customer per quarterly billing for a period of 20 years.

3.0 Board Findings

The Board approves the debenture surcharge as submitted by the Rossburn Municipality, of \$5.18 per 1,000 gallons, per customer, per quarter to be collected over a period of 20 years, effective January 1, 2020.

The Board cautions the Municipality that since the debenture surcharge revenue was calculated on estimated water sales, the actual revenue that is collected will not be the exact amount of the annual debenture payment. A shortfall in the estimated water sales will generate insufficient revenue to make the annual debenture payment. Alternatively there is a possibility of revenue in excess of the annual debenture payment should sales exceed the estimate.

The Board directs the Municipality to closely monitor its water sales and submit an application to vary the debenture charge if the water sales are less than the estimated 7,000,000 gallons. Water sales greater than the estimate will result in more revenue than is required for the debenture payment. These surplus funds should be directed to the Utility Fund Surplus. These surplus funds may be used to shorten the collection period of the debenture surcharge.

The Board recommends that the Municipality work with its auditors for the proper recording of the debenture surcharge in its financial statements.

4.0 IT IS THEREFORE ORDERED THAT:

1. The Rossburn Municipality's debenture surcharge of \$5.18 per 1,000 gallons, per ratepayer, per quarter, BE AND IS HEREBY APPROVED to be collected over a period of 20 years effective January 1, 2020.
2. The Rossburn Municipality is to provide notice of the decisions found in this Order to its customers as soon as possible, with a copy submitted to the Public Utilities Board.
3. The Rossburn Municipality is to monitor its consumption closely and submit an application to vary the debenture surcharge, if required.

Fees payable upon this Order - \$150.00

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.

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"

Panel Chair

"Rachel McMillin, BSc."

Assistant Associate Secretary

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by The Public Utilities Board



Assistant Associate Secretary