

Order No. 59/19

**MUNICIPALITY OF EMERSON-FRANKLIN
AMALGAMATION OF THE
DOMINION CITY WATER AND WASTEWATER UTILITY
AND EMERSON WATER AND WASTEWATER UTILITY
REVISED UTILITY RATES EFFECTIVE
JULY 1, 2019, JANUARY 1, 2020 & 2021**

May 9, 2019

BEFORE: Irene Hamilton, Panel Chair
Mike Watson, Panel Member

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the amalgamation of the Dominion City Water and Wastewater Utility (Dominion Utility), and the Emerson Water and Wastewater Utility (Emerson Utility), previously operating as two separate utilities in the Municipality of Emerson-Franklin (Municipality). The amalgamated utility shall be known as the Dominion-Emerson Water and Wastewater Utility (Utility).

In addition, the Board approves the following revised water and wastewater rates to be effective July 1, 2019:

	Previous Rates		July 1, 2019 Rates	January 1, 2020 Rates	January 1, 2021 Rates
	Emerson Utility (By-law 2014/18)	Dominion Utility (By-law 01/13)			
Quarterly service charge	\$ 23.88	\$ 18.20	\$ 26.13	\$ 28.38	\$ 30.64
Water per 1,000 gallons	\$ 12.03	\$ 20.60	\$ 14.01	\$ 16.31	\$ 18.60
Wastewater per 1,000 gallons	\$ 6.56	\$ 7.50	\$ 6.33	\$ 6.10	\$ 5.86
Minimum quarterly charge*	\$ 79.65	\$ 102.50	\$ 87.15	\$ 95.61	\$ 104.02
Minimum quarterly charge - water only*	\$ 59.97	\$ 80.00	\$ 68.16	\$ 77.31	\$ 86.44
Minimum quarterly charge - wastewater only**	\$ 63.24	\$ -	\$ 76.77	\$ 77.18	\$ 77.52
Bulk water sales	\$ 19.17	\$ 23.48	\$ 21.00	\$ 24.00	\$ 27.00
Hydrant rentals	\$ 56.25	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
*Based on 3,000 gallons					
**Based on 8,000 gallons for current rates. Previous rates based on 6,000 gallons					

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

The Board approves the recovery of the 2015 and 2016 operating deficits incurred by the Emerson Utility through a transfer from the accumulated surplus of the amalgamated Utility.

The Board approves, in principle, a rate surcharge to recover debenture servicing costs for the Arnaud area and renewal of water and wastewater lines projects, as outlined in the Municipality's rate study. The Municipality is required to return to the Board for approval of the surcharge amount once the costs of the project have been finalized.

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

2.0 Background

The Municipality is located on the Canada – United States Border, approximately 110 km south of Winnipeg, and has two population centres: Dominion City and the Town of Emerson (Emerson). The Municipality has a population of approximately 2,537 residents.

The Municipality operated two separate water and wastewater utilities: the Dominion Utility, and the Emerson Utility.

The utilities last raised rates in 2012 (Emerson) and 2013 (Dominion City). Rates were periodically increased by pass-through rates from the Pembina Valley Water Cooperative (PVWC) from which the Municipality purchases its water.

Dominion City previously had an operating deficit in 2012 that was approved by the Board in Order 65/13, while Emerson had operating deficit of \$49,235 in 2015, and \$9,578 in 2016.

Water Supply/Distribution

Prior to the Municipal amalgamation in 2015 of the then Rural Municipality of Franklin (RM) and the Town of Emerson (Town), the Board approved in Order No. 8/14 the dissolution of the River Road Water Co-op (Co-op). The Co-op consisted of approximately 14.3 km of 75mm water pipeline along certain road allowances in the RM and the Town. The Co-op contributed \$20,000 to the RM and \$5,000 to the Town to assist with the acquisition, legal costs and future maintenance of the pipeline.

Both Utilities purchase pre-treated water from the PVWC. The Emerson water lines were installed in the main area of Emerson in the 1950's. The area across the river known as West Lyne was serviced in the mid-1980's. Dominion City's water lines were installed in the main areas of the town between 1959 and 1961.

The Municipality services a total of 603 customers with approximately 50 water-only customers from the Arnaud area, added to the Utility in 2017. The Utility also services four (4) customers in the Rural Municipality of Montcalm with any applicable capital costs attributable to these customers charged back to them.

All utility customers are metered with utility bills sent out quarterly separate from property tax bills.

Wastewater Collection/Treatment

Emerson constructed a two (2) cell lagoon facility in 1980 and added a third cell in 2011. Lagoon cell capacity is adequate to meet ratepayers' needs

Dominion City's wastewater lagoon system is composed of two (2) cells and there are no capacity issues.

Wastewater line servicing capacity is adequate and there are no plans for any significant expansions. Both the Dominion City and Emerson lagoons are compliant with applicable environmental licences and regulations.

Unaccounted - for Water

In 2016, the Dominion City Utility's unaccounted for water was at 5%, well below the Board's suggested limit of 10%. However, the Emerson Utility has experienced high levels of unaccounted for water at approximately 24%.

Actual 2016 water billing revenues were higher than water volumes sold. This occurs occasionally in urban centres where a significant percentage of customers receive minimum billings. Water volume sold was adjusted accordingly for the rate study.

3.0 Application

On October 5, 2017, the Board received an application from the Municipality accompanied by a rate study completed by the Municipality's consultant and By-Law 31/18, read for the first time on January 9, 2018.

A Public Notice of Application was issued on February 16, 2018 affording customers the opportunity to comment to both the Board and the Municipality with respect to the proposed rate increases, with a closing date of March 15, 2018. No responses were received.

When reviewing an application, the Board has at its disposal two approaches, a paper review process or a public hearing. After the publication of the Notice of Application, the Board considers the application and responses, if any, and determines which method of review is most appropriate. Whenever reasonable, the Board can review the application using a paper review process, which saves the cost of a public hearing. The Board has reviewed the application and has chosen a paper review process.

The Municipality's application proposes to consolidate the utilities and merge water and wastewater rates. Both utilities rely on a regional water cooperative, thereby strengthening their position as a larger user when combined. The Municipality advises it can better serve customers through combined administration and operations, and all users will pay the same price for the same services. The municipal-wide approach to utility related decision and bundling of projects/resources will also provide the Municipality with more borrowing flexibility for larger capital projects and allow costs to be shared by all residents.

The Municipality's capital projects are as follows:

- In 2017, approximately 50 residences in the Arnaud area were connected to water. The estimated project cost of \$2.5 million was funded through Canada-Manitoba Infrastructure grant of \$1.875 million and debenture debt of \$0.625 million. Annual payments of principle and interest are collected through property taxes on the properties connected over 20 years.
- In 2019, the Municipality intends to spend \$2 million on water and wastewater line renewal with \$1 million funded through Manitoba Water Services Board grants and \$1 million from debenture debt. Annual payments of principle and interest are proposed to be collected through property taxes from Emerson and/or Dominion City as applicable.

Interest expense, amortization expense net of capital grant amortization and debenture debt payment revenues transferred from the General Operating Fund related to the capital projects identified above are included in the rate study.

The Municipality recognized, in response to an information request by the Board, that there are a number of very old lines on the Emerson Utility distribution system that need to be replaced. The Municipality further indicated that it is preparing to apply for funding to replace the old lines which will decrease the leaks thereby decreasing the unaccounted for water in the Emerson line.

The rates were calculated based on the following revenue projections and an inflation rate of 2% in all calculations.

Schedule of Utility Rate Requirements						
2019 to 2021 Forecasts						
	Actual	Budget		Forecasts		
	2016	2017	2018	2019	2020	2021
General						
<i>Expenses</i>						
Administration	\$ 87,832	\$ 95,000	\$ 76,128	\$ 77,650	\$ 79,203	\$ 80,787
Billing and collection	\$ 6,100	\$ 6,100	\$ -	\$ -	\$ -	\$ -
Training costs	\$ -	\$ -	\$ 2,000	\$ 2,040	\$ 2,081	\$ 2,122
Total General Expenses	\$ 93,932	\$ 101,100	\$ 78,128	\$ 79,690	\$ 81,284	\$ 82,909
<i>Revenue</i>						
Penalties	\$ 4,399	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Other income	\$ 6,113	\$ 13,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total General Revenue	\$ 10,512	\$ 17,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Net Costs General	\$ 83,420	\$ 84,100	\$ 69,128	\$ 70,690	\$ 72,284	\$ 73,909
Water						
<i>Expenses</i>						
Purification and treatment	\$ 2,911	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412
Water purchases	\$ 168,527	\$ 192,000	\$ 185,815	\$ 189,531	\$ 193,322	\$ 197,189
Transmission and distribution	\$ 36,311	\$ 38,000	\$ 83,760	\$ 85,435	\$ 87,144	\$ 88,887
Other water supply costs	\$ 21,086	\$ 40,325	\$ 41,132	\$ 41,954	\$ 42,793	\$ 43,649
Amortization	\$ 49,024	\$ 35,730	\$ 84,469	\$ 84,353	\$ 104,174	\$ 103,400
Interest on long term debt	\$ 177	\$ 121	\$ 31,312	\$ 30,305	\$ 54,313	\$ 52,515
Total Water Expenses	\$ 278,036	\$ 311,176	\$ 431,588	\$ 436,780	\$ 487,052	\$ 491,052
<i>Revenue</i>						
Bulk water fees	\$ 5,280	\$ 8,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Connection fee	\$ 1,589	\$ 2,500	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500
Hydrant rentals	\$ 5,325	\$ 5,325	\$ 8,400	\$ 8,400	\$ 8,400	\$ 8,400
Total Water Revenue	\$ 12,194	\$ 15,825	\$ 13,400	\$ 14,900	\$ 14,900	\$ 14,900

Schedule of Utility Rate Requirements						
2019 to 2021 Forecasts						
	Actual	Budget		Forecasts		
	2016	2017	2018	2019	2020	2021
Wastewater						
<i>Expenses</i>						
Collection system costs	\$ 12,032	\$ 11,000	\$ 26,220	\$ 26,744	\$ 27,279	\$ 27,825
Treatment and disposal cost	\$ 17,285	\$ 16,400	\$ 16,728	\$ 22,063	\$ 22,504	\$ 22,954
Lift station costs	\$ 3,715	\$ 7,000	\$ 7,140	\$ 7,283	\$ 7,428	\$ 7,577
Other sewage & disposal costs	\$ 1,914	\$ 7,500	\$ 7,650	\$ 7,803	\$ 7,959	\$ 8,118
Amortization	\$ 80,628	\$ 80,629	\$ 74,666	\$ 73,872	\$ 93,872	\$ 93,642
Interest on long term debt	\$ 15,815	\$ 14,846	\$ 13,829	\$ 12,765	\$ 36,648	\$ 34,720
Total wastewater expenses	\$ 131,389	\$ 137,375	\$ 146,233	\$ 150,530	\$ 195,690	\$ 194,836
<i>Revenue</i>						
Lagoon tipping fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rate Costs - Wastewater	\$ 131,389	\$ 137,375	\$ 146,233	\$ 150,530	\$ 195,690	\$ 194,836
Water and Wastewater Billing Revenues						
Water & Wastewater Billings	\$ 423,430	\$ 423,500	\$ 423,500	\$ 449,720	\$ 497,903	\$ 545,725
Property Taxes						
Transfer from Gen. Operating - Water Utility Debt	\$ 1,144	\$ 1,144	\$ 51,295	\$ 50,152	\$ 90,273	\$ 90,273
Transfer from Gen. Operating - Wastewater Utility Debt	\$ 36,470	\$ 35,940	\$ 36,470	\$ 36,472	\$ 76,593	\$ 76,591
	\$ 37,614	\$ 37,084	\$ 87,765	\$ 86,624	\$ 166,866	\$ 166,864
Net Revenue/ (Expense)	-\$ 19,607	-\$ 56,241	-\$ 122,284	-\$ 106,757	-\$ 75,358	-\$ 32,308
Capital Grants						
Amortization of water capital grants	\$ 4,462	\$ 4,462	\$ 41,962	\$ 41,962	\$ 51,962	\$ 51,962
Amortization of wastewater capital grants	\$ 9,029	\$ 9,029	\$ 9,029	\$ 2,029	\$ 19,029	\$ 19,029
	\$ 13,491	\$ 13,491	\$ 50,991	\$ 43,991	\$ 70,991	\$ 70,991
Net Operating Surplus (Deficit) with PUB Adjustments	-\$ 6,116	-\$ 42,750	-\$ 71,293	-\$ 62,766	-\$ 4,367	\$ 38,683

Of the total 2016 administration expense of \$87,832, only \$25,000 is the actual administration cost. The balance are the Water and Wastewater Public Works staff expenses that are now charged directly to the water and wastewater cost centres.

The 2018 Administration expense was calculated as 10% of Legislative and CAO and staff salaries plus 10% of office, legal, audit, conventions, election, liability insurance and other general government expenses.

The Arnaud area accounts for a portion of the bulk water sales and since the area is being connected to the Utility, bulk water sales will likely decline.

Thirty six percent (36%) of the rate increase applied for is to recover the then budgeted 2017 deficit of the Emerson Utility in the amount of \$44,355 minus the budgeted surplus of the Dominion City Utility in the amount of \$1,604. The total budgeted 2017 deficit was \$42,751.

The 2017 audited financial statements have since become available and the budgeted deficit did not materialize. When asked, the Municipality provided the following explanation for the 2017 variance in the projections versus actual results:

- There was an auditing error in 2017. The 2017 audited Emerson deficit of \$5,246 is understated by \$19,677 and is \$24,923. The auditors will be contacting the Board to see if the adjustment can be done in 2018 or if the 2017 statement needs to be restated.
- The actual water billings were higher than forecasted in 2017. The 2017 Emerson water and wastewater billings were budgeted at \$242,000 and actual results is \$261,166.
- Projected deficit was \$44,355 and actual deficit is \$24,923. The projected deficit was overstated by about \$10,000 for water purchases which was accounted for in 2018 and future years that were used for the Rate Study. The net difference is \$10,000 which is the variation in higher billing revenues.

Water purchase costs included in the rates were based on 2016 PVWC water rates plus a 2% annual increase from 2017 to 2021. In Board Order 172/18, the Board approved 10% rate increase in 2019, 2% in 2020, 2% in 2021 and discretionary increases of between 0-2% in 2022 and 2023, for PVWC.

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 is defined as the Utility fund balance, excluding any capital-related items plus Utility reserves.

As per the 2017 audited financial statements, the combined working capital surplus at December 31, 2017 is as follows:

	2017	2016
Fund Surplus	\$4,444,130	\$2,881,233
Deduct Tangible Capital Assets	(\$4,630,086)	(\$2,796,563)
Add Long-Term Debt	\$273,875	\$296,521
Add Utility Reserves	\$278,949	\$239,737
Equals Working Capital Surplus	\$366,868	\$620,928
Operating Expenses	\$495,424	\$496,292
20% of Operating Expenses (Target)	\$99,085	\$99,258

The above-noted working capital surplus for 2017 is above the Board recommended 20% target.

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 cost allocation methodologies can be found in Board Order No. 93/09.

The Municipality proposes that the percentage of time be used for allocating the administrative wages and percentage of supplies and activities be charged as follows:

Municipality of Emerson-Franklin Utility Allocation Plan for Non-Direct Shared services		
Category	Sub-category	Options
1.0 Administrative Staff		10% of office staff and Council salaries and benefits
1.1	Billing services –meter reading to receipting and collection.	1 full time Utility operator salary and benefits plus actual overtime from Public Works staff
1.2	Accounting/ auditing/ including bylaw making and enforcement.	10% of audit costs
1.3	Common office space	10% of office costs, utilities
1.4	Office overheads (telephone, photocopier, computer, etc)	10% of PP&S
2.0 Operating, construction and maintenance costs		
2.1	Vehicle – fuel, maintenance, lease costs, capital costs	Costs that could be charged to the Utility are minimal and at present nothing is allocated to the Utility
2.2	Labour – full time, part time, on call, sick time, vacation, Note 2	1 full time Utility operator salary and benefits plus actual overtime from Public Works staff
2.3	Public works building and property.	Costs that could be charged to the Utility are minimal and at present nothing is allocated to the Utility
2.4	Road repairs and alike (Note 3)	Based on actual costs
3.0 Major projects		
3.1	Interest/ financing	N/A
3.2	Labour	Based on actual costs
3.3	External costs	Direct charge (dedicated consulting)

Note 1: Allocation must be updated periodically to reflect the 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 e.g. re-constructing a road and replacing services at the same time – a portion of the road work may be allocated to the utility.

Contingency Allowance and Utility Reserves

As per the Board's Water and Wastewater Rate Application Guidelines, a yearly allowance equal to 10% of the variable operating costs is recommended for contingency allowance.

The contingency allowance of 10% equates to \$32,024 for water and \$6,647 for wastewater (\$38,671 in total).

The annual amortization of \$126,052 for water and wastewater infrastructure, net of capital grant amortization, should be sufficient to fund future capital needs. As a result, there is no transfer to the Utility Reserve.

Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, a Utility is required to obtain Board approval of the recovery methodology.

The Emerson Utility incurred operating deficits in 2015 of \$49,235 and in 2016 of \$9,578.

On March 27, 2019, the Board received an application from the Municipality to recover the 2015 and 2016 Emerson deficits through the combined accumulated surplus of the Utility. The application was accompanied by Council Resolution 19-069.

4.0 Board Findings

The Board has reviewed the Municipality's submission, and based on this information the Board's decision is as follows:

- There were no comments received about the amalgamation, or the resulting increase in rates for some customers.
- The Board believes a combined utility for the region is consistent with the municipality-wide approach to services being taken by other municipalities.
- Amalgamation can improve efficiency, lead to uniform services throughout the Municipality, generate economies of scale due to larger capital projects being undertaken, provide the Municipality with increased borrowing flexibility when undertaking larger capital projects, and improve the Utility's financial position.

The Board approves the amalgamation of the Dominion City Water and Wastewater Utility with the Town of Emerson Water and Wastewater Utility. The amalgamated utility shall be known as the Dominion-Emerson Water and Wastewater Utility. To facilitate the preparation of audited financial statements, the Board agrees the Municipality can begin reporting amalgamated results as of January 1, 2019.

The Board has reviewed the application and the projections presented by the Municipality in its rate application and finds them to be reasonable. The Board approves the customer service charge and wastewater commodity rates as applied for but varies the water commodity rates and the effective dates to July 1, 2019, January 1, 2020 and January 1, 2021.

The Board varies the water commodity rates applied for to account for the 10% increase in water purchasing costs from the PVWC less the 2% increase included in the rate study. Therefore, \$0.66 per 1,000 gallons has been added to the rates applied for.

The Board approves the following water commodity rates:

2019	$\$13.35 + \$0.66 = \$14.01$ per 1,000 gallons
2020	$\$15.65 + \$0.66 = \$16.31$ per 1,000 gallons
2021	$\$17.94 + \$0.66 = \$18.60$ per 1,000 gallons

Bulk water rates were also recalculated to include the new water commodity rates. The Board approves the following bulk water rates:

	2019	2020	2021
Bulk water rates per 1,000 gallons	\$21.00	\$24.00	\$27.00

The Board reminds the Municipality that the rates applied for and approved in this Order include the pass-through increases in the wholesale rates by PVWC for years 2019 to 2021 approved in Order 172/18. The Utility shall not pass-through rates until 2022 or unless otherwise approved by the Board.

The Board approves the recovery of the deficits incurred in the Emerson Utility in the amounts of \$49,235 in 2015 and \$9,578 in 2016 through the combined accumulated utility surplus of the Dominion-Emerson Water and Wastewater Utility.

The Board approves the revised cost allocation methodology and reminds the Municipality that this methodology must be used consistently and that any changes to the cost allocation methodology require Board approval.

The Board notes there are significant capital upgrades being completed and planned in the Municipality. Therefore, the Board approves, in principle, the addition of a surcharge to the utility rates for the servicing of the utility debentures for the Arnaud area and renewal of water and wastewater lines projects.

The Board will not approve any specific surcharge amounts at this time, pending the completion of the projects and finalization of the debenture servicing requirements. At that time, the Municipality must return to the Board with the specific information with respect to the debentures including a request for specific surcharge amounts for the project(s).

It has been approximately six years since the Municipality has submitted a rate application to the Board. In the Board's view, this is too long a period between rate reviews. Regular rate reviews submitted on a timelier three-year period, per Board Guidelines, protects the financial position of the Utility and mitigates the need for substantial rate increases and deficit recovery. The Municipality needs to be much more diligent in conducting regular reviews of its revenue requirements.

Although the unaccounted for water of 5% in the Dominion Utility is well below the Board's suggested limit of 10%, the Emerson Utility has experienced higher levels of unaccounted for water which is 24%. The Board asks the Municipality to monitor the unaccounted for water after the amalgamation and include a report in the next rate study.

The Board requires the Municipality to review the new utility's water and wastewater rates for adequacy and file a report with the Board, as well as an application for revised rates on or before December 31, 2021. The Board reminds the Municipality that regular reviews of utility rates are required to ensure rates are adequate to recover the costs of service being provided to its customers.

5.0 IT IS THEREFORE ORDERED THAT:

1. The amalgamation of the Dominion City Water and Wastewater and the Town of Emerson Water and Wastewater Utilities, to be known going forward as the Dominion-Emerson Water and Wastewater Utility, is HEREBY APPROVED effective the date of this Order.
2. Revised water and wastewater rates for the Municipality of Emerson-Franklin Dominion-Emerson Water & Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule "A", effective July 1, 2019, January 1, 2020, and January 1, 2021.
3. The actual operating deficits, when calculated for regulatory purposes of \$49,235 in 2015 and \$ 9,578 in 2016 incurred by the Emerson Water and Wastewater Utility be recovered through the Dominion-Emerson Water and Wastewater Utility's Accumulated Surplus Account.
4. The cost allocation methodology for shared services and equipment for the Municipality of Emerson-Franklin, Dominion-Emerson Water and Wastewater Utility BE AND IS HEREBY APPROVED.
5. The proposal to assess a surcharge on utility rates to recover debenture servicing costs in relation to the Arnaud area and the water and wastewater lines renewal projects is approved in principle. The Municipality of Emerson-Franklin is to return to the Public Utilities Board with final debenture servicing costs and surcharge proposals for final approval.
6. The Municipality of Emerson-Franklin is to amend its water and wastewater rate By-law to reflect the decisions in this Order and submit a copy to the Board once it has received third and final reading.
7. The Municipality of Emerson-Franklin is to provide a notice of the decisions found in this Order to its customers as soon as possible, with a copy provided to the Public Utilities Board.

8. The Municipality of Emerson-Franklin, Dominion-Emerson Water and Wastewater Utility is to 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 December 31, 2021.

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.

Fees payable upon this Order - \$700.00

THE PUBLIC UTILITIES BOARD

"Irene Hamilton"
Panel Chair

"Rachel McMillin, B.Sc."
Assistant Associate Secretary

Certified a true copy of Order No. 59/19 issued
by The Public Utilities Board



Assistant Associate Secretary

MUNICIPALITY OF EMERSON-FRANKLIN
WATER & WASTEWATER RATES BY-LAW NO. 01-2018

SCHEDULE "A"
SCHEDULE OF QUARTERLY RATES

1. Schedule of Commodity Rates & Quarterly Service Charge

July 1, 2019

Rates per 1,000 gallons

1,000 gallons per quarter

Water	Wastewater	Water & Wastewater
\$14.01	\$6.33	\$20.34

Quarterly Service Charge \$26.13

2. Minimum Charges per Quarter

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

a. Water & Wastewater Customers

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Thousands of Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Water & Wastewater Total Quarterly Minimum</u>	<u>Water Only Quarterly Minimum</u>
5/8 inch	1	3,000	\$26.13	\$42.03	\$18.99	\$87.15	\$68.16
3/4 inch	2	6,000	\$26.13	\$84.06	\$37.98	\$148.17	\$110.19
1 inch	4	12,000	\$26.13	\$168.12	\$75.96	\$270.21	\$194.25
1 ½ inch	10	30,000	\$26.13	\$420.30	\$189.90	\$636.33	\$446.43
2 inch	25	75,000	\$26.13	\$1,050.75	\$474.75	\$1,551.63	\$1,076.88

b. Water Only Customers

Quarterly minimum charge is the same for each meter size as shown in table above, except that the Wastewater Commodity charge is excluded.

c. Wastewater Only Residential Customers

The wastewater only charge is based on quarterly consumption of 8,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(8 * \$6.33) + \$26.13 = \$76.77$.

3. **Bulk Water sales**

Rates per
Thousand Gallons
\$21.00

July 1, 2019

1. **Schedule of Commodity Rates & Quarterly Service Charge**

January 1, 2020

Rates per 1,000 gallons

1,000 gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$16.31	\$6.10	\$22.41

Quarterly Service Charge \$28.38

2. **Minimum Charges per Quarter**

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

a. **Water & Wastewater Customers**

Meter Size	Group Capacity Ratio	Water Included Thousands of Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum	Water Only Quarterly Minimum
5/8 inch	1	3,000	\$28.38	\$48.93	\$18.30	\$95.61	\$77.31
3/4 inch	2	6,000	\$28.38	\$97.86	\$36.60	\$162.84	\$126.24
1 inch	4	12,000	\$28.38	\$195.72	\$73.20	\$297.30	\$224.10
1 ½ inch	10	30,000	\$28.38	\$489.30	\$183.00	\$700.68	\$517.68
2 inch	25	75,000	\$28.38	\$1,223.25	\$457.50	\$1,709.13	\$1,251.63

b. **Water Only Customers**

Quarterly minimum charge is the same for each meter size as shown in table above, except that the Wastewater Commodity charge is excluded.

c. **Wastewater Only Residential Customers**

The wastewater only charge is based on quarterly consumption of 8,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(8 * \$6.10) + \$28.38 = \$77.18$.

3. Bulk Water sales

January 1, 2020

Rates per
Thousand Gallons
\$24.00

1. Schedule of Commodity Rates & Quarterly Service Charge

Rates per 1,000 gallons

January 1, 2021

1,000 gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$18.60	\$5.86	\$24.46

Quarterly Service Charge \$30.64

2. Minimum Charges per Quarter

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

a. Water & Wastewater Customers

<u>Meter Size</u>	<u>Group Capacity Ratio</u>	<u>Water Included Thousands of Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Wastewater Total Quarterly Minimum</u>	<u>Water & Water Only Quarterly Minimum</u>
5/8 inch	1	3,000	\$30.64	\$55.80	\$17.58	\$104.02	\$86.44
3/4 inch	2	6,000	\$30.64	\$111.60	\$35.16	\$177.40	\$142.24
1 inch	4	12,000	\$30.64	\$223.20	\$70.32	\$324.16	\$253.84
1 ½ inch	10	30,000	\$30.64	\$558.00	\$175.80	\$764.44	\$588.64
2 inch	25	75,000	\$30.64	\$1,395.00	\$439.50	\$1,865.14	\$1,425.64

b. Water Only Customers

Quarterly minimum charge is the same for each meter size as shown in table above, except that the Wastewater Commodity charge is excluded.

c. Wastewater Only Residential Customers

The wastewater only charge is based on quarterly consumption of 8,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(8 * \$5.86) + \$30.64 = \$77.52$.

3. Bulk Water sales

January 1, 2021

Rates per
Thousand Gallons
\$27.00**Clauses 4 to 15 are Effective July 1, 2019****4. Service to Customers outside the limits of the Municipality of Emerson-Franklin**

The Council of the Municipality of Emerson-Franklin may sign agreements with customers for the provision of water and wastewater services to properties located outside the legal boundaries of the Municipality. 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.

5. Billings and Penalties

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1 ¼ % compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills.

6. Disconnections

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 matters 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.

7. Reconnection

Any service disconnected, whether due to non-payment of account or for any other reason(s) mutually agreed to by the customer and the Municipality (ie. Repairs necessitated by negligence of the customer, changes in tenant, vacancy for an extended period of time, etc.) shall not be reconnected until a reconnection fee of \$30.00 and all arrears and penalties, if any, have been paid.

8. Liability for Charges

Where charges and penalties pursuant to this by-law are not paid within ninety (90) days from the date when they were incurred, said charges and penalties shall be added to the taxes on the property and collected in the same manner as other taxes pursuant to Section 252 (2) of *The Municipal Act*. The amount of all outstanding charges for water and wastewater services, including fines and penalties, are a lien and charged upon the land serviced, and may be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

9. Hydrant Rentals

The Municipality of Emerson-Franklin shall pay to the utility an annual rental of \$150.00 per hydrant for each hydrant connected to the system, which includes the cost of water for firefighting.

10. Water Allowance Due to Line Freezing

In any case where, at the request of the Council, a customer allows water to run continuously for any period of time to prevent the water or wastewater lines in the water or wastewater system from freezing, the charge to the 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.

11. Sewage Surcharges

- (a) There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by resolution of Council.
- (b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial wastes.

12. Meter Testing

Any customer wishing to have a meter tested for accuracy will pay in advance a fee of \$50, plus any applicable meter testing costs. In the event the meter tests prove that the meter is recording water flows in excess of actual flows, the meter testing fee and associated costs will be refunded to the customer and the customer's account will be reviewed and adjusted accordingly.

13. 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.

14. Change of Water or Water & Wastewater

That a charge for change of water or water and wastewater to recover the cost of completing the change of user or service, for a service that has changed users or service shall be:

- a) during normal working hours - \$35.00
- b) outside of normal working hours - \$80.00

15. 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 Municipality's water system.

If a condition is found to exist which, in the opinion of the Municipality, is contrary to the aforesaid, the 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.

16. Conditions of Disrepair

In the event that there are conditions of disrepair in the wastewater and 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 Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

17. Authorization For Officer To Enter Upon Premises

The Public Works Manager, or other employee authorized by the Municipality in the absence of the Public Works Manager, 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 Municipality.