

Order No. 60/19

**RURAL MUNICIPALITY OF ST ANDREWS
PRUDEN AVENUE WASTEWATER UTILITY
INTERIM *EX PARTE* WASTEWATER RATES
FOR OCTOBER 1, 2019 and JANUARY 1, 2021**

May 9, 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) grants approval, on an interim *ex parte* basis, wastewater rates applied for by the Rural Municipality of St Andrews (RM), for the Pruden Avenue Wastewater Utility (Utility).

The revised rates are to be effective October 1, 2019 and January 1, 2021. The approved interim rates are shown below.

	Current By- Law 4276	Oct 1, 2019	Jan 1, 2021
Quarterly Service Charge	\$38.15	\$54.35	\$62.45
Sewer \$/cubic meter	\$2.24	\$3.18	\$3.65
Minimum Quarterly Charge*	\$69.51	\$98.87	\$113.55

*based on 14m³

Details of other rates are in the attached Schedule "A".

The reasons for the Board's decisions are under "Board Findings".

2.0 Application

On April 23, 2019, the Board received an application for revised rates from the RM for the Pruden Avenue Wastewater Utility. The application was accompanied by a rate study completed by the RM's consultant and By-law 4306 read for the first time on March 12, 2019. The application also included Council Resolution #135-2019 requesting that the Board grant approval of operating deficits of \$5,404 (2016), \$5,199 (2017) and \$1,052 (2019) through future Utility accumulated surplus.

The RM requested that the Board grant approval of the requested Utility rates on an interim *ex parte* basis.

Rates were last set in Board Order No. 139/17, with current rates going into effect January 1, 2018, also on an interim *ex parte* basis.

When reviewing an application, the Board has at its disposal several approaches. It can hold a public hearing at which the applicant can present its case and customers can present their concerns. In other cases, where it is deemed to be in the best interests of the Utility and its customers, the Board may review the application using a paper review process.

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 a 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 approval for revised rates is not 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 2017 audited financial statements, the most recent information available, the working capital surplus at December 31, 2017 was:

	2017
Accumulated Fund Surplus/Deficit	\$ 147,034
Deduct tangible capital assets	\$ 317,614
Add long term debt	\$ -
Add utility reserves	\$ 11,594
Equals Working Capital Surplus/Deficit	-\$ 158,986
Operating costs	\$ 16,950
20% of operating costs (target)	\$ 3,390

The Utility does not meet the Board minimum working capital surplus of 20% and based on the rates requested is not forecasted to meet this requirement until 2021.

Operating Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology. The Board is therefore duty bound to grant approval for reasonable rates based on reasonable expense projections.

The RM's application included a request that the Board grant approval of operating deficits in the amount of \$5,404 (2016), \$5,199 (2017) and \$1,052 (2019) through future Utility accumulated surplus.

3.0 Board Findings

The Board grants approval, on an interim *ex parte* basis, the wastewater rates as applied for by the RM effective October 1, 2019 and January 1, 2021. The Board makes this interim rate decision to mitigate the operating deficits the Pruden Avenue Utility is experiencing.

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

The Board will reserve its decision on the approval and recovery of the 2016, 2017 and 2019 operating deficits until it has the opportunity to review the rate application in detail.

4.0 IT IS HEREBY ORDERED THAT:

1. The Rural Municipality of St Andrews's application for revised wastewater rates for the Pruden Avenue Wastewater Utility BE AND ARE HEREBY APPROVED on an interim *ex parte* basis, in accordance with the attached Schedule "A", effective October 1, 2019 and January 1, 2021.
2. The Rural Municipality of St Andrews amend its wastewater 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 St Andrews, Pruden Avenue Wastewater 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.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"Irene Hamilton"
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 60/19
issued by The Public Utilities Board


Assistant Associate Secretary

RURAL MUNICIPALITY OF ST. ANDREWS
PRUDEN AVENUE UTILITY
SCHEDULE "A" TO SEWER UTILITY RATES BY-LAW NO. 4306
SCHEDULE OF QUARTERLY RATES

1. Schedule of Commodity Rates & Quarterly Service Charge October 1, 2019
- Rates per 1,000 Gallons 1,000 Gallons per quarter
- Sewer
- \$3.18
- Quarterly Service Charge \$54.35

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) **Sewer Customers**

<u>Meter Size</u>	<u>Sewer Included C.M.</u>	<u>Customer Service Charge</u>	<u>Sewer Commodity Charge</u>	<u>Sewer Total Quarterly Minimum</u>
5/8 inch	14	\$54.35	\$44.52	\$98.87
3/4 inch	28	\$54.35	\$89.04	\$143.39
1 inch	56	\$54.35	\$178.08	\$232.43
1 ½ inch	140	\$54.35	\$445.20	\$499.55
2 inch	350	\$54.35	\$1,113.00	\$1,167.35
3 inch	630	\$54.35	\$2,003.40	\$2,057.75
4 inch	1,260	\$54.35	\$4,006.80	\$4,061.15
6 inch	2,380	\$54.35	\$7,568.40	\$7,622.75

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2021

Rates per 1,000 Gallons

1,000 Gallons per quarter

Sewer

\$3.65

Quarterly Service Charge

\$62.45

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) **Sewer Customers**

<u>Meter Size</u>	<u>Sewer Included C.M.</u>	<u>Customer Service Charge</u>	<u>Sewer Commodity Charge</u>	<u>Sewer Total Quarterly Minimum</u>
5/8 inch	14	\$62.45	\$51.10	\$113.55
3/4 inch	28	\$62.45	\$102.20	\$164.65
1 inch	56	\$62.45	\$204.40	\$266.85
1 ½ inch	140	\$62.45	\$511.00	\$573.45
2 inch	350	\$62.45	\$1,277.50	\$1,339.95
3 inch	630	\$62.45	\$2,299.50	\$2,361.95
4 inch	1,260	\$62.45	\$4,599.00	\$4,661.45
6 inch	2,380	\$62.45	\$8,687.00	\$8,749.45

The following clauses take effect October 1, 2019:

3. Billings and Penalties

Accounts shall be billed quarterly based on water used and are payable within 30 days of the billing date. A late payment penalty charge of 1 ¼% compounded monthly shall be charged on the dollar amount owing after the billing due date.

4. Disconnection and Reconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the Municipality with respect to 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 Municipality's office.

5. Liability for Charges

Pursuant to Section 252 (2) of the Municipal Act, the amount of all outstanding charges for sewer services, including fines and penalties, are a lien and charge 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.

6. Service To Customers Outside Utility's Limits

The Council of Rural Municipality of St. Andrews may sign Agreements with customers for the provision of sewer services to properties located outside the legal boundaries of the Pruden Avenue sewer 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 Municipality's boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

7. Sewer Surcharges

- a) There may be levied annually, in addition to the 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 waste.

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. Conditions of Disrepair

In the event that there are conditions of disrepair in the sewer 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.

10. 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.