

Order No. 78/21

**RURAL MUNICIPALITY OF STANLEY
STANLEY WATER UTILITY
REVISED WATER RATES EFFECTIVE OCTOBER 1, 2021
SIMPLIFIED RATE APPLICATION**

July 20, 2021

**BEFORE: Shawn McCutcheon, Panel Chair
Carol Hainsworth, C.B.A., Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board approves the revised water rates to be effective October 1, 2021, for the Rural Municipality of Stanley (RM), Stanley Water Utility (Utility). The approved rates are shown below:

	Current Rates	October 1, 2021
Quarterly Service Charge	\$11.33	\$11.33
Water – Massey Distribution System (per 1,000 gallons)	\$5.97	\$6.15
Water – All Other Customers (per 1,000 gallons)*	\$12.42	\$12.79
Minimum Quarterly Charge – Massey Distribution System**	\$29.24	\$29.78
Minimum Quarterly Charge – All Other Customers**	\$48.32	\$49.70

*Includes \$9.34 water purchase costs from the Pembina Valley Water Cooperative

**Based on 3,000 gallons

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

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

2.0 Background

The RM owns and operates a water only utility consisting of the following water systems: Massey Water System, Colert Water System, Schanzenfeld Water System, Reinfeld Water System, Blumstein Water System, Dunston Water System, and Three-Four Water System.

The RM purchases most of its water from the Pembina Valley Water Cooperative (PVWC), to supply water to all systems with the exception of the Colert and Massey Systems. The Colert system is supplied with water purchased from the City of Morden and the Massey system has its own groundwater supply treated at an RM owned water treatment plant.

3.0 Application

On June 4, 2021, the RM applied to the Board for revised water rates for the Utility. The Application was submitted using the Simplified Rate Application Process and accompanied by By-Law No. 6-21 having received first reading on February 4, 2021. The RM provided an Affidavit certifying: the Utility meets all Board requirements for the Simplified Filing Process; the Utility is not experiencing any operating deficits; and the requested water rates are expected to be adequate to meet operating costs for the 2021 calendar year.

Rates were last set on March 25, 2019 in Board Order No. 36/19 effective April 1, 2019 using the Simplified Rate Application Process. Rates were last set using the regular Rate Application Process/review in Board Order No. 130/15 for the calendar years 2016 up to and including 2018.

A Public Notice of Application was issued on June 10, 2021, affording customers the opportunity to comment to both the Board and the RM with respect to the proposed rate increases. No responses were received.

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. The paper review process considers all written materials submitted by the Utility and the public, as well as any information requests and responses between the Board and the Utility. This process may reduce regulatory costs to the Utility.

A public hearing process allows the Utility and the public the opportunity to review the application and address any concerns with the Board present.

Whenever reasonable, the Board will review the application using a paper review process, which saves the cost of a public hearing process. The Board has chosen this option for this application.

The RM has applied for revised rates to provide for inflationary cost increases anticipated for 2021.

Working Capital Surplus

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 2019 Audited Financial Statements and a supplementary calculation for Long-Term Debt provided by the RM's Finance and Administration Supervisor, the working capital surplus at December 31, 2019:

	2019
Fund Surplus	\$9,149,295
Deduct: Tangible Capital Assets	(\$10,940,805)
Add: Long-Term Debt	\$1,269,714
Add: Utility Reserve	\$852,211
Equals Working Capital Surplus	\$330,415
Operating Expenses	\$1,412,184
20% of operating expenses (Target)	\$282,437

The Utility currently meets the Board minimum working capital surplus of 20%.

4.0 Board Findings

The Board has reviewed the RM's Application and notes as per the RM's 2019 Audited Financial Statements the RM's Net Operating Surplus of \$505,357 exceeds the total operating expenses of \$1,412,184 by more than 35%, which is more than the 20% allowable amount as set forth in the criteria required to qualify for the Simplified Filing Process. The RM advises this due to capital grant funding of \$265,966 and higher than budgeted/forecasted connection charge revenues and the Board finds these explanations to be reasonable.

The Board finds the RM meets the required criteria (as set out in Board Order No. 86/17) to apply for revised rates using the Simplified Rate Application Process and approves the rates as applied for, effective October 1, 2021.

The Board notes the Utility has expiring taxation revenues annually, related to 10-year loans for water connection charges (\$265,966 in 2019, as per the Audited Financial Statements). The Board reminds the RM to be cognizant of these revenues when reviewing and setting rates. If the RM does not take action to provide for expiring taxation revenues accordingly, upon expiring of these revenues Utility customers will incur a large increase to rates all at one time.

The Board notes, the RM's Finance and Administration Supervisor has advised the Board the RM plans to purchase capacity in The City of Winkler's new wastewater treatment plant once it has been completed. The RM is planning to return to the Board with a full rate study and Rate Application that will include a wastewater rate for customers.

The Board requires the RM to review its water rates for the Utility 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 September 30, 2022.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised water rates for the Rural Municipality Stanley, Stanley Water Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective October 1, 2021.
2. The Rural Municipality of Stanley amend its water rate By-Law to reflect the decisions in this Board Order and submit a copy to the Board once it has received third and final reading.
3. The Rural Municipality of Stanley is to provide a notice to its customers as soon as possible, including all decisions found in this Order.

4. The Rural Municipality of Stanley review its water 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 September 30, 2022.

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 M^cCutcheon
Panel Chair

"Frederick Mykytyshyn"
Assistant Associate Secretary

Certified a true copy of Order No. 78/21 issued by
The Public Utilities Board


Assistant Associate Secretary

SCHEDULE A
RURAL MUNICIPALITY STANLEY
STANLEY WATER UTILITY
WATER RATES BY-LAW NO. 6-21

SCHEDULE OF QUARTERLY RATES:

1. Commodity Rates per 1,000 Imperial Gallons

(a) All Customers Connected to the Massey Distribution System

All Water Consumption	<u>Water</u> \$6.15
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(b) All Other Customers

All Water Consumption	<u>Water</u> \$12.79
*includes \$9.34 purchased water costs	

2. Minimum Charges, Quarterly

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charge set out below, which will include water allowances indicated:

(a) All Customers Connected to the Massey Distribution System

Meter Size	Group Capacity Ratio	Minimum Quarterly Consumption (IGAL)	Service Charge	Commodity Rates Water	Minimum Quarterly Charges
5/8" / 3/4"	1	3,000	\$11.33	\$18.45	\$29.78
1" / 1 1/2"	4	12,000	\$11.33	\$73.80	\$85.13

(b) All Other Customers

Meter Size	Group Capacity Ratio	Minimum Consumption (IGAL)	Quarterly Service Charge	Commodity Rates Water	Minimum Quarterly Charges
5/8" / 3/4"	1	3,000	\$11.33	\$38.37	\$49.70
1"	4	12,000	\$11.33	\$153.49	\$164.82
1 1/2"	10	30,000	\$11.33	\$383.72	\$395.05
2"	25	75,000	\$11.33	\$959.29	\$970.62

3. Service To Customers Outside of the Municipality

The Council of The Rural Municipality of Stanley may sign agreements with another municipality for the provision of water services outside the Municipal boundaries. Such agreements shall provide for payment of the appropriate rates set out in the Schedule, as well as the 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 those 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. Service To Customers Inside the Municipality

The Council of The Rural Municipality of Stanley may provide for the provision of water services to properties located within the Municipality. All approved applications shall be serviced as per a connection policy and fee schedule established by Council. In addition to the rates and terms set out in Schedule "A" of this By-Law, all costs of connecting to the utility's mains, and installing service connections will be paid by the customer.

5. Billing And Penalties

Accounts shall be billed quarterly, and shall be due and payable 30 days after date of billing. A penalty of 1.25% per month of the amount of the bill shall be added if not paid by the due date.

6. Disconnection

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date. 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 Municipality's office.

7. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and reconnection fee of \$25.00 have been paid. Any customer wishing to have billings discontinued due to vacancy of premises shall be required to have service disconnected and to pay a \$25.00 reconnection fee when service resumes.

8. Outstanding Bills

Pursuant to section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and wastewater service may be collected by the municipality in the same manner as a tax may be collected or enforced under this Act.

9. Water Allowance Due to Line Freezing

That in any case where, at the request of the Council, the customer allows water to run 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 the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed.

10. Water Meters

- (a) The meter shall be installed by a registered plumber or qualified installer and the costs shall be the responsibility of the property owner.
- (b) The meter shall be installed 75cm above the floor or as approved by the Municipality.
- (c) The meter shall be located as close as practical to the point of entry of the water line. Ample room must be provided for access to the meter and main valve at all times.
- (d) The meter shall be in a horizontal position with the main shut off valve immediately before the meter.
- (e) No distribution piping or ports shall be allowed before the meter.
- (f) The meter shall be protected from any type of damage including freezing.
- (g) Costs for any damage and labour for repairs to the water meter and associated equipment shall be the responsibility of the property owner.