

M A N I T O B A ) Order No. 100/06  
 )  
THE PUBLIC UTILITIES BOARD ACT ) July 5, 2006

BEFORE: Graham F. J. Lane, C.A., Chairman  
Monica Girouard, C.G.A., Member  
Susan Proven, P.H.Ec., Member

THE RURAL MUNICIPALITY OF RITCHOT  
LOCAL IMPROVEMENT DISTRICT OF STE. AGATHE  
REVISED WATER AND SEWER RATES

**Executive Summary**

By this Order, the Public Utilities Board (Board) approves the Rural Municipality's (R.M.) proposed revision in water and sewer rates effective July 1, 2006.

For those customers who use in excess of 50,000 gallons each quarter, water commodity rates will decline by approximately 13%, but will remain the same for those customers consuming less than 50,000 gallons per quarter. Sewer rates will not change. The residential minimum quarterly bill will also remain the same, \$31.70 per quarter.

The R.M.'s proposal was mailed to each customer and posted with an invitation for comments to the Board. No concerns were expressed to the Board.

**Application**

On April 27, 2006 the R.M. applied to the Board for approval of revised water and sewer rates effective July 1, 2006. The application was supported with By-law No. 4-2006, read for the first time on April 19, 2006.

Existing and proposed rates were:

	<u>Existing</u>		<u>Proposed</u>	
<b>Commodity Rates per 1,000 gallons:</b>	Water	Sewer	Water	Sewer
First 50,000 gallons	\$7.00	\$2.00	\$7.00	\$2.00
Over 50,000 gallons	\$5.50	\$2.00	\$4.85	\$2.00
<b>Domestic Minimum Quarterly Bill</b>	\$31.70		\$31.70	
<b>Administrative Fee</b>	\$ 4.70		\$ 4.70	

Associated Protein, a large volume customer, will pay the same water rates noted above and a reduced sewer rate of \$1.70 per 1,000 gallons, the reduction in recognition of the amount of water absorbed in production and not returned to the sewer.

Bulk water is not sold by the utility but is available at the treatment plant owned by the "municipality at large".

The R.M. filed a water and sewer rate study in support of its application and noted that the proposed rates are projected to be adequate for the next five years. The rates are projected to

recover inflationary costs over this period, nor is it expected that the water production costs of the "municipality at large" will increase during this same year period.

However, since 1980, when the rates were last reviewed, significant changes have occurred:

1. The "municipality at large" owns the water production plant now serving Ste. Agathe, St. Adolphe, Ile des Chenes and the surrounding area from wells located 22 Km east of the Red River.
2. A major industrial park has been developed east of Ste. Agathe, and a canola crushing plant owned by Associated Protein is located in the park is the major water consumer.
3. The sewage lagoon has been relocated further east of Ste. Agathe and is owned and operated by the Ste. Agathe utility.

The cost of water purchased water is reflected in the operating cost of the utility as a "water production cost" which reflects a similar arrangement that existed when the Manitoba Water Services Board owned the water production facility. The "municipality at large" is a non-regulated entity.

The capital cost of the utility is \$1.1 Million and the R.M. proposed to recover 1% of the capital cost as a contingency allowance in rates, \$11,000 annually. The utility's projected total operating cost is \$121,718, which includes the contingency allowance and \$8,000 for reserves for future unexpected costs and capital improvements.

The rate study projects that 8 Million gallons, approximately 51% of the total amount of water purchased of \$15.6 Million, gallons will be sold to Associated Protein.

Associated Protein has implemented a recycling system within the plant to reduce the amount of water returned into the sewer system. In addition to the recycling of water within the plant, a certain percentage of water is retained in the product itself creating approximately 15% of the water not being returned into the system.

The utility has approximately \$150,000 in reserves and \$80,700 in accumulated surplus. The surplus in 2005 was approximately \$3,000.

No changes in rates were proposed for sewer and the volume of water in the first step of the R.M.'s 2 step rate structure was proposed to increase from 20,000 gallons to 50,000 gallons. The R.M. proposed no changes to the rate for the first step and a rate reduction in the second step as noted above.

The R.M.'s application was mailed to each customer and posted in several prominent locations in the R.M. The Public Notice invited the public to write the Board by June 23, 2006. No response was received.

### **Background**

The R.M.'s utility has 140 customers, and the last rate change occurred in 1980. No deficits have been incurred by the utility since 1994, and in 2005 the utility reported a surplus of approximately \$3,000. The R.M. collects approximately \$21,300 annually through the tax roll to service the debenture debt of the utility.

### **Board Findings**

The Board reviewed the application and is satisfied that the proposed revised rates are reasonable and sufficient to allow the utility to breakeven on operations and build reasonable reserves for future capital replacements.

The Board noted no response to the Public Notice inviting comments to be made to the Board.

Accordingly, the Board will approve the rates set out in By-law No. 4-2006 effective July 1, 2006. However, for the next rate application, the Board requests that R.M. consider amending its rate schedule and ceasing a declining rate block approach, which has been found to be inconsistent with conservation objectives.

The Community of Ste. Agathe by this Application have seen its water and sewer rates remain unchanged for the last 26 years and for the next 5 years expects the amended rates to remain the same or decline. The reduction is largely attributable to the

increased volume of water sold to Associated Protein which has the effect of lowering the distribution costs of a utility on a per unit basis. Further, savings have also been achieved by the R.M.'s acquisition of the treatment plant and good management.

This good fortune is being passed onto customers together with the provision to continue to build reserves for future unexpected and planned expenditures.

In rare circumstances, customers may be exempted from sewer charges or a part thereof based on adequate rationale. When a considerable amount of water is absorbed in the production process and not returned to the sewer system, as in the case of Associated Protein, a lower rate is justified; accordingly, the Board will approve the lower rate proposed by the R.M. for Associated Protein.

**IT IS THEREFORE ORDERED THAT:**

1. By-law No. 4-2006 of the Rural Municipality of Ritchot serving the Local Improvement District of Ste. Agathe BE AND THE SAME IS HEREBY APPROVED.
2. The water and sewer rates set forth in Schedule "A" hereto shall apply to all customers of the utility effective on all water consumed and on all minimum bills effective July 1, 2006.

Fee payable upon this Order - \$350.00

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, C.A."  
Chairman

"G. O. BARRON"  
Acting Secretary

Certified a true copy of  
Order No. 100/06 issued by  
The Public Utilities Board

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Acting Secretary

SCHEDULE "A"

TO BOARD ORDER NO. 100/06

THE RURAL MUNICIPALITY OF RITCHOT

LOCAL IMPROVEMENT DISTRICT OF STE. AGATHE

WATER AND SEWER RATES

BY-LAW NO. 4-2006

1. **Schedule of Quarterly Rates**

A schedule of rates per 1,000 imperial gallons (4.54 cubic metre)

<b>Commodity Rates</b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Total</u></b>
Domestic – First 50,000 I.G. per quarter	\$7.00	\$2.00	\$9.00
Wholesale – over 50,000 I.G. per quarter	\$4.85	\$2.00	\$6.85

2. **Minimum Quarterly Charges**

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

Water and Sewer Customers

<u>Group Meter Size</u>	<u>Water Capacity Ratio</u>	<u>Customer Included I.G.</u>	<u>Service Charge</u>	<u>Commodity Charges</u>		<u>Total Quarterly Minimum</u>
				<u>Water</u>	<u>Sewer</u>	
5/8"	1	3,000	\$4.70	\$ 21.00	\$ 6.00	\$ 31.70
3/4"	2	6,000	4.70	42.00	12.00	58.70
1"	4	12,000	4.70	84.00	24.00	112.70
1 1/2"	10	30,000	4.70	210.00	60.00	274.70
2"	25	75,000	4.70	471.25	150.00	625.95
3"	45	135,000	4.70	762.25	270.00	1,036.95

3. **Water Only Customers**

All customers connected to the water distribution system but not to the sewer system, shall pay the quarterly bill which includes service and water charges for the appropriate meter size but shall not pay the sewer charge.

4. **Special Sewer Charge for Water not returned to the sewers**

Associated Protein shall be billed quarterly for each meter for water rates as set forth in this schedule. However, fifteen (15) percent of all water billed to Associated Protein shall be exempt from the applicable sewer charges and therefore the applicable sewer charge billed to Associated Protein shall be at the rate of \$1.70 per 1,000 I.G. of metered water charges per quarter.

5. **Service for connecting customers outside the utility limits**

The Council of the R.M. of Ritchot may sign agreements with customers for the provision of water and sewer services to properties located outside the boundaries of the LID. 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 the equivalent to the frontage levy, general taxes and special taxes for utility purposes in effect at the time, or which may be in effect from time to time and which would be levied on the property concerned if it were within the LID boundaries. In addition, all costs of connecting to the utility mains and installing and maintaining the service connections will be paid by the customer.

6. **Billings and Penalties**

Accounts shall be billed quarterly and shall be due and payable within thirty (30) days after the date of billing. A penalty of one and one-quarter (1 1/4%) percent per month of the total amount due shall be added to the bill if it is not paid by the due date.

7. **Disconnection and reconnection**

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within the time referred to in paragraph 6 above. Any service disconnected due to non-payment shall not be reconnected until all arrears, penalties and a reconnection fee of Thirty dollars (\$30.00) have been paid.

8. **Outstanding Bills**

All outstanding charges for water and sewer service are a lien and charge on the land serviced and shall be collected in the same manner in which ordinary taxes are collectable and with like remedies.

9. **Hydrant Rentals**

The R.M. of Ritchot will pay the utility an annual rental of \$50.00 per year for each hydrant connected to the system.

10. **Sewer Surcharge**

- a) There may be levied annually, in addition to the rates set forth above, a special surcharge on sewage having a BOD (Biochemical Oxygen Demand) in excess of 300mg/L. Surcharges will be in accordance to the Industrial Usage By-law or as 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.

11. **Water Meters**

All new residential customers for water and sewer shall be metered at customer cost. Ownership, inspection and maintenance of meters will remain the responsibility of the utility system except for meters 50 mm or larger whereby ownership, inspection and maintenance will be the responsibility of the utility system but will be billed to the commercial user.

12. **Meter Testing Charges**

Any consumer desiring and requesting their meter be tested for accuracy shall deposit with the R.M. of Ritchot the sum of \$100.00, which will be retained if the meter when tested shall be found to register within the allowable limits of variation from accuracy. If the meter is found to register in excess of the allowable limits the deposit shall be refunded and the consumer's account adjusted. The allowable limit of variation shall be 4% of average flow.