

M A N I T O B A) Order No. 113/06
)
THE PUBLIC UTILITIES BOARD ACT) July 21, 2006

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

**THE RURAL MUNICIPALITY OF MOUNTAIN
LOCAL URBAN DISTRICT OF MAFEKING
VARIATION TO REVISED WATER RATES**

Introduction

By this Order, the Public Utilities Board (Board) varies Board Order 75/06 and establishes revised water rates for two Mafeking customers of the Rural Municipality of Mountain's (Mountain) water utility. In both cases, this Order will result in reduced annual water costs for the two customers.

Background

On May 15, 2006, the Board issued Order No. 75/06 approving revised water utility rates for the communities of Birch River and Mafeking. The Order followed a public process that involved a public hearing held in Birch River on April 21, 2006.

At the hearing, the issue of inaccurate Mafeking water meters was discussed and a petition received requesting that the Board establish rates for the community without reliance on the meters. The Board accepted the suggestion and the position of Mountain that the cost of replacing meters was too high for the utility. Accordingly, a flat rate billing system based on "residential equivalent units (R.E.U.)" was established.

The flat rate system requires estimates of water used by Mafeking customers based on multiples of a R.E.U. representing the estimated amount of water used by a residential customer.

Subsequent to the release of the Board's decision, the Mafeking hotel and feedlot owners called the Board office advising that their assignments were too high, and sought reductions. The hotel had been assigned ten R.E.U.s, the feedlot twenty.

The Board advised Mountain of the complaints and asked Mountain to review the assignments and advise the Board if a change was advisable. By an email dated July 13, 2006 from the Chief Administrative Officer of Mountain, Mountain advised of its view that the R.E.U. assignments to both customers should be revised, and proposed to decrease the R.E.U. assignment to the hotel to five and to the feedlot ten. While the reduction represents a \$5,200 reduction in total annual revenue, no other change to recoup the projected loss was proposed.

Mountain further advised that its proposal was discussed with the hotel owner but the feedlot owner could not be reached. Mountain further advised that the hotel had indicated acceptance of the proposed reduction. With respect to the feedlot, the Board relied on information filed with Board staff with respect to the size of the cattle herd (which apparently was 200, is currently 75 and is expected to reduce further to 25). Under the former metered system the feedlot's annual bill was \$1,500, pursuant to Mountain's proposal the new R.E.U. based system will result in \$884 quarterly bills, approximately twice the annual cost to the feedlot compared to the former metered approach.

Board Findings

The Board will accept Mountain's suggested amendments for the hotel and the feedlot. The Board reminds Mountain of Board Order 75/06's Directive No. 4, set out below:

"The Rural Municipality of Mountain is to provide an update of its utility's financial position, projections for 2006/07 and 2007/08, and capital project plans by December 31, 2006, following which the Board will consider if there is a need for further rate increases or adjustments."

The Board, in this Order, will require the Municipality to further provide an up-to-date on the adequacy of the revised R.E.U. assignments for the hotel and feedlot with the above filing requirement.

IT IS THEREFORE ORDERED THAT:

1. Schedule "A" to Order No. 75/06 is to be amended to reflect the revised Residential Equivalent Units established for the hotel and the feedlot as indicated herein; and
2. The Rural Municipality of Mountain provide a report on the Residential Equivalent Units assigned to Mafeking's hotel and feedlot concurrent with the filing of the financial report required by Order No. 75/06.

THE PUBLIC UTILITIES BOARD

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

"H. M. SINGH"
Acting Secretary

Certified a true copy of
Order No. 113/06 issued by
The Public Utilities Board

Acting Secretary