

Order No. 70/18

**RURAL MUNICIPALITY OF ROSEDALE
LOCAL IMPROVEMENT DISTRICT OF EDEN WATER UTILITY
CONFIRMATION OF INTERIM WATER RATES AS FINAL
APPROVAL OF EXTENSION OF SERVICE AND WATER RATES**

May 31, 2018

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

1.0 Executive Summary

By this Order, The Public Utilities Board (Board) approves as final the water rates, set on an interim *ex parte* basis in Board Order No. 22/15 for the Rural Municipality of Rosedale (RM) for the Eden Water Utility (Utility).

The Board also approves the application for the extension of service, to 50 rural residents including Springhill Colony, for water rates as applied for by the RM.

The approved rates are to be effective retroactive to January 1, 2018. The approved rates are as shown below:

	Rates – By-law No. 02-2014
\$/Residential Equivalent Unit	\$80.00/REU/Quarter
Quarterly Service Charge	\$4.37
Bulk Water Sales	\$0.60 / 65 gallons
Reconnection Fee	\$50.00

Details of rates and charges may be found in Schedule “A” to this Board Order.

Rationale for the Board’s decisions may be found under “Board Findings”.

2.0 Background

The RM owns and operates a water only utility previously serving approximately 41 Eden customers with an allotment of approximately 49 Residential Equivalency Units. Customers are billed quarterly, which is separate from the property tax bills.

The Utility is considered a small system, which was originally constructed in the mid 1960’s. The water was disinfected with sodium hypochlorite and stored in an above-grade concrete reservoir.

The water system was under a boil water advisory from May 17, 2011 until March 22, 2018, due to arsenic levels that exceeded the Canadian Drinking Water Standards.

As a result of the poor water quality, the RM sought cost-shared funding through the Clean Water and Wastewater Fund for the Rosedale Rural Waterline Expansion Project.

In August 2016, the RM had grant approval to construct a new water distribution system and Council approval, in By-law No. 3-2016, to start the project. In summer of 2017, the RM began construction of a new distribution line. The RM entered into a Water Supply and Sale Agreement, By-law No. 4-2017, with the Town of Neepawa, signed October 13, 2017.

The Eden well has since been capped and disconnected from the current infrastructure.

3.0 Application

On March 22, 2018, the Board received an application from the Rural Municipality of Rosedale (RM), Eden Water Utility (Utility) for approval to add 50 rural residences including the Springhill Colony. The application was accompanied by Council Resolution No. 18/77. The Resolution requested that the current water rate By-law 2-2014 extend to the new customers; for them to be charged one Residential Equivalency Unit (REU) each, and the Springhill Colony be charged the existing rate of four REU's.

With the addition of these 50 residences, the Utility now serves approximately 100 customers with an approximate allotment of 104 REUs. Utility rates were last set in 2015 in Board Order No. 23/15, on an interim *ex parte* basis, in By-law 2-2014.

Where a system has no meters, including systems with wastewater service only, volume of water used and/or volume of effluent returned to the wastewater system are based on

residential equivalent units; one unit being the volume of wastewater estimated to be produced by the average single family residence. Rates were set based on residential equivalency units (REUs).

The construction project was completed in December 2017 and now runs from the Town of Neepawa (Town) to the Village of Eden, connecting an additional 50 rural residents to the line, including the Springhill Colony.

Included in this line construction project was the installation of approximately 100 water meters (40 in Eden and 60 in rural properties) with a one-inch meter installed for the Springhill Colony.

4.0 Board Findings

The Board will confirm as final the rates set on an interim *ex parte* basis in Board Order No. 23/15, and approves the cost allocation methodology.

The Board approves the water rates set out in By-law No. 02-2014 and finalized in this Order, to be charged to the new Eden Utility customers, effectively retroactive to January 1, 2018.

The Board is generally not supportive of retroactive rate increases, and approves them only in circumstances where it is in the best interest of all parties. However, the Board has determined that an exception is appropriate in this case as these new customers have been receiving services and should be paying for these services.

The Board notes that the Utility has incurred a deficit in 2014 in the amount of \$1,942 and orders the RM to submit a deficit application with recovery method to the Board.

The Board commends the RM for the metering project for Utility customers. The Board supports the principle of user-pay utility rates. It is only when rates are set on a user-pay

model that they send the correct price signal to ratepayers and allow ratepayers to make decisions about their use of the services.

The Board views that the RM needs to switch to a commodity based rate structure as quickly as possible as they are purchasing water based on commodity rates.

The Board therefore requires the Rural Municipality of Rosedale to file a rate application for the Eden Utility, no later than October 31, 2018.

IT IS THEREFORE ORDERED THAT:

1. The Board will confirm as FINAL the rates set on an interim *ex parte* basis and the Cost Allocation Methodology in Board Order No. 23/15.
2. The Rural Municipality of Rosedale – Eden Water Utility water rates to be charged to 50 new rural customers, including the Springhill Colony are HEREBY APPROVED effective retroactive to January 1, 2018.
3. The Rural Municipality of Rosedale – Eden Water Utility review its water rates for adequacy and file an application for revised rates with the Public Utilities Board, by no later than October 31, 2018.

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 (Rules). The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"

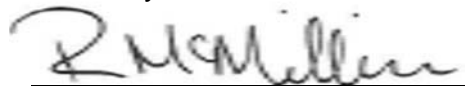
Panel Chair

"Rachel McMillin, B.Sc."

Acting Secretary

Certified a true copy of Order No. 70/18

issued by The Public Utilities Board



Acting Secretary

SCHEDULE "A"

SCHEDULE OF QUARTERLY RATES

January 1, 2015

1. Customer Service Charge

The quarterly customer service charge shall be \$4.37

2. Commodity Rates

The commodity rate for all water usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Quarterly Charges as detailed in Clause 3 hereafter.

The quarterly water usage rate for one residential equivalent unit shall be \$80.00

3. Schedule of Minimum Quarterly Charges

	Residential Equivalency <u>Units</u>	Quarterly Customer <u>Service Charge</u>	Quarterly Commodity <u>Charge</u>	Total Quarterly <u>Charges</u>
Schools-1 REU per Classroom	1	\$4.37	\$80.00	\$84.37
Machine Shops	1	\$4.37	\$80.00	\$84.37
RM of Rosedale Rink	3	\$4.37	\$240.00	\$244.37
RM of Rosedale Firehall	4	\$4.37	\$320.00	\$324.37
Springhill Colony	4	\$4.37	\$320.00	\$324.37

4. Bulk Water sales

Bulk water sales shall be charged at the rate of \$.60 per 65 gallons.

5. Service to Customers outside RM of Rosedale limits

The Council of the Rural Municipality of Rosedale may sign agreements with customers for the provision of water and sewer services to properties located outside the boundaries of the LID of Eden. 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.

6. Billings and Penalties

Accounts shall be billed quarterly. 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 thirty (30) days after the mailing of the bills.

7. Disconnections

The Public Utilities Board has approved the Conditions Precedent to be followed by the Rural 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 are available for inspection at the Rural Municipal office.

8. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$50.00 have been paid.

9. Outstanding Bills

Pursuant to Section 252(2) of the Municipal Act, the amount of all outstanding charges for water and sewer services, including fines and penalties, are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies. Where charges and penalties pursuant to this by-law are not paid within sixty (60) 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.

10. 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 Rural Municipality's water system.

If a condition is found to exist which, in the opinion of the Rural Municipality, is contrary to the aforesaid, the Rural 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. If the customer fails to comply with such notice the Rural Municipality shall proceed in accordance with clause 1 of this section.