

**Order No. 85/18**

**THE MUNICIPALITY OF RIVERDALE - RIVERS UTILITY  
SURCHARGE TO RECOVER DEBENTURE SERVICING COSTS  
EFFECTIVE JULY 1, 2018**

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**July 3, 2018**

**BEFORE: Carol Hainsworth, C.B.A, Panel Chair  
Michael Watson, Member**

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## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) approves the transfer from the Utility reserves of \$400,000 and utility surcharge to recover debenture servicing costs, previously approved in principal in Board Order No. 75/15 for the Municipality of Riverdale (Municipality), Rivers Utility (Utility) water treatment plant upgrade project.

This surcharge is approved effective July 1, 2018, and will be charged in addition to the Utility rates approved in Board Order No. 75/15. This surcharge is to be in effect for the length of the debenture, a period of 20 years.

Utility	Total Borrowing After transfer from Reserves	Net Annual Debenture Payment	Est. Annual water sales (1,000 gallons)	Monthly Surcharge Per 1,000 gallons
Rivers Utility	\$2,077,260	\$154,545.02	21,152	\$7.31

Rationale for the PUB's decisions may be found under "Board Findings".

## 2.0 Application

On March 12, 2015, the Municipality applied to the Board for approval in principal of a utility surcharge to fund debenture payments, which were anticipated as a result of a water treatment plant upgrade project for the Rivers Utility.

In Board Order No. 75/15, the Municipality was given approval to assess a surcharge on utility bills to recover the debenture payments, in principal, and ordered to submit the final amounts for approval before charging the ratepayers.

On May 25, 2018, the Municipality applied to the Board for approval to transfer \$400,000 from the Utility reserves and implement a utility surcharge to fund debenture payments based on a formula for the cost.

The application states the water treatment plant was to be funded through a 50/50 cost share agreement with the Manitoba Water Services Board (MWSB). The total cost was \$5,000,000, with \$2,750,000 funded by the MWSB (grant) and \$2,750,000 funded by the municipality through borrowing (approved by the Municipal Board). The debenture was to be recovered through a water rate surcharge over a 20-year period.

The yearly debenture servicing cost has now been finalized and the Municipality submitted a revised application on June 20, 2018 with Council Resolution No. 172-18. The first annual payment is December 31, 2018 with subsequent annual payments being made in years 2019 to 2037 inclusive.

The Municipality states the water treatment plant has reached “substantial completion” as of December 31, 2017, and the Municipality is proceeding with having a debenture issued in two series. Series “A” will consist of the plant construction to substantial completion, and Series “B” will consist of Lake Distribution pumps and demolition of the old building (anticipated completion summer 2018). The transfer of \$400,000 from the Utility reserve will be used to reduce the debt servicing costs from \$2,477,260 to \$2,077,260.

The Municipality is requesting approval to transfer \$400,000 from the Utility Reserves and to implement a surcharge in the amount of \$7.31 per 1,000 gallons, per account, per billing (monthly) for 20 years.

### **3.0 Board Findings**

The Board has read the file and is prepared to finalize the surcharge.

The annual debenture servicing costs for the water treatment plant project was originally estimated to be \$159,506, to be recovered through a surcharge of \$7.04 per 1,000 gallons based on 22,660 of water sold. The final cost submitted for recovery is \$154,545 to be recovered through a surcharge of \$7.31 per 1,000 gallons based on 21,152 gallons of water sold.

The Board approves the transfer of \$400,000 from the Utility Reserve to lower the debt serving costs and confirms as final the debenture surcharge as submitted by the Municipality of Riverdale, of \$7.31 per 1,000 gallons per month to be collected over a period of 20 years.

#### 4.0 IT IS THEREFORE ORDERED THAT:

1. The transfer of \$400,000 from Municipality of Riverdale Rivers Utility Reserve BE AND IS HEREBY APPROVED to be used for debenture payment.
2. The Municipality of Riverdale Rivers Utility debenture surcharge of \$7.31 per 1,000 gallons, per ratepayer, per billing period, BE AND IS HEREBY APPROVED to be effective July 1, 2018.

Fees payable upon this Order - \$150.00

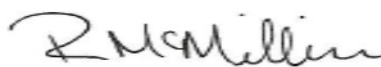
Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at [www.pubmanitoba.ca](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

"Carol Hainsworth, C.B.A."  
Panel Chair

"Rachel McMillin, B.Sc."  
Acting Secretary

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Acting Secretary