

**Order No. 108/23**

**RURAL MUNICIPALITY OF LAC DU BONNET  
BROOKFIELD WATER UTILITY  
REVISED WATER RATES EFFECTIVE JANUARY 1, 2024**

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**September 14, 2023**

**BEFORE: Marilyn Kapitany B.Sc. (Hon), M. Sc., Panel Chair  
Susan Boulter, Panel Member**

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## 1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the revised water rates for the Rural Municipality of Lac du Bonnet (RM), Brookfield Water Utility (Utility), effective January 1, 2024, January 1, 2025, January 1, 2026, and January 1, 2027.

The approved rates are as follows:

	<b>Current Rates</b>	<b>January 1, 2024</b>	<b>January 1, 2025</b>	<b>January 1, 2026</b>	<b>January 1, 2027</b>
Quarterly Service Charge	\$27.41	\$28.40	\$29.39	\$30.38	\$31.36
Water (per cubic meter)	\$7.30	\$7.64	\$7.98	\$8.32	\$8.66
Minimum Quarterly Charge*	\$129.61	\$135.36	\$141.11	\$146.86	\$152.60

\*Based on 14 cubic meters

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

Rationale for the Board's decisions may be found under the heading Board Findings below.

## 2.0 Background

The RM owns and operates the Utility serving 38 metered, local customers and the Awanipark Water Utility (Awanipark) in the Local Government District of Pinawa (or a total of 39 customers). Awanipark is recognized as one customer that services 40 residential customers. The Utility purchases treated water from the Whitemouth Water Utility, owned by the RM of Whitemouth, at the first step rate (i.e. no volume discounts). Rates were last approved in 2019 in Board Order No. 193/19, with current rates coming into effect July 1, 2021.

## **Water Supply/Distribution**

The water lines and pumping station were completed in 2019 and began providing treated water in the same year. The utility purchases water from the Whitemouth Water Utility.

## **Unaccounted for Water**

The acceptable percentage of unaccounted for water is 10%, based on industry standards. If the percentage is above this amount, the applicant is to explain why and provide a plan to remedy.

As at 2021, unaccounted for water for the Utility reported in the rate study was -5.0%.

## **3.0 Application**

On January 26, 2023, the RM applied for revised water rates for the Utility. The application was accompanied by a rate study prepared by the RM's consultant and By-Law No. 13-22 having had first reading on November 29, 2022.

A Public Notice of Application was issued on February 6, 2023 allowing for any questions or comments with respect to the proposed rate increases to the Board and/or the RM on or before March 23, 2023. There were no responses to the Notice.

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 a paper review process for the RM's application.

The rates were calculated based on the following projections using an annual inflation rate of 3% in all calculations:

<b>Schedule of Utility Rate Requirements</b>				
<b>Rural Municipality of Lac du Bonnet – Brookfield Water Utility</b>				
<b>2024 to 2027 Budget Forecasts (\$)</b>				
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<b>Forecast</b>			
<b>General Expenses</b>				
Administration	3,389	3,491	3,595	3,703
Training	1,545	1,591	1,639	1,688
Total General Expenses	4,934	5,082	5,234	5,391
<b>Revenue</b>				
Penalties	500	500	500	500
Total General Revenues	500	500	500	500
<b>Net Costs General</b>	<b>4,434</b>	<b>4,582</b>	<b>4,734</b>	<b>4,891</b>
<b>Water Expenses</b>				
Purification and Treatment	15,570	16,037	16,518	17,013
Water Purchases	36,199	36,199	36,199	36,199
Other Water Supply Costs	468	482	496	511
Amortization	25,200	25,200	25,200	25,200
Interest on Long-Term Debt	9,005	8,311	7,594	6,854
Contingency	5,117	5,117	5,117	5,117
Reserves	7,500	7,500	7,500	7,500
Total Water Expenses	99,059	98,846	98,624	98,394
<b>Revenue</b>				
Property Taxes – Water Debt	30,363	30,363	30,363	30,363
Total Water Revenues	30,363	30,363	30,363	30,363
<b>Net Costs Water</b>	<b>68,696</b>	<b>68,483</b>	<b>68,261</b>	<b>68,031</b>
<b>Net Operating Costs</b>	<b>73,130</b>	<b>73,065</b>	<b>72,995</b>	<b>72,922</b>

The proposed Utility rate increases are primarily required for inflation and to add a transfer to the Utility Reserve Fund.

## Contingency Allowance and Utility Reserves

As per the Board's Water and Wastewater Rate Application Guidelines, a yearly allowance equal to 10% of the variable operating costs is recommended for a contingency allowance.

The RM has included an annual contingency allowance of \$5,117.

The RM has a reserve allowance of \$7,500 per year in its rate study.

## Working Capital Surplus/Deficit

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/deficit is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2021 Audited Financial Statements, the most recent information available, the working capital surplus for the Utility at December 31, 2021 was:

	2021
Utility Fund Surplus/Deficit	\$880,342
Deduct: Tangible Capital Assets	(1,168,848)
Add: Long-Term Debt	317,804
Add: Utility Reserve	-
<b>Equals Working Capital Surplus (Deficit)</b>	<b>\$29,298</b>
Operating Expenses	87,734
<b>20% of Operating Expenses (Target)</b>	<b>\$17,547</b>

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

## Cost Allocation Methodology

The Board requires all municipal governments to review the costs shared between its general operations and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This allocation must be submitted to the Board for approval and cannot be changed without receiving approval from

the Board. The Board’s requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

The RM’s allocation plan for shared costs is as follows:

<b>Rural Municipality of Lac du Bonnet                      Brookfield Water Utility                      Allocation Plan for Non-Direct Shared Services (see Note 1)                      as at November 2022</b>			
Category	Sub-category	Options	
1.0	Administrative Staff	Activity Based (Note 1)	0.2% of general legislative expenses, excluding assessment and grant expenses
	1.1 Billing services – meter reading to receipting and collection.		Meter reading – drive by readings with minimal time required; receipting and collection part of admin. staff allocation.
	1.2 Accounting/ auditing/ including bylaw making and enforcement.		0.2% of audit costs
	1.3 Common office space		0.2% of office cots, utilities
	1.4 Office overheads (telephone, photocopier, computer, etc.)		0.2% of printing, postage, and stationary
2.0	Operating, construction and maintenance costs		
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs		-
	2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2)		Staff time will be minimal. RM staff taking required utility certification courses.
	2.3 Public works building and property.		There is no charge to the Utility for the Public Works Building use.
	2.4 Road repairs and alike (see Note 3)		-
3.0	Major projects		
	Interest/ financing		N/A
	Labor		-
	External costs		-

Note 1 – Allocation must be updated periodically to reflect impacts of inflation.

Note 2 – Including salaries and benefits.

Note 3 – If a project involves work benefitting both the Utility and general operations the costs may be shared (i.e. If reconstructing a road and replacing services at the same time, a portion of the roadwork costs may be allocated to the Utility.)

## 4.0 Board Findings

### Rates

The Board has reviewed the application and the projections for utility rates presented by the RM's consultant in its rate application and notes the calculations used to formulate the Utility's rates are not consistent with Public Utilities Board Guidelines, but instead have been designed to phase-in rates to mitigate rate-shock and high year-over-year rate increases.

The Board approves the rates as applied for, effective dates January 1, 2024, January 1, 2025, January 1, 2026, and January 1, 2027.

The Board requires the RM to review its water and wastewater 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) on or before July 1, 2027.

The Board directs the RM to monitor the Utility's performance and if the RM becomes aware the rates approved in this Order are inadequate to cover the operating costs of the Utility, the Board encourages the RM to submit a revised Rate Application as soon as possible.

The Board notes the RM has not submitted its 2022 Audited Financial Statements and reminds the RM audited financial statements are to be reported to the Board no later than June 30 of the following year. The Board directs the RM to submit its 2022 Audited Financial Statements as soon as they are available.

The Board also notes, the 2020 and 2021 Audited Financial Statements report \$30,363 in debenture debt repayments related to the Utility as a transfer to the Utility from the RM's General Operating Fund. It is the Board's understanding the aforementioned debenture debt is being recovered using property taxes and therefore should be reported in the Audited

Financial Statements as Property Tax Revenue. The Board directs the RM to work with its auditor(s) to correct the error in its future year's audits.

### **Unaccounted for Water**

The Board notes, the RM reported unaccounted for water of -5.0%. This is not a typical representation of unaccounted for water levels. The Board directs the RM to file an updated report on unaccounted for water using the most recent data available by November 1, 2023, and to provide explanations and/or a plan to address unaccounted for levels that are negative or do not fall within the maximum 10% industry standard.

### **5.0 IT IS HEREBY ORDERED THAT:**

1. The revised water rates for the Rural Municipality of Lac du Bonnet, Brookfield Water Utility, BE AND ARE HEREBY approved in accordance with the attached Schedule A, effective January 1, 2024, January 1, 2025, January 1, 2026 and January 1, 2027.
2. The Shared Cost Allocation Methodology for the Rural Municipality of Lac du Bonnet BE AND IS HEREBY APPROVED.
3. The Rural Municipality of Lac du Bonnet is to provide a notice of the decisions found in this Order to its customers as soon as possible, with a copy provided to the Public Utilities Board.
4. The Rural Municipality of Lac du Bonnet amend its water and wastewater rate By-Law to reflect the decisions in this Order and submit a copy to the Board once it has received third and final reading.
5. The Rural Municipality of Lac du Bonnet review its water rates for the Brookfield Water 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 July 1, 2027.
6. The Rural Municipality of Lac du Bonnet submit its 2022 Audited Financial Statements as soon as they are available.

7. The Rural Municipality of Lac du Bonnet file an updated report on unaccounted for water levels, including explanations and/or a plan to address if unaccounted for levels are a negative figure or do not fall within the maximum 10% industry standard, by November 1, 2023.

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](http://www.pubmanitoba.ca).

Fees payable upon this Order - \$500.00

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany"  
Panel Chair

"Frederick Mykytyshyn"  
Assistant Associate Secretary

Certified a true copy of Order No. 108/23  
Issued by The Public Utilities Board

  
Assistant Associate Secretary

**SCHEDULE A  
RURAL MUNICIPALITY OF LAC DU BONNET  
BROOKFIELD WATER UTILITY  
WATER UTILITY RATES BY-LAW NO. 13-22  
SCHEDULE OF QUARTERLY RATES  
Effective January 1, 2024**

1. Schedule of Commodity Rates  
& Quarterly Service Charge

**January 1, 2024**

Cubic Meters per quarter

All Water consumption

\$7.64

Quarterly Service Charge

\$28.40

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

**a) Water Customers**

Meter Size	Group Capacity Ratio	Water Included Cubic Meters	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
5/8 inch	1	14	\$28.40	\$106.96	\$135.36
3/4 inch	2	28	\$28.40	\$213.92	\$242.32
1 inch	4	56	\$28.40	\$427.84	\$456.24
2 inch	25	350	\$28.40	\$2,674.00	\$2,702.40
3 inch	45	630	\$28.40	\$4,813.20	\$4,841.60

1. Schedule of Commodity Rates  
& Quarterly Service Charge

**January 1, 2025**

Cubic Meters per quarter

All Water consumption

\$7.98

Quarterly Service Charge

\$29.39

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

**a) Water Customers**

Meter Size	Group Capacity Ratio	Water Included Cubic Meters	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
5/8 inch	1	14	\$29.39	\$111.72	\$141.11
3/4 inch	2	28	\$29.39	\$223.44	\$252.83
1 inch	4	56	\$29.39	\$446.88	\$476.27
2 inch	25	350	\$29.39	\$2,793.00	\$2,822.39
3 inch	45	630	\$29.39	\$5,027.40	\$5,056.79

1. Schedule of Commodity Rates  
& Quarterly Service Charge

**January 1, 2026**

Cubic Meters per quarter

All Water consumption \$8.32

Quarterly Service Charge \$30.38

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

**a) Water Customers**

Meter Size	Group Capacity Ratio	Water Included Cubic Meters	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
5/8 inch	1	14	\$30.38	\$116.48	\$146.86
3/4 inch	2	28	\$30.38	\$232.96	\$263.34
1 inch	4	56	\$30.38	\$465.92	\$496.30
2 inch	25	350	\$30.38	\$2,912.00	\$2,942.38
3 inch	45	630	\$30.38	\$5,241.60	\$5,271.98

1. Schedule of Commodity Rates  
& Quarterly Service Charge

**January 1, 2027**

Cubic Meters per quarter

All Water consumption \$8.66

Quarterly Service Charge \$31.36

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

**a) Water Customers**

Meter Size	Group Capacity Ratio	Water Included Cubic Meters	Customer Service Charge	Water Commodity Charge	Water Total Quarterly Minimum
5/8 inch	1	14	\$31.36	\$121.24	\$152.60
3/4 inch	2	28	\$31.36	\$242.48	\$273.84
1 inch	4	56	\$31.36	\$484.96	\$516.32
2 inch	25	350	\$31.36	\$3,031.00	\$3,062.36
3 inch	45	630	\$31.36	\$5,455.80	\$5,487.16

## The Following Clauses Take Effect January 1, 2024

### 3. Service To Customers Outside Utility's Limits

The Council of the Rural Municipality of Lac du Bonnet may sign Agreements with customers for the provision of water services to properties located outside the boundaries of Brookfield Water Utility. 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 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 Brookfield Water Utility 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. Billings and Penalties

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1.25% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills.

### 5. Disconnection and Reconnection

The Rural Municipality shall charge a fee as shown below for a re-connection or a disconnection of a service, if requested by a customer.

Service may be interrupted or disconnected as follows:

Curb Stop Turn-off	\$50.00
Curb Stop Turn-on	\$50.00

Customers will continue to receive their water billing, even if the curb stop has been turned off.

Meter Removal (includes cost for curb stop turn off)	\$300.00
Re-installation of Meter (includes cost for curb stop turn on)	\$150.00

Customers will not receive quarterly water billings until the meter has been re-installed and the curb stop has been turned on

The Public Utilities Board has approved the Conditions Precedent to be followed by the Rural Municipality with respect to 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 Rural Municipality's office.

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$300.00 have been paid.

6. Liability for Charges

Pursuant to Section 252 (2) of *The Municipal Act*, the amount of all outstanding charges for water services, including fines and penalties, are a lien and charge upon the land serviced, and may be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies

7. Water Meters

Water meters are owned by the Rural Municipality but are the responsibility of the utility customer to maintain. If the water meter is broken, frozen, etc., the utility customer will be billed for a new meter at the current cost of replacement.

8. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Rural Municipality with a deposit of \$100.00. The Rural Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be faulty, all costs associated with the testing process will be borne by the Rural Municipality and the deposit will be refunded to the customer and the customer's account will be adjusted for the preceding four (4) months. If the meter is found to be in proper working order, all costs associated with the testing process will be borne by the customer and the customer will be billed or refunded any balance owing.

9. 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.

10. Conditions of Disrepair

In the event that there are conditions of disrepair in the water works on a property that detrimentally affects the system as a whole and, upon the failure of the owner of the property to correct the condition within a reasonable time, the Rural Municipality, or its

agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

11. Authorization For Officer To Enter Upon Premises

The Public Works Supervisor, or other employee authorized by the Rural Municipality in the absence of the Public Works Supervisor, shall be authorized to enter upon any premise for the purpose of:

Affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or taking readings from, repairing, inspecting or removing any meter or apparatus belonging to the Rural Municipality.