

Order No. 126/20

**RURAL MUNICIPALITY OF De SALABERRY
ST. MALO WATER AND WASTEWATER UTILITY
WATER AND WASTEWATER RATES
2014 OPERATING DEFICIT
COST ALLOCATION METHODOLOGY**

October 23, 2020

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

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1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) varies the Rural Municipality of De Salaberry (RM), St. Malo Utility’s (Utility) application for revised water and wastewater rates and grants approval of rates as shown below.

The Board denies the proposed rate rider for recovery of the 2014 operating deficit.

The Board grants approval of the cost allocation methodology proposed by the RM.

The revised rates are below:

	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023
Quarterly Service Charge	\$ 7.81	\$ 8.05	\$ 8.29
Water (per cubic metre)	\$ 2.22	\$ 2.28	\$ 2.35
Wastewater (per cubic metre)	\$ 0.64	\$ 0.66	\$ 0.67
Minimum Quarterly Charge*	\$ 47.85	\$ 49.21	\$ 50.57
Minimum Quarterly Charge Wastewater Only**	\$ 48.13	\$ 49.63	\$ 50.50
Bulk Raw Water	\$ 200.00	\$ 200.00	\$ 200.00
Tipping fee ratio	2.93	2.93	2.93
Campground Wastewater (per cubic metre)	\$ 1.86	\$ 1.92	\$ 1.98
Campground Wastewater (annual service charge)	n/a	n/a	n/a
Septic Tank Tipping Fee Town Resident (First 1,000 gallons)***	\$ 18.51	\$ 19.07	\$ 19.64
Holding Tank Tipping Fee Town Resident (First 1,000 gallons)	\$ 3.49	\$ 3.59	\$ 3.70
Septic & Holding Tank Tipping Fee Town Resident (per add'l 1,000 gallons, same tank tip)	\$ 2.89	\$ 2.97	\$ 3.06
Lagoon Tipping Fee RM Resident (per tank tip)	\$ 161.00	\$ 161.00	\$ 162.00

*based on 14m³

**based on 63m³

***1,000 gallons = 4.54m³

Details of other rates are in Schedules A and B.

The reasons for the Board’s decisions are under Board Findings.

2.0 Background

The Utility is located in the community of St Malo, in the Rural Municipality of De Salaberry. It owns and operates a water treatment plant, a wastewater lagoon, and the associated water distribution system and the sewage collection system. The Utility provides water and wastewater to 439 connections, six water only customers and 60 wastewater only customers. All but two of those customers reportedly have meters.

Water Supply/Distribution

The original water distribution system was installed in 1993. The smaller lines are experiencing significant failures and water main breaks due to the quality of materials used at the time. The average age of the water meters in the homes is 20 years.

Wastewater Collection and Treatment

The wastewater system consists of gravity wastewater lines and low pressure wastewater lines originally installed in 1973. The gravity system is approximately 80% gravity using clay tiles and PVC, with 20% low pressure sewer that is mostly high density polyethylene. The system has two lift stations. The RM is upgrading the wastewater lines from clay tile to PVC.

Lagoon flow data seems to indicate a very large potential for infiltration, which is not unexpected given an older clay tile system and potential for elevated groundwater in the area. The treated effluent is meeting all water quality guidelines; however, there were two suspension of licenses in 2017 for the lagoon facility, likely due to significant infiltration.

3.0 Board Methodology

Review Process

When reviewing an application, the Board has at its disposal two approaches, a paper review process or a public hearing. After the publication of the Notice of Application, the Board considers the application and responses, if any, and determines which method of review is most appropriate. Whenever reasonable, the Board can review the application using a paper review process, which saves the cost of a public hearing.

Where there is an urgent need for initial or revised rates and the Board determines it to be in the best interest of all parties, the Board may establish interim *ex parte* rates.

Contingency Allowance and Utility Reserves

The Board's Water and Wastewater Rate Application Guidelines recommend an annual contingency allowance equal to 10% of the variable operating costs.

Working Capital

Board Order No. 93/09 established utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is the Utility fund balance, excluding any capital-related items plus Utility reserves.

Operating Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology. The Board is therefore duty bound to approve reasonable rates based on reasonable expense projections.

Cost Allocation Methodology

The Board requires all municipalities to review the costs shared between the general operations of the municipality and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without approval by the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

Unaccounted for Water

Water losses may be caused by such events as distribution line losses, service leaks, water used for fire fighting or line flushing, and under-registration of water meters. The Board Guidelines require utilities to compare the volume of water produced or purchased against the volume of water sold, to determine the percentage of unaccounted for water. Unaccounted for water volumes of approximately 10% are considered industry standard.

The Board expects any utility experiencing a greater volume of unaccounted for water to provide an explanation and plan to address the water losses.

4.0 Application

On May 30, 2019, the Board received the RM's application for revised water and wastewater rates. The application included a rate study completed by the RM's consultant and By-law 2356-19, read for the first time on May 14, 2019.

On July 19, 2019, in response to the Board's preliminary review of the application and inquiries, the RM submitted responses, an updated rate study and advised it would amend By-law 2356-19 to correct errors and give it second reading on July 30, 2019. The updated rate study did not revise the financial projections or indicated rates. The revised By-law was received October 1, 2019, having had second reading July 20, 2019.

The May and July 2019 rate studies included the following revenue requirements and calculations of indicated rates:

	Year 1	Year 2	Year 3
General revenue requirement - A	28,539	29,815	30,490
Water rate revenue requirement - B	185,095	192,312	199,505
Wastewater rate revenue requirement - C	49,257	52,147	53,751
Customers - D	509	509	509
Water produced in m3	95,980	95,980	95,980
Metered water sales in m3 - E	77,385	77,772	78,161
Wastewater only - 63m3 per quarter	15,234	15,234	15,234
Water only - 41m3 quarterly	990	990	990
Total volume to calculate wastewater charge - F	91,629	92,016	92,405
Indicated rates			
Quarterly service charge (A/D/4 quarters)	\$ 14.02	\$ 14.64	\$ 14.98
Water commodity charge (B/E)	\$ 2.39	\$ 2.47	\$ 2.55
Wastewater commodity charge (C/F)	\$ 0.54	\$ 0.57	\$ 0.58

The Board issued a Public Notice of Application on September 30, 2019 affording customers the opportunity to comment to both the Board and the RM with respect to the proposed rate changes. The Board did not receive any responses to the Notice.

The Board reviewed the application and calculations in detail and on July 23, 2020 sent a list of information requests to the RM. Many of the line items in the financial projections had historically experienced significant, unexplained variation. The Board was seeking details about the rationale used by the RM in projecting these expenses, given the instability demonstrated in previous years.

The RM responded on August 7, 2020, including a third revised rate study with new financial projections and a copy of the draft 2019 audited financial statements. The submission did not include a request to revise the proposed rates for quarterly service charge or the water commodity rate, although the indicated rates had changed based on the new projected revenue requirements. There were no changes to the volumetric projections used in calculating the rates.

The August 2020 rate study included the following revenue requirements and calculations of indicated rates:

	Year 1	Year 2	Year 3
General revenue requirement - A	28,827	30,103	30,781
Water rate revenue requirement - B	211,501	218,719	225,912
Wastewater rate revenue requirement - C	49,257	52,147	53,751
Customers - D	509	509	509
Water produced in m3	95,980	95,980	95,980
Metered water sales in m3 - E	77,385	77,772	78,161
Wastewater only - 63m3 per quarter	15,234	15,234	15,234
Water only - 41m3 quarterly	990	990	990
Total volume to calculate wastewater charge - F	91,629	92,016	92,405
Indicated rates			
Quarterly service charge (A/D/4 quarters)	\$ 14.16	\$ 14.79	\$ 15.12
Water commodity charge (B/E)	\$ 2.73	\$ 2.81	\$ 2.89
Wastewater commodity charge (C/F)	\$ 0.54	\$ 0.57	\$ 0.58

In response to the Board's questions about the financial projections, the RM advised what the line items in question consisted of, but did not include any explanation of the rationale used in the projections. Upon review of the amended projections and draft 2019 audited statements, the Board followed up with additional requests for clarification by email on August 27, 2020.

The RM responded on September 1, 2020, including a fourth revised rate study with a third set of financial projections, revising the volumetric projections used to calculate the rates, and a request that the Board allow the Utility to implement the Year 3 rates from the May 2019 rate study and Notice of Application.

The September 2020 rate study included the following revenue requirements and calculations of indicated rates:

	Year 1	Year 2	Year 3
General revenue requirement - A	\$ 20,721	\$ 21,773	\$ 22,293
Water rate revenue requirement - B	\$195,762	\$202,471	\$203,634
Wastewater rate revenue requirement - C	\$ 42,446	\$ 41,033	\$ 44,350
Customers - D	509	509	509
Water produced in m3	95,980	95,980	95,980
Metered water sales in m3 - E	72,360	72,722	73,085
Wastewater only - 63m3 per quarter	14,256	14,256	14,256
Water only - 41m3 quarterly	927	927	927
Total volume to calculate wastewater charge - F	85,689	86,051	86,414
Indicated rates			
Quarterly service charge (A/D/4 quarters)	\$ 10.18	\$ 10.69	\$ 10.95
Water commodity charge (B/E)	\$ 2.71	\$ 2.78	\$ 2.79
Wastewater commodity charge (C/F)	\$ 0.50	\$ 0.48	\$ 0.51

The Year 3 rates from the May 2019 rate study are significantly different from the indicated rates from the September 2020 rate study. The submission did not include any explanation or rationale for the Board to approve rates that no longer aligned with the indicated rates from the most recent rate study provided by the RM. The submission did not include a Council resolution supporting the RM's request for the Board to approve the May 2019 rate study Year 3 rates.

Contingency Allowance and Utility Reserves

The RM's September 2020 rate study included contingency allowance of 10% of net rate requirements, less amortization expenses. There is no provision for transfer to Utility Reserve proposed.

Working Capital

As per the 2019 audited financial statements, the working capital surplus at December 31, 2018 and 2019 was:

	2019 audit	2018 audit
Accumulated Fund Surplus/Deficit	\$1,992,115	\$1,959,814
Deduct tangible capital assets	\$3,650,585	\$3,764,535
Add long term debt	\$1,271,393	\$1,392,035
Add utility reserves	\$1,167	\$53,949
Equals Working Capital Surplus/Deficit	(\$385,910)	(\$358,737)
Operating costs	\$465,855	\$461,359
20% of operating costs (target)	\$93,171	\$92,272

The RM's revenue requirements include a provision to rebuild the Working Capital, as per Board Guidelines.

Septage Tipping Fees

The RM's May 2019 rate study outlined the following methodologies for calculating four proposed tipping fees to the Provincial Park Campground, and Town and RM Residents:

1. Town Resident with Holding Tank (hauls at least once per week)
 - Wastewater rate – charged per 1,000 gallons (4.54m³)
 - Customer service charge – 1/13 of current quarterly charge, per septic tank tip
2. Town Resident with Septic Tank (hauls an estimated twice per year and connected to the low pressure wastewater system)
 - Wastewater rate – charged per 1,000 gallons (4.54m³)
 - Customer service charge – 2 x current quarterly charge, per septic tank tip
3. RM Resident with Septic Tank (hauls an estimated twice per year)
 - Debt Contribution Equivalent - \$145 per septic tank tip

- Customer service charge – 2 x current quarterly charge, per septic tank tip
4. St Malo Campground (not hauling but directs wastewater directly to the Town system)

Proposed using Board recommended methodology for Bulk Water to encompass contribution to debentures for the lagoon, lift station and the forcemain as follows:

Admin revenue requirement	A
Net rate revenue requirement - wastewater	B
Taxation revenues - lagoon and lift station related debt	C
Tipping fee revenue	D
Subtotal (A+B+C+D)	E
Tipping fee ratio (E/B)	F
Metered wastewater rate	G
Campground sewer rate (GxF)	H

The proposed campground rate also included an annual service charge equivalent to four times the current quarterly charge.

Operating Deficits

The RM's May 2019 rate study stated the 2014 operating deficit was \$81,162 and the utility "may have incurred" deficits in 2015 and 2016, were it not for income from Other Funds. The rate study proposed three different wastewater rate riders, \$0.04/m³ (page 2), \$0.08/m³ (page 24) and \$0.10/m³ (explanations tab, note 5). The rate study proposed "For the purpose of this study it is assumed the majority of the deficit would be offset by a surplus in 2018 and a minor sewer rate rider would be implemented to recover the \$7,000 in 2020." The RM's submission did not include a deficit application or any explanation for the assumption that the Board would allow the 2014 deficit recovery through a future surplus.

The RM's July 2019 submission stated the RM would be submitting a deficit application for the years 2014, 2015, and 2017 in the amount of \$104,859, proposing to recover with a rate rider of \$0.13/m³ over a three year period or when the deficit is recovered, whichever comes first.

On August 29, 2019, the RM submitted an application for approval of the 2014 operating deficit. The application stated the deficit was \$72,766 and requested the Board grant approval to recover the deficit by way of "a rate rider to the water rate" in the amount of \$0.28/m³. The RM proposed the rate rider be in effect for three years or until such time as the funds that were used to cover the deficit are replenished.

The RM did not provide any figures showing how the rate rider of \$0.28/m³ was calculated, nor its reasoning for excluding wastewater customers from the recovery of the deficit. The reason for the deficit was stated as "shortfall between revenue and expenditures that include amortization of assets."

On July 23, 2020, the Board asked the RM to provide the calculations used to calculate the deficit rate rider. On August 7, 2020 the RM advised the "deficit recovery was based on \$76,066/3 years = \$25,656 per year, divided by 91,629m³ per year of net water returned to sewer." The 2014 deficit in this response is \$3,300 higher than the August 2019 deficit application, with no explanation for the discrepancy. The calculated annual amount is also incorrect, as \$76,066 divided by three is \$25,355, not \$25,656. The volume indicated, "net water returned to sewer", would include wastewater only customers, which the deficit application previously excluded. The RM did not provide an explanation for the decision to now include the wastewater only customers.

Cost Allocation Methodology

The RM submitted the following Cost Allocation Methodology (CAM) for approval with the May 2019 rate application:

Direct Overhead Costs	Meter reading Salaries & wages	4% of \$373,880	\$ 14,955
	Billing Receipting and Collection	n/a	\$ -
Indirect Overhead Costs- General Administrative Costs and Shared Office Costs	CAO salaries and benefits	4% of \$138,258	\$ 5,530
	Council costs	n/a	\$ -
	Audit and legal	4% of \$26,142	\$ 1,046
	Interest cost on office space	n/a	\$ -
	Lease costs	4% of \$54,741	\$ 2,190
	Utilities (i.e. telephone, heat)	4% of \$66,191	\$ 2,648
	Photocopying (etc.)	n/a	\$ -

The RM did not submit any revisions to the CAM, though the September 2020 total General Revenue Requirement is less than the total shared costs allocated to the Utility in the table above.

Unaccounted for Water

The Utility indicated the 2020-2022 unaccounted for water was projected to be 17%-18% of water produced.

The frequent breaks and leaks result in an above average water loss in the system. The RM has identified a priority in applying for funding to replace and renew the failing lines in the distribution system. There have been on average ten to fifteen water main breaks per year.

In the September 2020 update, the RM advised the Board the unaccounted for water from January to June 2020 had been reduced to approximately 15%.

5.0 Board Findings

Rates

The Board has chosen to review the RM's applications through a paper based review.

The Board finds the proposed rates to be unsubstantiated and will therefore vary the proposed rates.

Board Order No. 96/16 directed the RM to submit a rate study on or before February 28, 2017. The RM requested extensions, which the Board granted, allowing the RM to submit on or before August 31, 2017. The RM sent the Board an incomplete rate application in September 2017. The Board requested a properly completed rate application, and the RM did not respond to the request. The Board formally rejected the RM's incomplete rate application in September 2018.

The May 2019 rate study and application was prepared with the assistance of a consultant, but still contained numerous discrepancies and errors and did not provide detailed information about assumptions and how projections, beyond the simple inflationary increases, were calculated.

The Board sent multiple rounds of information requests to the RM and finds the RM has failed to demonstrate the evidence submitted is accurate and reflective of the needs of the Utility. The Utility has historically experienced a significant amount of revenue categorized as "Other" and the RM was unable to adequately explain these revenues and explain if the Utility can reasonably expect them to recur in the future. Similarly, the rate study claimed the audited financial statements misallocated capital investments as expenses, but no effort was made to quantify or correct these errors.

Typically, the cumulative effect of the errors, lack of evidence and unanswered questions surrounding the operations and financial information of the Utility would result in the Board denying the rate application. In the case of the St Malo Utility, the Board has determined that while it cannot substantiate the revenue requirements for the Utility presented in the

rate study, the audited financial information for the Utility indicates a rate increase is necessary. For these reasons, the Board will vary the proposed rates.

The 2019 audited financial statements indicates a deficit of \$13,243, when calculated for regulatory purposes. The total revenues from water and wastewater fees are \$228,029. Schedule 9 does not disclose the revenues from the quarterly service charge. The deficit represents approximately 6% of rate revenue, and therefore the Board will grant approval of a 6% increase in the quarterly service charge, water and wastewater rates, followed by subsequent annual increases of 3% per year, with the increases effective January 1, 2021, 2022 and 2023.

This is an unsatisfactory resolution; however, each round of questions from the Board resulted in revised financial projections, which required the Board to begin the analysis of the entire application anew. For the Board's purposes, this application was three rate applications, and as such, absorbed a significant amount of time and resources. It is not feasible for the Board to continue sending information requests when the response includes revised projections or volumetric estimates, which in turn requires further information requests.

Lagoon Tipping Fees

The Board grants approval of the tipping fee methodology outlined in the May 2019 rate study, with two exceptions. The Board denies the annual service charge to the campground. The tipping fee ratio has already taken into account the revenue requirements for the customer service charge. The Board grants approval of the calculation to determine the tipping fee ratio, with the removal of the tipping fee revenue as a variable. As per Board Guidelines for the calculation of the Bulk Water Ratio, this has been replaced with "any additional costs incurred in accepting hauled wastewater".

Admin revenue requirement	A
Net rate revenue requirement - wastewater	B
Taxation revenues - lagoon and lift station related debt	C
Any additional costs incurred in accepting hauled wastewater	D
Subtotal (A+B+C+D)	E
Tipping fee ratio (E/B)	F
Metered wastewater rate	G
Campground sewer rate (GxF)	H

The Board does not have the information necessary to properly calculate the Tipping Fee Ratio. The Board has found the revenue requirements submitted by the RM to be unsubstantiated. The Board will vary the calculation of the Tipping Fee Ratio, using the rates approved effective January 1, 2021:

Quarterly Service Charge of \$7.81 x four quarters for an annual service charge of \$31.24. \$31.24 x 509, the number of customers used in the rate study for a total of \$15,901 in administrative revenue requirement.

The wastewater charge of \$0.64/m³ x 85,689m³, the volume used in the September 2020 rate study to calculate the wastewater charge for a total of \$54,841 in net rate revenue requirement – wastewater.

Admin revenue requirement	15,901.00	A
Net rate revenue requirement - wastewater	54,841.00	B
Taxation revenues - lagoon and lift station related debt	89,783.00	C
Any additional costs incurred in accepting hauled wastewater		D
Subtotal (A+B+C+D)	<u>160,525.00</u>	E
Tipping fee ratio (E/B)	2.93	F

Operating Deficits

The RM's submissions regarding the 2014 operating deficit were replete with errors and inconsistent information. The RM was inconsistent in its intentions to recover the deficit from all customers, all wastewater customers or all water customers, and these are three

distinct groups in the St Malo Utility. The RM must provide supporting rationale should it decide to recover the deficit from some Utility customers and not others.

Over the course of the numerous submissions, the RM provided four differing amounts as the total of the deficit, and proposed five different rate riders amounts. For these reasons, the Board will deny the deficit application and direct the RM to return to the Board with a proper deficit application, including all calculations and rationale for recovery. A Council resolution approving the requested rate rider must be included.

Audited Financial Statements

The Board strongly encourages the RM to work closely with its auditor(s) to ensure the audited financial statements, and particularly Schedule 9, is presented with as much detail and accuracy as possible. The statements do not disclose the revenues from the quarterly service charge apart from the water and wastewater revenues, which prevents the RM and Board from determining which of the rates are in need of revision. This is particularly concerning for a Utility with wastewater only and water only customers, as they should not be subsidizing rates for services they are not receiving. The total expenses for General are in excess of \$100,000 on the 2019 audited financial statements, which is more than triple the total expenses for General projected in the May 2019 rate study. This strongly suggests there are water and wastewater expenses misallocated as General.

The rate study advised the Board that capital expenditures were recorded as expenses in the audited financial statements, and the RM should take steps to ensure capital expenditures are properly recorded going forward. The use of “Other income” and “Other water supply costs” should also be avoided, if possible, as the information regarding the sources and uses of these revenues and expenses is important for rate setting purposes. If the information presented in Schedule 9 is incomplete or incorrect, it limits the Board’s ability to assess the Utility’s financial position, and the RM’s ability to set appropriate rates to sustain the Utility and its operations.

Utility Rate Reviews

The Board directs the RM to review the St Malo Water and Wastewater Utility rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before June 30, 2022.

The Board reminds the RM regular reviews are important for a financially sound utility and encourages the RM to review Board Order No. 86/17 for future rate applications. The Order outlines the Simplified Rate Application Process for municipally owned public utilities. If, after its rate review, the RM finds it meets the designated criteria for a simplified rate application, it should apply for future rates using the Simplified Rate Application Process.

6.0 IT IS THEREFORE ORDERED THAT:

1. The water and wastewater rates for the Rural Municipality of De Salaberry – St Malo Water and Wastewater Utility, BE AND ARE HEREBY VARIED in accordance with the attached Schedules A and B, effective January 1, 2021, 2022 and 2023.
2. The Cost Allocation Methodology for shared services as submitted by the Rural Municipality of De Salaberry for the St Malo Utility BE AND IS HEREBY APPROVED.
3. The operating deficit for 2014 incurred in the Rural Municipality of De Salaberry – St Malo Water and Wastewater Utility, BE AND IS HEREBY DENIED.
4. The Rural Municipality of De Salaberry – St Malo Water and Wastewater Utility submit deficit applications for the 2014 and 2019 operating deficits on or before November 30, 2020.

5. The Rural Municipality of Rural Municipality of De Salaberry amend its St Malo Water and Wastewater Utility 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
6. The Rural Municipality of De Salaberry review the St Malo Water and Wastewater Utility rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before June 30, 2022.

Fees payable upon this Order - \$500.00

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.

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 126/20
issued by The Public Utilities Board



Assistant Associate Secretary

Schedule "A" to Bylaw No. 2356-17

Schedule of Quarterly Rates Starting January 1, 2021:

1. Commodity Rates per cubic metre (c.m.)

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$2.22	\$0.64	\$2.86

2. Minimum Charges Quarterly:

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

a) Water and Sewer Customers:

Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	14	\$7.81	\$31.08	\$8.96	\$47.85
¾	2	28	\$7.81	\$62.16	\$17.92	\$87.89
1	4	56	\$7.81	\$124.32	\$35.84	\$167.97
1 ¼	10	140	\$7.81	\$310.08	\$89.60	\$407.49
2	25	350	\$7.81	\$777.00	\$224.00	\$1008.81
2 ½	50	490	\$7.81	\$1,087.80	\$313.60	\$1,409.21
4	90	1,260	\$7.81	\$2,797.20	\$806.40	\$3,611.41
6	170	2,380	\$7.81	\$5,283.60	\$1,523.20	\$6,814.61

b) Water Only Customers:

Minimum charges will be the same as shown above for each meter size noted above, however, the sewer commodity charge will be excluded.

c) Sewer Only Customers:

The quarterly commodity charge, based on the 63m³, plus the service charge, shall be \$48.13.

d) St. Malo Campground (Sewer Only Customer):

The wastewater commodity charge, based on the estimated flows into the sewer utility's system, shall be \$1.86 per cubic meter.

e) Bulk Raw Water Sales

To those customers authorized by the RM, access to the raw water supply well will be an annual flat rate service charge of \$200 per user.

Schedule of Quarterly Rates Starting January 1, 2022:

1. Commodity Rates per cubic metre (c.m.)

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$2.28	\$0.66	\$2.94

2. Minimum Charges Quarterly:

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

b) Water and Sewer Customers:

Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	14	\$8.05	\$31.92	\$9.24	\$49.21
¾	2	28	\$8.05	\$63.84	\$18.48	\$90.37
1	4	56	\$8.05	\$127.68	\$36.96	\$172.69
1 ¼	10	140	\$8.05	\$319.20	\$92.40	\$419.65
2	25	350	\$8.05	\$798.00	\$231.00	\$1,037.05
2 ½	50	490	\$8.05	\$1,117.20	\$323.40	\$1,448.65
4	90	1,260	\$8.05	\$2,872.80	\$831.60	\$3,712.45
6	170	2,380	\$8.05	\$5,426.40	\$1,579.80	\$7,014.25

b) Water Only Customers:

Minimum charges will be the same as shown above for each meter size noted above, however, the sewer commodity charge will be excluded.

c) Sewer Only Customers:

The quarterly commodity charge, based on the 63m³, plus the service charge, shall be \$49.63.

d) St. Malo Campground (Sewer Only Customer):

The wastewater commodity charge, based on the estimated flows into the sewer utility's system, shall be \$1.92 per cubic meter.

e) Bulk Raw Water Sales

To those customers authorized by the RM, access to the raw water supply well will be an annual flat rate service charge of \$200 per user.

Schedule of Quarterly Rates Starting January 1, 2023:1. Commodity Rates per cubic metre (c.m.)

	<u>Water</u>	<u>Sewer</u>	<u>Water & Sewer</u>
All water consumption	\$2.35	\$0.67	\$3.02

2. Minimum Charges Quarterly:

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

c) Water and Sewer Customers:

Meter Size (Inches)	Group Capacity Ratio	Minimum Quarterly Consumption	Service Charge	Water	Sewer	Minimum Quarterly Charges
5/8	1	14	\$8.29	\$32.90	\$9.38	\$50.57
¾	2	28	\$8.29	\$65.80	\$18.76	\$92.85
1	4	56	\$8.29	\$131.60	\$37.52	\$177.41
1 ¼	10	140	\$8.29	\$329.00	\$93.80	\$431.09
2	25	350	\$8.29	\$822.50	\$234.50	\$1,065.29
2 ½	50	490	\$8.29	\$1,151.50	\$328.30	\$1,488.09
4	90	1,260	\$8.29	\$2,961.00	\$844.20	\$3,813.49
6	170	2,380	\$8.29	\$5,593.00	\$1,594.60	\$7,195.89

b) Water Only Customers:

Minimum charges will be the same as shown above for each meter size noted above, however, the sewer commodity charge will be excluded.

c) Sewer Only Customers:

The quarterly commodity charge, based on the 63m³, plus the service charge, shall be \$50.50.

d) St. Malo Campground (Sewer Only Customer):

The wastewater commodity charge, based on the estimated flows into the sewer utility's system, shall be \$1.98 per cubic meter.

e) Bulk Raw Water Sales

To those customers authorized by the RM, access to the raw water supply well will be an annual flat rate service charge of \$200 per user.

3. Billings and Penalties:
A late payment charge of 1 ¼% shall be charged monthly on the dollar amount owing after the billing due date. The due date will be at least 21 days after the mailing of the bills.
4. Disconnection
The Public Utilities Board has approved Conditions Precedent to be followed by the municipality with respect to the disconnection of services 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 and the municipal office.
5. 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.
7. Hydrant Rentals:
The R. M. of De Salaberry shall pay the utility an annual rental fee of \$100.00 per hydrant connected to the system which shall include the use of water for firefighting services.
8. Outstanding Bills
Pursuant to Section 252(2) of *The Municipal Act* , the amount of all outstanding charges for water and/or sewer services 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.
9. New Customers
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.
Maintenance for meters with a size of 25mm. (1 inch) or larger (commercial) will be the responsibility of the utility system but will be billed to the commercial user.
10. Testing of Water Meters for Accuracy:
Any customer desiring and requesting their meter to be tested for accuracy shall deposit with the municipality the sum of \$ 40.00. If the meter (when tested) is found to be within the allowable limits of variation from accuracy the municipality shall keep the deposit.

If the meter is found to register in excess of the allowable limits, the deposit shall be refunded and the customer's account adjusted to reflect an accurate consumption.
The allowable limit of variation shall be 4% of average flow.
11. Service to Customers outside the limits of Local Improvement District No. 2:
The Council of the Rural Municipality of De Salaberry may sign agreements with customers for the provision of water and sewer services to properties located outside the boundaries of L.I.D. No. 2. Such agreements shall provide for payment of the

appropriate rates set out in Sections 1 and 2 of this schedule (for each applicable year), 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 which would be levied on the property concerned if it were within these boundaries. In addition, all costs for connecting to the utility's mains and installing and maintaining service connections shall be paid for by the customer.

12. Water Allowance Due to Line Freezing
Where, at the written request of the municipality, a customer allows water to run continuously for a period of time to prevent the water lines in the water system from freezing, the charge to that customer for the current quarter shall be the average of the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed.
13. Sewage Surcharges
(a) There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by resolution of council.
(b) A special surcharge for substances requiring special treatment shall be charged based on the actual cost of treatment required for the particular sewage or industrial wastes.
14. Requested Disconnection of Services
The municipality understands that some property owners choose to vacate their property for an extended period of time and may wish to have services disconnected. Services may be disconnected upon receipt by the municipality of a written request from the property owner indicating the date that the service is to be disconnected. There will be no charge for this service however the property owner will be billed the minimum quarterly charges while services are disconnected. Property owners are entitled to one disconnection and one reconnection of services per year. The property owner must be present when services are disconnected and reconnected.
15. Failure of Meter or Touch Pad to Register Properly
If the meter ceases to register properly, the quantity of water used will be determined by the most appropriate method, as determined in the sole opinion of the municipality. Such methods may include but not be limited to:
- a) mathematical calculations and comparisons including average consumption rates, number of persons generally in the premises, etc.; and
 - b) the amount consumed during the corresponding period of the previous month(s) or year(s), giving due consideration to the weather, number of fixtures in the house, or
 - c) if no such information exists, the municipality's best estimate, having regard to the circumstances.

A correction in billing shall be made for the period that the meter or touch pad failed to register properly, not exceeding two (2) years retroactive from the date of discovery.

Schedule "B" to By-law No. 2356-17

1. The fees charged to be set out as follows effective January 1, 2021:
 - a. Sewage (holding Tanks) Tipping Fee Rates for Residences within the Community of St. Malo: Minimum per use fee of **\$3.49** up to 4.54 cubic metres (equivalent to 1,000 imperial gallons) plus **\$2.89** per cubic metre for any portions over the initial fee.
 - b. Septage (Septic Tanks) Tipping Fee Rates for Residences within the Community of St. Malo: Minimum per use fee of **\$18.51** up to 4.54 cubic metres (equivalent to 1,000 imperial gallons) plus **\$2.89** per cubic metre for any portions over the initial fee.
 - c. Septage (Septic Tanks) Tipping Fee Rates for Residences outside of the Community of St. Malo: Minimum per use fee of **\$161.00** per septic tank per property.

2. The fees charged to be set out as follows effective January 1, 2022:
 - a. Sewage (holding Tanks) Tipping Fee Rates for Residences within the Community of St. Malo: Minimum per use fee of **\$3.59** up to 4.54 cubic metres (equivalent to 1,000 imperial gallons) plus **\$2.97** per cubic metre for any portions over the initial fee.
 - b. Septage (Septic Tanks) Tipping Fee Rates for Residences within the Community of St. Malo: Minimum per use fee of **\$19.07** up to 4.54 cubic metres (equivalent to 1,000 imperial gallons) plus **\$2.97** per cubic metre for any portions over the initial fee.
 - c. Septage (Septic Tanks) Tipping Fee Rates for Residences outside of the Community of St. Malo: Minimum per use fee of **\$161.00** per septic tank per property.

3. The fees charged to be set out as follows effective January 1, 2023:
 - a. Sewage (holding Tanks) Tipping Fee Rates for Residences within the Community of St. Malo: Minimum per use fee of **\$3.70** up to 4.54 cubic metres (equivalent to 1,000 imperial gallons) plus **\$3.06** per cubic metre for any portions over the initial fee.
 - b. Septage (Septic Tanks) Tipping Fee Rates for Residences within the Community of St. Malo: Minimum per use fee of **\$19.64** up to 4.54 cubic metres (equivalent to 1,000 imperial gallons) plus **\$3.06** per cubic metre for any portions over the initial fee.
 - c. Septage (Septic Tanks) Tipping Fee Rates for Residences outside of the Community of St. Malo: Minimum per use fee of **\$162.00** per septic tank per property.

4. All sewage discharged into the sewage lagoon shall meet the standards outlined by Manitoba Conservation and contained in the licence issued by the Province of

Manitoba for this lagoon. It shall be the responsibility of each septic hauler to familiarize themselves with these standards.

5. All septic haulers planning to collect sewage or septage from residents of the municipality and discharge sewage into the municipality's lagoon must register at the municipal office and shall complete the application form set out in Schedule "C".
6. Each septic hauler registered with the municipality shall be charged a per load fee based on the size of the vehicle registered. Each payment is due and payable within 21 days from the date that the invoice is mailed. If the current bill is not paid within 30 days, the municipality may revoke all rights and privileges in respect of the person(s) default in payment.
7. Each septic hauler must submit a quarterly report to the municipality indicating:
 - a. the number of loads,
 - b. the estimated volume of each load,
 - c. the type of load (septic tank or holding tank), and
 - d. the legal or civic address from where each load originated.Failure to submit these reports may result in the municipality revoking all rights and privileges of such person(s) being in violation of this section.
8. The Designated Officer or Alternate as may be appointed shall be empowered to inspect all sewage being discharged by a Septic Hauler. If a Septic Hauler is found to be in violation of this By-law or provisions of any licensing requirements of the municipality the Designated Officer or Alternate shall have full authority to revoke all rights and privileges of such person(s) being in violation and the violator(s) shall immediately surrender their key or access card for the lagoon to the officer.