

Order No. 66/20

**TOWN OF BEAUSEJOUR
BEAUSEJOUR WATER AND WASTEWATER UTILITY
WATER AND WASTEWATER RATES EFFECTIVE
JULY 1, 2020, JANUARY 1, 2021, AND JANUARY 1, 2022**

MAY 1, 2020

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

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the water and wastewater rates as applied for by the Town of Beausejour (Town), Beausejour Water and Wastewater Utility (Utility).

The approved rates are as follows:

	July 1, 2020	January 1, 2021	January 1, 2022
Water \$/1,000 gallons	\$6.10	\$6.57	\$7.04
Wastewater \$/1,000 gallons	\$3.87	\$4.14	\$4.42
Quarterly Service Charge	\$23.49	\$24.41	\$25.34
Minimum Quarterly Charge*	\$53.40	\$56.54	\$59.72
Wastewater Only Customers**	\$62.19	\$65.81	\$69.54
Meter Reading Fee	\$25.00	\$25.00	\$25.00
Reconnection Fee	\$50.00	\$50.00	\$50.00
Change of Service Fee	\$10.00	\$10.00	\$10.00
Hydrant Rental (Annual)	\$150.00	\$150.00	\$150.00

*Based on 3,000 gallons

**Based on 10,000 gallons wastewater commodity charge plus customer service charge

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

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

2.0 Background

The Town owns and operates a water and wastewater utility that serves 1,440 water and wastewater customers and one water only customer.

Rates were last approved on an interim *ex parte* basis Board Order No. 117/10, finalized in Board Order No. 81/11 effective July 1, 2011, and varied in board Order No. 170/19.

The Board last approved actual operating deficits of \$45,153 for 2008, \$174,805 for 2009, and \$183,418 for 2010 in Board Order No. 61/14.

The Board also approved the Town's Low Pressure Wastewater System Policy in Board Order No. 103/14, which entitles low pressure wastewater customers to a 50% rebate on wastewater fees. The Town advises the Policy is still in effect and being applied to qualifying customers.

Water Supply/Distribution

The water system was constructed in the 1950's, composed primarily of cast iron pipes, and was most recently upgraded in 2013. A new well was installed in 1995.

An infrastructure assessment in 2009 identified the water treatment plant is operating at capacity and several components need to be upgraded. The Town has identified \$13.06 million in its capital plan in 2021 for the construction of a new water treatment plant.

Wastewater Collection/Treatment

The wastewater system was also constructed in the 1950's. The wastewater lagoons were expanded in 1990. Lift stations were upgraded in 1995.

Unaccounted for Water

Unaccounted for water was 14% in 2018. The Town advises it is prioritizing watermain replacement and the construction of a new water treatment plant to address the unaccounted for water.

The Town advises it has not outlined a plan for watermain replacement, but has been replacing on a reactive basis as needed. An engineering report prepared by JRCC Engineering Consultants in March 2016 identified over \$6.0 million in watermain replacement projects to replace aging cast iron pipes.

3.0 Application

On November 4, 2019, the Town applied for revised water and wastewater rates for the Utility. The application was accompanied by a rate study prepared by the Town's consultant and By-Law No. 1768-19 having received first reading on October 22, 2019.

A Public Notice of Application was issued on November 4, 2019 allowing for any questions or comments with respect to the proposed rate increases to the Board and/or the Town on or before December 15, 2019. The Board did not receive any responses.

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. 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 Town's application.

The rates were calculated based on the following projections using an annual inflation rate of 2.0%:

	Year 1	Year 2	Year 3
General Expenses			
Administration	\$127,463	\$149,110	\$152,092
Billing and Collection	\$14,280	-	-
Total General Expenses	\$141,743	\$149,110	\$152,092
General Revenue			
Penalties	\$3,500	\$3,500	\$3,500
Other Income	2,550	2,601	2,653
Total Revenue	\$6,050	\$6,101	\$6,153
Net Costs General	\$135,693	\$143,009	\$145,939
Water Expenses			
Purification and Treatment	\$119,116	\$121,499	\$123,929
Wells	22,440	22,889	23,347
Transmission and Distribution	114,444	116,733	119,068
Amortization	104,748	104,748	104,748
Interest on Long-Term Debt	826	425	64,552
Reserves	150,000	150,000	150,000
Contingency	23,954	23,954	23,954
Total Water Expenses	\$535,528	\$540,248	\$609,598
Water Revenue			
Connection Fees	\$1,000	\$1,000	\$1,000
Hydrant Rentals	25,200	25,800	25,800
Total Water Revenue	\$26,200	\$26,800	\$26,800
Net Costs Water	\$509,328	\$513,448	\$582,798
Wastewater Expenses			
Collection System	\$97,976	89,447	92,236
Wastewater Collection Rebate Policy	2,865	2,936	2,669
Treatment and Disposal	48,346	49,187	50,171
Lift Station	36,057	28,531	29,102
Amortization	233,672	233,672	181,581
Interest on Long-Term Debt	66,038	60,493	54,740
Contingency	17,318	17,318	17,318
Net Costs Wastewater	\$502,272	\$481,584	\$427,817
Net Operating Costs	\$1,147,293	\$1,138,041	\$1,156,554

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 2018 Audited Financial Statements, the most recent information available, the working capital surplus for the Utility as at December 31, 2018 was:

	2018
Fund Surplus/(Deficit)	\$7,862,780
Deduct: Tangible Capital Assets	(9,467,465)
Add: Long-Term Debt	2,010,942
Add: Utility Reserve	994,723
Working Capital Surplus/(Deficit)	\$1,400,980
Total Operating Expenses	\$912,356
20% of Operating Expenses	\$182,471

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

Contingency Allowance and Utility Reserves

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

The Town has included a contingency allowance of \$23,954 per year for water and \$17,218 per year for wastewater or a total contingency allowance of \$41,272 per year.

The Town is also requesting an annual transfer to reserves of \$150,000 for watermain renewal/replacement.

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 the cost allocation methodologies can be found in Board Order No. 93/09.

The Town's allocation plan for shared costs is as follows:

Town of Beausejour Beausejour Water and Wastewater Utility Allocation Plan for Non-Direct Shared Services (see Note 1) as at June, 2019			
Category	Sub-category	Options	
1.0	Administrative Staff		25.0% of general legislative expenses excluding assessment and grant expenses.
	1.1 Billing services – meter reading to receipting and collection.		Receipting and collection is part of the admin. staff allocation.
	1.2 Accounting/ auditing/ including bylaw making and enforcement.		25.0% of audit costs
	1.3 Common office space		25.0% of office costs, utilities.
	1.4 Office overheads (telephone, photocopier, computer, etc.)		25.0% of printing, postage, and stationary.
2.0	Operating, construction and maintenance costs		
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs		The Utility owns its own vehicles.
	2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2)		-
	2.3 Public works building and property.		-
	2.4 Road repairs and alike (see Note 3)	Based on actual costs	-
3.0	Major projects		

	Interest/ financing			N/A
	Labor	Based on actual costs		-
	External costs	Direct charge (dedicated consulting)		-

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

The Board has reviewed the rate application and the projections presented by the Town and finds them to be reasonable. The Board grants approval for the water and wastewater rates as applied for to be effective July 1, 2020, January 1, 2021, and January 1, 2022.

The Board approves the revised Cost Allocation Methodology and reminds the Town this methodology must be used consistently. Any changes to the cost allocation methodology require Board approval prior to its enforcement.

The Board requires the Town 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 on or before December 31, 2022.

The Board notes the Town's high unaccounted water level of 14% from 2018. The Board also notes the Town has included \$150,000 in reserve funding in its rates to renew/replace watermains to address the levels of unaccounted for water. The Board recommends the Town develop and implement an infrastructure replacement plan for aging watermains.

The Board reminds the Town regular rate reviews submitted every three years, as per the Board's Guidelines, protect the financial position of the Utility and may reduce the need for substantial rate increases in one year. The Board also reminds the Town a letter of rate adequacy to the Board is sufficient when the Town has reviewed its existing rates and deems them sufficient to fully provide for the costs of operating the utility.

5.0 IT IS THEREFORE ORDERED THAT:

1. The water and wastewater rates for the Town of Beausejour, Beausejour Water and Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective July 1, 2020, January 1, 2021, and January 1, 2022.
2. The Shared Cost Allocation Methodology for the Town of Beausejour BE AND IS HEREBY APPROVED.
3. The Town of Beausejour amend its water and wastewater By-Law for the Beausejour Water and Wastewater Utility to reflect the decisions in this Order and file a copy with the Public Utilities Board, as soon as it has received third and final reading.
4. The Town of Beausejour provide a notice to its customers, including the decisions in this Order and submit a copy to the Public Utilities Board.
5. The Town of Beausejour review its water and wastewater rates 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 December 31, 2022.

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.

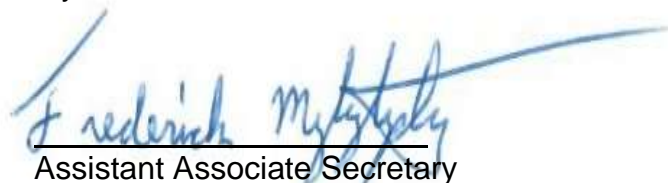
Fees payable upon this Order – \$500.00

THE PUBLIC UTILITIES BOARD

“Carol Hainsworth, C.B.A.”
Panel Chair

“Frederick Mykytyshyn”
Assistant Associate Secretary

Certified a true copy of Order No. 66/20 issued
by The Public Utilities Board


Frederick Mykytyshyn
Assistant Associate Secretary

Schedule A

**TOWN OF BEAUSEJOUR
BY-LAW NO. 1768-19
BEAUSEJOUR WATER AND WASTEWATER UTILITY
SCHEDULE OF QUARTERLY RATES**

1. Schedule of Commodity Rates

July 1, 2020

<u>Rates per 1,000 Gallons</u>	<u>Water</u>	<u>Wastewater</u>	<u>Water and Wastewater</u>
	\$6.10	\$3.87	\$9.97
 <u>Quarterly Service Charge</u>	 \$23.49		

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 & Wastewater Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water and Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$23.49	\$18.30	\$11.61	\$53.40
3/4 inch	2	6,000	\$23.49	\$36.60	\$23.22	\$83.31
1 inch	4	12,000	\$23.49	\$73.20	\$46.44	\$143.13
1 1/4 inch	6.7	20,000	\$23.49	\$122.00	\$77.40	\$222.89
1 1/2 inch	10	30,000	\$23.49	\$183.00	\$116.10	\$322.59
2 inch	25	75,000	\$23.49	\$457.50	\$290.25	\$771.24
3 inch	45	135,000	\$23.49	\$823.50	\$522.45	\$1,369.44
4 inch	90	270,000	\$23.49	\$1,647.00	\$1,044.90	\$2,715.39
6 inch	170	510,000	\$23.49	\$3,111.00	\$1,973.70	\$5,108.19

b) Water Only Customers

The minimum charge will be the same for each meter size as shown above, but the Wastewater Commodity Charge will be excluded.

c) Wastewater Only for Residential Customers

The wastewater only charge is based on average quarterly consumption of 10,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only is $(10 * \$3.87) + \$23.49 = \$62.19$

1. Schedule of Commodity Rates**January 1, 2021**

<u>Rates per 1,000 Gallons</u>	<u>Water</u>	<u>Wastewater</u>	<u>Water and Wastewater</u>
	\$6.57	\$4.14	\$10.71

Quarterly Service Charge \$24.41

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 & Wastewater Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water and Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$24.41	\$19.71	\$12.42	\$56.54
3/4 inch	2	6,000	\$24.41	\$39.42	\$24.84	\$88.67
1 inch	4	12,000	\$24.41	\$78.84	\$49.68	\$152.93
1 1/4 inch	6.7	20,000	\$24.41	\$131.40	\$82.80	\$238.61
1 1/2 inch	10	30,000	\$24.41	\$197.10	\$124.20	\$345.71
2 inch	25	75,000	\$24.41	\$492.75	\$310.50	\$827.66
3 inch	45	135,000	\$24.41	\$886.95	\$558.90	\$1,470.26
4 inch	90	270,000	\$24.41	\$1,773.90	\$1,117.80	\$2,916.11
6 inch	170	510,000	\$24.41	\$3,350.70	\$2,111.40	\$5,486.51

b) Water Only Customers

The minimum charge will be the same for each meter size as shown above, but the Wastewater Commodity Charge will be excluded.

c) Wastewater Only for Residential Customers

The wastewater only charge is based on average quarterly consumption of 10,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only is $(10 * \$4.14) + \$24.41 = \$65.81$

1. Schedule of Commodity Rates

January 1, 2022

<u>Rates per 1,000 Gallons</u>	<u>Water</u>	<u>Wastewater</u>	<u>Water and Wastewater</u>
	\$7.04	\$4.42	\$11.46

Quarterly Service Charge \$25.34

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 & Wastewater Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water and Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$25.34	\$21.12	\$13.26	\$59.72
3/4 inch	2	6,000	\$25.34	\$42.24	\$26.52	\$94.10
1 inch	4	12,000	\$25.34	\$84.48	\$53.04	\$162.86
1 1/4 inch	6.7	20,000	\$25.34	\$140.80	\$88.40	\$254.54
1 1/2 inch	10	30,000	\$25.34	\$211.20	\$132.60	\$369.14
2 inch	25	75,000	\$25.34	\$528.00	\$331.50	\$884.84
3 inch	45	135,000	\$25.34	\$950.40	\$596.70	\$1,572.44
4 inch	90	270,000	\$25.34	\$1,900.80	\$1,193.40	\$3,119.54
6 inch	170	510,000	\$25.34	\$3,590.40	\$2,254.20	\$5,869.94

b) Water Only Customers

The minimum charge will be the same for each meter size as shown above, but the Wastewater Commodity Charge will be excluded.

c) Wastewater Only for Residential Customers

The wastewater only charge is based on average quarterly consumption of 10,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only is (10 * \$4.42) + \$25.34 = \$69.54

The following clauses take effect July 1, 2020:**3. Service to Customers Outside Utility's Limits**

- a. The Council of the Town of Beausejour may sign Agreements with customers for the provision of water and wastewater services to properties located outside the boundaries of Beausejour Utility. Such Agreements shall provide for payment of the appropriate rates set outside 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 Beausejour 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.
- b. All costs of connecting to the Utility water and wastewater mains and installing 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. Customer Service Charge

The charge to sign up as a customer of the Utility shall be \$10.00 to recover the cost of completing the change of customer for that service.

6. Meter Reading

If a customer does not provide their meter reading to the Utility, a \$25.00 fee shall be charged if Town Personnel must go to a property to read the water meter. Beausejour Water and Wastewater Utility customer are responsible for reading their own water meter and will be responsible to provide the meter reading to the Town office. In the event that a Utility customer fails to deliver the water meter reading during the appropriate time period, the Town will read the meter and will assess a fee of \$25.00 for the service. If the Town is unable to access and read the meter within an appropriate time period, an estimate of the water consumption will be made and the customer will still remain liable for the service fee.

7. Disconnection and Reconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the Town 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 is available for inspection at the Town's office.

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.

8. Liability for Charges

Pursuant to Section 252 (2) of *The Municipal Act*, the amount of all outstanding charges for water and wastewater 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.

9. Hydrant Charges

The Town of Beausejour, or any other hydrant owner, will pay to the Utility a fee of \$150.00 per hydrant for the purpose of maintaining and repairing all fire hydrants connected to the system which shall include the cost of water used for firefighting.

10. Water Allowance Due to Line Freezing

That in any case where, at the request of Council, a customer allows water to run continuously for any 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.

11. Wastewater Surcharges

a) There may be levied annually, in addition to the 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 costs of treatment required for the particular sewage or industrial waste.

12. Water Meters

Water meters are owned by the Town, 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.

13. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Town with a deposit of \$100.00. The Town 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 Town 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.

14. 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 Town's water system.

If a condition is found to exist which, in the opinion of the Town, is contrary to the aforesaid, the Town 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.

15. Conditions of Disrepair

In the event that there are conditions of disrepair in the wastewater and waterworks 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 Town, or its agents, may enter the property, effect repairs, and charge the cost thereof against the subject property as ordinary taxes.

16. Authorization for Officer to Enter Upon Premises

The Public Works Supervisor, or other employee authorized by the Town in the absence of the Public Works Supervisor, shall be authorized to enter upon any premises 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 Town.