

**Order No. 45/21**

**RURAL MUNICIPALITY OF ST. FRANÇOIS XAVIER  
ST. FRANÇOIS XAVIER WATER AND WASTEWATER UTILITY  
REVISED WATER AND WASTEWATER RATES EFFECTIVE JULY 1, 2021  
SIMPLIFIED RATE APPLICATION**

---

**April 15, 2021**

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

## Table of Contents

1.0	Executive Summary .....	3
2.0	Background .....	3
3.0	Application .....	4
	Working Capital Surplus .....	5
4.0	Board Findings.....	6
5.0	IT IS THEREFORE ORDERED THAT:.....	7
	SCHEDULE A .....	9

## 1.0 Executive Summary

By this Order, the Public Utilities Board approves the revised water and wastewater rates to be effective July 1, 2021, for the Rural Municipality of St. François Xavier (RM), St. François Xavier Water and Wastewater Utility. The approved rates are shown below:

	Current Rates	July 1, 2021
Quarterly Service Charge	\$7.80	\$8.03
Water (per cubic meter)	\$2.77	\$2.85
Wastewater (per cubic meter)	\$1.15	\$1.18
Minimum Quarterly Charge*	\$61.26	\$62.99
Wastewater Only Quarterly charge**	\$70.54	\$72.40

\*Based on 13.628 cubic meters

\*\*Based on 54.553 cubic meters

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

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

## 2.0 Background

The RM owns and operates a water and wastewater system, serving 424 customers. 343 are water and wastewater customers and 81 are water-only customers. Water is purchased from the Cartier Regional Water Cooperative and stored in a reservoir owned by the Co-op. The Co-op water rate is set by the Manitoba Water Services Board and that rate increases approximately 2% per year.

### 3.0 Application

On February 5, 2021, the RM applied to the Board for revised water and wastewater rates for the Utility. The Application was submitted using the Simplified Rate Application Process and accompanied by By-Law No. 1-2021 having received first reading on January 12, 2021. The RM provided an Affidavit certifying: the Utility meets all Board requirements for the Simplified Filing Process; the Utility is not experiencing any operating deficits; and the requested water and wastewater rates are expected to be adequate to meet operating costs for the 2021 calendar year. The RM's consultant advises forecasts include a 2% increase applied to water purchase costs.

Rates were last set on November 23, 2015 in Board Order No. 120/15 for 2016 and 2017. The Bulk water rate was varied in Board Order No. 55/16.

The Board approved actual operating deficits of \$14,245 for 2013 and \$9,667 for 2017 in Board Order No. 26/20. The RM advised at that time, deficit were due to "increased costs and lack of revenue".

A Public Notice of Application was to be issued on February 10, 2021, affording customers the opportunity to comment to both the Board and the City with respect to the proposed rate increases. Due to an administrative error, Notice was issued on March 9, 2021. No responses were received.

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 this option for this application.

The RM has applied for revised rates to provide for cost increases anticipated for 2021.

### Working Capital Surplus

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

As per the 2019 Audited Financial Statements, the working capital surplus at December 31, 2019:

	2019
Fund Surplus	\$3,117,887
Deduct: Tangible Capital Assets	(\$3,509,439)
Add: Long-Term Debt	\$399,050
Add: Utility Reserve	\$411,866
<b>Equals Working Capital Surplus</b>	<b>\$419,364</b>
Operating Expenses	\$362,564
<b>20% of operating expenses (Target)</b>	<b>\$72,513</b>

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

## 4.0 Board Findings

The Board has reviewed the RM's Application and notes the Utility has expiring taxation revenues of \$38,573 in 2027 and \$21,186 in 2029. The taxation revenues account for approximately 16% of the Utility's total annual revenue. The Board is concerned regarding the impact of the cessation of the taxation revenues on the Utility's rates and finances. If the RM does not take action to provide for the expiring taxation revenues, upon expiring of these revenues Utility customers will incur a large increase to rates all at one time.

The Board also notes the Utility last had rates approved in 2015 and has incurred an actual operating deficit since, in 2017, due to "increased costs and lack of revenue". In general, utility operating deficits are often a result of insufficient rates.

The Board approves the water and wastewater rates as applied for by the RM. The Board, however, finds that due to the expiring taxation revenues and the actual operating deficit incurred in 2017 due to lack of revenue, it would be in the Utility's best interest to complete a full rate study.

The Board directs the RM to return to the Board with a full rate study and Rate Application by no later than December 31, 2021. The Board directs the RM to include a plan to address the expiring taxation revenues in its rate study accordingly.

In Board Order No. 26/20, the Board recommended the RM work with its auditor(s) to align its Audited Financial Statements to the current format regarding the Utility Schedule 9 and correct recording of property tax revenue. The Board notes that as per the RM's 2019 Audited Financial Statements, property tax revenue is still recorded as a "Transfer from utility fund", creating an incorrect perception the Utility's Net Operating is in a deficit position. The property tax revenue should be reported as Property Tax under the Utility Revenue section of the document. The RM is also reporting the Utility Schedule as Schedule 8 and the Board reminds the RM the current template for the Utility Schedule is Schedule 9.

The Board therefore reiterates its previous recommendation that the RM work with its auditors) to align its Audited Financial Statements to the correct, current format for the 2020 and all future Audited Financial Statements.

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

1. Revised water and wastewater rates for the Rural Municipality of St. François Xavier, St. François Xavier Water and Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective July 1, 2021.
2. The Rural Municipality of St. François Xavier amend its water and wastewater rate By-Law to reflect the decisions in this Board Order and submit a copy to the Board once it has received third and final reading.
3. The Rural Municipality of St. François Xavier is to provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The Rural Municipality of St. François Xavier 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, by no later than December 31, 2021.

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

Shawn M<sup>c</sup>Cutcheon  
Panel Chair

"Frederick Mykytyshyn"  
Assistant Associate Secretary

Certified a true copy of Order No. 45/21 issued by  
The Public Utilities Board



Assistant Associate Secretary



## SCHEDULE A

### RURAL MUNICIPALITY OF ST. FRANÇOIS XAVIER ST. FRANÇOIS XAVIER WATER AND WASTEWATER UTILITY WATER AND WASTEWATER RATES BY-LAW NO. 1-2021

1. Schedule of Commodity Rates & Quarterly Service Charge

July 1, 2021

Rates per Cubic Meter	Water	Wastewater	Water & Wastewater
	\$2.85	\$1.18	\$4.03
 Quarterly Service Charge	 \$8.03		

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 Cubic Meters	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum	Water Only Quarterly Minimum
5/8 inch	1	13.638	\$8.03	\$38.87	\$16.09	\$62.99	\$46.90
3/4 inch	2	27.277	\$8.03	\$77.74	\$32.19	\$117.96	\$85.77
1 inch	4	54.553	\$8.03	\$155.48	\$64.37	\$227.88	\$163.51
1 1/4 inch	10	140.000	\$8.03	\$399.00	\$165.20	\$572.23	\$407.03
2 inch	25	340.957	\$8.03	\$971.73	\$402.33	\$1,382.09	\$979.76

**b) Metered Water Only Customers**

Quarterly minimum charge will be the same for each meter size as shown in the table above.

**c) Wastewater Only Customers**

Customers using wastewater service only will pay a flat rate of \$72.40 per quarter, based on 54.553 cubic meters of flow plus the Customer Service Charge.