

Order No. 10/22

**RURAL MUNICIPALITY OF DE SALABERRY
OTTERBURNE WASTEWATER UTILITY
REVISED WASTEWATER RATES
SIMPLIFIED RATE APPLICATION**

January 26, 2022

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 Public Utilities Board grants approval of the revised wastewater rates to be effective January 1, 2022, for the Rural Municipality of De Salaberry (RM), Otterburne Wastewater Utility (Utility). The revised rates are shown below:

| | Rates effective Jan 1, 2022 |
|-----------------------------------|--------------------------------|
| Annual Customer Service Charge | \$ 49.14 |
| Annual Wastewater Rate (per REU)* | \$ 282.83 |
| Total Annual Charge** | \$ 331.97 |

*Residential equivalency unit

**for a customer with one REU

Details of the rates are in the attached Schedule A. There are no changes to Schedule B or C.

The rationale for the Board's decisions are under the Board Findings section below.

2.0 Background

The RM owns and operates a wastewater only utility that serves approximately 55 customers, with an assignment of 88.5 residential equivalency units (REUs) as of the last full rate application. The RM has indicated there are no significant changes to the number of customers or REUs assigned. The billing cycle is annual and sent to customers with their tax bills.

Where a system has no meters, including systems with wastewater service only, volume of water used and/or volume of effluent returned to the wastewater system are based on residential equivalent units; one unit being the volume of wastewater estimated to be produced by the average single family residence. Rates are set based on residential equivalency units (REUs).

Rates were last set in Board Order No. 34/19, with current rates coming into effect for 2021.

Wastewater Treatment and Collection System

The Otterburne lagoon and low-pressure system (LPS) were installed in 1993. The original lines from the LPS are composed of Series 80 low density polyethylene (LDPE) and range in size from 75mm to 100mm. There have been few issues with the lines since they were installed.

Access to the lagoon is through a locked gate system.

3.0 Application

On August 12, 2021, the RM applied to the Board for revised wastewater rates for the Utility. The Application was submitted using the Simplified Rate Application Process and accompanied by By-Law No. 2403-21 having received first reading on August 10, 2021. The RM provided an Affidavit certifying: the Utility meets all Board requirements for the Simplified Filing Process; the Utility has no outstanding operating deficits; and the requested wastewater rates are expected to be adequate to meet operating costs for the 2022 calendar year.

Rates were last set using the regular Rate Application Process/review in Board Order No. 34/19 for the calendar years 2019 up to and including 2021.

A Public Notice of Application was issued on December 7, 2021, affording customers the opportunity to comment to both the Board and the RM with respect to the proposed rate increases. One response was 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 inflationary cost increases anticipated for 2022.

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 2020 Audited Financial Statements, the working capital surplus at December 31, 2020:

| | 2020 |
|---|------------------|
| Fund Surplus | \$310,140 |
| Deduct: Tangible Capital Assets | (\$249,600) |
| Add: Long-Term Debt | \$0 |
| Add: Utility Reserve | \$94,248 |
| Equals Working Capital Surplus | \$154,788 |
| Operating Expenses | \$22,942 |
| 20% of operating expenses (Target) | \$4,588 |

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

4.0 Board Findings

The Board finds the RM meets the required criteria, as set out in Board Order No. 86/17, to apply for revised rates using the Simplified Rate Application Process and approves the rates as applied for, effective January 1, 2022.

Generally, the Board does not approve retroactive rate increases, as they do not allow ratepayers to mitigate the increases by adjusting their consumption. In the case of the Otterburne Utility, the rates are set on a flat rate, not by consumption and the billing is done annually on taxes, so the 2022 bills have not yet been issued.

The Board requires the RM to review its 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, by no later than December 31, 2023.

Regular reviews are important for a financially sound utility and the Board encourages the RM to continue to assess its ability to apply using the Simplified Rate Application Process.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised wastewater rates for the Rural Municipality of De Salaberry, Otterburne Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective January 1, 2022.
2. The Rural Municipality of De Salaberry, Otterburne Wastewater Utility amend its 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 De Salaberry, Otterburne Wastewater Utility is to provide a notice to its customers as soon as possible, including all decisions found in this Order.

4. The Rural Municipality of De Salaberry, Otterburne Wastewater Utility review its 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, 2023.

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.

THE PUBLIC UTILITIES BOARD

Shawn M^cCutcheon
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 10/22 issued by
The Public Utilities Board


Assistant Associate Secretary

Schedule "A" to Bylaw No. 2403-21

1. 2022 Annual Commodity Rates

| Building | REUs* | Sewer Charge | Customer Service Charge | Total Annual Charge |
|---------------------------------|-------|--------------|-------------------------|---------------------|
| Single Dwelling | 1 | \$282.83 | \$49.14 | \$331.97 |
| Post Office | 1 | \$282.83 | \$49.14 | \$331.97 |
| Curling Club | 1 | \$282.83 | \$49.14 | \$331.97 |
| Water Bottling Plant | 2 | \$565.66 | \$49.14 | \$614.80 |
| Providence 6-Suite College Dorm | 7.75 | \$2,191.92 | \$49.14 | \$2,241.06 |
| Feed Mill | 9 | \$2,545.45 | \$49.14 | \$2,594.59 |
| Providence 23 Room College Dorm | 18.75 | \$5,266.13 | \$49.14 | \$5,315.27 |

*Residential Equivalency Units

2. Billings and Penalties:

All connected customers shall be billed yearly property tax bill and payment shall be due as set by the annual Tax Levy By-law. A late payment charge of 1 ¼% shall be charged monthly on any amount owing after the due date and will be applied on the first day of each month following the due date.

3. 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

4. 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.

5. Service to Customers outside the limits of Otterburne:

The Council of the Rural Municipality of De Salaberry may sign agreements with customers for the provision of sewer services to properties located outside the service area of the Community of Otterburne. Such agreements shall provide for payment of the appropriate rates set out in Section 1 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. All costs for connecting to the utility's mains and installing and maintaining service connections shall be paid for by the customer as well as any connection fee that may be in place at the time of connection.

6. 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.

**Schedule "B" to By-law No. 2403-21
Lagoon Tipping Fees**

1. The fees charged to be set out as follows:
 - a. Charge per 1,000 gallons \$20.00
2. 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.
3. 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".
4. 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 14 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.
5. Each septic hauler must submit a quarterly report to the municipality indicating:
 - a. the number of loads,
 - b. the estimated volume of each load, and
 - c. 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.
6. 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.

**Schedule "C" to Bylaw No. 2403-21
Septic Hauler Access Application Form**

DATE: _____

APPLICANT'S NAME:

APPLICANT'S FULL BUSINESS NAME:

VEHICLE LICENCE NO: _____ TANK VOLUME: _____

Written confirmation of MINIMUM \$2 million liability insurance in the name of the septic hauler or associated business, with RM of De Salaberry as an additional insured. Confirmation must be provided annually and kept current at all times.

Letter from Worker's Compensation Board of Manitoba with proof of registration and good standing with WCB. Confirmation must be provided annually and kept in good standing at all times

By signing below, the applicant agrees to comply with all bylaws of the Rural Municipality of De Salaberry including:

- Only sewage collected from within the Rural Municipality of De Salaberry will be discharged into the Otterburne Lagoon.
- To submit a quarterly report to the municipality indicating the number of loads, the volume of each load and the legal or civic address from where each load originated.

The applicant understands that the municipality 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 access card for the lagoon to the municipality.

X- _____
APPLICANT'S signature

Address (full mailing address)

Phone numbers and email address:

Chief Administrative Officer's signature _____