

Order No. 101/22

**MUNICIPALITY OF OAKLAND-WAWANESA
WAWANESA WATER AND WASTEWATER UTILITY REVISED RATES
EFFECTIVE JANUARY 1, 2023**

SEPTEMBER 9, 2022

BEFORE: Marilyn Kapitany B. Sc. (Hons.), M. Sc., Panel Chair
Mike Watson, Panel Member

Table of Contents

1.0	Executive Summary.....	3
2.0	Background	3
	Water Supply/Distribution	4
	Wastewater Collection/Treatment.....	4
	Unaccounted for Water	4
3.0	Application.....	5
	Contingency Allowance and Utility Reserves.....	7
	Working Capital Surplus/Deficit	7
	Cost Allocation Methodology	8
4.0	Board Findings	9
5.0	IT IS HEREBY ORDERED THAT:.....	10
	SCHEDULE A.....	12

1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the revised water and wastewater rates for the Municipality of Oakland-Wawanesa (Municipality), Wawanesa Water and Wastewater Utility (Utility), effective January 1, 2023, January 1, 2024, and January 1, 2025.

The approved rates are as follows:

	Current Rates	January 1, 2023	January 1, 2024	January 1, 2025
Quarterly Service Charge	\$15.65	\$15.32	\$14.99	\$14.67
Water (per 1,000 gallons)	\$8.30	\$12.02	\$15.74	\$19.45
Wastewater (per 1,000 gallons)	\$7.25	\$6.64	\$6.03	\$5.41
Minimum Quarterly Charge*	\$62.30	\$71.30	\$80.30	\$89.25
Minimum Quarterly Charge – Wastewater Only**	\$73.65	\$75.08	\$69.26	\$63.36
Bulk Water (per 1,000 gallons)***	\$17.50	-	-	-
Lagoon Tipping Fee	-	\$30.00	\$35.00	\$40.00
Hydrant Rental	\$125.00	\$250.00	\$250.00	\$250.00

*Based on 3,000 gallons

**Current rates based on 8,000 gallons. Approved rates based on 9,000 gallons.

***Prorated for all quantities greater than 500 gallons. Minimum charge \$9.65 for quantities of 500 gallons or less.

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 Municipality operates the Utility serving 243 metered, water and wastewater customers, 1 water only customer, and 7 wastewater only customers (or a total of 251 customers). Rates were last approved for the Utility in 2012 in Board Order No. 81/12, with the last increase occurring January 1, 2012. In the Order, the Board also approved the recovery of a 2010 actual operating deficit of \$11,985.

Water Supply/Distribution

The Utility obtains raw water from four wells adjacent to the Souris River. The main water treatment processes at the Wawanesa water treatment plant includes chlorination, manganese greensand filtration, and ultraviolet (UV) filtration before storage and distribution. There are two in-ground reservoirs at the water treatment plant site.

There have been issues with water main breaks leading to high unaccounted for water volumes. The Utility notes that Operating staff are aware of the problems and have been working on improvements using water leak detection programs and water main repairs.

Wastewater Collection/Treatment

The wastewater system was constructed in the 1970s. A new two-cell wastewater lagoon was constructed in 2017 at a cost, including piping, of \$3.0 million.

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.

The unaccounted for water noted in the Municipality's rate study is 43% as of 2020 and does not fall within the acceptable percentage noted above. The Utility advises that they use a sonar microphone for regular leak detection, have contracted services for leak detection using a sound correlator device, will be checking the calibration of the water treatment plant outflow meter, and are going door-to-door to check customer water meter connections.

3.0 Application

On November 25, 2021, the Municipality applied for revised water and wastewater rates for the Utility. The Application was accompanied by a rate study prepared by the Municipality's consultant and By-Law No. 16-2021, having had first reading on September 28, 2021. Council Resolution Nos. 452-2021 and 453-2021 were received by the Board on December 31, 2021 supporting second reading of the By-Law on December 21, 2021 to revise the requested hydrant rental fee.

A Public Notice of Application was issued on November 30, 2021 allowing for any questions or comments with respect to the proposed rate increases to the Board and/or the Municipality on or before December 30, 2021. No responses to the Notice 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 a paper review process for the Municipality's application.

The rates were calculated based on the following projections using an annual inflation rate of 2% in all calculations:

Schedule of Utility Rate Requirements			
Municipality of Oakland-Wawanesa – Wawanesa Water and Wastewater Utility			
2023 to 2025 Budget Forecasts (\$)			
	2023	2024	2025
	Forecast		
General Expenses			
Administration	15,310	15,616	15,929
Total General Expenses	15,310	15,616	15,929
Revenue			
Penalties	1,200	1,200	1,200
Total General Revenues	1,200	1,200	1,200
Net Costs General	14,110	14,416	14,729
Water Expenses			
Purification and Treatment	27,050	27,591	28,143
Transmission and Distribution	78,936	80,515	82,125
Amortization	27,026	24,812	24,562
Contingency	10,551	10,551	10,551
Reserve	30,000	30,000	30,000
Total Water Expenses	173,563	173,469	175,381
Revenue			
Hydrant Rentals	4,750	4,750	4,750
Total Water Revenue	4,750	4,750	4,750
Net Water Costs	168,813	168,719	170,631
Wastewater Expenses			
Collection System	10,404	10,612	10,824
Treatment and Disposal	24,150	24,633	25,126
Lift Station	3,641	3,714	3,789
Amortization	108,550	110,000	110,518
Interest on Long-Term Debt	28,453	25,693	22,840
Contingency	3,934	3,934	3,934
Reserve	30,000	30,000	30,000
Total Wastewater Expenses	209,105	208,586	207,031
Revenue			
Tipping Fees	350	400	400
Total Wastewater Revenue	350	400	400
Net Wastewater Costs	208,755	208,186	206,631
Net Operating Costs	391,678	391,321	391,991

The proposed Utility rate increases are primarily required to provide for increased utility expenses and a reserve fund to provide for an annual waterline replacement program.

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 Municipality has included an annual contingency allowance of \$10,551 for water and \$3,934 for wastewater, or a total annual contingency allowance of \$14,485, in its application.

The Municipality included a continued annual reserve allowance of \$60,000 in its application to provide for an annual waterline replacement program.

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 2020 Audited Financial Statements, the most recent information available, the working capital deficit for the Utility at December 31, 2020 was:

	2020
Utility Fund Surplus/Deficit	\$2,645,132
Deduct: Tangible Capital Assets	3,486,409
Add: Long-Term Debt	1,003,156
Add: Utility Reserves	36,278
Equals Working Capital Surplus (Deficit)	\$198,157
Operating Expenses	314,712
20% of Operating Expenses (Target)	\$62,942

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 Municipality’s allocation plan for shared costs is as follows:

Municipality of Oakland-Wawanesa Wawanesa Water and Wastewater Utility Allocation Plan for Non-Direct Shared Services (see Note 1) as at August, 2021		
Category	Sub-category	Options
1.0	Administrative Staff	3.0% of general legislative expenses excluding assessment and grant expenses
	1.1 Billing services – meter reading to receipting and collection.	Meter reading – N/A; receipting and collection part of admin. staff allocation
	1.2 Accounting/ auditing/ including bylaw making and enforcement.	3.0% of audit costs
	1.3 Common office space	3.0% of office costs, utilities
	1.4 Office overheads (telephone, photocopier, computer, etc.)	3.0% of printing, postage, and stationary
2.0	Operating, construction and maintenance costs	
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs	The Utility pays mileage to the Utility operator for personal use of his vehicle.
	2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2)	One full-time and one part-time Utility operator’s time is charged to the Utility.
	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)	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 application and the projections for utility rates presented by the Municipality in its rate study and finds them to be acceptable. The Board approves the revised rates as applied for by the Municipality, effective January 1, 2023, January 1, 2024, and January 1, 2025.

The Board approves the Municipality's revised Cost Allocation Methodology and reminds the Municipality the methodology must be used consistently; any changes to the Cost Allocation Methodology require Board approval.

The Board notes the Utility has expiring taxation revenues of \$110,591. The Board reminds the Municipality to be cognizant of these revenues when reviewing and setting rates. If the Municipality does not take action to provide for expiring taxation revenues accordingly, upon expiring of these revenues Utility customers will incur large increases to rates all at one time.

The Board notes it has been ten years since the Municipality last reviewed its water and wastewater rates for the Utility for adequacy and filed a report with the Board. Regular rate reviews submitted in a timelier three-year period, as per the Board's Guidelines, protect the financial position of the Utility, exhibit consideration for the finances of ratepayers, and mitigate the need for substantial rate increases.

It is the Utility's responsibility to review its rates and ensure rates are adequate to recover the cost of the service provided to its customers. Customers are generally more tolerant of regular, smaller increases than one significant increase after years of stagnant rates

The Board requires the Municipality 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 December 31, 2025.

The Board is concerned regarding the Utility's high level of unaccounted for water. The Board notes the Municipality has identified a multi-faceted plan to address unaccounted for water levels and recommends the Municipality continue to seek solutions to address the issue. The Board directs the Municipality to submit an update on unaccounted for water levels and any revised plans to address by September 1, 2023.

5.0 IT IS HEREBY ORDERED THAT:

1. The revised water and wastewater rates for the Municipality of Oakland-Wawanesa, Wawanesa Water and Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective January 1, 2023, January 1, 2024, and January 1, 2025.
2. The Shared Cost Allocation Methodology for the Municipality of Oakland-Wawanesa BE AND IS HEREBY APPROVED.
3. The Municipality of Oakland-Wawanesa 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 Municipality of Oakland-Wawanesa 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 Municipality of Oakland-Wawanesa review its water and wastewater rates for the Wawanesa Water and Wastewater 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, 2025.
6. The Municipality of Oakland-Wawanesa submit an update to the Board on unaccounted for water levels and any revised plans to address by September 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.

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. 101/22
issued by The Public Utilities Board



Assistant Associate Secretary

SCHEDULE A

MUNICIPALITY OF OAKLAND-WAWANESA WAWANESA WATER AND WASTEWATER UTILITY WATER AND WASTEWATER UTILITY RATES BY-LAW NO. 16-2021 SCHEDULE OF QUARTERLY RATES

1. Schedule of Commodity Rates &
Quarterly Service Charge

January 1, 2023

Rates per 1,000 Gallons		<u>1,000 Gallons per quarter</u>	
	Water	Wastewater	Water & Wastewater
	\$12.02	\$6.64	\$18.66
Quarterly Service Charge	\$15.32		

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 & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$15.32	\$36.06	\$19.92	\$71.30
3/4 inch	2	6,000	\$15.32	\$72.12	\$39.84	\$127.28
1 inch	4	12,000	\$15.32	\$145.24	\$79.68	\$239.24
1 1/2 inch	10	30,000	\$15.32	\$360.60	\$199.20	\$575.12
2 inch	25	75,000	\$15.32	\$901.50	\$498.00	\$1,414.82

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 Customers

Quarterly charges shall be:	Service Charge	\$15.32
	Wastewater charge - 9,000 Gallons	<u>59.76</u>
	Total	<u>\$75.08</u>

3. Lagoon Tipping Fees

Lagoon Tipping Fees are \$30.00 per 1,000 gallons.

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2024

Rates per 1,000 Gallons

1,000 Gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$15.74	\$6.03	\$21.77
Quarterly Service Charge	\$14.99		

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 & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$14.99	\$47.22	\$18.09	\$80.30
3/4 inch	2	6,000	\$14.99	\$94.44	\$36.18	\$145.61
1 inch	4	12,000	\$14.99	\$188.88	\$72.36	\$276.23
1 1/2 inch	10	30,000	\$14.99	\$472.20	\$180.90	\$668.09
2 inch	25	75,000	\$14.99	\$1,180.50	\$452.25	\$1,647.74

a) 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.

b) Wastewater Only Customers

Quarterly charges shall be:	Service Charge	\$14.99
	Wastewater charge - 9,000 Gallons	<u>54.27</u>
	Total	<u>\$69.26</u>

3. Lagoon Tipping Fees

Lagoon Tipping Fees are \$35.00 per 1,000 gallons.

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2025

Rates per 1,000 Gallons		<u>1,000 Gallons per quarter</u>	
	Water	Wastewater	Water & Wastewater
	\$19.45	\$5.41	\$24.86
Quarterly Service Charge	\$14.67		

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.

b) Water & Wastewater Customers

Meter Size	Group Capacity Ratio	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$14.67	\$58.35	\$16.23	\$89.25
3/4 inch	2	6,000	\$14.67	\$116.70	\$32.46	\$163.83
1 inch	4	12,000	\$14.67	\$233.40	\$64.92	\$312.99
1 1/2 inch	10	30,000	\$14.67	\$583.50	\$162.30	\$760.47
2 inch	25	75,000	\$14.67	\$1,458.75	\$405.75	\$1,879.17

a) 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 Customers

Quarterly charges shall be:	Service Charge	\$14.67
	Wastewater charge - 9,000 Gallons	<u>48.69</u>
	Total	<u>\$63.36</u>

3. Lagoon Tipping Fees

Lagoon Tipping Fees are \$40.00 per 1,000 gallons.

The following clauses take effect January 1, 2023:

4. Service to Customers Outside Utility's Limits

- a. The Council of the Municipality of Oakland-Wawanesa may sign Agreements with customers for the provision of water and Wastewater services to properties located outside the boundaries of Wawanesa 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 Wawanesa 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's water and Wastewater mains and installing service connections will be paid by the customer.

5. 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.

6. Disconnection and Reconnection

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

Any service disconnected at the Utility Customer's request or 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. 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.

8. Hydrant Charges

The Municipality of Oakland-Wawanesa, or any other hydrant owner, will pay to the Wawanesa Utility a fee of \$250.00 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.

9. 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.

10. Water Meters

Water meters are owned by the 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.

When a meter ceases to function and a correct reading cannot be recorded, the charge to that customer for the current quarter shall be the average of the billings for the last four quarters to the same customer or to the same premises if the occupant has changed.

11. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Municipality with a deposit of \$150.00. The 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 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.

12. 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 Municipality's water system.

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

13. Conditions of Disrepair

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

14. Authorization for Officer to Enter Upon Premises

The Public Works Supervisor, or other employee authorized by the 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 Municipality.