

Order No. 65/22

**MUNICIPALITY OF BOISSEVAIN-MORTON
BOISSEVAIN WATER AND WASTEWATER UTILITY
REVISED WATER and WASTEWATER RATES
EFFECTIVE AUGUST 1, 2022
SIMPLIFIED RATE APPLICATION**

June 16, 2022

**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 August 1, 2022, for the Municipality of Boissevain-Morton (Municipality), Boissevain Water and Wastewater Utility (Utility). The approved rates are shown below:

	Current Rates	August 1, 2022
Quarterly Service Charge	\$21.31	\$21.52
Water (per 1,000 gallons)	\$17.70	\$17.88
Wastewater (per 1,000 gallons)	\$4.13	\$4.17
Minimum Quarterly Charge*	\$86.80	\$87.67
Minimum Quarterly Charge – Wastewater Only Customers**	\$58.48	\$59.05
Deficit Recovery	Rate Rider as per Board Order No. 121/18	
	2021	2022
Rate Rider (per 1,000 gallons)	\$1.68	\$1.68
Minimum Quarterly Charge with Rate Rider*	\$91.84	\$92.71

*Based on 3,000 gallons

**Based on 9,000 gallons

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 Municipality owns and operates a water and wastewater utility serving 797 customers. 762 customers are located in the Town of Boissevain (Town) and are provided both water and wastewater services. 35 customers are water only customers and are municipal residents, but located outside of the Town and receive water services by extended water lines to the north and south.

3.0 Application

On April 25, 2022, the Municipality 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 # 2022-01 having received first reading on March 3, 2022. The Municipality 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 period from August 1, 2022 to July 31, 2023.

Utility rates were last approved in 2018 in Board order No. 121/18, with current rates coming into effect February 1, 2021.

A deficit was approved for the Utility in Board Order No. 76/19 for a 2017 actual operating deficit in the amount of \$68,000 to be recovered through a rate rider of \$1.23 per 1,000 gallons per customer per quarter over two years or until the deficit is fully recovered (whichever comes first), effective July 1, 2019. Board Order No. 121/18 also approved actual operating deficits for 2014 in the amount of \$32,316, 2015 in the amount of \$77,548, and 2016 in the amount of \$125,879 or a total three-year actual operating deficit of \$235,743 to be recovered through a rate rider of \$1.68 per 1,000 gallons per customer per quarter over five years or until the deficit is fully recovered (whichever comes first), effective February 1, 2019.

A Public Notice of Application was issued on May 4, 2022, affording customers the opportunity to comment to both the Board and the Municipality with respect to the proposed rate increases. 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 Municipality has applied for revised rates to provide for inflationary cost increases anticipated for 2022/23.

Working Capital Calculation

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 most recent information available, the working capital surplus at December 31, 2020 was:

	2020
Fund Surplus	\$1,463,226
Deduct: Tangible Capital Assets	(\$2,317,469)
Add: Long-Term Debt	-
Add: Utility Reserve	\$2,493
Equals Working Capital Deficit	(\$851,750)
Operating Expenses	\$641,417
20% of operating expenses (Target)	\$128,283

The Utility does not meet the Board minimum working capital surplus of 20%.

4.0 Board Findings

The Board has reviewed the Municipality's Application and notes as per the Municipality's 2020 Audited Financial Statements, the Municipality's Net Operating Surplus of \$429,793 exceeds 20% of the total operating expenses of \$641,417, which exceeds the Board's allowable amount as set out in the designated criteria to qualify for the Simplified Application Process.

The Municipality advises the 2020 Net Operating Surplus of \$429,793 includes deficit recovery revenue of \$100,813 and government capital grant transfers of \$123,197. The Municipality also advises property tax revenue of \$126,310 is included in the 2020 Net Operating Surplus, however, the revenue expires at the end of the 2020 fiscal year and the requested 1% increase is to partially offset the cessation of this revenue and that a rate study is planned in the next one to two years to fully review the Utility's future year rate requirements. The Board finds these explanations to be reasonable.

The Board notes historical financial data included the Municipality's Application reported capital grant amortization of \$51,018 from 2016 through 2019 which does not match the 2016 through 2019 Audited Financial Statements, which do not include any capital grant amortization. Board staff have confirmed with the Municipality's Chief Administrative Officer the information was omitted in error and should have been reported in the respective year's Audited Financial Statements.

The Board also notes the Municipality's Application includes forecasted capital grant amortization of \$75,689 for 2023 and 2024. The Board strongly encourages the Municipality to work closely with its auditor(s) to ensure the Public Utilities Board Note to the Consolidated Financial Statements is complete and accurate. If this note is omitted, incomplete, or incorrect, it limits the Board's ability to assess the Utility's financial position, and the Municipality's ability to set appropriate rates to sustain the Utility and its operations.

The Board finds the Municipality 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 August 1, 2022.

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, by no later than July 31, 2023.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised water and wastewater rates for the Municipality of Boissevain-Morton, Boissevain Water and Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective August 1, 2022.
2. The Municipality of Boissevain-Morton 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 Municipality of Boissevain-Morton is to provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The Municipality of Boissevain-Morton 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 July 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

"Frederick Mykytyshyn"

Assistant Associate Secretary

Certified a true copy of Order No. 65/22 issued by
The Public Utilities Board



Assistant Associate Secretary

SCHEDULE A
MUNICIPALITY OF BOISSEVAIN-MORTON
BOISSEVAIN WATER AND WASTEWATER UTILITY
WATER AND WASTEWATER RATES BY-LAW #2022-01

1. Schedule of Commodity Rates & Quarterly Service Charge

August 1, 2022

Rates per 1,000 Gallons

1,000 Gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$17.88	\$4.17	\$22.05

Quarterly Service Charge \$21.52

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**

With Deficit Rate Rider

Deficit Rate

	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Rider Commodity (see Clause 3) Charge	Deficit Rate \$1.68/1,000	Water & Wastewater Total Quarterly Minimum
5/8 inch	3,000	\$21.52	\$53.63	\$12.51	\$5.04	\$92.70
3/4 inch	6,000	\$21.52	\$107.26	\$25.03	\$10.08	\$163.89
1 inch	12,000	\$21.52	\$214.52	\$50.06	\$20.16	\$306.26
1 ¼ inch	18,000	\$21.52	\$321.79	\$75.08	\$30.24	\$448.63
1 ½ inch	30,000	\$21.52	\$536.31	\$125.14	\$50.40	\$733.37
2 inch	75,000	\$21.52	\$1,340.78	\$312.85	\$126.00	\$1,801.15

Without Deficit Rate Rider

Meter Size	Water Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	3,000	\$21.52	\$53.63	\$12.51	\$87.66
3/4 inch	6,000	\$21.52	\$107.26	\$25.03	\$153.81
1 inch	12,000	\$21.52	\$214.52	\$50.06	\$286.10
1 ¼ inch	18,000	\$21.52	\$321.79	\$75.08	\$418.39
1 ½ inch	30,000	\$21.52	\$536.31	\$125.14	\$682.97
2 inch	75,000	\$21.52	\$1,340.78	\$312.85	\$1,675.15

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 9,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(9 * \$4.17) + \$21.52 = \$59.05$

d) Bulk Water Sales

All water sold in bulk by the Boissevain Utility will be charged at the rate of \$22.00 per 1,000 gallons (includes Deficit Rate Rider; see Clause 3).

The following clauses are still in effect from February 1, 2019:

3. Deficit Rate Rider

Deficit Rate Rider commencing February 1, 2019 for 2014, 2015 audited & 2016 actual unaudited deficits is calculated based on a 5 year recovery period as follows:

2014 deficit	\$32,316.
2015 deficit	\$77,548.
2016 deficit	<u>\$125,879.</u>
Total to recover	<u>\$235,743.</u>

Divided by 2016 water volume sold: 28,045,000 gallons

Deficit Rate Rider, per 1,000 gallons over 5 years: \$1.68 per 1,000 gallons

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. Hydrant Charges

The Municipality of Boissevain-Morton, or any other hydrant owner, will pay to the Utility an annual fee of \$90.00 for each hydrant connected to the system which shall include the cost of water used for firefighting.

6. 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

7. 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 \$100.00. 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. 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.

8. 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 due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$15.00 have been paid.

9. Service To Customers Outside Utility's Limits

The Council of the Municipality of Boissevain-Morton may sign Agreements with customers for the provision of water and wastewater services to properties located outside the boundaries of the Municipality. 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 the Municipality's boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

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. Providing Water Meter Read On/Or Before Due Date

Anyone not providing their meter reading on/or before the due date of their quarterly billing will automatically receive a \$10.00 surcharge on their next water billing.

12. 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.

13. 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.

14. 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.

15. Authorization For Officer To Enter Upon Premises

The Public Works Manager, or other employee authorized by the Municipality in the absence of the Public Works Manager, 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.