

Order No. 28/23

**VILLAGE OF ST. PIERRE-JOLYS
ST. PIERRE-JOLYS WASTEWATER UTILITY
REQUEST FOR REVISED RATES**

March 6, 2023

BEFORE: Shawn McCutcheon, Panel Chair
Irene Hamilton K.C., Panel Member
Jack Winram, B.A. (Econ), Panel Member

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves the Village of St. Pierre-Jolys (Village) application for revised wastewater rates for the St. Pierre-Jolys wastewater Utility (Utility).

The revised rates are as follows:

	Current Rates	January 1, 2023	January 1, 2024	January 1, 2025
Annual Service Charge	\$14.00	\$17.85	\$21.70	\$25.54
Wastewater Rate (per REU)	\$103.00	\$106.35	\$109.70	\$113.05
Minimum Annual Charge*	\$117.00	\$124.20	\$131.40	\$138.59

*Based on 1 Residential Equivalent Unit (REU)

Rationale for the Board's decisions and a complete schedule of annual charges may be found under the heading Board Findings below.

2.0 Background

The Village owns and operates the Utility and provides service to 440 customers or a total REU allocation of 687.5. Rates were last approved in Board Order No. 137/15 effective January 1, 2016. The Village submitted a Rate Adequacy Report for the Utility on November 30, 2018, advising rates were adequate for fiscal years 2018 and 2019.

One REU is the estimate of the volume of wastewater produced by the average single-family residence. The Utility allocates units to non-residential customers based on estimated consumption, as compared with a residence. REUs are used in communities with unmetered distribution and collection systems, where information regarding actual consumption is unavailable.

Wastewater Collection/Treatment

The Village owns and operates a low pressure, gravity wastewater system with two lift stations that feed into a main lift station that pumps into the wastewater lagoon. The original portion of the system was installed in the early to mid 1960s. The wastewater lagoon was expanded in 2018 at a cost of \$2.1 million.

There are two feeder lift stations that pump into a main lift station and then to the wastewater lagoon. Upgrades to the lift stations were completed in 2009 and include the installation of larger pumps to provide sufficient capacity for current flows and potential increases in the future.

3.0 Application

On February 24, 2022, the Village applied for revised wastewater rates for the Utility. The application was accompanied by a rate study prepared by the Village's consultant, By-Law No. 2022-2 having had first reading January 19, 2022, and Council Resolution # 2022 029.

On February 28, 2023, the Village's consultant advised the Board there was an error in the REU allocation for the RCMP station. The requested REU allocation in the By-Law was 10 REUs, but should be 5 REUs as was previously approved in Board Order No. 137/15.

A Public Notice of Application was issued on March 10, 2022 allowing for any questions or comments with respect to the proposed rate increases to the Board and/or the Village before April 9, 2022. 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 concerns with the Board present.

The Board has chosen a paper review process for the Village’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 – St. Pierre-Jolys Wastewater Utility 2023 to 2025 Budget Forecasts (\$)			
	2023	2024	2025
	Forecast		
General Expenses			
Administration	8,252	8,417	8,586
Training	2,550	2,601	2,653
Total General Expenses	10,802	11,018	11,239
Revenue			
N/A	-	-	-
Total General Revenues	-	-	-
Net Costs General	10,802	11,018	11,239
Wastewater Expenses			
Collection System	23,634	24,107	24,589
Lift Station	11,444	11,673	11,907
Treatment and Disposal	6,138	6,261	6,386
Amortization	106,380	106,380	106,380
Interest on Long-Term Debt	17,944	16,370	14,739
Reserves	30,000	30,000	30,000
Contingency	4,238	4,238	4,238
Total Wastewater Expenses	169,778	169,029	168,239
Revenue			
Property Taxes - Debenture	63,563	63,563	63,563
Rural Customer Debenture Pmt.	500	500	500
Total Wastewater Revenue	64,063	64,063	64,063
Net Costs Wastewater	105,715	104,966	104,176
Net Operating Costs	116,517	115,984	115,415

The proposed Utility rate increases are primarily required to provide for increased amortization and interest costs, and an increased reserve fund allowance to increase the ratio of debt funded from reserves versus through debenture debt.

Contingency Allowance and Utility Reserves

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

The Village has included an annual contingency allowance of \$4,238 per year and an annual reserve allowance of \$30,000 per year to fund future capital projects.

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 2021 audited financial statements, the most recent information available, the working capital surplus at December 31, 2021 was:

	2021
Utility Fund Surplus/Deficit	\$2,873,340
Deduct: Tangible Capital Assets	(3,282,874)
Add: Long-Term Debt	355,355
Add: Utility Reserves	89,501
Equals Working Capital Surplus (Deficit)	\$35,322
Operating Expenses	143,238
20% of Operating Expenses (Target)	\$28,648

The Utility meets the Board minimum target 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 Village’s allocation plan for shared costs is as follows:

Village of St. Pierre-Jolys St. Pierre-Jolys Wastewater Utility Allocation Plan for Non-Direct Shared Services (see Note 1) as at October, 2021			
Category	Sub-category	Options	
1.0 Administrative Staff		Activity Based (Note 1)	2.0% of General Legislative expenses excluding Assessment & Grant expenses
	1.1 Billing services – meter reading to receipting and collection.	Billing is flat rate annually based on REU allocation. Minimal cost and therefore included in 2.0% of admin. staff.	-
	1.2 Accounting/ auditing/ including bylaw making and enforcement.		2.0% of audit costs
	1.3 Common office space		2.0% of office costs
	1.4 Office overheads (telephone, photocopier, computer, etc.)		2.0% of printing, postage, and stationary
2.0 Operating, construction and maintenance costs			
	2.1 Vehicle – fuel, maintenance, lease costs, capital costs	Costs that could be charged to the Utility are minimal and at present nothing is allocated to the Utility	-
	2.2 Labor – full time, part time, on call, sick time, vacation (see Note 2)	Minimal costs for wastewater lagoon operation. 3.0% of public works staff.	3.0%
	2.3 Public works building and property.	Costs that could be charged to the Utility are minimal and at present nothing is allocated to the Utility	-

	2.4 Road repairs and alike (see Note 3)	Based on actual costs		-
3.0 Major projects				
	Interest/ financing			Debenture debt
	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 wastewater rates presented by the Village's consultant in the rate study and finds them to be acceptable. The Board approves the revised rates as applied for by the Village effective January 1, 2023, January 1, 2024, and January 1, 2025.

The Board notes, the Village has made minor revisions to some of the REU allocations for disconnections, new connections, and changes in classification that are in keeping with the Schedule of Annual Charges included in the Utility By-Law and included as Schedule A to this Order.

The Board also notes, the error in the Village's request for the REU allocation for the RCMP station, from 10 REUs to 5 REUs, resulting in a reduction in total requested REUs for the Utility from 692.5 to 687.5 is fully offset by the contingency allowance included in the Utility's rate calculation. The revised allocation of 5 REUs represents no change from the allocation approved by the Board in Board Order No. 137/15.

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

The Board requires the Village 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) on or before December 31, 2025.

The Board has reviewed the Village's 2020 and 2021 Audited Financial Statements and notes the Village has reported wastewater fees revenue of \$2,890 in 2020 and \$4,514 in 2021. The Board finds that the indicated rates based on the wastewater fees revenue reported in the 2020 and 2021 audits would not be indicative of the actual wastewater rates required to operate and financially sustain the Utility.

The Village's consultant advised, 2020 wastewater fees were reported as property tax revenue and the 2021 wastewater fees were reported as a transfer from the Village's General Operating Fund. The Board directs the Village to work with its auditor(s) to correct the errors in all future Audited Financial Statements and ensure wastewater fees revenue is reported completely, correctly, and in the appropriate line item.

The Board notes the utility has expiring taxation revenues of \$40,563 reported in the 2021 Audited Financial Statements and has budgeted \$63,563 in its rate requirement forecast. The Board directs the Village to ensure it accounts for the cessation of the taxation revenue accordingly in its future rate studies to prevent a significant increase in rates at that time.

5.0 IT IS HEREBY ORDERED THAT:

1. The wastewater rates for the Village of St. Pierre-Jolys, St. Pierre-Jolys Wastewater Utility, BE AND RE HEREBY APPROVED in accordance with the attached Schedule A, effective January 1, 2023, 2024, and 2025.
2. The Village of St. Pierre-Jolys amend its wastewater By-Law for the St. Pierre-Jolys 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.
3. The Cost Allocation Methodology for shared services as submitted by the Village of St. Pierre-Jolys BE AND IS HEREBY APPROVED.

4. The Village of St. Pierre-Jolys review its wastewater rates for the St. Pierre-Jolys Wastewater Utility 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, 2025.
5. The Village of St. Pierre-Jolys work with its auditor(s) to ensure all future Audited Financial Statements are reported completely and correctly.

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

"Shawn McCutcheon"
Panel Chair

"Frederick Mykytyshyn"
Assistant Associate Secretary

Certified a true copy of Order No. 28/23
issued by The Public Utilities Board


Assistant Associate Secretary

SCHEDULE A

**VILLAGE OF ST. PIERRE-JOLYS
ST. PIERRE JOLYS WASTEWATER UTILITY
WASTEWATER UTILITY RATES BY-LAW NO. 2022-2
SCHEDULE OF ANNUAL RATES**

EFFECTIVE JANUARY 1, 2023

1. Customer Service Charge

The annual customer service charge shall be

\$17.85

2. Commodity Rates

The commodity rate for all wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Annual Charges as detailed in Clause 3 hereafter. The annual wastewater usage rate for one residential equivalent unit shall be

\$106.35

3. Schedule of Annual Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Annual Charges</u>
Bakery	3	\$17.85	\$319.05	\$336.90
Bank	2	\$17.85	\$212.70	\$230.55
Church	2	\$17.85	\$212.70	\$230.55
Commercial (multi-business)	2	\$17.85	\$212.70	\$230.55
Drop-in Centre	2	\$17.85	\$212.70	\$230.55
École Héritage Immersion	19	\$17.85	\$2,020.65	\$2,038.50
École Communautaire Réal-Bérard	26	\$17.85	\$2,765.10	\$2,782.95
Fire Hall	2	\$17.85	\$212.70	\$230.55
Garage	2	\$17.85	\$212.70	\$230.55
Gas Station	2	\$17.85	\$212.70	\$230.55
Gas Station (additional charge per wash bay)	2		\$212.70	\$212.70
Grocery Store	2	\$17.85	\$212.70	\$230.55
Gym	2	\$17.85	\$212.70	\$230.55
Home Business (with customers on premise)	1.5	\$17.85	\$159.53	\$177.38
Hospital	58.5	\$17.85	\$6,221.48	\$6,239.33
Hotel	15	\$17.85	\$1,595.25	\$1,613.10
Independent Living Facility	38	\$17.85	\$4,041.30	\$4,059.15
Municipal Office	5	\$17.85	\$531.75	\$549.60
Museum / Hall	2	\$17.85	\$212.70	\$230.55
Office Building	2	\$17.85	\$212.70	\$230.55
Post Office	1.5	\$17.85	\$159.53	\$177.38
RCMP Station	5	\$17.85	\$531.75	\$549.60
Residence	1	\$17.85	\$106.35	\$124.20
Residence (multi-family – per dwelling unit)	1	\$17.85	\$106.35	\$124.20

Restaurant	2.5	\$17.85	\$265.88	\$283.73
Retail Business / Professional Service	1.5	\$17.85	\$159.53	\$177.38
Utility Sub Station	1	\$17.85	\$106.35	\$124.20
Veterinary Clinic	4	\$17.85	\$425.40	\$443.25

EFFECTIVE JANUARY 1, 2024

1. Customer Service Charge

The annual customer service charge shall be

\$21.70

2. Commodity Rates

The commodity rate for all wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Annual Charges as detailed in Clause 3 hereafter. The annual wastewater usage rate for one residential equivalent unit shall be

\$109.70

3. Schedule of Annual Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Annual Charges</u>
Bakery	3	\$21.70	\$329.10	\$350.80
Bank	2	\$21.70	\$219.40	\$241.10
Church	2	\$21.70	\$219.40	\$241.10
Commercial (multi-business)	2	\$21.70	\$219.40	\$241.10
Drop-in Centre	2	\$21.70	\$219.40	\$241.10
École Héritage Immersion	19	\$21.70	\$2,084.30	\$2,106.00
École Communautaire Réal-Bérard	26	\$21.70	\$2,852.20	\$2,873.90
Fire Hall	2	\$21.70	\$219.40	\$241.10
Garage	2	\$21.70	\$219.40	\$241.10
Gas Station	2	\$21.70	\$219.40	\$241.10
Gas Station (additional charge per wash bay)	2		\$219.40	\$219.40
Grocery Store	2	\$21.70	\$219.40	\$241.10
Gym	2	\$21.70	\$219.40	\$241.10
Home Business (with customers on premise)	1.5	\$21.70	\$164.55	\$186.25
Hospital	58.5	\$21.70	\$6,417.45	\$6,439.15
Hotel	15	\$21.70	\$1,645.50	\$1,667.20
Independent Living Facility	38	\$21.70	\$4,168.60	\$4,190.30
Municipal Office	5	\$21.70	\$548.50	\$570.20
Museum / Hall	2	\$21.70	\$219.40	\$241.10
Office Building	2	\$21.70	\$219.40	\$241.10
Post Office	1.5	\$21.70	\$164.55	\$186.25
RCMP Station	5	\$21.70	\$548.50	\$570.20
Residence	1	\$21.70	\$109.70	\$131.40
Residence (multi-family – per dwelling unit)	1	\$21.70	\$109.70	\$131.40
Restaurant	2.5	\$21.70	\$274.25	\$295.95
Retail Business / Professional Service	1.5	\$21.70	\$164.55	\$186.25
Utility Sub Station	1	\$21.70	\$109.70	\$131.40
Veterinary Clinic	4	\$21.70	\$438.80	\$460.50

EFFECTIVE JANUARY 1, 20251. Customer Service Charge

The annual customer service charge shall be

\$25.54

2. Commodity Rates

The commodity rate for all wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Annual Charges as detailed in Clause 3 hereafter. The annual wastewater usage rate for one residential equivalent unit shall be

\$113.05

3. Schedule of Annual Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Annual Charges</u>
Bakery	3	\$25.54	\$339.15	\$364.69
Bank	2	\$25.54	\$226.10	\$251.64
Church	2	\$25.54	\$226.10	\$251.64
Commercial (multi-business)	2	\$25.54	\$226.10	\$251.64
Drop-in Centre	2	\$25.54	\$226.10	\$251.64
École Héritage Immersion	19	\$25.54	\$2,147.95	\$2,173.49
École Communautaire Réal-Bérard	26	\$25.54	\$2,939.30	\$2,964.84
Fire Hall	2	\$25.54	\$226.10	\$251.64
Garage	2	\$25.54	\$226.10	\$251.64
Gas Station	2	\$25.54	\$226.10	\$251.64
Gas Station (additional charge per wash bay)	2		\$226.10	\$226.10
Grocery Store	2	\$25.54	\$226.10	\$251.64
Gym	2	\$25.54	\$226.10	\$251.64
Home Business (with customers on premise)	1.5	\$25.54	\$169.58	\$195.12
Hospital	58.5	\$25.54	\$6,613.43	\$6,638.97
Hotel	15	\$25.54	\$1,695.75	\$1,721.29
Independent Living Facility	38	\$25.54	\$4,295.90	\$4,321.44
Municipal Office	5	\$25.54	\$565.25	\$590.79
Museum / Hall	2	\$25.54	\$226.10	\$251.64
Office Building	2	\$25.54	\$226.10	\$251.64
Post Office	1.5	\$25.54	\$169.58	\$195.12
RCMP Station	5	\$25.54	\$567.50	\$593.04
Residence	1	\$25.54	\$113.05	\$138.59
Residence (multi-family – per dwelling unit)	1	\$25.54	\$113.05	\$138.59
Restaurant	2.5	\$25.54	\$282.63	\$308.17
Retail Business / Professional Service	1.5	\$25.54	\$169.58	\$195.12
Utility Sub Station	1	\$25.54	\$113.05	\$138.59
Veterinary Clinic	4	\$25.54	\$452.20	\$477.74

The Following Clauses Take Effect January 1, 2023

4. Service To Customers in Village of St-Pierre-Jolys Limits

The Council of the Village of St-Pierre-Jolys may sign Agreements with customers for the provision of wastewater services to properties located outside the boundaries of L.U.D. Such Agreements shall provide for payment of the appropriate rates set out in the 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 these boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

5. Billings And Penalties

Accounts shall be billed annually.

A late payment 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 twenty (20) days after the mailing of the bills.

6. Disconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the Village 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 Village office.

7. 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.

8. Outstanding Bills

Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for wastewater services are a lien and charge upon the land serviced and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies. Where charges and penalties pursuant to this by-law are not paid within sixty (60) days from the date when they were incurred, said charges and penalties shall be added to the taxes on the property and collected in the same manner as other taxes.

9. Wastewater Surcharges

a) There may be levied annually, in addition to the rates set forth above, a special surcharge on wastewater 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 wastewater or industrial waste.

10. Conditions of Disrepair

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