

**Order No. 45/23**

**MUNICIPALITY OF GLENELLA-LANSDOWNE  
ARDEN WATER AND WASTEWATER UTILITY  
FINAL WATER AND WASTEWATER RATES**

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**April 12, 2023**

**BEFORE: Shawn McCutcheon, Panel Chair  
Irene Hamilton, K.C., Panel Member**

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## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) confirms as final interim water and wastewater rates for the Municipality of Glenella-Lansdowne (Municipality), Arden Water and Wastewater Utility (Utility).

The Board grants approval of the 2021 utility operating deficit of \$45,523, when calculated for regulatory purposes. The deficit is to be recovered from the Utility's Accumulated Surplus Fund.

Board Order No. 25/22 previously established the water and wastewater rates on an interim *ex parte* basis.

The final rates are below:

	July 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
Quarterly Service Charge	\$ 5.85	\$ 6.03	\$ 6.21	\$ 6.38
Water (per 1,000 gallons)	\$ 23.94	\$ 24.84	\$ 25.74	\$ 26.64
Wastewater (per 1,000 gallons)	\$ 5.67	\$ 6.11	\$ 6.55	\$ 6.99
Minimum Quarterly Charge*	\$ 94.68	\$ 98.88	\$ 103.08	\$ 107.27
Wastewater Only Residential Customers **	\$ 35.33	\$ 37.80	\$ 40.27	\$ 42.73
Bulk Water Sales (per 1,000 gallons)	\$ 27.00	\$ 28.00	\$ 28.75	\$ 29.75

\*based on 3,000 gallons

\*\*based on 5,200 gallons

Details of other rates can be found in Schedule A.

The reasons for the Board's decisions are under Board Findings.

## 2.0 Background

The Municipality of Glenella-Lansdowne operates the Arden Water and Wastewater Utility and provides services to 92 customers.

Prior to the interim *ex parte* rates revised in Board Order No. 25/22, rates were last approved in Board Order No. 106/08, with the only subsequent change to rates coming from the Utility passing through rate increases on the price of purchasing water from the Yellowhead Regional Water Coop (YRWC).

### Water Supply/Distribution

The Arden utility provides treated water purchased from the YRWC.

### Wastewater Collection and Treatment

The Utility provides wastewater treatment in a sewage lagoon owned by the Municipality. The lagoon has been operational since the fall of 2006.

The Municipality advises the water and wastewater lines are all approximately ten years old.

## 3.0 Board Methodology

### Review Process

When reviewing an application, the Board has at its disposal two approaches, a paper review process or a public hearing. After the publication of the Notice of Application, the Board considers the application and responses, if any, and determines which method of review is most appropriate. Whenever reasonable, the Board can review the application using a paper review process, which saves the cost of a public hearing.

Where there is an urgent need for initial or revised rates and the Board determines it to be in the best interest of all parties, the Board may establish interim *ex parte* rates.

### Interim *ex parte* Approval

Interim *ex parte* rates are typically approved as applied for and are then subject to a standard Board review process, including a Public Notice of Application, before being confirmed as final by Board Order.

Since this process allows a municipality to charge ratepayers revised rates in advance of the Board's comprehensive review, it is reserved for instances where a municipality can show a compelling argument to allow it.

### Contingency Allowance and Utility Reserves

The Board's Water and Wastewater Rate Application Guidelines recommend an annual contingency allowance equal to 10% of the variable operating costs.

## Working Capital

Board Order No. 93/09 established utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is the Utility fund balance, excluding any capital-related items plus Utility reserves.

## Operating Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology. The Board is therefore duty bound to approve reasonable rates based on reasonable expense projections.

## Cost Allocation Methodology

The Board requires all municipalities to review the costs shared between the general operations of the Municipality and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without approval by the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

## Unaccounted for Water

Water losses may be caused by such events as distribution line losses, service leaks, water used for fire fighting or line flushing, and under-registration of water meters. The Board Guidelines require utilities to compare the volume of water produced or purchased against the volume of water sold, to determine the percentage of unaccounted for water. Unaccounted for water volumes of approximately 10% are considered industry standard.

The Board expects any utility experiencing a greater volume of unaccounted for water to provide an explanation and plan to address the water losses.

## 4.0 Application

On November 17, 2021, the Board received the Municipality's application for revised water and wastewater rates for the Utility, which included a request the Board grant approval of the rates on an interim, *ex parte* basis. The application required further evidence, which the Municipality filed with the Board December 16, 2021.

The Board issued Board Order No. 25/22 granting interim *ex parte* approval on utility rates. The Board granted approval of the operating deficits for 2014 and 2019, to be recovered from the Utility's Accumulated Surplus.

The Municipality states the revised rates are required primarily due to a decrease in net revenue from the General Operating fund as a result of debentures maturing.

The Municipality issued a Public Notice of Application with respect to the interim rate increases in April 2022 allowing for stakeholder questions or comments on or before May 1, 2022. No responses were received.



The rates were calculated using revenue requirement projections and inflation of 2%.

	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4
<b>General</b>				
Administration	1,671	1,704	1,738	1,773
1% surcharge	1,127	1,127	1,127	1,127
<b>Total general expenses</b>	<b>2,798</b>	<b>2,831</b>	<b>2,865</b>	<b>2,900</b>
Penalties	550	550	550	550
<b>Total general revenue</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>
<b>Net revenue requirement - general</b>	<b>2,248</b>	<b>2,281</b>	<b>2,315</b>	<b>2,350</b>
<b>Water</b>				
Water purchases	26,995	26,995	26,995	26,995
Purification and treatment	1,530	1,561	1,592	1,624
Transmission and distribution	33,410	34,078	34,760	35,455
Amortization	46,917	46,917	46,917	46,917
Interest on long term debt	1,842	1,754	1,669	1,568
Reserves				
Contingency				4,073
<b>Total water expenses</b>	<b>110,694</b>	<b>111,305</b>	<b>111,933</b>	<b>116,632</b>
Bulk water fees	15,012	15,568	15,985	16,541
Hydrant rentals	900	900	900	900
MWSB for contract services	2,900	2,900	2,900	2,900
Interest payments from waterline	3,000	3,000	3,000	3,000
Amortization of capital grants	30,726	30,726	30,726	30,726
Taxation revenues	5,416	5,416	5,416	5,416
<b>Total water revenue</b>	<b>57,954</b>	<b>58,510</b>	<b>58,927</b>	<b>59,483</b>
<b>Net revenue requirement - water</b>	<b>52,740</b>	<b>52,795</b>	<b>53,006</b>	<b>57,149</b>
<b>Wastewater</b>				
Treatment and disposal costs	2,035	2,076	2,117	2,159
Amortization	20,063	20,063	20,063	20,063
Reserves	-	-	-	-
Contingency				216
<b>Total wastewater expenses</b>	<b>22,098</b>	<b>22,139</b>	<b>22,180</b>	<b>22,438</b>
Amortization of capital grants	9,833	9,833	9,833	9,833
<b>Total wastewater revenue</b>	<b>9,833</b>	<b>9,833</b>	<b>9,833</b>	<b>9,833</b>
<b>Net revenue requirement - wastewater</b>	<b>12,265</b>	<b>12,306</b>	<b>12,347</b>	<b>12,605</b>

The Municipality's consultant calculated the indicated rates for 2025, the final rate year projected, and then calculated a stable and predictable rate change year over year.

## Contingency Allowance and Utility Reserves

The Municipality has included in the 2022 projections a contingency allowance of 10% of net rate requirements, less amortization expenses. This equates to \$4,073 for water and \$216 for wastewater. There is no provision for transfer to Utility Reserve proposed.

## Working Capital

As per the 2021 audited financial statements, the working capital surplus at December 31, 2021 was:

	2021
Accumulated Fund Surplus	\$2,450,409
Deduct tangible capital assets	(\$2,534,432)
Add long term debt	\$75,167
Add utility reserves	\$0
<b>Equals Working Capital Surplus/Deficit</b>	<b>(\$8,856)</b>
Operating costs	\$165,806
<b>20% of operating costs (target)</b>	<b>\$33,161</b>

## **Operating Deficits**

The Municipality's initial application included a deficit application for recovery of operating deficits from 2014 and 2019, for \$12,800 and \$9,048, respectively. The Municipality requested the deficit be recovered by a rate rider over a period of five years. The Board granted approval of the deficits and varied the recovery methodology to recover the deficits from the Utility's Accumulated Surplus. The Board found the Municipality's delay in applying for its deficits, particularly the 2014 deficit, made recovery through rate rider unreasonable.

On November 25, 2022 the Utility filed an application for approval of the 2021 operating deficit of \$45,523, requesting approval to recover the deficit from the Utility's Accumulated Surplus.

The Utility's working capital position is currently insufficient to provide for the recovery of the 2019 deficit, but the Municipality has provided evidence indicating the revised rates allow the Utility to project an Accumulated Surplus by 2024.

## **Cost Allocation Methodology**

The Municipality applied for approval of a Cost Allocation Methodology (CAM). The Municipality proposed .5% of general government services less assessment and grants expenses.

## **Unaccounted for Water**

The Utility indicated the 2020 unaccounted for water was 3% of water purchased.

## 5.0 Board Findings

The Board has reviewed this application and has chosen a paper review process. The Board finds the revenue projections included in the application to be reasonable and confirms as final the water and wastewater rates set on an interim *ex parte* basis in Board Order No. 25/22. The Board finds the Municipality's request to phase in the rate increases acceptable.

The Board grants approval of the 2021 operating deficit, to be recovered from the Utility's Accumulated Surplus.

The Board grants approval of the revised Cost Allocation Methodology, and reminds the Municipality that this methodology must be used consistently in the future. Board approval is required should any further changes be considered.

The Board directs the Municipality to review its water and wastewater rates for adequacy and file a report with the Board, as well as an application for revised rates if required, by no later than June 30, 2025.

The Board reminds the Municipality regular reviews are important for a financially sound utility and encourages the Municipality to review Board Order Nos. 27/23 and 86/17 for future rate applications. The Orders outline the Simplified Rate Application Process for municipally owned public utilities. If, after its rate review, the Municipality finds it meets the designated criteria for a Simplified Rate Application, it should apply for future rates using the Simplified Rate Application Process.

## 6.0 IT IS THEREFORE ORDERED THAT:

1. The water and wastewater rates for the Municipality of Glenella-Lansdowne – Arden Water and Wastewater Utility, as approved on an interim ex parte basis in Board Order No 25/22, BE AND ARE HEREBY CONFIRMED AS FINAL.
2. The Municipality of Glenella-Lansdowne application for approval of the Arden Water and Wastewater Utility's 2021 operating deficit of \$45,523, BE AND IS HEREBY APPROVED to be recovered from the Arden Utility Accumulated Surplus Account.
3. The Cost Allocation Methodology for shared services for the Arden Water and Wastewater Utility, as submitted by the Municipality of Glenella-Lansdowne BE AND IS HEREBY APPROVED.
4. The Municipality of Glenella-Lansdowne review the Arden Water and Wastewater Utility water rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before June 30, 2025.

Fees payable upon this Order - \$500.00

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 McCutcheon"

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 45/23  
issued by The Public Utilities Board



Assistant Associate Secretary

**MUNICIPALITY OF GLENELLA-LANSDOWNE**  
**ARDEN UTILITY**  
**BY-LAW NO. \_\_\_\_\_**  
**WATER & WASTEWATER UTILITY RATES**  
**SCHEDULE "A"**  
**SCHEDULE OF QUARTERLY RATES**

**1. Schedule of Commodity Rates & Quarterly Service Charge July 1, 2022**

Quarterly Service Charge \$5.85

Quarterly Rates	Water	Wastewater	Water & Wastewater
Per 1,000 Gallons	\$23.94	\$5.67	\$29.61

**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**

<u>Meter Size</u>	<u>Group Ratio</u>	<u>Water Included Gallons</u>	<u>Customer Service Charge</u>	<u>Water Commodity Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Water &amp; Wastewater Total Quarterly Minimum</u>
5/8 inch	1	3,000	\$5.85	\$71.82	\$17.01	\$94.68
¾ inch	2	6,000	\$5.85	\$143.64	\$34.02	\$183.51
1 inch	4	12,000	\$5.85	\$287.28	\$68.04	\$361.17
1 ½ inch	10	30,000	\$5.85	\$718.20	\$170.10	\$894.15
2 inch	25	75,000	\$5.85	\$1,795.50	\$425.25	\$2,226.60
3 inch	45	135,000	\$5.85	\$3,231.90	\$765.45	\$4,003.20

**b. Water Only for Residential 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 5,200 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is  $(5.2 * \$5.67) + \$5.85 = \$35.33$

d. Bulk Water Sales

All water sold in bulk by the Arden Utility will be charged at the rate of \$27.00 per 1,000 gallons.

**1. Schedule of Commodity Rates & Quarterly Service Charge      January 1, 2023**

Quarterly Service Charge      \$6.03

Quarterly Rates	Water	Wastewater	Water & Wastewater
Per 1,000 Gallons	\$24.84	\$6.11	\$30.95

**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 Ratio	Water Capacity Included Gallons	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Quarterly Minimum
5/8 inch	1	3,000	\$6.03	\$74.52	\$18.33	\$98.88
¾ inch	2	6,000	\$6.03	\$149.04	\$36.66	\$191.73
1 inch	4	12,000	\$6.03	\$298.08	\$73.32	\$377.43
1 ½ inch	10	30,000	\$6.03	\$745.20	\$183.30	\$934.53
2 inch	25	75,000	\$6.03	\$1,863.00	\$458.25	\$2,327.28
3 inch	45	135,000	\$6.03	\$3,353.40	\$824.85	\$4,184.28



b. Water Only for Residential 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 5,200 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is  $(5.2 * \$6.11) + \$6.03 = \$37.80$

d. Bulk Water Sales

All water sold in bulk by the Arden Utility will be charged at the rate of \$28.00 per 1,000 gallons.

**1. Schedule of Commodity Rates & Quarterly Service Charge      **January 1, 2024****

Quarterly Service Charge	\$6.21
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Quarterly Rates	Water	Wastewater	Water & Wastewater
Per 1,000 Gallons	\$25.74	\$6.55	\$32.29

**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	\$6.21	\$77.22	\$19.65	\$103.08
¾ inch	2	6,000	\$6.21	\$154.44	\$39.30	\$199.95
1 inch	4	12,000	\$6.21	\$308.88	\$78.60	\$393.69
1 ½ inch	10	30,000	\$6.21	\$772.20	\$196.50	\$974.91
2 inch	25	75,000	\$6.21	\$1,930.50	\$491.25	\$2,427.96
3 inch	45	135,000	\$6.21	\$3,474.90	\$884.25	\$4,365.36

b. Water Only for Residential 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 5,200 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is  $(5.2 * \$6.55) + \$6.21 = \$40.27$

d. Bulk Water Sales

All water sold in bulk by the Arden Utility will be charged at the rate of \$28.75 per 1,000 gallons.

1) Schedule of Commodity Rates & Quarterly Service Charge January 1, 2025

Quarterly Service Charge \$6.38

Quarterly Rates	Water	Wastewater	Water & Wastewater
Per 1,000 Gallons	\$26.64	\$6.99	\$33.63

**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	\$6.38	\$79.92	\$20.97	\$107.27
¾ inch	2	6,000	\$6.38	\$159.84	\$41.94	\$208.16
1 inch	4	12,000	\$6.38	\$319.68	\$83.88	\$409.94
1 ½ inch	10	30,000	\$6.38	\$799.20	\$209.70	\$1,015.28
2 inch	25	75,000	\$6.38	\$1,998.00	\$524.25	\$2,528.63
3 inch	45	135,000	\$6.38	\$3,596.40	\$943.65	\$4,546.43

b. Water Only for Residential 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 5,200 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is  $(5.2 * \$6.99) + \$6.38 = \$42.73$

d. Bulk Water Sales

All water sold in bulk by the Arden Utility will be charged at the rate of \$29.75 per 1,000 gallons.

**The following clauses take effect July 1, 2022:**

3) Service To Customers Outside Utility's Limits

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

4) Billings And Penalties

Accounts shall be billed quarterly and the due date shall be at least 14 days after the mailing of the bills.

A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

5) Disconnection

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.

6) Reconnection

Any service disconnected, whether due to non-payment of account or for any other reason(s) mutually agreed to by the customer and the Municipality (ie. repairs necessitated by negligence of the customer, changes in tenant, vacancy for an extended period of time, etc.) shall not be reconnected until a reconnection fee of \$50.00 and all arrears and penalties, if any, have been paid.

7) Outstanding Bills

Pursuant to Section 252(2) of The *Municipal Act*, the amount of all outstanding charges for water and 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.

8) Hydrant Charges

The rural municipality of Glenella-Lansdowne will pay to the utility an annual rental of \$150.00 for each hydrant connected to the system

9) Water Allowance Due To Line Freezing

That in any case where, at the request of the 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 the 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) 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.

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 \$100. 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.

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 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.