

**Order No. 99/23**

**RURAL MUNICIPALITY OF WOODLANDS  
WARREN WATER AND WASTEWATER UTILITY  
WATER AND WASTEWATER RATES**

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**August 22, 2023**

**BEFORE: Shawn McCutcheon, Panel Chair  
Jack Winram, B.A. (Econ), Panel Member**

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## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) grants approval of the Rural Municipality of Woodlands (RM), Warren Utility's (Utility) application for revised water and wastewater rates.

The revised rates are below:

	Oct 1, 2023	Oct 1, 2024	Oct 1, 2025
Quarterly Service Charge	\$ 13.39	\$ 13.79	\$ 14.21
Water (per cubic meter)	\$ 2.77	\$ 2.96	\$ 2.99
Wastewater (per cubic meter)	\$ 1.49	\$ 1.60	\$ 1.76
Minimum Quarterly Charge*	\$ 73.03	\$ 77.63	\$ 80.71
Wastewater Only Customers	\$ 88.15	\$ 88.15	\$ 88.15
Total Quarterly Wastewater Only	\$ 101.54	\$ 101.94	\$ 102.36
Lagoon Tipping Fee** (per load)	\$ 13.40	\$ 13.80	\$ 14.20

\*current rates based on 15m<sup>3</sup>, proposed rates based on 14m<sup>3</sup>

\*\*proposed lagoon tipping fees also include an annual license fee of \$100 for key access

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 RM owns and operates a water and wastewater utility in the community of Warren. Rates were last set in Board Order No. 139/12, with current rates coming into effect January 1, 2014.

The Utility provides water and wastewater service to 341 customers. Of those customers, 250 receive water and wastewater, 89 receive wastewater only and two receive water only services. Wastewater only customers are charged using residential equivalency units.

### **Water Supply/Distribution**

The RM advises the water system is currently effective at providing safe drinking water and meets its environmental license. JR Cousin Consultants completed a public water system assessment (April 2017) for the community of Warren and found that the Warren utility reservoir is near capacity and requires expansion.

### **Wastewater Collection and Treatment**

All wastewater collected is treated in the Warren lagoon. Septic tank holders dump and use the Warren lagoon and are monitored by a key system that records entry into the lagoon resulting in a tipping fee. The 2017 report found the wastewater collection system to be in good condition.

## **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.

### **Residential Equivalency Units (REUs)**

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.

### **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 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 May 24, 2022, the Board received the RM's application to revise water and wastewater rates as set out in By-law No. 2755/22, having had first reading May 10, 2022.

The application was accompanied by a rate study completed by the RM's consultant. Rates were last approved in Board Order No. 139/12, with current rates coming into effective January 1, 2014.

The Board issued a Public Notice of Application on November 1, 2022 affording customers the opportunity to comment to both the Board and the RM with respect to the proposed rate changes. The Board did not receive any responses to the Notice.



The rates were calculated using the following revenue requirement projections:

	Rate Year 1	Rate Year 2	Rate Year 3
<b>General</b>			
Administration (building, office, staff, etc)	14,456	14,889	15,336
Billing and collection	5,665	5,835	6,010
<b>Total general expenses</b>	<b>20,121</b>	<b>20,724</b>	<b>21,346</b>
Penalties	1,854	1,910	1,967
<b>Total general revenue</b>	<b>1,854</b>	<b>1,910</b>	<b>1,967</b>
<b>Net revenue requirement - general</b>	<b>18,267</b>	<b>18,814</b>	<b>19,379</b>
<b>Water</b>			
Purification and treatment	2,060	2,122	2,185
Transmission and distribution and service of supply	87,035	89,646	92,335
Other water supply costs	51,500	53,045	54,636
Amortization	22,495	22,495	22,495
Reserves	12,514	12,224	9,541
Contingency	0	5,000	5,000
<b>Total water expenses</b>	<b>175,604</b>	<b>184,532</b>	<b>186,193</b>
Meters sold	2,704	2,785	2,868
Installation and service revenue	7,725	7,957	8,195
Taxation revenues	36,627	36,627	36,627
Other revenue	2,318	2,387	2,459
<b>Total water revenue</b>	<b>49,373</b>	<b>49,756</b>	<b>50,150</b>
<b>Net revenue requirement - water</b>	<b>126,231</b>	<b>134,776</b>	<b>136,043</b>
<b>Wastewater</b>			
Wastewater collection system and service of supply	38,831	39,996	41,196
Other wastewater collection and disposal costs	721	743	765
Connection costs	20,600	21,218	21,855
Amortization	18,643	18,643	18,643
Interest on long term debt	6,194	4,222	2,159
Contingency	15,000	15,000	15,000
Reserves	24,440	29,780	37,515
<b>Total wastewater expenses</b>	<b>124,429</b>	<b>129,602</b>	<b>137,132</b>
Lagoon tipping fees	6,695	6,895	7,103
Taxation revenues	12,209	12,209	12,209
Other revenue	773	796	820
Amortization of capital grants	5,280	5,280	5,280
<b>Total wastewater revenue</b>	<b>24,957</b>	<b>25,180</b>	<b>25,411</b>
<b>Net revenue requirement - wastewater</b>	<b>99,473</b>	<b>104,422</b>	<b>111,721</b>

## Contingency Allowance and Utility Reserves

The RM has included in its projections a contingency allowance of \$15,000 per year for wastewater and \$5,000 per year in years two and three for water. The RM has included approximately \$126,000 of reserves in its projections.

## Working Capital

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

	<b>2021</b>
Accumulated Fund Surplus	\$1,618,290
Deduct tangible capital assets	\$1,253,333
Add long term debt	\$174,690
Add utility reserves	\$366,461
<b>Equals Working Capital Surplus</b>	<b>\$906,108</b>
Total utility expenses	\$288,019
<b>20% of total utility expenses (target)</b>	<b>\$57,604</b>

## Operating Deficits

The RM has advised the Utility has not experienced any operating deficits in the previous five years of operation.

## Cost Allocation Methodology

The Board approved the Utility's current Cost Allocation Methodology (CAM) in Board Order No. 139/12. The RM did not propose any changes to the existing CAM.

## Unaccounted for Water

The Utility indicated the 2021 unaccounted for water was 15% of water produced, largely attributed to a water leak on MacDonald Avenue. The RM advised going forward it will closely track water production versus sales and quickly repair any leaks.

## 5.0 Board Findings

Considering the RM's filing and noting there was no public response to the Notice of Application, the Board has chosen a paper review process.

The Board has reviewed the application and revenue projections presented by the RM and finds the projections to be reasonable. The Board grants approval of the water and wastewater rates applied for by the RM for the Warren Utility effective October 1, 2023, 2024 and 2025.

The Board will note for future applications, the RM should review the Board Guidelines regarding contingencies. The guidelines recommend 10% of variable operating costs, and in the RM's rate study it used 10% of variable and fixed operating costs. Given the extensive capital projects contained in the RM's 2023 Financial Plan, the Board finds the larger contingency to be reasonable, as any funds unused for contingency purposes will serve utility customers for reserves or future operating needs; however, the RM should be aware of the appropriate methodology for future applications.

The five year capital expenditure report contained in the RM's 2023 Financial Plan indicates the Warren Utility planned a \$7,000,000 transmission line and pump house project in 2023. The rates approved in this Order did not include an increase in water amortization expense for this project. Upon completion of the project, the RM should review its financial position and determine if the rates remain appropriate. The large provisions for contingency and reserves approved in this rate review may support the increase in amortization expense without further action.

The Board directs the RM 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, 2026.

The Board directs the RM to prepare a Notice for its ratepayers, informing them of the decisions in this Order. The RM is also directed to file with the Board a copy of this Notice and an amended rate By-law, having had third reading.

The Board reminds the RM regular reviews are important for a financially sound utility and encourages the RM to review Board Order Nos. 27/23 and 86/17 for future rate applications. The Order outlines the Simplified Rate Application Process for municipally owned public utilities. If, after its rate review, the RM 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 Rural Municipality of Woodlands – Warren Water and Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective October 1, 2023, 2024 and 2025.
2. The Rural Municipality of Woodlands amend its Warren Water and Wastewater Utility 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
3. The Rural Municipality of Woodlands is to provide a notice of the decisions found in this Order to its customers as soon as possible, with a copy to the Public Utilities Board.
4. The Rural Municipality of Woodlands review the Warren Water and Wastewater Utility 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, 2026.

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

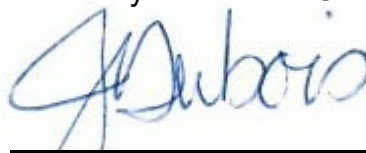
"Shawn McCutcheon"

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 99/23  
issued by The Public Utilities Board



Assistant Associate Secretary

THE RURAL MUNICIPALITY OF WOODLANDS

SCHEDULE "A" TO BY-LAW NO. 2755/22

WATER AND SEWER RATES

SCHEDULE OF QUARTERLY RATES:

1. Commodity rates per Cubic Meters:

	Water	Sewer	Water & Sewer
All water consumption for 2023	\$2.77	\$1.49	\$4.26
All water consumption for 2024	2.96	1.60	4.56
All water consumption for 2025	2.99	1.76	4.75

2. Minimum Charges, Quarterly:

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

a.) Water and Sewer Customers

b.) Water and Sewer Customers

2023

Meter Size	Group Capacity Ratio	Water Included Cubic Meter	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
15mm (5/8")	1	14	\$13.39	\$38.78	\$20.86	73.03
19mm (3/4")	2	27	13.39	74.79	40.23	128.41
25mm (1")	4	55	13.39	152.35	81.95	247.69
38mm (1 1/2")	10	140	13.39	387.80	208.60	609.79
50mm (2")	25	341	13.39	944.57	508.09	1,466.05

2024

Meter Size	Group Capacity Ratio	Water Included Cubic Meter	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
15mm (5/8")	1	14	\$13.79	\$41.44	\$22.40	\$77.63
19mm (3/4")	2	27	13.79	79.92	43.20	136.91
25mm (1")	4	55	13.79	162.80	88.00	264.59
38mm (1 ½")	10	140	13.79	414.40	224.00	652.19
50mm (2")	25	341	13.79	1,009.36	545.60	1,568.75

2025

Meter Size	Group Capacity Ratio	Water Included Cubic Meter	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
15mm (5/8")	1	14	\$14.21	\$41.86	\$24.64	\$80.71
19mm (3/4")	2	27	14.21	80.73	47.52	142.46
25mm (1")	4	55	14.21	164.45	96.80	275.46
38mm (1 ½")	10	140	14.21	418.60	246.40	679.21
50mm (2")	25	341	14.21	1,019.59	600.16	1,633.96

(a) Water Only Customers

Minimum charge will be the same for each meter size as shown above, but the Sewer Commodity Charge will be excluded.

(b) Sewer Only for Residential Customers

The Rural Municipality of Woodlands does charge owners or occupants of land serviced with sewer but no water with the applicable charges set out below the following:

Year	Quarterly Service Charge	Quarterly REU Wastewater Charge	Total Quarterly Charge
2023	\$13.39	\$88.15	\$101.54
2024	13.79	88.15	101.94
2025	14.21	88.15	102.36

In the case of multiple dwellings, duplexes shall be deemed to have two units, triplexes three units, etc., and mobile home parks shall be equal to the number of serviced lots established and occupied.

3. Service to Customers outside L.I.P. limits

The Council of the Rural Municipality of Woodlands may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Local Improvement Plan (Warren). 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 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.

4. Billings and Penalties

Accounts shall be billed quarterly. All billings shall be due and payable a minimum of fourteen (14) days after the date of the billing. A late payment charge of one and a quarter Percent (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 the 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 due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$30.00 have been paid.

7. Outstanding Bills

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

The Rural Municipality of Woodlands will pay to the utility an annual rental of \$200.00 for each hydrant connected to the system.

#### 9. Lagoon Tipping Fees

Regulations and fees for dumping from either septic or holding tanks by registered haulers are established as follows:

The Rural Municipality of Woodlands (RM) permits the dumping of sewage into the sewage lagoons collected only from the RM for which a formal agreement has been entered into with the RM.

All sewage discharged in the sewage lagoons shall meet the standards outlined by Manitoba Conservation and contained in the current Rural Municipality of Woodlands Environmental Act licence. In addition to the requirements of Environmental Act Licence, all applicable Federal, Provincial Statutes and Regulations and Municipal By-Laws must be complied with.

The annual licence for each key is issued for the maximum of one (1) calendar year or part of thereof to September 30 for each vehicle. On an annual basis the Wastewater Disposal Vehicle Licence must be renewed and the annual licence fee must be paid for each key, prior to first business day in October each year.

There is an annual fee of \$100.00 per key payable prior to October 1 of each year. The Septic Hauler must not duplicate the keys. Failure to pay the annual fee prior to October 1 of each year will result in suspension of tipping privileges.

Each Septic Hauler must submit a monthly record of wastewater pickup and disposal report. The report must indicate the name of the Septic Hauler, municipal licence number, date of disposal, the civic address, and name of the customer for the property services. The due date for each month **is as** follows: Failure to submit these reports by the 15th day of the month following the end of the previous month may result in the suspension or cancellation of Wastewater Disposal Vehicle Licence. Should the Septic Hauler's Wastewater Disposal Vehicle Licence be suspended or revoked due to nonpayment of account, failure to submit the monthly report by the 15th day following the month, or any contravention of agreements, gate access will be revoked and

the gate access keys will not be reinstated to the Septic Hauler until all reports are submitted. and all arrears plus a reinstatement fee has been paid.

Annual Licence Fee                      \$100.00 per issued lagoon key  
 Replacement of Gate Key              \$250.00 each  
 (lost, stolen, damaged)

Wastewater Disposal Tipping Fees:

Year		Lagoon Tipping Fees
2023		\$13.40
2024		13.80
2025		14.20

10. 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 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. Sewer Surcharges

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.

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 wastes.