

Order No. 19/24

**PRAIRIE VIEW MUNICIPALITY
MINIOTA WASTEWATER UTILITY
REVISED WASTEWATER RATES EFFECTIVE JANUARY 1, 2024
SIMPLIFIED RATE APPLICATION**

February 2, 2024

**BEFORE: Irene Hamilton, K.C., Panel Chair
Susan Boulter, Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board approves the revised wastewater rates to be effective January 1, 2024, for the Prairie View Municipality (Municipality), Miniota Wastewater Utility (Utility). The approved rates are shown below:

	Current Rates	January 1, 2024
Annual Service Charge	\$30.34	\$31.25
Annual Wastewater (per REU)	\$109.72	\$113.01
Total Annual Charge*	\$140.06	\$144.26

*Based on 1 Residential Equivalency Unit (REU)

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 wastewater utility serving 140 unmetered wastewater customers or a total of 161 REUs. Rates were last approved for the Utility in 2020 in Board Order No. 37/20, with the last rate increase occurring on January 1, 2023.

3.0 Application

On November 17, 2023, the Municipality applied to the Board for revised wastewater rates for the Utility. The Application was submitted using the Simplified Rate Application Process and accompanied by By-Law No. 2023-09 having received first reading on October 10, 2023. 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 wastewater rates are expected to be adequate to meet operating costs for the period from January 1, 2024 to December 31, 2024.

A Public Notice of Application was issued on November 20, 2023, 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 and continue the existing reserve fund allocation.

Simplified Rate Application Process

The Board issued Board Orders No. 86/17 and 27/23 establishing and revising the Simplified Rate Application Process (Simplified Process). This process applies to municipally-owned public utilities operating water and/or wastewater systems which meet designated criteria and wish to request Board approval for revised rates.

The following criteria are required in order for a utility to qualify to apply for revised rates using the Simplified Process:

1. The utility must be compliant with all regulatory reporting, including but not limited to:
 - a. The audited financial statements being relied upon for evidence by the Board in the application must be current and prepared in compliance with *The Municipal Act* section 190.
 - b. All outstanding utility deficits should have received approval of the Board.
 - c. All directives from previous Board Orders should have been followed, including submitting copies of all by-laws after third reading, as required.

2. The utility must not be experiencing an operating deficit which is the lower of \$10,000 or 5% of operating expenses, when calculated for regulatory purposes. This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board Order No. 151/08, available on the Board website at www.pubmanitoba.ca.

3. The utility must not be experiencing an unexplained annual operating surplus which is in excess of 20% of operating expenses, when calculated for regulatory purposes. This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board Order No. 151/08, available on the Board website at www.pubmanitoba.ca. An example of an explained surplus would be a utility making an annual contribution to reserves for a planned expenditure; when providing the explanation, all details and supporting documentation about the intended purpose of the reserve should be included.

4. The municipality must have reviewed the utility operations and expects the requested rate will be adequate to meet operating costs for the year. If the revised rates are inadequate, the full application process should be initiated to apply for the necessary rate revisions.

5. The utility must be seeking a rate increase of no more than The Bank of Canada Policy Interest Rate +2%, as indicated at www.bankofcanada.ca on the date of the first reading of the municipal by-law, over the current utility rate. The current utility rate must have been in effect for a minimum of one year from the date of application under the Simplified Process. The revised rate must apply equally to all customers of the utility; however, the utility may request a different revision for the customer service charge, water and/or wastewater rates. For example, a qualified utility may request a 2% rate increase for water, a 1% increase in the customer service charge and no change in wastewater rates, if appropriate. A utility that has domestic and wholesale rates and only wishes to increase one of those rates must apply using the full application process.
6. Requests for multi-year increases will be denied; however utilities may make annual requests for rate increases using the Simplified Process, as long the utility continues to meet the designated criteria.
7. The Simplified Process is at the discretion of the Board, and applicants may be subject to the full application process at any time, and for any reason, without explanation or appeal.

The responsibility for determining whether or not a utility meets the designated criteria lies with the applicant utility. If a utility that clearly does not meet the designated criteria attempts to submit an application using the Simplified Process, the Board will deny the application, and charge a processing fee of \$500.00.

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 2022 Audited Financial Statements, the most recent information available, the working capital surplus at December 31, 2022 was:

	2022
Fund Surplus	\$1,180,557
Deduct: Tangible Capital Assets	(1,210,964)
Add: Long-Term Debt	99,625
Add: Utility Reserve	23,518
Equals Working Capital Surplus	\$92,739
Operating Expenses	54,268
20% of operating expenses (Target)	\$10,854

The Utility meets the Board minimum working capital surplus of 20%.

4.0 Board Findings

The Board has reviewed the Municipality's Application and finds the Utility meets the required criteria, as set out in Board Orders No. 86/17 and 27/23, to apply for revised wastewater rates using the Simplified Process and approves the revised wastewater rates as applied for by the Municipality, effective January 1, 2024.

The Board notes the approved rates represent a 3% increase, the Municipality has not identified any projects in its five-year capital plan, and there have been no changes to the Municipality's REU allocation.

The Board notes the approved rates include an annual contingency allowance of \$1,293 and an annual reserve allowance of \$7,000. The Board also notes the reserve allowance represents an increase of \$1,000 over the reserve allowance approved in Board Order No. 37/20, to augment the Utility's reserve fund to be better able to provide for emergency/unforeseen expenditure requirements.

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 October 31, 2024.

The Board notes the Utility has revenue from property taxes for debentures expiring in 2025 (\$8,221) and 2029 (\$12,498). The Board recommends the Municipality forecast and plan accordingly for the expiration of these revenues in its future rate studies and financial operations.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised wastewater rates for the Prairie View Municipality, Miniota Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective January 1, 2024.
2. The Prairie View Municipality 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 Prairie View Municipality is to provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The Prairie View Municipality review its 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 October 31, 2024.

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

"Irene Hamilton"
Panel Chair

"Frederick Mykytyshyn"
Assistant Associate Secretary

Certified a true copy of Order No. 19/24 issued by
The Public Utilities Board



Assistant Associate Secretary

SCHEDULE A
PRAIRIE VIEW MUNICIPALITY
MINIOTA WASTEWATER UTILITY
WASTEWATER RATES BY-LAW NO. 2023-09

SCHEDULE OF ANNUAL RATES
January 1, 2024

1. Customer Service Charge
The annual customer service charge shall be \$31.25

2. Commodity Rates
The commodity rate for all sewer 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 sewer usage rate for one residential equivalent unit shall be \$113.01

3. Schedule of Minimum 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>
Residential per Unit, Small Commercial halls up to 250 seats	1.0	\$31.25	\$113.01	\$144.26
Multi-family residential, per unit	1.0	\$31.25	\$113.01	\$144.26
Beauty salon, hall 251 to 350 seats	1.5	\$31.25	\$169.52	\$200.77
Community Hall & Rink, garage with 1 wash rack, apiary	2.0	\$31.25	\$226.02	\$257.27
School - 5 classrooms @ 1 REU per classroom	5.0	\$31.25	\$565.05	\$596.30
Parkissimo Lodge (8 x 1 bed @ ½ REU, 2 x 2 bed @ 1 REU)	6.0	\$31.25	\$678.06	\$709.31
Miniota Motor Inn (7 rooms,94 restaurant seats,40 beverage seats) 11.0	11.0	\$31.25	\$1,243.11	\$1,274.36

The following clauses take effect January 1, 2024:

1. Annual Billing
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 fourteen (14) days after the mailing of the bills.

2. 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 offices.

Any customer disconnected for non-payment shall pay a reconnection charge based on actual costs of doing the work plus payment of the arrears with penalty charges and \$10.00 for a reconnection permit.

3. Outstanding Bills

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

4. Service To Customers Outside Miniota Limits

The Council of Prairie View Municipality may sign Agreements with customers for the provision of sewer services to properties located outside the boundaries of the Miniota sewage utility. 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 Miniota sewer 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.

5. 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.