

Order No. 25/22

**MUNICIPALITY OF GLENELLA-LANSDOWNE
ARDEN WATER AND WASTEWATER UTILITY
INTERIM *EX PARTE* WATER AND WASTEWATER RATES**

March 1, 2022

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

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) grants interim *ex parte* approval for the Municipality of Glenella-Lansdowne's (Municipality) request for revised water and wastewater rates for the Arden Water and Wastewater Utility (Utility) effective July 1, 2022, and January 1, 2023, 2024 and 2025.

The revised 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 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.

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.

3.0 Background

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

Utility rates were last reviewed by the Board in 2008, as initial rates when the Utility was new. The rates were granted approval in Board Order No. 106/08, and a pass-through water rate increase of \$1.15 per 1,000 gallons was granted approval in Board Order No. 115/21.

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 included a rate study prepared by the Municipality's consultant and By-law No. 8-2021, having had first reading November 10, 2021.

The submission also included a deficit application for recovery of operating deficits from 2014 and 2019, for \$12,800 and \$9,048, respectively. The Municipality requested the deficits be recovered by a rate rider of \$2.04 per 1,000 gallons over a period of five years.

The application was reviewed for completeness, and the Board contacted the Municipality on December 10, 2021 requesting a copy of the current water and wastewater by-law, as well as an explanation for the Municipality's request for interim *ex parte* rate approval. Interim rates are reserved for instances where an urgent need exists.

The Municipality responded December 16, 2021, providing a copy of By-Law No. 2103/08 and advising the Board the Utility has a forecast deficit in 2021 and a working capital below the Board's recommended minimum. The Municipality stated these were the reasons interim *ex parte* rates were urgently required.

Working Capital

As per the 2020 audited financial statements, the working capital surplus at December 31, 2020 was:

	2020
Accumulated Fund Surplus	\$2,533,862
Deduct tangible capital assets	\$2,601,411
Add long term debt	\$80,529
Add utility reserves	\$0
Equals Working Capital Surplus	\$12,980
Operating costs	\$178,637
20% of operating costs (target)	\$35,727

5.0 Board Findings

The Board grants approval of revised water and wastewater rates on an interim *ex parte* basis effective July 1, 2022, and January 1, 2023, 2024 and 2025.

The Board will also grant approval of the operating deficits for 2014 and 2019 but will vary the method of recovery. The Municipality requested the Board consider a five-year rate rider to recover the deficits, however the Board will vary this to recover the deficit from the Utility's accumulated surplus.

The Board finds that the Municipality's delay in applying for its deficits, particularly the \$12,800 deficit incurred in 2014, make recovery through a rate rider unreasonable.

The Municipality's request for a five year rate rider would result in deficits being collected into 2027, thirteen years after the 2014 deficit was incurred. It would also come at a time when the Municipality is applying for revised utility rates for the first time since the Utility was established in 2008. Recovery from the accumulated surplus will reduce the working capital surplus to below the target; however, it does not put it into deficit and the Board finds this method to be appropriate, given all the considerations.

6.0 IT IS HEREBY ORDERED THAT:

1. The Municipality of Glenella-Lansdowne's application for revised water and wastewater rates effective July 1, 2022, and January 1, 2023, 2024, and 2025 for the Arden Water and Wastewater Utility on an interim *ex parte* basis, BE AND IS HEREBY APPROVED.
2. The Municipality of Glenella-Lansdowne amend its water and wastewater rate By-Law for the Arden Water and Wastewater Utility to reflect the decisions in this Order and submit a copy to the Public Utilities Board once it has received third and final reading.
3. The Municipality of Glenella-Lansdowne application for approval of the Arden Water and Wastewater Utility's 2014 and 2019 operating deficits, BE AND IS HEREBY VARIED to be recovered from the Utility's accumulated surplus account.

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 - \$150.00

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 25/22
issued by The Public Utilities Board


Assistant Associate Secretary

MUNICIPALITY OF GLENELLA-LANSDOWNNE
ARDEN UTILITY
BY-LAW NO. 8-2021
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

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	\$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 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.