

Order No. 20/24

**RURAL MUNICIPALITY OF ARGYLE
BALDUR WATER AND WASTEWATER UTILITY
REVISED WATER AND WASTEWATER RATES
EFFECTIVE JULY 1, 2024
SIMPLIFIED RATE APPLICATION
PASS THROUGH AUTHORIZATION FOR WATER RATES**

February 6, 2024

**BEFORE: Shawn McCutcheon, Panel Chair
Marilyn Kapitany, B.Sc. (Hon), M. Sc., Panel Member**

Table of Contents

1.0 Executive Summary 3

2.0 Background 4

3.0 Application 4

Simplified Rate Application Process 5

Working Capital Calculation 7

4.0 Board Findings..... 8

5.0 IT IS THEREFORE ORDERED THAT:..... 10

SCHEDULE A 12

1.0 Executive Summary

By this Order, the Public Utilities Board varies the revised water and wastewater rates to be effective July 1, 2024, for the Rural Municipality of Argyle (RM), Baldur Water and Wastewater Utility (Utility). The approved rates are shown below:

	Current Rates	July 1, 2024
Quarterly Service Charge	\$10.72	\$11.47
Water (per 1,000 gallons)	\$32.76	\$35.05
Water Pass Through Increase*	-	\$1.82
Total Water Charge (per 1,000 gallons)	\$32.76	\$36.87
Wastewater (per 1,000 gallons)	\$9.71	\$10.39
Minimum Quarterly Charge**	\$138.13	\$153.25
Total Wastewater Only Quarterly Charge***	\$68.98	\$73.81

*Water rates include a pass through rate increase of \$1.82 per 1,000 for water purchased from Manitoba Water Services Board (MWSB) approved up to and including April 1, 2023.

**Based on 3,000 gallons

***Based on 6,000 gallons

The Board also grants approval of a process allowing the Utility to pass through revisions from the Manitoba Water Services Board (MWSB) on wholesale water rates, on the basis that such rates are passed through without mark-up.

The Utility is to provide notice to the Board before any pass through revisions are implemented, must pass by-laws and file them with the Board once the revision occurs, and is to ensure notice of the revision is provided to customers of the Utility.

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 RM owns and operates a water and wastewater utility serving 176 customers (as of 2022). Rates were last approved for the Utility using the Board's Simplified Rate Application Process in 2022 in Board Order No. 39/22, with the last rate increase occurring on July 1, 2022.

3.0 Application

On December 11, 2023, the RM applied to the Board for revised water and wastewater rates for the Utility. The Application was submitted using the Simplified Rate Application Process and accompanied by By-Law No. 05-2023 having received first reading on November, 2023. The RM 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 July 1, 2024 to June 30, 2025.

As part of the RM's application, the RM also requested a pass through rate increase for water purchased from MWSB of \$2.10 per 1,000 gallons and authority to pass through wholesale water rate revisions implemented by MWSB.

On February 2, 2024, the RM's consultant provided a revised calculation regarding the requested pass through rate increase to \$1.82 per 1,000 gallons.

A Public Notice of Application was issued on December 18, 2023, affording customers the opportunity to comment to both the Board and the RM 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 RM 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	\$2,149,912
Deduct: Tangible Capital Assets	(2,158,907)
Add: Long-Term Debt	68,444
Add: Utility Reserve	85,261
Equals Working Capital Surplus	\$144,710
Operating Expenses	243,052
20% of operating expenses (Target)	\$48,610

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

4.0 Board Findings

The Board has reviewed the RM'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 water and wastewater rates using the Simplified Process and approves the revised water and wastewater rates as applied for by the RM, effective July 1, 2024.

The Board notes the approved rates represent a 7% increase and the calculation for the quarterly charge for unmetered wastewater customers remains unchanged.

The Board notes the approved rates include a pass through rate increase of \$1.82 per 1,000 gallons for the cost of water purchased from MWSB. The Board also notes the Utility rates approved in Board Order No. 20/19 included forecasted rate increases for the cost of water purchased from MWSB and the increase of \$1.82 per 1,000 gallons has been revised accordingly to reflect the actual increases for the cost of water purchased.

The pass through increase of \$1.82 per 1,000 gallons satisfies all pass through rate increases for the cost of water purchased from MWSB for all years up to and including 2023. The Board notes MWSB has advised the RM effective April 1, 2024, the Utility wholesale water rate for water purchased will increase by \$0.48 and the RM may choose to pass through the rate in the future as part of the process outlined below.

The Board requires the RM to review its water and wastewater rates for the Utility for adequacy and file a report with the Board, as well as an application for revised rates if required, by no later than May 1, 2025.

The Board grants approval of a standing authorization for pass through rate revisions resulting from any changes in the wholesale water rate set by the MWSB. Pass through rate revisions are typically used when a Board regulated utility purchases water from another Board regulated utility.

The Board typically does not allow for pass through rate revisions from unregulated utilities because it would not provide ratepayers with the protections afforded by Board oversight and notice requirements. In case of MWSB wholesale rates, under section 8(2) of *The Manitoba Water Services Board Act*, the purchasing utility has the opportunity to appeal to the Board any rate it believes to be excessive and MSWB uses methodology that aligns with the Board's. In addition, the Board will require the Utilities to follow the requirements for pass through rate revisions as established in Section 3.10 of Board Order No. 124/09, with the addition of a 90 day notice period for rate payers.

The Board approves the following process for pass through rates for the Utility with emphasis that the RM must strictly adhere to the process outline below.

Step 1. The RM shall consider the implications of any wholesale water rate revision approved by MWSB, and determine whether or not the revision needs to be passed on to its ratepayers to maintain the adequacy of rates.

Step 2. If the rate revision is to be reflected in the rates of the Utility, and with the one exception that changes in the rate of water losses in the system may also be included, the RM need only inform ratepayers/customers and the Board of the pass through rate change, with a minimum of 90 days notice. This Notice must include information for ratepayers on their ability to respond to the Board regarding the rate revision.

Step 3. If rates are to change for any other reason other than the exact wholesale rate revision, the Municipality must make a rate application to the Board. The Board may decide to proceed to hear the application by way of a paper-based process or by way of a public hearing.

Step 4. Should the RM decide to implement the pass through rate changes, the Municipality may only revise the water rate as a dollar amount, without mark-up, and not as a percentage. The Municipality must file an amended rate by-law with the Board and provide a notice of the change to its customers. The Board requires a copy of the notice that is sent by the Municipality to its customers prior to implementation of the revised rates.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised wastewater rates for the Rural Municipality of Argyle, Baldur Water and Wastewater Utility BE AND ARE HEREBY VARIED in accordance with the attached Schedule A, effective July 1, 2024.
2. Rural Municipality of Argyle 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 Rural Municipality of Argyle is to provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The Rural Municipality of Aryle 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 May 1, 2025.

5. The Rural Municipality of Argyle BE AND IS HERBY given authority to pass through wholesale water rate revisions implemented by Manitoba Water Services Board for the Baldur Water and Wastewater Utility, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Public Utilities Board for any further revisions.

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

"Shawn McCutcheon"

Panel Chair

"Frederick Mykytyshyn"

Assistant Associate Secretary

Certified a true copy of Order No. 20/24 issued by
The Public Utilities Board



Assistant Associate Secretary

SCHEDULE A
RURAL MUNICIPALITY OF ARGYLE
BALDUR WATER AND WASTEWATER UTILITY
WASTEWATER RATES BY-LAW NO. 05-2023

SCHEDULE OF ANNUAL RATES

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

Quarterly Service Charge \$11.47

Quarterly Rates	Water	Wastewater	Water & Wastewater
Per 1000 Gallons	\$36.87	\$10.39	\$47.26

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per month set out below, which includes the volume allowance as listed. For all metered accounts, volumes in excess of the minimum quarterly allowance will be charged at the applicable commodity rate.

a. Metered Water & Wastewater Customers

Meter Size (Inches)	Group Capacity Ratio	Water Included (Gallons)	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Water & Wastewater Total Monthly Minimum	Water Only Total Quarterly Minimum
5/8	1	3,000	\$ 11.47	\$ 110.61	\$ 31.17	\$ 153.25	\$ 122.08
3/4	2	6,000	\$ 11.47	\$ 221.22	\$ 62.34	\$ 295.03	\$ 232.69
1	4	12,000	\$ 11.47	\$ 442.44	\$ 124.68	\$ 578.59	\$ 453.91
1 ½	10	30,000	\$ 11.47	\$ 1,106.10	\$ 311.70	\$ 1,429.27	\$ 1,117.57
2	25	75,000	\$ 11.47	\$ 2,765.25	\$ 779.25	\$ 3,555.97	\$ 2,776.72

b. Unmetered Wastewater Only for Residential Customers

The wastewater only charge is based on average quarterly consumption of 6,000 gallons plus the quarterly customer service charge.

The quarterly charge for wastewater only customers is $(6 * \$10.39) + \$11.47 = \$73.81$

c. Bulk Water Sales

All water sold in bulk will be charged at the rate of \$39.00 per 1,000 gallons.

The following clauses take effect July 1, 2024:

3. 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% compounded monthly shall be charged on the dollar amount owing after the billing due date.

4. Hydrant Charges

The LUD of Baldur, or any other hydrant owner, will pay to the utility an annual rental of \$100.00 for each hydrant connected to the system, which shall include the cost of water used for firefighting.

5. Liability for Charges

Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and wastewater services, including fines and penalties, 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 ninety (90) 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.

6. Meter Testing

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Rural Municipality with a deposit of \$100.00. The Rural 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 Rural 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.

7. Disconnection and Reconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the Rural 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 Rural Municipality's office.

Any service disconnected, whether due to non-payment of account or for any other reason(s) mutually agreed to by the customer and the Rural Municipality (i.e. 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 \$30.00 and all arrears and penalties, if any, have been paid.

Service may be disconnected or reconnected upon receipt of a written request and payment of \$30.00.

8. Responsibility for Service Connections

The Utility is responsible for all costs involved to bring services to the property line of the owner (including any water losses that may occur to that point). The owner is responsible for all costs of services (including water losses) from the property line into the building being serviced.

9. Service To Customers Outside Utility's Limits

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

10. 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.

11. 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 Rural Municipality, is contrary to the aforesaid, the Rural 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. If the customer fails to comply with such notice the Rural Municipality shall proceed in accordance with clause 1 of this section.

12. 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 Rural Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

13. Authorization for Officer to Enter Upon Premises

The Public Works Foreman, or other employee authorized by the Rural Municipality in the absence of the Public Works Foreman, 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 Rural Municipality.