

Public Utilities Board – Hearing
RM St. Andrews, Manitoba
April 26, 2021

April 12, 2021

Written Submission – PUB Hearing
Lou Morissette
4 Trafalgar Crescent, Lockport, Manitoba

Dear Sir/Madam:

I have attached a highlighted copy (first three pages) of the RM of St. Andrews, Consulting Report completed by “Way to Go Consulting” dated December 2020. This report is openly available on the RM website. I’ve included the complete report for reference but will only make note of the first several pages. The document is available for download;

<https://standrews.municipalwebsites.ca/Editor/images/Merged%20all%20Rate%20Study%20Items%20-%20Feb%2025-2021-without%20by-law.pdf>

The reason that I am referencing the report, is that it outlines options that remain available to the RM. It also provides supplementary background material for PUB. I have reviewed the proposed rates submitted to PUB. Based on cost, they appear to be founded on a “not yet approved” levy. My intent is to focus on the process which the RM has initiated, and point out several inconsistencies. The first issue which is core, is that the “proposed \$100 levy” which is to be applied to unconnected properties; has not yet been approved by the “Manitoba Municipal Board.” As of this date, there is no Hearing currently scheduled.

I find it ironic, that the RM can apply to PUB for an interim rate, when they have already factored in the “unapproved” levy for the proposed rate. Reasonably, the Municipal Board should rule on the levy prior to a PUB submission. As the RM’s current submission stands, there are far too many outstanding variables to accurately render a tangible decision.

In my mind, it makes no sense for the RM to ask the PUB to rule on an interim rate when the levy represents a component of the suggested rate. I would like to add, that the levy has been a subject of heated controversy in the RM. Residents were told that they had five years to connect to the wastewater line yet, ultimately those that chose not to connect, are now being charged for a service which is **not** being provided. In essence, the \$100 levy is considered a penalty for not connecting immediately.

I have highlighted several areas in the RM’s proposal which could very well impact on utility rates. These are not small or insignificant variables. They remain paramount to discussion. In my opinion, prior to a PUB submission, these steps should have been fully ratified:

- A. I note on page 2 (top), “The Following is a list of critical path steps required to establish initial utility rates.” The first criteria namely, a completed and signed service agreement with the City of Winnipeg has not been met. Yes, there has been discussion and an unbinding MOU is in place. But, there is nothing that would otherwise provide support for the suggested utility rate. Furthermore, the RM is sharing pipe with West St. Paul and there still remains no signed agreement in place.

In essence, “Utilities Buy in Charges” as suggested by the RM remain charges which cannot be validated at this time. Without a signed agreement in place with the City of Winnipeg, a “buy in” charge could very easily change. In spite of this quandary, the RM has indicated that the “buy in” will in fact increase to \$3100.00 in 2023.

- B. The RM has actually noted that the proposal to PUB hinges on whether or not the RM can proceed with a third reading (ie. Page 2, bullet 8). The RM can’t argue that they aren’t aware of the variables involved in moving forward to PUB, they are simply ignoring due process.

If we look at the ten bullets referenced by the consulting report, we can quickly gleam that many of these steps have simply not been taken. I don’t feel it appropriate, to discuss the finer details of the proposed levy at this point. This is clearly the purview of the “Municipal Board.” My intent in raising it, was only to suggest, that the PUB application was premature. PUB cannot obviously rule on financial variables which are deemed purely speculative.

It should be noted, that residents have grown very weary of the RM’s business practices relative to the wastewater utility. Within weeks, the yearly property tax component to recoup the LID capital cost charge went from \$464/yearly to \$505 yearly. The issue stems from the lack of a concerted effort to lock in a more favourable interest rate. Letters were sent out to residents in both instances, with little to no explanation. The fact that this application is currently before the PUB with admitted variables/steps still outstanding, speaks to a lack of demonstrated business structure. The RM has driven this process based on a “wastewater connection” date of April 1, 2021 which has no foundation in legal reality.

The RM has admitted on page “2” that there remains “critical steps” still outstanding. My hope is that PUB does not rule on an interim rate until the residents of the RM can be provided a detailed analysis based on financial fact and not speculation. Very clearly, this can only take place once the Municipal Board has ruled on the proposed levy. The current proposal has suggested that PUB rule on a rate proposal that implicates monies (levy) which is pending a Municipal Board Hearing. I would ask, that PUB consider not proceeding until such time that financial agreements have been ratified and the levy approved.

Your consideration is very much appreciated.

Regards,

Lou Morissette

Rural Municipality of St. Andrews St. Andrews South Wastewater Utility Rate Study

Executive Summary

The Rural Municipality of St. Andrews has completed construction of the St. Andrews South Wastewater Utility infrastructure. The new Utility will provide wastewater collection services to St. Andrews residents with wastewater treatment being provided by the City of Winnipeg at the North End Water Pollution Control Centre. As a condition of providing wastewater treatment services, the City of Winnipeg requires that all Utility customers must install water meters on their wells.

The City of Winnipeg and RM of St. Andrews signed a Memorandum of Understanding dated October 14, 2014 indicating their intent to enter into a municipal service-sharing agreement to enable the City to provide wastewater treatment services to the RM. A draft version of the service-sharing agreement has recently been negotiated by municipal staff and the final version of the agreement is scheduled to go to City and RM Councils for ratification in the near future.

St. Andrews South Wastewater Utility is a low pressure wastewater system serving approximately 1,800 parcels of land in St. Andrews. The low pressure wastewater lines discharge into 2 lift stations that flow wastewater into a gravity wastewater main in West St. Paul. The gravity main in West St. Paul is jointly owned by the RMs of West St. Paul and St. Andrews.

Through a local improvement process, the RM of St. Andrews notified affected property owners that the RM proposed to construct a wastewater collection system in St. Andrews South. The estimated local improvement cost of the wastewater system was established at \$7,390 per property. In addition, property owners are responsible for the service line connection costs to connect their septic tank to the curb stop in the boulevard at their property line. There is also a "Utilities Buy-In Charge" payable to the City of Winnipeg that property owners must pay to the RM of St. Andrews on connection to the wastewater system. The Buy-In Charge payable to City of Winnipeg for an existing property with a residential size water meter, is \$2,680 in 2021 and \$3,000 in 2022.

St. Andrews South Wastewater Utility is located within *the Manitoba Conservation Red River Corridor Designated Area* which was established in 2009 by Provincial Regulation. This Regulation prohibits the replacement or modification of existing septic fields or construction of new septic fields in the Corridor.

The RM has not mandated any requirement to connect to the wastewater system and connection requirements are governed by Provincial law. Newly constructed residences must be connected to the wastewater system and existing residences that are sold must also connect.

Current Provincial legislation allows property owners up to 5 years to connect to the wastewater system under the Onsite Wastewater Management System Regulation of *The Environment Act* of Manitoba which states in part as follows:

"Requirement to connect to new wastewater collection system

8.1(1) If a wastewater collection system is installed in an area not previously serviced by a wastewater collection system, an owner of land in that area must

- (a) connect his or her wastewater sources to the wastewater collection system; and
- (b) take any onsite wastewater management system or privy located on the land out of service and decommission it;
before the earlier of
- (c) the passing of a period of five years from the day that the wastewater collection system was installed; or
- (d) the transfer or subdivision of the land."

Rural Municipality of St. Andrews St. Andrews South Wastewater Utility Rate Study

Process to Establish Initial Utility Rates

Following is a list of critical path steps required to establish initial utility rates:

- complete service agreement with City of Winnipeg;
- proceed with advertising and public hearing for special service levy by-law for unconnected properties and 1st reading of by-law and submission to Municipal Board;
- proceed with 1st reading of utility rate by-law and submit by-law and utility rate study to the Public Utilities Board;
- provide additional information to potential customers;
- depending on objections and feedback, Municipal Board determines whether or not to hold a Public Hearing in the RM of St. Andrews regarding special service levy for unconnected properties;
- depending on objections and feedback, Public Utilities Board determines whether or not to hold a Public Hearing in the RM of St. Andrews regarding proposed utility rates;
- Municipal Board approves, amends or rejects RM of St. Andrews special service levy by-law;
- if Municipal Board approves or amends the special service levy by-law, RM of St. Andrews may proceed with 2nd and 3rd reading of by-law and unconnected property fee;
- PUB approves, amends or rejects RM of St. Andrews utility rate by-law; and
- if PUB approves or amends the utility rate by-law, RM of St. Andrews proceeds with 2nd and 3rd reading of by-law and implements new rates.

Capital Cost

Total estimated capital cost and funding of the St. Andrews South Wastewater Utility is as follows:

| | |
|--|-------------------|
| Initial Phase 1 & 2 Construction Cost Estimate | 31,160,000 |
| Add: Estimated capital cost increase over initial estimate | 2,162,124 |
| Main St. Sewer main jointly owned with West St. Paul; net cost | 2,300,000 |
| Total Estimated construction cost | 35,622,124 |
| Less: Canada/Mb Infrastructure Funding | (8,500,000) |
| Mb. Water Services Board Funding | (8,330,000) |
| St. Andrews Gas Tax Reserve Funding | (1,336,631) |
| St. Andrews Gas Tax Reserve Funding - Main St. sewer main | (2,300,000) |
| Local Improvement Funding | 15,155,493 |

Survey and Customer Input

The RM of St. Andrews advised potential utility customers directly by phone, text, email and Facebook in addition to a direct mail card, newspaper advertising and an insert in the tax bill, that there was a survey and information concerning the new Utility on the RM's website.

655 completed surveys were received and the survey and data analysis are attached as appendices to this report.

Number of Utility Customers

Survey results indicate property owner intent to hook into the wastewater system as follows:

| | <u>Survey Results</u> | <u>Extrapolated – 1,800 Customers</u> |
|-----------------------------------|-----------------------|---------------------------------------|
| As soon as possible | 16.84% | 303 |
| In a year or two | 13.78% | 248 |
| Subtotal – Customers in two years | | 551 |
| In about three or four years | 6.80% | 122 |
| Total customers in four years | | 673 |

Rural Municipality of St. Andrews St. Andrews South Wastewater Utility Rate Study

Based on extrapolation of the survey responses over the total potential number of customers results in 551 potential customers in two years. For purposes of the Utility rate study, an estimate of 500 customers within the first 3 years has been used.

Estimated Costs

Cost estimates to operate the wastewater system have been provided by the RM's consultants. In addition, a Request for Proposal has been circulated to obtain more definitive costs for lift station operations. There are amortization and wastewater lift station costs that are fixed in nature and don't vary significantly with volume.

PVC pipe used for the low pressure wastewater system and pressurized wastewater mains were assumed to be amortized over a 75 year time span. Only recently have some new municipal utilities extended the amortization period for pipelines from 50 years to 75 years.

In addition the City of Winnipeg charges an annual Participation Fee per connected customer which is estimated at \$284.46 in 2022 and a 2022 volumetric charge of \$2.91 per cubic meter of wastewater.

Rate calculations are based on RM of St. Andrews estimated costs plus City of Winnipeg charges.

Charge for Unconnected Properties

Based on recent survey information, the RM of St. Andrews is forecasting that 500 customers will connect to the Utility in the first 3 years of operation. The minimum and average utility billing costs per property drop significantly as more customers are connected and start to plateau after 1,200 customers are connected.

With rates significantly higher for the first 1,200 customers to connect, an alternative to increase utility revenues until all customers are connected was explored.

St. Andrews is required to commence providing wastewater services on completion of construction of the wastewater system, sometime in early 2021. With the Municipality's estimate of 500 customers connected within 3 years, the option of instituting a per parcel charge for unconnected customers, is proposed to make the Utility financially viable.

A per parcel annual fee on unconnected properties significantly reduces the utility billing costs for properties connected and makes the Utility viable, especially for the first few years as properties start connecting.

Initial Rates

Two options for establishing initial utility rates were reviewed:

1. Utility rates based on 500 connected customers paying rates calculated to create an annual operating surplus in accordance with PUB rate setting methodologies; and
2. Utility rates based on 500 connected customers with an annual charge for unconnected customers that creates a scenario of minimal reductions in rates as numbers of connected customers increase.

Rural Municipality of St. Andrews St. Andrews South Wastewater Utility Rate Study

Option 1 – Rates on Connected Properties Only

Setting utility rates based on assuming 500 connected customers results in minimum quarterly billings of \$165.10. Assuming average quarterly consumption of 36 cubic meters, quarterly billings would be \$297.54.

| Wastewater Rates | Number of Customers | | | | | | |
|--|----------------------------|------------|----------------|-------------------|--------------|--------------|----------|
| | <u>100</u> | <u>200</u> | <u>500</u> | <u>1,000</u> | <u>1,200</u> | <u>1,800</u> | |
| Quarterly Customer Service Charge | \$94.62 | \$85.99 | \$80.82 | \$79.09 | \$78.80 | \$78.32 | |
| Wastewater rate per Cubic Meter | \$18.45 | \$10.68 | \$6.02 | \$4.46 | \$4.21 | \$3.77 | |
| Wastewater rate per 1,000 gallons | \$83.87 | \$48.55 | \$27.37 | \$20.28 | \$19.14 | \$17.14 | |
| | C.M. | | | | | | |
| Minimum Quarterly Billing | 14 | \$352.92 | \$235.51 | \$165.10 | \$141.53 | \$137.74 | \$131.10 |
| Minimum Annual Billing (14 CM is 3,080 gallons) | 56 | \$1,411.68 | \$942.04 | \$660.40 | \$566.12 | \$550.96 | \$524.40 |
| | C.M. | | | | | | |
| Average Quarterly Billing | 36 | \$758.82 | \$470.47 | \$297.54 | \$239.65 | \$230.36 | \$214.04 |
| Average Annual Billing (36 CM is 7,919 gallons) | 144 | \$3,035.28 | \$1,881.88 | \$1,190.16 | \$958.60 | \$921.44 | \$856.16 |

However, until the Utility reaches 500 customers, under this scenario, the Utility could incur significant operating deficits. For example, setting the rates based on 500 customers (ie. minimum bill of \$165.10), if only 100 customers connect initially will result in a forecast operating deficit of \$168,000 and with 200 customers connected the deficit is forecast at \$121,000. With 500 customers connected the Utility is forecast to have an operating surplus of \$17,833

Option 2 – Rates with \$100 Annual Charge on Unconnected Properties

Establishing an annual charge of \$100 for unconnected properties and basing utility rates on 500 connected customers results in minimum quarterly billings of \$140.04 and average quarterly billings of \$233.10.

| Wastewater Rates | Number of Customers | | | | | | |
|--|----------------------------|------------|----------------|-----------------|--------------|--------------|----------|
| | <u>100</u> | <u>200</u> | <u>500</u> | <u>1,000</u> | <u>1,200</u> | <u>1,800</u> | |
| Quarterly Customer Service Charge | \$94.62 | \$85.99 | \$80.82 | \$79.09 | \$78.80 | \$78.32 | |
| Wastewater rate per Cubic Meter | \$6.73 | \$5.17 | \$4.23 | \$3.91 | \$4.21 | \$3.77 | |
| Wastewater rate per 1,000 gallons | \$30.59 | \$23.50 | \$19.23 | \$17.77 | \$19.14 | \$17.14 | |
| | C.M. | | | | | | |
| Minimum Quarterly Billing | 14 | \$188.84 | \$158.37 | \$140.04 | \$133.83 | \$137.74 | \$131.10 |
| Minimum Annual Billing (14 CM is 3,080 gallons) | 56 | \$755.36 | \$633.48 | \$560.16 | \$535.32 | \$550.96 | \$524.40 |
| | C.M. | | | | | | |
| Average Quarterly Billing | 36 | \$336.90 | \$272.11 | \$233.10 | \$219.85 | \$230.36 | \$214.04 |
| Average Annual Billing (36 CM is 7,919 gallons) | 144 | \$1,347.60 | \$1,088.44 | \$932.40 | \$879.40 | \$921.44 | \$856.16 |

Under this scenario with the unconnected property charge and rates set assuming 500 customers, if fewer customers initially connect, the deficits are much more manageable. The Utility is forecast to have a deficit of \$24,000 with 100 customers, \$13,000 with 200 customers and a surplus of \$18,058 with 500 customers.

Comparison of Options

With Utility rates only, assuming 500 connected customers, results in the minimum bill dropping from \$165.10 to \$131.10, or 21%, as the Utility grows to 1,800 customers. The average bill is forecast to drop from \$297.54 to \$214.04 or 28%.

Rural Municipality of St. Andrews St. Andrews South Wastewater Utility Rate Study

An annual fee of \$100 per unconnected property and assuming 500 connected customers, results in the minimum bill dropping from \$140.04 to \$131.10, or 6%, when 1,800 customers are connected. The average bill is forecast to drop from \$233.10 to \$214.04 or 8%.

With utility rates only, there is potential initially for significant operating deficits until the Utility grows and more customers connect. The addition of a fee for unconnected properties dramatically reduces the risk of the Utility incurring large operating deficits in the first few years.

Recommendation - \$100 Fee for Unconnected Properties

An annual fee of \$100 per unconnected property with utility rates based on assuming 500 properties connected, reduces the operating deficit in the first few years and smooths out utility rates.

With customers identified who must over 5 years connect and who have paid Local Improvement charges, all customers, connected and unconnected, have a stake in the financial viability of the utility and in having utility bills that don't fluctuate dramatically.

It is therefore recommended that an annual fee of \$100 per unconnected property be instituted and the balance of this report provides information on proposed utility rates on that basis.

Authorization for Unconnected Fee

Municipal Utilities exercise authority to charge for utility services under section 252(1) of the Municipal Act.

"A municipality exercising powers in the nature of those referred to in clauses 250(2)(b), (c) and (e) may set terms and conditions in respect of users, including (a) setting the rates or amounts of deposits, fees and other charges, and charging and collecting them;..."

Section 252(1) is very specific in referencing "users" and a fee for unconnected properties does not seem to be permissible under this section.

It appears that the best way to institute an unconnected parcel fee would be as a Special Service levy under Section 312 of the Municipal Act. The process to enact a Special Services levy is similar to a Local Improvement and requires Municipal Board approval.

The RM will require approval from the PUB for utility rates and from the Municipal Board for the unconnected property charge as a Special Service.

Customer Service Charge

Based on 500 utility customers, the Customer Service Charge is comprised of a City of Winnipeg participation fee that is charged to St. Andrews Wastewater Utility customers, plus an amount to cover St. Andrews administration and insurance costs:

| <u>Calculation of Customer Service Charge</u> | <u>500</u> |
|--|------------------------|
| Net Administration costs | 161,630 |
| Number of customers | 500 |
| Annual consumer service charge | <u>\$323.26</u> |
| Quarterly consumer service charge | <u>\$80.82</u> |

Rural Municipality of St. Andrews
St. Andrews South Wastewater Utility Rate Study

Break down of Customer Service Charge

| | |
|---|----------------|
| City of Winnipeg fee | 142,230 |
| St. Andrews South Utility Administration costs | 19,400 |
| | <u>161,630</u> |
| Winnipeg portion of Quarterly Customers Service Charge | \$71.12 |
| St. Andrews portion of Quarterly Customers Service Charge | \$9.70 |
| Total Quarterly Customer Service Charge | <u>\$80.82</u> |

Wastewater Commodity Rates

Wastewater rates are comprised of a City of Winnipeg wastewater treatment charge and St. Andrews wastewater collection and lift station costs:

Calculation of Wastewater Rates

| | |
|---|----------------|
| | 500 |
| Total net Wastewater expenses | 1,413,026 |
| Less: annual fee to non-connected properties | (130,000) |
| Less: amortization of capital grants - Wastewater | (295,342) |
| Less: Debt paid by taxation - Wastewater | (699,058) |
| Transfer to Utility Reserve | - |
| Contingency allowance | 17,743 |
| | <u>306,370</u> |
| Wastewater volume Cubic Meters | 72,500 |
| Wastewater rate per CM | <u>\$4.23</u> |

Break down of Wastewater Rates

| | |
|---|---------------|
| City of Winnipeg wastewater treatment rate - 2022 | \$2.91 |
| St. Andrews South wastewater conveyance & lift station rate | \$1.32 |
| | <u>\$4.23</u> |

Working Capital

The Public Utilities Board requires that water and wastewater utilities have a minimum working capital position equal to 20% of Utility expenditures. Working capital is calculated by deducting the tangible capital asset balance from the Utility's accumulated surplus and adding the Utility reserve balance and the outstanding debt balance.

The St. Andrews South Wastewater Utility is forecast to have a nil balance for Working Capital Surplus on initial start up of the Utility with the capital fully funded through Grants, Gas Tax Reserve and Local Improvement levies.

The first full year of operation of the St. Andrews South Wastewater Utility, based on 500 connected customers, results in a forecast Working Capital Surplus of \$48,278.

Rural Municipality of St. Andrews St. Andrews South Wastewater Utility Rate Study

| | Capital Costs | 500 |
|--|---------------|------------------|
| <u>Working Capital Surplus/Deficit</u> | | |
| Fund Surplus | \$ 26,528,828 | \$ 26,251,544 |
| Less Tangible Capital Assets | (35,622,124) | (35,006,703) |
| Add Long term debt | 9,093,296 | 8,803,436 |
| Add Utility Reserve | - | - |
| Working Capital Surplus/Deficit | \$0 | \$ 48,278 |
| Minimum working capital surplus = 20% of expenses Proposed to Exclude Winnipeg Fees | \$0 | \$244,790 |

Cost Allocation

As a new Utility with customers connecting voluntarily over the next few years, it is proposed that cost allocation for Administration costs initially be based on \$30 per customer. As the Utility grows, this cost allocation method should be reviewed. Adding in insurance costs and netting out penalty revenue, results in the St. Andrews Utility portion of the customer service charge being \$9.70 per quarter. Adding the City of Winnipeg cost participation fee of \$71.12 (\$284.46 a year) equals the \$80.82 quarterly customer service charge.

Operating Surplus/(Deficit)

St. Andrews South Wastewater Utility is forecast to have a PSAB, PUB adjusted, net operating deficit of \$13,508 in the first full year of operation, based on 200 connected customers with an annual fee of \$100 for unconnected customers. A surplus of \$18,058 is forecast within the first 3 years as more customers connect.

| | 200 | 350 | 500 |
|---|-----------------|--------------|---------------|
| Net Operating Surplus (Deficit) with PUB Adjustments | (13,508) | 2,275 | 18,058 |

The RM of St. Andrews recognizes that the number of customers connected will impact the financial viability of the Utility. The RM will closely monitor financial operation of the Utility and encourage customer connections.

Contingency Allowance and Reserves

There is a Contingency Allowance of \$17,743 representing 10% of net rate costs excluding amortization expenses, interest costs and City of Winnipeg charges, included in the rate study.

As this is a new utility with capital projects being funded through grants and debenture debt, there is no transfer to reserve proposed at this time.

Utility Billing Impact – Minimum and Average Billing

| <u>Wastewater Rates</u> | | 500 |
|-----------------------------------|------|-----------------|
| Quarterly Customer Service Charge | | \$80.82 |
| Wastewater rate per Cubic Meter | | \$4.23 |
| Wastewater rate per 1,000 gallons | | \$19.23 |
| | C.M. | |
| Minimum Quarterly Billing | 14 | \$140.04 |
| Minimum Annual Billing | 56 | \$560.16 |
| | C.M. | |
| Average Quarterly Billing | 36 | \$233.10 |
| Average Annual Billing | 144 | \$932.40 |

St. Andrews South Wastewater Utility
 Schedule of Rate Calculations

Wastewater Customers

| | Number of Customers | | | | | |
|--|---------------------|-----------|------------|------------|------------|------------|
| Subtotal - Customers | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Estimated average annual wastewater volume per customer (note 1) | 145 | 145 | 145 | 145 | 145 | 145 |
| Total estimated average annual wastewater volume; cubic meters | 14,500 | 29,000 | 72,500 | 145,000 | 174,000 | 261,000 |
| Total estimated average annual wastewater volume; gallons | 3,200,000 | 6,400,000 | 16,000,000 | 32,000,000 | 38,400,000 | 57,600,000 |

| <u>note 1</u> | Cubic Meters | Imperial Gallons |
|---|--------------|------------------|
| Estimated Average annual wastewater volume | 145 | 32,000 |
| Estimated Average quarterly wastewater volume | 36 | 8,000 |

West St. Paul 2017 average annual consumption is 158 CM (35,000 gallons) and includes some multi family residential units. For purposes of this estimate, an annual average of 145 cubic meters was used.

Annual Debenture Cost

| | |
|---|-------------|
| Utility Optg. Fund Debenture Debt, Year 1 | \$9,093,296 |
| Year 1 Debenture costs | \$699,058 |

Contingency Allowance

| | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Wastewater Net Rate Costs | 1,244,246 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Less Winnipeg wastewater Treatment Costs | (42,195) | 1,286,441 | 1,413,026 | 1,624,001 | 1,708,391 | 1,961,561 |
| Less Wastewater Amortization | (615,421) | (84,390) | (210,975) | (421,950) | (506,340) | (759,510) |
| Less Wastewater Interest Costs | (409,198) | (615,421) | (615,421) | (615,421) | (615,421) | (615,421) |
| | 177,432 | 177,432 | 177,432 | 177,432 | 177,432 | 177,432 |
| | 10% | 10% | 10% | 10% | 10% | 10% |
| Wastewater Contingency Allowance | 17,743 | 17,743 | 17,743 | 17,743 | 17,743 | 17,743 |

Calculation of Customer Service Charge

| | | | | | | |
|-----------------------------------|----------|----------|----------|----------|----------|----------|
| Net Administration costs | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Number of customers | \$37,846 | 68,792 | 161,630 | 316,360 | 378,252 | 563,928 |
| Annual consumer service charge | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Quarterly consumer service charge | \$378.46 | \$343.96 | \$323.26 | \$316.36 | \$315.21 | \$313.29 |
| | \$94.62 | \$85.99 | \$80.82 | \$79.09 | \$78.80 | \$78.32 |

Break down of Customer Service Charge

| | | | | | | |
|---|---------|---------|---------|---------|---------|---------|
| City of Winnipeg fee | 28,446 | 56,892 | 142,230 | 284,460 | 341,352 | 512,028 |
| St. Andrews South Utility Administration costs | 9,400 | 11,900 | 19,400 | 31,900 | 36,900 | 51,900 |
| | 37,846 | 68,792 | 161,630 | 316,360 | 378,252 | 563,928 |
| Winnipeg portion of Quarterly Customers Service Charge | \$71.12 | \$71.12 | \$71.12 | \$71.12 | \$71.12 | \$71.12 |
| St. Andrews portion of Quarterly Customers Service Charge | \$23.50 | \$14.88 | \$9.70 | \$7.98 | \$7.69 | \$7.21 |
| Total Quarterly Customer Service Charge | \$94.62 | \$85.99 | \$80.82 | \$79.09 | \$78.80 | \$78.32 |

Calculation of Wastewater Rates

| | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Total net Wastewater expenses | 1,244,246 | 1,286,441 | 1,413,026 | 1,624,001 | 1,708,391 | 1,961,561 |
| Less: annual fee to non-connected properties | (170,000) | (160,000) | (130,000) | (80,000) | - | - |
| Less: amortization of capital grants - Wastewater | (295,342) | (295,342) | (295,342) | (295,342) | (295,342) | (295,342) |
| Less: Debt paid by taxation - Wastewater | (699,058) | (699,058) | (699,058) | (699,058) | (699,058) | (699,058) |
| Transfer to Utility Reserve | - | - | - | - | - | - |
| Contingency allowance | 17,743 | 17,743 | 17,743 | 17,743 | 17,743 | 17,743 |
| | 97,590 | 149,785 | 306,370 | 567,345 | 731,735 | 984,905 |

Wastewater volume Cubic Meters

| | | | | | |
|--------|--------|--------|---------|---------|---------|
| 14,500 | 29,000 | 72,500 | 145,000 | 174,000 | 261,000 |
|--------|--------|--------|---------|---------|---------|

Wastewater rate per CM

| | | | | | |
|--------|--------|--------|--------|--------|--------|
| \$6.73 | \$5.17 | \$4.23 | \$3.91 | \$4.21 | \$3.77 |
|--------|--------|--------|--------|--------|--------|

Break down of Wastewater Rates

| | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| City of Winnipeg wastewater treatment rate - 2022 | \$2.91 | \$2.91 | \$2.91 | \$2.91 | \$2.91 | \$2.91 |
| St. Andrews South wastewater conveyance & lift station rate | \$3.82 | \$2.26 | \$1.32 | \$1.00 | \$1.30 | \$0.86 |
| | \$6.73 | \$5.17 | \$4.23 | \$3.91 | \$4.21 | \$3.77 |

Wastewater Rates

| | Number of Customers | | | | | |
|-----------------------------------|---------------------|---------|---------|---------|---------|---------|
| Quarterly Customer Service Charge | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Wastewater rate per Cubic Meter | \$94.62 | \$80.82 | \$80.82 | \$79.09 | \$78.80 | \$78.32 |
| | \$6.73 | \$4.23 | \$4.23 | \$3.91 | \$4.21 | \$3.77 |

Minimum Quarterly Billing

| | | | | | | | |
|------------------------|------|----------|----------|----------|----------|----------|----------|
| Minimum Annual Billing | C.M. | 14 | \$188.84 | \$140.04 | \$133.83 | \$137.74 | \$131.10 |
| | 56 | \$755.36 | \$560.16 | \$535.32 | \$550.96 | \$524.40 | |

Average Quarterly Billing

| | | | | | | | |
|------------------------|------|------------|----------|----------|----------|----------|----------|
| Average Annual Billing | C.M. | 36 | \$336.90 | \$233.10 | \$219.85 | \$230.36 | \$214.04 |
| | 144 | \$1,347.60 | \$932.40 | \$879.40 | \$921.44 | \$856.16 | |

SCHEDULE OF UTILITY RATE REQUIREMENTS - ST. ANDREWS SOUTH WASTEWATER UTILITY

Based on 2022 costs; full year of operation

| | Note | Number of Customers | | | | | | |
|---|------|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | Capital Costs | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| General | | | | | | | | |
| Expenses: | | | | | | | | |
| Administration for St. Andrews costs; estimated @ \$30 per customer | 1 | | \$3,000 | \$6,000 | \$15,000 | \$30,000 | \$36,000 | \$54,000 |
| City of Winnipeg Participation fee cost | | | 28,446 | 56,892 | 142,230 | 284,460 | 341,352 | 512,028 |
| Insurance | | | 6,900 | 6,900 | 6,900 | 6,900 | 6,900 | 6,900 |
| Billing and collection (stationary, office supplies) | | | - | - | - | - | - | - |
| Total general expenses | | | 38,346 | 69,792 | 164,130 | 321,360 | 384,252 | 572,928 |
| Revenue | | | | | | | | |
| Penalties | | | 500 | 1,000 | 2,500 | 5,000 | 6,000 | 9,000 |
| Investment income | | | - | - | - | - | - | - |
| Other income | | | - | - | - | - | - | - |
| Total general revenues | | | 500 | 1,000 | 2,500 | 5,000 | 6,000 | 9,000 |
| Net Costs General | | | 37,846 | 68,792 | 161,630 | 316,360 | 378,252 | 563,928 |
| Wastewater | | | | | | | | |
| Expenses | | | | | | | | |
| City of Winnipeg Treatment and disposal cost | 2 | | 42,195 | 84,390 | 210,975 | 421,950 | 506,340 | 759,510 |
| Main line collection system costs in West St. Paul; cost shared | | | - | - | - | - | - | - |
| Low pressure sewer line repair and maintenance | | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Lift station; West St. Paul staffing contract | | | 103,480 | 103,480 | 103,480 | 103,480 | 103,480 | 103,480 |
| Water Well operation | | | 832 | 832 | 832 | 832 | 832 | 832 |
| Lift station; odour control system | | | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 |
| Lift station; corrosion control system | | | 39,520 | 39,520 | 39,520 | 39,520 | 39,520 | 39,520 |
| Emergency generators | | | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 | 5,200 |
| Water meter installation & curb stops | | | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 |
| Wastewater effluent testing | | | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 | 10,400 |
| Lift station grounds maintenance | | | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 | 2,600 |
| Preparation of annual report for City of Winnipeg | | | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Water meter reading | | | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Remote monitoring of Flygt SCADA system | | | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 |
| Amortization | 3 | | 615,421 | 615,421 | 615,421 | 615,421 | 615,421 | 615,421 |
| Interest on long term debt | 3 | | 409,198 | 409,198 | 409,198 | 409,198 | 409,198 | 409,198 |
| Total Wastewater expenses | | | 1,244,246 | 1,286,441 | 1,413,026 | 1,624,001 | 1,708,391 | 1,961,561 |
| Revenue | | | | | | | | |
| Other revenue | | | - | - | - | - | - | - |
| Total Wastewater revenues | | | - | - | - | - | - | - |
| Net rate costs - Wastewater | | | 1,244,246 | 1,286,441 | 1,413,026 | 1,624,001 | 1,708,391 | 1,961,561 |
| Wastewater Billing Revenues | | | | | | | | |
| Annual fee to non-connected properties | | | 170,000 | 160,000 | 130,000 | 80,000 | - | - |
| Wastewater billings | | | 135,433 | 187,326 | 468,315 | 883,310 | 1,110,780 | 1,547,874 |
| | | | 305,433 | 347,326 | 598,315 | 963,310 | 1,110,780 | 1,547,874 |

| | Number of Customers | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Property Taxes - Local Improvement Debt Payments | | | | | | |
| Transfer from Gen. Optg. - Wastewater | 699,058 | 699,058 | 699,058 | 699,058 | 699,058 | 699,058 |
| Net Revenue/(Expenses) | (277,602) | (308,850) | (277,284) | (277,994) | (276,806) | (278,558) |
| Capital Grant Amortization | | | | | | |
| Amortization of Wastewater capital grants | 295,342 | 295,342 | 295,342 | 295,342 | 295,342 | 295,342 |
| Net Operating Surplus (Deficit) with PUB Adjustments | 17,740 | (13,508) | 18,058 | 17,348 | 18,536 | 16,784 |
| Transfers | | | | | | |
| Transfers from Government - Capital | - | - | - | - | - | - |
| Local Improvement Connection Fees | 6,062,197 | - | - | - | - | - |
| Transfers from/(to) Utility Reserve | - | - | - | - | - | - |
| Transfers from General Optg.-Gas Tax Reserve; Main St. Sewer | 2,300,000 | - | - | - | - | - |
| Transfers from General Optg. - Gas Tax Reserve | 1,336,631 | - | - | - | - | - |
| Change in Utility Fund Balance after Surplus Transfers | 17,740 | (13,508) | 18,058 | 17,348 | 18,536 | 16,784 |
| Water and Sewer Billing Deficit Rate Rider Revenues | - | - | - | - | - | - |
| Reverse PUB Adjustments to Adjust Surplus to PSAB | | | | | | |
| Capital Grants - Reverse PUB Adjustments | - | (295,342) | (295,342) | (295,342) | (295,342) | (295,342) |
| Deduct Amortization of Capital Grants | - | - | - | - | - | - |
| FUND SURPLUS, BEGINNING OF YEAR | 26,528,828 | 26,528,828 | 26,528,828 | 26,528,828 | 26,528,828 | 26,528,828 |
| FUND SURPLUS, END OF YEAR | \$ 26,251,226 | \$ 26,219,978 | \$ 26,251,544 | \$ 26,250,834 | \$ 26,252,022 | \$ 26,250,270 |
| Working Capital Surplus/Deficit | | | | | | |
| Fund Surplus | \$ 26,251,226 | \$ 26,219,978 | \$ 26,251,544 | \$ 26,250,834 | \$ 26,252,022 | \$ 26,250,270 |
| Less Tangible Capital Assets | (35,006,124) | (35,006,703) | (35,006,703) | (35,006,703) | (35,006,703) | (35,006,703) |
| Add Long term debt | 9,093,296 | 8,803,436 | 8,803,436 | 8,803,436 | 8,803,436 | 8,803,436 |
| Add Utility Reserve | - | - | - | - | - | - |
| Working Capital Surplus/Deficit | \$ 47,960 | \$ 16,712 | \$ 48,278 | \$ 47,568 | \$ 48,756 | \$ 47,004 |
| Minimum working capital surplus = 20% of expenses | | | | | | |
| Proposed to Exclude Winnipeg Fees | \$ 242,390 | \$ 242,990 | \$ 244,790 | \$ 247,790 | \$ 248,990 | \$ 252,590 |
| note 1 | | | | | | |
| City of Winnipeg Participation Fee | | | | | | |
| Estimated # of customers | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Winnipeg Participation fee 2020 rate \$263 + 4% per year for 2021 & 2022 | \$284.46 | \$284.46 | \$284.46 | \$284.46 | \$284.46 | \$284.46 |
| Estimated Participation Fee | \$28,446 | \$56,892 | \$142,230 | \$284,460 | \$341,352 | \$512,028 |

| | Number of Customers | | | | | |
|---|---------------------|----------|-----------|-----------|-----------|-----------|
| | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Capital Costs | | | | | | |
| 100 | | | | | | |
| 200 | | | | | | |
| 500 | | | | | | |
| 1,000 | | | | | | |
| 1,200 | | | | | | |
| 1,800 | | | | | | |
| Estimated flow volume in Cubic Meters (see Schedule of Rate Calculations) | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Winnipeg wastewater treatment fee 2022 rate; per cubic meter | 14,500 | 29,000 | 72,500 | 145,000 | 174,000 | 261,000 |
| | \$2.91 | \$2.81 | \$2.91 | \$2.91 | \$2.91 | \$2.91 |
| | \$42,195 | \$84,390 | \$210,975 | \$421,950 | \$506,340 | \$759,510 |

note 2

City of Winnipeg Sewage Treatment & Disposal Cost

Estimated # of customers
 Estimated flow volume in Cubic Meters (see Schedule of Rate Calculations)
 Winnipeg wastewater treatment fee 2022 rate; per cubic meter

note 3

Initial Phase 1 & 2 Construction Cost Estimate
 Add: Estimated capital cost increase over initial estimate
 Main St. Sewer main jointly owned with West St. Paul; net cost
Total Estimated construction cost
 Less: Canada/Mb Infrastructure Funding
 Mb. Water Services Board Funding
 St. Andrews Gas Tax Reserve Funding
 St. Andrews Gas Tax Reserve Funding - Main St. sewer main

Local Improvement Funding

Percentage of Local Improvement charges prepaid by property owners 40%
 Percentage of Local Improvement charges to be paid by debt issuance 60%
 note - RM of St. Clements for East Selkirk sewer project had 31% prepaid and 69% on property taxes.

Amortization expense

| | Amortization Period | Annual Amortization | Capital Grant Amortization Based on Percentages |
|---|---------------------|---------------------|---|
| Lift Station & Odour Control | 40 | 230,270 | 116,302 |
| Water meters | 20 | 45,000 | 22,728 |
| PVC Lines | 75 | 309,485 | 156,311 |
| Sewer trunk main in West St. Paul; net cost | 75 | 584,754 | 285,342 |
| | | 30,667 | 295,342 |
| | | 615,421 | 295,342 |

31,160,000
 2,162,124
 2,300,000
35,622,124
 (8,500,000)
 (8,330,000)
 (1,336,631)
 (2,300,000)
15,155,493

9,210,784
 900,000
 23,211,339
 33,322,124
 2,300,000
35,622,124

**St. Andrews South Wastewater Utility
Schedule of Billing Revenues**

Customer Service Charge Revenues

| | | | | | | |
|--------------------------------|---------------|---------------|-----------------------|----------------|----------------|----------------|
| Number of Customers | 100 | 200 | 500 | 1,000 | 1,200 | 1,800 |
| Annual Customer Service Charge | 378.48 | 343.96 | 323.28 | 316.36 | 315.20 | 313.28 |
| | <u>37,848</u> | <u>68,792</u> | <u>161,640</u> | <u>316,360</u> | <u>378,240</u> | <u>563,904</u> |

Sewer Fees

| | | | | | | |
|------------------------------|---------------|----------------|-----------------------|----------------|----------------|----------------|
| Number of Customers | <u>100</u> | <u>200</u> | <u>500</u> | <u>1,000</u> | <u>1,200</u> | <u>1,800</u> |
| Sewer Volume in cubic meters | 14,500 | 29,000 | 72,500 | 145,000 | 174,000 | 261,000 |
| Sewer Rate per cubic meter | 6.73 | 5.17 | 4.23 | 3.91 | 4.21 | 3.77 |
| | <u>97,585</u> | <u>149,930</u> | <u>306,675</u> | <u>566,950</u> | <u>732,540</u> | <u>983,970</u> |

| | | | | | | |
|------------------------|----------------|----------------|-----------------------|----------------|------------------|------------------|
| Total Billing Revenues | <u>135,433</u> | <u>218,722</u> | <u>468,315</u> | <u>883,310</u> | <u>1,110,780</u> | <u>1,547,874</u> |
|------------------------|----------------|----------------|-----------------------|----------------|------------------|------------------|