

Order No. 11/21

**MUNICIPALITY OF NORTH NORFOLK
MACGREGOR WATER AND WASTEWATER UTILITY
REVISED UTILITY RATES EFFECTIVE APRIL 1, 2021
SIMPLIFIED RATE APPLICATION**

January 19, 2021

**BEFORE: Carol Hainsworth, C.B.A., Panel Chair
Shawn McCutcheon, Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) varies and grants approval of the revised water and wastewater rates for the Municipality of North Norfolk (Municipality) MacGregor Water and Wastewater Utility (Utility), to be effective April 1, 2021. The approved rates are shown below:

| | April 1, 2021 | |
|--|----------------------|--------|
| Quarterly Service Charge | \$ | 15.35 |
| Water (per cubic meter) | \$ | 2.76 |
| Wastewater (per cubic meter) | \$ | 1.01 |
| Minimum Quarterly Charge* | \$ | 68.13 |
| Wastewater Only Customers** | \$ | 78.98 |
| Bulk Water Sales (per 1,000 gallons) | \$ | 17.66 |
| Annual fee for Commercial Septic Haulers | \$ | 500.00 |

*Based on 14 cubic meters

**Based on 63 cubic meters per quarter

The Board denies the revised annual fee for commercial septic haulers of \$1,000 per year, but grants approval of a varied rate of \$500 per year.

Details of the rates are in the attached Schedule A.

The reasons for the Board's decisions are under Board Findings.

2.0 Background

The Municipality owns and operates three utilities; MacGregor, Austin and the Regional Pipeline. MacGregor and Austin are water and wastewater utilities, and the Regional Pipeline is a water only utility.

3.0 Application

On August 31, 2020, the Municipality applied for revised rates for the Utility. The application was submitted using the Board's Simplified Rate Application Process as set out in Board Order No. 86/17. Rates were last revised in 2013, approved by Board Order No. 152/12. Rates were set on By-law No. 775-12.

On September 14, 2020, the Board sent a list of questions to the Municipality, who responded on September 24, 2020. The Board became aware the Municipality had been charging a \$500 annual fee to each commercial septic hauler accessing the MacGregor wastewater lagoon, and was proposing to increase the fee to \$1,000 per year. The Municipality has not previously applied to the Board for this fee.

On October 21, 2020, the Municipality submitted By-law No. 68-2020, which amends By-law 775-12, rather than rescinds it. The proposed amendments included revised utility rates and the addition of clause 15, for an annual fee for commercial septic haulers. By-law No. 68-2020 was given first reading on August 12, 2020 and read a second time on October 14, 2020.

A Public Notice of Application was issued November 3, 2020, affording customers the opportunity to comment to both the Board and the Municipality with respect to the proposed rate increases. The Board received two responses to the Notice, which were forwarded to the Municipality.

The first response was regarding the annual fee to the septic haulers, and the rate payer withdrew their concern after receiving an explanation from the Municipality. The second

response was from a ratepayer who expressed opposition at the Municipality imposing a utility rate increase due to the impact on families in the community from COVID-19.

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 Board has determined a paper review process is appropriate in this application.

This Municipality has requested the proposed increases to keep the Utility rates in line with increased operating costs. The Utility is not currently experiencing operating deficits and has been recognizing reasonable surpluses on an annual basis. This increase in rates is adequate to meet the Municipality's anticipated 2021 operating costs for the utility.

Working Capital Surplus

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 2019 audited financial statements, the working capital at December 31, 2019 was:

| | 2019 |
|--|-------------------|
| Accumulated Fund Surplus | \$ 760,882 |
| Deduct tangible capital assets | \$ 909,638 |
| Add long term debt | \$ 121,718 |
| Add utility reserves | \$ 433,393 |
| Equals Working Capital Surplus | \$ 406,355 |
| | |
| Utility operating costs | \$ 308,475 |
| 20% of utility operating costs (target) | \$ 15,424 |

4.0 Board Findings

The Board has reviewed the financial projections and application, and has determined the Municipality meets the required criteria (set out in Schedule A to Board Order No. 86/17) to apply using the Simplified Rate Application process.

The Board grants approval of the water and wastewater rates as applied for effective April 1, 2021, with the exception of the proposed revised annual fee for commercial septic haulers. The Municipality's amending By-law included a proposed increase in the annual charge for commercial septic haulers, from \$500 per year to \$1,000. The purpose of the Simplified Rate Application process is to allow utilities to implement regular, small rate increases to keep up with inflationary increases to operating costs. The intention does not align with the Municipality's proposal to double an annual charge that has never been applied for, nor approved by, the Board.

The Board has long been a proponent of the user pay system, and will therefore grant approval of an annual fee for commercial septic haulers of \$500 per year. If the Municipality wishes to increase this charge, it will be required to submit an application to do so, with supporting calculations and rationale.

The Board is sympathetic to the concerns expressed by the ratepayer regarding increased utility rates during the COVID-19 pandemic; however, the Board must also concern itself with the ongoing sustainability of public utilities. The MacGregor Utility has not implemented a rate increase since 2013, the rate increases applied for are 3% or less, and the Board finds this rate increase reasonable.

The Municipality may either rescind and issue a new utility rate by-law, or continue with an amending by-law; however, the Municipality must ensure the by-law is an accurate reflection of the decisions of the Board. The Board recommends the Municipality issue a new by-law for the sake of transparency, particularly with the addition of a new clause for the annual fee for commercial septic haulers. The Municipality must send the Board a copy of its By-law, once it has had third and final reading.

The Municipality of North Norfolk is to review its water and wastewater rates for adequacy and file with the Public Utilities Board either a report confirming the adequacy of the rates or an application for revised rates, on or before July 31, 2022.

5.0 IT IS THEREFORE ORDERED THAT:

1. Revised water and wastewater rates for the Municipality of North Norfolk – MacGregor Water and Wastewater Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective April 1, 2021.
2. The annual fee for commercial septic haulers in the Municipality of North Norfolk – MacGregor Water and Wastewater Utility BE AND IS HEREBY APPROVED in accordance with the attached Schedule A, effective April 1, 2021.
3. The Municipality of North Norfolk – MacGregor Water and Wastewater Utility amend its Utility 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.
4. The Municipality of North Norfolk – MacGregor Water and Wastewater Utility provide a notice to its customers as soon as possible, including all decisions found in this Order.
5. The Municipality of North Norfolk – MacGregor Water and Wastewater Utility review its wastewater rates for adequacy and file with the Public Utilities Board either a report confirming the adequacy of the rates or an application for revised rates, on or before July 31, 2022.

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

"Carol Hainsworth"
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 11/21
issued by The Public Utilities Board



Assistant Associate Secretary

SCHEDULE "A"**THE TOWN OF MACGREGOR
WATER & SEWER UTILITY SYSTEM****SCHEDULE OF QUARTERLY RATES****1. COMMODITY RATES PER CUBIC METRE:**

| | WATER | SEWER | COMBINED |
|---------------|--------------|--------------|-----------------|
| April 1, 2021 | \$2.76 | \$1.01 | \$3.77 |

Quarterly Service Charge \$15.35

2. MINIMUM QUARTERLY RATES:

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

a) WATER & SEWER CUSTOMERS:**April 1, 2021:**

| Meter Size (Inches) | Group Capacity Ratio | Minimum Quarterly Consumption | Service Charge | Water | Sewer | Minimum Quarterly Charges | Water Only Quarterly Minimum |
|---------------------|----------------------|-------------------------------|----------------|----------|----------|---------------------------|------------------------------|
| 5/8 | 1 | 14 | \$15.35 | \$38.64 | \$14.14 | \$68.13 | \$53.99 |
| ¾ | 2 | 28 | \$15.35 | \$77.28 | \$28.28 | \$120.91 | \$92.63 |
| 1 | 4 | 56 | \$15.35 | \$154.56 | \$56.56 | \$226.47 | \$169.91 |
| 1 1/2 | 10 | 140 | \$15.35 | \$386.40 | \$141.40 | \$543.15 | \$401.75 |
| 2 | 25 | 350 | \$15.35 | \$966.00 | \$353.50 | \$1,334.85 | \$981.35 |

b) **WATER ONLY CUSTOMERS:**

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

c) **SEWER ONLY RESIDENTIAL CUSTOMERS:**

| | |
|---------------|--------------|
| | SEWER |
| April 1, 2021 | \$78.98 |

The quarterly commodity charge is based on the average residential water consumption in the community of 63 cubic meters.

$$(63 * \$1.01) + \$15.35 = \$78.98$$

3. **BULK SALES:**

All water sold in bulk by the Town of MacGregor shall be charged for at the following rates per 1,000 gallons:

April 1, 2021: \$17.66

4. **SERVICE TO CUSTOMERS OUTSIDE THE TOWN OF MACGREGOR LIMITS:**

The Council of the Town of MacGregor may sign Agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Town of MacGregor. 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 the Community 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. **BILLINGS AND PENALTIES:**

Accounts shall be billed quarterly based on water used and the due date shall be at least 20 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.

6. **DISCONNECTION:**

The Public Utilities Board has approved the Conditions Precedent to be followed by the Town 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 Town Office.

7. **RECONNECTION:**

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties, and a reconnection fee of \$50.00 have been paid.

8. **OUTSTANDING BILLS:**

Pursuant to Section 252(2) of *The Municipal Act*, the amount of all outstanding charges for water and sewer 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 bylaw are not paid within 60 days from the date when they were incurred, said charges and penalties will be added to the taxes of the property in collected in the same manner as other taxes and the owner of the property shall be notified of this action.

9. **HYDRANT RENTALS:**

The Town shall pay to the Utility an annual hydrant charge of \$165.00 for each hydrant connected to the System, which includes the cost of water for fire fighting.

10. **SEWER 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**

Any customer wishing to have a meter tested for accuracy will pay in advance a fee of \$50, plus any applicable meter testing costs. In the event that the meter tests prove that the meter is recording water flows in excess of actual flows, the meter testing fee

and associated costs will be refunded to the customer, and the customer's account will be reviewed and adjusted accordingly.

12. **METER TAMPERING**

Where there is evidence of meter tampering, a minimum charge of \$500 will be applied to the customer's account in addition to an amount calculated to adjust for the tampering based on historical usage.

13. **CROSS CONNECTIONS**

No person shall make any connection or communication of an independent water supply with the pipe or main which is part of or connected to the waterworks system.

14. **CHANGE OF WATER OR WATER & SEWER**

A charge will be levied to recover the cost of completing the change of user or service as follows:

- a) during normal working hours – \$35.00
- b) outside normal working hours – \$80.00

15. **WASTEWATER TIPPING FEES**

Each septic truck company shall pay the MacGregor Utility an annual fee of \$500 per year to access the MacGregor wastewater lagoon to dump wastewater collected from properties in North Norfolk only.