

**Order No. 25/21**

**RURAL MUNICIPALITY OF WEST ST PAUL  
WEST ST PAUL WASTEWATER UTILITY  
FINAL WASTEWATER RATES**

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**February 11, 2021**

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

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## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) confirms as final the interim wastewater rates for the Rural Municipality of West St Paul (RM), West St Paul Wastewater Utility (Utility) previously established on an interim *ex parte* basis by Board Order No. 136/19.

The final rates have been in effect since October 1, 2020 and are shown below:

Wastewater rates \$/cubic meter	\$	3.52
Quarterly Service Charge	\$	20.57
Winnipeg participation fee*	\$	63.25
Winnipeg participation fee**	\$	63.25
Minimum quarterly charge***	\$	133.10

\*residential

\*\*commercial, industrial and other non residential properties, per \$500,000 of developed assessed market value

\*\*\*based on 14 cubic meters

Details of other rates may be found in Schedule A.

Reasons for the Board's decisions are in Board Findings.

## 2.0 Background

The Utility was established in Board Order No. 24/16 after the dissolution of the wastewater utilities known as Rivercrest, Riverdale, Lister Rapids and River Springs (Rivergate). Sewage treatment facilities serving these utilities were decommissioned and a new trunk wastewater main installed connecting ratepayers to the City of Winnipeg's North End Wastewater Treatment Plant. The new trunk wastewater main is jointly owned by the RM's of West St Paul and St Andrews.

Rates were last set on an interim *ex parte* basis in Board Order No. 136/19, with current rates coming into effect October 1, 2020.

The Utility provides wastewater collection service to 706 customers as of February 2020, expected to increase to over 900 connections.

## 3.0 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.

### Interim *ex parte* Approval

Interim *ex parte* rates are typically approved as applied for and are then subject to a standard Board review process, including a Public Notice of Application, before being confirmed as final by Board Order.

Since this process allows a municipality to charge ratepayers revised rates in advance of the Board's comprehensive review, it is reserved for instances where a municipality can show a compelling argument to allow it.

### 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.

## 4.0 Application

On July 15, 2019, the Board received the RM's application for revised wastewater rates for the Utility. The application included a rate study prepared by the RM's consultant, By-law No. 06-2019, having had first reading June 13, 2019 and Council Resolution No. 2019-281, which had two requests of the Board.

The first request was to have the Board's approval of revised rates on an interim *ex parte* basis. The second request was to have the Board's approval to pass through rate increases from the City of Winnipeg (City) to the Utility's customers. The Utility is connected to the City's wastewater utility and the RM has a Service Agreement with the City of Winnipeg.

In September of 2019, the Board, which had not yet had the opportunity to review the details in the submission, determined that an interim rate was in order. The Board made this decision due to the urgent need to increase revenues to mitigate Utility deficits. The RM had been charging the City of Winnipeg wastewater rates, which did not align with Board methodology. The rates did not include the RM's utility operating costs, such as amortization, lift station costs and other sewage and disposal costs incurred by the RM in providing wastewater collection services to ratepayers.

The Board denied the RM's request for approval to pass through rate increases from the City of Winnipeg. The Board made this decision due to the City of Winnipeg Water and Wastewater Utility having no Public Utilities Board regulatory oversight over its rates. Board Order No. 136/19 goes into detail in explaining the Board's decision to deny the RM's request.

The interim rate approval was subject to a more detailed review. The Board Order included a requirement that a Notice of the revised rates be provided to ratepayers.

The Board issued a Public Notice of Application on September 19, 2019 affording customers the opportunity to comment to both the Board and the RM with respect to the proposed rate changes. The Board did not receive any responses to the Notice.

The rates were calculated using the following revenue requirement projections:

Administration	47,195
City of Winnipeg Participation fee cost	171,028
Insurance	2,550
Training costs	7,614
Utilities	1,020
Billing and collection	2,754
<b>Total expenses general</b>	<b>232,161</b>
Penalties	5,000
Other income	510
<b>Total revenue general</b>	<b>5,510</b>
<b>Net revenue requirement - general</b>	<b>\$ 226,651</b>
Collection system costs	84,619
City of Winnipeg treatment and disposal fees	275,557
Lift station costs	19,089
Other sewage and disposal costs	4,080
Connection costs	5,000
Amortization	258,750
Contingency	42,504
Reserves	-
Interest on long term debt	272,717
<b>Total expenses wastewater</b>	<b>962,316</b>
Amortization of capital grants	132,874
Connection revenue	500
Taxation revenue	475,078
Sewer permit fees	2,000
Meter fees	5,000
<b>Total revenue wastewater</b>	<b>615,452</b>
<b>Net revenue requirement - wastewater</b>	<b>\$ 346,864</b>



## Contingency Allowance and Utility Reserves

The RM has included in the projections a contingency allowance of 10% of net rate requirements, less amortization expenses plus 1% of expenses to rebuild the Working Capital Surplus, for a total of \$42,504.

There is no provision for transfer to Utility Reserve proposed.

## Working Capital

As per the 2018 audited financial statements, the working capital surplus at December 31, 2018 was:

	2018
Accumulated fund surplus	<b>\$10,306,582</b>
Deduct tangible capital assets	<b>\$15,733,775</b>
Add long term debt	<b>\$3,504,793</b>
Add utility reserves: "sewer levy"	<b>\$694,109</b>
Add utility reserves: "2015 utility"	<b>\$193,203</b>
<b>Equals Working Capital Deficit</b>	<b>(\$1,035,088)</b>
Operating costs	<b>\$506,227</b>
<b>20% of operating costs (target)</b>	<b>\$101,245</b>

## Operating Deficits

The RM advised the Utility has not experienced any operating deficits in 2016 and 2017.

## Cost Allocation Methodology

The RM proposed cost allocation as follows:

Management staff	10%
Public Works clerk	15%
Office administration staff	5%
Utility/Municipal clerk	30%
Utility/Public Works staff	actual

## 5.0 Board Findings

The Board has reviewed the application and revenue projections presented by the RM and finds the projections to be reasonable. Having considered the RM's filing and noting no responses were received to the Notice of Application, the Board has chosen a paper review process.

Should a rate increase be necessary as a result of the City of Winnipeg increasing the rates for the RM, the Board will allow the RM to apply to review and vary current rates by the same amount and will make every effort to expedite its review of the application. The RM should apply to the Board for such increases in a timely manner upon notice from the City of its intent to increase rates. Any increases beyond those imposed by the City will need to be considered by way of a full rate application only.

The Board also reviewed the 2018 audited financial statements, and notes the Utility had experienced an operating deficit. The RM has not applied to the Board for approval of this deficit, or a method of recovery. The Board directs the RM to file the application on or before March 31, 2021.

The Board also notes the 2019 audited financial statements are not available on Manitoba Municipalities Online for review. The Board directs the RM to forward the statements to the Board as soon as they are available, with a deficit application, if necessary.

The Board grants approval of the proposed Cost Allocation Methodology, and reminds the Utility that this methodology must be used consistently in the future. Board approval is required should any further changes be considered.

The Board requires the RM to review the financial position of the Utility no later than June 30, 2022 and apply to the Board for revised rates, if required.

The Board reminds the RM regular reviews are important for a financially sound utility and encourages the RM to review Board Order No. 86/17 for future rate applications. The Order outlines the Simplified Rate Application Process for municipally owned public

utilities. If, after its rate review, the RM finds it meets the designated criteria for a simplified rate application, it should apply for future rates using the Simplified Rate Application Process.

## **6.0 IT IS THEREFORE ORDERED THAT:**

1. The wastewater rates for the Rural Municipality of West St Paul – West St Paul Wastewater Utility, as approved on an interim *ex parte* basis in Board Order No 136/19, BE AND ARE HEREBY APPROVED AS FINAL.
2. The Cost Allocation Methodology for shared services as submitted by the Rural Municipality of West St Paul, West St Paul Wastewater Utility BE AND IS HEREBY APPROVED.
3. The Rural Municipality of West St Paul file applications for all operating deficits experienced by the West St Paul Wastewater Utility, including proposed method of recovery, on or before March 31, 2021.
4. The Rural Municipality of West St Paul provide a copy of the 2019 audited financial statements as soon as they are available.
5. The Rural Municipality of West St Paul provide a copy of its Utility rate By-law No. 2019-06 having had third reading.
6. The Rural Municipality of West St Paul review the West St Paul Wastewater Utility rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before June 30, 2022.

Fees payable upon this Order - \$500.00

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](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

"Shawn McCutcheon"

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 25/21  
issued by The Public Utilities Board



Assistant Associate Secretary

**RURAL MUNICIPALITY OF WEST ST. PAUL  
BY-LAW NO. 2019-06**

**SCHEDULE “A”**

**Schedule of Quarterly Rates - October 1, 2019**

- |   |         |
|---|---------|
| 1. Sewer Rates per Cubic Meter  | \$3.23  |
| Winnipeg Quarterly Participation Fee-Residential  | \$63.25 |
| Winnipeg Quarterly Participation Fee for Commercial,<br>Industrial and other non-residential properties; for each<br>\$500,000 of Developed Assessed Market value | \$63.25 |
| West St. Paul Quarterly Service Charge  | \$26.48 |

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 sewer allowance as listed.

a) Sewer Customers

Pipe Diameter Meter Size	Sewer Included Cubic Meter	Wpg Participation Fee Residential	WSP Customer Service Charge	Wpg Sewer Commodity	WSP Sewer Commodity	Quarterly Total Minimum
5/8 inch	14	\$63.25	\$26.48	\$39.20	\$6.02	\$134.95
3/4 inch	28	\$63.25	\$26.48	\$78.40	\$12.04	\$180.17
1 inch	56	\$63.25	\$26.48	\$156.80	\$24.08	\$270.61
1 ½ inch	140	\$63.25	\$26.48	\$392.00	\$60.20	\$541.93

2 inch	350	\$63.25	\$26.48	\$980.00	\$150.50	\$1,220.23
3 inch	630	\$63.25	\$26.48	\$1,764.00	\$270.90	\$2,124.63
4 inch	1260	\$63.25	\$26.48	\$3,528.00	\$541.80	\$4,159.53
6 inch	2380	\$63.25	\$26.48	\$6,664.00	\$1,023.40	\$7,777.13

- b) Quarterly minimum charge will be different for each meter size as shown in the table above. The water from the customers private service shall be metered at the customer's cost. The charge will be based upon consumption as shown above with the water charge excluded.

**RURAL MUNICIPALITY OF WEST ST. PAUL  
BY-LAW NO. 2019-06  
SCHEDULE "A"**

**Schedule of Quarterly Rates - October 1, 2020**

- |   |         |
|---|---------|
| 1. Sewer Rates per Cubic Meter  | \$3.52  |
| Winnipeg Quarterly Participation Fee-Residential  | \$63.25 |
| Winnipeg Quarterly Participation Fee for Commercial,<br>Industrial and other non-residential properties; for each<br>\$500,000 of Developed Assessed Market value | \$63.25 |
| West St. Paul Quarterly Service Charge  | \$20.57 |

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 sewer allowance as listed.

a) Sewer Customers

Pipe Diameter Meter Size	Sewer Included Cubic Meter	Wpg Participation Fee Residential	WSP Customer Service Charge	Wpg Sewer Commodity	WSP Sewer Commodity	Quarterly Total Minimum
5/8 inch	14	\$63.25	\$20.57	\$39.20	\$10.08	\$133.10
3/4 inch	28	\$63.25	\$20.57	\$78.40	\$20.16	\$182.38
1 inch	56	\$63.25	\$20.57	\$156.80	\$40.32	\$280.94
1 ½ inch	140	\$63.25	\$20.57	\$392.00	\$100.80	\$576.62

2 inch	350	\$63.25	\$20.57	\$980.00	\$252.00	\$1,315.82
3 inch	630	\$63.25	\$20.57	\$1,764.00	\$453.60	\$2,301.42
4 inch	1260	\$63.25	\$20.57	\$3,528.00	\$907.20	\$4,519.02
6 inch	2380	\$63.25	\$20.57	\$6,664.00	\$1,713.60	\$8,461.42

- b) Quarterly minimum charge will be different for each meter size as shown in the table above. The water from the customers private service shall be metered at the customer's cost. The charge will be based upon consumption as shown above with the water charge excluded.



**Clauses 3 to 12 take effect October 1, 2019:****3. Billings and Penalties**

Accounts shall be billed quarterly based on water used. A late payment penalty charge of 1.25% compounded monthly shall be charged on the dollar amount owing after the billing due date. The due date will be at least fourteen (14) days after the mailing of the bills.

**4. Liability for Charges**

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 may 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 thirty days (30) from the date when they were incurred, the Chief Administrative Officer may add said charges and penalties to the taxes on the property and collect them in the same manner as taxes.

**5. New Connections**

The Rural Municipality of West St. Paul shall charge the amount of fifty dollars (\$50) to connect a new service.

**6. Disconnection and Reconnection**

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.

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.

Any customer wishing to have billing disconnected due to vacancy of premises shall be required to have service disconnected and to pay \$50.00 reconnection fee when service resumes.

7. 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 for 5/8" or 3/4" meters and \$225 for meters 1" and larger. The Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be recording water flows more than 3% in excess of actual flows, all costs associated with the testing process will be borne by the Municipality and the deposit will be refunded to the customer and the customer's account will be adjusted for the preceding six (6) months.

8. Meter Tampering

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

9. 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.

10. Authorization For Officer To Enter Upon Premises

The Public Works Manager, or his/her designate, 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.

11. Service To Customers Outside Utility's Limits

The Rural Municipality of West St. Paul may sign Agreements with customers for the provision of sewer services to properties located outside the boundaries of West St. Paul Sewer Utility. Such Agreements shall provide for payment of the appropriate rates set out in this 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 West St. Paul Sewer Utility boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

12. Water Meters

Water meters are owned by the Municipality but are the responsibility of the utility customer to maintain. If the water meter is broken, frozen, etc., the utility customer will be billed for a new meter at the current cost of replacement.

13. Conditions of Disrepair

In the event that there are conditions of disrepair in the sewer 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.