

**Order No. 14/24**

**RURAL MUNICIPALITY OF WALLACE-WOODWORTH  
ELKHORN WASTEWATER UTILITY  
WASTEWATER RATES  
EFFECTIVE APRIL 1, 2024 and  
JANUARY 1, 2025, 2026 and 2027**

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**January 22, 2024**

**BEFORE: Irene Hamilton, K.C., Panel Chair  
Susan Boulter, Panel Member**

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## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) grants approval of the Rural Municipality of Wallace-Woodworth (RM), Elkhorn Wastewater Utility's (Utility) application for revised wastewater rates.

The Board confirms as final the interim wastewater lagoon tipping fees previously established on an interim *ex parte* basis by Board Order No. 120/21.

The revised rates are below:

	Apr 1, 2024	Jan 1, 2025	Jan 1, 2026	Jan 1, 2027
Quarterly Service Charge	\$ 7.79	\$ 8.20	\$ 8.61	\$ 9.03
Wastewater (per REU*)	\$ 35.53	\$ 39.04	\$ 42.55	\$ 46.06
Minimum Quarterly Charge	\$ 43.32	\$ 47.24	\$ 51.16	\$ 55.09

\*REU is a Residential Equivalency Unit

Details of other rates can be found in Schedule A.

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

## 2.0 Background

Rates were last set in Board Order No. 110/19, with current rates coming into effect July 1, 2020. Initial lagoon tipping fees were set on an interim, *ex parte* basis in Board Order No. 120/21, effective November 1, 2021.

The Utility provides wastewater service to 254 customers. The RM advises that the number of Residential Equivalency Units (REUs) assigned is 297. One REU is the estimate of the volume of wastewater produced by the average single-family residence. Units allocated to non-residential customers are based on estimated consumption, as compared with a residence. REUs are used in communities with unmetered distribution and collection systems, where information regarding actual consumption is unavailable.

### Wastewater Collection and Treatment

The Utility treatment lagoon was constructed in 1965 with one primary cell and one storage cell. The lagoon was upgraded with the addition of two cells in 2021. The total project cost was \$4.3 million and included wastewater forcemain and a lift station.

The residents within Elkhorn are current serviced with both a gravity wastewater collection system and a pressure wastewater system, which feed the lagoon primary cell.

## 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 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 February 25, 2023, the Board received the RM's application to revise wastewater rates as set out in By-Law No. 01-2023, having had first reading February 14, 2023. The application was accompanied by a rate study completed by the RM's consultant.

The Board issued a Public Notice of Application on April 11, 2023 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:

	Rate Year 1	Rate Year 2	Rate Year 3	Rate Year 4
<b>General</b>				
Total general expenses - administration	8,625	8,884	9,150	9,425
Total general revenue - penalties	250	250	250	250
<b>Net revenue requirement - general</b>	<b>8,375</b>	<b>8,634</b>	<b>8,900</b>	<b>9,175</b>
<b>Wastewater</b>				
Wastewater collection system	14,163	14,588	15,026	15,476
Lift station costs	5,623	5,792	5,965	6,144
Other wastewater & disposal costs (new lagoon)	3,605	3,713	3,825	3,939
Amortization	98,618	98,618	98,618	98,492
Contingency	2,456	2,456	2,456	2,456
Reserves	25,000	25,000	25,000	25,000
<b>Total wastewater expenses</b>	<b>149,465</b>	<b>150,167</b>	<b>150,890</b>	<b>151,508</b>
Lagoon tipping fees	1,000	1,000	1,000	1,000
Amortization of capital grants	95,783	95,783	95,783	95,783
<b>Total wastewater revenue</b>	<b>96,783</b>	<b>96,783</b>	<b>96,783</b>	<b>96,783</b>
<b>Net revenue requirement - wastewater</b>	<b>52,682</b>	<b>53,384</b>	<b>54,107</b>	<b>54,725</b>

The RM's consultant calculated the indicated rates for the final rate year requested (2027) and requested rates be implemented in a stable and predictable rate change year over year.

The rate study asserts the rate increases proposed are required to fund the proposed reserve transfer and contingency allowance, because of new lab testing and other

increased costs as a result of the new lagoon, as well as cost increases relating to inflationary pressures.

### Contingency Allowance and Utility Reserves

The RM has included in its projections a contingency allowance of 10% of net rate requirements, less amortization expenses. This equates to \$2,456 for wastewater. The RM has proposed an annual transfer to reserves in the amount of \$25,000. The RM's projections show a drop in the Utility Reserve as a result of funding the lagoon capital expansion in 2022. The RM's intent in transferring \$25,000 annually to reserves is allow it to fund future capital projects, rather than relying on debenture debt.

### Working Capital

As per the 2021 audited financial statements, the working capital surplus at December 31, 2021 was:

	2021
Accumulated Fund Surplus	\$3,991,858
Deduct tangible capital assets	(\$3,832,465)
Add long term debt	\$0
Add utility reserves	\$137,845
<b>Equals Working Capital Surplus/Deficit</b>	<b>\$297,238</b>
Utility expenses	\$26,619
<b>20% of utility expenses (target)</b>	<b>\$5,324</b>

### Operating Deficits

The Utility has not experienced an operating deficit since 2019. Previous deficits have been applied for and received Board approval for recovery from the accumulated surplus in Board Order Nos. 110/19, 12/20 and 34/21.



## Cost Allocation Methodology

The Board approved the Utility's current Cost Allocation Methodology (CAM) in Board Order No. 110/19. The RM proposed to change the CAM from .5% to .6% of 2022 Financial Plan General Government Services At Large, less assessment, taxation and grants expense.

### 5.0 Board Findings

Considering the RM's filing and noting there was no public response to the Notice of Application, the Board has chosen a paper review process.

The Board has reviewed the application and revenue projections presented by the RM and finds the projections to be reasonable. The Board grants approval of the revised rates for the Utility, effective April 1, 2024, January 1, 2025, 2026 and 2027. The Board confirms as final the interim *ex parte* wastewater lagoon tipping fees established in Board Order No. 120/21.

The Board grants approval of the revised Cost Allocation Methodology proposed by the RM.

The Board requires the RM to review wastewater rates in the Utility for adequacy and file a report with the Public Utilities Board, as well as a full rate application for revised rates if required, by no later than May 31, 2017.

The Board directs the RM to prepare a Notice for its ratepayers, informing them of the decisions in this Order. The RM is directed to provide the Board a copy of this Notice and an amended rate By-law, having had third reading.

The Board reminds the RM regular reviews are important for a financially sound utility and encourages the RM to review Board Order Nos. 27/23 and 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 Wallace-Woodworth – Elkhorn Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective April 1, 2024, January 1, 2025, 2026 and 2027.
2. The wastewater lagoon tipping fees for the Rural Municipality of Wallace-Woodworth – Elkhorn Wastewater Utility, as approved on an interim *ex parte* basis in Board Order No. 120/21, BE AND ARE HEREBY APPROVED AS FINAL.
3. The Cost Allocation Methodology for shared services as submitted by the Rural Municipality of Wallace-Woodworth – Elkhorn Wastewater Utility BE AND IS HEREBY APPROVED.
4. The Rural Municipality of Wallace-Woodworth amend its Elkhorn Wastewater Utility rate By-law to reflect the decisions in this Order, and submit a copy to the Board once it has received third and final reading.
5. The Rural Municipality of Wallace-Woodworth review the Elkhorn 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 May 31, 2027.

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

"Irene Hamilton, K.C."

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 14/24  
issued by The Public Utilities Board



Assistant Associate Secretary

**SCHEDULE A TO BY-LAW NO.  
RURAL MUNICIPALITY OF WALLACE-WOODWORTH  
SCHEDULE OF WASTEWATER RATES FOR PROPERTIES SERVICED BY  
ELKHORN WASTEWATER UTILITY**

**SCHEDULE OF QUARTERLY RATES  
Effective April 1, 2024**

1. Customer Service Charge  
The quarterly customer service charge shall be \$7.79
  
2. Commodity Rates  
The commodity rate for all Wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Quarterly Charges as detailed in Clause 3 hereafter. The quarterly Wastewater usage rate for one residential equivalent unit shall be \$35.53

3. Schedule of Minimum Quarterly Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Quarterly Charges</u>
Residential, per dwelling unit	1	\$7.79	\$35.53	\$43.32
Garage/Rink/Cafe	2	\$7.79	\$71.06	\$78.85
Motel	5	\$7.79	\$177.65	\$185.44
Senior Citizens Home	9	\$7.79	\$319.77	\$327.56
Collegiate	12	\$7.79	\$426.36	\$434.15
Hospital	15	\$7.79	\$532.95	\$540.74

**SCHEDULE OF QUARTERLY RATES**  
**January 1, 2025**

1. Customer Service Charge

The quarterly customer service charge shall be \$8.20

2. Commodity Rates

The commodity rate for all Wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Quarterly Charges as detailed in Clause 3 hereafter. The quarterly Wastewater usage rate for one residential equivalent unit shall be \$39.04

3. Schedule of Minimum Quarterly Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Quarterly Charges</u>
Residential, per dwelling unit	1	\$8.20	\$39.04	\$47.24
Garage/Rink/Cafe	2	\$8.20	\$78.08	\$86.28
Motel	5	\$8.20	\$195.20	\$203.40
Senior Citizens Home	9	\$8.20	\$351.36	\$359.56
Collegiate	12	\$8.20	\$468.48	\$476.68
Hospital	15	\$8.20	\$585.60	\$593.80

**SCHEDULE OF QUARTERLY RATES  
January 1, 2026**

1. Customer Service Charge

The quarterly customer service charge shall be \$8.61

2. Commodity Rates

The commodity rate for all Wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Quarterly Charges as detailed in Clause 3 hereafter. The quarterly Wastewater usage rate for one residential equivalent unit shall be \$42.55

3. Schedule of Minimum Quarterly Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Quarterly Charges</u>
Residential, per dwelling unit	1	\$8.61	\$42.55	\$51.16
Garage/Rink/Cafe	2	\$8.61	\$85.10	\$93.71
Motel	5	\$8.61	\$212.75	\$221.36
Senior Citizens Home	9	\$8.61	\$382.95	\$391.56
Collegiate	12	\$8.61	\$510.60	\$519.21
Hospital	15	\$8.61	\$638.25	\$646.86

**SCHEDULE OF QUARTERLY RATES  
January 1, 2027**

1. Customer Service Charge  
The quarterly customer service charge shall be \$9.03
  
2. Commodity Rates  
The commodity rate for all Wastewater usage shall be based on one residential equivalency unit and pro-rated in accordance with the Schedule of Minimum Quarterly Charges as detailed in Clause 3 hereafter. The quarterly Wastewater usage rate for one residential equivalent unit shall be \$46.06

3. Schedule of Minimum Quarterly Charges

<u>Customer</u>	<u>Residential Equivalency Units</u>	<u>Customer Service Charge</u>	<u>Wastewater Commodity Charge</u>	<u>Total Quarterly Charges</u>
Residential, per dwelling unit	1	\$9.03	\$46.06	\$55.09
Garage/Rink/Cafe	2	\$9.03	\$92.12	\$101.15
Motel	5	\$9.03	\$230.30	\$239.33
Senior Citizens Home	9	\$9.03	\$414.54	\$423.57
Collegiate	12	\$9.03	\$552.72	\$561.75
Hospital	15	\$9.03	\$690.90	\$699.93

**The following clauses take effect April 1, 2024:**

1. **Separate Charge for Each Business**  
That should one or more businesses be carried on in a building, then a separate charge will be made for each such business.
  
2. **Lagoon Tipping Fees**  
Lagoon tipping fees per load (during regular hours) will be charged at the rate of \$30.00 per load.
  
3. **Quarterly Billing**  
Accounts shall be billed quarterly.  
  
A late payment 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. **Billings and Penalties**  
The Council of the Rural Municipality of Wallace-Woodworth may sign Agreements with customers for the provision of Wastewater services to properties located outside the boundaries of the Elkhorn Wastewater utility. 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 Elkhorn Wastewater 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.

**5. Disconnection**

The Public Utilities Board has approved the Conditions Precedent to be followed by the Municipality with respect to disconnection of service for non-payment including such matters as notice and the right to appeal such action to The Public Utilities Board. A copy of the conditions precedent is available for inspection at the Municipality's offices.

**6. Reconnection**

Any service disconnected due to non-payment of account shall not be reconnected until all arrears penalties and a reconnection fee of \$100.00 have been paid.

**7. Outstanding Bills**

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for Wastewater services are a lien and charge upon the land serviced and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

**8. 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.