

Order No. 152/18

**RURAL MUNICIPALITY OF LA BROQUERIE
LA BROQUERIE WASTEWATER UTILITY
REVISED RATES FOR JANUARY 1, 2019, 2020, and 2021**

November 7, 2018

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

Table of Contents

1.0	Executive Summary.....	3
2.0	Background	3
	Wastewater Collection/Treatment.....	4
3.0	Application.....	4
	Working Capital Surplus/Deficit	7
	Cost Allocation Methodology	7
	Contingency Allowance and Utility Reserves.....	8
4.0	Board Findings	8
5.0	IT IS HEREBY ORDERED THAT:.....	9

1.0 Executive Summary

By this Order, the Public Utilities Board approves the revised wastewater rates for the Rural Municipality of La Broquerie, La Broquerie Wastewater Utility, effective January 1, 2019, 2020, and 2021.

The approved rates are as follows:

	Current By-Law 17-2012	Year 1 2019	Year 2 2020	Year 3 2021
Quarterly Service Charge	\$ 9.35	\$ 10.02	\$ 10.69	\$ 11.35
Quarterly Wastewater Charge*	\$ 24.47	\$ 28.93	\$ 33.39	\$ 37.85
Minimum Quarterly Charge*	\$ 33.82	\$ 38.95	\$ 44.08	\$ 49.20
Sewage Truck Dumping Charge (per load)				
Hauled From Residents Outside RM Boundaries	N/A	\$ 42.00	\$ 42.00	\$ 42.00
Hauled From Residents of the RM	N/A	\$ 7.00	\$ 7.00	\$ 7.00

*Per Residential Equivalency Unit (REU)

Details of other rates may be found in the attached Schedule A.

Rationale for the Board's decisions may be found under the heading Board Findings below.

2.0 Background

The Rural Municipality of La Broquerie (RM) owns and operates the La Broquerie Wastewater Utility (Utility) serving 439 customers with a total assignment of 850 REUs. One REU is calculated as the volume of water estimated to be used by the average single-family residence. REU's are used in communities with unmetered distribution and collection systems, where information regarding actual consumption is unavailable. Residents obtain water from private, unmetered wells charged on an REU basis.

Currently, the RM also provides wastewater services to a golf course located outside the Local Urban District (LUD) boundaries. As the wastewater debt is being serviced on an at large basis over the entire RM, there is no surcharge levied on the golf course.

RM residences that are not connected to the wastewater collection system have access to the lagoons for septic truck dumping. The RM was granted initial interim lagoon rates in Board Order No. 38/18.

The wastewater collection system and two lagoons were constructed in 1989 and the lagoon was expanded with the addition of two cells in 2006. The RM is in the process of undertaking a \$4.7 million upgrade to the wastewater lagoon to expand capacity and provide nutrient removal to meet Provincial standards.

The RM has an arrangement with HyLife Foods (HyLife), a pork product producer, for their truck wash facility. In 2013, HyLife and the RM undertook a review of HyLife truck wash volumes based on estimated flow. The water flow was not metered at that time and was assigned 203 REUs. Subsequently, in 2016, HyLife installed water meters in the truck wash to review actual flows. Based on the actual flows, the RM and HyLife agreed that 147 REUs was the appropriate level.

Wastewater Collection/Treatment

The wastewater system is comprised of a gravity flow wastewater collection system with four lift stations discharging into a four-cell lagoon. The lagoon is discharged twice per year into the Seine River.

The lagoon system complies with the RM's environmental license.

3.0 Application

On April 12, 2017, the RM applied for revised wastewater rates, to be effective January 1, 2018, 2019, and 2020, as set out in By-law No. 04-2017, having had first reading on April 5, 2017. The application was supported by a rate study prepared by the RM's consultant. Rates were last approved in 2013 in Board Order No. 142/13 and Board Order No. 35/18 set interim *ex parte* Lagoon Tipping fees on March 6, 2018, to be effective April 1, 2018.

The RM indicates that the proposed rate increase is required to cover the increased operating costs of nutrient removal from the wastewater before it is discharged. These increased costs are partially offset by changes related to the net amortization expense and the transfer from the General Operating Fund for property tax revenues collected for debenture debt principle and interest payments.

A Public Notice of Application was issued on September 5, 2017 allowing for any questions or comments from stakeholders with respect to the proposed rate increases to the Board and/or the RM on or before October 5, 2018.

When reviewing an application, the Board has at its disposal two approaches, either a paper or a public hearing review. After publication of the Notice of Application, the Board considers the application and stakeholder responses, 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 process. No responses were received and therefore, the Board has chosen to review this application through a paper review process.

The rates were calculated based on the following revenue projections, using an inflation rate of 2% in all calculations:

SCHEDULE OF UTILITY RATE REQUIREMENTS - LUD of LA BROQUERIE				
FOR PUBLIC UTILITIES USE ONLY				
	Inflation rate	2%		
2017 to 2020 Forecasts				
	2017	2018	2019	2020
	Forecast	Forecast	Forecast	Forecast
General				
Expenses:				
Administration	\$18,666	\$18,180	\$18,543	\$18,914
Training costs	-	-	-	-
Billing and collection	-	-	-	-
Consultants	-	-	-	-
Utilities (telephone, electricity, etc)	-	-	-	-
Total general expenses	18,666	18,180	18,543	18,914
Revenue				
Penalties	-	-	-	-
Connections	-	-	-	-
Administration fees	-	-	-	-
Investment income	-	-	-	-
Contributed Tangible Capital Assets	-	-	-	-
Other income	-	-	-	-
Total general revenues	-	-	-	-
Net Costs General	18,666	18,180	18,543	18,914
Sewer				
Expenses				
Collection system costs	\$6,120	\$6,242	\$6,367	\$6,495
Treatment and disposal cost	\$25,500	\$93,286	\$95,152	\$97,055
Wastewater lagoon gate & road maintenance	\$0	\$15,000	\$15,300	\$15,606
Lift Station costs	\$32,854	\$33,511	\$34,181	\$34,865
Connection costs	-	-	-	-
Amortization	95,913	200,107	188,946	188,946
Interest on long term debt	19,026	173,565	167,780	161,651
sub-total- sewer	179,413	521,711	507,727	504,617
Revenue				
Septic truck tipping fees	-	25,550	25,550	25,550
Connections	-	-	-	-
Net rate costs - Sewer	179,413	496,161	482,177	479,067
Water and Sewer Billing Revenues				
Sewer fees, RM at Large	15,000	15,000	15,000	15,000
Sewer billing	115,000	115,957	132,298	148,623
Less Rate Rider billing	-	-	-	-
Property Taxes				
Tsr from Gen. Optg. Property Taxes for Debt Payments	44,425	271,105	271,105	271,106
Net Revenue/(Expenses)	(23,654)	(112,279)	(82,318)	(63,253)
Capital Grants - PUB Adjustments				
Deduct Amortization of Capital Grants	25,116	77,116	77,116	77,116
Deduct Amortization of Contributed TCAs	-	-	-	-
Net Operating Surplus (Deficit) with PUB Adjustments	1,462	(35,163)	(5,202)	13,863
Deficit Rate Rider Revenues				
Transfers				
Transfers from (to) Government - Capital	1,600,000	-	-	-
Transfer to Reserve from Capital Development Fees	-	-	-	-
Contributed TCAs Current Year	-	-	-	-
Transfers from Utility Reserve to Utility Operating Fund	117,000	-	-	-
Transfers (to) Utility Reserve from Utility Operating Fund	-	-	-	-
Transfers to Utility Reserve from General Operating Fund	5,000	-	-	-
Change in Utility Fund Balance after Transfers	1,723,462	(35,163)	(5,202)	13,863
Reverse PUB Adjustments to Adjust Surplus to PSAB				
Capital Grants - Reverse PUB Adjustments				
Add back Amortization of Sewer Capital Grants	-	-	-	-
Add back Amortization of Contributed TCAs	(25,116)	(77,116)	(77,116)	(77,116)
FUND SURPLUS, BEGINNING OF YEAR	3,290,449	4,988,795	4,876,516	4,794,198
FUND SURPLUS, END OF YEAR	\$ 4,988,795	\$ 4,876,516	\$ 4,794,198	\$ 4,730,946

Working Capital Surplus/Deficit

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/deficit is defined as the Utility fund balance, excluding any capital related items plus Utility reserves.

As per the 2017 audited financial statements, the most recent information available, the working capital surplus at December 31, 2017 was:

WORKING CAPITAL SURPLUS		2017
Fund Surplus/Deficit		\$4,337,384
Deduct: Tangible Capital Assets		\$(7,140,570)
Add: Long-Term Debt		\$2,769,569
Add: Utility Reserves		\$1,269,857
Total Working Capital Surplus		\$1,236,240
Expenses		\$340,899
20% of expenses (Target)		\$68,180

The Utility currently meets the Board's minimum working capital surplus of 20% and is projecting to meet this requirement up to and including 2020. However, the Utility has forecasted operating deficits of \$35,163 for Year 1 and \$5,202 for Year 2.

Cost Allocation Methodology

The RM proposes to allocate 4% of office staff salaries, benefits, and office related costs to the Utility. The RM is also proposing to charge 4% of public works shop and vehicle related expenses to the Utility along with 900 hours of public works staff time for chemical application and pump/blower maintenance.

The quarterly service charge for administration costs is proposed to increase by \$0.67 per quarter in 2018 and 2019, and by \$0.66 in 2020.

Contingency Allowance and Utility Reserves

As per the Board's Water and Wastewater Rate Application Guidelines, a yearly allowance equal to 10% of the variable operating costs is recommended for a contingency allowance.

In-line with the Board's guidelines, the RM has proposed an annual contingency allowance of \$12,846, which is equal to 10% of the forecast operating expenses.

Due to the existing, large working capital surplus, there is no annual transfer to the Utility's Reserve fund proposed.

4.0 Board Findings

The Board has reviewed the projections presented by the RM in its rate application and finds them to be reasonable. The Board approves the wastewater rates as applied for, but varies the effective dates to January 1, 2019, January 1, 2020, and January 1, 2021.

The Board approves the revised cost allocation methodology and reminds the RM this methodology must be used consistently. Any changes to the new, revised cost allocation methodology require Board approval.

The Board encourages the RM to familiarize itself with the new Simplified Rate Application Filing process in Board Order No. 86/17 and to use it its next rate application, if applicable.

The Board requires the RM to review its wastewater rates for adequacy and file a report with the Board, as well as an application for revised rates on or before December 31, 2021.

The Board reminds the RM that if a deficit materializes for 2018, the RM must submit a deficit application, including a proposed recovery method, as soon as the deficit is known.

5.0 IT IS HEREBY ORDERED THAT:

1. The revised wastewater rates for the Rural Municipality of La Broquerie, La Broquerie Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A to this Order, effective January 1, 2019, January 1, 2020, and January 1, 2021.
2. The cost allocation methodology for shared services as submitted by the Rural Municipality of La Broquerie BE AND IS HEREBY APPROVED.
3. The Rural Municipality of La Broquerie is to provide notice of the decisions found in this Order to its customers as soon as possible, with a copy provided to the Public Utilities Board.
4. The Rural Municipality amend its wastewater rate By-Law to reflect the decisions in this Order and submit a copy to the Public Utilities Board once it has received third and final reading.
5. The Rural Municipality of La Broquerie review its wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates, by no later than December 31, 2021.

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 (Rules). The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Shawn M^cCutcheon"

Panel Chair

"Frederick Mykytyshyn"

Assistant Associate Secretary

Certified a true copy of Order No. 152/18 issued
by The Public Utilities Board


Assistant Associate Secretary

SCHEDULE A TO BY-LAW NO. 04-2017

Schedule of wastewater rates for properties serviced by La Broquerie Wastewater Utility

SCHEDULE OF QUARTERLY WASTEWATER RATES

EFFECTIVE JANUARY 1, 2019

1. Customer Service Charge

The quarterly customer service charge shall be: **\$10.02**

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 annual wastewater usage rate for one residential equivalent unit shall be: **\$28.93**

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>
Churches		1	\$10.02	\$28.93	\$38.95
Garages	no wash rack	1	\$10.02	\$28.93	\$38.95
Garages	with one wash rack	2	\$10.02	\$57.86	\$67.88
Garages	per wash rack after first	2	\$10.02	\$57.86	\$67.88
Halls	for every 230 seats, rounded up	1	\$10.02	\$28.93	\$38.95
HyLife Truck Wash		147 (min)	\$10.02	\$4,252.71	\$4,262.73
Hospitals	for every 2 beds, rounded up	3	\$10.02	\$86.79	\$96.81
Hotels & Motels	for every 2 rooms, rounded up	1	\$10.02	\$28.93	\$38.95
Hotels & Motels	for every 15 beverage room seats, rounded up	1	\$10.02	\$28.93	\$38.95
Laundromats	per washing machine	1	\$10.02	\$28.93	\$38.95
Offices	1 to 40 staff	1	\$10.02	\$28.93	\$38.95
Offices	41 to 80 staff	2	\$10.02	\$57.86	\$67.88
Offices	81 to 120 staff	3	\$10.02	\$86.79	\$96.81
Residential	single family dwelling	1	\$10.02	\$28.93	\$38.95
Residential	multi-family - per dwelling unit	1	\$10.02	\$28.93	\$38.95
Restaurants & Cafes	per 20 seats, rounded up	1	\$10.02	\$28.93	\$38.95
Retail & Commercial	without public washroom	1	\$10.02	\$28.93	\$38.95
Retail & Commercial	with public washroom	2	\$10.02	\$57.86	\$67.88
Schools	per classroom	1	\$10.02	\$28.93	\$38.95
Senior Citizens Home	2 single rooms, rounded up	1	\$10.02	\$28.93	\$38.95
Senior Citizens Home	double room	1	\$10.02	\$28.93	\$38.95
HyLife Centre Arena		2 (min)	\$10.02	\$57.86	\$67.88

SCHEDULE OF QUARTERLY WASTEWATER RATES

EFFECTIVE JANUARY 1, 2020

1. Customer Service Charge

The quarterly customer service charge shall be: **\$10.69**

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 annual wastewater usage rate for one residential equivalent unit shall be: **\$33.39**

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>
Churches		1	\$10.69	\$33.39	\$44.08
Garages	no wash rack	1	\$10.69	\$33.39	\$44.08
Garages	with one wash rack	2	\$10.69	\$66.78	\$77.47
Garages	per wash rack after first	2	\$10.69	\$66.78	\$77.47
Halls	for every 230 seats, rounded up	1	\$10.69	\$33.39	\$44.08
HyLife Truck Wash		147 (min)	\$10.69	\$4,908.33	\$4,919.02
Hospitals	for every 2 beds, rounded up	3	\$10.69	\$100.17	\$110.86
Hotels & Motels	for every 2 rooms, rounded up	1	\$10.69	\$33.39	\$44.08
Hotels & Motels	for every 15 beverage room seats, rounded up	1	\$10.69	\$33.39	\$44.08
Laundromats	per washing machine	1	\$10.69	\$33.39	\$44.08
Offices	1 to 40 staff	1	\$10.69	\$33.39	\$44.08
Offices	41 to 80 staff	2	\$10.69	\$66.78	\$77.47
Offices	81 to 120 staff	3	\$10.69	\$100.17	\$110.86
Residential	single family dwelling	1	\$10.69	\$33.39	\$44.08
Residential	multi-family - per dwelling unit	1	\$10.69	\$33.39	\$44.08
Restaurants & Cafes	per 20 seats, rounded up	1	\$10.69	\$33.39	\$44.08
Retail & Commercial	without public washroom	1	\$10.69	\$33.39	\$44.08
Retail & Commercial	with public washroom	2	\$10.69	\$66.78	\$77.47
Schools	per classroom	1	\$10.69	\$33.39	\$44.08
Senior Citizens Home	2 single rooms, rounded up	1	\$10.69	\$33.39	\$44.08
Senior Citizens Home	double room	1	\$10.69	\$33.39	\$44.08
HyLife Centre Arena		2 (min)	\$10.69	\$66.78	\$77.47

SCHEDULE OF QUARTERLY WASTEWATER RATES

EFFECTIVE JANUARY 1, 2021

1. Customer Service ChargeThe quarterly customer service charge shall be: **\$11.35**2. Commodity RatesThe 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 annual wastewater usage rate for one residential equivalent unit shall be: **\$37.85**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>
Churches		1	\$11.35	\$37.85	\$49.20
Garages	no wash rack	1	\$11.35	\$37.85	\$49.20
Garages	with one wash rack	2	\$11.35	\$75.70	\$87.05
Garages	per wash rack after first	2	\$11.35	\$75.70	\$87.05
Halls	for every 230 seats, rounded up	1	\$11.35	\$37.85	\$49.20
HyLife Truck Wash		147 (min)	\$11.35	\$5,564.06	\$5,575.41
Hospitals	for every 2 beds, rounded up	3	\$11.35	\$113.55	\$124.90
Hotels & Motels	for every 2 rooms, rounded up	1	\$11.35	\$37.85	\$49.20
Hotels & Motels	for every 15 beverage room seats, rounded up	1	\$11.35	\$37.85	\$49.20
Laundromats	per washing machine	1	\$11.35	\$37.85	\$49.20
Offices	1 to 40 staff	1	\$11.35	\$37.85	\$49.20
Offices	41 to 80 staff	2	\$11.35	\$75.70	\$87.05
Offices	81 to 120 staff	3	\$11.35	\$113.55	\$124.90
Residential	single family dwelling	1	\$11.35	\$37.85	\$49.20
Residential	multi-family - per dwelling unit	1	\$11.35	\$37.85	\$49.20
Restaurants & Cafes	per 20 seats, rounded up	1	\$11.35	\$37.85	\$49.20
Retail & Commercial	without public washroom	1	\$11.35	\$37.85	\$49.20
Retail & Commercial	with public washroom	2	\$11.35	\$75.70	\$87.05
Schools	per classroom	1	\$11.35	\$37.85	\$49.20
Senior Citizens Home	2 single rooms, rounded up	1	\$11.35	\$37.85	\$49.20
Senior Citizens Home	double room	1	\$11.35	\$37.85	\$49.20
HyLife Centre Arena		2 (min)	\$11.35	\$75.70	\$87.05

The Following Clauses Take Effect January 1, 2019

1. Service to Customers LUD of La Broquerie Limits

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

2. Sewage Truck Dumping Charge

Septic service haulers shall remit **\$42.00** per load for septage hauled from residents located outside the boundaries of the RM of La Broquerie.

Septic service haulers shall remit **\$7.00** per load for septage hauled from residents of the RM of La Broquerie.

3. Billings and Penalties

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 20 days after the mailing of the bills.

4. 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. Where charges and penalties pursuant to this by-law remain outstanding on the last day of the fiscal year, said charges and penalties may be added on an annual basis to the taxes on the property and collected in the same manner as other taxes.

5. Wastewater 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.

6. Conditions of Disrepair

In the event that there are conditions of disrepair in the wastewater on a property that detrimentally affects the system as a whole and, upon the failure of the owner of the property to correct the condition within a reasonable time, the Rural Municipality, or its agents, may enter the property, effect repairs, and charge the cost thereof against the subject property as ordinary taxes.