

Order No. 87/25

**GRANDVIEW MUNICIPALITY
SUGARLOAF WATER UTILITY
REVISED WATER RATES EFFECTIVE JULY 1, 2025
SIMPLIFIED RATE APPLICATION**

June 13, 2025

**BEFORE: Kim Sharman, Panel Chair
Shawn McCutcheon, Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board grants approval of revised water rates effective July 1, 2025, for the Grandview Municipality (Municipality), Sugarloaf Water Utility (Utility).

The approved rates are shown below:

Quarterly Service Charge	\$ 32.27
Water (per 1,000 gallons)	\$ 16.08
Minimum Quarterly Charge*	\$ 80.51

*Based on 3,000 gallons

Details of the rates can be found in the attached Schedule A.

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

2.0 Background

The Grandview Municipality owns and operates the Sugarloaf Water Utility, servicing 175 water-only customers as of the last full rate application.

Rates were last set in Board Order No. 11/22, with current rates coming into effect January 1, 2024.

3.0 Board Methodology

Simplified Rate Application Process

The Board has issued Board Order Nos. 86/17 and 27/23 establishing and revising the Simplified Rate Application Process (Simplified Process). This process applies to municipally-owned public utilities operating water and/or wastewater systems which meet designated criteria and wish to request Board approval for revised rates.

The following criteria are required in order for a utility to qualify to apply for revised rates using the Simplified Process:

1. The utility must be compliant with all regulatory reporting, including but not limited to:
 - a. The audited financial statements being relied upon for evidence by the Board in the application must be current and prepared in compliance with *The Municipal Act* section 190.
 - b. All outstanding utility deficits should have received approval of the Board.
 - c. All directives from previous Board Orders should have been followed, including submitting copies of all by-laws after third reading, as required.

2. The utility must not be experiencing an operating deficit which is the lower of \$10,000 or 5% of operating expenses, when calculated for regulatory purposes. This includes the appropriate adjustments for capital grants and contributed assets

as outlined in Board Order No. 151/08, available on the PUB website at www.pubmanitoba.ca.

3. The utility must not be experiencing an unexplained annual operating surplus which is in excess of 20% of operating expenses, when calculated for regulatory purposes. This includes the appropriate adjustments for capital grants and contributed assets as outlined in Board Order No. 151/08, available on the PUB website at www.pubmanitoba.ca. An example of an explained surplus would be a utility making an annual contribution to reserves for a planned expenditure; when providing the explanation, all details and supporting documentation about the intended purpose of the reserve should be included.
4. The municipality must have reviewed the utility operations and expects the requested rate will be adequate to meet operating costs for the year. If the revised rates are inadequate, the full application process should be initiated to apply for the necessary rate revisions.
5. The utility must be seeking a rate increase of no more than The Bank of Canada Policy Interest Rate +2%, as indicated at www.bankofcanada.ca on the date of the first reading of the municipal by-law, over the current utility rate. The current utility rate must have been in effect for a minimum of one year from the date of application under the Simplified Process. The revised rate must apply equally to all customers of the utility; however, the utility may request a different revision for the customer service charge, water and/or wastewater rates. For example, a qualified utility may request a 2% rate increase for water, a 1% increase in the customer service charge and no change in wastewater rates, if appropriate. A utility that has domestic and wholesale rates and only wishes to increase one of those rates must apply using the full application process.

6. Requests for multi-year increases will be denied; however utilities may make annual requests for rate increases using the Simplified Process, as long the utility continues to meet the designated criteria.

7. The Simplified Process is at the discretion of the Public Utilities Board, and applicants may be subject to the full application process at any time, and for any reason, without explanation or appeal.

The responsibility for determining whether or not a utility meets the designated criteria lies with the applicant utility. If a utility that clearly does not meet the designated criteria attempts to submit an application using the Simplified Process, the Board will deny the application, and charge a processing fee of \$500.00.

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.

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.

4.0 Application

On April 16, 2025, the Board received the Municipality's application for revised water rates for the Utility. The Application was submitted using the Simplified Rate Application Process and accompanied by By-Law No. 2-2025 having received first reading on March 11, 2025. The Bank of Canada Policy Interest Rate as of that date was 3%, allowing the Municipality to request increases of up to 5% using the Simplified Process.

The application requested increases of 5%. The Municipality provided an affidavit certifying the Utility meets all Board requirements for the Simplified Filing Process as set out in Board Order Nos. 86/17 and 27/23.

A Public Notice of Application was issued on April 28, 2025, affording customers the opportunity to comment to both the Board and the Municipality with respect to the proposed rate increases. No responses were received.

The Municipality has applied for revised rates to provide for increases in water operating expenses and amortization expense for the \$600,000 Sugarloaf Water System Upgrade capital project.

The Municipality's application advised it will seek either an additional simplified increase or a full rate study in 2026 to provide funding for additional system upgrades tentatively planned for 2028.

Working Capital Surplus

As per the 2023 Audited Financial Statements, the working capital surplus on December 31, 2023:

	2023
Accumulated Fund Surplus	\$2,271,300
Deduct tangible capital assets	\$2,046,798
Add long term debt	\$0
Add asset retirement obligation	\$0
Add utility reserve	\$442,226
Equals Working Capital Surplus/Deficit	\$666,728
Total utility expenses	\$206,446
20% of total expenses(target)	\$41,289

The Utility currently meets the Board's recommended minimum working capital surplus of 20% of total utility expenses.

5.0 Board Findings

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

The Board finds the Municipality meets the required criteria, as set out in Board Order Nos. 86/17 and 27/23, to apply for revised rates using the Simplified Rate Application Process and grants approval for the rates as applied for, effective July 1, 2025.

The Board directs the Municipality to prepare a Notice for its ratepayers, informing them of the decisions in this Order.

The Municipality is also directed to file with the Board a copy of this Notice and an amended rate By-law, having had third reading.

The Board requires the Municipality to review its water rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than January 30, 2026.

Regular reviews are important for a financially sound utility and the Board encourages the Municipality to continue to assess its ability to apply using the Simplified Rate Application Process.

6.0 IT IS THEREFORE ORDERED THAT:

1. Revised water rates for the Grandview Municipality - Sugarloaf Water Utility BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective July 1, 2025.
2. The Grandview Municipality submit a copy of its Sugarloaf Water Utility by-law to the Board once it has received third and final reading.
3. The Grandview Municipality is to provide notice to the customers of Sugarloaf Utility as soon as possible of all decisions found in this Order.
4. The Grandview Municipality review the Sugarloaf Utility water rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than January 30, 2026.

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

"Kim Sharman"

Panel Chair

"Jennifer Dubois, CPA, CMA, CTAJ"

Assistant Associate Secretary

Certified a true copy of Order No. 87/25
issued by The Public Utilities Board



Assistant Associate Secretary

SCHEDULE "A"
SCHEDULE OF QUARTERLY RATES

1. Quarterly Service Charge & Commodity Rates July 1, 2025

Quarterly Service Charge \$32.27

Commodity Water
Rates Per 1,000 Gallons \$16.08

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 volume allowance as listed.

For all metered accounts, volumes in excess of the minimum quarterly allowance will be charged at the applicable commodity rate.

a. Metered Water Only Customers

Meter Size (Inches)	Group Capacity Ratio	Volume Included (Gallons)	Customer Service Charge	Water Commodity Charge	Water Only Total Quarterly Minimum
5/8	1	3,000	\$ 32.27	\$ 48.24	\$ 80.51
1	4	12,000	\$ 32.27	\$ 192.96	\$ 225.23