PRINCE EDWARD ISLAND
Regulatory & Appeals Commission
Commission de réglementation et d'appels
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Interrogatories of Commission Staff

TO:	The Rural Municipality of Crapaud Sewer and Water Utility
FROM:	Kelli Cook, Regulatory Officer
DATE:	June 12, 2026
RE:	2026 Rate Application
DOCKET:	UW 16 307

The Island Regulatory and Appeals Commission (the "Commission"), in its review of the 2026 Rate Application submitted by The Rural Municipality of Crapaud Sewer and Water Utility (the "Utility"), requests responses to the following interrogatories in order to assess the proposed rate increases.

General & Application Clarification:

1. The application indicates that the first increase is requested to be effective April 1, 2026 as that date has now passed, please confirm how the Utility intends to proceed. Specifically:
   a. Does the Utility continue to request that the initial rate increase be applied effective April 1, 2026 (retroactively)?
   b. Rates are generally established on a prospective basis. If you are requesting rates be approved retroactively, please provide a rational to support this request.
   c. Does the Utility wish to revise the proposed effective date for the first increase?
   d. If the Utility intends to revise the proposed effective date for the first increase, will this impact the financial projections submitted?

2. Schedule 2 of the rate application, states that you have 222 customers being billed a flat rate of $385.00 annually for sewer services.
   a. Please confirm if this is the number of current customers as of the time of submission of the application (March 2026).
   b. Please confirm if all 222 customers are being billed at the flat rate of $385.00 annually.
   c. If customers are being billed based on segments i.e single family dwelling, individual apartment etc, please verify which segments are being used and the number of sewer customers being billed within each segment?
   d. If customers are being billed based on segments, please verify if this will lead to a material difference in your revenue projections for sewer?

3. Please describe how and when the Utility bills its customers.
    a. How often are customers billed (e.g. monthly, quarterly, annually)?
    b. When are bills typically issued during the year?
    c. How would a change in rates be implemented (for example, at the next billing cycle)?
    d. If rates were approved with an effective date in the past, how would the Utility apply that change to customers?

4. Schedule 2 of the rate application indicates that the rate charged for water services for individual apartment units is $228.00 annually. Please verify that the correct rate that is being charged is $304.00 annually as per the currently approved tariff.

5. Schedule 6 provides information on proposed infrastructure development. Please provide further details related to these projects including:
    a. Timeline for each project.
    b. Do you have a breakdown of the specific funding as it applies to each project (source and amount)?
    c. Has the funding been applied for and or approved?
    d. It has been indicated that $300,000 of the projected cost is being sourced from the sale of land held for development. Is this land owned by the Municipality or Utility?
    e. It has been indicated that a loan will be obtained and is estimated to bear an interest rate of 4.7% over 15 years.
        i. How will the loan and associated costs be allocated i.e. to water, sewer or to both?
        ii. When do you expect the loan to be executed?

6. On schedule 7, under the projected sewer revenue for 2026, it indicates the Utility has 221 customers. For our records, can you confirm that this is the result of one home being torn down?

7. The public notice ran in the Guardian on May 9, 2026. Please advise if the Utility has received any comments in regard to the notice. If so, please provide our office with the comments received.

8. The Utility has provided us with a letter that was to be distributed to customers regarding the rate increase application. Please advise of the following:
    a. When was the letter issued to customers?
    b. The letter extended the date for customer responses to June 19, 2026. Please advise if any responses were received by the Utility and if so, forward for our records.

Revenue & Forecast Integrity:

9. The application notes the intention to expand water and sewer services over the next four years.
    a. Will the projects increase the number of customers served by the Utility?
    b. If yes, are these numbers included in your current customer projections?
    c. If yes, will expansion of water and sewer service result in an increase in operating expenses?

d. If yes, will the 3% increase per year in operating expenditures that has been projected satisfy the anticipated expenses?
e. If an increase in the number of customers has not been included in the projections, please confirm whether this is because they will not be connected before the end of the projection period.

10. The revenue reported in your 2025 annual report for water was $21,135. The revenue reported in the audited financial statements was $21,981. It appears the difference was $846 in interest. Please verify what this was for and why it was not included in the annual report.

Expense & Allocations:

11. Please explain, in plain language, how the Municipality decides whether an expense belongs to
    - Water,
    - Sewer, or
    - Both.

    In your response, please describe whether there is a written policy or consistent method used to allocate costs.

12. Please explain the decrease in salaries for operational employees from 2023 to 2025.

13. Insurance expense
    a. Please explain why the cost was significantly higher in 2024 than in 2023.
    b. Why did the insurance expense decrease in 2025?

14. Transportation expense
    a. Please describe the expense incurred in 2023 of $1454 under water expenses.
    b. Is this a one-time expense that is not expected to reoccur?

15. Miscellaneous expense (Transfers)
    a. Please provide details on what the transfers include.

16. Office Supplies and Other Office Expenses
    a. Please explain the increase from 2023 to 2024 for both water and sewer.
    b. Why did the expense decreased for sewer for 2025 however, continued to increase for water?

17. Bad Debt expense
    a. Please explain what would be included in this expense.
    b. Please verify that there was no bad debt expense for water or sewer in 2024 as reported in your annual report and financial statements.
    c. Please explain the discrepancy between the 2025 annual report that states no bad debt reported for water or sewer and the financial statements which state a bad debt expense for sewer of $4,542.
    d. Please explain what you anticipate to be included in bad debt expense projections for 2026-2030.

18. Depreciation expense
    a. Please explain the decrease in 2026 sewer expense and reasoning for increase in 2027-2030.
    b. Please explain the reasoning for no change in the water expense for 2026.
    c. Please explain the reasoning for no change in the water expense year over year for 2027-2030.

19. Interest on long-term debt.
    a. Please explain the projected increase in interest on long-term debt for sewer for 2026-2030.
    b. Please verify that you do not have any projected interest on long-term debt for water for 2026-2030.

20. Operating surplus.
    a. According to your annual reporting for 2023, the annual surplus for sewer at end of year is $321,424. For 2024, the surplus at beginning of year is noted as being $324,685. Please explain the discrepancy.

Additional interrogatories may follow. Please provide responses to the Commission by

June 29, 2026.

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Kelli Cook
Regulatory Officer
Prince Edward Island Regulatory & Appeals Commission