

Interrogatories of Commission Staff

TO: The Rural Municipality of Crapaud Sewer and Water Utility

FROM: Kelli Cook, Regulatory Officer

DATE: September 16, 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:

21. You have indicated as part of your previous interrogatory responses that Council would like to request an effective date of January 1, 2026 as opposed to the effective date indicated in the application of April 1, 2026.
 - a. Has the Utility advised customers of this requested change?
 - b. If so, please advise how notification was made and provide supporting documentation if available.
22. 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. What date was the letter issued to customers?
23. Previous interrogatory responses advised that the land that is to be sold to support the Utility’s upcoming construction projects is owned by the Municipality.
 - a. Please explain how will this be address between the Utility and the Municipality i.e. loan, capital contribution, etc.
 - b. Please describe any obligations the Utility may incur as a result of this support.
 - c. If conditions apply i.e. interest, has this been factored into the long-term interest forecast?
 - d. Does the Utility have any concerns with the timing of the sale of the land held for development i.e. could there be delays in the sale of the land and receipt of funds?

Revenue & Forecast Integrity:

24. Interest revenue has been reported and forecasted for the Water Utility however, interest has been included for the Sewer Utility.
 - a. Please explain what this interest for the Water Utility consists of.
 - b. Why is there no interest being forecasted for the Sewer Utility?
25. Revenue projections due to increased customers in Fiscal 2027 and Fiscal 2028.
 - a. Please provide information on how confident the Utility is that the forecasted increase in customers for each of the Water and Sewer Utilities will materialize. Please include the basis for this expectation.
 - b. If any supporting evidence is available, please provide for our review.
26. Fiscal 2025 billing unit verification
 - a. Please verify if the correct number of billing units for the Water Utility in Fiscal 2025 is 29 single family units, 32 senior citizen units and 13 individual apartment units which would provide \$22,268 in revenue.
 - b. If so, please advise if there is reasoning for why the flat rate revenues were \$21,135 which is a reduction of approximately \$1,100.

Expense & Allocations:

27. Bad Debt expense
 - a. Please explain what is included in the bad debt expense for sewer of \$4,542 in Fiscal 2025.
28. Miscellaneous expense (transfers) has been explained as various expenses related to CAO/admin wages, municipal office operating costs, professional fees and office supplies.
 - a. Please provide a breakdown of each expense and the associated cost.
29. Repairs & Maintenance expense
 - a. Please provide a breakdown of what is included in this expense for each Utility.
30. Long-term interest
 - a. Please provide a summary of the loans included within this expense for the forecast period. Please include information such as the amount of the loan, term, interest rate, interest anticipated for each per year.

Financial Position:

31. Please indicate the amount of the Utility's outstanding receivables that relate to prior years.
 - a. Please describe the Utility's plan to collect current outstanding receivables?
 - b. Please indicate how much of the current outstanding receivables are over 90 days past due.
 - c. Please identify whether the Utility is experiencing any challenges or issues with collections.

- d. The Sewer Utility is forecasting to have between \$4,678 and \$5,265 each year in bad debt expense and previous interrogatory responses have indicated that this is to cover any possible uncollectible accounts due to bankruptcies etc. Please advise on the rationale for anticipating the expense will be this high.

Rate Design:

- 32. Rates for service should support full cost recovery for each of the Water and Sewer Utilities independently.
 - a. Please explain the rationale for proposing a 7.5% annual rate increase to be applied to both Utility's through Fiscal 2030 when the Sewer Utility is presently in a positive financial position and is forecasting to remain in a positive position until Fiscal 2030 without an increase.
 - b. Has the Utility considered alternative increase options for the Water Utility? If so, please describe the options considered.
 - c. Please advise on how confident the Utility is in revenue and expenses forecasted for the 5-year period.
 - d. Please explain the Utility's rationale for filing a 5-year application.

Additional interrogatories may follow. Please provide responses to the Commission by **September 25, 2026.**

Additional interrogatories may follow.

Kelli Cook
Regulatory Officer
Prince Edward Island Regulatory & Appeals Commission