



RECEIVED: June 25, 2026

From: admin@rmofcrapaud.com <admin@rmofcrapaud.com>
Sent: June 18, 2026 1:03 PM
To: 'Steve Graham' [REDACTED]
Cc: [REDACTED]
Subject: RE: Water / Sewer Rate application questions

Hi Steve,

I also wanted to follow up on one piece that I mentioned I did not have an answer for when the email was sent. It was with regards to the “amortization of tangible assets (net)” on the IRAC application financials in Appendix C and Appendix D as this amount is different than our financials posted on our website. I can confirm this is what was provided to me by our accountants:

“IRAC uses a different method for amortization as allow the grants such as gas tax to reduce the cost of tangible capital assets. The assets are then only reflected at the municipality net cost and amortized.

For our audit, the grants are shown in revenues so the amortization is much higher and does create a deficit.”

I just wanted to ensure I replied to you on this outstanding matter.

Any questions, please advise.

Thanks,
Margaret

Margaret Armsworthy
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From: admin@rmofcrapaud.com <admin@rmofcrapaud.com>

Sent: June 17, 2026 10:56 AM

To: 'Steve Graham' [REDACTED]

Subject: RE: Water / Sewer Rate application questions

Hi Steve,

I have answered your questions below. If you have any additional questions, please reach out.

I have questions regarding the rate application. Can I get a response by Wednesday, June 16, at noon please?

Financial Questions

1. What specific factors are driving the proposed 7.5% annual increase? *As indicated in our letter to residents, we have not had an increase in our utility rates since 2012 and 2013. During this time we have significant increase in operating costs. This is our number one reason for the rate increase request. We have seen out utilities operating in a deficit over the past few years due to rates staying the same. Council has been reviewing this since 2023 for an increase but wanted the increase to be gradual. Your questions are all current. Inflation has had an impact plus we are looking at capital projects down the road which have also been outlined in our application. I sent you the link to our rate increase application so if you have any questions on this rate application, please let me know. I am happy to review further with you. <https://irac.pe.ca/wp-content/uploads/UW-16-307-Crapaud-Rate-Filing.pdf> There is an application form but this has the details you are looking for.*
 - Inflation?
 - Debt repayment?
 - Capital projects?
 - Increased operating costs?
2. How much revenue will the increase generate each year? *This is outlined in the application by our accountants. Appendix C & D show the revenue if the rate increase is not approved then also the revenue if the rate increase is approved. These appendices are in the above link. In these projections, we also are including proposed growth in the community with potential to increase revenues which has been noted in both Appendix C and Appendix D.*
3. What is the current financial position of the sewer utility? *We do not have a reserve fund which is another concern we have. Our annual revenues and expenses are noted in the filing but also can be found on our website. The current financial position of the sewer utility is in the Appendix C and Appendix D.*
 - Annual revenues
 - Annual expenses

- Reserve balances
- 4. Has the sewer utility been operating at a deficit? *Yes, sewer has operated with a deficit for at least the last six years. I am noticing the amortization amount is changed in the rate filing as it is noted as (net). I am waiting to hear back from our accountants on this question as we show a deficit on our financials for 2024-2025 but the Appendix C and Appendix D have us with a surplus. I will confirm this with you.*
 - If yes, for how many years? *I looked back over the past 6 years and we have a deficit in every year.*
- 5. What percentage of the increase is for day-to-day operations versus capital improvements? *The majority of the increase would be for day-to-day operations. With capital improvements, these would be financed or we would be requesting funding through various available grants provided by both federal and provincial governments.*
- 6. How do Crapaud's current sewer rates compare with other PEI municipalities? *I am including a link to the rates for all municipalities in the province. This link shows a list of all municipalities that have municipal services. <https://irac.pe.ca/utilities/water-sewer/utility-rates/>*

Infrastructure Questions

- 7. What projects will be funded by these increases? *Page 19 of the Crapaud Rate increase filing identifies all for these questions. We do not have a lift station.*
 - Lift station upgrades?
 - Lagoon improvements?
 - New sewer mains?
 - Regulatory compliance work?
- 8. What is the estimated cost of each project? *Page 19 has this information.*
- 9. Are any of these projects required by provincial or federal regulators? *No.*
- 10. What is the current condition of the sewer system? *Our system is in good condition. There are parts that are older which we have been monitoring but there have not been issues but we continue to be proactive to we can identify issues and replace or repair before an issue occurs.*
 - Has an engineering assessment been completed? *No.*
- 11. What infrastructure risks exist if the increases are not approved? *Our sewer utility is our most important operation for the municipality. Continuing to operate in a deficit will put the municipality at risk if there is an infrastructure breakdown.*

Impact on Residents

- 21. What will the average residential sewer bill be in each year from 2026 to 2029? *I have attached the notice which was posted in the Guardian and also sent to residents about the increase. This increase outlines the increases each year.*
- 22. How will the increase affect commercial properties? *I have attached our rate calculations from 2012. Commercial properties would have an increase as it is based on how many toilets or urinals they have in their property. For example, it would be the single family rate but then they would have additional charges if they have a number of washrooms in their property and they would be charged accordingly.*

Governance and Long-Term Planning

25. Does the Village have a long-term water and sewer rate study? **No.**
26. When was the last rate review completed? **2012 and 2013**
27. Have rates been kept artificially low in previous years, resulting in larger increases now? **No increases for 14 and 13 years so this is the reason for a gradual increase request.**
28. What rate increases are anticipated after 2029? **We are not projecting any increased in 2030.**

If this increase is approved, where exactly will every additional dollar collected between 2026 and 2029 be spent? **Utility funds are spend on the utilities to the point all income and expenses come in and out of separate accounts. The funding as mentioned before will be spent on our day-to-day operation plus looking at expanding our infrastructure to grow our municipality.**

Thanks

Steve Graham