PRINCE EDWARD ISLAND
Regulatory & Appeals Commission
Commission de réglementation et d'appels
ÎLE-DU-PRINCE-ÉDOUARD

Docket: UW 30 305
Order: UW 26-02

CERTIFIED A TRUE COPY
Cheryl Bradley
Cheryl Bradley,
Director of Finance & Regulatory Affairs
Island Regulatory & Appeals Commission

IN THE MATTER of an application by Abrams Village Sewage Collection and Treatment Corporation for approval to increase annual sewer rates and charges, pursuant to the *Water and Sewerage Act,* RSPEI 1988, c. W-2;

Order

BEFORE THE COMMISSION ON August 11, 2026.

Pamela Williams, K.C., Chair
Gordon MacFarlane, Commissioner

Background

1. The Abrams Village Sewage Collection and Treatment Corporation (the "Utility") filed an application with the Prince Edward Island Regulatory and Appeals Commission (the "Commission") on May 16, 2025 requesting approval of revised sewer rates.

2. The Utility's last rate increase was effective January 1, 2017.

3. The Commission reviewed the application and subsequently issued interrogatories and held discussions with the Utility to obtain additional information in support of the application.

4. On October 3, 2025, the Commission posted details of the application on its website.

5. Public notice of the application was issued in *The Guardian* on October 4, 2025, with written comments due November 6, 2025.[1] No comments were received.

6. A second public notice of the application was issued in the *Journal Pioneer* on November 6, 2025 with a revised deadline for comments of November 20, 2025.[2] No written comments were received.

7. The Utility also advised customers that an application to review annual sewer rates had been submitted to the Commission on August 15, 2025 through the Municipality's Facebook page.[3]

8. The Commission issued interrogatories to the Utility on February 27, 2026,[4] and responses were received March 20, 2026.[5] Additional interrogatories were issued on April 2, 2026,[6] and responses were received April 28, 2026.[7]

9. A tele-conference was held between the Utility and Commission staff on June 26, 2026,[8] to verify information from earlier interrogatories. Staff prepared a summary of the discussion and forwarded it to the Utility for confirmation of accuracy and completion of outstanding details the same day. The Utility confirmed the summary and provided the outstanding information on July 15, 2026.[9]

Application

10. The Utility seeks approval to increase annual sewer rates effective April 1, 2026.

[1] The Guardian – October 4, 2025
[2] Journal Pioneer – November 6, 2025
[3] Municipality Facebook Post-August 15, 2025
[4] Commission Interrogatories – February 27, 2026
[5] Utility Interrogatory Responses -March 20, 2026
[6] Commission Interrogatories – April 2, 2026
[7] Utility Interrogatory Responses -April 28, 2026
[8] Commission Interrogatories – June 26, 2026
[9] Utility Interrogatory Responses – July 15, 2026

11. The proposed rate increase is summarized below:

Service	Rate Type	Current Rate	Proposed Rate	Increase ($)	Increase (%)
Sewer	Unmetered	$ 200.00	$ 240.00	$ 40.00	20%

12. The Utility's rationale for the proposed rate increase is based on increased maintenance and administrative expenses**.** The Utility further indicated that these rising costs have resulted in operational deficits over multiple consecutive years.[10]

13. The Utility's application states that aging infrastructure has caused increasing maintenance and servicing costs for the lagoon, sewer lines, and backup generators.

14. The Utility's application further indicates that higher salaries and wages associated with administrative services have contributed to increased operating expenses, and subsequently clarified that these additional costs relate specifically to employing a qualified wastewater treatment operator responsible for overseeing system maintenance.[11]

Commission's Authority under the Water and Sewerage Act

15. The Commission is an independent, quasi-judicial tribunal. It exercises appellate, adjudicative, and regulatory authority under a number of provincial statutes, including the *Water and Sewerage Act*.[12] In doing so, the Commission is required to follow legislative requirements and administrative law principles.

16. The purpose of public utility regulation aims to ensure reliable service for customers at fair prices. The Commission is guided by this purpose when considering an application for rate increases by a public utility. In doing so, the Commission must balance the utility's need to recover its costs in order to provide reliable service to customers, with the requirement that rates be just and reasonable – or fair – in the circumstances.

17. As set out in Commission Order UW26-01, the *Act* provides that all rates and charges for supplying water or sewerage disposal shall be: 1) determined or approved by the Commission,[13] and 2) established in accordance with generally accepted public utility practices, taking into consideration local conditions and circumstances.[14]

18. A utility seeking to vary existing rates or establish new rates must submit a schedule of proposed rates and charges for approval[15]. The Commission may approve the proposed rates in whole or in part, or may amend them, and the approved rates become the lawful rates of the utility until changed in accordance with the *Act*.

[10] Rate Application – May 16, 2025
[11] Utility Interrogatory Responses-March 20, 2026
[12] *Water and Sewerage Act,* RSPEI 1988, W-2
[13] *Water and Sewerage Act,* RSPEI 1988, W-2*,* Section 9
[14] *Water and Sewerage Act,* RSPEI 1988, W-2, Section 10
[15] *Water and Sewerage Act*, RSPEI 1988, W-2, Section 15

19. In considering this application, the Commission must determine whether the proposed rates should be approved as filed or with modification.

Analysis

Revenue and Expenditures

20. The Commission has reviewed the Utility's application, financial information (including historical results) and projected revenues and expenditures.

21. Commission staff found the revenue projections presented in the application were initially inconsistent with the projected customer counts. Based on the Utility's interrogatory responses[16] and subsequent discussions on June 26, 2026, as reflected in Commission Staff notes, these discrepancies have been satisfactorily resolved. Following this further information, the Commission is now satisfied that the revised projections are reasonable and aligned with the customer and billing assumptions.

22. The Commission is satisfied that the Utility's projected expenditures are reasonable and supported. The expenditure increases are primarily attributable to repairs and maintenance due to higher repair costs and contractual services associated with monitoring and maintaining the generators at the lift station.

23. The Commission notes that the Utility's application indicates that no major capital projects are anticipated within the next 2–5 years. However, information obtained through interrogatories indicates that there are plans for construction of a new Evangeline school,[17] and the possibility of changing regulatory requirements with respect to waste treatment.[18] At this time, any resulting obligations for the Utility with respect to these future projects are unconfirmed; accordingly, no expenditures have been allocated for these potential activities at this time.

Financial Performance

24. The Utility is operating at an annual deficit under the current rates, resulting in a continued drawdown of its accumulated surplus.

25. The Commission notes that as existing rates do not provide full cost recovery, the Utility is left without sufficient funds to meet operational requirements or to respond to unforeseen financial obligations. This represents a risk to providing reliable service to customers.

26. The Commission further notes that although an approximate $200,000 surplus remains, this figure does not represent available working capital to support ongoing operations.

27. The Commission further notes that the Utility's liquidity is constrained due to carrying a consistently high customer accounts receivable balance.

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[16] Utility Interrogatory Responses - April 28, 2026
[17] Utility Interrogatory Responses - March 20, 2026
[18] Utility Interrogatory Responses - April 28, 2026

28. The Commission has observed that the reported accumulated surplus contains a material inconsistency between the Fiscal 2023 and Fiscal 2024 annual reports, as filed with the Commission. The surplus recorded as of March 31, 2023 was not properly carried forward into the April 1, 2024 opening balance. Instead, the Fiscal 2023 opening balance was re-entered as the Fiscal 2024 opening balance. This input error remains uncorrected in the most recent filing and results in an accumulated surplus of $227,948 rather than the reported $233,783, resulting in a variance of ($5,835). The Commission will update its records accordingly. For clarity, this variance is with respect to the reports filed with the Commission, not in relation to the Utility's audited financial statements and is immaterial to the Utility's application for that reason.

29. For these reasons, the Commission is satisfied that the proposed 20% rate increase would improve the Utility's financial position and support ongoing service obligations to its customers.

30. As a general principle, the Commission accepts that rates should be structured to achieve full cost recovery over time, allowing for modest deviations in individual years. Based on the information provided, the Utility is taking steps to achieve financial stability and is anticipating a surplus in Fiscal 2027. If the Utility continues to operate at a deficit, the Commission expects the Utility to file a subsequent rate application.

Effective Date

31. The Utility has requested an effective date of April 1, 2026.[19]

32. As the Commission has previously noted,[20] rates are generally established on a prospective basis to ensure customers are aware of approved rates before they are implemented.

33. The Utility filed its application in May 2025, and customers were provided ample and timely notice of the proposed $40 annual increase through public notices published in *The Guardian* and *Journal Pioneer* prior to the requested effective date of April 1, 2026. No written comments were received by the Commission.

34. The Commission finds that if rates are approved only on a prospective basis, the Utility would continue to operate at a shortfall until the effective date of the Order. The absence of retroactive rates would therefore leave prior-period costs unrecovered, further weakening the Utility's financial position and its ability to manage contingencies.

35. In the circumstances of this application, the Commission determines that retroactive rates are appropriate in this case and shall be effective April 1, 2026. In this Order, the Utility will be required to notify its customers of the rate increase as soon as reasonably possible and provide a copy of that notification to the Commission.

DECISION

36. The Commission concludes that the Utility's current rate structure fails to provide sufficient revenue for full cost recovery and that the Utility requires the proposed increase to ensure it can adequately fund operations and avoid continued annual deficits.

[19] Rate Application – May 16, 2025
[20] Order UW26-01

37. Under s. 10 of the *Act*, the Commission is to consider generally accepted public utility practices after "taking into consideration local conditions and circumstances". In the case of Abrams Village, this is a small utility with limited resources and the proposed rate increase will strengthen the Utility's financial resilience and support a more sustainable financial position capable of accommodating minor unexpected expenditures.

38. For the reasons outlined above, the Commission finds that the sewer tariff of rates requested by the Utility is necessary and equitable.

39. In approving the application, the Commission also takes the opportunity in this Order to provide the following general guidance and expectations to the Utility:

    a. The Commission expects that the Utility will develop a long-term strategy to reduce outstanding customer receivables to improve liquidity.

    b. The Commission expects that the Utility will work closely with its operator to maintain proactive monitoring of system components, address issues promptly, and develop a risk management plan to mitigate risks associated with aging infrastructure.

    c. The Commission expects that the Utility will develop a financial strategy to address major unexpected infrastructure expenditures.

    d. The Commission expects that if the approved rate increase does not sufficiently offset rising expenditures, the Utility will consider filing a subsequent rate application, including the potential use of a multi-year application. A multi-year approach can support cost and resource efficiencies, enhance revenue stability, and enable more effective long-term financial planning.

    e. The Commission expects that the Utility will review and correct the noted error in the accumulated annual surplus for the Fiscal 2026 filing with the Commission.

    f. The Utility may consider applying the revised rates utilizing one of the following formats:

        i. Issue a supplemental yearly bill applying the approved rate increase retroactively to all service periods beginning on the authorized effective date. The bill must clearly identify the retroactive adjustment and show the difference between previously billed amounts and the revised rate; or

        ii. Apply the revised rates prospectively on the next annual invoice issued, and recover all retroactive amounts through a separately identified surcharge that clearly specifies the retroactive rate applicable to the previous year on that invoice.

ORDER

The Commission Orders as follows:

1. The sewer tariff of the Abrams Village Sewage Collection and Treatment Corporation, as set out in Schedules 1, annexed hereto and forming part of this Order, is approved and declared effective beginning April 1, 2026, and shall remain in effect until otherwise ordered by the Commission.

2. The Utility shall implement the approved rates for all billing issued on or after April 1, 2026.

3. The Utility shall notify its customers of this order and the resulting rate increase as soon as reasonably possible and provide a copy of that notification to the Commission.

DATED at Charlottetown, Prince Edward Island, Tuesday, August 11, 2026.

BY THE COMMISSION:

(sgd) Pamela Williams
Pamela Williams, K.C., Chair

(sgd) Gordon MacFarlane
Gordon MacFarlane, Commissioner

SEWER RATE TARIFF

Abrams Village Sewage Collection and Treatment Corporation

Effective: April 1, 2026

This rate tariff is issued pursuant to Commission Order UW26-02 and specifies the rates and charges applicable to services provided by the **ABRAMS VILLAGE SEWAGE COLLECTION AND TREATMENT CORPORATION.**

Rules and regulations governing the types of services and manner in which such services are provided are contained in **THE PRINCE EDWARD ISLAND MUNICIPAL SEWERAGE UTILITIES GENERAL RULES AND REGULATIONS.**

Sanitary Sewage Rates and Charges

Application:

Rates and charges apply to sanitary sewage services provided to premises served, or capable of being served, by the Abrams Village Sewage Collection and Treatment Corporation.

Rate:

$240.00 per unit, per year, in accordance with the *Proportionate Sewage Charges* on page 2 of this tariff.

Proportionate Sewage Charges

TYPE OF CUSTOMER	UNIT VALUE	ANNUAL SEWAGE CHARGE
SINGLE-FAMILY DWELLING	1.00	$240.00
INDIVIDUAL APARTMENT	0.80	$192.00
MOBILE HOME	0.70	$168.00
SENIOR CITIZENS HOME, Per Unit	0.60	$144.00
CONVENT, INSTITUTIONAL DORMITORY, ROOMING OR BOARDING HOUSE		
For Up to Five Persons	1.00	$240.00
For Each Additional Person	0.20	$48.00
MOTELS AND TOURIST COTTAGES		
With Housekeeping Facilities, Each Unit	0.50	$120.00
With Bathroom Facilities Only, Each Unit	0.30	$72.00
TOURIST HOME		
For First Bathroom	1.00	$240.00
For Each Additional Bathroom or Washroom	0.30	$72.00
HOSPITAL		
Without Laundry Facilities, Per Bed	0.50	$120.00
With Laundry Facilities, Per Bed	0.75	$180.00
SCHOOLS, Per Classroom	1.00	$240.00
STORES, BANKS, CLUBS, CHURCHES, HALLS, RECREATIONAL FACILITIES AND PLACES OF BUSINESS		
For First Washroom Facility	1.00	$240.00
For Each Additional Toilet or Urinal	0.50	$120.00
CAMPGROUNDS, Per Campsite	0.10	$24.00

TYPE OF CUSTOMER	UNIT VALUE	ANNUAL SEWAGE CHARGE
DOCTORS' & DENTISTS' OFFICES AND BEAUTY & BARBER SHOPS		
With Separate Service	1.00	$240.00
Combined With Other Service	0.50	$120.00
LAUNDROMAT WITH MACHINES USING OVER 30 GALLONS PER WASH		
For First Machine	3.00	$720.00
For Second Machine	2.00	$480.00
For Each Additional Machine	1.00	$240.00
LAUNDROMAT WITH MACHINES USING 30 OR FEWER GALLONS PER WASH		
For First Machine	2.00	$480.00
For Second Machine	1.50	$360.00
For Each Additional Machine	0.75	$180.00
SERVICE STATION		
Without Carwash	1.00	$240.00
With Carwash	2.00	$480.00
RESTAURANTS AND SNACK BARS	1.00	$240.00
For Each Ten Seats an Additional Amount of	0.25	$60.00
PREMISES LICENSED BY THE P.E.I. LIQUOR CONTROL COMMISSION:		
Restaurant, Lounge, Dining Room or Club	1.00	$240.00
SEAT CHARGE: Calculate 75% of Fire Marshal's rating OR the actual seat count, then charge, for each five seats, an additional amount of	0.25	$60.00
DRIVE-IN RESTAURANT OR THEATRE		
With Canteen	1.00	$240.00
For First Washroom and Toilet Facility	1.00	$240.00
For Each Additional Washroom and Toilet Facility	0.50	$120.00