



**THE ISLAND REGULATORY AND
APPEALS COMMISSION**
Prince Edward Island
Île-du-Prince-Édouard
CANADA

Docket WM01301
Order WM06-01

IN THE MATTER of an application by
the Island Waste Management Corporation for an
increase in its rates and charges for waste
management services.

BEFORE THE COMMISSION

on Thursday, the 5th day of January, 2006.

Maurice Rodgeron, Chair
Brian McKenna, Vice-Chair
Weston Rose, Commissioner
James Carragher, Commissioner
Anne Petley, Commissioner

Order

Compared and Certified a True Copy

(Sgd) *Donald G. Sutherland*

Technical and
Regulatory Services Division

IN THE MATTER of an application by the Island Waste Management Corporation for an increase in its rates and charges for waste management services.

Order

WHEREAS, by application filed with the Commission on the 8th day of November, 2005, the Island Waste Management Corporation (“Corporation” or “IWMC”) applied to the Commission for approval of increases in its rates and charges for waste management services;

AND WHEREAS, pursuant to subsection 18.1(3) of the *Environmental Protection Act*, R.S.P.E.I. 1988, Cap. E-9 as amended (the “*Act*”), the Commission has caused notice of the Corporation’s application or submission to be published inviting written submissions from the public;

AND WHEREAS, pursuant to subsection 18.1(3) of the *Act*, the Commission has reviewed the application or submission of the Corporation as well as the written submissions of the public;

AND WHEREAS the Commission has, within the 60-day limitation period prescribed by subsection 18.1(5) of the *Act*, familiarized itself with operational and financial issues associated with the Corporation and has issued, as part of this Order, a series of comments and recommendations;

AND WHEREAS, within powers given to it under the *Act*, the Commission has concluded that the requested increase is necessary to recover the Corporation’s costs,

NOW THEREFORE, pursuant to the *Island Regulatory and Appeals Commission Act* and the *Environmental Protection Act*,

IT IS ORDERED THAT

1. the proposed rates and charges are approved, effective:
 - January 1, 2006 for all household, cottage and extended cottage services; and
 - February 1, 2006 for services provided at Waste Watch Drop-Off Centers and final disposal facilities.

DATED at Charlottetown, Prince Edward Island, this 5th day of January, 2006.

BY THE COMMISSION:

(Sgd) *Maurice Rodgerson*

Maurice Rodgerson, Chair

(Sgd) *Brian McKenna*

Brian McKenna, Vice-Chair

(Sgd) *Weston Rose*

Weston Rose, Commissioner

(Sgd) *James Carragher*

James Carragher, Commissioner

(Sgd) *Anne Petley*

Anne Petley, Commissioner

NOTICE

Section 12 of the *Island Regulatory and Appeals Commission Act* reads as follows:

12. The Commission may, in its absolute discretion, review, rescind or vary any order or decision made by it or rehear any application before deciding it.

Parties to this proceeding seeking a review of the Commission's decision or order in this matter may do so by filing with the Commission, at the earliest date, a written Request for Review, which clearly states the reasons for the review and the nature of the relief sought.

Sections 13.(1) and 13(2) of the *Act* provide as follows:

13.(1) An appeal lies from a decision or order of the Commission to the Appeal Division of the Supreme Court upon a question of law or jurisdiction.

(2) The appeal shall be made by filing a notice of appeal in the Supreme Court within twenty days after the decision or order appealed from and the Civil Procedure Rules respecting appeals apply with the necessary changes.

IRAC140B(2005/1)

Comments and Recommendations

- Future rate applications should be supported with a five-year business plan that includes a complete financial forecast. The business plan should provide evidence supporting the key assumptions and cost drivers for the Corporation.
- Independent expert advice should be obtained by the Corporation to review the rates for asset depreciation or amortization. The depreciation charges applicable to the assets are significant at approximately 10% of the Corporation's overall expenditures and should be supported with independent expert evidence.
- Expenditures for external contract services such as collections as well as the operation of compost and disposal facilities account for approximately 50% of the Corporation's overall costs. The Commission believes that future contracts and contract renewals—some of which expire in 2007—should be determined on the basis of an open tendering process where value for money concepts are employed.
- Of the limited number of public comments received by the Commission, concerns were expressed that
 1. rates are not based on usage, and
 2. multi-unit apartment buildings are paying a disproportionate amount in relation to the amount of waste produced.

In this respect, the Commission believes that the Corporation should review its tariff structure with the view of investigating options for residential rates that are usage sensitive. In the Commission's view, an overall goal of waste reduction in the province must be part of the operational and financial goals of the Corporation. This could be assisted with a movement towards usage-based residential rates.