

M A N I T O B A) **Order No. 103/15**
)
THE PUBLIC UTILITIES BOARD ACT) **October 20, 2015**

BEFORE: Susan Proven, P.H.Ec., Acting Chair
The Hon. Anita Neville, P.C., B.A. (Hons.), Member

PEMBINA VALLEY WATER COOPERATIVE INC.
WHOLESALE/BULK WATER UTILITY
FINAL WATER RATES

Summary

By this Order, the Public Utilities Board (Board) hereby confirms as final, wholesale/bulk water rates for 2014, 2015, 2016, 2017 and 2018 for the Pembina Valley Water Cooperative Inc., previously established on an interim *ex parte* basis on January 14, 2014 by Board Order No. 3/14.

The rates are effective March 1, 2014 and January 1 of each subsequent year. The approved rates are shown below.

Year	Increase	Rate*
Current		\$6.65 per 1,000 gallons
2014	12%	\$7.46 per 1,000 gallons
2015	3%	\$7.69 per 1,000 gallons
2016**	0-2%	\$7.69-\$7.84 per 1,000 gallons
2017**	0-2%	\$7.69-\$8.00 per 1,000 gallons
2018**	0-2%	\$7.69-\$8.16 per 1,000 gallons

*The upper rate for 2016, 2017 and 2018 is based on 2% increase for each of those years.

**These years are requested as discretionary increases. The rate can be increased by the PVWC's Board of Directors without making application to the Public Utilities Board. A rate increase of more than the 2% would require Board approval.

The current Members of the Pembina Valley Water Cooperative Inc. include:

PVWC Current Members	
Town of Altona	City of Morden
Altona Rural Water Co-op	RM of Morris
Blumegart Colony	Town of Morris
Town of Carman	Town of Plum Coulee
RM of Dufferin	RM of Rhineland
Town of Emerson	RM of Roland
RM of Franklin	Roseau River First Nation
Town of Gretna	RM of Stanley
RM of Grey	Village of St. Claude
Halbstadt Marais Water Co-op	RM of Thompson
RM of Montcalm	City of Winkler

Background

In the early 1990s a number of municipalities in south central Manitoba joined together to form the Pembina Valley Water Cooperative Inc. (PVWC). The purpose was to develop a regional approach to supplying potable water in an area which lacked wide distribution of good, plentiful water resources but which also exhibited the highest rate of economic growth of any region in Manitoba.

PVWC owns three (3) water treatment plants and hundreds of kilometers of transmission pipeline. The PVWC services 22 customers with bulk water and these bulk customers in turn resell the water to their own customers connected to their local distribution systems.

The Red River Regional water treatment plant, located in Letellier, is a 96 L/s cold lime softening plant that draws its raw water from the Red River. The plant was originally built in 1986, with a tripling of capacity and upgrades in 1998. During summer peak days, the plant is operating at or near its design capacity.

The Morris Regional water treatment plant, located in the Town of Morris, was upgraded in 2009 and commissioned in 2010 to a 66 L/s dual membrane treatment process which draws its raw water from the Red River. Raw water first passes through a microfiltration step, as a turbidity and pathogen barrier. The second membrane process is nanofiltration that is targeted to remove total organic carbon (TOC) and hardness.

The Stephenfield Regional water treatment plant, located in Stephenfield, is a 20 L/s cold lime softening plant that draws its raw water from Stephenfield Lake. The plant was originally built in 1999. During summer peak days, the plant is operating above its design capacity. The plant is also utilizing nearly 90% of its annual Water Rights allocation amount.

The Red River Regional, Morris Regional and Stephenfield Regional water treatment plants are meeting their environmental licenses related to discharges. All plants discharge their waste stream back to the source water.

All three plants are meeting their water quality treatment objectives, with the exception of disinfection by products in the further extents of the system for the Red River Regional and Stephenfield Regional water treatment plants. The treatment technologies at those two plants are not designed to completely reduce the organics and combined with the long retention times in the extensive pipe network, the production of disinfection by-products is difficult to prevent.

In addition to the water treatment plants, the PVWC also owns and operates two reservoir pumping stations and nine booster stations on the regional system.

The PVWC has a significant distribution system throughout the municipalities. The earlier pipelines installed in the 1980s were plastic pipe and all subsequent extensions and upgrades have been either PVC or HDPE pipe.

At the locations where the Towns and Municipalities connect to the distribution system there are meter chambers or meters that record the volume of water taken by the customers.

After the meter chambers, the distribution networks that bring the water to the end user are not owned or maintained by the PVWC, as these systems are owned and operated by the respective Towns and Municipalities. As communities grow and demand increases, the PVWC expands and upgrades their pipe network to facilitate this growth.

Application

The Pembina Valley Water Cooperative Inc. applied on August 30, 2013 for revised wholesale/bulk water rates for the Utility. The application was accompanied by a rate study prepared by PVWC's consultant.

A Public Notice of Application was issued on September 9, 2013 affording customers the opportunity to comment to both the Board and PVWC with respect to the proposed increases. No responses to the Notice were received.

The application proposed the following increases:

Year	Increase	Rate
2013	2%	\$6.78
2014	10%	\$7.46
2015	3%	\$7.69
2016	0-2%	\$7.69-\$7.84
2017	0-2%	\$7.69-\$8.00
2018	0-2%	\$7.69-\$8.16

The increases shown for 2016-2018 were proposed to be approved on a discretionary basis.

In January of 2014, the Board, which had not yet had the opportunity to review the details in the submission, determined that an interim rate was in order. The Board made this decision at the request of the PVWC, to assist with the budgeting process for 2014 as well as to allow the member communities the opportunity to implement “pass through” rate increases in a timely fashion.

The Board approved the rates on an interim *ex parte* basis on January 14, 2014 by Board Order No. 3/14. This interim approval was subject to variation upon completion of a more detailed review. The process included a requirement that a Notice of the proposed increase be provided to ratepayers by any of the member municipalities implementing “pass through” rate increases.

Board Findings

By this Order, the Board hereby confirms as final wholesale/bulk water rates for the PVWC, previously established on an interim *ex parte* basis on January 14, 2014 by Board Order No. 3/14.

The Board notes that the PVWC has not used the recommended guidelines for determining rates in preparing its rate application. The Board has approved this divergence in rate application in the past and will continue this approval in this Order.

However, to ensure that this variance continues to be relevant and appropriate, the Board will direct that the PVWC prepare the next rate application including use of the Board recommended methodology, if only for comparative purposes. Should the PVWC continue to recommend an alternative methodology, the Board will expect that an appropriate comparative analysis and justification will accompany that submission.

Implications for Member Customers

By this Order, the Board also provides final approval to the listed member municipalities of the “pass through” rates previously approved on an interim *ex parte* basis by Board Order No. 3/14. The Board’s process for “pass through” rates can be found in greater detail in Order 3/14.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board’s Rules of Practice and Procedure (Rules). The Board’s Rules may be viewed on the Board’s website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

1. The water rates for the Pembina Valley Water Cooperative Inc. effective for March 1, 2014 and January 1, 2015 BE AND ARE HEREBY CONFIRMED AS FINAL;
2. Pembina Valley Water Cooperative Inc. may, by a resolution of its Board of Directors, increase the water rate to maximum of 2% per year on January 1, 2016, 2017 and 2018;
3. Pembina Valley Water Cooperative Inc. will provide notice to the Public Utilities Board of any discretionary increases implemented;
4. The process for “pass through” rates by member municipalities will be adhered to as set out in Board Order No. 3/14.
5. Pembina Valley Water Cooperative shall advise its member municipalities that in “passing through” the costs of PVWC water rate increase(s) to their customers/ratepayers, the member municipalities are to advise their customers/ratepayers of the increase(s) and the reason for the increase(s) – i.e. PVWC PUB-approved rate increases.
6. Pembina Valley Water Cooperative Inc. will review its water rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than June 30, 2019.

7. Pembina Valley Water Cooperative shall prepare the next rate application including use of the Board recommended methodology.

Fees payable upon this Order – \$500.00

THE PUBLIC UTILITIES BOARD

“SUSAN PROVEN, P.H.Ec.”

Acting Chair

“JENNIFER DUBOIS, CPA, CMA”

Acting Secretary

Certified a true copy of Order No.
103/15 issued by The Public Utilities
Board

Acting Secretary