

Order No. 19/19

**THE RURAL MUNICIPALITY OF PORTAGE LA PRAIRIE
REGIONAL WATER AND WASTEWATER UTILITY and
OAKVILLE WATER AND WASTEWATER UTILITY
PASS-THROUGH RATES EFFECTIVE April 1, 2019**

February 4, 2019

**BEFORE: Shawn M^cCutcheon, Panel Chair
Irene A. Hamilton, Member**

Table of Contents

1.0	Executive Summary.....	3
2.0	Background	3
3.0	Application.....	3
4.0	Board Findings	4
5.0	IT IS THEREFORE ORDERED THAT:.....	6

1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves pass-through rates for the Rural Municipality of Portage la Prairie (RM) Regional Water and Wastewater Utility (Regional) and Oakville Water and Wastewater Utility (Oakville) of \$0.37 per thousand gallons effective April 1, 2019. This increase is a direct result of an increase in the RM's cost of purchasing water from the Cartier Regional Water Cooperative Inc. (Co-op).

The Board also approves a process whereby the RM may continue to pass through increases from increased wholesale water rates for the Regional and Oakville Utilities, on the basis that such rates are passed through without mark-up. The RM is to provide notice to the Board before such an increase is implemented, to pass by-laws once the increase occurs and file it with the Board, and ensure notice of the increase are provided to customers of the Utility.

2.0 Background

The RM owns and operates both the Regional and Oakville Utilities and water is purchased from the Co-op and the City of Portage la Prairie (City).

The Co-op is owned and operated by the Manitoba Water Services Board (MWSB), and as such is not subject to rate approval by the Public Utilities Board. MWSB bills the RM for water sourced from the Co-op and the City.

The Regional Utility has 1,433 customers and the Oakville Utility has 260 customers. Both utilities bill quarterly.

3.0 Application

On December 12, 2018, the Board received an application from the RM for pass-through rates, as there were increases to the wholesale water rates from the Co-op, where the RM purchases its water.

On January 18, 2018, the RM was advised by the Co-op that the price of the wholesale water sold to the RM would be increasing by 1.4% effective April 1, 2018. The base water rate will increase from \$9.12 to \$9.25, an increase of \$0.13 per thousand gallons.

On October 22, 2018, the RM was advised by the Co-op that the price of the wholesale water sold to the RM would be increasing by 2.6% effective April 1, 2019. The base water rate will increase from \$9.25 to \$9.49, an increase of \$0.24 per thousand gallons.

Oakville Utility rates were last set in 2015 in Board Order No. 118/15 for January 1, 2016.

Regional Utility rates were last set in 2013 in Board Order No. 150/13 for January 1, 2014.

4.0 Board Findings

The Board accepts that a pass-through rate is necessary to preserve the financial health of the Utilities.

The Board approves the pass-through rate to increase the current water rate by \$0.37 per 1,000 gallons, effective April 1, 2019. The RM is required to provide notice to its customers.

The Board notes that the RM allowed a significant amount of time to pass before applying to the Board for pass-through rates. Almost eight months have elapsed from the April 1, 2018 increase being implemented by the Co-op and almost 11 months from the notice of increase.

Given the fact that the Oakville Utility has experienced past deficits the RM should have applied for pass-through rates as soon as the notice from the Co-op was received.

The Board requires the RM to file for approval of any operating deficit for each utility once the 2018 audited financial statements are available, should deficits materialize.

The Board requires the RM to review the water and wastewater rates of both Utilities for adequacy and file a report with the Board, as well as an application for revised rates if required, on or before September 30, 2019.

To mitigate any further operating deficits caused by increasing wholesale water rates, the Board will approve the following process for pass-through rates for the Utility with emphasis that the RM strictly follow the process outlined below.

The pass-through process has been updated below and must be followed by all member municipalities and towns:

Step 1. Each Municipality/Town shall consider the implications of any increase approved by the Board for the Cartier Regional Water Cooperative Inc.

Step 2. If the cost increase is to be reflected in the rates of a municipality/town or cooperative, and with the one exception that changes in the rate of water losses in the system may be included, the municipality/town or cooperative **need only inform the Public Utilities Board (Board) and its rate payers/customers** of the pass-through rate change. **The Board requires written notice prior to implementation of a pass-through rate.**

Step 3. If rates are to change for any other reason, **the municipality/town must make a full rate application to the Board**, which may decide to proceed to hear the application by way of a paper-based process or by way of an oral public hearing.

Step 4. Should the municipality/town decide to implement the pass-through rate changes, the municipality/town may only increase the water rate as a dollar amount, without mark-up, and not as a percentage increase. The municipality/town must file an amended rate by-law with the Board and provide a notice of the change to its customers. The Board requires a copy of the increase notice that is sent by the Co-op to its customers.

5.0 IT IS THEREFORE ORDERED THAT:

- 1) The pass-through rate of \$0.37 per 1,000 gallons to the water rate for the Rural Municipality of Portage la Prairie, Regional Water and Wastewater Utility, is HEREBY APPROVED, effective April 1, 2019.
- 2) The pass-through rate of \$0.37 per 1,000 gallons to the water rate for the Rural Municipality of Portage la Prairie, Oakville Water and Wastewater Utility, is HEREBY APPROVED, effective April 1, 2019.
- 3) The Rural Municipality of Portage la Prairie BE AND IS HEREBY given authority to pass-through water rate increases from the Cartier Regional Water Cooperative, must strictly adhere to the pass through process as outlined in this Board Order, and must apply to the Board for any other increases.
- 4) The Rural Municipality of Portage la Prairie amend its water By-laws to reflect changes in this Board Order and submit copies to the Public Utilities Board.
- 5) The Rural Municipality of Portage la Prairie, Regional Water and Wastewater Utility and Oakville Water and Wastewater Utility, provide notice to its customers of the pass-through rate increase, the reason for the increase (i.e. increases from the Co-op), and provide a copy of the notice to the Public Utilities Board.
- 6) The Rural Municipality of Portage la Prairie review its water and wastewater rates of the Regional Water and Wastewater Utility and the Oakville Water and Wastewater Utility for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before September 30, 2019.

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. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"Shawn M^cCutcheon"
Panel Chair

"Rachel M^cMillin, B.Sc."
Assistant Associate Secretary

Certified a true copy of Order No. 19/19 issued by
The Public Utilities Board


Assistant Associate Secretary