

Order No. 79/23

**ALTONA RURAL WATER SERVICES COOP LTD.
REVISED WATER RATES**

July 7, 2023

**BEFORE: Shawn McCutcheon, Panel Chair
Susan Boulter, Panel Member**

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1.0 Executive Summary

By this Order, the Public Utilities Board grants approval of revised water rates effective October 1, 2023 for the Altona Rural Water Services Coop Ltd (Coop). The approved rates are shown below:

	October 1, 2023
Water rate - per 1,000 gallons	\$ 15.94

The reasons for the Board's decisions are under Board Findings.

2.0 Background

The Altona Rural Water Services Coop Ltd operates a water utility providing potable drinking water to 437 connections, servicing a population of approximately 1,200 residents. All Coop ratepayers are metered.

The Coop purchases its water from the Pembina Valley Water Cooperative (PVWC). The water is treated by PVWC and re-chlorinated upon entering one of the two water storage reservoirs located in Altona and Horndean. The Coop's operators are certified under the Environment Act's Water and Wastewater Facility Operators Regulation and hold the appropriate Class 1 certifications in treatment and distribution.

The Coop bills its ratepayers quarterly. Rates were last increased by the Coop in January 2023, as a result of an increase in water purchase price from the PVWC.

3.0 Board Methodology

In Board Order No. 31/09 the Board first introduced the Complaint Based Regulatory Model for use in regulating private and cooperatively owned utilities in Manitoba. The Board decision stated:

“Concurrently, the Board determined that a different regulatory approach should be used for smaller non-municipally owned utilities, and has adopted a Complaints Based Regulatory Model. This approach involves less cost and only requires owners to report annually their financial results and capital plans, and to provide an annual statement providing assurance regarding water quality.

The new approach also requires owners to provide the Board and ratepayers notice of any proposed rate change, this to provide an opportunity for the consumer to complain to the Board. If no complaint is filed, and unless otherwise advised by the Board, the new rates may take effect as proposed.”

4.0 Application

In March 2023, the Coop contacted the Board to communicate its intention to increase its water rates. The Coop filed a copy of the Notice for ratepayers and a copy of the minutes from a March 13, 2023 Coop board meeting.

The Notice advised the Coop was intending to increase water rates effective July 1, 2023 by \$0.76 per 1,000 gallons, or 5%. The revised rate would be \$15.94 per 1,000 gallons.

A complaint about the Notice was filed anonymously with the PUB. The ratepayer indicated they have not previously spoken to the utility about their concerns.

The Coop’s application advised the rate increase was necessary due to rising costs of operating the utility and the Coop’s plans to purchase land and build a new reservoir.

The Board asked the Coop to provide further explanation of the rationale for the proposed rate increases and additional information about the financial statements provided. The Coop responded to the Board's questions, advising the land purchase costs could be as high as \$125,000 and the reservoir costs up to \$3.5 million. The Coop's 2022 financial statements were prepared on a Compilation Engagement basis. These statements indicated restricted reserves in excess of \$710,000 and unrestricted reserves in excess of \$870,000. The 2021 operating surplus was \$113,537 and the 2022 operating surplus was \$103,915.

Based on the volumes sold in 2022, an increase of \$0.76 per 1,000 gallons would result in increased revenues of approximately \$34,000 per year.

5.0 Board Findings

The Board considered the application, the complaint and the Coop's responses to the Board inquiries. Given the complaint was made anonymously, the Board's ability to verify the issues raised is diminished. The Board finds the complaint did not warrant imposing a full rate application process on the Coop. The Board has reviewed the proposed rates and projections, and given the anticipated future capital expenditures, finds these to be reasonable. The Board grants approval for the revised rates.

Generally, the Board does not approve retroactive rate increases, as it does not allow ratepayers to mitigate the increases by adjusting their consumption. In the case of the Coop, the Board will revise the effective date from July 1, 2023 to October 1, 2023 to allow for Notice of the Board's approval to be provided to ratepayers. The Board will require the Coop to provide Notice, in writing, to its ratepayers with a copy provided to the Board.

6.0 IT IS THEREFORE ORDERED THAT:

1. Revised water rates for the Altona Rural Water Services Coop Ltd BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective October 1, 2023.
2. The Altona Rural Water Services Coop Ltd is to provide a notice to its ratepayers including the decisions found in this Order, on or before July 31, 2023 with a copy to the Public Utilities Board.

Fees payable upon this Order - \$150.00

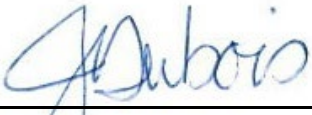
Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Shawn M^cCutcheon"
Panel Chair

"Jennifer Dubois, CPA, CMA"
Assistant Associate Secretary

Certified a true copy of Order No. 79/23
issued by The Public Utilities Board


Assistant Associate Secretary

Schedule A

Altona Rural Water Services Coop Ltd.

	October 1, 2023
Water rate - per 1,000 gallons	\$ 15.94