

**Order No. 100/21**

**THE MUNICIPALITY OF NORTH NORFOLK  
AUSTIN WATER AND WASTEWATER UTILITY  
MACGREGOR WATER AND WASTEWATER UTILITY  
RURAL WATER UTILITY  
PASS THROUGH AUTHORIZATION**

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**September 16, 2021**

**BEFORE: Shawn M<sup>c</sup>Cutcheon, Panel Chair  
Carol Hainsworth C.B.A., Member**

## Table of Contents

1.0	Executive Summary.....	3
2.0	Background .....	3
3.0	Application.....	4
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 a pass through process for the Municipality of North Norfolk (Municipality), Austin Water and Wastewater Utility (Austin), MacGregor Water and Wastewater Utility (MacGregor), and Rural Water Utility (Rural) whereby the Municipality may continue to pass through increases from increased wholesale water rates on the basis that such rates are passed through without mark-up.

The Municipality is to provide notice to the Board before such an increase is implemented, to pass by-laws and file them with the Board once the increase occurs, and to ensure notice of the increase is provided to customers of each Utility.

## 2.0 Background

The Municipality owns and operates three utilities, Austin, MacGregor and Rural Utilities. Water for all three utilities is purchased from the Yellowhead Regional Water Co-op (Co-op). The Co-op is run and operated by the Manitoba Water Services Board (MWSB). The Co-op in return purchases water from the City of Portage la Prairie.

Austin Utility rates for July 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020 were approved in Board Order No. 71/17.

MacGregor Utility rates were last approved in Board Order No. 11/21 for rates effective April 1, 2021.

Rural Utility rate July 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020 were approved in Board Order No. 69/17.

### 3.0 Application

On July 16, 2021, the Board received Council Resolution No. 214/2021 from the Municipality requesting Board authorization to pass through future rate increases from the Yellowhead Regional Water Co-op.

The request is made in anticipation of the rate increases applied for by the City of Portage la Prairie, and reduce administrative processes of applying each time the Co-op increases its rates.

### 4.0 Board Findings

The Board grants approval of the Municipality's request to allow for pass through rate increases resulting from any increases in the wholesale rate set by the MWSB. Pass through rate increases are typically used when a Public Utilities Board regulated utility purchases water from another Board regulated utility.

The Board typically does not allow for pass through rate increases from unregulated utilities because it would not provide ratepayers with the protections afforded by Board oversight and notice requirements. In case of MWSB wholesale rates, under section 8(2) of *The Manitoba Water Services Board Act*, the purchasing utility (in this case Austin, MacGregor and Rural), has the opportunity to appeal to the Board any rate it believes to be excessive and MSWB uses methodology that aligns with the Board's. In addition, the Board will require the Utilities to follow the requirements for pass through rate increases as established in Section 3.10 of Board Order No. 124/09, with the addition of a 90 day notice period for rate payers.

The Board approves the following process for pass through rates for the Utility with emphasis that the Municipality must strictly adhere to the process outline below.

**Step 1.** The Municipality of North Norfolk shall consider the implications of any water rate increase approved by MWSB for Yellowhead Regional Water Co-op, and determine whether or not the increase needs to be passed on to its ratepayers to maintain the adequacy of rates.

**Step 2.** If the cost increase is to be reflected in the rates of the Austin, MacGregor and Rural Utilities, and with the one exception that changes in the rate of water losses in the system may also be included, the Municipality need only inform its ratepayers/customers and the Board of the pass through rate change, with a minimum of 90 days notice. This Notice must include information for ratepayers on their ability to respond to the Board regarding the increase.

**Step 3.** If rates are to change for any other reason other than the exact wholesale increase, the Municipality must make a rate application to the Board. The Board may decide to proceed to hear the application by way of a paper-based process or by way of a public hearing.

**Step 4.** Should the Municipality decide to implement the pass through rate changes, the Municipality may only increase the water rate as a dollar amount, without mark-up, and not as a percentage increase. The Municipality 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 Municipality to its customers prior to implementation of the revised rates.

