

Order No. 137/22

**THE RURAL MUNICIPALITIES OF PORTAGE LA PRAIRIE, CARTIER,
ST. FRANCOIS XAVIER, HEADINGLEY, ROSSER,
ROCKWOOD, GREY AND WEST ST. PAUL
MEMBERS OF CARTIER REGIONAL WATER COOPERATIVE
PASS THROUGH AUTHORIZATION**

December 22, 2022

BEFORE: Shawn M^cCutcheon, Panel Chair
Jack Winram, B.A. (Econ), Panel Member

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves a pass through process for the Municipality Members (Municipalities) of the Cartier Regional Water Cooperative (CRWC), namely the Rural Municipalities of Portage la Prairie, Cartier, St. Francois Xavier, Headingley, Rosser, Rockwood, Greg and West St. Paul. This process allows the named Municipalities to pass through revisions from the Manitoba Water Services Board (MWSB) on wholesale water rates on the basis that such rates are passed through without mark-up.

The Municipalities are to provide notice to the Board before such revisions are implemented, must pass by-laws and file them with the Board once the revision occurs, and to ensure notice of the revision is provided to customers of each municipal Utility.

2.0 Background

There are eight member Municipalities of the CRWC. The individual utilities owned and operated by the Municipalities are under regulation of the Public Utilities Board, and as such require Board approval to revise utility rates. The CRWC is operated by the Manitoba Water Services Board (MWSB), and the MWSB sets the wholesale water rates for CRWC.

3.0 Application

On December 13, 2022, the Board was contacted by a consultant on behalf of the RM of St. Francois Xavier (SFX) asking about the process to receive pass through approval for a CRWC wholesale water rate increase implemented by MWSB. The RM has been notified of a pending rate increase that was to be implemented April 1, 2023. The consultant advised SFX had a current application before the Board, which included Council Resolution No. 2022 074. The resolution included a request for the Board to approve a standing authorization to pass through CRWC wholesale water rate revisions implemented by MWSB.

The request for a standing authorization is made in anticipation of future rate revisions implemented by MWSB for the CRWC, and reduce administrative processes of applying each time the wholesale water rate is revised.

4.0 Board Findings

The Board grants approval of a standing authorization for pass through rate revisions resulting from any changes in the wholesale water rate set by the MWSB. Pass through rate revisions 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 revisions 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 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 revisions 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 Municipalities shall consider the implications of any wholesale water rate revision approved by MWSB for CRWC, and determine whether or not the revision needs to be passed on to its ratepayers to maintain the adequacy of rates.

Step 2. If the rate revision is to be reflected in the rates of the Municipal Utilities, and with the one exception that changes in the rate of water losses in the system may also be included, the Municipalities need only inform 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 rate revision.

Step 3. If rates are to change for any other reason other than the exact wholesale rate revision, 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 revise the water rate as a dollar amount, without mark-up, and not as a percentage. 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 notice that is sent by the Municipality to its customers prior to implementation of the revised rates.

5.0 IT IS THEREFORE ORDERED THAT:

1. The Rural Municipality of Portage la Prairie BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.
2. The Rural Municipality of Cartier BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.
3. The Rural Municipality of St. Francois Xavier BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.
4. The Rural Municipality of Headingley BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.
5. The Rural Municipality of Rosser BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.
6. The Rural Municipality of Rockwood BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through

process as outlined in this Board Order, and must apply to the Board for any other revisions.

7. The Rural Municipality of Grey BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.
8. The Rural Municipality of West St. Paul BE AND IS HEREBY given authority to pass through Cartier Water Regional Cooperative wholesale water rate revisions implemented by Manitoba Water Services Board, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Board for any other revisions.

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 - waived

THE PUBLIC UTILITIES BOARD

"Shawn M^cCutcheon"

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 137/22 issued
by The Public Utilities Board



Assistant Associate Secretary