

Order No. 130/23

**MUNICIPALITY OF LORNE
NOTRE DAME DE LOURDES WATER AND WASTEWATER UTILITY
PASS THROUGH AUTHORIZATION FOR WATER RATES**

November 15, 2023

Revised November 29, 2023

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

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) grants approval of revised water and wastewater rates for the Municipality of Lorne (Municipality), Notre Dame de Lourdes Water and Wastewater Utility (Utility) as shown below.

	Jan 1, 2024
Quarterly service charge	\$ 9.16
Water per 1,000 gallons	\$ 15.25
Wastewater per 1,000 gallons	\$ 1.14
Minimum quarterly charge water and wastewater*	\$ 58.33
Wastewater only customers**	\$ 19.42
Rate Rider (per 1,000 gallons of water)***	\$ 5.05

*Based on 3,000 gallons

**Based on 9,000 gallons

***Effective for 5 years beginning July 1, 2019 or until revenue has reached \$348,895

The Board also grants approval of a process allowing the Utility 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 Utility is to provide notice to the Board before any pass through revisions are implemented, must pass by-laws and file them with the Board once the revision occurs, and is to ensure notice of the revision is provided to customers of the Utility.

The amending by-law can be found in Schedule A.

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

2.0 Background

When the Municipality filed its last rate application in 2018, it reported that it operates a water and wastewater utility consisting of a water treatment plant operated by the Manitoba Water Services Board (MWSB), water distribution system, a two-cell lagoon, and a wastewater collection system. The Utility serves 293 customers (October 2018) consisting of 273 metered water and wastewater customers, 18 metered water only customers, and 2 wastewater only customers. The Utility does not service any customers outside the Notre Dame de Lourdes area.

Rates were set on an interim *ex parte* basis May 2019 in Board Order No. 63/19. Board Order No. 63/19 also approved an eleven-year actual and budgeted operating deficit of \$458,817 to be recovered through a combination of existing surplus account funding of \$109,922 and a rate rider of \$5.05 per 1,000 gallons beginning July 1, 2019 for a period for five years or until revenue from the rate rider has reached \$348,895. The Board confirmed the interim rates as final in Board Order No. 94/19, and the current rates came into effect January 1, 2022.

3.0 Application

The Board received an application from the Municipality in July 2023 requesting approval to implement a pass through rate increase from the MWSB effective April 1, 2023. This application was accompanied by Council Resolution No. 2023 094. The application included a request for the Board to approve a standing authorization to pass through future 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 Utility, and reduce administrative processes of applying each time the wholesale water rate is revised.

4.0 Board Findings

The Board grants approval of the requested pass through rate increase of \$.27 per 1,000 gallons of water, effective January 1, 2024. The Board does not find a retroactive rate increase would be appropriate, as it does not give users the opportunity to adjust their consumption.

The Board directs the Municipality of Lorne to provide an accounting of the total collected by way of the deficit rate rider approved in Board Order No. 63/19 as of December 31, 2023, on or before January 31, 2024.

The Board requires the Municipality to review its water and wastewater rates for adequacy and file a report with the Public Utilities Board, as well as a rate application for revised rates if required, by no later than June 30, 2025.

The Board directs the Municipality to prepare a Notice for its ratepayers, informing them of the decisions in this Order. The Municipality is directed to provide the Board a copy of this Notice and an amended rate By-law, having had third reading.

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 Municipality shall consider the implications of any wholesale water rate revision approved by MWSB, 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 Utility, 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 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.

The Board reminds the Municipality regular reviews are important for a financially sound utility and encourages the Municipality to review Board Order Nos. 27/23 and 86/17 for future rate applications. The Orders outline the Simplified Rate Application Process for municipally owned public utilities. If, after its rate review, the Municipality finds it meets the designated criteria for a simplified rate application, it should apply for future rates using the Simplified Rate Application Process.

5.0 IT IS THEREFORE ORDERED THAT:

- 1) The Municipality of Lorne BE AND IS HEREBY given authority to pass through wholesale water rate revisions implemented by Manitoba Water Services Board for the Notre Dame de Lourdes Water and Wastewater Utility, strictly adhering to the pass through process as outlined in this Board Order, and must apply to the Public Utilities Board for any other revisions.
- 2) The water and wastewater rates for the Municipality of Lorne – Notre Dame de Lourdes Water and Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective January 1, 2024.
- 3) The Municipality of Lorne provide the Public Utilities Board an accounting of the total collected by way of the deficit rate rider approved in Board Order No. 63/19 as of December 31, 2023, on or before January 31, 2024.

- 4) The Municipality of Lorne amend its Notre Dame de Lourdes Water and Wastewater Utility rate By-law to reflect the decisions in this Order, and submit a copy to the Public Utilities Board once it has received third and final reading.
- 5) The Municipality of Lorne review the Notre Dame de Lourdes Water and Wastewater Utility rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before June 30, 2025.

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

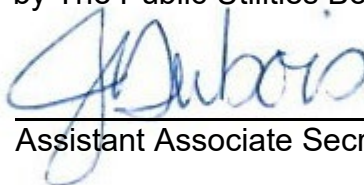
"Shawn M^cCutcheon"

Panel Chair

"Jennifer Dubois, CPA, CMA"

Assistant Associate Secretary

Certified a true copy of Order No. 130/23 issued
by The Public Utilities Board



Assistant Associate Secretary

SCHEDULE A

MUNICIPALITY OF LORNE NOTRE DAME DE LOURDES UTILITY BY-LAW #0080-23 AMENDING BY-LAW #0032/18 SCHEDULE OF QUARTERLY RATES

1. Schedule of Commodity Rates & Quarterly Service Charge

January 1, 2024

Rates per 1,000 Gallons

1,000 Gallons per quarter

	Water	Wastewater	Water & Wastewater
	\$15.25	\$1.14	\$16.39

Quarterly Service Charge \$9.16

2. Minimum Charges per Quarter

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the water allowance as listed.

a) Water & Wastewater Customers

	Water Included Meter Size (Gallons)	Customer Service Charge	Water Commodity Charge	Wastewater Commodity Charge	Deficit Rate Rider \$5.05/1,000	Water & Wastewater Total Quarterly Minimum
5/8 inch	3,000	\$9.16	\$45.75	\$3.42	\$15.15	\$73.48
¾ inch	6,000	\$9.16	\$91.50	\$6.84	\$30.30	\$137.80
1 inch	12,000	\$9.16	\$183.00	\$13.68	\$60.60	\$266.44
1 ½ inch	30,000	\$9.16	\$457.50	\$34.20	\$151.50	\$652.36
2 inch	75,000	\$9.16	\$1,143.75	\$85.50	\$378.75	\$1,617.16