

**Order No. 10/25**

**LOCAL GOVERNMENT DISTRICT OF PINAWA  
PINAWA WATER AND WASTEWATER UTILITY  
REVISED WATER AND WASTEWATER RATES  
EFFECTIVE APRIL 1, 2025, 2026 AND 2027**

---

**January 22, 2025**

**BEFORE: Marilyn Kapitany, B.Sc. (Hon), M. Sc., Panel Chair  
Shawn McCutcheon, Panel Member  
Kim Sharman, Panel Member**

## Table of Contents

|            |   |           |
|------------|---|-----------|
| <b>1.0</b> | <b>Executive Summary .....</b>                  | <b>4</b>  |
| <b>2.0</b> | <b>Background .....</b>                         | <b>5</b>  |
|            | Water Supply/Distribution .....                 | 5         |
|            | Wastewater Collection and Treatment.....        | 5         |
| <b>3.0</b> | <b>Board Methodology.....</b>                   | <b>6</b>  |
|            | Review Process .....                            | 6         |
|            | Contingency Allowance and Utility Reserves..... | 6         |
|            | Working Capital .....                           | 6         |
|            | Operating Deficits .....                        | 6         |
|            | Cost Allocation Methodology .....               | 7         |
|            | Unaccounted for Water.....                      | 7         |
| <b>4.0</b> | <b>Application.....</b>                         | <b>8</b>  |
|            | Contingency Allowance and Utility Reserves..... | 9         |
|            | Working Capital .....                           | 10        |
|            | Operating Deficits .....                        | 10        |
|            | Cost Allocation Methodology .....               | 11        |
|            | Unaccounted for Water.....                      | 11        |
| <b>5.0</b> | <b>Board Findings .....</b>                     | <b>11</b> |

**6.0 IT IS THEREFORE ORDERED THAT: ..... 13**

**SCHEDULE "A" ..... 15**

## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) grants approval of the Local Government District of Pinawa (LGD), Pinawa Utility’s (Utility) application for revised water and wastewater rates.

The revised rates are below:

|  | <b>Apr 1, 2025</b> | <b>Apr 1, 2026</b> | <b>Apr 1, 2027</b> |
|--|--------------------|--------------------|--------------------|
| Quarterly Service Charge                 | \$ 23.35           | \$ 24.55           | \$ 25.85           |
| Water (per cubic meter)                  | \$ 5.40            | \$ 5.60            | \$ 5.80            |
| Wastewater (per cubic meter)             | \$ 0.70            | \$ 0.70            | \$ 0.70            |
| Minimum Quarterly Charge*                | \$ 108.75          | \$ 112.75          | \$ 116.85          |
| Lagoon Tipping Fees (per load)           | \$ 25.00           | \$ 25.00           | \$ 25.00           |
| Bulk Water Sales (per cubic meter)       | \$ 5.40            | \$ 5.60            | \$ 5.80            |
| Reconnection Fee                         | \$ 75.00           | \$ 75.00           | \$ 75.00           |
| Curb Stop Turn On/Off Charge (per event) | \$ 75.00           | \$ 75.00           | \$ 75.00           |
| <b>Deficit Recovery</b>                  |                    |                    |                    |
| Rate Rider (per cubic meter)             | \$ 1.13            | \$ 1.13            | \$ 1.13            |

\*based on 14m<sup>3</sup>

Details of other rates can be found in Schedule A.

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

## 2.0 Background

Rates were last set in Board Order No. 142/19, with current rates coming into effect January 1, 2021.

The Utility provides water and wastewater service to approximately 727 customers. The LGD advises 688 of its customers are residential and 39 are commercial.

### Water Supply/Distribution

The water treatment plant was constructed in 1963 and upgraded in 1988 and 2005. The Utility draws raw water from the Winnipeg River. Water treatment includes filtration and chlorination.

The water distribution system consists of a combination of asbestos cement pipe; plastic pipe and ductile iron pipe. Parts of the distribution system are approximately 50 years old and have been and are being replaced as the need arises.

The LGD has installed a bulk water station partially paid for by the Utility. The new bulk water customers are seasonal residents of a local trailer park and the owner of the park advised residents a piped water distribution system would no longer be provided. The LGD installed the bulk water station to serve these customers.

### Wastewater Collection and Treatment

Wastewater treatment is handled by a five cell lagoon, which was completed in 2016. The lagoon discharges into the Winnipeg River by a drainage ditch. The lagoon is expected to meet the future needs of the Utility for the next 20 or so years.

The wastewater collection system consists of plastic, polyvinyl chloride and clay pipe.

## 3.0 Board Methodology

### Review Process

When reviewing an application, the Board has at its disposal two approaches, a paper review process or a public hearing. After the publication of the Notice of Application, the Board considers the application and responses, if any, and determines which method of review is most appropriate. Whenever reasonable, the Board can review the application using a paper review process, which saves the cost of a public hearing.

Where there is an urgent need for initial or revised rates and the Board determines it to be in the best interest of all parties, the Board may establish interim *ex parte* rates.

### Contingency Allowance and Utility Reserves

The Board's Water and Wastewater Rate Application Guidelines recommend an annual contingency allowance equal to 10% of the variable operating costs.

### Working Capital

Board Order No. 93/09 established utilities should maintain a minimum working capital surplus, in an amount equal to 20% of annual expenses. The working capital surplus is the Utility fund balance, excluding any capital-related items plus Utility reserves.

The working capital calculation was revised in Board Order No. 5/25 to reflect the changes to Public Sector Accounting Board Standards in the treatment of asset retirement obligations (AROs).

### Operating Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology. The Board is therefore bound to approve reasonable rates based on reasonable expense projections.

## **Cost Allocation Methodology**

The Board requires all municipalities to review the costs shared between the general operations of the LGD and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without approval by the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

## **Unaccounted for Water**

Water losses may be caused by such events as distribution line losses, service leaks, water used for fire fighting or line flushing, and under-registration of water meters. The Board Guidelines require utilities to compare the volume of water produced or purchased against the volume of water sold, to determine the percentage of unaccounted for water. Unaccounted for water volumes of approximately 10% are considered industry standard.

The Board expects any utility experiencing a greater volume of unaccounted for water to provide an explanation and plan to address the water losses.

## 4.0 Application

On November 23, 2023, the Board received the LGD's application to revise water and wastewater rates as set out in By-Law No. 918-2023, having had first reading September 12, 2023. The application was accompanied by a rate study completed by the LGD's consultant.

The Board issued a Public Notice of Application on November 28, 2023 affording customers the opportunity to comment to both the Board and the LGD with respect to the proposed rate changes. The Board received one response to the Notice.

The rates were calculated using the following revenue requirement projections:

| <b>General</b>                                | <b>Year 1</b>  | <b>Year 2</b>  | <b>Year 3</b>  |
|---|----------------|----------------|----------------|
| Administration (building, office, staff, etc) | 18,375         | 19,294         | 20,258         |
| <b>Total general expenses</b>                 | <b>18,375</b>  | <b>19,294</b>  | <b>20,258</b>  |
| Penalties                                     | 3,000          | 3,000          | 3,000          |
| <b>Total general revenue</b>                  | <b>3,000</b>   | <b>3,000</b>   | <b>3,000</b>   |
| <b>Net revenue requirement - general</b>      | <b>15,375</b>  | <b>16,294</b>  | <b>17,258</b>  |
|   |                |                |                |
| <b>Water</b>                                  |                |                |                |
| Purification and treatment                    | 251,772        | 264,361        | 277,579        |
| Debenture surcharge                           | 75,044         | 75,044         | 75,044         |
| Service of supply                             | 64,885         | 68,129         | 71,536         |
| Transmission and distribution                 | 72,975         | 76,624         | 80,455         |
| Other water supply costs                      | 52,500         | 55,125         | 57,881         |
| Equity surcharge                              | 6,400          | 6,720          | 7,056          |
| Amortization                                  | 166,612        | 166,612        | 166,612        |
| Interest on long term debt                    | 0              | 0              | 0              |
| Reserves                                      | 50,000         | 50,000         | 50,000         |
| Minor capital upgrades                        | 40,000         | 42,000         | 44,100         |
| Contingency                                   | 22,660         | 23,730         | 24,917         |
| <b>Total water expenses</b>                   | <b>802,848</b> | <b>828,345</b> | <b>855,180</b> |



|   |                |                |                |
|---|----------------|----------------|----------------|
| Hydrant rentals                             | 15,000         | 15,000         | 15,000         |
| Amortization of capital grants              | 96,626         | 96,626         | 96,626         |
| Principle of debenture                      | 59,663         | 61,448         | 63,388         |
| Bulk water revenue                          | 8,000          | 8,000          | 8,000          |
| Other revenue                               | 1,500          | 1,500          | 1,500          |
| <b>Total water revenue</b>                  | <b>180,789</b> | <b>182,574</b> | <b>184,514</b> |
| <b>Net revenue requirement - water</b>      | <b>622,059</b> | <b>645,771</b> | <b>670,665</b> |
|   |                |                |                |
| <b>Wastewater</b>                           |                |                |                |
| Wastewater collection system                | 25,305         | 26,570         | 27,899         |
| Wastewater treatment and disposal           | 6,195          | 6,505          | 6,830          |
| Lift station costs                          | 19,005         | 19,955         | 20,953         |
| Equity surcharge                            | 1,600          | 1,680          | 1,764          |
| Amortization                                | 42,416         | 42,416         | 42,416         |
| Interest on long term debt                  | 27,103         | 25,352         | 23,530         |
| Reserves                                    | 2,000          | 2,000          | 2,000          |
| Minor capital upgrades                      | 20,000         | 21,000         | 22,050         |
| Contingency                                 | 5,665          | 5,665          | 5,665          |
| <b>Total wastewater expenses</b>            | <b>149,289</b> | <b>151,143</b> | <b>153,106</b> |
| Lagoon tipping fees                         | 6,031          | 6,031          | 6,031          |
| Amortization of capital grants              | 671            | 671            | 671            |
| Taxation revenues                           | 70,259         | 70,259         | 70,259         |
| <b>Total wastewater revenue</b>             | <b>76,961</b>  | <b>76,961</b>  | <b>76,961</b>  |
| <b>Net revenue requirement - wastewater</b> | <b>72,328</b>  | <b>74,182</b>  | <b>76,145</b>  |

The LGD submitted that in its July 2018 rate review, it reported that other administration costs flowing from its shared cost allocation study were reflected as “Other Water Supply Costs” on the audited financial statements. The LGD submitted then, and now, these expenses are more appropriately recovered in the quarterly service charge. In the 2018 review, the Board approved this and the LGD has handled this allocation in the same manner, by deducting these costs from the revenue requirement for water and adding them to the revenue requirement for general.

### Contingency Allowance and Utility Reserves

The LGD has included in its projections a contingency allowance of 10% of variable operating costs, as shown in the table above. There is also a provision for transfer to Utility Reserve in the amount of \$50,000 per year for water and \$2,000 per year for wastewater.

## Working Capital

As per the 2023 audited financial statements, the working capital surplus at December 31, 2023 was:

|   | 2023             |
|---|------------------|
| Accumulated Fund Surplus/Deficit              | \$3,630,835      |
| Deduct tangible capital assets                | \$4,724,106      |
| Add utility asset retirement obligation       | \$0              |
| Add utility long term debt                    | \$1,083,389      |
| Add utility reserves                          | \$84,318         |
| <b>Equals Working Capital Surplus/Deficit</b> | <b>\$74,436</b>  |
|   |                  |
| Utility expenses                              | \$721,283        |
| <b>20% of utility expenses (target)</b>       | <b>\$144,257</b> |

The LGD has included in its revenue requirements an equity surcharge to assist in rebuilding the Working Capital to meet the Board's target. This surcharge is \$7,056 for water and \$1,764 for wastewater (Year 3).

## Operating Deficits

The LGD experienced operating deficits in all years from 2013 to 2018, totalling \$746,494. These deficits have been approved by the Board in multiple Board Orders. Deficits from 2013 to 2015 were originally approved in Board Order No. 160/18, and the 2016 and 2017 deficits were approved in Board Order No. 142/19.

In November 2019 the LGD applied to the Board for approval of the 2018 deficit and included a request to extend the existing rate rider of \$0.83 per cubic meter for a period of six months. In Board Order No. 23/20, the Board found the LGD's proposed recovery was inadequate and denied it, approving a deficit rate rider of \$1.13 per cubic meter instead.

As of December 31, 2023 the LGD has recovered \$561,021 of the \$746,494 in deficits. The LGD states its annual consumption has continued to decline and in 2022 the total sales volume was approximately 106,000 cubic meters.

The LGD's application projected the time needed to complete the recovery of the deficits and requested the Board approve an extension from March 31, 2025 to June 30, 2025.

### **Cost Allocation Methodology**

The Board granted approval of the Utility's current Cost Allocation Methodology (CAM) in Board Order No. 142/19. The LGD did not propose any changes to the existing CAM.

### **Unaccounted for Water**

The Utility indicated the 2022 unaccounted for water was 3.2% of water produced, well within Board guidelines. The LGD's application noted the previous rate review included a three year average level of unaccounted for water at 34%; the Board commends the LGD for its diligence in investigating and making necessary water main renewals to achieve these improvements.

## **5.0 Board Findings**

Considering the LGD's filing and noting there was one public response to the Notice of Application, the Board has chosen a paper review process. The Board notes the LGD did not respond to the ratepayer, and recommends the Utility contact the ratepayer directly to address the concerns shared.

The Board has reviewed the application and revenue projections presented by the LGD and finds the projections to be reasonable. The Board grants approval of the revised rates for the LGD, effective April 1, 2025, 2026 and 2027.

The Board grants approval of the LGD's request to extend the deficit rate rider to June 30, 2025. The Board directs the LGD to provide a report with the final accounting of the rate rider and confirm its conclusion June 30, 2025. This report is due on or before July 31, 2025.

The Board requires the LGD to review its water and wastewater rates for adequacy and file a report with the Public Utilities Board, as well as a full rate application for revised rates if required, by no later than March 31, 2028.

The Board directs the LGD to prepare a Notice for its ratepayers, informing them of the decisions in this Order. The LGD 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 the LGD's reallocation of expenses labelled "Other Water Supply Costs" on the audited financial statements from water to general revenue requirements. The Board expects the LGD to work with its auditors to ensure the audited financial statements are prepared in a way that aligns with the rate setting methodology.

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

## 6.0 IT IS THEREFORE ORDERED THAT:

1. The water and wastewater rates for the Local Government District of Pinawa – Pinawa Water and Wastewater Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective April 1, 2025, 2026 and 2027.
2. The requested extension to June 30, 2025 of the deficit rate rider in the amount of \$1.13 per m<sup>3</sup> for the Local Government District of Pinawa – Pinawa Water and Wastewater Utility, BE AND IS HEREBY APPROVED.
3. The Local Government District of Pinawa – Pinawa Water and Wastewater Utility will provide a final accounting of the rate rider collection, as well as confirmation of its conclusion June 30, 2025, on or before July 31, 2025.
4. The Local Government District of Pinawa amend its Pinawa Utility 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 Local Government District of Pinawa is to provide a notice of the decisions found in this Order to its Pinawa Water and Wastewater Utility customers as soon as possible, with a copy provided to the Public Utilities Board.
6. The Local Government District of Pinawa review the Pinawa 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 March 31, 2028.

Fees payable upon this Order - \$500.00

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](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, B.Sc. (Hon), M. Sc."  
Panel Chair

"Jennifer Dubois, CPA, CMA, CTAJ"  
Assistant Associate Secretary

Certified a true copy of Order No. 10/25  
issued by The Public Utilities Board

  
Assistant Associate Secretary

## SCHEDULE "A"

THE LOCAL GOVERNMENT DISTRICT OF PINAWA  
WATER AND SEWER RATES  
BY-LAW NO. 918-2023

### SCHEDULE OF QUARTERLY RATES:

|    |  |              |              |                          |
|----|--|--------------|--------------|--------------------------|
| 1. | <u>Commodity rates per m<sup>3</sup></u> | <u>Water</u> | <u>Sewer</u> | <u>Water &amp; Sewer</u> |
|    | All water consumption                    |              |              |                          |
|    | April 1, 2025                            | \$5.40       | \$0.70       | \$6.10                   |
|    | April 1, 2026                            | \$5.60       | \$0.70       | \$6.30                   |
|    | April 1, 2027                            | \$5.80       | \$0.70       | \$6.50                   |

2. Minimum Charges, Quarterly

Notwithstanding the Commodity rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances as well as the customer service charge indicated:

(a) Water and Sewer Customers

|               | <u>Water<br/>Included<br/>m<sup>3</sup></u> | <u>Customer<br/>Service<br/>Charge</u> | <u>Commodity Charges</u> |              | <u>Total<br/>Quarterly<br/>Minimum</u> |
|---------------|---|--|--------------------------|--------------|--|
|               |   |  | <u>Water</u>             | <u>Sewer</u> |  |
| April 1, 2025 | 14.00                                       | \$23.35                                | \$5.40                   | \$0.70       | \$108.75                               |
| April 1, 2026 | 14.00                                       | \$24.55                                | \$5.60                   | \$0.70       | \$112.75                               |
| April 1, 2027 | 14.00                                       | \$25.85                                | \$5.80                   | \$0.70       | \$116.85                               |

3. Billings and Penalties

Accounts shall be billed quarterly and shall be due and payable 30 days after date of billing. A late payment charge of 1 ¼% per month shall be charged on the dollar amount owing after the billing due date.

4. Disconnection

The Public Utilities Board has approved the Conditions Precedent to be followed by the municipality with respect to the disconnection of service for non-payment including such matters as notice and the right to appeal such action to the Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the Municipal Office.

Service may be disconnected and discontinued immediately and without further notice in the event of non-payment of the account within 30 days after due date.

5. Reconnection

Any service disconnected due to non-payment of account shall not be reconnected until all arrears, penalties and a reconnection fee of \$75 have been paid.

6. Outstanding Bills

Pursuant to Section 252(2) of The Municipal Act, the amount of all outstanding charges for water and sewer service are a lien and charge upon the land serviced and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies.

7. Bulk Water Sales Rate

All water sold in bulk by the Local Government District of Pinawa shall be charged for as follows:

|               |                       |
|---------------|-----------------------|
| April 1, 2025 | \$5.40/m <sup>3</sup> |
| April 1, 2026 | \$5.60/m <sup>3</sup> |
| April 1, 2027 | \$5.80/m <sup>3</sup> |

8. Hydrant Rentals

The Local Government District of Pinawa will pay to the utility an annual rental of \$100 for each hydrant connected to the system. In addition, the Local Government District of Pinawa will pay for water used for fire-fighting.

9. Curb Stop Turn On/Turn Off

The fee to turn on or turn off the water service at the curb stop shall be \$75 for each event.

10. Lagoon Tipping Fees

Lagoon Tipping Fees shall be \$25/per load.

11. Water Allowance Due to Line Freezing

That in any case where, at the request of Council, a customer allows water to run continuously for any period of time to prevent the water lines in the water system from freezing, the charge to that customer for the current quarter shall be the average of the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed. In all other instances, the Frozen Water Line Policy will be followed.

12. Sewage Surcharges

(a) There may be levied annually, in addition to rates set forth above, a special surcharge on sewage having a Biochemical Oxygen Demand in excess of 300 parts per million, to be set by resolution of Council.

(b) A special surcharge for substances requiring special treatment shall be charged based on the actual costs of treatment required for the particular sewage or industrial wastes.