

Order No. 117/19

**THE RURAL MUNICIPALITY OF MINTO-ODANAH
MINTO-ODANAH WATER DISTRIBUTION UTILITY
PASS-THROUGH RATES EFFECTIVE October 1, 2019**

August 19, 2019

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

Table of Contents

1.0	Executive Summary.....	3
2.0	Background	3
3.0	Application.....	3
4.0	Board Findings	4
5.0	IT IS THEREFORE ORDERED THAT:.....	5

1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves a pass-through rate increase for the Rural Municipality of Minto-Odanah (RM), Minto-Odanah Water Utility (Utility) of \$0.91 per 1,000 gallons (\$0.20 per cubic meter) effective October 1, 2019. This increase is a direct result of an increase in the RM's cost of purchasing water from the Town of Minnedosa (Town).

The Board also approves a process whereby the RM may continue to pass through increases from increased wholesale water rates for the Utility, on the basis that such rates are passed-through without mark-up. The RM 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 the Utility.

2.0 Background

The RM owns and operates a water treatment and distribution system. The Utility purchases all its water from the Town of Minnedosa using a two-step water rate. Water is then treated and distributed to its customers.

Utility rates for the RM's Utility were established in Board Order No. 112/13 for January 1, 2013 and 2014.

3.0 Application

On June 25, 2018, the Board received Council Resolution No. 3/06/18 from the RM requesting Board approval to implement pass-through rates, as the Town submitted an application to the Board to increase wholesale and domestic water rates.

On August 16, 2019 the Board granted revised water rates to the Town's Utility in Board Order No. 116/19. The revised water rates are increasing by \$1.71 for the first 500 cubic meters purchased (domestic water rate going from \$2.06 to \$3.77 per m³) and by \$0.17

for volumes over 500 cubic meters (wholesale water rate going from \$0.47 to \$0.64 per m³) effective October 1, 2019.

4.0 Board Findings

The Board finds revised water rates are necessary to preserve the financial health of the Utility and approves the pass-through rate to increase the current water rate, based on the purchasing history of the Utility:

Total water purchased annually in cubic meters*			
Domestic rate	2,000	1.9%	
Wholesale rate	103,000	98.1%	
	<u>105,000</u>		
Change in Minnedosa water rate			
Domestic rate	\$ 1.71	1.9%	\$ 0.03
Wholesale rate	\$ 0.17	98.1%	\$ 0.17
Weighted increase in water rate, per cubic meter:			<u>\$ 0.20</u>
Weighted increase in water rate, per 1,000 gallons:			<u>\$ 0.91</u>
*approximate volume per Town of Minnedosa rate study, verified 2017 audited financial statement water purchase costs			

The RM is required to provide notice of this increase to its customers on or before September 15, 2019.

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

Step 1. The RM shall consider the implications of any water rate increase approved by the Board for the Town of Minnedosa Utility.

Step 2. If the cost increase is to be reflected in the water rates, the RM need only **inform the Board and its customers** of the “pass through” rate change. The Board requires written notice prior to implementation and a copy of the increase notice from the RM.

Step 3. If rates are to change for any other reason, the RM 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 RM decide to implement the pass-through rate changes, the RM may only increase the water rate as a dollar amount, without mark-up, and not as a percentage increase. As long as the Town continues to charge a two-step rate, the RM must calculate the weighted change in its water rate, as shown above. The RM 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 RM to its customers prior to implementation of the revised rates.

5.0 IT IS THEREFORE ORDERED THAT:

- 1) The pass-through rate of \$0.91 per 1,000 gallons to the water rate for the Rural Municipality of Minto-Odanah, Minto-Odanah Water Utility, is HEREBY APPROVED, effective October 1, 2019.
- 2) The Rural Municipality of Minto-Odanah, BE AND IS HEREBY given authority to pass-through water rate increases from the Town of Minnedosa, must strictly adhere to the pass-through process as outlined in this Board Order, and must apply to the Board for any other increases.
- 3) The Rural Municipality of Minto-Odanah, amend its water By-law to reflect changes in this Board Order and submit a copy to the Public Utilities Board.
- 4) The Rural Municipality of Minto-Odanah, Minto-Odanah Water Utility, provide notice to its customers of the pass-through rate increase on or before September 15, 2019, the reason for the increase (i.e. increases from the Town), and provide a copy of the notice to the Public Utilities Board.

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

"Rachel M^cMillin, B.Sc."

Assistant Associate Secretary

Certified a true copy of Order No. 117/19 issued
by The Public Utilities Board



Assistant Associate Secretary