

Order No. 28/19

**THE MUNICIPALITY OF LOUISE
PILOT MOUND WATER AND WASTEWATER UTILITY
PASS-THROUGH RATES EFFECTIVE April 1, 2019**

February 27, 2019

BEFORE: Shawn M^cCutcheon, Panel Chair
Carol Hainsworth, Member

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1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves pass-through rates for the Municipality of Louise (Municipality), Pilot Mound Water and Wastewater Utility (Utility), of \$1.08 per thousand gallons effective April 1, 2019. This increase is a direct result of an increase in the Municipality's cost of purchasing water from the South Central District Water Cooperative (SCDWC).

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

2.0 Background

The Municipality owns and operates the Utility and water is purchased from SCDWC.

SCDWC is owned and operated by the Manitoba Water Services Board (MWSB), and as such is not subject to rate approval by the Board. MWSB bills the Municipality for water sourced from SCDWC.

The Utility has 330 customers, 328 are water and wastewater customers and two (2) are wastewater customers only.

3.0 Application

On January 15, 2019, the Board received an application from the Municipality for pass-through rates, as there were increases to the wholesale water rates from the SCDWC, where the Municipality purchases its water.

On October 22, 2018, the Municipality was advised by the MWSB that the price of the wholesale water sold to the Utility would be increasing by \$1.08 per 1,000 gallons effective

April 1, 2019. The wholesale water rate will increase from \$15.11 to \$16.19 per 1,000 gallons.

Pilot Mound Utility rates were established in Board Order No. 46/12 for January 1, 2012. The Municipality currently has an application before the Board for revised rates.

4.0 Board Findings

The Board accepts that a pass-through rate is necessary to preserve the financial health of the Utilities.

The Board approves the pass-through rate to increase the current water rate by \$1.08 per 1,000 gallons, effective April 1, 2019. The Municipality is required to provide notice of this increase to its customers.

To mitigate any further operating deficits caused by increasing wholesale water rates, the Board will approve the following process for pass-through rates for the Utility with emphasis that the Municipality strictly follow the process outlined below.

The pass-through process has been updated below and must be followed by all member municipalities and towns:

Step 1. The Municipality shall consider the implications of any increase approved by the Board for the South Central District Water Cooperative.

Step 2. If the cost increase is to be reflected in the water rates, the Municipality 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 Co-op.

Step 3. If rates are to change for any other reason, the Municipality must make a full 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 an oral public hearing.

Step 4. Should the Municipality decide to implement the pass-through rate changes, the municipality/town 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 Co-op to its customers.

5.0 IT IS THEREFORE ORDERED THAT:

- 1) The pass-through rate of \$1.08 per 1,000 gallons to the water rate for the Municipality of Louise, Pilot Mound Water and Wastewater Utility, is HEREBY APPROVED, effective April 1, 2019.
- 2) The Municipality of Louise BE AND IS HEREBY given authority to pass-through water rate increases from the South Central District Water Cooperative, 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 Municipality of Louise amend its water By-law to reflect changes in this Board Order and submit copies to the Public Utilities Board.
- 4) The Municipality of Louise, Pilot Mound Water and Wastewater Utility, provide notice to its customers of the pass-through rate increase, the reason for the increase (i.e. increases from the Co-op), 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. 28/19 issued by
The Public Utilities Board


Assistant Associate Secretary