

**Order No. 32/19**

**THE RURAL MUNICIPALITY OF PORTAGE LA PRAIRIE  
PROPERTIES ON PINE CRESCENT and PEONY FARM  
PASS-THROUGH RATES EFFECTIVE April 1, 2019**

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**March 14, 2019**

**BEFORE:** Shawn M<sup>c</sup>Cutcheon, Panel Chair  
Irene A. Hamilton, Member

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## 1.0 Executive Summary

By this Order, the Public Utilities Board (Board) approves pass-through rates for the Rural Municipality of Portage la Prairie (RM) for the Pine Crescent water customers in the amount of \$0.31 per thousand gallons and Peony Farm wastewater customers in the amount of \$0.58 per thousand gallons effective April 1, 2019. These increases are direct results of the increased water and wastewater rates in the City of Portage la Prairie (City).

The Board also approves a process for the RM to pass through water and wastewater increases from the City to the Pine Crescent customers and Peony Farm customers. The RM 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 RM operates a Regional Water and Wastewater Utility (Utility), which includes water distribution to all residents of the RM, except the LUD of Oakville, which operates a separate utility. The RM purchases its water from the City and Cartier Regional Water Cooperative (Co-op).

The RM provides water services to 18 customers located on Pine Crescent. The RM is billed at the Step 3 – Domestic rates from the City for these customers.

There are 105 customers located in Peony Farm that receives services from the Utility, 94 residents are water and wastewater customers while the remaining 11 are wastewater only customers. Water is provided by the Utility and wastewater services are provided by the Utility via pass-through from the City. The City bills the RM the wastewater service based on quarterly meter readings, and combines the rate along with the water billing for a total utility bill for Peony Farm.

The Regional Water and Wastewater Utility was granted a pass-through rate increase in Board Order No. 19/19, this was only for water rates not wastewater or wholesale rates that pertains to Pine Crescent and Peony Farm residents.

### 3.0 Application

On February 13, 2019, the Board received an application from the RM for pass-through rates, as there were two increases to the water and wastewater rates for the City, where the RM purchases water for Pine Crescent customers and receives wastewater services for Peony Farm residents.

The current rates that the RM is “passing through” to its customers are based on 2017 City rates. The Board has since approved two years of rates for the City. Board Order No. 14/18, approved as final rates for January 1, 2018 and Board Order No. 151/18 approved revised rates for the City effective January 1, 2019. See table below.

	January 1, 2017 Rates* (Order 14/18)	January 1, 2018 Rates* (Order 14/18)	January 1, 2019 Rates* (Order 151/18)	Total Increase*
Water – Step 3	\$4.47	\$4.63	\$4.78	\$0.31
Wastewater – Step 3	\$6.25	\$6.63	\$6.83	\$0.58

\*\$ per 1,000 gallons (converted from cubic meters to gallons)

Step 3 Domestic rate for water has increased by \$0.31 per 1,000 gallons and the wastewater rate has increased by \$0.58 per 1,000 gallons since 2017. The City has been increasing its rates yearly and the RM did not apply for the increase in January 2018 and is now seeking approval to pass through both increases to its Peony Farm and Pine Crescent customers, to ensure financial recovery for the Utility.

## 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 \$0.31 per 1,000 gallons, effective April 1, 2019 to Pine Crescent customers. The current rate the Utility is charging is \$12.59. With the pass-through rate increase the new rate is \$12.90. Effective April 1, 2019.

The Board also approves the pass-through rate to increase the wastewater rate by \$0.58 per 1,000 gallons, effective April 1, 2019 to Peony Farm customers. The current rate the Utility is charging is \$7.07. With the pass-through rate increase the new rate is \$7.65. Effective April 1, 2019.

The RM is required to provide notice of the increases to its customers.

The Board would also like to note that the City has converted to metric system for billing (cubic meters), while the RM remains on the imperial system (gallons). The Board encourages the RM to work with the City to ensure billing is minimally impacted.

The Board reviewed the audited financial statements for the Regional Utility and noted that the working capital does not meet the Board's guidelines.

The Board requires the RM to review the Regional Utility's water and wastewater rates and submit an application for revised rates, on or before September 30, 2019.

To mitigate the working capital deficits caused by increasing wastewater and wholesale water rates, the Board will approve the following process for pass-through rates for the Utility with emphasis that the RM 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.** Each Municipality/Town shall consider the implications of any increase approved by the Board for the City of Portage la Prairie.

**Step 2.** If the cost increase is to be reflected in the rates of a municipality/town or cooperative, and with the one exception that changes in the rate of water losses in the system may be included, the municipality/town or cooperative **need only inform the Public Utilities Board (Board) and its rate payers/customers** of the pass-through rate change. **The Board requires written notice prior to implementation of a pass-through rate.**

**Step 3.** If rates are to change for any other reason, **the municipality/town must make a full rate application to the Board**, which 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/town 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/town 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 City to its customers.

## **5.0 IT IS THEREFORE ORDERED THAT:**

- 1) The pass-through rate of \$0.31 per 1,000 gallons to the water rate for the Rural Municipality of Portage la Prairie, Pine Crescent customers, is HEREBY APPROVED, effective April 1, 2019.
- 2) The pass-through rate of \$0.58 per 1,000 gallons to the wastewater rate for the Rural Municipality of Portage la Prairie, Peony Farm customers, is HEREBY APPROVED, effective April 1, 2019.
- 3) The Rural Municipality of Portage la Prairie BE AND IS HEREBY given authority to pass-through water and wastewater rate increases from the City of Portage la Prairie,

must strictly adhere to the pass through process as outlined in this Board Order, and must apply to the Board for any other increases.

- 4) The Rural Municipality of Portage la Prairie amend its water By-laws to reflect changes in this Board Order and submit copies to the Public Utilities Board.
- 5) The Rural Municipality of Portage la Prairie provide notice to its Pine Crescent and Peony Farm customers of the pass-through rate increase, the reason for the increase (i.e. increases from the City), and provide a copy of the notice to the Public Utilities Board.
- 6) The Rural Municipality of Portage la Prairie Regional Water and Wastewater Utility review its water and wastewater rates submit an application for revised rates on or before September 30, 2019.

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).

Fees payable upon this Order - \$150.00

THE PUBLIC UTILITIES BOARD

"Shawn M<sup>c</sup>Cutcheon"

Panel Chair

"Rachel M<sup>c</sup>Millin, B.Sc."

Assistant Associate Secretary

Certified a true copy of Order No. 32/19 issued by  
The Public Utilities Board



Assistant Associate Secretary