

Order No. 101/21

**THE MUNICIPALITY OF WESTLAKE-GLADSTONE
GLADSTONE WATER AND WASTEWATER UTILITY,
PLUMAS WATER AND WASTEWATER UTILITY
AND YELLOWHEAD REGIONAL WATER UTILITY
PASS THROUGH AUTHORIZATION**

September 21, 2021

**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 a pass through rate increase for the Municipality of Westlake-Gladstone (Municipality), Gladstone Water and Wastewater Utility (Gladstone), Plumas Water and Wastewater Utility (Plumas), and Yellowhead Regional Water Utility (Yellowhead) of \$1.15 per 1,000 gallons (\$0.25 per cubic meter) effective October 1, 2021. This increase is a direct result of an increase in the Municipality's cost of purchasing water from the Yellowhead Regional Water Co-op (Co-op).

The Board also approves a process whereby the Municipality may continue to pass through increases from increased wholesale water rates for Gladstone, Plumas, and Yellowhead Utilities, 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 and file them with the Board once the increase occurs, and to ensure notice of the increase is provided to customers of each Utility.

2.0 Background

The Municipality owns and operates Gladstone, Langruth, Plumas and Yellowhead Utilities. Gladstone, Plumas and Yellowhead Utilities purchase water from the Yellowhead Regional Water Co-op (Co-op) while the Langruth Utility has its own reservoir.

The Co-op is run and operated by the Manitoba Water Services Board (MWSB). The Co-op in return purchases water from the City of Portage la Prairie.

Gladstone Utility rates for January 1, 2020, January 1, 2021, and January 1, 2022 were approved in Board Order No. 82/19.

Plumas Utility rates for January 1, 2020 and January 1, 2021 were approved in Board Order No. 153/19.

Yellowhead Utility 2018 rates were approved in Board Order No. 31/18. The Board approved December 1, 2021 rates in Board Order No. 99/21.

3.0 Application

On June 17, 2021, the Board received Council Resolution No. 2021 164 from the Municipality requesting Board authorization to pass through rate increases from the Yellowhead Regional Water Co-op.

The request was accompanied by a Notice of Increase from the Co-op dated December 9, 2020. The Notice indicated that the Co-op received notice from the City of Portage la Prairie that water rates for purchase may increase significantly in 2021, due to a rate study currently before the Board. Effective April 1, 2021, the Co-op's wholesale water rates will increase from \$8.85 per 1,000 gallons to \$10.00 per thousand gallons (\$2.20 per cubic meter from \$1.95 per cubic meter).

4.0 Board Findings

The Board approves the pass through rate increase of \$1.15 per 1,000 gallons (\$0.25 per cubic meter) effective October 1, 2021 for the Gladstone Water and Wastewater Utility, Plumas Water and Wastewater Utility, and Yellowhead Regional Water Utility. Please note rates are effective October 1, 2021 and not retroactive.

The Board grants approval of the Municipality's request to allow for pass through rate increases resulting from any increases in the wholesale rate set by the MWSB. Pass through rate increases 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 increases 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 (in this case Gladstone,

Plumas and Yellowhead), 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.

The Board notes the lack of timeliness on this application. Notice from MWSB was received in December 2020 for rates effective April 2021, and an application was not received by the Board until June 2021. This is a material increase to the Utility and its customers and timeliness is important. These types of delays can lead to deficits being incurred which could lead to further rate increases through rate rider recovery for the customers. The Board tasks the Utility with reviewing its internal processes to ensure pass through rate increases are assessed and customers are notified as soon as possible.

The Board requires the Utilities to follow the requirements for pass through rate increases as established in Section 3.10 of Board Order No. 124/09, with the addition of a 90 day notice period for ratepayers.

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

Step 1. The Municipality of Westlake-Gladstone shall consider the implications of any water rate increase approved by MWSB for Yellowhead Regional Water Co-op, and determine whether or not the increase needs to be passed on to its ratepayers to maintain the adequacy of rates.

Step 2. If the cost increase is to be reflected in the rates of the Gladstone, Plumas and Yellowhead Utilities, 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 its 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 increase.

Step 3. If rates are to change for any other reason other than the exact wholesale increase, 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 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 Municipality to its customers prior to implementation of the revised rates.

5.0 IT IS THEREFORE ORDERED THAT:

- 1) The pass through rate of \$1.15 per 1,000 gallons or \$0.25 per cubic meter to the water rates for the Municipality of Westlake-Gladstone, Gladstone Water and Wastewater Utility, Plumas Water and Wastewater Utility and Yellowhead Regional Water Utility is HEREBY APPROVED, effective October 1, 2021.
- 2) The Municipality of Westlake-Gladstone BE AND IS HEREBY given authority to pass-through water rate increases from the Yellowhead Regional Water Co-op, 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 Westlake-Gladstone, amend its water By-laws to reflect changes in this Board Order and submit a copy to the Public Utilities Board.
- 4) The Municipality of Westlake-Gladstone, Gladstone Water and Wastewater Utility, Plumas Water and Wastewater Utility and Yellowhead Regional Water Utility, provide notice to its customers of the pass through rate increase before October 1, 2021, the reason for the increase (i.e. increases from the Yellowhead Water 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."

A/Associate Secretary

Certified a true copy of Order No. 101/21 issued
by The Public Utilities Board



A/Associate Secretary