

**Order No. 151/18**

**CITY OF PORTAGE LA PRAIRIE  
PORTAGE LA PRAIRIE WATER AND WASTEWATER UTILITY  
REVISED WATER AND WASTEWATER RATES EFFECTIVE January 1, 2019  
SIMPLIFIED RATE APPLICATION**

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**November 7, 2018**

**BEFORE: Shawn McCutcheon, Panel Chair  
Bob Vandewater, Panel Member**

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## 1.0 Executive Summary

By this Order, the Public Utilities Board approves the revised water and wastewater rates to be effective January 1, 2019, for the City of Portage la Prairie, Portage La Prairie Water and Wastewater Utility. The approved rates for 2019 are shown below:

	<b>By-law 18-8675</b>	<b>% Increase from previous rate</b>
Quarterly service charge	\$ 21.34	2%
Water \$/cubic meters	\$ 1.33	2%
Wastewater \$/cubic meters	\$ 2.00	3%
Minimum Quarterly Charge*	\$ 66.79	2%
Water Only Minimum quarterly charge*	\$ 39.49	2%
Bulk water sales \$/gallon**	\$ 9.00	1.81%

\* Based on 13.65 cubic meters

\*\* Based on gallons

	<b>By-Law 15-8633 in gallons</b>	<b>By-law 18-8675 in Cubic Meters</b>	<b>% Increase</b>
Quarterly Service Charge	\$ 20.92	\$ 21.34	2%
Minimum Quarterly Charge	\$ 65.47	\$ 66.79	2%
Water Only Minimum Quarterly Charge	\$ 38.68	\$ 39.49	2%
Bulk Water Sales \$/gallon	\$ 8.84	\$ 9.00	1.81%
	Both Minimum charges are based on 3,000 gallons	Both Minimum charges are based on 13.65 cubic meters	

**Note:** For conversion purposes 1 gallon = 4.55 cubic meters.  
In future rate applications, rates will be based on a per cubic meter basis.

Details of the rates may be found in the attached Schedule "A".

The rationale for the Board's decisions may be found under "Board Findings" section.

## 2.0 Background

The City of Portage la Prairie (City) owns and operates a public water and wastewater system, serving 5,085 customers. Of that total, 4,976 are water and wastewater customers; 107 are water-only customers; and two are wastewater-only customers.

Water service is extended to the Rural Municipality of Portage la Prairie, for the Cartier Regional Water System and the Yellowhead Regional Water System.

The Utility uses a four-step rate (declining block rates) for charging its customers. The breakdown of the steps are as follows:

- Level 1 (domestic level) 227.30 cubic meters or less per quarter
- Level 2 (intermediate level) 227.31 to 2,273.04 cubic meters per quarter
- Level 3 (wholesale level) 2,273.05 to 18,184.30 cubic meters per quarter
- Level 4 (special level or large industry level) over 18,184.31 cubic meters per quarter

## 3.0 Application

On July 3, 2018, the City applied revised water and wastewater rates for the Portage la Prairie Water and Wastewater Utility (Utility). The application was submitted using the Simplified Rate Application Process, as suggested in Board Order No. 14/18, and accompanied by By-law No. 18/8675 having received first reading on June 25, 2018. Rates were last set in January 2018, approved by Board Order No. 14/18.

A Public Notice of Application was issued on July 26, 2018, affording customers the opportunity to comment to both the Board and the City with respect to the proposed rate increases. There were no responses received.

When reviewing an application, the Board has at its disposal two approaches, either a paper or a public hearing review. After the publication of the Notice of Application, the

Board considers the application along with stakeholder responses, 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 process. The Board has chosen a paper review process for this application.

The City applied for revised rates as the utility operations are not currently experiencing any operating deficits and have been recognizing small surpluses on an annual basis. The surplus for 2017 is slightly over \$2.4 million and is due to unexpected revenue from government grant funding for a project, which was originally to be an expense through the City's operating budget. The surplus will be credited to the Utility's general reserve and will be used for the upcoming upgrades to the wastewater plant.

The increase requested by the City is adequate to meet the City's 2019 operating costs for the utility, and keeps the rates inline with inflationary costs.

The City also advised that the Utility will be moving to cubic meter billing for usage during 2019, as part of the conversion to a new wireless read meter system. Conversions to the rates have been made in this application and the City asserts this causes no change to the total billing for the customer.

### **Working Capital Surplus**

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

As per the 2017 audited financial statements, the working capital surplus at December 31, 2017 and December 31, 2016 was:

	2017	2016
Fund Surplus	\$19,455,400	\$14,109,552
Deduct Tangible Capital Assets	(\$17,224,261)	(\$14,675,736)
Add Long-Term Debt	\$200,957	\$1,291,884
Add Utility Reserves	\$8,388,660	\$16,908,651
<b>Equals Working Capital Surplus</b>	<b>\$10,820,756</b>	<b>\$17,635,351</b>
Operating Expenses	\$7,661,625	\$6,257,520
<b>20% of operating expenses (Target)</b>	<b>\$1,532,325</b>	<b>\$1,251,504</b>

The Utility currently meets the Board minimum working capital surplus of 20%.

#### 4.0 Board Findings

The Board has reviewed the financial projections and application, and has determined that the City meets the required criteria to apply using the Simplified Rate Application process as set out in Schedule A to Board Order No. 86/17.

The Board notes, in Board Order No. 86/17 item number five under the designated criteria states, "...the revised rate must apply equally to all customers of the utility". The City's Utility is unique, with four-step rates, and in good financial standing. The Board finds it will make an exception for this rate application, as the level two, three and four rates are all the same increases at 3%. If the City enters into any new contracts with large utility customers that require another rate change, the full rate application process will have to be used.

The Board approves the water and wastewater rates for the City of Portage la Prairie.

The Board maintains its encouragement to narrowing the gap between various step rates that are charged, and hopes efforts continue in that direction.

The Board notes that the City submitted additional charges within the By-law 18-8675. As discussed with Utility staff, under the Simplified Filing Process, increases of up to 3% can only be made to rates, no other fees can be increased within the by-law. The Board denies

the City's request to increase other fees within the by-law by 3%. Fees as set in By-law 15-8633 and approved in Board Order No. 4/18 remain in effect.

Should the City require fee increases, additional rate increases, rate increases above 3% or multi-year rate increase, the City will have to submit a rate application to the Board using the full rate application process.

If the Utility continues to meet the designated criteria for the Simplified Rate Application process, and only requires up to a 3% increase in rates, the Board encourages the City to file using the simplified method.

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

1. Revised water and wastewater rates for the City of Portage la Prairie BE AND ARE HEREBY APPROVED in accordance with the attached Schedule "A", effective January 1, 2019.
2. The City of Portage la Prairie amend its water and wastewater rate By-law to reflect the decisions in this Board Order and submit a copy to the Board once it has received third and final reading.
3. The City of Portage la Prairie is to provide a notice to its customers as soon as possible, including all decisions found in this Order.
4. The City of Portage la Prairie review its water and wastewater rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates if required, by no later than June 30, 2020.

Fees payable upon this Order - \$150.00

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).





**SCHEDULE "A"**  
**CITY OF PORTAGE LA PRAIRIE**  
**WATER AND WASTEWATER RATES BY-LAW NO. 18-8675**

**2019 Schedule of Quarterly Rates**

Note that the City of Portage la Prairie will be moving to Cubic Meter billing for usage during 2019 and further. This causes no change to the total billing for the customer. It was decided to delay this planned change until all work for the conversion to the new water meter system (wireless read) was complete.

***In Cubic Meters – Water and Wastewater Customers:***

Customer Type	Cubic Meters per Quarter		2019 Rate per cubic meters			Increase
	Min	Max	Water	Sewer	Total	
Level 1		227.30	1.33	2.00	3.33	2.00%
Level 2	227.31	2,273.04	1.11	2.02	3.13	3.00%
Level 3	2,273.05	18,184.30	1.05	1.50	2.55	3.00%
Level 4	18,184.31		0.45	1.50	1.95	3.00%
Bulk Sales-water			9.00			1.81%

Conversion rate: 1 cubic meter = 219.97 imperial (Canadian) gallons; 1000 gallons = 4.55 cubic meters.

Bulk water sales are purchased in increments of 250 gallons and the self-serve payment device takes cash in increments of 25 cents. Conversion to Cubic Meters is excluded for bulk.

**2019 Minimum Charges per Quarter**

***In Cubic Meters – Water and Wastewater Customers:***

Meter Size	Water Included Cubic Meters	2019 Charges					Increase
		Customer	Water Commodity	Total, No Sewer	Sewer Commodity	Total	
5/8 inch	13.65	21.34	18.15	39.49	27.30	66.79	2.00%
3/4 inch	27.30	21.34	36.31	57.65	54.60	112.25	2.02%
1 inch	54.60	21.34	72.62	93.96	109.20	203.16	2.03%
1 1/2 inch	136.50	21.34	181.55	202.89	273.00	475.89	2.03%
2 inch	341.25	21.34	428.79	450.13	684.78	1,134.91	2.37%
3 inch	614.25	21.34	731.82	753.16	1,236.24	1,989.40	2.69%
4 inch	1,228.50	21.34	1,413.64	1,434.98	2,477.02	3,912.00	2.90%
6 inch	2,320.50	21.34	2,625.76	2,647.10	* 4,656.14	7,303.24	3.00%

\* capped for maximum 3% increase

For "water only" customers: charged the minimum customer and water commodity charges for applicable meter size. There are no sewer commodity charges.