

**Order No. 26/26**

**RURAL MUNICIPALITY OF ROSEDALE  
KELWOOD WATER UTILITY  
APRIL 1, 2026, 2027 AND 2028 WATER UTILITY RATES**

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**February 24, 2026**

**BEFORE: Marilyn Kapitany, B.Sc. (Hon), M. Sc., Panel Chair  
Jim Hrichishen, B.A. (Hon), M.A., Panel Member**

## Table of Contents

|            |   |           |
|------------|---|-----------|
| <b>1.0</b> | <b>Executive Summary .....</b>                  | <b>3</b>  |
| <b>2.0</b> | <b>Background .....</b>                         | <b>4</b>  |
|            | Water Supply/Distribution .....                 | 4         |
| <b>3.0</b> | <b>Board Methodology.....</b>                   | <b>5</b>  |
|            | Review Process .....                            | 5         |
|            | Contingency Allowance and Utility Reserves..... | 5         |
|            | Working Capital .....                           | 5         |
|            | Operating Deficits .....                        | 5         |
|            | Cost Allocation Methodology .....               | 6         |
|            | Unaccounted for Water.....                      | 6         |
| <b>4.0</b> | <b>Application.....</b>                         | <b>7</b>  |
|            | Contingency Allowance and Utility Reserves..... | 8         |
|            | Working Capital .....                           | 8         |
|            | Operating Deficits .....                        | 9         |
|            | Cost Allocation Methodology .....               | 9         |
|            | Unaccounted for Water.....                      | 9         |
| <b>5.0</b> | <b>Board Findings .....</b>                     | <b>10</b> |
| <b>6.0</b> | <b>IT IS THEREFORE ORDERED THAT: .....</b>      | <b>12</b> |

## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board) grants approval of the RM of Rosedale (RM), Kelwood Water Utility's (Utility) application for revised water rates.

The revised rates are below:

|  | Apr 1,<br>2026 | Apr 1,<br>2027 | Apr 1,<br>2028 |
|--|----------------|----------------|----------------|
| Quarterly Service Charge                       | \$ 19.93       | \$ 21.76       | \$ 23.58       |
| Water (per cubic meter)                        | \$ 2.54        | \$ 2.89        | \$ 3.25        |
| Minimum Quarterly Charge*                      | \$ 55.49       | \$ 62.22       | \$ 69.08       |
| Untreated Bulk Water Sales (per 1,000 gallons) | \$ 2.75        | \$ 2.75        | \$ 2.75        |
| Reconnection Fee                               | \$ 50.00       | \$ 50.00       | \$ 50.00       |

\*based on 14m<sup>3</sup>

Details of other rates can be found in Schedule A.

The reasons for the Board's decisions are under Board Findings.

## 2.0 Background

Rates were last approved in Board Order No. 24/20, with rates coming into effect April 1, 2022.

The Utility provides water service to 86 customers.

### Water Supply/Distribution

The Kelwood water treatment plant was constructed in the mid-1960s and operates as a sodium hypochlorite disinfection system. The Utility advises its latest engineering reassessment indicates the plant site, chemical feed systems, treated water reservoir, and electrical system are all in good condition. The number of connections has remained basically the same year after year. Minimal additional connections are anticipated for the future. Current operating capacity is sufficient and will be maintained in the future.

The Utility has noted that all bulk water sold consists of untreated water and this is reflected in the price.

## 3.0 Board Methodology

### Review Process

When reviewing an application, the Board has at its disposal two approaches, a paper review process or a public hearing. After the publication of the Notice of Application, the Board considers the application and responses, if any, 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.

Where there is an urgent need for initial or revised rates and the Board determines it to be in the best interest of all parties, the Board may establish interim *ex parte* rates.

### Contingency Allowance and Utility Reserves

The Board's Water and Wastewater Rate Application Guidelines recommend an annual contingency allowance equal to 10% of the variable operating costs.

### Working Capital

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

### Operating Deficits

By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required by *The Municipal Act* to obtain Board approval for both the deficit and recovery methodology. The Board is therefore bound to approve reasonable rates based on reasonable expense projections.

## **Cost Allocation Methodology**

The Board requires all municipalities to review the costs shared between the general operations of the municipality and the Utility, and to allocate appropriate and reasonable costs to the Utility, based on a policy known as a Cost Allocation Methodology. This policy must be submitted to the Board for approval and cannot be changed without approval by the Board. The Board's requirements regarding cost allocation methodologies can be found in Board Order No. 93/09.

## **Unaccounted for Water**

Water losses may be caused by such events as distribution line losses, service leaks, water used for fire fighting or line flushing, and under-registration of water meters. The Board Guidelines require utilities to compare the volume of water produced or purchased against the volume of water sold, to determine the percentage of unaccounted for water. Unaccounted for water volumes of approximately 10% are considered industry standard.

The Board expects any utility experiencing a greater volume of unaccounted for water to provide an explanation and plan to address the water losses.

## 4.0 Application

On November 1, 2024, the Board received the RM's application to revise water rates as set out in By-Law No. 2-2024, having had first reading September 13, 2024. The application was accompanied by a rate study completed by the RM's consultant.

It was subsequently discovered the bulk water rate was calculated incorrectly and the by-law was corrected and given second reading February 14, 2025.

The Board issued a Public Notice of Application on February 13, 2025, affording stakeholders the opportunity to comment to both the Board and the RM with respect to the proposed rate changes. The Board did not receive any responses to the Notice.

The rates were calculated using the following revenue requirement projections:

|  | Rate Year 1   | Rate Year 2   | Rate Year 3   |
|--|---------------|---------------|---------------|
| <b>General</b>                           |               |               |               |
| Administration                           | 8,117         | 8,360         | 8,611         |
| <b>Total general expenses</b>            | <b>8,117</b>  | <b>8,360</b>  | <b>8,611</b>  |
| Penalties                                | 500           | 500           | 500           |
| <b>Total general revenue</b>             | <b>500</b>    | <b>500</b>    | <b>500</b>    |
| <b>Net revenue requirement - general</b> | <b>7,617</b>  | <b>7,860</b>  | <b>8,111</b>  |
| <b>Water</b>                             |               |               |               |
| Purification and treatment               | 28,325        | 29,175        | 30,050        |
| Transmission and distribution            | 16,480        | 16,974        | 17,484        |
| Other water expenses                     | 4,120         | 4,244         | 4,371         |
| Amortization                             | 8,385         | 8,385         | 8,385         |
| Contingency                              | 5,190         | 5,190         | 5,190         |
| <b>Total water expenses</b>              | <b>62,500</b> | <b>63,968</b> | <b>65,480</b> |
| Hydrant rentals                          | 3,600         | 3,600         | 3,600         |
| Amortization of capital grants           | 1,233         | 1,233         | 1,233         |
| Other income                             | 3,785         | 3,785         | 2,000         |
| <b>Total water revenue</b>               | <b>8,618</b>  | <b>8,618</b>  | <b>6,833</b>  |
| <b>Net revenue requirement - water</b>   | <b>53,882</b> | <b>55,350</b> | <b>58,647</b> |

The RM's consultant calculated the indicated rates for the final rate year of the application and requested rates be implemented in a stable and predictable rate change year over year.

The RM submits its reason for the rate increase is primarily due to increases in expected water operating expenses related to the water treatment plant operations being contracted out.

### Contingency Allowance and Utility Reserves

The RM has included in its projections a contingency allowance of 10% of variable operating expenses. There is no provision for transfer to Utility Reserve proposed.

### Working Capital

As per the 2024 audited financial statements, the working capital surplus on December 31, 2024, was:

|   | <b>2024</b>      |
|---|------------------|
| Accumulated Fund Surplus                      | \$475,710        |
| Deduct tangible capital assets                | (\$248,909)      |
| Add long term debt                            | \$0              |
| Add asset retirement obligation               | \$0              |
| Add utility reserves                          | \$0              |
| <b>Equals Working Capital Surplus/Deficit</b> | <b>\$226,801</b> |
|   |                  |
| Utility expenses                              | \$52,398         |
| <b>20% of utility expenses (target)</b>       | <b>\$10,480</b>  |

## **Operating Deficits**

At the time of filing the application, the Utility had no outstanding operating deficits requiring Board approval. Subsequently, the Utility experienced an operating deficit in 2024, which it has not applied for Board approval of.

## **Cost Allocation Methodology**

The Board granted approval of the Utility's current Cost Allocation Methodology (CAM) in Board Order No. 24/20. The RM has proposed to increase its CAM from 2% to 3% of CAO and Staff, Office, Legal and Audit expenses.

## **Unaccounted for Water**

The Utility indicated the 2023 unaccounted for water was 38.6% of water produced. The Utility updated its information with June 2023 to May 2024 and reported the unaccounted for water had reduced to 14.1%. The RM was unable to provide an explanation for why the water losses were so high from January to December 2023, and advised it would closely monitor losses going forward and investigate in greater detail.

## 5.0 Board Findings

Considering the RM's filing and noting there was no public response to the Notice of Application, the Board has chosen a paper review process.

The Board has reviewed the application and revenue projections presented by the Municipality and finds the projections to be reasonable. The Board grants approval of the water rates for the Utility, effective April 1, 2026, 2027 and 2028.

The Board grants approval of the revised Cost Allocation Methodology and reminds the RM that this methodology must be used consistently in the future and requires Board approval should any further changes be considered.

The Board notes the Utility experienced a significant level of unaccounted for water in 2023, which appeared to be corrected in the period of June 2023 to May 2024. The Board will direct the RM to provide updated reporting on unaccounted for water in the years 2024 and 2025, and if greater than 10%, provide an explanation and plan to address the water losses, on or before March 31, 2026.

The Board notes the Utility has not applied for approval of the 2024 operating deficit and will direct the RM to do so on or before May 31, 2026.

The Board directs the RM to review the Kelwood Utility water rates for adequacy and file a report with the Public Utilities Board, as well as a full rate application for revised rates if required, by no later than December 31, 2029.

The Board directs the Utility to prepare a Notice for its ratepayers, informing them of the decisions in this Order. The Utility is directed to provide the Board a copy of this Notice and an amended rate By-law, having had third reading.

The Board reminds the RM regular reviews are important for a financially sound utility and encourages the RM to review Board Order Nos. 27/23 and 86/17 for future rate applications. The Order outlines the Simplified Rate Application Process for municipally

owned public utilities. If, after its rate review, the RM finds it meets the designated criteria for a simplified rate application, it should apply for future rates using the Simplified Rate Application Process.

## 6.0 IT IS THEREFORE ORDERED THAT:

1. The water rates for the Rural Municipality of Rosedale – Kelwood Water Utility, BE AND ARE HEREBY APPROVED in accordance with the attached Schedule A, effective April 1, 2026, 2027 and 2028.
2. The Cost Allocation Methodology for shared services as submitted by the Rural Municipality of Rosedale – Kelwood Water Utility BE AND IS HEREBY APPROVED.
3. The Rural Municipality of Rosedale – Kelwood Water Utility report to the Public Utilities Board on unaccounted for water in the years 2024 and 2025, and if greater than 10%, provide an explanation and plan to address the water losses, on or before March 31, 2026.
4. The Rural Municipality of Rosedale – Kelwood Water Utility amend its Utility rate By-law to reflect the decisions in this Order and submit a copy to the Public Utilities Board once it has received third and final reading.
5. The Rural Municipality of Rosedale – Kelwood Water Utility submit an application for the 2024 Utility operating deficit, on or before May 31, 2026.
6. The Rural Municipality of Rosedale – Kelwood Water Utility is to provide a notice of the decisions found in this Order to its ratepayers as soon as possible, with a copy provided to the Public Utilities Board.
7. The Rural Municipality of Rosedale – Kelwood Water Utility review its water rates for adequacy and file a report with the Public Utilities Board, as well as an application for revised rates (if applicable), on or before December 31, 2029.

Fees payable upon this Order - \$500.00

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 58 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).

THE PUBLIC UTILITIES BOARD

"Marilyn Kapitany, B.Sc. (Hon), M. Sc."  
Panel Chair

"Jennifer Dubois, CPA, CMA, CTAJ"  
Associate Secretary

Certified a true copy of Order No. 26/26  
issued by The Public Utilities Board



\_\_\_\_\_  
Associate Secretary

**SCHEDULE "A"**  
**SCHEDULE OF QUARTERLY RATES**

**1. Quarterly Service Charge & Commodity Rates April 1, 2026**

Quarterly Service Charge:           \$19.93  
Water Rate Per Cubic Meter        \$2.54

**2. Minimum Charges per Quarter**

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the volume allowance as listed.

For all metered accounts, volumes in excess of the minimum quarterly allowance will be charged at the applicable commodity rate.

**a. Metered Water Only Customers**

| Meter Size (Inches) | Group Capacity Ratio | Volume Included (Cubic Meters) | Customer Service Charge | Water Commodity Charge | Water Only Total Quarterly Minimum |
|---------------------|----------------------|--------------------------------|-------------------------|------------------------|------------------------------------|
| 5/8                 | 1                    | 14                             | \$ 19.93                | \$ 35.56               | \$ 55.49                           |
| 3/4                 | 2                    | 28                             | \$ 19.93                | \$ 71.12               | \$ 91.05                           |
| 1                   | 4                    | 56                             | \$ 19.93                | \$ 142.24              | \$ 162.17                          |
| 1 1/2               | 10                   | 140                            | \$ 19.93                | \$ 355.60              | \$ 375.53                          |
| 2                   | 25                   | 350                            | \$ 19.93                | \$ 889.00              | \$ 908.93                          |

**1. Quarterly Service Charge & Commodity Rates April 1, 2027**

Quarterly Service Charge:           \$21.76  
 Water Rate Per Cubic Meter        \$2.89

**2. Minimum Charges per Quarter**

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the volume allowance as listed.

For all metered accounts, volumes in excess of the minimum quarterly allowance will be charged at the applicable commodity rate.

**a. Metered Water Only Customers**

| Meter Size (Inches) | Group Capacity Ratio | Volume Included (Cubic Meters) | Customer Service Charge | Water Commodity Charge | Water Only Total Quarterly Minimum |
|---------------------|----------------------|--------------------------------|-------------------------|------------------------|------------------------------------|
| 5/8                 | 1                    | 14                             | \$ 21.76                | \$ 40.46               | \$ 62.22                           |
| 3/4                 | 2                    | 28                             | \$ 21.76                | \$ 80.92               | \$ 102.68                          |
| 1                   | 4                    | 56                             | \$ 21.76                | \$ 161.84              | \$ 183.60                          |
| 1 1/2               | 10                   | 140                            | \$ 21.76                | \$ 404.60              | \$ 426.36                          |
| 2                   | 25                   | 350                            | \$ 21.76                | \$ 1,011.50            | \$ 1,033.26                        |

**1. Quarterly Service Charge & Commodity Rates **April 1, 2028****

Quarterly Service Charge:           \$23.58  
 Water Rate Per Cubic Meter       \$3.25

**2. Minimum Charges per Quarter**

Notwithstanding the rates set forth in paragraph 1, all customers will pay the applicable minimum charges per quarter set out below, which includes the volume allowance as listed.

For all metered accounts, volumes in excess of the minimum quarterly allowance will be charged at the applicable commodity rate.

**a. Metered Water Only Customers**

| Meter Size (Inches) | Group Capacity Ratio | Volume Included (Cubic Meters) | Customer Service Charge | Water Commodity Charge | Water Only Total Quarterly Minimum |
|---------------------|----------------------|--------------------------------|-------------------------|------------------------|------------------------------------|
| 5/8                 | 1                    | 14                             | \$ 23.58                | \$ 45.50               | \$ 69.08                           |
| 3/4                 | 2                    | 28                             | \$ 23.58                | \$ 91.00               | \$ 114.58                          |
| 1                   | 4                    | 56                             | \$ 23.58                | \$ 182.00              | \$ 205.58                          |
| 1 1/2               | 10                   | 140                            | \$ 23.58                | \$ 455.00              | \$ 478.58                          |
| 2                   | 25                   | 350                            | \$ 23.58                | \$ 1,137.50            | \$ 1,161.08                        |

The following clauses take effect April 1, 2026:

**3. Untreated Bulk Water Sales Rate**

Untreated water sold in bulk shall be charged for at the rate of \$2.75 per 1,000 gallons.

**4. Service To Customers Outside L.U.D. of Kelwood Limits**

The Council of Rural Municipality of Rosedale may sign Agreements with customers for the provision of water services by the Kelwood Utility to properties located outside the boundaries of the LUD of Kelwood. Such Agreements shall provide for payment of the appropriate rates set out in the Schedule, as well as a surcharge set by Resolution of Council, which shall be equivalent to the frontage levy, general taxes, and special taxes for Utility purposes in effect at the time or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections, will be paid by the customer.

**5. Water Allowance Due To Line Freezing**

In any case where, at the request of Council, a customer allows water to run continuously for any period of time to prevent the water lines in the water system from freezing, the charge to the customer for the current quarter shall be the average of the billings for the last two previous quarters to the same customer, or to the same premises if the occupant has changed.

**6. Billings And Penalties**

Accounts shall be billed quarterly and the due date shall be at least fourteen (14) days after the mailing of the bills. A late payment charge of 1.25% per month shall be charged on the dollar amount owing after the billing due date.

## **7. Disconnection and Reconnection**

The Public Utilities Board has approved the Conditions Precedent to be followed by the Rural Municipality with respect to disconnection of service for non-payment, including such matters as notice and the right to appeal such action to The Public Utilities Board. A copy of the Conditions Precedent is available for inspection at the Rural Municipality's office.

Any service disconnected, whether due to non-payment of account or for any other reason(s) mutually agreed to by the customer and the Municipality (i.e. repairs necessitated by negligence of the customer, changes in tenant, vacancy for an extended period of time, etc.) shall not be reconnected until a reconnection fee of \$50.00 and all arrears and penalties, if any, have been paid.

## **8. Outstanding Bills**

Pursuant to Section 252(2) of the Municipal Act, the amount of all outstanding charges for water and wastewater services, including fines and penalties, are a lien and charge upon the land serviced, and shall be collected in the same manner in which ordinary taxes upon the land are collectible, and with like remedies. Where charges and penalties pursuant to this by-law are not paid within sixty (60) days from the date when they were incurred, said charges and penalties shall be added to the taxes on the property and collected in the same manner as other taxes.

## **9. Hydrant Charges**

The Rural Municipality of Rosedale will pay to the utility an annual rental of \$225.00 for each hydrant connected to the system.

## **10. Water Used During Construction**

Contractors using water in connection with the construction of buildings shall be charged a flat fee of \$35.00 for dwellings and \$55.00 for commercial buildings for every three month period until completion.

**11. Meter Testing**

That in any case where a utility customer requests that a meter be tested for accuracy, the customer will provide the Rural Municipality with a deposit of \$200.00. The Rural Municipality will then remove the subject meter and send it to an independent lab for testing. If the meter is found to be faulty, all costs associated with the testing process will be borne by the Rural Municipality, the deposit will be refunded to the customer. If the meter is found to be in proper working order, all costs associated with the testing process will be borne by the customer and the customer will be billed or refunded any balance owing.

**12. Meter Tampering**

Where there is evidence of meter tampering a minimum charge of \$500.00 will be applied to the customer's account in addition to an amount calculated to adjust for the tampering based on historical usage.

**13. Conditions of Disrepair**

In the event that there are conditions of disrepair in the water and/or wastewater works on a property that detrimentally affects the system as a whole and, upon the failure of the owner of the property to correct the condition within a reasonable time, the Rural Municipality, or its agents, may enter the property, effect repairs and charge the cost thereof against the subject property as ordinary taxes.

**14. Cross Connections**

No customer or person shall connect, cause to be connected or allow to remain connected any piping, fixture, fitting, container or appliance in a manner which under any circumstances may allow water, wastewater or any harmful liquid or substance to enter the Municipality's water system.

If a condition is found to exist which, in the opinion of the Rural Municipality, is contrary to the aforesaid, the Rural Municipality may either:

- Shut off the service or services; or
- Give notice to the customer to correct the fault at his or her own expense within a specified time period. If the customer fails to comply with such notice the Rural Municipality shall proceed in accordance with clause 1 of this section.

**15. Authorization for Officer to Enter Upon Premises**

The Public Works Supervisor, or other employee authorized by the Rural Municipality in the absence of the Public Works Supervisor, shall be authorized to enter upon any premise for the purpose of:

- affixing to any pipe, wire or apparatus connected with any such utility, a meter or any other measuring or testing device; or
- taking readings from, repairing, inspecting or removing any meter or apparatus belonging to the Rural Municipality.